

# Provincial Government Western Cape Provincial Treasury

## BUDGET 2009 OVERVIEW



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# Foreword

The 2009 Western Cape Provincial Budget reaffirms this Government's commitment to finding ways to provide improved access to quality public, social and economic services despite the current challenging economic environment. Our strategic focus over the medium term remains unchanged, however periodic refinements have allowed for adjustments in key service delivery areas.

The Provincial Budget represents the end result of a number of discussions, technical scrutiny, political interaction and determination of absolute and relative priorities. The 2009 Budget Overview therefore focuses on the major service delivery highlights of departments and provides valuable insights as to what the allocations over the 2009 MTEF are meant to buy. It focuses on some of the more pertinent achievements and makes the case that departmental allocations over the MTEF should be seen in context of already strong baseline growths.

Budget 2009 is derived from our collective efforts to acknowledge community needs, national policy priorities and provincial perspectives, summarised in the following broad themes:

- Support of decent work opportunities and skilling;
- Strengthening of Education and improving access and nutrition;
- Strengthening health services, infectious disease control and health research and development;
- Protecting and enhancing the focus on youth, women, elderly and the poor;
- Rounding-off preparations for 2010 FIFA World Cup;
- Improving the built environment, including housing and roads;
- Extending agrarian reform and rural development and sustainability of food security; and
- Strengthening financial prudence, corporate governance and intergovernmental relations (IGR).

Departmental performance plans submitted confirm that there is a heightened awareness that the tasks ahead are about improving access, effectiveness, quality, efficiency, equity and service delivery.

Our democracy and the budget process have grown in maturity and in response departments have a clearer focus on involving communities, through greater community and structured engagement in service delivery. These are evidenced in outreach programmes such as the service delivery jamborees, the Social Transformation Projects, the use of modern technology (ICT solutions) to promote awareness of government services and public participation, greater community involvement in personal safety and crime prevention through Community Policing Forums and initiatives such as the Hands Off Our Children Campaign; Protect Our Property (Education); to name but a few.

Good governance and management practices also support the exploration of greater efficiency, efficacy, value for money, collaboration and improved accountability within departments and across spheres of government. These practices have become imperatives despite our economic fortunes.

To leverage efficiency gains, the need for departmental collaboration and joint work has become a critical success factor. Achieving collective and or common goals, related negotiation around funding allocations, collaborative priority setting and trade-offs are considered institutional elements of the Provincial Budget process. In this regard the role of the provincial cluster system becomes crucial as a collaborative institutional mechanism to ensure coherent strategic direction and implementation.

Exploring the detail of departmental baselines has become an important exercise to soften any adverse effects of the tightening fiscal envelope on key service delivery. Therefore, a renewed emphasis on credible budgets, which includes a revision of non-core spending items, underpins the broader goal of improving relative efficiency and value for money.

The earmarking of expenditure priorities was revised to achieve greater flexibility in light of tighter fiscal conditions and adversely changing socio-economic factors, but also to enhance the focus on key spending areas. Earmarking of expenditure priorities have been combined in a number of cases, making it easier to track expenditure and monitor performance. Accountable management of earmarked allocations aims to amplify frontline services and promote collaboration across departments.

Intergovernmental relations (IGR) have the potential to improve service delivery imperatives through strategic partnerships and agreements within and across departments, with other spheres of government as well as social partners.

Refining the formulation and execution of the 2009 Western Cape Estimates of Expenditure so as to respond adequately to improving the lives of all people living in the Western Cape, is an arduous task entrusted to all working in this Government. Therefore my thanks to the Minister of Finance, Economic Development and Tourism: Mr Garth Strachan, the Premier and the Provincial Cabinet for their invaluable leadership throughout this exceptionally challenging budget process, my fellow Heads of Clusters and Departments and the ever diligent Provincial Treasury staff; Chief Financial Officers in Departments and to everyone else, without whose efforts these estimates would not have seen the light of day.



**DR JC STEGMANN**  
**HEAD OFFICIAL: PROVINCIAL TREASURY**

**DATE: 24 February 2009**

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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

# 1

## Executive Summary

### Introduction

Crafting the Western Cape 2009 to 2012 Budget amongst competing priorities has proved more challenging than had been the case over previous years. The challenge has been made more difficult by the current economic environment and with revenue growth slowing down faster than anticipated.

Government, despite the gloomy economic outlook, continues to find ways to improve access to and expand quality social and economic services. These services are provided through functions such as education, health, social development, economic development, roads, transport, agriculture and housing.

The budget is therefore a balance between providing a social security net and facilitating economic growth, creating employment and extending the benefits and ownership through broad based development strategies.

The budgets of departments still show healthy baseline growth and in addition are potentially poised for improved efficiency in resource use and a search for greater effectiveness of their programmes.

Departments have become more responsive to their respective clients and are tailoring their services to better focus on equity, efficiency, effectiveness and value for money.

The aim over the medium term is on good governance and collaborative efforts to improve synergy in planning and budgeting amongst departments and across government spheres.

Government will also over the medium term focus on infrastructure intensive departments, to ensure that these investments are effective and provide assurance that their application achieve the desired long term impact.

## **Socio-Economic Backdrop to Budget 2009/10 (Chapter 2)**

This Chapter provides a snapshot of the economic developments since the third quarter of 2008 for the global and local economies. In addition, it also provides a summary of the income, expenditure patterns and poverty situation in the Western Cape Province.

The deepening global financial crisis has not spared the South African economy, however, the strong monetary and fiscal policy environment in the country has provided some cushion, although the risk of a recession has not been eliminated. The current provincial and national budget has prioritised social welfare spending as a way of preventing the poor from sinking deeper into poverty due to the effects of the global economic crisis.

In light of the deteriorating national economic outlook, the Western Cape economy is projected to fair slightly better than the national economy in 2009, however the Province is facing a more serious decline in manufacturing sector output and economic performance is also adversely affected by problems related to weakening household expenditure, finance and business sector activity.

## **National Policy Framework and Provincial Priorities (Chapter 3)**

Government interventions continue to find ways to reduce poverty through better access to quality social and economic services. Social services in the main are delivered through functions such as Education, Health, Social Services, Housing, while the delivery of economic services find expression in functions such as Agriculture, Roads and Transport, Economic Development and Tourism.

These interventions not only aim to improve access and the quality of social services but also strive to place the economy on a higher growth path and ensure that the largest portion of the population benefit from any improved economic fortunes. The broad objectives aim to ensure investment in human capital, job creation, shared economic ownership through economic empowerment, providing a social security safety net, and investment in productive capacity such as infrastructure and food security.

The strategic direction for the Western Cape over the medium term remains unchanged, however periodic refinements of the strategic frameworks allow for the adjustment of plans to key areas that require further focus. Drawing on the national policy priorities and perspectives and the provincial imperatives a number of key themes arise, which could be categorised in eight broad themes.

- Support of decent work opportunities and skilling;
- Strengthening of Education and improving access and nutrition;
- Strengthening health services, infectious disease control and health research and development;
- Protecting and enhancing the focus on youth, women, elderly and the poor;
- Rounding-off preparations for 2010 FIFA World Cup;
- Improving the built environment, including housing and roads;
- Extending agrarian reform and rural development and sustainability of food security; and
- Strengthening financial prudence, corporate governance and inter governmental relations (IGR).

Good governance and management practices support the exploration of greater efficiency, efficacy, value for money, collaboration and improved accountability within departments, across departments and spheres of government.

### **The 2009 Budget Process (Chapter 4)**

Crafting a national, provincial or municipal budget involves arriving at balanced trade-offs between priorities and available funding.

The Provincial budget represents the end result of a number of discussions, statements of ranked absolute and relative priorities and agreement on what the funding is able to buy.

Many fora make compelling cases for additional allocations to be directed to policy interventions and priorities within communities. Setting these priorities 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.

*The Budget Process is founded on principles of cooperation and participation*

The national and provincial budget processes have matured, with various consulting mechanisms established to deepen the participation of communities and key stakeholders in the budget process.

The successes of the three-year budgeting system (Medium-Term Expenditure Framework) is widely recognised and provides the basis for a more forward-looking approach to coordinate the budgeting and planning processes at provincial and municipal government levels.

## **Receipts and Summary of Aggregates (Chapter 5 and 6)**

*Sources of funding:  
National transfers, Own  
Revenue, Asset  
Financing Reserve*

The Western Cape Government will finance its provincial expenditure via three sources, i.e. national transfers (provincial equitable share and conditional grants, which together contribute 91.94 per cent of the budget in 2009/10); provincial own receipts (taxes and fees/user charges, which account for 6.24 per cent in the same year); and the Asset Financing Reserve and Provincial Revenue Fund which contributes the remaining 1.81 per cent in 2009/10.

## **Expenditure by Department (Chapter 7)**

This chapter, apart from the amounts allocated to departments, also focuses on the major service delivery highlights of departments and provides valuable insights as to what the allocations over the 2009 MTEF are meant to buy. It picks on some of the more pertinent achievements and notes that the increased allocations over the MTEF should be seen in context of already strong base line growths. The chapter highlights the progress made by departments in putting service delivery on a sound footing. Departments have begun to tailor their services to meet the expectations of their respective clients. The remainder of this chapter notes the plans per vote over the 2009 MTEF.

Departmental performance and plans are on track. From the inputs of every department, there is heightened awareness that their task ahead is about improving access, effectiveness, quality efficiency and equity in service delivery.

Departments have a clearer focus on involving clients, through greater community and structured involvement in service delivery. The mechanisms used by departments are variable and include amongst others the use of modern technology (ICT solutions applicable to Provincial Parliament as well as the Department of the Premier), greater community involvement (Community Policing Forums and Hands Off Our Children Campaign as is the case with Community Safety); Protect Our Property (as is the case with Education), etc.

In these tougher economic conditions departments are further consolidating initiatives undertaken in previous years to improve efficacy and efficiency.

### **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.

Provincial Treasury together with the Department of the Premier will be further assessing budgets and plans with the aim of ascertaining their levels of efficiency, with a particular focus on redirecting funding to front line services.

Spearheading these efficiency drives will allow for improved monitoring of the impact of existing programmes and further assess the effectiveness of the proposed departmental interventions.

### **Expenditure on Training (Chapter 9)**

This chapter highlights the fact that provincial departments have invested large amounts of funds and effort to build the required skills capacity within departments. In doing this they have engaged in a number of skills development initiatives to develop capacity both internally and to nurture prospective staff external to the department.

Internal training initiatives aim to address the current skills shortages within departments and anticipated skills gaps within the broader public sector, whilst large sums of funds are targeted towards external recipients through the provision of bursaries to students for studies at institutions of higher learning. Both these steps hold much hope for increasing the professionalism competency in the public service for future years.

### **Infrastructure (Chapter 10)**

Infrastructure is regarded as one of a number of interventions aimed at improving a country's economic growth prospects. The added benefit of infrastructure investment is that it provides for the delivery of much needed social and economic infrastructure and if used innovatively, can have a positive impact on poverty reduction strategies.

Investment in infrastructure includes new, upgrading and rehabilitation, maintenance and purchases of modern technology to improve productive capacity. Infrastructure creates the enabling

environment to, amongst others, improve education and health outcomes. Further, should labour intensive methods be considered, it creates significant employment opportunities.

This chapter first compares capital investment in relation to developments in global capital markets; second, Government's infrastructure priorities; third, best practice support for infrastructure delivery; fourth, departmental performance on infrastructure delivery; and finally, integrated infrastructure plans and their linkages to various national strategies, plans and budgets over the 2009 MTEF.

This chapter concludes with some of the more pertinent provincial infrastructure investments/ projects in Education, Health and Roads over the 2009 MTEF.

### **Public Private Partnerships (Chapter 11)**

Chapter 11 makes the case that Public Private Partnerships (PPPs) are an option for the public sector to procure capital projects as a way of securing the benefits of capital projects now, while paying for its development over a longer period. The development of PPPs is characterised by necessary diligent planning and transparent bidding-features, which should be promoted in the public sector procurement environment.

Moreover, the pressing service delivery challenges across all spheres of government suggest that PPPs could play an even greater role in the acceleration of infrastructure delivery in the country. In this way, mutual benefits are derived from such commercial transactions in the interests of the public at large.

This chapter also highlights provincial and municipal PPP projects completed, those planned and underway.

### **Summary of Transfers to Public Entities (Chapter 12)**

This chapter highlights that provincial departments transfer funds to, amongst others: Western Cape Nature Conservation Board, The Liquor Board, Destination Marketing Organisation, Western Cape Investment and Trade Promotion Agency (Wesgro) and Casidra.

These entities will receive allocations amounting to R328.060 million from various provincial departments in 2009/10.

Transfers to CapeNature aim to address specific challenges related to personnel remuneration, infrastructure and capital investment and fire management capacity.



The Western Cape Liquor Board is tasked with the responsibility of implementing the Western Cape Liquor Act. Transfers to the Board will allow for the financing of regulatory and compliance functions, as well mitigate the socio and economic impact of enforcing the Act.

Investment in Casidra will be used to implement, amongst others, infrastructure projects for emerging farmers in terms of the Land and Agrarian Reform Programme (LARP).

### **Transfers to Local Government (Chapter 13)**

The publication of transfers to municipalities firstly 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 greater predictability, certainty and transparency regarding the sources and levels of provincial intergovernmental funding for municipalities.

The Provincial Treasury is required by the annual 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 (2010/11) and the 2011/12 financial year; and
- The conditions and other information in respect of these allocations to facilitate measurement of financial and non-financial performance.

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

The last chapter makes an attempt to articulate provincial geographical spending within municipal regions. It aims to draw attention to where the Province is spatially directing its resources and highlights that planned provincial spending is 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.



# 2

## **Socio-economic Backdrop to Budget 2009/10**

### **Introduction**

This Chapter provides a snapshot of the economic developments since the third quarter of 2008 for the global and local economies. In addition, it also provides a summary of the income, expenditure patterns and poverty situation of the Western Cape Province.

The deepening global financial crisis has not spared the South African economy. However, the strong monetary and fiscal policy environment in the country has provided some cushion, although the risk of a recession has not been eliminated. The current provincial and national budgets have prioritised social services spending as a way of preventing the poor from sinking deeper into poverty.

In light of the deteriorating national economic outlook, the Western Cape economy is projected to fair slightly better than the national economy in 2009. The Province is however facing a more serious decline in manufacturing sector output whilst economic performance is also adversely affected by problems related to weakening household expenditure, finance and business sector activity.

### **Macroeconomic outlook**

#### **Global economic outlook**

Financial market strains have remained acute despite the implementation of various fiscal and monetary policy options. The continuation of the financial crisis, as policies failed to dispel uncertainty, has caused a fall in asset values (with sharper falls in advanced and emerging economies) thereby decreasing household wealth leading to a downward pressure on consumer demand. As a result, global output and trade have plummeted since the last quarter of 2008.

**Table 2.1 Overview of the world economic growth outlook projections (% change)**

	Estimates		Projections	
	2007	2008	2009	2010
<b>World output</b>	<b>5.2</b>	<b>3.4</b>	<b>0.5</b>	<b>3.0</b>
<b>Advanced economies</b>	<b>2.7</b>	<b>1.0</b>	<b>-0.2</b>	<b>1.1</b>
United States	2.0	1.1	-1.6	0.2
Euro area	2.6	1.0	-2.0	0.2
Germany	2.5	1.3	-2.5	0.1
France	2.2	0.8	-1.9	0.7
Italy	1.5	-0.6	-2.1	-0.1
Spain	3.7	1.2	-1.7	-0.1
Japan	2.4	-0.3	-2.6	0.6
United Kingdom	3.0	0.7	-2.8	0.2
Canada	2.7	0.6	-1.2	1.6
Other advanced economies	4.6	1.9	-2.4	2.2
<b>Emerging and developing economies</b>	<b>8.3</b>	<b>6.3</b>	<b>3.3</b>	<b>5.0</b>
Africa	6.2	5.2	3.4	4.9
Sub-Saharan	6.9	5.4	3.5	5.0
Central and Eastern Europe	6.4	3.2	-0.4	2.5
Developing Asia	10.6	7.8	5.5	6.9
China	13.0	9.0	6.7	8.0
India	9.3	7.3	5.1	6.5
<b>Consumer prices</b>				
Advanced economies	<b>2.1</b>	<b>3.5</b>	<b>0.3</b>	<b>0.8</b>
Emerging and developing economies	6.4	9.2	5.8	5.0

Source: Adapted from the International (IMF) World Economic Outlook update: 28 January 2009.

## World growth and inflation outlook

The threat emanating from the feedback loop between the real and financial sectors continues to take its toll as the world economy is facing a deeper downturn. The global economy is projected to grow at 0.5 per cent in 2009<sup>1</sup>, which is a considerable revision from the 1.75 per cent forecast in November 2008.

*World economy expected to slowdown sharply despite financial market interventions*

As more governments implement coordinated financial policy actions that support a gradual normalisation of financial market conditions (such as sizable fiscal stimulus and large interest rate cuts), world output is expected to start recovering in late 2009 and rise to 3.0 per cent by 2010. The timing and pace of recovery remains highly uncertain and is largely, dependent on stabilisation in the United States (US) housing market.

<sup>1</sup> Measured in terms of purchasing power parity (PPP)

According to the International Monetary Fund (IMF), emerging and developing economies are expected to slow sharply from 6.25 per cent in 2008 to 3.25 per cent in 2009, due to the drag of falling export demand, lower commodity prices, and much higher external financing constraints (especially for countries with large external imbalances). More impact is expected on economies that rely on commodity exports. Widespread disruptions in credit are also expected to further constrain household spending and curtail production and trade.

Inflation pressures are subsiding in both advanced and developing economies as a result of the slowing global growth, which has reversed the commodity price boom. Oil prices have slipped by 60 per cent from the peak in July 2008 despite production cutbacks and geopolitical tensions. The IMF projects oil prices to average \$50 a barrel in 2009 and \$60 a barrel in 2010. Moreover, metals and food prices have also been declining, leading to subsiding inflation pressures in addition to the subdued real activity.

### **Risks to the world economic outlook**

There is a large uncertainty surrounding the economic outlook as downside risks continue to dominate. Should financial strains continue, the feedback loop between real activity and financial markets would intensify, causing a deeper downturn in global output growth. Long-term concerns about the future solvency of major financial institutions remains uncertain. A major risk of deflation is looming in some advanced economies while corporate sectors in emerging markets could be damaged by limited access to external financing.

On the upside financial conditions could improve faster than expected due to stronger fiscal and monetary policy actions, leading to a boost in consumer confidence, which in turn would lead to elevated global economic growth prospects.

### **Economic developments and outlook for South Africa**

The global financial crisis has adversely affected South Africa's growth prospects but the country's sound fiscal and monetary policies have helped the country to moderate the impact of the global financial crisis. However, the risk of a recession has not been completely eliminated. The country is now facing difficult times ahead due to projected slower growth, job losses, company closures and increased poverty. The South African government has responded by prioritising the plight of the poor in its fiscal policy through increased spending on social services.

*The South African economy is expected to slowdown to 1.2 per cent in 2009*

As global economic forecasts are frequently revised, it makes the medium-term outlook for South Africa highly uncertain. The domestic economic growth projections for 2009 is very moderate, with a slowdown to 1.2 per cent projected for 2009, from 3.1 per cent anticipated in 2008.

The outlook improves somewhat for 2010 at 3.0 per cent and 4.0 per cent by 2011. For the same period, the South African economy is expected to see a recovery in export performance as well as fixed investment (see Table 2.2 below). These improvements are highly dependent on the success of the 2010 FIFA World Cup, recovery of the global financial markets and the lagged effect of the recent interest rate cuts.

**Table 2.2 Macro-economic overview for South Africa, 2008-2011**

Real growth percentage	2008e	2009f	2010f	2011f
Household consumption	2.5	-0.2	1.9	3.2
Capital formation	11.5	3.7	5.7	9.0
Exports	2.1	-1.4	3.3	4.9
Imports	3.2	-3.7	6.7	7.7
<b>Gross Domestic Product</b>	<b>3.1</b>	<b>1.2</b>	<b>3.0</b>	<b>4.0</b>
Headline CPI Inflation	11.6	5.8	5.3	4.7
Balance of payments current account (% of GDP)	-8.1	-6.3	-6.9	-6.9

Source: National Treasury Budget Review, 2009  
e-estimate, f-forecast

## Inflation developments and outlook

Domestic inflation has continued to subside in line with global inflation trends. Inflation measured by the Consumer Price Index excluding interest on mortgage bonds (CPIX) moderated from 13.8 per cent in August 2008 to 10.3 per cent in December 2008. Excluding petrol and food prices, CPIX measured 8.7 per cent in December 2008.

*The inflation outlook has significantly improved although volatile global financial markets still pose a major risk*

A further decline in inflation is expected in the January 2009 outcome when the reweighting and rebasing of the CPI implemented by Statistics South Africa (StatsSA) comes into effect. Moreover, declining global growth and unwinding commodity prices are expected to put further downward pressure on inflation going forward. However, the highly volatile international developments, which manifest through an unstable exchange rate, still pose risks to the inflation outlook.

The South African Reserve Bank (SARB) forecasts inflation to decline in the coming months and average 7.5 per cent in the first quarter of 2009 and to decline to below the upper end of the inflation target range in the third quarter of 2009 at an average of 5.2 per cent. By 2010, the technical base effect is expected to set-in, resulting in inflation breaching the upper end of the target range in the first quarter of 2010.

The relatively favourable inflation outlook has allowed the SARB to cut the repo rate by a cumulative 150 basis points, as way of stimulating economic growth.

### **Economic outlook for the Western Cape**

In line with the national economy, the economic outlook for the Province is clouded by the impact of the global financial meltdown. As a result, the latest Bureau for Economic Research (BER) projections indicate that the Western Cape economy will grow at an average rate of 1.7 per cent in 2009, which is about 0.5 percentage points higher than the growth projection for South Africa for the same period.

*The Western Cape economy is projected to grow at 1.7 per cent in 2009 with a major downturn in the manufacturing sector*

This projection represents a substantial downward revision from a forecast of 2.5 per cent and 4.0 per cent projected for the Western Cape in October 2008 for 2009 and 2010 respectively. A notable development is the projected downturn for the manufacturing sector, which is expected to contract by 2.1 per cent in 2009.

This can be attributed to lower demand for manufactured goods in the domestic market, as evidenced by shrinking household consumption expenditure. In addition, the economic outlook for international markets is less favorable for Western Cape exports.

Contraction is expected in all major manufacturing sub-sectors in 2009, with the exception of the metals, metal products, machinery and equipment. This has major implications on the Western Cape as job losses as well the number of poor households are expected to increase in the Province.

**Table 2.3 Western Cape GDP (constant 2000 prices, y-o-y % change)**

Description	2007e	2008e	2009f	2010f	2011f	2012f	2013f
Agriculture, forestry and fishing	1.3	10.0	3.7	1.8	1.3	1.3	1.3
Mining	-0.5	-4.8	-1.0	0.5	0.5	0.5	0.5
Manufacturing of which;	3.2	1.7	-2.1	2.4	3.1	3.1	3.1
<i>Food, beverages and tobacco</i>	1.8	1.7	-2.4	1.5	1.8	1.5	1.5
<i>Textiles, clothing and leather goods</i>	0.9	0.1	-1.8	0.9	1.2	1.2	1.2
<i>Wood and paper; publishing and printing</i>	1.0	0.6	-2.3	1.5	1.9	2.1	2.1
<i>Petroleum products, chemicals, rubber and plastic</i>	5.0	4.1	-3.8	4.0	5.5	5.6	5.7
<i>Other non-metal mineral products</i>	6.2	1.6	-2.0	1.4	1.4	1.4	1.4
<i>Metals, metal products, machinery and equipment</i>	4.3	1.0	0.4	3.7	4.0	4.2	4.0
<i>Electrical machinery and apparatus</i>	3.0	3.2	-1.6	3.6	4.2	4.0	4.0
<i>Radio, TV, instruments, watches and clocks</i>	4.0	-0.5	-1.5	1.0	1.8	2.0	2.0
<i>Transport equipment</i>	3.7	2.6	-1.7	3.4	4.9	4.9	4.8
<i>Furniture and other manufacturing</i>	4.0	-0.4	-1.8	0.7	1.0	1.0	1.0
Electricity	4.0	-1.0	3.6	1.6	4.4	4.1	4.1
Water	2.0	0.3	1.0	-1.3	-1.1	-1.4	-1.4
Construction	17.5	9.5	6.5	8.5	9.7	9.9	9.2
Wholesale & retail trade	5.7	0.7	1.5	5.5	6.6	6.2	6.3
Catering and accommodation	5.0	2.8	3.0	3.1	3.7	3.5	3.6
Transport	4.8	4.0	1.8	1.7	4.7	4.5	4.5
Communication	7.6	5.7	3.4	5.0	6.0	6.2	6.3
Finance and insurance	9.0	4.4	1.1	4.5	7.6	7.0	7.2
Business services	7.3	3.8	1.6	3.2	4.3	4.1	4.1
Community, social and other personal services	4.0	3.3	3.0	1.6	2.1	1.8	1.7
General government services	3.7	3.5	5.1	2.7	3.1	2.9	2.8
<b>Western Cape GDP</b>	<b>6.1</b>	<b>3.5</b>	<b>1.7</b>	<b>3.7</b>	<b>5.1</b>	<b>4.9</b>	<b>4.9</b>

Source: The Bureau for Economic Research (BER) Western Cape economic forecast, February 2009. [e-estimate, f-forecast]

The finance and insurance and business services sectors are also expected to register subdued growth rates of 1.1 per cent and 1.6 per cent in 2009. Together with the wholesale and retail trade sector (1.5 per cent in 2009), these sectors are the mainstay of the Western Cape economy. The lagged effect of the current expansionary monetary policy together with the expenditure related to the 2010 FIFA World Cup is expected to boost recovery in these sectors by 2010.

## Social trends in the Western Cape

### Snapshot of the Western Cape population

This sub-section provides a demographic backdrop of the Western Cape Province. The population statistics are based on the Community Survey of 2007 and Census 2001. The population of the Western Cape in 2007 was estimated to be 5 278 586 people, which represents about 10.9 per cent of the total population of South Africa.



The Western Cape population grew at an average annual rate of 2.6 per cent between 2001 and 2007.

### Racial composition of the population

As can be seen in Table 2.4 below, there is a marked difference between the racial composition of the Western Cape population from the rest of the country. In 2007 the population of the Western Cape was predominantly Coloured (50.2 per cent) with Black Africans constituting the second largest proportion at 30.1 per cent. At national level, the population is primarily composed of Black Africans (78.9 per cent) with Coloureds and Whites constituting less than 10 per cent each in 2007.

The proportion of Black Africans in the Province has increased from 26.7 per cent in 2001 to 30.1 per cent in 2007, and is expected to continue growing due to migration patterns. The proportion of the Coloured population declines from 53.9 per cent in 2001 to 50.2 per cent in 2007. Whites form the third largest population group and their proportion of the Western Cape population between 2001 and 2007 remained constant at 18.4 per cent. Asians are still the minority population group at 1.3 per cent in 2007.

**Table 2.4 South Africa and Western Cape population by racial group, 2001 - 2007**

	2001		2007	
	South Africa	Western Cape	South Africa	Western Cape
Indians/Asians	1 115 467 2.5%	45 030 1.0%	1 244 634 2.6%	69 446 1.3%
Black Africans	35 416 166 79.0%	1 207 429 26.7%	38 255 167 78.9%	1 588 563 30.1%
Coloureds	3 994 505 8.9%	2 438 976 53.9%	4 375 526 9.0%	2 647 465 50.2%
Whites	4 293 640 9.6%	832 901 18.4%	4 626 736 9.5%	973 114 18.4%
<b>Total</b>	<b>44 819 778</b>	<b>4 524 336</b>	<b>48 502 063</b>	<b>5 278 588</b>

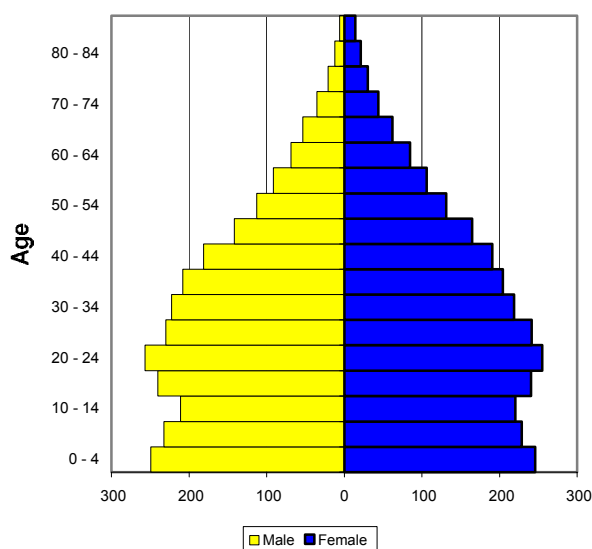
Source: StatsSA; Census 2001 and Community Survey, 2007

### Age and gender composition of the Western Cape population

The features of the Western Cape population age structure are summarised in Figure 2.1 and Table 2.5 below. The gender ratio for the Province in 2007 was 95 males per 100 females. The gender ratio oscillates around a value of 100 up to the age of 40 years, but declines thereafter either as a result of higher male mortality or male out-migration. In particular, for the economically active portion of the

Western Cape population, the 20-24 and 30-39 age cohorts have gender ratios above 100, possibly as a result of labour in-migration.

**Figure 2.1** Age pyramid for the Western Cape population, 2007



**Table 2.5** Western Cape population estimates, 2007

	Male	Female
0 - 4	249 360	245 991
5 - 9	232 519	228 665
10 - 14	210 772	220 493
15 - 19	240 113	240 721
20 - 24	256 818	255 038
25 - 29	229 983	241 641
30 - 34	222 577	218 930
35 - 39	208 150	204 447
40 - 44	181 065	190 568
45 - 49	141 575	164 869
50 - 54	112 711	131 224
55 - 59	91 209	106 266
60 - 64	68 837	84 928
65 - 69	53 439	61 908
70 - 74	35 458	43 764
75 - 79	20 628	30 413
80 - 84	12 024	21 190
85+	6 173	14 119
<b>Total</b>	<b>2 573 411</b>	<b>2 705 175</b>

Source: StatsSA Community Survey, 2007

The population of the Western Cape is regarded as mature with a median age of 27 in 2007. Children in the 0–14 age group numbered 1 387 800 and accounted for 26.3 per cent of the Western Cape population. The 15–24 age group amounted 992 690 and represented 18.8 per cent of the Western Cape population, while the number of people classified as the youth<sup>2</sup> constituted 36.1 per cent (or 1 905 821 people) of the Province's population.

Figure 2.1 above shows the impact of labour in-migration on the age structure and can be seen in the bulge in the population pyramid from the age of 15 to 34 years. The shape of the Western Cape population pyramid is not typical of a developing economy where the pyramid has a broad base due to high proportion of children aged 0-14 years. There were 299 166 people aged 65 years and older in 2007, accounting for 5.7 per cent of the Western Cape population.

<sup>2</sup> Refers to people aged 15 to 34 years.

## Expenditure patterns, income inequality and poverty in the Western Cape

### Changes in the distribution of household income

The results of the Income Expenditure Survey (IES) of 2000 and 2005/06 show that higher levels of economic growth over this period resulted in significantly increased real incomes in the Western Cape and in South Africa. However, the Province is relatively better off than the country as a whole if measured by per capita income and average household incomes.

Table 2.6 below shows that in 2005/06, households in the Western Cape received the bulk of their income (R147.9 billion or 73.9 per cent) from rendering labour services. The major component of which is salaries and wages, accounting for 64.5 per cent of the total household income.

Social insurance and grants played an important role in supplementing income from work. Social grants income increased more than twofold from approximately R5 billion in 2000 to R10.9 billion in 2005/06 (or 16.4 per cent on average per annum), of which old age and war pensions and family and other allowances were dominant.

Almost all the major sources of income grew substantially between 2000 and 2005/06, totaling R82 billion or 11.2 per cent on average each year. This could be attributed to the buoyant economic growth of 5 per cent on average registered over the period under analysis. This was also underpinned by increased employment creation in the Province.

**Table 2.6 Distribution of income by source for the Western Cape households, 2000-2005/06**

Sources of household income	2000		2005/06		Total change	Average annual growth rate (%)
	Gross income R' billion	Share (%)	Gross income R' billion	Share (%)	Gross income R' billion	
Income from work	99.5	84.6	147.9	73.9	48.4	8.3
Income from capital	2.3	1.9	6.4	3.2	4.1	23.0
Private pensions and annuities	5.8	4.9	10.8	5.4	5.0	13.3
Social insurance and grants	5.1	4.3	10.9	5.5	5.8	16.4
Other income	5.0	4.2	23.9	12.0	19.0	37.0
Imputed rent	0	0	26.7	13.4	26.7	0.0
<b>Gross household income</b>	<b>117.7</b>	<b>100.0</b>	<b>200.0</b>	<b>100.0</b>	<b>82.4</b>	<b>11.2</b>

Source: Provincial Treasury calculations based on IES 2000 and 2005/06: StatsSA

### Changes in spending patterns of households

Household consumption expenditure has been the key driver of economic growth since 2002 in South Africa and the Western Cape. The structure and size of the household, the household's needs and preferences and the level of household income largely influence household expenditure patterns.

The total household consumption expenditure in the Western Cape increased by R59.4 billion to R175 billion in 2005/06. Households in the Province spent their income predominantly on housing, water, electricity and gas (26.7 per cent), transport (20.1 per cent) and food (15.7 per cent) in 2005/06.

On average, the fastest growing expenditure categories between 2000 and 2005/06 were housing (26.0 per cent), furnishings (25.2 per cent), transport (19.3 per cent) and restaurants and hotels (33 per cent). This spending trend is consistent with the economic growth that created job opportunities, increased real incomes and enhanced access to credit over this period. This afforded the households' increased purchasing power on other expenditure items.

**Table 2.7 Changes in household expenditure patterns in the Western Cape between 2000 and 2005/06**

	R' billion	Share (%)	R' billion	Share (%)	R' billion	Average annual growth rate (%)
Food, non alcoholic beverages	27.1	23.4	27.4	15.7	0.3	0.2
Alcoholic beverages and tobacco	4.8	4.2	2.6	1.5	-2.2	-11.6
Clothing and footwear	5.4	4.7	7.6	4.3	2.2	7.1
Housing, water, electricity, gas	14.8	12.8	46.8	26.7	32.0	26.0
Furnishings	3.0	2.6	9.3	5.3	6.3	25.2
Health	5.5	4.8	2.8	1.6	-2.7	-12.6
Transport	14.5	12.5	35.1	20.1	20.6	19.3
Communication	3.4	3.0	6.5	3.7	3.1	13.8
Recreation and culture	6.6	5.7	8.7	5.0	2.1	5.6
Education	2.9	2.5	3.1	1.8	0.2	1.3
Restaurants and hotels	0.8	0.7	3.4	1.9	2.6	33.0
Miscellaneous goods <sup>2</sup>	26.7	23.1	21.3	12.2	-5.4	-4.7
<b>Total<sup>3</sup></b>	<b>115.6</b>	<b>100.0</b>	<b>175.0</b>	<b>100.0</b>	<b>59.4</b>	<b>8.7</b>

Source: Provincial Treasury calculations based on IES 2000 and 2005/06: StatsSA

<sup>2</sup> Miscellaneous goods used as the balancing figure, some components of furnishings could be in miscellaneous goods category.

<sup>3</sup> Excludes other expenditure and imputed rent, mortgage payments and consumption in kind. Based on household expenditure not adjusted for household structure.

### Changes in inequality in the distribution of income

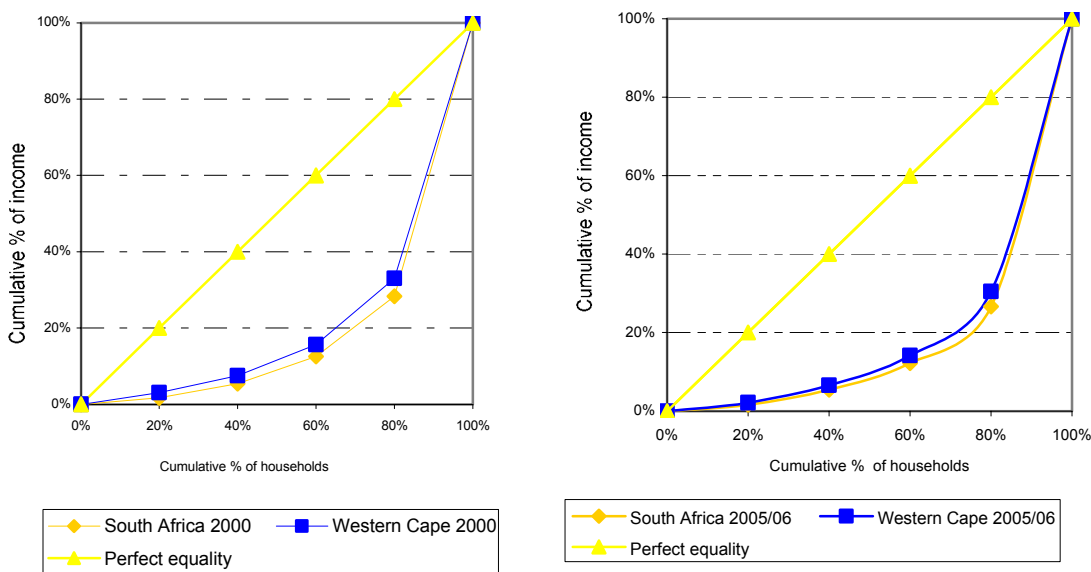
The buoyant economic growth rate in South Africa and the Western Cape between 2002 and 2005 did not translate into sufficient jobs for all labour market entrants. This manifested in the high and unequal distribution of household income.

The Gini coefficient is the most commonly reported measure of inequality. It is related to the concept of income shares of population groups and can be represented graphically by a Lorenz curve.

The Lorenz curve plots the cumulative share of households against the cumulative share of household income. If perfect equality prevails, the poorest 20 per cent of the population receives 20 per cent of income and the richest 20 per cent also receives 20 per cent of total income. The greater the deviation of the Lorenz curve from the perfect equality line, the greater the inequality in the economy/society.

Figure 2.2 below presents the Lorenz curves for the Western Cape and South Africa between 2000 and 2005/06.

**Figure 2.2 Lorenz curves for the Western Cape and South Africa between 2000 and 2005/06**



Source: Provincial Treasury calculations based on IES 2000 and 2005/06: StatsSA

The IES results for 2000 and 2005/06 show that the Western Cape Lorenz curve is relatively closer to the line of equality than the national Lorenz curve in almost all the instances, indicating that inequality in the distribution of income was more pronounced nationally than in the Province. However, the inequality gap between the national and the provincial economy narrowed significantly in 2005/06, implying that the degree of inequality in the Western Cape intensified faster than the national average over the period under consideration.

The calculated Gini coefficient for all the households in the Western Cape in 2000 was 62 per cent compared to 69 per cent for South Africa. Although the gap between the rich and the poor widened further, the Western Cape still fared better than South Africa in 2005/06, measured by the Gini coefficient of 65 per cent compared to 69 per cent at national level. However, in aggregate, the level of inequality in the distribution of income in the Province is getting worse.

### **Changes in levels, depth and severity of poverty**

Despite the progress government has made in reducing poverty since 1994, the challenge remains. The main challenge is to achieve the Millennium Development Goal (MDG) of reducing poverty by half by 2014. Therefore it is imperative to consistently measure and analyse the levels of poverty within households and individually.

The 40<sup>th</sup> and 20<sup>th</sup> percentile cut-off poverty lines of per capita income per annum have been used for this analysis. In 2005 prices, the 40<sup>th</sup> and 20<sup>th</sup> percentile cut-off poverty lines were equivalent to R4 715 (or R393 per capita per month) and R2 507 (or R209 per capita per month) per capita per annum, respectively. The latter poverty line is sometimes referred to as the “ultra” poverty line in the literature on poverty.

The poverty measures in Table 2.8 below demonstrate that the proportion of people living below the “upper” poverty line in South Africa and the Western Cape decreased between 2000 and 2005/06. The poverty rate for South Africa decreased to 40 per cent in 2005/06, while the Western Cape’s strong economic performance reduced the poverty headcount to 20 per cent.

**Table 2.8 Measures of income poverty in South Africa and the Western Cape, 2000 and 2005/06**

Poverty levels	2000			2005/06		
	Headcount	Poverty gap	Poverty depth	Headcount	Poverty gap	Poverty depth
<b>South Africa</b>						
R393 per month	0.52 [0.500; 0.530]	0.27 [0.262; 0.279]	0.17 [0.166; 0.178]	0.40 [0.387; 0.407]	0.20 [0.194; 0.206]	0.12 [0.121; 0.129]
R209 per month	0.32 [0.308; 0.331]	0.13 [0.128; 0.139]	0.07 [0.070; 0.076]	0.23 [0.224; 0.240]	0.09 [0.091; 0.098]	0.05 [0.049; 0.054]
<b>Western Cape</b>						
R393 per month	0.28 [0.250; 0.315]	0.13 [0.093; 0.123]	0.05 [0.046; 0.064]	0.20 [0.171; 0.221]	0.08 [0.068; 0.092]	0.04 [0.036; 0.053]
R209 per month	0.10 [0.085; 0.122]	0.03 [0.026; 0.039]	0.01 [0.011; 0.018]	0.08 [0.063; 0.095]	0.03 [0.0224; 0.037]	0.02 [0.011; 0.020]

Source: Provincial Treasury calculations based on IES 2000 and 2005/06: StatsSA

Considering the “ultra” poverty rate, the Western Cape appears to have improved marginally compared to South Africa (which reduced the headcount ultra poverty from 32 per cent to 23 per cent in 2005/06).

The poverty gap index also suggests that the incomes of the people living in abject poverty in South Africa were 20 per cent below the “upper” poverty line despite some improvements. This also implies that not only have the numbers of the poor people in the country decreased but that about 7 per cent of the poor people are currently better-off in 2005/06 than they were in 2000. This has widened the gap between the rich and the poor further.

The Western Cape’s “upper” poverty gap index measured 13 per cent in 2000, registering a decrease of 5 percentage points to 8 per cent in 2005/06. The “ultra” poverty gap index reveals that the distance of poorest of the poor people in the Province from the poverty line remained unchanged over the period, at 3 per cent.

The poverty depth measure, which puts more emphasis on the gap between the poverty line and the incomes of the poor by squaring it, also shows a worrying increasing trend from 1 to 2 per cent in the Western Cape over the period under analysis. This indicates that the income of the poorest of the poor has not improved.

Approximately, 1.3 million people in the Province fell below the “upper” poverty line of R393 per capita per month in 2000. In 2005/06, this number decreased to approximately 1.2 million people.

About 489 520 individuals in the Province fell below the “ultra” poverty line of R209 per person per month in 2000. In 2005/06, this number marginally decreased to 469 117. In conclusion, the provincial economy has not been able to rapidly reduce poverty over the period. However, the situation is relatively better when considering South Africa as a whole.



# 3

## National Policy Framework and Provincial Priorities

### Introduction

Government remains firm in its commitment to push back the frontiers of poverty through focused strategies and interventions in the social and economic sectors. Interventions strive to improve access and the quality of social services but also place the economy on a higher growth path to ensure that the benefits are shared. The broad objectives are to ensure investment in human capital, job creation, shared economic ownership through economic empowerment, providing a social security safety net, investment in productive capacity such as infrastructure and food security.

*Ensure that the benefits of economic growth are shared*

### National Policy Imperatives

Government's planning instruments such as the Medium Term Strategic Framework and other strategic interventions and events continue to search for ways to improve the ability of the state to provide and extend access to better quality public services, especially to the poor.

From a national perspective these interventions converge on services that desire to improve the extent and quality of social and economic outcomes, such as to support labour-intensive methods of delivering infrastructure and services; to provide for the gradual expansion of the social security net; invest in infrastructure and services that raise the long-term growth potential of the economy; agrarian reform, food security and services to rural citizens and support programmes aimed at reducing our impact on the climate while enabling the country to adapt to a changing global climate.

At a provincial level the strategic thrust of the policy interventions find expression in the Provincial Growth and Development Plans of Provinces, plans of various line sector departments and municipal Integrated Development Plans (IDPs).

### **National Line Sector priorities (Education, Health and Social Development, Public Works programmes)**

*Education* priorities in addition to those that have already been highlighted over previous MTEF's build on progress made to ensure further access, improve quality and greater equity. Particular focus areas over the 2009 MTEF period are the progressive extension of the No Fee Policy to exempt learners attending Quintile 3 schools from paying school fees and for fee exemption of poor learners attending Quintile 4 and 5 schools; increasing the number of educators in Quintile 1 schools in order to reduce the learner: educator ratio; and expanding access to inclusive education through increasing the number of places available for learners with disabilities in both mainstream and special schools.

*National School Nutrition Programme to be expanded*

Furthermore in response to steep food price increases and as part of a multi-pronged poverty alleviation strategy, the National School Nutrition Programme is to be expanded. The expansion will ensure that all Quintile 1 to 3 primary school learners can be fed on all school days, and to progressively expand the programme to secondary schools.

Special provision within the Infrastructure Grant to Provinces is for education specific interventions, including extending Grade R infrastructure to increase the uptake of Grade R learners, upgrading school infrastructure, securing school facilities and special school infrastructure.

*Reducing infant and child mortality, TB and HIV and Aids remain top priorities*

*Health* is key in meeting the broader social and developmental objectives of government. Despite the adverse economic climate, government remains dedicated to protecting key health programmes that improve the quality of health services, particularly to the poor, and health related socio-economic outcomes. In support of these objectives, increased resources are channeled to improving health outcomes in the priority areas of infant and child mortality, TB and HIV and Aids. Improvements in the access and quality of health services are critically dependant on recruiting and retaining health professionals into the public sector. The Occupation Specific Dispensation (OSD) for nurses is being consolidated and resources have been reserved for phasing in the OSD for doctors and other medical specialists.

Over the 2009 MTEF, specific Health conditional grants that have been strengthened include:

- The *Hospital Revitalisation Grant* in order to scale up programmes aimed at building, upgrading and maintaining hospitals and health facilities;
- The *National Tertiary Services Grant* to help provinces plan, modernise and transform tertiary services in line with national policy objectives and to improve access and equity; and
- The *Comprehensive HIV and Aids* to meet demands that arise from faster ARV take up rates.

In *Social Development*, the expansion of Early Childhood will not only provide more children access to Early Childhood Development (ECD) facilities, but also provide for an increase in subsidies for children in ECD programmes. Further investment is intended to create greater awareness and limit drug and substance abuse in our towns and cities and to improve related infrastructure, such as secure care centres.

*Ensuring greater access to ECD*

### **Investing in the economic sectors**

Further funding is provided to stimulate job creation, economic infrastructure and services that support long term economic growth as important focus areas of the 2009 MTEF budget.

Government has set itself specific objectives to reduce the level of poverty and unemployment. Targets specified in the Millennium Development Goals are for halving poverty and unemployment levels by 2014 relative to their levels in 2004.

The Expanded Public Works Programme (EPWP) *Incentive Grant* is introduced in 2009. This grant provides additional resources to provinces and municipalities who have exceeded their targeted number of EPWP employment opportunities created. In doing so, the grant will facilitate increased labour intensive employment through programmes that maximise job creation and skills development.

*Additional resources to be provided to provinces who exceed their EPWP employment opportunities target*

The *Infrastructure Grant* to Provinces provides for the acceleration of construction, maintenance, upgrading and rehabilitation of new and existing education, health, roads and agriculture infrastructure. Also, with the labour intensive methods preferred in the abovementioned activities the grant not only provides for well-functioning infrastructure, but also for increased job creation and skills development.

*New grant introduced to increase agricultural production in poor economic and disaster areas*

A substantial boost to funding for the rehabilitation and reconstruction of flood damaged roads was received in 2008/09. The unspent balance of the *Transport Disaster Management Grant* will further augment current funding towards repairs of roads and the provincial transport networks in the Overberg, Central Karoo, Cape Winelands, Eden and West Coast District Municipalities damaged during November 2007 and July 2008.

Accelerating the national Land Reform programme is crucial to the country's food security and as a response, the Land and Agrarian Reform Programme (LARP) provides a framework for delivery and collaboration on land reform and agricultural support. The (Comprehensive Agriculture Support Programme) has been scaled up to support food security and to improve the infrastructure of the Agricultural College in the Province. A new conditional grant, the Ilima/Letsema Projects Grant, has also been introduced to help South African farming communities falling within poor economic and disaster prone areas of the country to achieve an increase of 10 to 15 per cent in agricultural production.

### **Provincial Policy Imperatives**

The iKapa Growth and Development Strategy constitutes the higher level plan and direction of the Western Cape Province and provides a clear strategic framework for accelerated and shared economic growth as well as social development.

Drawing on the national policy priorities and perspectives and the provincial imperatives a number of key themes arise, which could be categorised in eight broad themes.

- Support of decent work opportunities and skilling;
- Strengthening of Education and improving access and nutrition;
- Strengthening health services, infectious disease control and health research and development;
- Protecting and enhancing the focus on youth, women, elderly and the poor;
- Rounding-off preparations for 2010 FIFA World Cup;
- Improving the built environment, including housing and roads;
- Extending agrarian reform and rural development and sustainability of food security; and
- Strengthening financial prudence, corporate governance and inter governmental relations (IGR).

The remainder of this chapter highlights how the Province has gone about taking up the national agenda, provincial agenda, sector line priorities and ways to improve collaboration across departments and spheres.

### **Support of decent work opportunities and skilling**

The Province is spearheading a number of interventions in support of the creation of decent work opportunities and skilling. The platform for creating decent work opportunities begins with ensuring the proper alignment of skills being supplied with the critical skills being demanded in both the public and private sectors. The Workforce Development Initiative, Learning Cape Initiative, Work and Skills for 100 000 and FET Colleges collectively aim to improve the match between skills demand and skills supply. Sectors that have been identified for targeted skills interventions are underpinned by the research findings of the Micro Economic Development Strategy.

*Improving the match between skills demand and skills supply*

At a transversal level the Department of the Premier is responsible for coordinating numerous skills development initiatives undertaken by provincial departments. The Scarce Skills Task Team is critical for ensuring greater cohesion and avoiding duplication between departments pertaining to their skills development plans.

Skills development initiatives and interventions in the agricultural sector continue to be a focus over the 2009 MTEF through targeted training, human capital development and farmworker development interventions.

The Expanded Public Works Programme provides both employment and skills to programme participants. A number of initiatives are included under the EPWP umbrella including Learnership 1000 and the Siyunyeka Contractor Incubator programmes. These provide mentored training and skills development in order to launch successful employees and entrepreneurs into the construction sector, IT support and events management, amongst other. A recent addition to the EPWP initiatives is the Umsebenzi Job Opportunities Portal, which provides real-time matching of prospective employees with employment opportunities in the Portal database. The aim is to have all EPWP participants registered on the database. A number of no-cost-to-user access points have been launched in targeted areas, such as Philippi, over the past year.

*Establishment of a database to match prospective employees with employment opportunities*

Government departments offer a wide range of bursaries, which include bursaries to study engineering sciences within the context of the built environment requirements. Students, who received bursaries on completion of their studies, are required to work for government thereby improving the internal skills base in infrastructure related functions.

### **Strengthening of Education and improving access and nutrition**

Education forms the foundation upon which the Province is able to improve its skill base. Interventions aimed at strengthening education are focused on “getting learning right”. This encompasses a focus on access, adequacy and efficiency, equity and quality.

*Ensuring that education opens up opportunities for employment and higher education institutions*

Access, adequacy and efficiency are promoted through amongst others: the provision of high quality learning programmes to all five-year olds in the Western Cape by 2010 (or soonest thereafter), an increase in the number of learners enrolled in relevant programmes in the General Education and Training and Further Education and Training bands that eventually should lead to higher levels of employment or access to higher education, and to incrementally strengthen inclusive education to ensure that the needs of all learners are met.

Redress and equity will be addressed through targeted additional support to schools in national quintiles 1 to 3 with a particular focus on infrastructure, libraries and resource materials. Schools safety will be enhanced through the use of safety resource officers, CCTV and strengthening the community-school interface.

Initiatives focused on literacy and numeracy in primary schools, teacher development and support as well as quality management and development programmes will be used to enhance quality learning for the majority of learners.

### **Strengthening health services, infectious disease control and health research and development**

*Bringing health services closer to the people*

Health services and priority programmes are continually being strengthened to improve the quality of health care of and systematically health outcomes within the Province. The Comprehensive Service Plan, based on Health Care 2010, is progressively being implemented to improve the access, quality and sustainability of health services in the Western Cape. The ultimate goal is to treat patients at a level of care most appropriate to their need and in the communities where they live.

Further progress to address the two major infectious diseases plaguing the Province, TB and HIV and Aids, is planned. Programmes addressing TB and HIV and Aids are and will continually be strengthened to ensure improved management, infection prevention and control within the context of district based health treatment. The Province is also specifically focusing on and directing resources towards managing extreme-drug (XDR) and multi-drug resistant TB.

Coordinated health research and development that links the health research agenda to programme management and service delivery is a high priority. Health research priorities will be identified through the establishment of the Provincial Health Research Committee. One of the objectives of this Committee is to ensure that research activities are largely directed towards the greatest health needs in the Province. Following on the initial Burden of Disease (BOD) research, mechanisms have been strengthened to better identify and outline the actual burden, informing a number of interventions aimed at monitoring and reducing the provincial morbidity and mortality rates.

### **Protecting and enhancing the focus on youth, women, elderly and the poor**

The Province has adopted a holistic approach to protect and advance the interests of youth, women, elderly and the poor. The Social Transformation Programme is aimed at mobilising public resources for human investment into specific geographic areas throughout the Province characterised by poverty and vulnerability – particularly in the 27 priority areas that have been identified.

*Focus on address  
poverty and vulnerability  
in the 27 priority areas*

The emphasis on the protection of youth at risk, women, elderly and the poor is evidenced in the various social intervention campaigns underway in the Province. Workshops on domestic violence awareness, prevention and identification of child abuse and various youth programmes offered at schools and community centres aim to realise informed, healthy communities who actively participate in the prevention of criminal activity and protection of those at risk.

In partnership with communities, government provides appropriate integrated services and networks that address substance abuse, prevention, treatment and rehabilitation, which are specifically focused on youth. Examples are centres for the treatment of substance abuse. Further programmes are implemented to care, support and protect older persons so that our senior citizens stay active and have access to service centres. Also supportive and protective services for victims of crime and violence and to provide nutritional meals to the poor on a regular basis, the latter via Nutrition and Development Centres.

Improving maternal health and reducing child mortality are important Millenium Development Goals (MDGs), along with the improvement of the health of children and women, are provincial priorities in which resources are channelled in order to respond and advance the progress towards achievement of the MDGs. Further resources will be targeted towards reducing infant and child mortality through rolling out new vaccines. Improvements in maternal health will be achieved through prevention of diseases,



curative and rehabilitative services in the context of the Comprehensive Service Plan.

A further key role player is the Western Cape Youth Commission which aims to address the challenges facing young men and women, thereby engaging with coordinating, monitoring and promoting youth development.

*Accelerated investment  
in roads infrastructure*

**Rounding-off preparations for 2010 FIFA World Cup**

To prioritise and fast-track 2010 FIFA World Cup investment, the Provincial Technical Steering Committee analysed all reasonable 2010-related requests from departments for funding; and the result was a detailed scenario-based planning document and action plan. This constitutes the basic blueprint for focused and targeted interventions that would have a positive developmental legacy with increased investment, job creation, improved infrastructure and social cohesion well beyond 2010.

A key legacy from the 2010 FIFA World Cup is the investment in roads infrastructure with a number of roads infrastructure projects currently underway. These include the N2 between White Bridge and Knysna, the airport link along the N2, the directional ramps at the Koeberg Interchange and Table Bay Boulevard. In addition to accommodating the increased traffic volumes over the 2010 FIFA World Cup period, these enhancements will have a lasting and positive impact on traffic management beyond the event.

**Improving the built environment, including housing and roads**

To transform apartheid planning spatial pattern legacies and restructure urban areas, the Province is concentrating on the need for meticulous and logical municipal spatial planning that is aligned with the ideals of the iKapa Growth and Development Strategy and support strategies namely, the Provincial Spatial Development Framework (PSDF), the Sustainable Human Settlement Strategy, and the Strategic Infrastructure Plan.

The Built Environment Support Programme (BESP) constitutes a significant strategy and action plan to positively influence the planning of integrated human settlements. The BESP in summary is an interdepartmental vehicle, focused on support to a group of six pilot municipalities to develop credible component sectoral plans (Spatial Development Frameworks/SDFs and Human Settlement Plans/HSPs) integral to their municipal Integrated Development Plans (IDPs).



Upgrading, maintenance and expansion of the provincial road network has been prioritised given its role as an economic growth and development enabler. An efficient road network is an integral support aspect an envisaged integrated transport system identified in the iKapa GDS as a path breaker. While new construction expands opportunities for economic growth and development, particular emphasis is placed on the maintenance of existing infrastructure to ensure a well-functioning road network.

*Increased emphasis on maintenance of existing roads infrastructure*

### **Extending agrarian reform and rural development and sustainability of food security**

The strategic direction in agriculture is largely driven by the five Land and Agrarian Reform Programme's strategic objectives.<sup>3</sup> Key priorities for the provincial Department of Agriculture is to increase black entrepreneurs in agribusiness, increase access to agricultural support services, agricultural production and trade for new agricultural producers. The intention is therefore to strengthen the services, functions and activities of the Department to improve service delivery to its clients in rural and urban areas. These include revitalising extension services, facilitating market access and training and skilling emerging farmers and farm workers.

Food security is also a key priority for the agricultural sector and the aim is to enhance the sustainability of food gardens and other related projects to better food security for vulnerable households and communities.

### **Strengthening financial prudence, corporate governance and inter governmental relations (IGR)**

Strengthening financial prudence, corporate governance and inter governmental relations (IGR) constitutes significant mechanisms – whereby departments concentrate on clear provincial and national deliverables and strive towards efficient and effective targeting of frontline services.

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<sup>3</sup> (i) Redistribute 5 million ha of white-owned agricultural land to 10 000 New Agricultural Producers.  
(ii) Increase Black entrepreneurs in the agribusiness industry by 10 per cent.  
(iii) Provide universal access to agricultural support services to the target groups identified in priority 1 & 2 above.  
(iv) LETSEMA-ILIMA Campaign: Increase agricultural production by 10-15 per cent for the target groups identified in priority 1 & 2 above.  
(v) Increase agricultural trade by 10-15 per cent for the target groups identified in priority 1 & 2 above.

*Enhancing strategic partnerships across spheres of government*

Good intergovernmental relations (IGR) has the potential to improve service delivery imperatives through strategic partnerships and agreements across the spheres of government, as well as with social partners.

The leveraging from efficiency gains throughout all baselines of departments has become an important exercise to soften any adverse effects of the tightening fiscal envelope on key priorities – in other words strengthening the link between planning and spending. There is renewed emphasis on departments tabling credible budgets, which includes a revision of non-core spending items, underpinned by the broader goal to improve relative efficiency and value for money.

Improving corporate governance engages with the strive towards accountable and responsive government and the putting in place of supportive mechanisms to ensure informed managerial decision making, effective monitoring and evaluation, appropriate compliance and adherence to relevant norms and standards.

### **Earmarked Allocations**

The practice of earmarking national and provincial priorities as introduced in earlier years, has now been revised to achieve greater flexibility in the light of tighter fiscal conditions and changing socio-economic factors, to easier track expenditure and monitor performance and to highlight key provincial priorities.

Earmarked allocations are meant to target frontline service delivery more specifically to give better effect to national and selected provincial specific priorities. The progress made on the outputs of these specified allocations, will be monitored on a quarterly basis.

The earmarked allocations for the 2009/10 financial year are:

- 2010 FIFA World Cup coordination funding, Philippi training stadium and rounding-off preparation;
- Early Childhood Development in Education and Social Development;
- Teacher Development;
- A consolidated earmarking for infrastructure and maintenance, inclusive of Infrastructure Grant funding in Education;
- The improvement in educator - learner ratios in quintile 1 schools;
- Emergency medical services;
- Infrastructure maintenance in Health;
- Enhanced extended discount benefit scheme (EEDBS) revenue application for housing delivery;

- CapeNature (mainly for personnel issues, infrastructure upgrading, fire management capacity and eradication of alien vegetation);
- The Built Environment Support Programme for the restructuring of urban areas;
- Roads (Planning, design, construction and maintenance); and
- Public Works (Design, construction, maintenance and property management).

## **Conclusion**

Government, despite the challenging economic environment, continues to find ways to provide improved access to and quality public social and economic services. The strategic direction for the medium term remains unchanged, however periodic refinements of the strategic frameworks allow for the adjustment of plans of key areas that require further focus. Further good governance and management practices support the exploration of greater efficiency, efficacy, value for money and collaboration and improved accountability within departments and across spheres of government. These practices will become imperatives regardless of our economic fortunes.

Table 3.1 Key deliverables for each cluster

	Vote 4: Community Safety	Vote 5: Education	Vote 6: Health
SOCIAL CLUSTER KEY DELIVERABLES 2009/10	<p>Enabling a safe and secure environment for employees, visitors, guests, and property within the Provincial Government of the Western Cape (PGWC), as well as advising and assisting PGWC Departments to ensure compliance with risk regulations and policy frameworks</p> <ul style="list-style-type: none"> <li>Safeguard tangible and intangible assets in the PGWC.</li> <li>Support Provincial Departments to initiate and develop Operational Capacity.</li> <li>Update and maintain an integrated database.</li> <li>Facilitate and Coordinate vetting of employees and contractors of PGWC in collaboration with NIA and ensure implementation of the National Vetting Strategy.</li> <li>Ensure investigation of all breaches reported and Conduct Threat and Risk assessments.</li> <li>To develop and review security risk policies.</li> </ul> <p><b>Oversight of SAPS, Municipal Police Services and the Provincial Traffic Service on issues of performance and service delivery</b></p> <ul style="list-style-type: none"> <li>Analyze patterns and trends in respect of complaints against policing agencies to determine causality and direct corrective measures.</li> <li>Set up and capacitate community oversight mechanisms in relation to safety needs for commuters, community police forums, rural communities, foreign nationals and special interest groups.</li> </ul> <p><b>Provide evidence based policy development, assessment and strategic interventions</b></p> <ul style="list-style-type: none"> <li>Provide research for policy development, evaluation and assessment of policing and community safety strategies.</li> <li>Provide research on modern policing methodologies.</li> <li>Provide research on crime and safety trends in relation to community needs.</li> <li>Provide comparative analysis of strategies and methodologies of modern policing agencies to improve efficiency of law enforcement agencies.</li> <li>Development of measurement tools for safety.</li> <li>Conducting tracking studies on safety in most vulnerable communities.</li> </ul> <p><b>Implementation of the Motor Vehicle Accident (MVA) Strategy</b></p> <ul style="list-style-type: none"> <li>Conduct Traffic Law Enforcement interventions and monitoring with regard to critical road traffic offences.</li> <li>Implement road safety education programmes.</li> <li>Conduct awareness interventions.</li> <li>Influence relevant enabling structures.</li> <li>Implement training interventions for traffic officials.</li> </ul> <p><b>Coordination of social crime prevention initiatives</b></p> <ul style="list-style-type: none"> <li>Coordinate the continued implementation of the Provincial Social Transformation Gang Prevention and Intervention Strategy (PSTGS).</li> <li>Facilitate the coordination of social crime prevention initiatives at local government level.</li> <li>Facilitate the coordination of youth orientated social crime prevention projects in the Province.</li> <li>Implement training interventions for community volunteers.</li> <li>Fund, monitor and evaluate training of youth at the Chrysalis Academy.</li> <li>Facilitate the coordination of social crime prevention projects focussed on enhancing the safety of vulnerable groups in the Province.</li> </ul> <p><b>Enhanced involvement in community safety promotion</b></p> <ul style="list-style-type: none"> <li>Coordinate community conflict resolution initiatives.</li> <li>Enhance volunteerism by creating and supporting community safety partnerships</li> <li>Enhance commuter and school safety at identified high-risk railway stations and schools.</li> <li>Coordinate and facilitate the participation of CBOs and NGOs to ensure a synergised approach to creating safer communities.</li> </ul>	<p><b>Preamble</b></p> <p>Because the primary purpose of education is centred on the classroom it is the intention of this plan to ensure that all work is centred around that. All elements of the budget and the linked interventions will be streamlined, aligned and focussed on getting learning right. Overload, replication, excesses will be pruned and all effort focused on ensuring that our learners are best served and that they remain in the education system for as long as possible. We will focus on teacher skills and job satisfaction on the one hand and on alleviating poverty, deprivation and dysfunctionality on the other. The work of this department is thus organised around the key "stretch" transformatory agenda as follows:</p> <ul style="list-style-type: none"> <li><b>Access, Adequacy and Efficiency</b> <ul style="list-style-type: none"> <li>Provide high quality learning programmes (Grade R) to all five year-old children in the Western Cape by 2010 or soonest thereafter;</li> <li>Provide quality instructional programmes to Grade 1 – 9 learners so that learners leave the General Education and Training (GET) Band with the high level language and mathematics skills that are necessary to enhance their earning and learning opportunities;</li> <li>Increase the number of people in the FET band enrolled on relevant programmes that lead to employment or access to higher education;</li> <li>Increase the number of learners who have access to purpose-driven Adult (Basic) Education and Training (A(B)ET) programmes;</li> <li>Effect a measurable upgrade of efficiency in each directorate to bring improved service-delivery to educational sites;</li> <li>Strengthen the district offices to provide prompt, efficient, effective and needs-based service;</li> <li>Incrementally strengthen inclusive education to ensure that the learning needs of all learners are met; and</li> <li>Consolidate and expand e-delivery: from teacher and curriculum support, to learner upskilling and the ongoing enhancement of e-systems for management purposes.</li> </ul> </li> <li><b>Redress and Equity</b> <ul style="list-style-type: none"> <li>Roll out support to schools in national quintiles 1 - 3 to boost infrastructure, libraries, resource materials and curriculum delivery through targeted interventions;</li> <li>Address physical safety for schools at risk: provide safety resource officers, CCTV in identified schools, provide increased direct support and strengthening links with partners, growing the community-school interface;</li> <li>Consolidate platform offered by Focus and Dinaledi schools to provide learners access to subject choices and opportunities that were previously denied them; and</li> <li>Maintain an infrastructure provision programme which is as up to date and needs-based as possible.</li> </ul> </li> <li><b>Quality</b> <ul style="list-style-type: none"> <li>Improve literacy and numeracy in primary schools.</li> <li>Conduct Whole School Evaluation on an increasing scale and tighten up on remedying weaknesses which are exposed by means of a quality management and development programme.</li> <li>Develop principals and teachers professionally through their enrolment in courses at tertiary institutions or through the Cape Teaching and Learning Institute.</li> <li>Ensure that all teachers are provided with the quality support that they need: this by means of directing budget, interventions and support in an aligned, purposeful and constructive way.</li> </ul> </li> <li><b>Strategic Enablers</b> <ul style="list-style-type: none"> <li>Against the background of all of the above, and informed by the drive for access, redress, equity, efficiency, quality and outputs the WCED commits itself to continuing with the strategic enablers/levers identified for 2008/09, namely: <ul style="list-style-type: none"> <li>Shaping and managing improved achievement of learning outcomes through target-setting and accountability.</li> <li>Enhanced specific/targeted and strategic support of teachers to develop both expertise (effectiveness) and job satisfaction (affective aspects) – this implies a need for programmes, for improved systems and for better communication.</li> <li>Filling provincial policy and policy implementation gaps.</li> <li>Giving full effect to the policies of the national department.</li> </ul> </li> <li>The macro strategic objectives are expanded opportunity, improved performance, consolidation and system stability.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><b>Implementation of the Comprehensive Service Plan to improve the quality of health care delivery, which includes:</b> <ul style="list-style-type: none"> <li>Fully functioning health districts.</li> <li>Strengthening district health service delivery through outreach and support to district hospitals, community health centres and clinics.</li> <li>Restructuring the service platform and implementation of services per level of care across the service platform.</li> <li>Restructuring emergency medical services to achieve improved response times and begin to achieve response times closer to the national norms.</li> <li>Expansion of community-based care services through the Expanded Public Works Programmes in Health to enable people to be managed in communities where they live.</li> <li>Infrastructure: <ul style="list-style-type: none"> <li>Increase the percentage of total health budget allocated to maintenance.</li> <li>Commencement of the construction of the Khayelitsha and Mitchells Plain District Hospitals.</li> </ul> </li> </ul> </li> <li><b>Strengthened TB programmes with special focus on improved cure rates and the management of multi and extreme drug resistant TB.</b></li> <li><b>Care and management of people living with HIV and AIDS with a greater focus on targeted prevention interventions and district health based treatment.</b></li> <li><b>Implementation of the new Pneumococcal and Rotavirus vaccines and the replacement of the current DPT-Hib vaccines.</b></li> <li><b>Address service pressures in mental health, obstetric and neonatal services, surgery and emergency care.</b></li> <li><b>Strengthened mechanisms to assess the burden of disease and strategies developed with other departments to begin to reduce the burden of disease.</b></li> <li><b>Strengthened human resource and financial management to improve performance.</b></li> </ul>

SOCIAL CLUSTER KEY DELIVERABLES 2009/10	Vote 7: Social Development	Vote 8: Housing Component	Vote 13: Cultural Affairs and Sport
	<ul style="list-style-type: none"> <li>• Build the resilience of families by expanding the scope and quality of our child protection measures (ECD, after school care, ward- based safety parents, neighbourhood child protection committees), as well as services aimed at protecting victims of domestic violence and persons infected and affected by HIV and AIDS.</li> <li>• Contribute to the War on Poverty by strengthening our interventions in respect of food security, expanding the Bana Pele child poverty project, increasing the number of people who are trained and find employment through EPWP and strengthening our responses to victims of disaster.</li> <li>• Contribute to the War on Crime by reducing the number of awaiting trial youth through the expansion of diversion options, and strengthening substance abuse services through prevention, early intervention, treatment and after care.</li> <li>• Strengthen community-based networks for the care and protection of vulnerable groups such as persons with disabilities and older persons and expand the Active Ageing project (Golden Games) to become a national project.</li> <li>• Institutionalise results-based monitoring and evaluation in order to improve performance and ensure value for money.</li> <li>• Intensify our efforts to make services more accessible by establishing more local offices and service points, redirecting services and resources to under resourced, high priority areas and strengthening our partnership base.</li> <li>• Complete our organisational realignment process and create an environment which supports staff development.</li> </ul>	<ul style="list-style-type: none"> <li>• Delivery of 18 000 serviced sites and 19 000 housing units.</li> <li>• Expansion of Housing Demand Database and background research into practices of waiting lists at municipal level.</li> <li>• Transfer houses to over 2 000 households through our Enhanced Extended Discount Benefit Scheme.</li> <li>• Conduct research and explore interventions to improve housing affordability for the GAP market based on the current economic climate.</li> <li>• Prioritisation of military veterans in housing programmes.</li> <li>• 10 000 households assisted through the informal settlement upgrading programme.</li> <li>• More than ten land release projects including Blueberry Hill and Nuwe Begin.</li> <li>• Provide rectification on RDP stock to 1 500 households.</li> <li>• Mainstreaming of Isidima into Departmental work, including application of Isidima sustainability criteria to all new housing projects.</li> <li>• Pilot of backyarder programme in selected area.</li> <li>• Credible human settlement plans in the six municipalities involved in the BESP.</li> </ul>	<ul style="list-style-type: none"> <li>• Focused use of arts and culture, libraries, archives, heritage and museums to build social capital and human capital and create an environment of learning and heritage appreciation.</li> <li>• Promotion of the principal of multilingualism and development of previously marginalised indigenous languages.</li> <li>• Cultural forum establishment and development in priority areas.</li> <li>• Enhancement of the public library services conditional grant.</li> <li>• Sustainability of the sport and recreation mass participation programme conditional grant.</li> <li>• Development and implementation of programmes for football development, arts, culture and language linked to the 2010 FIFA World Cup tournament.</li> <li>• Maintenance of the Sport School to sustain the nurturing of talent.</li> <li>• Sport development in prioritised sports codes.</li> <li>• Support and promotion of high performance programmes.</li> <li>• Transformation in sport including violence in sport campaign (youth, gender and aged).</li> <li>• Hosting of major events.</li> <li>• Development of Sport Facilities.</li> </ul>

ECONOMIC CLUSTER KEY DELIVERABLES 2009/10	Vote 9: Environmental Affairs and Development Planning	Vote 10: Transport and Public Works	Vote 11: Agriculture	Vote 12: Economic Development and Tourism
	<ul style="list-style-type: none"> <li>Approval and implementation of the Biosphere Reserve Act.</li> <li>Develop Regulations with regard to specific functional areas as required by the Planning and Development Amendment Act (PDA) to facilitate implementation.</li> <li>Finalise, promulgate and implement Western Cape Planning and Development Amendment Act (WCPDA).</li> <li>Manage the drafting and compilation of 6 credible Spatial Development Frameworks in terms of the Built Environment Support Programme.</li> <li>Approval and implementation of the White Paper on Sustainable Energy for the Western Cape.</li> <li>Finalise and launch the Air Quality Management Plan for the Province.</li> <li>Develop a monitoring and evaluation system for the Climate Change Response implementation.</li> <li>Facilitate and monitor the implementation of the approved Amended Provincial Noise Control Regulations.</li> <li>Facilitate and monitor implementation of the Health Care Waste Management Act and regulations.</li> <li>Cabinet approval of Green Procurement White Paper.</li> </ul>	<p>Emanating from the strategic goals and the areas for focus and improvement, the DTPW has identified the following key areas for delivery in the 2009/10 financial year:</p> <ul style="list-style-type: none"> <li><b>Provincial Public Works:</b> Construction and maintenance of key social infrastructure and general buildings, inclusive of broadening economic participation; the feasibility study and funding proposals in relation 2020 Provincial Government CBD Office Accommodation Redevelopment Plan; and implementation of GIAMA.</li> <li><b>Roads:</b> Maintenance of the Provincial Road network and projects linked to the 2010 FIFA World Cup which include the N2 outbound between Borchard's Quarry and Vanguard Drive, Koeberg Interchange, Somerset West N2 upgrade, Table Bay Boulevard upgrade, N1 street lighting and Knynsa Lagoon road upgrade.</li> <li><b>Public Transport:</b> Implementation of an integrated public transport system, involving all spheres of government, focussing on the roll-out of restructured public transport service contracts.</li> <li><b>Traffic Management:</b> Improving service delivery at Driving Licence Testing Centres (DLTCs), Vehicle Testing Stations (VTSs) and Registering Authorities (RAs), thereby contributing to road safety.</li> <li><b>Expanded Public Works Programme:</b> Implementation of the second five year strategy and targets.</li> <li><b>Skills Development:</b> Continued implementation of the Masakh'iSizwe Bursary Programme.</li> </ul>	<ul style="list-style-type: none"> <li>Deliver on the Human Capital Development Strategy by offering <b>learnerships, internships, bursaries and training opportunities</b> to previously disadvantaged individuals to address the shortage of critical and scarce skills in the agricultural sector.</li> <li>Deliver on the <b>Land and Agrarian Reform Programme</b> by <b>increasing agricultural production by 10 – 15%</b> for the target groups (land reform beneficiaries and emerging farmers).</li> <li>Deliver on the <b>Land and Agrarian Reform Programme</b> by <b>providing universal agricultural support services</b> to land reform beneficiaries and emerging farmers.</li> <li>Highlight the importance of <b>water, biodiversity and natural resources</b> by extending the water wise and biodiversity <b>campaign</b> and assist farmers to <b>increase the water use efficiency of agricultural water</b>.</li> <li>Strengthen the <b>research support</b> to the ostrich industry through a focus on <b>climate change research for mitigation and adaptation and cost pressures</b> in the agricultural sector.</li> <li>Deliver in the <b>Land and Agrarian Reform Programme</b> by <b>increasing agricultural trade by 10 – 15%</b> for the target groups (land reform beneficiaries and emerging farmers).</li> <li>Deliver in the <b>Land and Agrarian Reform Programme</b> by <b>increasing black entrepreneurs</b> in the agri-business industry by 10%.</li> <li>Support the <b>second economy</b> in the Province by implementing <b>farm worker development projects</b> in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li><b>Sector support</b> – particularly for prioritised sectors with a focus on developing and accelerating growth, strengthening clusters, increasing competitiveness in the global economy and skills development.</li> <li><b>Skills development</b> – in order to ensure that the supply and quality of critical skills corresponds to the skills demand within the provincial priority sectors by facilitating training.</li> <li><b>Enterprise development</b> – harnessing, consolidating and expanding current RED initiative with a focus on supporting vibrant entrepreneurial activity within the informal economy with the intention of maximising their transition to the formal economy and quality jobs and sustainable SMEs.</li> <li><b>Work and skills for 100 000</b> – a programme focussed on black youth and women from low-income households or indigent unemployed adults who will be placed in a year-long employment programme with a substantial skills development component to increase their prospects of employment, including self-employment.</li> <li><b>Integrated Tourism Development Framework (ITDF)</b> – the spatial component of the Western Cape Tourism Development Framework will be completely renewed through a large-scale consultation with the four social partners (government, business, labour and civil society) and the wider public.</li> <li><b>Use of the scorecard to advance BBBEE</b> – significant impact on public and private sector procurement in order to develop demand for goods and services supplied by new emerging businesses through use of the Broad-based Black economic Empowerment Scorecard and an enterprise development fund.</li> </ul>



GOVERNMENT AND ADMINISTRATION CLUSTER KEY DELIVERABLES 2009/10	Vote 1: Department of the Premier	Vote 8: Local Government	Vote 3: Provincial Treasury
	<ul style="list-style-type: none"> <li>• Further embedding the GDS through focussed policy development and implementation, focused institutional improvement and development initiatives, initiatives aimed at improved governance, and supported by ICT, monitoring and evaluation, and communication deliverables in accordance with their guiding frameworks.</li> <li>• Leadership and coordination to implement the 2010 FIFA World Cup™ Strategic and Business Plans.</li> <li>• Strengthening the provincial human resource base through strategically focused internal human and social capital interventions aimed at improving and deepening service delivery.</li> <li>• Strengthening the linkage between provincial strategies and staff performance through increased delivery of Project Khaedu and further roll-out and enhanced support of a PGWC Staff Performance Management Information System and a Service Delivery Improvement Programme for the PGWC.</li> <li>• Influencing positive behavioural change through strengthening the integrated moral regeneration programme, the PGWC anti-corruption campaign, the Social Transformation Programme, and related initiatives.</li> <li>• Improved service delivery and accessibility to government information and services by further roll-out of ICT deliverables, the Jamboree programme and the Festivals and Events Organising Committee.             <ul style="list-style-type: none"> <li>○ Enhancement of PERMIS by establishing a direct link with the APP, by integrating performance management and HRD processes programmatically and by refining the system’s reporting functionality.</li> <li>○ Development and implementation of an electronic organisational performance management information system (OPMIS).</li> <li>○ Management of career incidents of Heads of Department and other employees.</li> <li>○ Measuring and reporting on the performance of the Provincial Government against the Provincial Programme of Action (PPOA).</li> <li>○ Comprehensive legal services will be provided to the Provincial Government to ensure legally sound and sustainable decision-making at executive and administrative level.</li> </ul> </li> <li>• The Centre for e-Innovation will continue to align the ICT imperatives of the Western Cape with the relevant Apex Priority (in respect of increasing the uptake and usage of ICTs by government and individuals). Areas of alignment with the Millennium Development Goals, the NEPAD partnership and the Information Society and Development Imperatives will also be a key focus.             <ul style="list-style-type: none"> <li>○ Continued emphasis will be placed on ensuring that the requisite capacity to ensure optimal service delivery is achieved through the filling of the remainder of the funded posts on the Ce-I structure.</li> <li>○ The Centre for e-Innovation (Ce-I) will focus on incremental improvements in the Service Delivery domain, establishing best practice ICT Governance Structures and the implementation of the Ce-I turnaround strategy.</li> <li>○ Addressing the Security environment will feature prominently in the financial year.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Further improvements to Integrated Development Planning through a certified training programme for municipal IDP practitioners.</li> <li>• Support programme to improve municipal performance management systems.</li> <li>• Implementation of Municipal Capacity Support Plans tailored to the needs of each municipality.</li> <li>• Implementation of a Generic Disaster Management Contingency Plan that will guide provincial departments and municipalities in the event of a disaster.</li> <li>• Strengthening of public participation mechanisms in municipalities to improve public accountability.</li> <li>• Development of a municipal performance information system that integrates and evaluates information from a variety of sources.</li> </ul>	<ul style="list-style-type: none"> <li>• A credible medium term fiscal framework supported by robust socio-economic analyses, leading to responsive and sustainable budgets to promote shared growth and development.</li> <li>• Proper recording of all financial transactions, promoting substantive compliance with financial management norms and standards, effective provincial risk management and high value internal audit services.</li> <li>• Fostering prudent management of the built environment, physical and financial assets, financial systems and liabilities.</li> <li>• Improved in-year expenditure management practices, analysis and improvement of intergovernmental financial management systems, municipal oversight and capacity building.</li> </ul>





# 4

## The 2009 Budget Process

### Introduction

Crafting a national, provincial or municipal budget involves balanced trade-offs between priorities and available funding. These priorities are manifested in the various socio-economic challenges that we face. The Provincial budget represents convergence of a number of discussions, statements of ranked absolute and relative priorities and agreement on what the funding is able to buy.

*Budget formulation involves trade-off between priorities and available funding*

Arriving at the priorities is both a technical and political process that aims to address socio-economic challenges within the communities we live, while the technical processes that underpin the budget, relate to the feasibility and extent to which priorities could be funded and then executed.

At the heart of these interactions with regard to the budget, is the responsibility of delivering functions and services across the three spheres of Government. These functions according to the Constitution are classified either as concurrent or exclusive. Some of the concurrent functions span across two or three spheres, while the exclusive functions are located within one sphere only.

The Constitution furthermore requires that the spheres of Government cooperate on financial matters related to functions and services they deliver. These interactions happen across a number intergovernmental fora. These forums are required to make recommendations on choices and direct public resources so that government achieves the outcomes it desires.

Many forums present compelling cases to solicit funding to support their policy interventions. Setting these priorities 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.

The budget process further allows for robust interrogation of policy priorities, its relative mix, activities required to achieve the desired outcomes and provide the rationale for a recommended course of action.

## **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 coordinate the policy and implementation processes. These include at national level the Budget Council, Technical Committee on Finance, technical (10 x 10's) and political (Minmeccs) sectoral clusters, in key functions like education, health, social development, housing, transport and agriculture.

### *Intergovernmental fora at national level*

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 10 x 10's are technical finance and line department structures, attended by heads of departments. A Health 10 x 10, for example, is made up of the national and nine provincial heads of the various health departments plus their "opposite" numbers in the different treasuries, i.e. a 10 x 10 representation. These heads are responsible for developing policy considerations and

their technical and monetary underpinning. There are also other 10 x 10's for sectors such as Education, Housing, 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.

At local government level, the Premier's Coordinating Forum the Provincial Advisory Forum as well as the District Coordinating Forum are significant IGR fora. The composition of two of these intergovernmental fora are explained below:

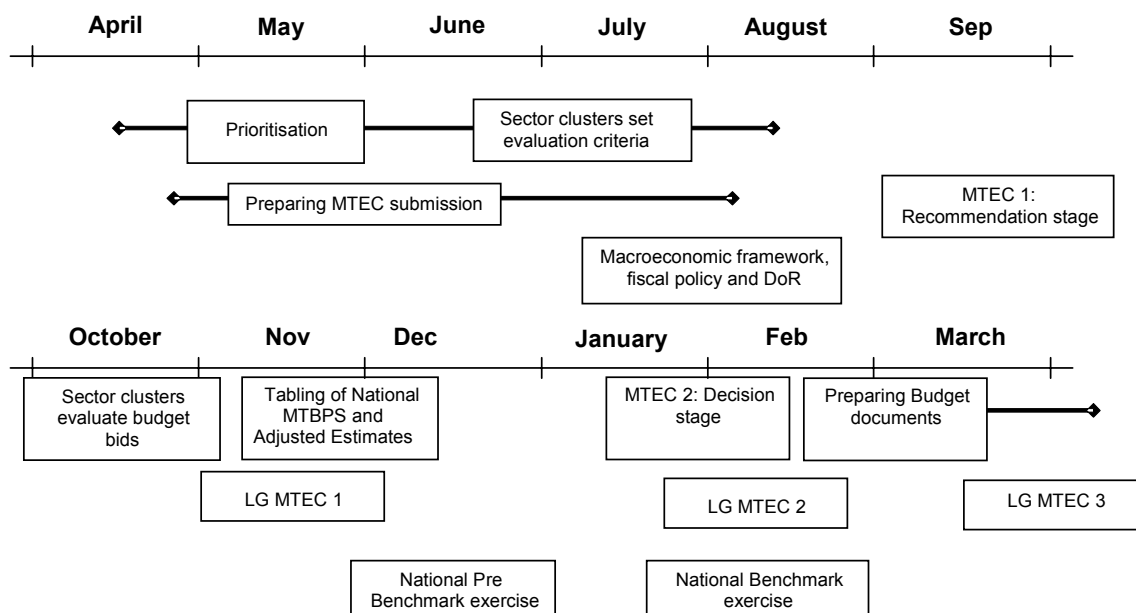
- The Premier's Coordinating Forum (PCF) receives and discusses reports from other provincial IGR forums as well as from the District Intergovernmental Forums. This engagement entails the Premier and the full Cabinet meeting with all the Mayors of the Western Cape.
- The Provincial Advisory Forum (PAF) is composed of the mayor and municipal manager of each municipality within the province and the MEC for Local Government. The function of this forum includes: advising the MEC in monitoring and supporting municipalities in managing their own affairs, exercising their powers and performing their functions and monitoring their capacity; as well as advising the MEC on the mechanisms, processes and procedures that relate to integrated development planning, service delivery and financial arrangements.

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

## **2009 Provincial 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

All Government's priorities aim to address the social and economic challenges facing our country, these being addressed at a macro level by national government, while the meso and micro level interventions are attended to by provincial and local governments either respectively or concurrently.

The national Medium Term Strategic Framework (MTSF), which is annually updated 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 broad scope of the MTSF objectives allow sufficient room for the Province to nuance its responses so that they can give practical impetus to the Western Cape's peculiarities and priorities, reflected in the adjustments of the Provincial Growth and Development Strategy (iKapa GDS). The broad strategic thrust of our planning frameworks allow departments sufficient opportunity to refine their strategies, adopt annual performance plans and prepare the provincial budget.

## Engagements with departments (MTEC)

Provincial departments attend the 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.

*Intergovernmental fora at the provincial level*

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, on the one hand, a department can communicate its priorities and submit bids for additional funding, and the other an opportunity for Provincial Treasury to discuss its assessment of the relevant department's current and future proposed budgets.

*MTECs provide a platform for departments to bid for additional funds*

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 and delivery plans have been developed.

As it was the case with the 2008 budget process, the Department of the Premier was again included in the MTEC engagement process with each department to improve coordination 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 almost 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 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.

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

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 of effort 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, which has now been extended to the 2009 MTEF. 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.

The Provincial Top Management amongst others identified the following areas, which will require future refinement and include:

- Training and skills development (departmental staff, teachers, health professionals (pre- and in-service); social workers; provincial traffic police; sport coaches, agricultural training, etc.);
- Food Security – War on Poverty, nutritional programmes and improved collaboration on the management of food gardens;
- Early Childhood Development: in Education, Health, Social Development, the City of Cape Town (with an identified pilot site in Gugulethu for collaboration) and other key municipalities;
- Drug and Substance abuse – linkages across the clusters and municipalities with a special focus on the youth;
- Planning and Research: most departments have established units and where these do not exist the function is outsourced. Research results, planning and GIS information and other findings and data are often not effectively shared across departments;
- Built environment and spatial development planning in Environmental Affairs and Development Planning; Economic Development and Tourism; and Local Government and Housing;
- Revenue enhancement strategies particularly between the Provincial Treasury, Transport and Public Works; Local Government and Housing; and municipalities;
- Capacity building initiatives in municipalities (Department of the Premier; Provincial Treasury; Local Government and Housing; Environmental Affairs and Development Planning; etc); and
- HIV/AIDS (Health; Education; Social Development; Cultural Affairs and Sport; the City of Cape Town and other municipalities).

During 2009/10 the cluster teams will further explore closer co-operation and coordination in the delivery of the above activities and services between departments. Cluster teams will also identify other functions/activities where greater interdepartmental co-operation/coordination could lead to increased efficiency and efficacy.

### **Engagements with departments (MTEC 2)**

The departments of the Premier and Provincial Treasury, at the MTEC 2 session, which were held during January 2009, focused more specifically on the credibility of departmental budgets and Annual Performance Plans. These assessments were conducted to influence alignment to provincial and national sector plans and to determine expenditure efficiencies across spending items within departmental budgets. In this regard non-discretionary items were singled out and would be topics for further interrogation in the year ahead.

*Ensuring alignment between provincial and national sector plans and enhance expenditure efficiencies*

### **Engagements with National Treasury (Benchmark exercise)**

To enhance provincial and national policy alignment, two rounds of bilateral meetings between the National and the Provincial Treasury took place, in December 2008, after the Medium Term Budget Policy Statement (MTBPS) was released (Pre-benchmark), and in January 2009 (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 2009 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**

2008 marked our fourth round of annual Local Government Medium Term Expenditure Committee (LGMTEC's) engagements. These engagements were introduced in 2005 and have by now become institutional interactions between the Province and municipalities. It provides for structured face-to-face engagements on planning, budgeting and service delivery, and has also become a vehicle for

*Improving synergy in  
planning and budgeting  
across the different  
spheres of government*

provincial and municipal administrations to discuss the various service delivery challenges they encounter.

The November 2008 LG MTEC 1 interactions built on initiatives to encourage synergy in planning and budgeting programme for improved service delivery. These engagements within most of the districts provided a platform to obtain in-principle agreement on mechanisms to start the alignment of municipal and provincial planning and budgeting processes. LGMTEC 1 also aimed to establish and maintain open dialogue between local and provincial spheres of government.

For purposes of the LGMTEC 1 engagements, the sector departments were divided into three groups: **Group A:** Education and Health; **Group B:** Community Safety, Social Development, Cultural Affairs and Sport and Housing; **Group C:** Economic Development, Agriculture, Transport and Public Works, Environmental Affairs and Development Planning.

Engagements at the LGMTEC 2 meeting allowed opportunity for both municipalities and departments, along the three groupings, to provide feedback on progress and to highlight the on-going processes required to address their respective challenges. These grouping would, throughout the year, work on addressing the challenges raised.

The output of the LGMTEC 3 (a report of the Draft Municipal Budget as assessed by the Provincial Government), unlike the other two engagements, fulfils a legislative requirement. The Municipal Finance Management Act (section 22) requires the Accounting Officer (Municipal Manager) to submit the draft budget to, amongst others, the Provincial Treasury immediately after tabling the draft budget in Council. In turn, the Provincial Treasury must provide views and comments on the draft budget and any budget-related policies and documentation, which must then be considered by Council when tabling the annual budget.

As mentioned on many occasions, these engagements give effect not only to the compliance side of the legislation but also consider the intent (spirit) thereof. Engagements for this year and beyond will focus on what ongoing actions are required to address the challenges raised in the various assessments and to improve the provincial municipal interface, both as regards governance and service delivery.



## **Key milestones after the tabling of the Provincial Budget**

The national and provincial budget processes have grown in maturity, 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 in coordinating the budgeting and planning processes at both the provincial and local government spheres.



# 5

## Receipts

### Introduction

The Western Cape Government will finance its provincial expenditure via three sources, i.e. national transfers (provincial equitable share and conditional grants, which together contribute 91.94 per cent of the budget in 2009/10); provincial own receipts (taxes and fees/user charges, which account for 6.24 per cent in the same year); and the AFR and PRF which contributes the remaining 1.81 per cent in 2009/10.

**Table 5.1 Fiscal Framework of the Western Cape**

Receipts R'000	Outcome			Main appro- priation 2008/09	Adjusted appro- priation 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2005/06	2006/07	2007/08				2009/10	2008/09	2010/11	2011/12
<b>Transfer receipts from National</b>	15 042 688	16 737 356	19 538 369	22 410 411	23 200 419	23 200 419	<b>26 784 933</b>	15.45	29 452 476	32 211 579
Equitable share	12 299 051	13 459 403	15 482 582	17 738 780	17 911 084	17 911 084	<b>20 807 126</b>	16.17	23 139 845	25 216 592
Conditional grants	2 743 637	3 277 953	4 055 787	4 671 631	5 289 335	5 289 335	<b>5 977 807</b>	13.02	6 312 631	6 994 987
Financing	524 498	768 586	466 358	708 732	989 370	989 370	<b>529 724</b>	(46.46)	263 350	
Asset Finance Reserve		619 041	395 115	708 732	777 115	777 115	<b>490 800</b>	(36.84)	192 000	
Provincial Revenue Fund		149 545	71 243		212 255	212 255	<b>38 924</b>	(81.66)	71 350	
<b>Total transfer receipts from National</b>	15 567 186	17 505 942	20 004 727	23 119 143	24 189 789	24 189 789	<b>27 314 657</b>	12.92	29 715 826	32 211 579
<b>Provincial own receipts</b>										
Tax receipts	984 864	1 077 493	1 123 411	1 118 690	1 114 690	1 114 690	<b>1 174 588</b>	5.37	1 200 618	1 226 960
Sales of goods and services other than capital assets	276 169	304 202	434 676	328 493	378 133	381 506	<b>375 034</b>	(1.70)	380 265	381 568
Transfers received	69 155	75 903	138 421	115 164	139 653	139 674	<b>85 164</b>	(39.03)	22 257	11 544
Fines, penalties and forfeits	1 412	1 338	1 392	617	617	1 635	<b>633</b>	(61.28)	658	692
Interest, dividends and rent on land	237 452	58 699	50 696	57 088	57 101	57 541	<b>58 212</b>	1.17	58 307	58 307
Sales of capital assets	30 512	19 784	56 418	31	2 851	4 056	<b>34 683</b>	755.10	33	33
Financial transactions in assets and liabilities	114 439	155 192	214 191	81 035	90 514	106 989	<b>89 809</b>	(16.06)	78 458	68 476
<b>Total provincial own receipts</b>	1 714 003	1 692 611	2 019 205	1 701 118	1 783 559	1 806 091	<b>1 818 123</b>	0.67	1 740 596	1 747 580
<b>Total provincial receipts</b>	17 281 189	19 198 553	22 023 932	24 820 261	25 973 348	25 995 880	<b>29 132 780</b>	12.07	31 456 422	33 959 159
<b>Transfers from National</b>					<b>89.32%</b>		<b>91.94%</b>		<b>93.63%</b>	<b>94.85%</b>
Equitable share					68.96%		71.42%		73.56%	74.26%
Conditional grants					20.36%		20.52%		20.07%	20.60%
<b>Own receipts</b>					<b>6.87%</b>		<b>6.24%</b>		<b>5.53%</b>	<b>5.15%</b>
Asset Financing Reserve					2.99%		1.68%		0.61%	
PRF Financing					0.82%		0.13%		0.23%	
<b>Total</b>					<b>100.00%</b>		<b>100.00%</b>		<b>100.00%</b>	<b>100.00%</b>

Despite a more challenging fiscal environment, the total provincial revenue envelope is revised upwards by R1.668 billion in 2009/10, R1.385 billion in 2010/11 and R4.109 billion in 2011/12. Whilst the upward adjustments builds on the momentum of rising government spending over the last couple of years, priority is given over the 2009 MTEF to allocate additional funds in areas where government has already made firm decisions on policy that have a high and clear impact on human development and the quality of life, as well as to mitigate rising inflation (i.e. to try and protect buying power in critical areas of service delivery), most notably in education, health, welfare services, housing roads and rural development.

*Total provincial receipts grow by an annual average of 9.32 per cent over the 2009 MTEF*

Total provincial receipts are set to grow at an annual average rate of 9.32 per cent over the 2009 MTEF to R33.959 billion in 2011/12. It grows by R3.137 billion or 12.07 per cent from a revised estimate of R25.996 billion in 2008/09 to R29.133 billion in 2009/10.

Transfers from National Government (i.e. equitable share and conditional grants) increase by R3.585 billion or 15.45 per cent from a revised estimate of R23.200 billion in 2008/09 to R26.785 billion in 2009/10 and it is estimated to grow to R32.212 billion in 2011/12, i.e. at an annual average rate of 11.56 per cent over the 2009 MTEF.

Given the challenging fiscal environment, Own Receipts will remain at more or less the same level, whilst funding from the Asset Finance Reserve (AFR) will decline sharply from R777.115 million in 2008/09 to R490.800 in 2009/10 and even further to R192 million in 2010/11.

### **Provincial equitable share (PES)**

Guided by sections 214 and 227 of the Constitution, the bulk of the provincial share of nationally raised revenue is allocated to provinces via the equitable share and at provincial level remains the main source of revenue allocated nationally towards meeting provincial priorities. In this Province, on average, over the 2009 MTEF, it makes up 71.42 per cent of the total Provincial Budget. The PES is a redistributive formula-driven unconditional transfer allocated to Provinces and includes the following six components (with weights included in brackets):

- An *education component (51 per cent)* based on school age cohort (6-17 years) and 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;
- A *poverty component (3 per cent)* based on the population income per province;

- 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 per Region (GDP-R).

Equitable share transfers increase by R2.896 billion or 16.17 per cent from R17.911 billion in 2008/09 to R20.807 billion in 2009/10. Over the 2009 MTEF, the equitable share increases at an annual average rate of 12.08 per cent. The additions over 2009 MTEF to the PES baseline caters for inflation and policy adjustments.

### **Revision to the equitable share allocations post the national and provincial MTBPS**

The global and domestic economic outlook, since the tabling of the national and provincial Medium Term Budget Policy Statements for the 2009 MTEF, has weakened significantly. The global economy is already in a recession, with around zero growth forecast for 2009. Capital markets are in disarray and seriously weakened, with enormous debt on the books of financial institutions and dogged by an extreme loss of confidence, have seen credit drying up, sharp falls in liquidity and investment/capital formation and a precipitous drop in equity markets and commodity prices.

South Africa, because of better banking controls have been secondarily affected primarily through falling export volumes and commodity prices, with adverse affects on especially mining and employment, together with constraints in household disposable income and Rand weakening and volatility. Even for South Africa, growth prospects are limited and in an environment of unknown duration, general uncertainty, asset devaluation and loss of confidence, revenue growth of government has slowed faster and more substantially than initially anticipated.

South Africa finds itself in a somewhat unenviable and risky situation and to mitigate the current and forward economic risk profile and impact on government's fiscal position, (so as to increase the policy scope for responding to the contraction in the business/economic cycle) the new MTEF allocations to provinces and national departments have been revised to reduce the forward sovereign risk for the country.

As a result of the adverse economic conditions, the deterioration of the global and domestic environment and the concomitant slow down in revenue growth, PES for provinces collectively were reduced by R2 billion in 2009/10, R2.5 billion in 2010/11 and R3 billion in 2011/12 as a mechanism to mitigate the impact and to respond to challenges that accompanies the economic downturn.

In respect of this Province, the PES was reduced by R179.630 million in 2009/10, R227.479 million in 2010/11 and R276.503 million in 2011/12.

*Global and domestic economic conditions resulted in revised PES to mitigate against future risks*

*Additional funding mainly for Education and Health*

**Policy priorities funded through the PES**

Over the 2009 MTEF, additions to PES baselines for policy priorities funded through the PES are by and large only for Education and Health, whilst Social Development and Transport and Public Works only receive an additional allocation in 2011/12.

With respect to Education, the PES additions seek to support better access, improved quality, greater equity, the progressive extension of the no fee school policy to quintile 3 schools (60 per cent of schools nationally), the reduction of the teacher: learner ratio in quintile 1 schools and to provide support to inclusive education for learners with disabilities in both mainstream and special schools.

In Health, the PES revisions seek to further strengthen the health sector by building on currently funded priorities so that public health services continue to better meet the health needs of society. Additional PES is allocated to stabilise and partially address cost pressures in the health sector as a result of the implementation of occupation specific salary scales for nurses, and to begin to provide for the phasing-in of better remuneration packages for doctors and other health specialists. Additional resources have also been made available to fund TB (XDR and MDR) and for expanding the range of vaccines available for inoculation of infants and children to reduce maternal and child mortality. A general provision is also made to improve general health capacity, especially in primary health care, in the last year of the 2009 MTEF.

In 2011/12, additional PES to social development is intended to meet the growing welfare needs of communities, specifically focusing on early childhood development.

Additional PES has also been provided in 2011/12 to mainly support the maintenance of provincial roads.

**Inflationary adjustments through the PES**

Inflation adjustments are intended to protect the real value of spending. PES inflation adjustments cater for the impact of the higher than anticipated inflation on salaries, as well as for the changes and impact of inflation on critical programmes targeting the poor, including the higher cost associated with medical goods and services and learner and teacher support material.

**Data updates**

Over the 2009 MTEF the basic structure of the allocation formula, as used during the previous MTEF to divide resources between provinces, has been retained.

*Data changes to PES results in an additional PES of R949 m over the 2009 MTEF*

Updates to the PES for the 2009 MTEF took into account the updating of data from the 2008 Mid-year Population Estimates, the 2008 Education Snap Survey, 2007 General Household Survey, the 2006 GDP-R and the 2005 Income and Expenditure Survey. The PES formula is largely population driven and therefore the allocations it generates are sensitive to and capture shifts in population across provinces. It is expected that shifts in population numbers, in turn, lead to changes in the relative demand for public services across provinces. These data updates resulted in shifts in the equitable shares of Provinces over the 2009 MTEF. However, to soften the impact of changes in some provinces, Government has agreed that the adjustments would be phased in over a three-year period.

Table 5.2 shows the impact of these data revisions, inclusive of its phasing in, on the Western Cape's share of the PES. Data changes resulted in the Western Cape's share of the equitable share increasing from 8.98 per cent in the 2008 MTEF to 9.22 per cent in the final year of the 2009 MTEF. These changes will be phased in over the MTEF i.e. 9.0 per cent in 2009/10, 9.1 per cent in 2010/11 and 9.2 per cent in 2011/12.

**Table 5.2 Changes in PES component shares**

	Weight	2008 MTEF	2009 MTEF	Variance
	%	%	%	
Education	51	8.1053	8.1616	0.0564
Health	26	9.5956	10.2070	0.6114
Basic	14	10.8831	10.8077	-0.0754
Poverty	3	4.1742	6.1950	2.0208
Institutional	5	11.1111	11.1111	0.0000
Economic activity	1	14.6681	14.5782	-0.0899
<b>Final share</b>	<b>100</b>	<b>8.9796</b>	<b>9.2165</b>	<b>0.2369</b>

*Western Cape's PES increased from 8.98 per cent in the 2008 MTEF to 9.22 per cent in the 2009 MTEF*

Relative to other Provinces, the Western Cape's share of the education component increases by 0.056 percentage points from 8.11 per cent in the 2008 MTEF to 8.16 per cent in the 2009 MTEF as a result of the proportionate share of enrolment in the Province in comparison to total enrolment for the country increased from 7.8 per cent to 7.9 per cent.

The health component, updated by data from the 2007 General Household Survey (GHS) and the 2008 Mid-year Population Estimates, increase from 9.60 per cent in the previous MTEF to 10.21 per cent over the new MTEF as a result of changes in the proportion of population with and without medical aid assistance, relative to other provinces.

As a result of sizable inward migration to the Province reflecting a year-on-year population growth rate of 8.7 per cent, the basic component,

*Number of poor people in the Western Cape increased*

which is updated by using mid-year population estimates, is now calculated to be 10.81 per cent.

The Western Cape experienced an increase in the number of relatively poorer people and this is reflected in the poverty component, which uses the Income and Expenditure Survey as a proxy to measure relative poverty across provinces. This change in population shifts resulted in a 2.02 percentage shift in the Provincial Poverty Index, which increased from 4.17 per cent in 2000 to 6.20 per cent in 2005.

The institutional component remained unchanged, while the economic activity component was updated using the results of the 2006 GDP-R data. The Province's share of that component decreased marginally from 14.67 per cent in 2005 to 14.58 per cent in 2006.

### **Conditional grants**

There are three 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, and for the first time a schedule 8 grant is introduced in 2009/10, intended to provide provinces and municipalities with an incentive to meet or exceed prescribed targets around job creation.

Schedule 4 of DORA sets out the 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.

### **Revision to the conditional grant allocations**

*Conditional grant transfers to provinces increase by more than R13 billion*

Nationally, allocations to conditional grants were revised upwards by R4 billion in 2009/10, R4.2 billion in 2010/11 and R5 billion in 2011/12.

Several changes have been made to the provincial fiscal framework in respect of conditional grants for the 2009 MTEF. In aggregate, conditional grant transfers to the Province are estimated to grow from an adjusted R5.289 billion in 2008/09 to R5.978 billion in 2009/10, R6.313 billion in 2010/11 and R6.995 billion in 2011/12. Conditional grant transfers account for on average 20.40 per cent of the total provincial budget over the 2009 MTEF.



For the Province, the 2009 Provincial Budget introduces four new grants: *the Expanded Public Works Programme Incentive Grant (a schedule 8 grant)*, aimed at providing incentives for provinces and municipalities to increase spending on labour intensive programmes; *the Public Transport Operations Grant (a schedule 4 grant)*, to allow for improved monitoring and control of expenditure related to bus subsidies and other transport related issues; *the Ilima/Letsema Projects* under Agriculture aimed at boosting food production and to assist previously disadvantaged farming communities to increase food production and adopt modern farming methods; and an *Agriculture Disaster Management Grant* to deal with disasters within the Agriculture sector, i.e. to compensate farmers for the effects of drought, veld fires, cold spells, hailstorms and floods.

*Introduction of 3 new grants over the 2009 MTEF*

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 funding continues as part of the PES.

Over and above the new conditional grants that have been introduced, the following conditional grants have been revised upwards comparing the 2008 MTEF with 2009 MTEF:

- The *Infrastructure Grant to provinces* is increased by R277.854 million over the 2009 MTEF: to address education specific interventions such as school infrastructure needs, including extending Grade R infrastructure to make more classrooms available for Grade R, upgrading schools for learners with special needs, the construction of school libraries, laboratories, sports fields and increased maintenance;
- The *National School Nutrition Programme*: An additional R220.337 million is allocated over the 2009 MTEF to ensure that the poorest learners (quintile 1 to 3) have at least one meal each school day and to progressively expand the nutrition programme to secondary schools;
- The *Hospital Revitalisation Programme*: Is revised upwards by R85.960 million over the 2009 MTEF to compensate for the effects of inflation and to ensure that hospitals are appropriately equipped and modernised;
- Additions totaling R103.293 million over the MTEF towards the *Comprehensive HIV and AIDS Grant*: to meet the greater demands that arise due to the increase in the ARV take-up rate;
- The *National Tertiary Services Grant* is augmented by R167.116 million over the 2009 MTEF to deal with inflation related increases on goods and services purchased in tertiary hospitals;
- The *Comprehensive Agricultural Support Programme* receives an additional R32.963 million over the MTEF to expand the provision of agricultural support services to support food security; and

- *The Integrated Housing and Human Settlements Grant*: to speed up housing delivery and to raise the value of the housing subsidy to keep pace with higher inflation. Over the 2009 MTEF, the Province will spend R563.494 million more on low-income housing.

Table 5.3 below provides the total amounts per conditional grant and Department over the 2009 MTEF.

**Table 5.3 Summary of conditional grants by vote and grant**

Vote and grant R'000	Outcome			Main appro- pria- tion 2008/09	Adjusted appro- pria- tion 2008/09	Revised estimate 2008/09	Medium-term estimate		
	Audited 2005/06	Audited 2006/07	Audited 2007/08				2009/10	2010/11	2011/12
<b>Vote 1: Department of the Premier</b>					5 000	5 000			
Internally Displaced People Management <sup>c</sup>					5 000	5 000			
<b>Vote 4: Community Safety</b>					2 690	2 690			
Internally Displaced People Management <sup>c</sup>					2 690	2 690			
<b>Vote 5: Education</b>	143 683	254 536	271 718	282 736	298 188	298 188	<b>297 569</b>	441 150	555 953
Infrastructure grant to provinces	83 141	126 706	125 642	120 475	120 475	120 475	<b>170 395</b>	252 412	312 175
HIV and Aids (Lifeskills education)	11 205	11 872	13 001	13 847	13 847	13 847	<b>14 626</b>	15 420	16 345
Further education and training college sector recapitalisation		70 000	80 000	77 305	77 305	77 305			
National school nutrition programme	49 337	45 958	53 075	71 109	86 561	86 561	<b>112 548</b>	173 318	227 433
<b>Vote 6: Health</b>	1 814 939	2 011 991	2 259 588	2 633 668	2 682 678	2 682 678	<b>2 819 092</b>	3 232 463	3 449 105
Infrastructure grant to provinces	55 229	64 056	79 429	93 810	94 643	94 643	<b>114 924</b>	128 879	155 614
Hospital revitalisation	99 417	174 337	192 159	400 388	400 388	400 388	<b>388 845</b>	440 554	485 501
Hospital management and quality improvement <sup>a</sup>	18 016								
National tertiary services	1 214 684	1 272 640	1 335 544	1 486 054	1 503 749	1 503 749	<b>1 583 991</b>	1 763 234	1 848 976
Health professions training and development	323 278	323 278	339 442	356 414	356 414	356 414	<b>362 935</b>	384 711	407 794
Integrated nutrition programme	5 288								
Comprehensive HIV and Aids	92 773	133 227	200 562	241 467	241 467	241 467	<b>309 913</b>	448 834	480 994
Forensic pathology services	6 254	44 453	112 452	55 535	86 017	86 017	<b>58 484</b>	66 251	70 226
<b>Vote 7: Social Development <sup>b</sup></b>	42 345				5 000	5 000			
Social security backlog									
HIV and Aids (community-based care)	6 089								
Food emergency relief	16 222								
Integrated Social Development Services Grant	20 034								
Internally Displaced People Management <sup>c</sup>					5 000	5 000			

**Table 5.3 Summary of conditional grants by vote and grant (continued)**

Vote and grant R'000	Outcome			Main appropriation 2008/09	Adjusted appropriation 2008/09	Revised estimate 2008/09	Medium-term estimate		
	Audited	Audited	Audited				2009/10	2010/11	2011/12
	2005/06	2006/07	2007/08						
<b>Vote 8: Local Government and Housing</b>	580 484	775 510	1 121 708	1 203 984	1 305 862	1 305 862	<b>1 581 425</b>	1 868 843	2 141 905
Human resettlement and redevelopment	18 601								
Integrated housing and human settlement development	533 248	768 921	1 121 708	1 203 984	1 305 862	1 305 862	<b>1 581 425</b>	1 868 843	2 141 905
Disaster relief	17 911	6 589							
Local government capacity building fund	10 724								
<b>Vote 10: Transport and Public Works</b>	91 538	189 446	296 630	446 129	864 829	864 829	<b>1 123 783</b>	586 954	626 424
Infrastructure grant to provinces	91 538	189 446	296 630	299 002	299 002	299 002	<b>364 644</b>	405 603	434 192
Devolution of Property Rate Funds grant to provinces				147 127	147 127	147 127	<b>164 865</b>	181 351	192 232
Disaster Management: Transport Expanded Public Works Programme Incentive <sup>d</sup>					418 700	418 700	<b>500</b>		
Public Transport Operations <sup>e</sup>							<b>593 774</b>		
<b>Vote 11: Agriculture</b>	67 979	34 706	71 290	46 512	66 208	66 208	<b>76 725</b>	96 751	129 942
Land care programme: Poverty relief and infrastructure development	3 200	3 480	3 268	3 428	3 428	3 428	<b>3 085</b>	3 270	3 466
Drought relief/Agriculture disaster management grant	16 435	7 582	34 656						
Comprehensive Agriculture support programme	19 385	20 644	33 366	43 084	49 205	49 205	<b>57 640</b>	69 481	78 476
Provincial Infrastructure Disaster Management: Agriculture Ilima/Letsema Projects Grant <sup>f</sup>	28 959	3 000			13 575	13 575	<b>10 000</b>		
							<b>6 000</b>	24 000	48 000
<b>Vote 13: Cultural Affairs and Sport</b>	2 669	11 764	34 853	58 602	58 880	58 880	<b>79 213</b>	86 470	91 658
Mass sport and recreation participation programme	2 669	11 764	18 205	27 168	27 446	27 446	<b>38 237</b>	40 532	42 964
Community Library services grant			16 648	31 434	31 434	31 434	<b>40 976</b>	45 938	48 694
<b>Total Conditional grants</b>	<b>2 743 637</b>	<b>3 277 953</b>	<b>4 055 787</b>	<b>4 671 631</b>	<b>5 289 335</b>	<b>5 289 335</b>	<b>5 977 807</b>	<b>6 312 631</b>	<b>6 994 987</b>

<sup>a</sup> As from 1 April 2006 the Hospital Management and Quality Improvement Grant merged with the Hospital Revitalisation Grant.

<sup>b</sup> Conditional grants in respect of 2006/07 for this vote have been phased into PES.

<sup>c</sup> The Internally Displaced People Management Grant was a once-off allocation indicated in 2008/09.

<sup>d</sup> Expanded Public Works Programme: Implementation of the second phase.

<sup>e</sup> The Public Transport Operations Grant is introduced in the 2009/10 financial year to provide funding towards public transport services.

<sup>f</sup> The Ilima/Letsema Projects Grant is introduced over 2009 MTEF to reduce poverty through increased food production initiatives.

*Most conditional grants flow to the Departments of Health and Housing*

Table 5.4 shows departmental shares of conditional grant transfers. The Department of Health receives the bulk of these grant transfers and its share of total conditional grant transfers is projected to marginally decrease from 50.72 per cent in the 2008/09 adjusted budget to 49.31 per cent in 2011/12. The Department of Housing follows with 24.69 per cent of total transfers in the 2008/09 adjusted budget, projected to increase to 30.62 per cent in 2011/12, as a result of the large year-on-year additional allocations to Housing over the MTEF. The remaining transfers are allocated to the Departments of Education, Transport and Public Works, Agriculture, Cultural Affairs and Sport and in the 2008/09 to various other departments to deal with expenditure related to Internally Displaced People.

**Table 5.4 Departmental shares of conditional grant transfers**

Department	Adjusted Budget	MTEF		
	2008/09	2009/10	2010/11	2011/12
R'000	Adjusted Budget	Medium Term Estimates		
Health	2 682 678	2 819 092	3 232 463	3 449 105
Education	298 188	297 569	441 150	555 953
Housing	1 305 862	1 581 425	1 868 843	2 141 905
Transport and Public Works	864 829	1 123 783	586 954	626 424
Agriculture	66 208	76 725	96 751	129 942
Cultural Affairs and Sport	58 880	79 213	86 470	91 658
Internally displaced people (various)	12 690	-	-	-
<b>Total projected conditional grants</b>	<b>5 289 335</b>	<b>5 977 807</b>	<b>6 312 631</b>	<b>6 994 987</b>
<b>Percentage</b>				
Health	50.72%	47.16%	51.21%	49.31%
Education	5.64%	4.98%	6.99%	7.95%
Housing	24.69%	26.45%	29.60%	30.62%
Transport and Public Works	16.35%	18.80%	9.30%	8.96%
Agriculture	1.25%	1.28%	1.53%	1.86%
Cultural Affairs and Sport	1.11%	1.33%	1.37%	1.31%
Internally displaced people	0.24%	-	-	-
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

### Provincial Own Receipts

Provinces raise a small (but significant in terms of some flexibility of choice) amount of revenue compared to their expenditure needs. Most revenue collection happens at national level while expenditure is decentralised to provinces and local governments. 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.

Table 5.5 shows the estimated contributions of departments to Provincial Own Receipts and the specific changes to the baselines between the 2008 and 2009 MTEFs.

No major changes in own receipts have been made. In aggregate, Provincial Own Receipts are projected to marginally increase from R1.784 billion in the 2008/09 adjusted budget to R1.818 billion in 2009/10 and projected to decrease to R1.741 billion in 2010/11 and to R1.748 billion 2011/12. These decreases over the MTEF are mainly as a result of once-off revenue streams and technical adjustments in 2009/10 coupled with the reduction in transfer payments from the Global Fund over the MTEF.

Departments indicating significant positive changes to the 2009 MTEF baseline budgets include Local Government and Housing (mainly as a result of the roll-out of the Enhanced Discount Benefit Scheme); Agriculture (as a result of increase tuition fees, sale of livestock, etc); and Economic Development (as a result of the implementation of the Western Cape Liquor Act).

*Provincial own receipts contribute 6 per cent to the 2009/10 total budget*

**Table 5.5 Summary of Provincial Own Receipts by Department**

Provincial Department R'000	2008/09	2009/10		2010/11		2011/12
	Adjusted Estimates	Revised Estimate	Changes to baseline	Revised Estimate	Changes to baseline	Revised Estimate
Premier	503	524	-	524	-	524
Provincial Parliament	52	52	-	52	-	52
Provincial Treasury	364 819	388 868	-	389 397	-	389 397
Community Safety	2 100	1 980	710	2 151	792	2 336
Education	24 466	23 691	-	22 874	-	22 874
Health	409 519	390 160	20 000	327 253	20 000	316 540
Social Development	280	360	80	382	102	404
Local Government and Housing	73 500	70 000	30 000	60 000	20 000	50 000
Environmental Affairs and Development Planning	126	106	-	106	-	106
Transport and Public Works	879 004	902 163	40 614	895 714	9 464	921 116
Agriculture	23 875	21 988	6 031	23 088	6 174	24 242
Economic Development and Tourism	4 770	17 670	12 900	18 470	13 700	19 370
Cultural Affairs and Sport	545	561	( 4 )	585	-	619
<b>Total</b>	<b>1 783 559</b>	<b>1 818 123</b>	<b>110 331</b>	<b>1 740 596</b>	<b>70 232</b>	<b>1 747 580</b>

Table 5.6 shows the total annual Provincial Own Receipts budget by source between 2008/09 and 2011/12. Motor vehicle licence fees, casino taxes and hospital fees (included in the sales of goods and services, other than capital assets as per economic classification) continues to dominate provincial own receipts.

**Table 5.6 Western Cape Own Receipts by Source 2008/09–2011/12**

Source R'000	2008/09	2009/10	2010/11	2011/12
	Adjusted appropriation	Medium-term estimate		
<b>Tax receipts</b>	<b>1 114 690</b>	<b>1 174 588</b>	<b>1 200 618</b>	<b>1 226 960</b>
Casino taxes	291 955	314 594	315 123	315 123
Motor vehicle licences	799 389	823 371	848 072	873 514
Horse racing taxes	18 846	19 223	19 223	19 223
Other taxes (Liquor licence fees)	4 500	17 400	18 200	19 100
<b>Sales of goods and services other than capital assets</b>	<b>378 133</b>	<b>375 034</b>	<b>380 265</b>	<b>381 568</b>
<b>Transfers received</b>	<b>139 653</b>	<b>85 164</b>	<b>22 257</b>	<b>11 544</b>
<b>Fines, penalties and forfeits</b>	<b>617</b>	<b>633</b>	<b>658</b>	<b>692</b>
<b>Interest, dividends and rent on land</b>	<b>57 101</b>	<b>58 212</b>	<b>58 307</b>	<b>58 307</b>
<b>Sales of capital assets</b>	<b>2 851</b>	<b>34 683</b>	<b>33</b>	<b>33</b>
<b>Financial transactions in assets and liabilities</b>	<b>90 514</b>	<b>89 809</b>	<b>78 458</b>	<b>68 476</b>
<b>Total provincial own receipts</b>	<b>1 783 559</b>	<b>1 818 123</b>	<b>1 740 596</b>	<b>1 747 580</b>

### Motor Vehicle Licence Fees (MVLFF)

Motor vehicle licence fees are projected to contribute R799.389 million to provincial own receipts in 2008/09. The fees are projected to increase to R823.371 million in 2009/10, R848.072 million in 2010/11 and to R873.514 million in 2011/12. These increases give rise to an annual average increase of 3.0 per cent over the MTEF, mainly as a result of anticipated growth in the number of registered passenger vehicles over the MTEF period.

Over the past years, there have been growing concerns that the current Motor Vehicle Licensing Fee (MVLFF) structure, as the Western Cape being higher than other provinces, may encourage the illegal practice of licensing outside the Western Cape. There are concerns that these practices are resulting in the PGWC losing licence fees, especially heavy vehicles operating predominantly within the Province.

As a consequence, and to determine whether these practices exist the Western Cape Government (Provincial Treasury and the Department of Transport and Public Works) researched the Province's motor vehicle licence structure and amongst others, the economic and social implications; and equity considerations of possible cross-border licensing practices, the impact on the Provincial fiscus and to propose a number of alternative approaches to addressing the impact of vehicle registration migration and the resulting revenue losses. The research project provided interesting results, of which some of key findings were included in Chapter 2 of the Province's 2009 – 2012 MTBPS.

The findings of the incidence study report were extensively discussed amongst the nine Provincial Treasuries and there is an in-principle agreement that all Provinces will progressively adjust (phase-in) their current motor vehicle licence fee structure over the MTEF to more or less match the current levels in the Western Cape. It is anticipated that the alignment of MVLF would stop the current practices of cross-border registration, apart from improving the revenue base in provinces such as Gauteng, Eastern Cape and KwaZulu-Natal.

*Alignment of MVLF in all provinces to prevent cross-border registration*

A further policy decision and agreement is that the Western Cape Province will not increase motor vehicle licence fees over the 2009 MTEF until the other Provinces have more or less caught up with the Western Cape's fee structure.

### **Hospital fees**

Hospital fees (incorporated under 'sales of goods and services other than capital assets' in Table 5.6) are expected to contribute R242.307 million to Provincial Own Receipts in 2008/09. This amount is projected to marginally increase in 2009/10 as a result of a technical adjustment that would allow for the reflection of full revenue (pre commission) with a concomitant increase on the expenditure side for commission. Other than this technical adjustment, hospital fees is projected to remain at R271.811 million over the 2009 MTEF given the uncertainty of the outcome around the recent policy review on hospital fees.

*Hospital fees to remain at around R253 million per annum*

### **Interest, dividends and rent on land**

Interest on the current account, dividends and rent on land is expected to contribute R57.101 million to provincial own receipts in 2008/09. The amount is projected to marginally increase over the 2009 MTEF to R58.212 million in 2009/10 and to R58.307 million in 2010/11 and stabilising at the same level in 2011/12.

*The average increase in revenue from casino and horse racing taxes over 2009 MTEF is less than 1 per cent*

### **Casino and horse racing taxes**

Casino and horseracing taxes combined are expected to contribute R310.801 million in 2008/09. These taxes are projected to marginally increase over the 2009 MTEF to R333.817 million in 2009/10 and will marginally increase to R334.346 million in 2010/11 and remains at the same level in 2011/12. These changes constitute an annual average increase of a mere 0.9 per cent over the MTEF.

Casino taxes are expected to total R291.955 million in 2008/09, marginally growing to reach R315.123 million in 2011/12 whilst horse racing taxes are expected to contribute R18.846 million in 2008/09 and projected to marginally increase to R19.223 million in the 2011/12 financial year.

### **Liquor licence fees**

*WC Liquor Act will be fully implemented over the 2009 MTEF*

Liquor licence fees are expected to contribute R4.5 million in 2008/09. Over the 2009 MTEF, these fees are estimated to increase to R17.4 million in 2009/10, R18.2 million in 2010/11 and R19.1 million in 2011/12. These increases constitute an annual average increase of 61.19 per cent (this is from a low base) over the MTEF. The substantial increase in liquor licence fees between 2008/09 and 2009/10 is due to the implementation of the Western Cape Liquor Act (Act No. 4 of 2008).

### **Revenue from the sale of immovable assets**

Revenue attributed to the sale of assets is usually surrounded by uncertainty and long delays in realising their proceeds. For this reason it is accepted that the sale of capital assets would only be taken up in the relevant annual Adjusted Estimates.

### **Summary of donor funding**

The table below provide a summary of donor funding to be received by provincial departments. From the table it is clear that only the Department of Health anticipates receiving donor funding over the MTEF.



**Table 5.7 Summary of donor funding**

Provincial department R'000	Medium-term estimate		
	2009/10	2010/11	2011/12
1. Department of the Premier			
2. Provincial Parliament			
3. Provincial Treasury			
4. Community Safety			
5. Education			
6. Health <sup>a</sup>	9 100	1 000	1 000
7. Social Development			
8. Local Government and Housing			
9. Environmental Affairs and Development Planning			
10. Transport and Public Works			
11. Agriculture			
12. Economic Development and Tourism			
13. Cultural Affairs and Sport			
<b>Total donor funding</b>	<b>9 100</b>	<b>1 000</b>	<b>1 000</b>

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

### Asset Financing Reserve

Apart from transfers from National Government and provincial own receipts, the third source of funds for the provincial allocation is the Asset Financing Reserve (AFR), which was set up to separate daily (current) and long-term (capital) cash transactions. 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 as and when required. The accumulated reserves and uncommitted funds are in the main used to finance infrastructure-related expenditure.

*Asset Financing Reserve enables increased spending on key infrastructure projects, but drops significantly in 2011/12*

The establishment of the AFR also provides for the transparent reporting and management of reserves by the Provincial Treasury. The AFR allows for transparency in how reserve funds are invested during and at the end of a financial year, as well as the interest revenue received on these investments.

Allocations from Financing, inclusive of the AFR for the 2009 MTEF amount to R529.724 million in 2009/10 and R263.350 million in 2010/11. Key recipients of funding from the AFR include Roads, funding for 2010 World Cup rounding-off arrangements relating to 2010 and Philippi Stadium. The reduction in funding available for infrastructure investment, due to the significant drop in AFR balances, is mainly as a result of significant previous multi-year draw-downs and a very tight overall fiscal envelope. Based on current trends the funding for roads

from the Asset Financing Reserve (AFR) currently will terminate in 2010/11. The idea behind the AFR was to fund in particular roads infrastructure in anticipation of other Provincial revenue sources being realised in future.

### **Conclusion**

In conclusion is evident that the overall fiscal envelope will be tight with very limited room for expansion of current services and for this reason the Province will continue to promote progressive, efficient and effective expenditures that strive to achieve “more with less”.

# 6

## Summary of Aggregates

Table 6.1 below provides an overall summary of the main revenue and expenditure components of the 2009 MTEF budget. Total provincial payments in 2009/10 amount to R29.300 billion, a 13.30 per cent increase from the 2008/09 revised estimate of R25.859 billion.

Total provincial receipts are estimated to increase by 12.07 per cent from R25.996 billion in the 2008/09 revised estimate to R29.133 billion for 2009/10. Provincial own receipts and financing is projected to decrease from R2.795 billion in the 2008/09 revised estimate to R1.748 billion in 2011/12. All things being equal, at the current rate of draw-downs, the Asset Finance Reserve is expected to be depleted during 2011/12.

*Provincial payment set to grow by 13.30 per cent*

As a result of spending pressures in the Province a net deficit of R166.969 million is estimated for 2009/10 and a net surplus is projected for 2010/11 of R15 million and R151.969 million in 2011/12. 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 R29.300 billion in 2009/10 to R33.807 billion by 2011/12. 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 6.1 Provincial budget summary**

R'000	Outcome			Main appropriation 2008/09	Adjusted appropriation 2008/09	Revised estimate 2008/09	Medium-term estimate				
	Audited 2005/06	Audited 2006/07	Audited 2007/08				% Change from Revised estimate		2009/10	2010/11	2011/12
<b>Provincial receipts</b>											
Transfer receipts from national	15 042 688	16 737 356	19 538 369	22 410 411	23 200 419	23 200 419	<b>26 784 933</b>	15.45	29 452 476	32 211 579	
Equitable share	12 299 051	13 459 403	15 482 582	17 738 780	17 911 084	17 911 084	<b>20 807 126</b>	16.17	23 139 845	25 216 592	
Conditional grants	2 743 637	3 277 953	4 055 787	4 671 631	5 289 335	5 289 335	<b>5 977 807</b>	13.02	6 312 631	6 994 987	
Financing	524 498	768 586	466 358	708 732	989 370	989 370	<b>529 724</b>	(46.46)	263 350		
Asset Finance Reserve		619 041	395 115	708 732	777 115	777 115	<b>490 800</b>	(36.84)	192 000		
Provincial Revenue Fund		149 545	71 243		212 255	212 255	<b>38 924</b>	(81.66)	71 350		
Provincial own receipts	1 714 003	1 692 611	2 019 205	1 701 118	1 783 559	1 806 091	<b>1 818 123</b>	0.67	1 740 596	1 747 580	
<b>Total provincial receipts</b>	<b>17 281 189</b>	<b>19 198 553</b>	<b>22 023 932</b>	<b>24 820 261</b>	<b>25 973 348</b>	<b>25 995 880</b>	<b>29 132 780</b>	12.07	31 456 422	33 959 159	
<b>Provincial payments</b>											
Current payments	12 556 141	14 192 957	16 335 433	18 701 272	19 244 874	19 293 429	<b>21 218 519</b>	9.98	23 284 328	25 010 994	
Transfers and subsidies	2 703 064	2 933 351	3 494 789	4 202 298	4 449 024	4 505 079	<b>5 397 981</b>	19.82	5 354 385	5 924 489	
Payments for capital assets	1 472 110	1 705 332	1 674 741	1 985 004	2 508 580	2 036 713	<b>2 392 513</b>	17.47	2 360 716	2 517 202	
Direct charge	16 074	17 154	18 469	19 169	20 693	24 268	<b>25 329</b>	4.37	27 153	28 972	
Unallocated contingency reserve				11 258	11 258		<b>216 437</b>		262 391	325 533	
Smoothing - previous Budgets				(12 450)	(12 450)		<b>48 969</b>		152 449		
<b>Total provincial payments</b>	<b>16 747 389</b>	<b>18 848 794</b>	<b>21 523 432</b>	<b>24 906 551</b>	<b>26 221 979</b>	<b>25 859 489</b>	<b>29 299 749</b>	13.30	31 441 422	33 807 190	
<b>Surplus (Deficit)</b>	<b>533 800</b>	<b>349 759</b>	<b>500 500</b>	<b>(86 290)</b>	<b>248 631</b>	<b>136 391</b>	<b>(166 969)</b>	<b>(222.42)</b>	<b>15 000</b>	<b>151 969</b>	

Note: Smoothing on PES: Deficit of R166.969 million in 2009/10, surplus of R15.000 million in 2010/11 and a surplus of R151.969 million in 2011/12. Nett effect is zero over the MTEF period.

# 7

## Expenditure by Department

### Introduction

This chapter focuses on the major service delivery highlights of departments and provides valuable insights as to what the allocations over the 2009 MTEF are meant to buy. It focuses on some of the more pertinent achievements and notes that the increased allocations over the MTEF should be seen in context of already strong base line growths. It highlights that departments have made great progress to put service delivery on a sound footing. These services are underpinned by legislative mandates, national and provincial imperatives, which to an extent determine their scope and depth. Departments have begun to tailor their services to meet the expectations of their respective clients. The remainder of this chapter notes the more pertinent service delivery achievements and plans per vote over the 2009 MTEF.

Before proceeding, Table 7.1 gives a snapshot of past expenditure trends from the 2005/06 financial year to the proposed estimates over the new MTEF. The table shows that the aggregate 2009/10 Provincial Budget grows to R29.009 billion from the R25.835 billion in 2008/09 revised estimate and is expected to grow to R33.453 billion by 2011/12. The largest beneficiaries of the 2009/10 budget are Education (R10.346 billion), Health (R9.893 billion), Transport and Public Works (R3.523 billion) and Local Government and Housing (R1.891 billion).

**Table 7.1 Summary of provincial payments and estimates by vote**

Provincial department R'000	Outcome			Main appro- priation 2008/09	Adjusted appro- priation 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2005/06	2006/07	2007/08				2009/10	2008/09	2010/11	2011/12
1. Department of the Premier	296 048	318 160	370 538	407 473	450 004	450 004	<b>491 920</b>	9.31	500 522	504 826
2. Provincial Parliament	32 153	37 827	46 327	60 210	65 702	65 702	<b>68 499</b>	4.26	73 605	80 133
3. Provincial Treasury	114 275	133 936	115 124	120 596	121 895	121 895	<b>134 682</b>	10.49	142 851	153 426
4. Community Safety	178 768	182 205	203 201	228 282	242 703	242 703	<b>260 259</b>	7.23	277 417	296 954
5. Education	6 449 244	6 920 362	7 737 797	9 019 913	9 206 088	9 206 088	<b>10 346 039</b>	12.38	11 332 891	12 302 733
6. Health	5 718 812	6 419 515	7 497 868	8 641 973	8 870 805	8 745 734	<b>9 892 798</b>	13.12	10 925 269	11 764 458
7. Social Development	653 512	719 516	901 363	1 088 065	1 233 796	1 233 796	<b>1 162 502</b>	(5.78)	1 268 449	1 378 778
8. Local Government and Housing	790 167	1 035 711	1 353 833	1 451 041	1 615 814	1 614 028	<b>1 891 089</b>	17.17	2 153 261	2 436 534
9. Environmental Affairs and Development Planning	158 859	183 327	182 477	198 817	205 131	205 131	<b>266 757</b>	30.04	291 022	315 541
10. Transport and Public Works	1 773 251	2 254 031	2 344 477	2 610 516	3 080 161	2 839 761	<b>3 522 950</b>	24.06	2 959 258	3 051 270
11. Agriculture	258 515	266 386	325 623	344 704	376 644	376 644	<b>398 607</b>	5.83	457 087	515 520
12. Economic Development and Tourism	142 006	175 498	203 197	219 244	231 532	231 532	<b>276 466</b>	19.41	304 796	325 141
13. Cultural Affairs and Sport	165 705	185 166	223 138	497 740	502 203	502 203	<b>296 445</b>	(40.97)	313 000	327 371
<b>Total provincial payments and estimates by vote</b>	<b>16 731 315</b>	<b>18 831 640</b>	<b>21 504 963</b>	<b>24 888 574</b>	<b>26 202 478</b>	<b>25 835 221</b>	<b>29 009 013</b>	12.28	30 999 428	33 452 685

Note: This table excludes direct charges.

### Vote 1: Department of the Premier

The Department of the Premier is allocated amounts of R491.920 million in 2009/10, R500.522 million in 2010/11 and R504.826 million in 2011/12.

*Towards promoting and facilitating 'coordination and synergy' at the provincial level*

These allocations are to: fast-track improvements in collaborative efficiency in planning and spending across the provincial clusters (including the local and national spheres); provide strategic leadership and to play an active role in the coordination of activities related to the Festival and Events Organising Committee (FEOC) and managing and coordinating the 2010 FIFA World Cup. With reference to managing and coordinating the 2010 FIFA World Cup and related Provincial Government responsibilities; amounts of R52.983 million in 2009/10 and R32.495 million in 2010/11 are added to the Department.

The Province identified information and communication technology (ICT) as a key platform to improve the quality and efficiency of government service delivery (through all Departments and the Provincial Parliament). Allocations for ICT over the 2009 MTEF increase from R203.931 million in 2008/09 to R235.161 million in 2009/10 (15.31 per cent increase); R259.116 million in 2010/11 and R311.829 million in 2011/12.

*ICT identified as a key mechanism to enable service delivery*

The ICT allocations further aim to improve public awareness of government services and the public-participation mechanism. This includes improving public access to 'integrated service-delivery information' and services (improvements to the Cape Gateway website), including the envisaged launching of new Cape Access Centres and e-Community Forums.

The embedding of the iKapa Growth and Development Strategy in the policies, programmes and planning of departments to ensure alignment and coordination for shared growth and integrated development, remains a key departmental deliverable.

The Department, in furthering the goals of promoting participatory governance and accessible service delivery, implements the Imbizo Programme and the Service Delivery Jamboree initiative. Also to foster moral and social regeneration, the Department remains committed to the Provincial anti-corruption Programme as well as the Social Transformation Programme.

*Eliciting additional departmental priorities and focus areas*

The Department also engages in collaborative efforts with the South African Police Services and the Department of Community Safety to address issues of Provincial Government physical safety, security and risk.

## **Vote 2: Provincial Parliament**

Provincial Parliament receives allocations of R68.499 million in 2009/10, R73.605 million in 2010/11 and R80.133 million in 2011/12. These allocations are in addition to the direct charges relating to the remuneration of members of Provincial Parliament. The direct charges are excluded from the provincial budget allocations and amount to R25.329 million and R27.153 million in 2010/11 and R28.972 million in 2011/12 respectively.

*Over the MTEF, the Provincial Parliament plans to elicit more public involvement through implementation of its public participation strategy*

Provincial Parliament continues to strengthen public participation and oversight processes to empower citizens of the Province and enable Members in executing their responsibilities.

*Additional funding for ICT to strengthen Provincial Parliament's oversight function*

Provincial Parliament receives an additional R3.750 million in 2009/10, R3.890 million in 2011/12 and R5.530 million 2012/13 for Information Communication Technology (ICT) requirements. In this regard the Provincial Parliament agreed to work closely with the Centre for e-Innovation (Ce-I) within the Department of the Premier to benefit from any efficiency gains as a result of economies of scale, and to ensure enhanced internal business processes resulting in accelerated service delivery.

### **Vote 3: Provincial Treasury**

Provincial Treasury receives allocations of R134.682 million in 2009/10, R142.851 million in 2010/11 and R153.426 million in 2011/12. Over the 2009 MTEF, these allocations represent a net increase of R37.410 million from the 2008 MTEF.

*Treasury will continue its efforts to ensure responsive, credible and sustainable budgets*

Provincial Treasury conducts socio-economic research within the provincial and national context, analyses policies and renders advice to a number of stakeholders in the Western Cape. The tabling of responsive and sustainable budgets (provincial and municipalities) that promote shared growth and development is one of the Department's main outputs. The continuous improvement of in-year expenditure management practices, within departments and municipalities, enhances efficiency and ultimately budget credibility.

The provision of policy direction and the facilitation of effective and efficient management of financial systems by the Department ensures the proper recording of all financial transactions within the provincial government.

To reduce risks within provincial departments and municipalities, Provincial Treasury continues to develop, implement and monitor compliance with corporate governance norms and standards, promote financial management improvement, accountability and efficiency.

### **Vote 4: Community Safety**

Over the 2009 MTEF period, the Department of Community Safety receives a total of R834.63 million, of which R260.259 million is allocated in 2009/10, R277.417 million in 2010/11 and R296.954 million in 2011/12.

The 2009 MTEF budget will be utilised to consolidate current programmes, enable the Department to build on efficacy gains and work towards more efficient and effective service delivery. Within the budget, the priority areas remain the implementation of the Motor Vehicle Accident (MVA) Strategy, the securing of school and



commuter safety and the implementation of the multi-faceted Social Transformation, Gang Prevention, and Intervention Strategy.

Building on progress made in crime prevention in communities, the Department intends enhancing initiatives already undertaken under the umbrella of the Social Transformation Programme. The multi-sector perspective (partnership between SAPS, government departments and NGO's) takes a holistic approach to fighting crime and ensuring safety of communities. The close cooperation between communities and SAPS through the establishment of Community Policing Forums (CPF's) and the support of established CPF's in the 27 priority areas aims to also rebuild the trust between the communities and the SAPS. These initiatives facilitate community ownership of crime prevention and safety.

*Social Transformation, Gang Prevention, and Intervention Strategy aims to develop socially responsible and empowered communities*

The Department will continue its efforts to enhance the safety of vulnerable groups within our society. These include the youth, women, the poor and the elderly. Youth at risk will be empowered through programmes presented at the Chrysalis Academy and schools. The Hands Off Our Children (HOOC) Campaign at pre-primary schools and workshops on domestic violence are among the preventive education and awareness programmes currently underway.

*The Department continues to roll-out key initiatives to enhance the safety of vulnerable groups within our society*

In 2009, trained and registered volunteers will again be deployed to patrol identified high-risk schools and train stations. At stations, volunteers will provide security on platforms and surrounding areas, while the SAPS and Metrorail security guards will provide security on trains.

The Department will build on the success achieved thus far in ensuring the safety of learners at identified schools. In 2008/09, 840 volunteers were deployed at 160 schools and expand deployment to newly identified high-risk schools in 2009/10.

The MVA Strategy implementation has delivered a heightened traffic law enforcement presence on Western Cape roads through the 24 hour/7 day week patrol cycle complimented by the 24 hour operation of all 12 provincial traffic centres. The success of the MVA Strategy is already evidenced in the reduction in road fatalities by 18 per cent during the 2008/09 festive season in 2008/09 compared to 2007/08.

In 2009, co-operation with the Departments of Health and Transport and Public Works will be further enhanced through a Research, Development and Information Technical Committee, which will focus on solutions towards reducing the Burden of Disease and the high cost to the Province as a result thereof.

*Enhanced co-operation on Burden of Disease research through the recently established Research, Development and Information technical committee*

*Traffic Safety Promotion will be a key focus for 2009/10*

The Department will also continue its pedestrian and road safety awareness programmes through CPF's, community forums and in schools. The high cost of vehicle maintenance, fuel and training of traffic officers places great strain on the budget. The Department has however evidenced its continued commitment to reducing fatalities by allocating R117.850 million to the Traffic Safety Promotion Directorate in 2009/10 - approximately 45 per cent of the Department's budget.

The Security Risk Management Directorate has upgraded access control security software and hardware as well as assisted in the enforcement of access control in 2008. The deployment of trained Security Managers, combined with continuous rigorous threat and risk assessments, ensure that Minimum Information Security Standards (MISS) are adhered to and lead to improved safety of PGWC staff and visitors at government facilities.

A number of initiatives were undertaken by the Department in 2008/09 to strengthen financial governance. These included the review of number of internal staff and control policies, the appointment of additional staff and the upskilling of staff. In 2009/10, the Department will continue to improve financial management systems and enhance internal capacity, thereby ensuring heightened internal efficiency.

The Department of Community Safety will in 2009/10 also focus on the provision of evidence based policy and strategic interventions, including relevant information on crime trends and community safety needs.

## **Vote 5: Education**

*Education receives almost 36 per cent of the total provincial budget*

Education receives the largest share of the provincial budget representing 35.66 per cent of the total budget in 2009/10.

Allocations to the Western Cape Education Department (WCED) increase from R9.206 billion in the 2008/09 revised estimate to R10.346 billion in 2009/10, or by 12.38 per cent. The allocations increase to R11.333 billion in 2010/11 and R12.303 billion in 2011/12. These increases in funding accommodate: improvements in conditions of service, general inflation, inflationary adjustment for learner and teacher support materials and the implementation of national and provincial priorities.

The primary focus for the WCED is to advance quality education for all, and in particular for those in the poorest communities. The Department's activities and deliverables for 2009/10 remain focused on promoting access, adequacy and efficiency, supporting redress and equity and enhancing quality. The 2009 MTEF budget will be

utilised to consolidate current programmes and thereby enable the Department to build on efficacy gains and work towards more efficient and effective service delivery.

Access, adequacy and efficiency are promoted through amongst others, the provision of high quality learning programmes (Grade R) to all five-year olds in the Western Cape by 2010, ensure that learners are equipped with the necessary language and mathematics skills upon exiting the compulsory phase of education, increase in the number of learners enrolled in relevant programmes in the Further Education and Training (FET) band that lead to employment or access to higher education and incrementally strengthen inclusive education to ensure that the needs of all learners are met. District offices are further strengthened to provide prompt, efficient, effective and needs-based services and to consolidate and expand e-delivery, including teacher and curriculum support, learner up-skilling and the ongoing enhancement of e-systems for management purposes.

The budget allocated to Early Childhood Development (ECD) inclusive of Grade R, continues to show significant growth, increasing year-on-year by 37.51 per cent to R313.468 million in 2009/10. Additional funding is used to enhance the quality and increase the number of learners (6 000 additional 5 to 6 year-olds per annum) accessing Grade R in both public ordinary schools and community sites. The provision of teaching and learning kits and upgrading the skills of ECD practitioners through the ECD Learnerships remain key priorities.

*Early Childhood Development continues to show strong growth*

To date approximately 54 per cent of Grade R learners are accommodated in public ordinary schools with the remaining 46 per cent attending Grade R classes in registered community sites. There are 24 Model Grade R classes at public primary schools. These classes demonstrate best practice and are used for in-service training for all Grade R practitioners and Foundation Phase teachers in their respective communities. New learners will be phased into Grade R classes which are planned for primary school sites thus increasing the numbers of classes in the formal sector.

The Khanya Technology in Education Project aims to address the digital divide prevalent in poor communities. To date over 800 schools have been provided with computer laboratories, consisting of between 25 to 40 computers. Approximately 663 852 learners are benefiting from using the technology on a daily basis. An amount of R99.588 million has been allocated for 2009/10 which will be used to maintain existing facilities and to roll-out a further 200 computer facilities.

*Continued roll-out of computer facilities*

The major deliverable of the FET Colleges over the past 3 years has been on infrastructure development and the upgrading of college facilities and workshops as part of the FET College Re-capitalisation Grant. This investment places the Province on an improved footing to meet the intermediate skills development needs of the Western Cape. Over the 2009 MTEF the budget allocated for FET colleges grows at an annual average rate of 7.27 per cent.

Redress and equity will be addressed through targeted additional support to schools in national quintiles 1 to 3 with a particular focus on infrastructure, maintenance, libraries and resource materials. Schools safety will be enhanced through the use of safety resource officers, CCTV and strengthening the community-school interface. The introduction of Focus schools and the increase in Dinaledi schools have seen the expansion of participation rates and improvement of pass rates in mathematics, physical science and technology.

The Qids-Up programme, which targets additional support to schools in national quintiles 1 to 3, has through an audit, identified resource (material, physical and human) deficiencies and challenges. A total of 551 primary and 104 secondary schools were supported in the 2008/09 financial year. Interventions ranged from infrastructure repair and maintenance in 120 schools, equipping and setting up of school libraries in 255 schools, library material top-ups in 405 schools, basic courses in school library organisation and management for 174 school library coordinators. This includes providing life sciences equipment and chemicals to 104 secondary schools and physical science equipment and chemicals to 90 secondary schools, infrastructure development of computer labs in 40 schools, provision of physical education equipment and kits for the foundation and intermediate phase and the piloting of extra mural programmes in 14 schools.

*Boosting infrastructure, libraries, resource materials and curriculum delivery*

School safety remains a priority and is fundamental to ensuring progress with regards to redress and equity. The Department has instituted a multi-pronged approach to improving school safety at high-risk schools. A video surveillance system, CCTV, has been installed at 60 of the 109 high-risk schools. The Department reports a marked drop in specific incidents at these schools and reports that illegal activities on schools perimeter fences have declined. The deployment of Learner Support/Safety Resource Officers at high risk schools have been successful in arranging a wide range of holiday programmes and after school programmes at specific schools as well as providing assistance to the school safety committees. The "Protect our Property" campaign, which deploys security patrols to schools during the school holidays have greatly reduced the occurrence of burglaries and vandalism at high-risk schools.

Enhancing the quality of learning has received fastidious attention by the WCED. The Department has implemented a range of interventions aimed at improving learning outcomes particularly with regards to literacy and numeracy. The introduction of the initiatives focused on literacy and numeracy in primary schools, expansion of Whole School Evaluation programme and the tightening up on remedying exposed weaknesses, principal and teacher development and support as well as quality management and development programmes are examples of such interventions.

The earmarked allocation for teacher development increases from R20 million in 2008/09 to R92 million in 2009/10. The Advanced Certificate in Education (ACE) and the National Professional Diploma in Education (NPDE) form part of the teacher development earmarked allocation. The WCED has enrolled 289 principals, deputy principals and subject Heads of Departments in the ACE programmes. Currently the WCED has 396 first and second year NPDE students registered and approximately 520 educators are registered for various ACE Programmes.

For 2009/10 the Department will enrol 3 000 educators in various courses at the Cape Teaching and Leadership Institute. Training courses are offered in numeracy, literacy, mathematics, management, lifeskills, technology, environmental education, natural sciences and economic management science. These courses are targeted at educators in the foundation, intermediate and senior phases, or grades 1 to 9. Various school management courses are also offered for example Women into Leadership, Induction into New Positions for Principals and Deputy Principals, etc.

The substantial increase in the allocation for the School Nutrition Grant aims to address both poverty and improve the quality of learning. The School Nutrition Grant increases by 30 per cent from R86.561 million in 2008/09 (revised estimate) to R112.548 million in 2009/10. The National School Nutrition Grant continues to increase in the outer years of the 2009 MTEF to R173.318 million (2010/11) and R227.433 million (2011/12). The number of children benefiting from the school feeding programme is anticipated to increase from approximately 204 000 learners in 2008 to 335 000 learners in 2009.

*Expanding access to school meals*

There are plans over the two outer years of the MTEF to extend the no-fee school policy to quintile 3 schools (60 per cent of schools) and for fee exemption of poor learners in quintile 4 and 5 schools. An amount of R164.961 million for 2010/11 and 2011/12 has been allocated for this purpose and will form part of the Department's existing norms and standards funding allocated to schools in order to compensate for the loss of income due to the none collection of school fees. Given that the Western Cape has relatively fewer schools in

national quintiles 1 and 2 (approximately 14.5 per cent of schools in the province), the WCED has already extended coverage to quintile 3 schools. There are approximately 346 000 learners representing more than 38 per cent of learners who are exempt from paying school fees.

Provision has been made in the outer two years totalling R188.650 million for an increase in educators to reduce the learner:educator ratio in national quintile 1 schools. The earmarked allocation is intended to capacitate schools for effective curriculum delivery by reducing class sizes with the initial intervention aimed at quintile 1 schools. The intention is to increase educator learner contact time to ensure that educators teach a minimum of 25 hours per week, to narrow the gap in class size that exists in schools due to the concentration of low learner:educator ratios in small schools and the non-filling of educator posts and the different educator utilisation patterns in schools.

Providing quality education for learners with special needs is expensive and it is estimated that average spending per learner in the Western Cape is nearly R66 000 per annum. The system currently relies heavily on fees and private contributions to meet the needs of these learners. The budget allocated to special education grows at an average annual rate of 13.42 per cent over the 2009 MTEF period.

## **Vote 6: Health**

The Department of Health receives the second highest share of the Provincial Budget (34 per cent). Health receives allocations amounting to R9.893 billion in 2009/10, R10.925 billion in 2010/11 and R11.764 billion in 2011/12. Over the 2009 MTEF, Health receives an additional amount of R4.119 billion.

*Additional funding to improve health-related socio-economic outcomes*

Additions to the Health baseline over the 2009 MTEF include provision for national policy priorities to strengthen health services to improve health-related socio economic outcomes. Allocations are to address the increase in extreme-drug (XDR) and multi-drug resistant (MDR) TB, reducing infant and child mortality, and boosting general health capacity at the primary health care level. Additional funds are specifically allocated to strengthen TB programmes dealing with the drug resistant strains to improve management, support and monitoring of these programmes. One of the Millenium Development Goals (MDGs) is to reduce child mortality by two thirds by 2015. To assist in achieving this goal, funds have been allocated in the 2008 MTEF to roll-out progressively three new vaccines for the inoculations of infants and children.

Healthcare 2010 guides the strategic direction of the Department to reshape service delivery, to treat patients at a level of care most appropriate to their need. The Comprehensive Service Plan (CSP), the implementation arm of the Healthcare 2010 strategy, continues to be vigorously implemented. The focus is on taking a primary health care approach that improves access, quality and efficiency in health service delivery. The CSP strengthens Primary Health Care including community based and preventative care. Regional hospitals are also being strengthened to improve access to general specialist services for communities. As part of implementing the CSP, the Department is also channeling resources to improve health infrastructure through maintenance of health facilities and equipment, upgrades of facilities and construction of new hospitals and clinics. A key deliverable for the Department in 2009/10 is the commencement of the construction of the Khayelitsha and Mitchell's Plain district hospitals, which are envisaged to be completed in 2011/12.

The Comprehensive HIV and Aids grant has been increased to R309.913 million in 2009/10 and R448.834 million and R480.994 million in 2010/11 and 2011/12 respectively. These increases accommodate greater access and growth in the number of patients on Antiretroviral treatment. In the first six months of 2008/09, the number of patients registered for treatment was 45 980 compared to 32 705 at the end of 2007/08. The Department anticipates that this number will increase to 68 236 patients registered on ART in 2009/10. The HIV epidemic has also fuelled the TB epidemic. Therefore two key focus areas for the Department are:

*Greater access to and growth in Antiretroviral treatment*

- Strengthened TB programmes with a special focus on improved cure rates and the management of multi and extreme drug resistant TB; and
- Care and management of people living with HIV and Aids with a greater focus on targeted prevention interventions and district health based treatment.

Initially the focus of the Burden of Disease project was on identifying the main contributors to the burden of disease in the Province which were found to be: HIV/AIDS, homicide/violence, TB, Road Traffic Injuries, and Heart Disease<sup>4</sup>. The project continues with two main focus areas: Institutionalisation of a Surveillance System and reducing the burden of disease. A mortality surveillance system has been rolled out to report on mortality estimates at a district level. The latter focus on developing and implementing strategies and

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<sup>4</sup> Five leading causes of premature mortality



*Improve emergency  
medical services  
response times*

interventions to reduce the burden is done in a collaborative manner with other departments and local government.

The Burden of Disease study indicated that trauma and violence are the biggest contributors to the disease burden and account for about 21 per cent of deaths in the Province and approximately 40 per cent of hospitals admissions. Therefore strategies to prevent and mitigate the effects of trauma and violence are urgently needed. The key issue for the Department of Health is to improve response times of emergency services, including ambulances, towards the national targets of 15 minutes in urban areas and within 40 minutes in rural areas. Therefore streamlining Emergency Medical Services (EMS) to improve response times and prepare for the 2010 FIFA World Cup remains a priority. Amounts specifically allocated for EMS have increased to R495.611 million in 2009/10; R546.301 million in 2010/11 and R588.479 million in 2011/12. The funding enables the Department to render improved pre-hospital emergency medical services, including ambulance services, special operations, and communications and air ambulance services; planned patient transport; and training of rescue and ambulance personnel. Much of the preparation work for the 2010 FIFA World Cup commenced in 2007/08 and is focused on general improvements in EMS.

The Department has established a FIFA 2010 Health Unit to coordinate all health planning and preparation to ensure that the Province meets the medical requirements for the tournament. Allocations made in the main budget to Vote 1: Department of the Premier for the rounding-off preparations for 2010 FIFA World Cup for the first two years of the 2009 MTEF, include amounts to be transferred to Health for 2010 EMS preparations. This includes contract funding for ambulance assistants, additional ambulances and medical equipment for Green Point Stadium and the Public Viewing areas. The benefits of capacitating EMS for the tournament will leave a legacy of improved emergency services for the Province way beyond the actual event.

*Capacitating EMS for the  
2010 FIFA World Cup*

Policy priorities for Health are focused on improving health facilities and addressing determinants of illness and major infectious diseases. Addressing services pressures in mental health, obstetric and neonatal services, surgery and emergency care will also receive priority attention.

The 2009 Budget also consolidates the Occupation Specific Dispensation (OSD) for nurses, which improved the remuneration of nurses in the public health sector. Funds have been set-aside over the 2009 MTEF to continue with the progressive implementation of the next phase of the Health Professionals Remuneration Review. The next phase targets the recruitment and retention of doctors and



medical specialists. Allocation of these funds is subject to the finalisation of guidelines and procedures for implementing the OSD for these categories of medical personnel.

## Vote 7: Social Development

Population growth in the Western Cape continues to put pressure on available services and resources.

For the 2009/10 financial year the Department receives R1.163 billion to continue to improve on the access to social welfare services by vulnerable groups. Over the 2009 MTEF, the budget increases to R1.268 billion in 2010/11 and to R1.379 billion in 2011/12, at an annual average rate of 7.52 per cent from the 2008/09 revised estimate, after discounting for a once-off R124.462 million payment towards 3D-ID.

*Population growth puts pressure on social welfare services*

The Department's mandate is to protect, care and support the most vulnerable members of our communities, especially children, persons with disabilities, older persons and the poverty stricken, while also focusing on developing youth and strengthening families. It delivers this mandate through implementing national and provincial priorities and policies that support individual, family and community empowerment.

The implementation of a new organisational structure in 2009/10 will improve the Department's focus on social welfare services and enable the implementation of various pieces of new legislation.

The Department receives an earmarked allocation of R74.551 million in 2009/10, R87.524 million in 2010/11 and R138.859 million in 2011/12 for the expansion of ECD and the EPWP in this sector. An additional amount of R46.084 million in 2011/12 is aimed at expanding ECD services.

A total of 73 100 children currently benefit from ECD programmes, of whom 59 692 receive a subsidy. The 2009 MTEF allocations are intended to increase the numbers of children exposed to services and to accommodate the increased levels of subsidies per child. The Department intends to increase the number of children benefiting from ECD programmes to 80 000 in 2009/10. Funding also provides for the training and appointment of 250 additional ECD assistants, to implement family preservation programmes and EPWP initiatives within the ECD sector.

*73 100 children benefit from ECD Programmes*

To mitigate the high levels of substance abuse, specifically amongst adolescents, the Department is expanding the implementation of integrated services for substance abuse, prevention, treatment and rehabilitation. The implementation of an integrated treatment model will provide access to in-patient and out-patient services to an

*Programmes enable youth to take responsibility for positive lifestyles*

additional 230 beneficiaries. The Ke Mojo substance abuse prevention programme will also be implemented in 15 additional schools in 2009/10.

Recreational programmes and the provisioning of facilities for children in conflict with the law, strive to mitigate gangsterism and the number of children entering the child justice system. The implementation of specific programmes target youth development, crime prevention and substance abuse to enable youth to take responsibility for positive lifestyles as well as to contribute to and participate in family and community activities. The establishment of shelters and one stop centers provide victim support and mediation programmes for perpetrators.

The Department of Social Development ensures that service centers fully comply with legislation to ensure that older persons, who are frail and in poor health, are protected against abuse and neglect. In order to ensure that supportive, protective and developmental services are available in all districts, the Department plans to support 209 service centers and 10 clubs available to 13 500 older persons in 2009/10.

A partially completed database of 0 to 9 year-old children in the Province already assists the Department in providing children and their families with access to a basic package of essential services. The Department of Social Development is the lead Department on the War on Poverty Strategy and maintains 45 food gardens in the Province, which are also linked to the Developmental Community Nutrition Centres. These centres provide regular nutritious meals to all individuals and households that have limited access to food due to poverty.

## **Vote 8: Local Government and Housing**

The Department of Local Government and Housing is key in ensuring the development and promotion of participative and integrated human settlements. The Department also aids in capacitating municipalities to deliver efficient services and to enable integrated and sustainable development.

The allocation to Local Government Housing amounts to R1.891 billion in 2009/10, R2.153 billion in 2010/11 and R2.437 billion in 2011/12.

*Funding for Integrated Housing and Human Settlement Development grows by almost 18 per cent*

Budget growth in the main appropriation is attributed to the increase in the national Integrated Housing and Human Settlement Development Grant (Housing Grant), which grows at an annual average of 17.93 per cent from a revised allocation of R1.306 billion in 2008/09 to R2.142 billion by 2011/12.

Human settlement development is a poverty alleviation instrument that generates housing assets for the people of the Western Cape and simultaneously creates employment opportunities, thereby promoting social cohesion and leveraging economic growth.

Over the 2009 MTEF, amounts of R1.581 billion in 2009/10, R1.869 billion in 2010/11 and R2.142 billion in 2011/12 are allocated towards the Integrated Housing and Human Settlement Development conditional grant. Included in these allocations is an amount of R400 million in 2009/10 dedicated to the N2 Gateway National Housing Lead Project.

In 2008/09, the Department's delivery targets are 18 000 serviced sites and 16 000 housing units. Similarly, for 2009/10 the Department has kept targets at these levels and is projecting to meet delivery of 18 000 serviced sites and increase the number housing units to 19 000 units.

The Isidima Strategy launched in 2007/08, aimed at developing subsidised housing in close proximity to economic hubs of towns and cities, is the Province's strategy for creating sustainable human settlements. This strategy is in line with the Provincial Spatial Development Framework (PSDF) and assists with increasing the rate at which the provincial housing backlog is addressed. Both the PSDF and Isidima seek to reduce commuter time, promote mixed-use, integrated developments, and promote economic growth opportunities. In short, provincial policies have a spatial dimension that will be fundamentally compromised in the presence of poorly conceptualised municipal Spatial Development Frameworks and Human Settlement Plans. The improvement of the latter two planning instruments through collaborative efforts between the Departments of Local Government and Housing as well as Environmental Affairs and Development Planning, aim to drive the Built Environment Support Programme (BESP). This focus is further supported by the collaborative efforts of the Department in conjunction with the Department of Environmental Affairs and relevant pilot municipalities in driving the Built Environment Support Programme (BESP).

Over the 2009 MTEF period, the Province has allocated R56.7 million for municipal capacity building to expand its 'hands-on support to municipalities'. These capacity building programmes enable municipalities to continue its drive to ensure quality and efficient service delivery.

*Additional allocations for capacity building and disaster management*

The basis for providing targeted municipal support, is knowledge of the capacity needs of municipalities. During 2008/09, the Department developed a Capacity-Building Strategy and District Support Plans for every District.

The Department is committed to strengthening Intergovernmental Relations (IGR) through intergovernmental forums and face-to-face engagements with municipalities.

Amounts of R14.635 million in 2009/10, R15.483 million in 2010/11 and R16.298 million 2011/12 have been allocated to operationalise the Provincial Emergency Management Centre.

#### Pro-active approvals to disaster management

The Department has been proactive in conducting detailed Risk and Vulnerability Assessments (RAVA) to assess disaster readiness and preparedness of all Municipal Disaster Management Centres. These are important initiatives given the eminent reality of climate change and retrospective insights gained from disasters which occurred in the Province previously, such as the xenophobic violence (May 2008), flooding incidents (July and November 2008) and fire disasters (January 2009). The need for preparedness and swift emergency responses are emphasised.

*CDW's facilitate access to government services*

Community Development Workers (CDWs) have continued to play an invaluable role in facilitating people's access to government services. CDWs together with relevant government departments have assisted communities to facilitate workshops on HIV/Aids, co-operatives, entrepreneurial skills, violence against women and children, fire awareness, and empowering farmwomen. They furthermore assist with establishing youth forums, community development projects, provide career guidance, and facilitate identity document application.

### **Vote 9: Environmental Affairs and Development Planning**

The Department of Environmental Affairs and Development Planning is allocated amounts of R266.757 million in 2009/10, R291.022 million in 2010/11 and R315.541 million in 2011/12.

*Identifying the legislative mandate of the Department*

These allocations enable the Department to approve and finalise various legislative mandates, including the Western Cape Planning and Development Amendment Act and Regulations, Biosphere Reserve Act, Western Cape White Paper on Sustainable Energy, Western Cape Provincial Spatial Development Framework, Health Care Waste Management Act and Regulations and Provincial Air Quality Management Plan.

The Department is also committed to leading mitigation measures as encompassed in the Climate Change Response Strategy and Action Plan. The earmarked funding allocated to Climate Change over the 2008 MTEF (R4.474 million in 2009/10 and R6.0 million in 2010/11) now forms part of the baseline of the Department.

To support 'integrated human settlements and the built environment, amounts of R5.8 million for 2009/10, R8 million for 2010/11 and R8.5 million for 2011/12 have been earmarked for the Built Environment Support Programme (BESP). This programme is a collaborative initiative between the Departments of Environmental Affairs and Development Planning, Local Government and Housing as well as the six pilot municipalities.

In addition, the Department remains committed to its basic service delivery and community outreach programmes which includes learner/educator capacity-building and environmental resource efficiency programmes (such as waste recovery/ recycling programmes and the launching of the 2Precious2Pollute initiative). The Department is also responsible for compliance and enforcement, the approval of environmental land-use, planning and management/development.

In acknowledgement of the significance of CapeNature's mandate, the Department transfers a total of R135.246 million in 2009/10 (which constitutes about 50 per cent of the Department's total budget), R148.578 million in 2010/11 and R162.434 million in 2011/12 to CapeNature. The stepped up allocation is specifically for personnel issues and associated costs amounting to R13 million in 2009/10, R20 million in 2010/11 and R28 million in 2011/12.

*Endorsing the mandate  
of CapeNature*

Included in the allocation to CapeNature is funding for infrastructure upgrades amounting to R20 million in 2009/10, R20 million in 2010/11 and R20.920 million in 2011/12. A further R23.8 million in 2009/10, R25.228 million in 2010/11 and R26.388 million in 2011/12 is to be allocated for fire management capacity (including EPWP fire fighting) and eradication of alien vegetation.

CapeNature is primarily responsible to achieve biodiversity and nature conservation performance goals. Also, the ongoing sustainable livelihood programme administered by CapeNature, constitutes an important community interface.

## Vote 10: Transport and Public Works

Over the 2009 MTEF, the Department receives R9.533 billion to capitalise on identified efficiencies and streamline core functions towards improved service delivery. Amounts of R3.523 billion in 2009/10 (12.1 per cent of the total Provincial Budget), R2.959 billion in 2010/11 and R3.051 billion in 2011/12 are allocated to this Department.

*Provincial Government  
Western Cape (PGWC)  
owned*

An amount of R1.588 billion over the 2009 MTEF, has been earmarked for the design, construction, maintenance and upgrade of facilities and property management functions within the Public Works Programme. The earmark focuses specific attention on maintaining the condition of PGWC buildings by addressing the maintenance and upgrading of existing facilities and more efficient and effective management of leased property.

The Department, in concert with the Provincial Treasury, is currently developing a 2020 Provincial Government CBD Office Accommodation Redevelopment Plan. This Plan will embrace the longer-term ideal of consolidating all head office accommodation in PGWC-owned facilities. In this manner the Department will be able to minimise the risk, cost and dependency on leased-in accommodation over the long term.

*Department preparing  
the Province for the full  
implementation of  
GIAMA*

The Department will be actively pursuing the full implementation of the Government Infrastructure Asset Management Act (GIAMA) over the 2009 MTEF. As part of the drive towards efficient management and maintenance of government properties, departments are now responsible for the construction and maintenance of facilities they utilise. In 2009, the Department will seek approval of the business case for the “user pay” principle for the utilisation of PGWC-owned property.

The expansion and maintenance of the Provincial Roads network remains a key component of growth and development in the Province. Over the 2009 MTEF the Roads Infrastructure Branch receives earmarked funding of R4.979 billion, of which R1.675 billion is for 2009/10.

*Key roads projects to be  
rounded off in  
anticipation of the 2010  
FIFA World Cup*

A number of road upgrade projects are currently underway in preparation for the heightened traffic volumes during the 2010 FIFA World Cup. These upgrades will enhance the carrying capacity, reduce congestion at key intersections and reduce travel times. Amongst the projects are the directional ramps at the Koeberg Interchange, Table Bay Boulevard, the N2 outbound between Borchards Quarry and Vanguard Drive, the N2 between Somerset West and Sir Lowry’s Pass and the N2 between White Bridge and Knysna. The Department has also partnered with the City of Cape Town on the upgrade of Hospital Bend, Granger Bay Boulevard and

the above-mentioned airport link along the N2. In addition to the upgrade projects, the Department will continue to maintain the existing road network through routine and periodic maintenance projects.

Flood damage to roads has become a regular occurrence. The resultant rehabilitation and reconstruction of damaged roads has placed significant strain on the Roads budget, more specifically on the road maintenance budget. The Transport Disaster Management Grant (R410.1 million) was received as part of the 2008 Adjusted Estimate. This will be used to augment current funding levels towards the repair of roads and the provincial transport networks in the Overberg, Central Karoo, Cape Winelands, Eden and West Coast District Municipalities damaged during November 2007 and July 2008.

The Department continues to work, in collaboration with the City of Cape Town, towards an integrated transport system in the Metropole. Improved accessibility to and levels of service of the road-based public transport system on all routes throughout the City has been recognised as a key path breaker to economic development by the iKapa GDS. To this end, the Department and the City of Cape Town are actively engaging via established work teams to improve communication, service delivery and ensure the effective resource use.

*Improved cooperation with the City of Cape Town to ensure improved accessibility to public transport*

The Department is presently reviewing the subsidised bus contract currently in effect within the City of Cape Town. A number of alternate subsidy schemes is being explored, one of which is a kilometer-based contract, to realise greater efficiencies and reduce costs to the Province whilst searching for improved levels of service. In the past, the Province merely acted as an agent for the National Department of Transport. In 2009/10, the Department receives the Public Transport Operations Grant amounting to R593.774 million. This grant effectively sees the Province as the principal contractor and accepting responsibility for the financial management of the contract and payment of the contractor.

The safety of commuters is a key aspect of the public transportation system. The implementation of the public transport Safety and Compliance Strategy commenced in late 2008 with the establishment of the Public Transport Inspectorate. This inspectorate aims to improve the safety of commuters and prevent lawlessness on public transport. There are currently 38 public transport inspectors executing roadworthy and operating license inspections. The Inspectorate will be working in close co-operation with law enforcement agencies active in the public transport system to enhance the protection services currently provided. In 2009, the Department intends

*Commuter safety boosted by implementation of the public transport Safety and Compliance Strategy*



increasing the number of Inspectorate staff, thus extending the reach of the Inspectorate.

Outside the Metropole, the Department is engaging with other municipalities on public transport matters, providing support and resources where required. This includes providing transfers for the planning and construction of public transport and non-motorised transport infrastructure, formulating “mobility strategies” for selected geographic areas and providing requisite financial and technical support for the drafting of statutory public transport plans and integrated transport.

The imminent enactment of the National Land Transport Bill has significant implications for the Department in terms of the provision of resources to municipalities on public transport related issues. The Department will be evaluating these implications in consultation with stakeholders.

*Skills development in the built environment remains high priority*

Skills development in the built environment remains a key priority for the Department over the 2009 MTEF. A number of initiatives will be extended over the 2009 MTEF and include: The Masakh i’Sizwe bursary scheme offered for degree-based technical and professional courses; the provision of mentored learnerships and experiential learning through the Learnership 1000 programme; and the Siyunyeka Contractor Incubator Programme.

The Department will spend R90.529 million over the MTEF towards enhancing internal capacity, particularly in its Public Works Programme. In 2008/09 the Department was able to recruit 55 Masakhi’Sizwe bursary scheme graduates. Once in the Department, these graduates’ skills sets are further developed through a combination of accredited and experiential training and mentoring by retired professionals and sector experts provided by the Department. A further 18 graduates are expected to join the Department in June 2009. At the end of 2008, the Department had a total 296 bursary holders at various institutions and stages of study.

The Learnership 1000 and the Siyunyeka Incubator Programmes are housed under the EPWP umbrella. To date, the Learnership 1000 Programme has delivered 613 certified trade specific artisans. The 2008/09 intake of the Learnership 1000 programme participants are presently awaiting moderation of their learners’ Portfolios of Evidence by the relevant SETAs. While funding of Phase 1 of the Learnership 1000 programme ended 2008/09, the Department has sourced funding for Phase 2 of the programme. The Siyunyeka Contractor Incubator will continue to develop the business management capacity of established contractors. At present



50 contractors are enrolled in the programme, with the first graduates expected in September 2009.

The Expanded Public Works Programme has achieved great success in the Western Cape, surpassing employment and skills development targets for three consecutive years. To build on this success, both in the Western Cape and nationally, the National Department of Public Works (DoPW) presented a strategic review of the first phase of the Expanded Public Works Programme in June 2008. This review evaluated the key outcomes of the programme and made recommendations for the next phase of the EPWP. The second phase will commence in 2009/10 and, utilising the lessons learned over the last 5 years and the abovementioned recommendations, aims to amongst other:

*Additional resources ploughed into creating more EPWP jobs*

- Increase the number of work opportunities created per annum;
- Increase the duration of work opportunities;
- Place an even greater focus on women, youth and the disabled;
- Increase the proportion of the budget spent on outputs, i.e. training, work opportunities created and income transferred.

The key innovation of the second phase of the EPWP is the implementation of a wage incentive. This incentive will assist the Province and municipalities in funding and further upscaling the EPWP. In 2009/10 the Department receives a national grant of R0.5 million towards the implementation of Phase 2. Funding for subsequent years will be based on the creation of employment and the subsequent achievement of targets agreed to by the Department and the National Department of Public Works.

*Further upscaling of the EPWP*

The ability of EPWP participants to find employment once they have acquired skills is an important outcome of the programme. To this end, the Department launched the Umsebenzi Job Opportunities Portal in August 2008. This online database of employment seekers and employers is able to match skills to available jobs in real-time. At present over 50 000 users have registered on the Portal and the intention is to have all unemployed persons registered on the Portal. Access to the Portal is facilitated through the establishment of centres where job seekers access the database at no cost. A centre was launched in Philippi in 2008, with more centres planned for 2009/10.

## **Vote 11: Agriculture**

Allocations to the Department of Agriculture amount to R398.607 million in 2009/10, R457.087 million in 2010/11 and R515.520 million in 2011/12.

*LARP accelerates land reform and support to new agricultural producers*

Agriculture is a key sector impacting on and critical for rural development, agrarian reform, poverty alleviation and food security. The strategic thrust in the agricultural sector, driven by the Land and Agrarian Reform Programme (LARP), is to accelerate land reform and increase support to new agricultural producers. Specific priorities for the provincial Department filtering down from national policy imperatives are increasing the number of black entrepreneurs in agribusiness, access to agricultural support services, agricultural production and agricultural trade. These priorities are targeted towards new and small-scale agricultural producers including land reform beneficiaries to increase their participation in the agricultural sector. Key interventions also relate to food security and the Department's efforts are focused towards improving food security for the poor and vulnerable.

The increase in Agriculture's budget in the 2009 MTEF includes a new conditional grant, Ilima/Letsema, amounting to R6 million in 2009/10, R24 million in 2010/11 and R48 million in 2011/12. This grant targets increasing food production initiatives by assisting emerging and previously disadvantaged farmers to use land more productively, particularly farming communities falling within poor economic and disaster prone areas of the country, so as to achieve an increase in agricultural production and assisting households to cope with rising food prices.

*The expansion of the CASP will address issues of food security*

The Comprehensive Agricultural Support Programme (CASP) Grant has also been boosted in the 2009 MTEF to expand agricultural support services, particularly to deal with issues of food security. A total of 166 CASP projects are currently supported in 2008/09 with 5 301 beneficiaries in the Province. About 70 per cent of these projects are linked to land reform. The Department has collaborated with the National Department of Agriculture to extend the CASP pillars to include marketing and business development, training, technical advisory services and knowledge and information management. In addition to providing infrastructure, a more comprehensive support package to land reform and other agricultural projects will now be funded through CASP.

Departmental plans to support projects to improve production and financial viability in 2009/10 include: rehabilitating community food gardens, implementing new food security projects, providing household production packs, raising awareness of food safety issues and supporting existing land reform projects. The Department's implementation agency, Casidra, which focuses on agricultural and economic development within a rural and land reform context, will assist with delivery on the Land and Agrarian Reform Programme.

Farmer Support and Development, the largest programme, in the Department receives R124.645 million, which is 31.27 per cent of the total Agriculture budget in 2009/10. This programme's budget houses both the CASP grant as well as the transfer to Casidra to maintain its institutional capacity.

A key focus area is to ensure that land reform beneficiaries and emerging farmers have access to markets to sell their agricultural produce. The Department continues to assist these farmers through delivering marketing services and developing and facilitating market access to local, national and international markets. The ultimate aim is to increase agricultural trade for the target groups. The Department aims to facilitate market access for 35 black entrepreneurs (25 to domestic and 10 to international markets). The proposed establishment of the Agri-business Investment Unit at Wesgro and the Agri BEE unit in the Department is to assist in increasing the number of black entrepreneurs in the agri-business industry.

*Ensure emerging farmers have access to markets*

Attracting and retaining personnel with scarce skills (engineers, engineering technicians and economists) remain a challenge. The Department will continue implementing its Human Capital Development Strategy (HCDS) to address the skills shortage through learnerships, internships, bursaries and training opportunities. In 2008/09, the Department had offered 105 internships and 48 external bursaries, the majority of which went to previously disadvantaged individuals. Training programmes intended for developing farmers and farm workers are being geared towards industry driven learnerships and skills packages that are relevant for the sector and region. The focus is on intensifying management and business skills, entrepreneurship and project management course offerings. Training will also be given to food security project beneficiaries and land reform and CASP beneficiaries will be mentored and coached to improve the overall sustainability of their enterprises and projects.

The Department continues to undertake a number of activities and projects linked to climate change. The Technology, Research and Development and the Sustainable Resource Management Programmes largely carry the climate change portfolio. Deliverables planned in 2009/10 with a specific emphasis on climate change are:

- Extending the waterwise and biodiversity campaign to the Central Karoo to highlight the importance of water, biodiversity and natural resources. In 2008/09, the campaign was rolled out to the West Coast and Eden district municipalities; and
- Investigating and investing in alternative agricultural practices/industries/markets e.g. research support to the ostrich industry to lessen the effects of climate change.

## Vote 12: Economic Development and Tourism

Over the 2009 MTEF the Department receives a total of R906.403 million, amounting to R276.466 million in 2009/10, R304.796 million in 2010/11 and R325.141 million in 2011/12.

The deteriorating economic situation brings to the fore the direct role of the Department in creating an economic environment that not only enhances the competitiveness of entrepreneurs and firms within the Western Cape, but importantly is able to offer interventions that support firms in combating job losses.

The vision that drives the activities of the Department is that of creating a “shared, sustainable, growing, labour-absorbing and globally competitive economy”. The Department intends taking strides towards achieving these goals by focusing on the following key deliverables for 2009/10; skills development, sector support, enterprise development, BBBEE, tourism, and the Work and Skills for 100 000 programme.

*The need to ensure better match between skills demand and skills supply*

The 2009 MTEF budget will be utilised to consolidate progress on existing programmes and in particular to strengthen supportive interventions around sustainable job creation. Ensuring that the workforce in the Western Cape is appropriately skilled and adaptable, is critical to ensuring a growing vibrant economy. Informed by the Micro Economic Development Strategy and in partnership with key stakeholders from industry, government and educational institutions - the focus on skills development is to ensure that the supply and quality of critical skills corresponds to the skills demand within the identified provincial priority sectors by facilitating appropriate training.

*Capacitating entrepreneurs with relevant skills*

The Department has included a particular focus on filling the skills gap that exists within small business. Skills development interventions are aimed at raising entrepreneurship confidence and instilling a culture of entrepreneurship amongst the marginalised people in the community. Capacitating entrepreneurs with the relevant skills and accredited training to start, grow and develop their businesses is imperative for sustainability.

Another skills area receiving attention focus is that of tourism skills development. The focus on the tourism sector presents an opportunity to deepen skills development interventions within rural areas. The Provincial Tourism Human Resource Development Strategy will enhance communication and accessibility to tourism opportunities by increasing the level of awareness of tourism, education and skills programmes and employment opportunities within the industry. The Department has instituted a bursary

programme, which offers bursaries for full time tertiary studies in tourism.

The Real Enterprise Development (RED Door) initiative is focused on supporting entrepreneurial activity within the second economy with the aim of maximising their transition to the formal economy thereby creating quality jobs and sustainable SME's. The RED initiative which consists of 12 RED Door centres and 6 mobile RED Doors, works in partnership with amongst others the Umsombomvu Youth Fund, Small Enterprise Development Agency (SEDA), South African Revenue Service (SARS) and various specialised service providers in providing financial and non financial services to entrepreneurs. A key programme is the voucher programme offered in collaboration with the City of Cape Town (specifically the city voucher programme) which provides "subsidies" to entrepreneurs in the form of mentorship, business plan development and other skills programmes such as cash flow management and tax information.

There are 16 sector bodies, which provide the platform for dialogue between the various stakeholders and companies. These constitute the principal implementation vehicles for the MEDS interventions and strategies. Ten of these Sector Bodies are well established and have a collective membership of 4 077 companies and stakeholders. A large proportion of members tend to be smaller companies and represent nearly 30 per cent of the targeted industries' workforce. Furthermore, 43 per cent of the Sector Bodies total members are BEE enterprises.

The Department is committed to increasing the number of BEE companies accessing its services. Of the nearly 7 500 SME's assisted over the past 4 years through the Sector Support Programme, 4 790 were BEE companies.

*Increase the number of BEE companies accessing services*

Only three of the Special Purpose Vehicles (SPV's) promote foreign direct investment, namely Calling the Cape, South African Oil and Gas Alliance (SAOGA) and the Cape Film Commission. Since 2006, these three SPV's have facilitated 145 investments worth R1.2 billion.

Skills development is a cross cutting theme running throughout most of the interventions of the Department. The special purpose vehicles have trained more than 8 200 people since 2005/06, the majority of which were previously disadvantaged individuals. Examples include the Boat Building Academy which is training 90 learners, and the Oil and Gas Skills Hub which has over 300 artisans being upskilled and/or trained with a placement rate of 90 per cent in jobs.

*Western Cape Liquor Act provides for the monitoring of 'social cost matters' of liquor*

A key function performed by the Department is that of Business Regulation and Governance. Key aspects of the Department's work revolve around regulatory services, consumer protection (Office of the Consumer Protector) and liquor regulation. The Western Cape Liquor Act (Act Nr 4 of 2008) and its provisions strengthens the regulatory powers of the Liquor Board. The focus areas of the Liquor Board extends beyond the processing of liquor licence applications to include amongst others: statutory obligations to monitor and report on social costs matters, the creation and management of a dedicated fund to deal with social cost consequences and education and awareness campaigns.

### **Vote 13: Cultural Affairs and Sport**

The Department of Cultural Affairs and Sport in total receives R296.445 million in 2009/10, R313 million in 2010/11 and R327.371 million in 2011/12 to promote the active participation in culture and sport, while developing talent and excellence towards strengthening the creative and wellness economies of the Western Cape. Included in the Department's allocation is conditional grant funding of R79.213 million in 2009/10, R86.470 million in 2010/11 and R91.658 million in 2011/12.

In 2009/10 the Department receives R38.237 million through the Mass Sport and Recreation Participation Programme to promote sport and recreation activities in communities and schools through mass participation and sport development. The R40.976 million received via the Community Library Services Grant in 2009/10 will continue to enable communities to gain access to knowledge and information to improve their social, economic and political situation.

*Introduction of a league system for school sport*

Over the 2009 MTEF, the Department will continue to make its presence felt in communities across the Province by setting a platform for a creative, active and empowered Western Cape. The Department will continue to facilitate the establishment of provincial structures to provide institutional support by empowering people in arts, culture, heritage, sport and recreation. Specifically in the area of sport, emphasis will be placed on the social legacy programmes for the 2010 World Cup and the introduction of a league system for school sport.

The Cultural Affairs programme aims to contribute to social and human capital development and sustainable economic growth and opportunities. This programme establishes and supports institutions to train and provide opportunities for up-coming artists in communities. Museums, which are also supported and maintained by the programme, are not only tourist attractions but also provide a high standard of education services to learners. Language Services provided by the programme promote multilingualism, redresses past

linguistic imbalances and develop the previously marginalised languages in the Province.

The Library and Archive services programmes support the 333 public library service points in the Western Cape. At present 1.12 million registered members borrow more than 20.4 million items per annum from our local libraries. In 2009/10, 275 000 new library material will be distributed throughout the province and 20 libraries will be provided with information and communication technology. The programme continues to improve the accessibility of libraries and in remote rural areas, book trolleys have been initiated and will continue to expand the service in 2009/10.

*Support 333 public library service points*

The Sport and Recreation programme is, amongst others, responsible for the promotion of healthy lifestyles and the development of school sport by ensuring mass participation, development of talent and the proper administration of school sport. Specialised football clinics and street football programmes aimed at the youth also serves as a vehicle for social transformation. These programmes also link with other initiatives in the Province to keep our children safe and healthy. In 2009/10 the programme will support 139 provincial sport federations to facilitate increased participation and excellence in sport and render capacity building programmes to 580 sport administrators and 320 coaches and technical officials. The school sport component of the programme supports more than 6 000 learners per year, participating in inter-provincial sport competitions; and provides support to 6 school sport facilities in 2009/10.

The Sport School in Kuils River exposes talented learners to high levels of coaching and participation. Since the school opened in 2007 the number of learners has increased from the initial intake of 65 to almost 250 in 2009. Since 2007, most of the learners have been taken up in provincial teams and some were also taken up in national squads.

*Learners from the sport school are taken up in provincial and national teams*

The Department also promotes major events, which include the Suidoosterfees, KKNK, Rittelfees, Hermanus Whale Festival, Cape Town Jazz Festival, Freedom and Heritages days with special emphasis on creating and maintaining a legacy in culture and sporting excellence.



## **Conclusion**

Departmental performance and plans are on track. From the departmental inputs received, there is heightened awareness that their task ahead is about improving access, effectiveness, quality, efficiency and equity in service delivery.

Departments have progressed in maturity to the extent that there is clearer focus on involving clients, through greater community and structured involvement in service delivery. The mechanisms used by departments are variable and include amongst others the use of modern technology (ICT solutions applicable to Provincial Parliament as well as the Department of the Premier), greater community involvement (Community Policing Forums and Hands Off Our Children Campaign as is the case with Community Safety; Protect Our Property as is the case with Education); etc.

In these tougher economic conditions, departments are consolidating initiatives undertaken in previous years to improve efficacy and efficiency.



# 8

## Expenditure by Economic Classification

This chapter presents the detail of the consolidated provincial expenditure by economic classification in terms of the international standard for classification, the Government Finance Statistics Manual (GFS 2001). Table 8.1 shows how the provincial government will deploy its resources over the 2009 MTEF and indicates the main division of expenditure in terms of current payments, transfers and subsidies and payments for capital assets.

National changes to the Standard Chart of Accounts were implemented on 1 April 2008 to mainly improve the infrastructure reporting process and item classification. For this reason Table 8.1 indicates the capitalised spending on compensation of employees and goods and services to date. Departments as yet are not familiar with all of the concepts of this new classification, and will take some time before they will be in a position to assign expenditures to accurate classifications.

With the global economic deceleration, emphasis is placed on improving public service efficiency by redirecting spending to front-line services. During the budget process departments were required to identify discretionary expenditure items particularly located in the goods and services category. These items include consultants, marketing and promotional as well as travel activities. Funding for these activities should be curtailed and reprioritised to more productive activities that facilitate the delivery of frontline services.

Provincial Treasury, in 2009, will embark on key assessments, creating awareness and emphasising the necessity for efficiency gains. Planned activities are not solely about identifying ways to cut costs, but rather increasing productivity, enhancing value for money and redirecting expenditure from non-core items to more productive activities. Thus the focus will be on efficiency savings where inputs

can be reduced for the same outputs; where greater outputs or improved quality can be attained for the same inputs, etc.

Some key assessment and evaluation activities will include:

- Evaluating spending and revenue collection at the lowest item level of the Standard Chart of Accounts (SCOA), e.g. spending on adverts for marketing, cellular and fixed line calls, subscriptions, etc.;
- Recognising items that drive costs within each department;
- Identifying and monitoring expenditure that should be prescribed by more stringent policies, e.g. expenditure on promotion and marketing, departmental catering, entertainment, foreign travel, consultant and agency cost, etc.; and
- Linking and analysing trends of related expenditure items e.g. compensation of employees and expenditure on consultants and agency staff.

Spearheading these efficiency drives will also allow for improved monitoring of the impact of existing programmes and the effectiveness of proposed interventions where inefficiencies existed. It will furthermore be essential in supporting the link between expenditure information and performance information, in order to augment understanding of how well budgets are transformed into outputs and eventually outcomes.

To achieve the desired outputs, it is important to ensure explicit links between the Annual Performance Plans, Budget, Quarterly Performance and Annual Reports.

Establishing the links between the aforementioned strategic performance plans of departments, the iKapa Growth and Development Strategy, related strategies such as the National Spatial Development Programme, the Provincial Spatial Development Framework, etc. and line sector departments are essential.

Table 8.1 Summary of provincial payments and estimates by economic classification

Economic classification R'000	Outcome			Main appro- piation 2008/09	Adjusted appro- piation 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2005/06	2006/07	2007/08				2009/10	2008/09	2010/11	2011/12
<b>Current payments</b>	12 556 141	14 192 957	16 335 433	18 701 272	19 244 874	19 293 429	<b>21 218 519</b>	9.98	23 284 328	25 010 994
Compensation of employees	8 837 198	9 709 057	11 249 267	12 980 230	13 391 673	13 404 117	<b>14 849 177</b>	10.78	16 203 729	17 447 301
Goods and services	3 708 608	4 469 423	5 038 989	5 717 685	5 849 045	5 881 065	<b>6 365 834</b>	8.24	7 076 925	7 559 866
Interest and rent on land										
Financial transactions in assets and liabilities	10 335	14 477	47 177	3 357	4 156	8 247	<b>3 508</b>	(57.46)	3 673	3 827
Unauthorised expenditure										
<b>Transfers and subsidies to</b>	2 703 064	2 933 351	3 494 789	4 202 298	4 449 024	4 505 079	<b>5 397 981</b>	19.82	5 354 385	5 924 489
Provinces and municipalities	471 250	355 482	331 277	545 371	704 201	759 193	<b>459 486</b>	(39.48)	498 839	528 809
Departmental agencies and accounts	160 121	211 521	151 579	158 922	176 132	176 143	<b>247 087</b>	40.28	266 727	290 734
Universities and technikons	55 631	4 325	1 726	1 888	3 388	3 384	<b>3 389</b>	0.15	3 561	3 706
Public corporations and private enterprises	46 523	49 511	71 500	70 951	86 218	86 562	<b>688 457</b>	695.33	122 657	132 539
Foreign governments and international organisations	88	94	103	120	120	121	<b>120</b>	(0.83)	132	145
Non-profit institutions	1 197 014	1 368 784	1 622 952	2 038 617	1 971 716	1 977 177	<b>2 254 499</b>	14.03	2 461 507	2 690 704
Households	772 437	943 634	1 315 652	1 386 429	1 507 249	1 502 499	<b>1 744 943</b>	16.14	2 000 962	2 277 852
<b>Payments for capital assets</b>	1 472 110	1 705 332	1 674 741	1 985 004	2 508 580	2 036 713	<b>2 392 513</b>	17.47	2 360 716	2 517 202
Buildings and other fixed structures	1 137 593	1 395 071	1 391 931	1 711 598	2 224 479	1 750 502	<b>2 054 051</b>	17.34	2 014 310	2 103 578
Machinery and equipment	279 606	261 594	256 000	258 482	254 873	256 788	<b>315 646</b>	22.92	320 261	385 385
Cultivated assets	1 049	75	57				<b>22</b>		23	25
Software and other intangible assets	14 462	21 048	18 702	11 123	25 427	25 622	<b>18 588</b>	(27.45)	21 716	23 608
Land and subsoil assets	39 400	27 544	8 051	3 801	3 801	3 801	<b>4 201</b>	10.52	4 401	4 601
Heritage assets							<b>5</b>		5	5
Specialised military assets										
<b>Total economic classification</b>	16 731 315	18 831 640	21 504 963	24 888 574	26 202 478	25 835 221	<b>29 009 013</b>	12.28	30 999 428	33 452 685
Direct charge	16 074	17 154	18 469	19 169	20 693	24 268	<b>25 329</b>	4.37	27 153	28 972
<b>Total economic classification (including direct charge)</b>	16 747 389	18 848 794	21 523 432	24 907 743	26 223 171	25 859 489	<b>29 034 342</b>	12.28	31 026 581	33 481 657

Note: Due to changes in public representations salary structures all related compensation of employees items have been incorporated as a direct charge.

## Compensation of employees

*Compensation of employees amounts to 51.19 per cent of 2009/10 budget*

Excluding direct charges, compensation of employees amounts to R14.849 billion or 51.19 per cent of total expenditure in 2009/10. In nominal terms, it grows on average by 9.19 per cent between 2008/09 and 2011/12 and takes account of the public service salary agreements negotiated in 2008. As a share of total expenditure, the amount spent on compensation of employees decreases by 0.97 percentage points from the 2008 Main Appropriation to the 2009 Budget.

**Table 8.2 Summary of personnel numbers and cost by vote**

Provincial department		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	As at 31 March 2012	
1.	Department of the Premier	(numbers) (R'000)	533 121 001	588 135 338	567 144 553	698 178 189	708 213 598	719 228 781	719 242 261
2.	Provincial Parliament	(numbers) (R'000)	51 10 935	55 11 411	62 14 227	93 19 465	94 27 203	100 30 594	100 32 585
3.	Provincial Treasury	(numbers) (R'000)	211 41 941	246 52 919	275 60 231	305 73 171	342 100 579	356 107 036	367 115 815
4.	Community Safety	(numbers) (R'000)	761 94 336	814 99 436	821 113 899	987 145 060	1 113 176 258	1 147 187 857	1 172 203 997
5.	Education	(numbers) (R'000)	38 505 4 962 469	38 207 5 253 453	39 727 5 904 035	39 850 7 046 663	40 181 7 719 367	40 296 8 403 460	40 969 9 087 741
6.	Health	(numbers) (R'000)	23 893 2 976 610	24 695 3 419 042	26 339 4 138 765	27 883 4 852 708	28 582 5 364 971	29 121 5 904 975	29 257 6 343 926
7.	Social Development	(numbers) (R'000)	1 662 151 086	1 670 182 348	1 815 242 112	1 832 288 130	1 910 301 501	1 916 315 493	1 916 332 391
8.	Local Government and Housing	(numbers) (R'000)	633 75 488	671 99 594	668 110 479	735 145 181	795 156 524	795 167 743	795 179 143
9.	Environmental Affairs and Development Planning	(numbers) (R'000)	266 46 414	266 50 436	270 56 218	302 69 645	388 93 265	386 100 665	385 107 266
10.	Transport and Public Works	(numbers) (R'000)	1 335 159 118	1 427 181 113	1 504 210 835	1 912 268 996	2 003 331 333	2 015 355 676	2 018 375 265
11.	Agriculture	(numbers) (R'000)	875 106 954	951 117 188	860 130 123	929 160 877	1 056 177 684	1 056 200 227	1 056 218 340
12.	Economic Development and Tourism	(numbers) (R'000)	160 27 084	159 30 372	164 36 488	196 54 731	252 65 039	252 73 313	252 77 192
13.	Cultural Affairs and Sport	(numbers) (R'000)	481 63 762	542 76 407	539 87 302	634 101 301	650 121 855	650 127 909	644 131 379
<b>Total provincial personnel numbers</b>			69 366	70 291	73 611	76 356	78 074	78 809	79 650
Total personnel cost (R'000)			8 837 198	9 709 057	11 249 267	13 404 117	14 849 177	16 203 729	17 447 301
Unit cost (R'000)			127	138	153	176	190	206	219

Table 8.2 shows that the number of personnel employed are projected to increase from 76 356 on 31 March 2009 to 79 650 on 31 March 2012. This represents an increase of 3 294 posts of which 41.71 per cent and 33.97 per cent are in the Department of Health and Education respectively. The increases in Health personnel are mainly attributed to: the expansion of District Health Services in the metro and rural regions; and the additional posts for health professionals. In the Department of Education, the expansion of the establishment can primarily be credited to the continued undertaking to appoint educators to reduce the teacher to learner ratio.

The growth in the number of posts within the Department of Community Safety is concentrated in the programme Security Risk Management. The department envisages appointing 90 security officers to enable the roll-out of the capacitation process of the Security Operations Directorate. This directorate will intensify security within the provincial government buildings in 2009.

*Over 2009 MTEF  
personnel numbers will  
increase by 3 294*

The personnel numbers in the departments of Social Development, Local Government and Housing, Agriculture and Economic Development and Tourism, remains static over the outer years of the 2009 MTEF period. These departments are planning to fill *all* vacancies on their establishments during 2009.

Over the 2009 MTEF the unit cost of personnel is projected to increase from R176 000 as at 31 March 2009 to R219 000 as at 31 March 2012. This constitutes an annual average increase of 7.56 per cent, which is mainly due to salary adjustments linked to inflation, the occupational specific dispensation (OSD) for teachers and nurses, as well as the continued implementation of the health professionals' remuneration review.

## **Transfers and Subsidies**

The 2009/10 allocation to public corporations and private enterprises under Transfers and Subsidies increases by 695 per cent or R601.895 million from the 2008 Revised estimate. The hike is directly linked to the new National Conditional Grant: Public Transport Operation allocation of R593.774 million for 2009/10 to the Department of Transport and Public Works. At this stage the grant remains unallocated in the outer 2 years of the 2009 MTEF and therefore the decreases indicated in Table 8.1.

The purpose of the grant is to provide supplementary funding towards public transport services provided by provincial departments of transport. Against the backdrop of recent legal action, the grant aims to convert existing and interim commuter bus services subsidies to negotiated contracts that are kilometer-based. Contracts

relating to bus services are still to be re-negotiated and awarded to public transport providers.

### **Capital expenditure**

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

Provincial capital investment in 2009/10 has increased by R407.509 million from the 2008/09 Main Appropriation. The share of capital expenditure in relation to the total Provincial budget excluding direct charges constitutes 8.25 per cent in 2009/10, 7.62 per cent in 2010/11 and 7.52 per cent in 2011/12. Table 8.1 shows that aggregate capital expenditure amounts to R2.393 billion in 2009/10 and grows on average by 7.32 per cent per year from a revised estimate of R2.037 billion in 2008/09 to R2.517 billion in 2011/12.

Capital expenditure in Education, Health and Transport and Public Works accounts for 96.8 per cent or R2.833 billion of total provincial capital investment in 2009/10. Chapter 10 discusses capital expenditure in greater detail.

# 9

## Expenditure on Training

Provincial departments have recently invested large amounts of funds and effort to ensure that they build the required skills capacity within departments. In doing this, they have engaged in a number of skills development initiatives to build capacity both internally to their departments as well as to nurture prospective staff external to the department.

*Develop capacity both internally and external to government departments*

Internal training initiatives aim to address the current skills shortages within departments and anticipated skills gaps within the broader public sector. These initiatives aim to strengthen identified skills competencies required for doing tasks within departments as well as fund courses to deal with identified skills needs such as presentation, writing, project management, diversity management and other skills. Other large scale internal training investments include in-service training of teachers, social workers, medical personnel and those enrolled at Agricultural colleges.

Provincial departments also spend large sums of funds targeted towards external recipients through the provision of bursaries to students for studies at institutions of higher learning. The initiatives to identify prospective employees, though driven by current and anticipated skill shortages and vacancies within departments to some extent, also give effect to future plans and demand for staff with particular skill sets.

The training of staff also transcends departmental boundaries in that in some instance staff within one department could also be subject to training provided from another department. Programmes on climate change, school safety, hands-off our children, renewable energy usage, information on the use of the libraries, motor skill development, substance abuse awareness campaigns, etc. are but a few of such examples.

*Departments are required to spend 1 per cent of their payroll on training*

In addition to internal and external skills development initiatives undertaken within departments, are efforts to build skills outside of departments. These relate to providing skills training though for example the Expanded Public Works Programmes, Working for Water, Conservation, Fire Management, Extension Services, etc. Other programmes are aimed at empowerment and these assist entrepreneurs with business skills development and support to small scale farmers.

The Skills Development Levies Act, 1999, requires that departments budget one per cent of payroll for the training and education of departmental employees. It is not mandatory for a public service employer to contribute directly to a Sectoral Education and Training Authority (SETA). However, 10 per cent of the minimum 1 per cent of the payroll should go to the line-function aligned SETA to support its administrative costs.

This provision in legislation, despite the fact that the requirements are not mandatory ensures that government departments maintain high levels of investment in human capital, build on the required skills and inculcate a culture of life long learning.

Departments in providing information have taken a variable approach to demonstrate their investment in training. Some have concentrated on internal training only, while others have provided information across their programmes and include both internal and external training and expenditure on training initiatives that extend within communities.

Expenditure on training as shown in Table 9.1 provides detail on staff development and related costs. Training expenditure is inclusive of the development of training materials and manuals, accommodation, subsistence and travel, tuition costs, bursaries, registration payments etc.

Table 9.1 includes the provision for training of Members of the Provincial Parliament.

The expenditure on training increases by 22.11 per cent from a revised estimate of R310.543 million in 2008/09 to R379.395 million in 2009/10.



**Table 9.1 Summary of provincial payments on training by vote**

Provincial department R'000	Outcome			Main appro- pria- tion 2008/09	Adjusted appro- pria- tion 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited 2005/06	Audited 2006/07	Audited 2007/08				% Change from Revised estimate			
							2009/10	2008/09	2010/11	2011/12
1. Department of the Premier	3 554	2 741	3 719	4 253	3 393	3 393	3 075	(9.37)	3 272	3 705
2. Provincial Parliament	165	255	717	395	559	559	362	(35.24)	362	362
3. Provincial Treasury	628	998	950	3 955	3 961	3 731	4 373	17.21	4 600	4 816
4. Community Safety	715	487	1 950	1 687	1 107	1 107	1 565	41.37	1 705	1 785
5. Education	41 606	52 098	54 939	68 590	68 590	68 590	118 245	72.39	122 999	132 192
6. Health	91 067	114 982	147 985	196 799	202 478	202 478	210 383	3.90	230 804	247 088
7. Social Development	310	340	374	374	374	7 773	8 220	5.75	5 001	5 199
8. Local Government and Housing	1 528	2 833	3 706	4 706	4 706	3 843	2 768	(27.97)	2 930	3 103
9. Environmental Affairs and Development Planning	1 163	977	977	1 438	1 422	1 081	1 513	39.96	1 468	1 625
10. Transport and Public Works	6 623	11 948	8 593	12 683	12 176	12 176	13 926	14.37	14 796	14 762
11. Agriculture	1 420	1 652	3 371	6 756	4 110	4 110	12 954	215.18	14 292	15 377
12. Economic Development and Tourism	377	1 002	994	567	567	567	647	14.11	680	680
13. Cultural Affairs and Sport	763	1 782	831	1 299	1 299	1 299	1 364	5.00	1 424	1 424
<b>Total provincial payments on training</b>	<b>149 919</b>	<b>192 095</b>	<b>229 106</b>	<b>303 502</b>	<b>304 742</b>	<b>310 707</b>	<b>379 395</b>	<b>22.11</b>	<b>404 333</b>	<b>432 118</b>

The Skills Development Act requires that all departments develop a Skills Development Plan in which the skills requirement and skills gaps are identified. Importantly these plans need to outline training interventions. The section that follows briefly describes the highlights of a number of skills development interventions undertaken by departments. Most departments have identified the need for financial management and supply chain management skills as an area requiring training.

*Departments are required to develop Skills Development Plans*

The Department of the Premier's key focus areas for training and development will be in Information Communication Technology. Bursaries will also be awarded to various staff members who pursue tertiary, education aligned to the department's objectives.

The Department of Education is focusing much of its internal training initiatives on enhancing curriculum delivery knowledge and skills in numeracy, literacy, mathematics, lifeskills, natural sciences, technology, economic management science, language and environmental education at the Cape Teaching and Learnership Institute. The beneficiaries of this programme are in-service educators required to improve their skills as it relates to changes necessitated by the curriculum. For 2009/10 the Department will enrol 3 000 educators in various courses at the Cape Teaching and Leadership Institute.

*In 2009/10 WCED will enrol 3 000 educators in various courses*

The WCED has over 900 educators and principals enrolled in the National Professional Diploma in Teaching and Advanced Certificate in Education programmes. The Department is in the process of piloting a Certificate in School Business Management, which is targeted at public service staff located in schools.

With regard to interventions targeted at external beneficiaries, the Department offers a bursary programme for aspiring educators in appropriate fields such as science and mathematics as well as providing a certificate course as part of the teaching assistant programme.

The Department of Health has adopted a multi-faceted approach in addressing its skills shortage. This approach includes offering bursaries, learnerships, internships and an EPWP programme. Bursaries are offered for full-time studies in, B Cur Nursing Degree, Nursing Diploma, B Pharm, MbCHB, Radiography and BSc Occupational Therapy. Learnership programmes are largely focused on Nursing, Basic Pharmacist Assistant and Diagnostic Radiography. The Department of Health also provides an internship programme focused on human resource management, public management, accounting, apprentice training (engineering, mechanical and electrical) and architecture. Another important intervention is that of the EPWP targeted at the training of Home Community Based Carers and the training of Data Capturers.

*Social Development offers social work scholarships, learnerships and bursaries*

In response to the Department of Social Development's skills needs, 78 Social Auxiliary workers will participate in a learnership programme during 2009/10. Furthermore, staff bursaries will be offered to 71 staff. As part of the Department's external training initiatives, the need to train more male social workers has been identified. In response to this the Department will be offering a Social Work Scholarship to 20 male students in 2009/10.

The Department of Environmental Affairs and Development Planning has identified the following skills shortages: Town and Regional Planners, Climate Change specialists, Pollution Management and Waste Management. The Department offers full-time and part-time bursaries, as well as internships in these specialised fields. Staff also attends workshops, seminars and training courses. The Department currently offers 29 bursaries, which includes 7 full-time bursary holders, 22 part-time bursary holders and 19 interns.

Skills shortages identified by the Department of Transport and Public Works are focused on the engineering and the built environment. Opportunities are provided to the general public wishing to study for degree-based technical and professional courses through the Department's Masakh'iSizwe bursary programme. The Department plans to offer 300 full-time bursaries as part of its Masakh'iSizwe programme.

*The Department of Transport and Public Works plans to offer 300 full-time bursaries*

The Department of Agriculture has identified the following skills shortages: internal auditing, organisational development, agricultural engineers, engineering technicians, veterinarians, animal health technicians, viticulturalists, agricultural scientists and agricultural economists. In addressing these skills needs the Department offers full-time and part-time bursaries (at least 100 per annum) to employees and the youth in the Province. The Department has a Young Professional Persons Programme which is an affirmative programme targeted at the following designated groups, women, black and disabled people which offers graduates the opportunity to complete either a Masters degree or Ph.D. An internship programme is also offered with placement within the Departments and stakeholders in agriculture. Learnership programmes are also offered for at least 100 students, and these learnership programmes are implemented with support from various agricultural industry bodies and the NSF Skills fund.

The Provincial Treasury, like all finance departments (treasuries and CFO structures in departments) finds it difficult to attract and retain staff with appropriate finance, economics, accounting and related skills. In addition to the fact that there may be a mismatch between the supply of and demand for these skills, the Treasury is often in competition with other provinces, state-owned enterprises and the private sector for the same skills set, who are all often in a better position to offer more attractive remuneration packages.

Provincial Treasury is however embarking on a number of initiatives to increase the talent pool and has set aside a budget of approximately R13.789 million over the 2009 MTEF to amongst others provide for training and development of its staff, supplemented by internal and external bursaries to deserving applicants.



# 10

## Infrastructure

### Introduction

Infrastructure is regarded as one of a number of interventions aimed at improving a country's economic growth prospects. The added benefit of infrastructure investment is that it provides for the delivery of much needed social and economic infrastructure and if used innovatively, can have a positive impact on poverty reduction strategies, particularly for the poorest segments of our society. Significant improvements to physical infrastructure are also considered to be of critical importance for, particularly the improvement in health, education, economic, and other outcomes.

The development of our infrastructure programme is at an advanced stage with many projects being implemented. These programmes in the main relate to the construction, upgrading and rehabilitation and maintenance of infrastructure in roads, education, health facilities, investment in modern and capacity enhancing technology. Further spin offs from these programmes aim to grow the economy and support broad-based development in the decades ahead.

While tabling a national deficit budget, the National Minister of Finance qualified that borrowing would be used to fund investment in infrastructure and capital projects. The advantages of such an approach are that the pace, duration and extent of indebtedness is a function of the efficiency of borrowing, effectiveness of spend and the absorptive capacity of the state to deliver on the investment. He also highlighted that the borrowed amounts would be sourced from global markets.

Funding infrastructure investments is considered non-recurrent expenditure and allows some flexibility with regard to the length and extent of borrowing or deficit financing. It is therefore possible to

reconsider government's position dependent on how the global markets react to the current global economic market conditions.

In considering financing our investment of infrastructure through international capital markets, it is important to view our capital investment in relation to: developments in global capital markets; Government's infrastructure priorities; best practice support for infrastructure delivery; departmental performance on infrastructure delivery; and integrated infrastructure plans and their linkages to various national strategies, plans and budgets over the 2009 MTEF.

### **Global Trends on Infrastructure**

Identifying a country's economic vulnerabilities is important from an investor's perspective as each government's effectiveness is considered in responding to the current economic turmoil. As such, emerging markets' vulnerability, their responses to the financial crisis, growing government involvement in the economy and prospects for infrastructure investment have been identified as important.

South Africa's decision to invest R787 billion in infrastructure over the medium term mirrors with international trends. Despite the global economic slowdown, in February 2009 the IMF was still projecting China and India (the two leading emerging countries in respect of infrastructure) to grow by 6.7 per cent and 5.1 per cent per year respectively, with substantial investment in infrastructure.

Other governments such as in the Arab Persian Gulf have also been planning significant investment in infrastructure, whilst several other countries have begun to review their plans and to seek infrastructure investment through public-private partnerships. (Sources: "Global Trends: Executive summaries, fourth quarter 2008"; "Global Infrastructure: Trend Monitor Outlook 2008-2012" and "International Monetary Fund:2009")

### **National and Provincial Priorities**

Better integration and alignment across national and provincial priorities are vital to the support of government's infrastructure delivery performance.

The infrastructure budgets of line sector departments, over the 2009/10 MTEF, provide a good indication of how the provincial priorities match the national priorities. These budgets include amongst others: strengthening the provision of infrastructure for taking health care to communities; provision of education facilities; and investment in roads and transport.

The key elements, as amongst other, contextualised by AsgiSA to achieve accelerated growth, are as follows:

- Provinces should use the National Spatial Development Plan (NSDP) as a framework to channel economic infrastructure resources, which should include housing subsidies, to areas of high growth potential and support municipalities to plan and develop infrastructure at levels that will be economically sustainable, given the trajectory of their economies;
- Provinces should invest in the provincial road network to improve freight and service logistics in provincial economies;
- Government has put in place the Expanded Public Works Programme (EPWP), through which the infrastructure sector aims to increase employment by introducing more labour-intensive construction methods. Further efforts of this programme are to develop the skills and capacity of workers and small contractors during the construction phase;
- The preparations for the 2010 FIFA World Cup are also a critical aspect of AsgiSA's drive to reconfigure infrastructure. The event is a catalyst for a number of strategic investments in roads, public transport and related infrastructure;
- According to the 2008 National Medium Term Budget Policy Statement (MTBPS), the infrastructure grant to provinces is revised upwards by R4.1 billion (total for all the provinces over the 2009 MTEF period) to address school infrastructure needs, including extending grade R infrastructure, upgrading schools for learners with special needs, the construction of school libraries, laboratories, sports fields and increased maintenance; and
- The National MTBPS 2008 also indicates that over the MTEF period an additional R728 million (total for the country) is recommended for the Hospital Revitalisation Programme to compensate for the effects of inflation and ensure that public hospitals are appropriately equipped and modernised.

The elements highlighted above implicitly require that the Province develop an integrated approach to planning and executing infrastructure delivery. It is therefore important that strong linkages exist between the Provincial Growth and Development Plan (PGDS), the Strategic Infrastructure Plan (SIP) and line sector infrastructure Plans.

## **Provincial Growth and Development Plan and Strategic Infrastructure Plan (SIP)**

The Strategic Infrastructure Plan (SIP) has been formulated within the framework of existing provincial strategies. In particular, it is in line with the Provincial Spatial Development Framework (PSDF), National Spatial Development Perspective (NSDP) and iKapa GDS. On the economic side, the SIP provides the foundation for the business environment required to support the acceleration of economic growth and job creation in key growth sectors identified in the Micro-Economic Development Strategy.

The iKapa GDS provides the strategic framework for investment in the Province whilst the primary purpose of the SIP is to align, coordinate, target and leverage public and private infrastructure on strategic priorities to accelerate shared growth and share the benefits with wider scope of beneficiaries.

## **Infrastructure Delivery Improvement Programme (IDIP)**

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

The Infrastructure Delivery Improvement Programme (IDIP), an initiative of National Treasury, is fundamentally a support and enablement initiative to identify and address capacity constraints and problems contributing to under-expenditure of capital infrastructure budgets by departments.

To give effect to the purpose of IDIP, National Treasury piloted an IDIP monitoring and reporting system in 2008 to reflect on the improvements in departmental efficiency and effectiveness to deliver infrastructure outputs. Five Performance Areas, against which the effectiveness and efficiency of IDIP are measured, have been identified as follows:

- Planning;
- Financial Management;
- Programme Management;
- Project Management, and
- Supply Chain Management;

The IDIP monitoring and reporting system, facilitated by Provincial Treasury, was applied in the last two quarters of 2008/09 in the Department of Education (client) and Department of Transport and Public Works (implementing agent). The outcome of the monitoring and reporting data has been communicated to National Treasury and to the respective role players within the Department of Education and the Department of Transport and Public Works. The IDIP Monitoring



and Reporting Report on the first quarter under review highlighted the “gap” in respect of Programme Management whilst the second report indicated an improvement of Programme Management, which could be attributed to the role of the IDIP Technical Assistance (TA).

The IDIP is now being rolled out in the Department of Health, allowing for the IDIP monitoring and reporting system to inform infrastructure delivery and performance 2009 and beyond.

## **Infrastructure Expenditure and Funding:**

### **Infrastructure Expenditure as at 31 December 2008**

Infrastructure expenditure for the Province, after the first nine months into the 2008/09 financial year, is at 41.38 per cent of the R3.194 billion adjusted infrastructure budget. The expenditure pattern is skewed by the late approval of business cases related to the construction of two hospitals (Mitchell’s Plain and Khayelitsha).

Departmental performance against the infrastructure budgets is generally on track and individual performance of the “bigger spending” infrastructure departments are provided below:

- *Education* reported expenditure of R169.001 million or 60.83 per cent against an adjusted budget allocation of R277.838 million.
- *Health* expenditure accounted for R301.661 million or 44.12 per cent against an adjusted budget of R683.722 million. Expenditure was affected by the late approval of business cases for the construction of Khayalitsha and Mitchell’s Plain Hospitals.
- *Transport and Public Works*, after the first nine months has spent R851.141 million or 44.80 per cent against an adjusted budget allocation of R1.900 billion. Expenditure was affected due to the transport disaster management grant amounting to R410.1 million received in the 2008/09 budget of which the largest portion will only be spend in 2009/10 budget.

### **Infrastructure Budget over the 2009 MTEF**

Table 10.1 below provides a summary of total provincial infrastructure payments and estimates by vote.

Investing in infrastructure remains a high priority for government.

Infrastructure investment includes capital and recurrent (maintenance) expenditures. The gross infrastructure budget for the 2009 MTEF period amounts to R9.247 billion, of which the majority goes to the Departments of Transport and Public Works (R5.335 billion), Health (R2.267 billion), Education (R1.314 billion) and Agriculture (R303 million). An amount of R13.5 million and

R14.1 million have been allocated to the Departments of the Premier and Social Development respectively.

**Table 10.1 Summary of provincial infrastructure payments and estimates by vote**

Provincial department R'000	Outcome			Main appro- piation 2008/09	Adjusted appro- piation 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited 2005/06	Audited 2006/07	Audited 2007/08				% Change from Revised estimate			
							2009/10	2008/09	2010/11	2011/12
1. Department of the Premier					20 500	20 500	13 500	(34.15)		
2. Provincial Parliament										
3. Provincial Treasury										
4. Community Safety										
5. Education	346 839	379 222	264 524	277 838	277 838	277 838	378 794	36.34	433 460	501 531
6. Health	217 025	349 259	421 298	635 787	683 722	509 068	712 224	39.91	737 210	817 629
7. Social Development				27 000	27 382	27 382	3 100	(88.68)	11 000	
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	1 105 497	1 432 907	1 504 188	1 513 986	1 900 077	1 900 077	1 742 253	(8.31)	1 737 787	1 855 262
11. Agriculture	67 979	34 706	36 634	46 512	52 633	52 633	76 725	45.77	96 751	129 942
12. Economic Development and Tourism										
13. Cultural Affairs and Sport				232 000	232 000	232 000		(100.00)		
<b>Total provincial infrastructure payments and estimates by vote</b>	<b>1 737 340</b>	<b>2 196 094</b>	<b>2 226 644</b>	<b>2 733 123</b>	<b>3 194 152</b>	<b>3 019 498</b>	<b>2 926 596</b>	<b>(3.08)</b>	<b>3 016 208</b>	<b>3 304 364</b>

## Infrastructure by category

### Introduction

The Province spends infrastructure funds on: new and replacement assets, maintenance and repairs, upgrades and additions and rehabilitation, renovations and refurbishments and other capital projects. The sections that follow provide more detail on the projected infrastructure expenditure for 2009/10, for each category of infrastructure spending.

Table 10.1 is a summary of provincial infrastructure expenditure by vote and category (new and other replacement assets, maintenance and repairs, upgrades and additions, rehabilitation, renovations and refurbishments capital projects).

### **New and replacement assets**

The largest allocation towards new and replacement of assets has been made by the Department of Education (R305.075 million) followed by the Departments of Health (R247.985 million) and Transport and Public Works (R80.5 million).

### **Maintenance and repairs**

The Department of Transport and Public Works, as the custodian of immovable assets, has the responsibility to promote optimal financial benefits throughout the life cycle of the assets it owns. Life cycle costs provide for recurrent maintenance to prevent the deterioration of the provincially-owned buildings. However, budget constraints over times have contributed to accumulated maintenance backlogs. Maintenance and repairs budgets over the 2009 MTEF period have increased quite substantially to reduce the current maintenance backlogs.

The total maintenance and repairs budget for the 2009/10 financial year, amounts to R615.898 million in 2009/10 or 21.04 per cent of the infrastructure budget. The allocation increases to R776.149 million in 2010/11 and to R878.285 million in 2011/12 accounting for 25.73 per cent and 26.58 per cent of the total infrastructure respectively.

The Department of Transport and Public Works has been allocated (R428.774 million), Health (R113.405 million) and Education (R73.719 million) in respect of maintenance and repairs.

### **Provincial Buildings**

An amount of R38.206 million has been allocated in the 2009/10 financial year for maintenance and repairs of general provincial buildings. Further amounts of R127.997 million and R197.794 million have been allocated by the Public Works programme for 2010/11 and 2011/12 respectively.

### **Roads Infrastructure**

The Transport and Roads programmes has allocated an amount of R390.568 million in the 2009/10 financial year for the maintenance of roads infrastructure, together with further amounts of R407.899 million and R426.948 million in 2010/11 and 2011/12 respectively.

*Road maintenance remains a top priority*

### **Upgrades and additions**

The overall allocation for upgrading and additions for the 2009/10 financial year amounts to R922.712 million in 2009/10 and represents 31.53 per cent of the total infrastructure allocation in that year.

It declines to R728.788 million (24.16 per cent of the total infrastructure allocation) and to R562.658 million (17.03 per cent of the total infrastructure allocation) in 2010/11 and 2011/12 respectively.

Under the “upgrades and additions” allocation, Transport and Public Works accounts for R772.968 million, followed by the Department of Health with R136.244 million and Department of Premier with R13.5 million.

### **Rehabilitation, renovations and refurbishments**

Rehabilitation, renovations and refurbishments takes the second biggest share of the allocation at R621.751 million or 21.24 per cent of the total allocation in 2009/10. This allocation increases to R761.232 million or 25.24 per cent of the total allocation in 2010/11. The allocation further increases to R862.531 million in 2011/12 or 26.10 per cent of the total allocation, due to increased rehabilitation of Roads infrastructure.

The Department of Transport and Public Works also accounts for the highest allocation for the rehabilitation, renovations and refurbishments category (R434.211 million) followed by the Department of Health (R187.540 million).

### **Professional fees**

Table 10.2 shows the provision for professional fees. It highlights that the Department of Transport and Public Works has allocated an annual amount of R338.011 million in 2009/10. The Department of Health has allocated R183.659 million for professional costs in 2009/10 and R107.633 million in each financial year thereafter i.e. in 2010/11 and 2011/12.

**Table 10.2 Summary of provincial infrastructure payments and estimates by category and vote**

Category R'000	Outcome			Main appro- pria- tion	Adjusted appro- pria- tion	Revised estimate	Medium-term estimate			
	Audited 2005/06	Audited 2006/07	Audited 2007/08				% Change from Revised estimate			
							2009/10	2008/09	2010/11	2011/12
<b>New and replacement assets</b> <sup>Note</sup>	306 897	365 391	265 031	661 617	801 475	767 971	<b>636 660</b>	(17.10)	625 888	841 548
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	270 665	289 416	227 438	225 475	225 475	225 475	<b>305 075</b>	35.30	331 184	393 118
6. Health	22 421	33 486	15 936	132 800	132 800	99 296	<b>247 985</b>	149.74	283 704	448 430
7. Social Development				27 000	27 382	27 382	<b>3 100</b>	(88.68)	11 000	
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	13 811	42 489	21 657	64 342	203 818	203 818	<b>80 500</b>	(60.50)		
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport				212 000	212 000	212 000		(100.00)		
<b>Maintenance and repairs</b> <sup>Note</sup>	401 148	550 415	562 011	580 164	606 072	606 072	<b>615 898</b>	1.62	776 149	878 285
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	76 174	89 806	37 086	52 363	52 363	52 363	<b>73 719</b>	40.78	102 276	108 413
6. Health	39 958	72 476	84 155	85 197	85 197	85 197	<b>113 405</b>	33.11	137 977	145 130
7. Social Development										
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	285 016	388 133	440 770	442 604	468 512	468 512	<b>428 774</b>	(8.48)	535 896	624 742
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
<b>Upgrades and additions</b> <sup>Note</sup>	10 079	67 918	102 472	618 745	627 416	618 326	<b>922 712</b>	49.23	728 788	562 658
1. Department of the Premier					20 500	20 500	<b>13 500</b>	(34.15)		
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health				89 275	83 108	74 018	<b>136 244</b>	84.07	106 229	125 368
7. Social Development										
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	10 079	67 918	102 472	509 470	503 808	503 808	<b>772 968</b>	53.43	622 559	437 290
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport				20 000	20 000	20 000				

Table 10.2 Summary of provincial infrastructure payments and estimates by category and vote (cont.)

Category R'000	Outcome			Main appro- piation 2008/09	Adjusted appro- piation 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited 2005/06	Audited 2006/07	Audited 2007/08				% Change from Revised estimate			
							2009/10	2008/09	2010/11	2011/12
<b>Rehabilitation, renovations and refurbishments</b> <sup>Note</sup>	719 386	921 080	964 012	699 243	303 679	180 619	621 751	244.23	761 232	862 531
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health	154 646	238 393	271 588	300 123	303 679	180 619	187 540	3.83	209 300	98 701
7. Social Development										
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	564 740	682 687	692 424	399 120			434 211		551 932	763 830
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
<b>Other capital projects</b> <sup>Note</sup>	299 830	291 290	333 118	173 354	855 510	846 510	129 575	(84.69)	124 151	159 342
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health		4 904	49 619	28 392	78 938	69 938	27 050	(61.32)		
7. Social Development										
8. Local Government and Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	231 851	251 680	246 865	98 450	723 939	723 939	25 800	(96.44)	27 400	29 400
11. Agriculture	67 979	34 706	36 634	46 512	52 633	52 633	76 725	45.77	96 751	129 942
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
<b>Total provincial infrastructure payments and estimates</b>	1 737 340	2 196 094	2 226 644	2 733 123	3 194 152	3 019 498	2 926 596	(3.08)	3 016 208	3 304 364

**Table 10.2 Summary of provincial infrastructure payments and estimates by category and vote (cont.)**

Category R'000	Outcome			Main appro- pria- tion 2008/09	Adjusted appro- pria- tion 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2005/06	2006/07	2007/08				2009/10	2008/09	2010/11	2011/12
<b>Professional fees</b>	205 817	290 287	338 307	371 664	371 664	371 664	<b>567 032</b>	52.57	497 186	555 565
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	29 992	48 212	52 312	68 101	68 101	68 101	<b>45 362</b>	(33.39)	52 423	88 012
6. Health a	40 385	41 343	84 259	140 000	140 000	140 000	<b>183 659</b>	31.19	107 633	107 633
7. Social Development										
8. Local Government and Housing										
9. Environmental Affairs and										
10. Transport and Public Works b	135 440	200 732	201 736	163 563	163 563	163 563	<b>338 011</b>	106.65	337 130	359 920
11. Agriculture										
12. Economic Development and										
13. Cultural Affairs and Sport										

<sup>a</sup> Calculated at 14% of total project cost.

<sup>b</sup> Calculated at 10% of project cost for Roads and Public Transport and 16% for Public Works.

Note: Inclusive of Professional fees.

## Infrastructure projects by department

### Transport and Public Works

#### **General provincial buildings**

The Department identified the following as key projects:

- The Shared Service Centre, for which an amount of R45.0 million has been made available to complete the project. The aim of this project is to house all transport related activities under one roof to provide a more efficient service to the public.
- The 2020 Head Office Accommodation Plan for which an amount of R5 million has been made available in 2009/10.
- The 2020 Regional Office Accommodation Redevelopment Plan for which an amount of R5 million has been made available for the planning of the project in 2009/10. Further amounts of R23.3 million each have been allocated for 2010/11 and 2011/12 financial years.
- The new office wing for Elsenburg, has an amount of R7.5 million, allocated for additions.

*Strong focus on the provision of accommodation over the MTEF period*

### **Roads Infrastructure**

Road infrastructure is a key priority for Provincial Government. This is demonstrated in the provision of R426.211 million towards the rehabilitation, renovation and refurbishments in the 2009/10 financial year. Further, amounts of R464.060 million and R523.260 million have been allocated in 2010/11 and 2011/12 respectively.

*Roads infrastructure spend remains a key priority*

A significant portion of the roads construction budget over the 2009/10 MTEF period, will be directed towards improving the carrying capacity of the network at key sections or points (Koeberg interchange and Table Bay Boulevard), where traffic flows are currently constrained. These upgrades will not only ease flows and reduce travel times, but will also improve traffic flows during the 2010 FIFA World Cup and beyond.

In summary, the following notable projects for the road upgrades provided for in the 2009/10 Budget:

- |                              |              |
|------------------------------|--------------|
| • C838 Caledon Hemel & Aarde | R15 million  |
| • C842 Pakhuis Pass          | R41 million  |
| • C837.2 N1 Merweville       | R14 million  |
| • C707.6 N1 Streetlighting   | R68 million  |
| • C733.3 Hazelden            | R51 million  |
| • C733.4 Broadlands          | R48 million  |
| • C880 Koeberg projects      | R289 million |
| • C776.2 Gansbaai            | R33 million  |
| • C847 Calitsdorp            | R23 million  |

These projects are partially funded by the Infrastructure Grant to Provinces (IGP).

### **Education**

The Department has allocated an amount of R305.075 million for the construction of new facilities in 2009/10. Further allocations of R331.184 million and R393.118 million have been made for 2010/11 and 2011/12 respectively.

Capital projects are usually funded over more than one financial year and the following provisions have been made for 2009/10:

- |                                |                 |
|--------------------------------|-----------------|
| • Avian Park Primary School    | R21.429 million |
| • Bongolethu Primary School    | R23.621 million |
| • Wallacedene Secondary School | R14.648 million |
| • Boystown Secondary School    | R19.803 million |

*Increase in Education's Infrastructure Budget*



- Blue Downs Primary School                      R25.054 million
- Tafelberg OLSO School                            R33.069 million
- Zwelihle Primary School                         R20.814 million
- Westlake Primary School                         R11.464 million
- Masibambane Secondary                         R12.6 million
- Grade R Classrooms                               R17.154 million

The maintenance and repairs budget shows a significant increase over the first two financial years from R73.719 million (2009/10) to R102.276 million (2010/11), and further increases to R108.413 million in the 2011/12 financial year.

### Health

The Health budget for 2009/10 amounts to R712.224 million, which includes professional fees and construction costs for various new health facilities. Funding for major projects is effected through the Hospital Revitalisation Programme (HRP). The HRP allocation increases sharply from 2008/09 to 2009/10 and is mainly due to the construction of the Khayelitsha and Mitchells Plain Hospitals. National Department of Health and the National Treasury have been requested for the R160 million (projected under spending in 2008/09 on HRP) be made available in 2009/10. A letter detailing the Department of Health's proposal for managing the R271 million Hospital Revitalisation Programme funding shortfall in the MTEF 2010/11, has been furnished to National Department of Health and the National Treasury.

*Khayelitsha and Mitchell's Plain hospitals will be constructed over the MTEF*

Amounts of R737.210 million and R817.629 million, including the cost of other capital projects and construction costs for the new hospitals, have been allocated in 2010/11 and 2011/12 respectively.

Primary Health care has been considerably strengthened in line with policy objectives of government in bringing services closer to the people. Accordingly, an amount of R136.244 million has been allocated in the 2009/10 financial year for upgrading and additions of Health facilities, while R106.229 million and R135.368 million have been allocated for 2010/11 and 2011/12 respectively.

The Department allocated an amount of R113.405 million in the 2009/10 financial year, for maintenance and repairs. Amounts of R137.977 million and R145.130 million have been allocated for 2010/11 and 2011/12 respectively. The detail per category of service fee for 2009/10 (i.e. per programme) is as follows:

- Community health facilities                      R21.200 million
- District hospital services                         R12.600 million

- Provincial hospital services R23.305 million
- Central hospital services R50 million
- Other facilities R6.3 million

### **Social Development**

The Department allocated an amount of R14.1 million for construction of abuse centres, of which R3.1 million has been allocated in 2009/10 and R11 million in 2010/11.

### **Department of the Premier**

A further amount of R13.5 million was allocated in 2009/10 for the upgrade of Philippi Stadium as a training facility for 2010 FIFA World Cup.

### **Conclusion**

The national budget indicates that the deficit is financed through borrowing and is for the investment in infrastructure or capital project delivery. It is therefore important that departments have the capacity to plan, execute and spend on infrastructure projects. In addition, these projects must be in line with best practices and thereby implicitly mean integrated delivery plans across sectors and within the Province with well conceptualised and achievable socio-economic benefits.

The Department of Transport and Public Works in collaboration with Provincial Treasury, will submit proposals to Cabinet on the broad strategic thrust for taking forward the 2020 Provincial Government CBD Office Accommodation Redevelopment Plan, in association with the Somerset redesign and Koeberg Interchange/Table Bay Boulevard redevelopment, as a mega project(s).

The objective of the mega projects funding process is to ensure that major capital projects in provinces are subjected to a consistent and sound appraisal process managed by the treasuries within the context of the budget process.

The proposed funding process will ensure that government gets value for money and that project funding is aligned with strategic planning priorities in a coordinated fashion. It will also institutionalise consultations between the spheres for large capital projects.

Investing in infrastructure has both economic and social spin offs. It creates an enabling environment, amongst others, to improve education and health outcomes. It creates employment for the unskilled and semi-skilled labour force, should labour intensive delivery methods be considered.

# 11

## Public-Private Partnerships

Public Private Partnerships (PPPs) are long-term contracts, between the public and private sector, with the objective to ensure delivery of well maintained, cost-effective infrastructure or services by leveraging private sector expertise funding and appropriate risk transfer, to the private sector.

PPPs are an option for the public sector to procure capital projects. This process is characterised by diligent planning and transparent bidding-features, which should be promoted in the public sector procurement environment. Moreover, the pressing service delivery challenges across all spheres of government suggest that PPPs could play an even greater role in the acceleration of infrastructure delivery in the country.

PPP methodology is managed under the PFMA (for national and provincial departments) and the MFMA (for municipalities) to, amongst others, ensure that an open and transparent framework is available to all stakeholders. In this way, mutual benefits are derived from such commercial transactions in the interests of the public at large. Optimal structuring of a PPP agreement contributes to profitability and sustained performance over the term of the concession period, yielding robust and attractive cash flows for investors in return for delivering better value for money for both government and ultimately the taxpayer.

Black economic empowerment (BEE) is a national policy objective, and PPPs are seen as a useful vehicle for promoting and developing BEE. This has been formalised in the Code of Good Practice for BEE in PPPs, which was issued in 2004 under the PFMA. BEE thresholds are built into the bidding and evaluation processes for PPPs, to promote and encourage BEE partners into such partnerships.

PPPs offer valuable opportunities for strong and sustainable BEE consortiums. The entire PPP process, from the appointment of the transaction advisor to the final procurement of the private party, ensures that BEE targets are consistently set and met. PPP BEE policy has been devised to achieve a broad-based and sustainable BEE outcome in every PPP project.

Outcomes are best achieved when government institutions have a very clear understanding of what type of infrastructure and services are required to meet the needs of the public. These needs have to be communicated to the market, which allows for private sector players to come together in consortia to offer the best mix of skills and devise creative solutions through cost-effective designs.

### Provincial Projects under implementation

Table 11.1 gives an overview in financial terms of past and current PPP projects. During the 2008/09 financial year, projects for eco-tourism and provincial and municipal interest in PPPs have gained some momentum.

**Table 11.1 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- p-riation 2008/09	Adjusted appro- p-riation 2008/09	Revised estimate 2008/09	Medium-term estimate			
		Audited 2005/06	Audited 2006/07	Audited 2007/08				% Change from Revised estimate			
								2009/10	2008/09	2010/11	2011/12
<b>Projects under implementation<sup>a</sup></b>		2 673	1 200	36 639	39 031	39 031	39 031	44 587	14.23	48 946	52 314
PPP unitary charge				34 995	36 956	36 956	36 956	42 491	14.98	46 740	50 012
Advisory fees		1 273			150	150	150	60	(60.00)	66	71
Revenue generated (if applicable)											
Project monitoring cost		1 400	1 200	1 644	1 925	1 925	1 925	2 036	5.77	2 140	2 231
<b>New projects<sup>b</sup></b>			1 633	11 138							
PPP unitary charge				10 811							
Advisory fees			1 633	327							
Revenue generated (if applicable)											
Project monitoring cost											
<b>Total Public-Private Partnership projects</b>		2 673	2 833	47 777	39 031	39 031	39 031	44 587	14.23	48 946	52 314

<sup>a</sup> Projects signed in terms of Treasury Regulation 16

<sup>b</sup> Projects in preparation, registered in terms of Treasury Regulation 16

*Completed projects include:*

- The Western Cape Rehabilitation Centre and the Lentegeur Hospital PPP has been in operation since March 2007 and Provincial Treasury provides on-going support and assistance to the Department of Health in terms of contract management, monitoring and evaluation.
- The Chapman's Peak Drive PPP project was signed in May 2003 and has been operational since December 2003. Unfortunately, the project was fraught with problems, from delays in obtaining the Record of Decision for the toll plazas to continuous rock falls and unsafe conditions, resulting in road closures. As a result of these events it was decided by the Premier of the Western Cape to appoint a high level team to investigate all matters pertaining to the long-term future of the toll road and the public private partnership viability between the Department of Transport and Public Works and the private consortium.

*Projects in progress:*

- The Department of Economic Development and Tourism (DEDAT), has appointed transaction advisors to investigate the revitalisation of the Outeniqua Choo Tjoe train, which operated out of George. Presently, the compilation of two business cases is in progress to try and find a viable and sustainable solution, if at all possible. The decision to either operate both lines or close a particular line or lines. (the line then either run from George to Knysna or from George to Mossel Bay) will be informed by the business cases. Public consultation meetings were held in Knysna and Mossel Bay to elicit comments and suggestions on the revitalisation of the Outeniqua Tjoe Choo train. However, the preferred option(s) will be investigated in detail by the transaction advisors to establish the viability of each case taking into account the technical considerations, the socio-economic implications, risk and financial sustainability.
- De Hoop - eco-tourism project: An interim agreement is in place until August 2009. In the meantime, Cape Nature is finalising the site hand-over in anticipation of the signing of the Final Concession Agreement before August 2009.
- Whale Trail 2 - eco-tourism project: The National Treasury Approval III (PPP agreement) submission is currently with the Provincial Department of Environmental Affairs and Planning and CapeNature is awaiting sign-off from the competent authority. The Record of Decision has been received from the National Department of Environmental Affairs and Tourism and work on the site plans has also commenced.

### **Municipal PPP Projects in progress**

- Oudtshoorn Municipality is in the process of appointing transaction advisors to assist the municipality on its airport project. A pre-feasibility study was undertaken and submitted to Provincial Treasury for comments.
- Overberg District Municipality is contemplating registering the Buffeljachts Resort as a PPP project.
- Beaufort West Municipality has appointed consultants for an Environmental Impact Assessment to be carried out for their Water Purification project. The groundwater exploration programme is currently being funded through the Municipal Infrastructure Grant. The Municipality is considering pursuing the PPP mode of procurement as they are not in a financial position to take out further loans.
- Theewaterskloof Municipality's transaction advisor for their "commercial" PPP project delivered the due diligence report in June 2008. A workshop was held in December 2008 to discuss the various property transactions, followed by a two-day workshop in February 2009 to further unpack these transactions.
- Bitou Municipality appointed transaction advisors in November 2008 to undertake work on the feasibility study for the Plettenberg Bay Airport. The Municipal Council has drafted a plan for the long-term leasing of the Airport and are evaluating the various options, including the possibility of a PPP.

# 12

## Summary of Transfers to Public Entities

This chapter highlights departmental allocations and transfers to Provincial Public Entities over the 2009 MTEF. These allocations are taken up in Tables 12.1 and 12.2 for the period 2005/06 to 2011/12.

**Table 12.1 Summary of provincial transfers to public entities by transferring departments**

Provincial department R'000	Outcome			Main appro- piation 2008/09	Adjusted appro- piation 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2005/06	2006/07	2007/08				2009/10	2008/09	2010/11	2011/12
1. Department of the Premier	4 000	14 700	16 074	16 042	17 442	17 442	14 881	( 14.68)	13 848	14 878
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	72 682	91 800	82 975	87 788	92 148	92 148	135 246	46.77	148 578	162 434
10. Transport and Public Works	5 500	1 582	500							
11. Agriculture	16 569	13 872	25 120	37 180	47 500	47 500	51 515	8.45	73 251	79 483
12. Economic Development and Tourism	71 890	71 441	81 356	74 100	88 482	88 732	124 535	40.35	137 846	149 071
13. Cultural Affairs and Sport	10 165	9 669	1 957	2 000	2 000	2 000	1 883	( 5.85)	2 009	2 085
<b>Total departmental transfers to public entities</b>	<b>180 806</b>	<b>203 064</b>	<b>207 982</b>	<b>217 110</b>	<b>247 572</b>	<b>247 822</b>	<b>328 060</b>	<b>32.38</b>	<b>375 532</b>	<b>407 951</b>

**Table 12.2 Summary of departmental transfers to public entities by transferring department**

Public entities (transferring department) R'000	Outcome			Main appro- piation 2008/09	Adjusted appro- piation 2008/09	Revised estimate 2008/09	Medium-term estimate		
	Audited 2005/06	Audited 2006/07	Audited 2007/08				2009/10	2010/11	2011/12
<b>Major public entities:</b>									
1. Independent Development Trust: Vote 10: Transport and Public Works	5 000	1 082							
2. Airports company of South Africa (ACSA) Vote 12: Economic Development and Tourism			150						
<b>National Government Business Enterprises:</b>									
3. South African Rail Commuter Corporation Vote 10: Transport and Public Works			500						
4. Artscape Vote 13: Cultural Affairs and Sport	116	120	125	130	130	130	125	130	135
<b>National public entities:</b>									
5. Agricultural Research Council Vote 11: Agriculture	350			200					
6. South African National Parks (SANPARKS) Vote 12: Economic Development and Tourism			275		1 350	1 350			
7. Council for Scientific and Industrial Research Vote 12: Economic Development and Tourism		7 500	10 500	2 500					
<b>Provincial Government Business Enterprises:</b>									
8. Casidra (Pty) Ltd	37 599	38 972	54 731	64 530	81 936	82 186	90 700	119 370	128 543
Vote 11: Agriculture	16 219	13 872	25 120	36 980	47 500	47 500	51 515	73 251	79 483
Vote 10: Transport and Public Works	500	500							
Vote 12: Economic Development and Tourism	20 880	24 600	29 611	27 550	34 436	34 686	39 185	46 119	49 060
<b>Western Cape public entities:</b>									
9. Western Cape Cultural Commission Vote 13: Cultural Affairs and Sport	8 497	7 997	640	668	668	668	595	650	700
10. Western Cape Gambling and Racing Board Vote 3: Provincial Treasury									
11. Western Cape Investment and Trade Promotion Agency (Wesgro) Vote 12: Economic Development and Tourism	24 500	11 291	11 450	15 400	20 046	20 046	21 914	25 000	29 000
12. Western Cape Language Committee Vote 13: Cultural Affairs and Sport	602	602	242	252	252	252	263	279	300
13. Western Cape Liquor Board Vote 12: Economic Development and Tourism							20 000	21 040	23 184
14. Western Cape Nature Conservation Board Vote 9: Environmental Affairs and Development	72 682	91 790	82 975	87 788	92 148	92 148	135 246	148 578	162 434
15. Western Cape Provincial Development Council Vote 1: Department of the Premier	4 000	5 800	6 574	7 042	7 542	7 542	6 531	5 946	6 387
Vote 12: Economic Development and Tourism	4 000	5 800	6 574	7 042	7 042	7 042	6 381	5 796	6 237
16. Western Cape Destination Marketing Organisation Vote 12: Economic Development and Tourism	26 510	27 050	28 370	28 650	32 150	32 150	43 286	45 537	47 677
17. National Youth Commission Vote 9: Environmental Affairs and Development		10							
18. Western Cape Provincial Youth Commission Vote 1: Department of the Premier		8 900	9 500	9 000	10 400	10 400	8 500	8 052	8 641
<b>Not listed in PFMA, but indicated as a public entity in Budget Statement 2:</b>									
19. Heritage Western Cape	950	950	950	950	950	950	900	950	950
20. Small Enterprise Development Agency (SEDA) Vote 12: Economic Development and Tourism		1 000	1 000						
<b>Total</b>	<b>180 806</b>	<b>203 064</b>	<b>207 982</b>	<b>217 110</b>	<b>247 572</b>	<b>247 822</b>	<b>328 060</b>	<b>375 532</b>	<b>407 951</b>



As indicated in Tables 12.1 and 12.2 public entities will receive allocations amounting to R328.260 million from various provincial departments in 2009/10. This represents a total increase of R80.438 million or 32.46 per cent from the 2008/09 revised estimates of R247.822 million.

*Provincial Departments  
will transfer  
R328.260 million to  
public entities in  
2009/10*

Provincial Departments transfer funds to amongst others: Western Cape Nature Conservation Board, The Liquor Board, Destination Marketing Organisation, Western Cape Investment and Trade Promotion Agency (Wesgro) and Casidra.

The Western Cape Nature Conservation Board (CapeNature), reporting to the Minister responsible for Local Government, Environmental Affairs and Development Planning receives the lion's share of all transfers to public entities. Transfers to CapeNature amount to R135.246 million in 2009/10, R148.578 million in 2010/11 and R162.434 million in 2011/12. These transfers are intended to address specific challenges related to personnel remuneration, infrastructure and fire management capacity.

Provision for personnel improvements in conditions of service (ICS) and associated costs amounting to R13 million in 2009/10, R20 million in 2010/11 and R28 million in 2011/12 have been allocated to CapeNature.

In addition, amounts totaling R20 million in 2009/10, R20 million in 2010/11 and R20.920 million in 2011/12 have been added to support infrastructure upgrades. The infrastructure upgrades of existing facilities cover mainly (although not exclusively) improvements in campsites, overnight facilities, picnic sites and ablution facilities. A portion of the allocation will be used for the development and planning of adventure tourism destinations and hubs at some locations.

Allocations to CapeNature also accommodate fire fighting and fire management capacity and to expand the fire fighting ground crew, as well as to eradicate and manage invasive alien vegetation. For these purposes funds amounting to R23.8 million in 2009/10, R25.228 million in 2010/11 and R26.388 million in 2011/12 have been allocated.

Four Public Entities report to the Minister of Finance, Economic Development and Tourism, which include the Western Cape Gambling and Racing Board, Western Cape Liquor Board, Destination Marketing Organisation (Western Cape Tourism) and the Western Cape Investment and Trade Promotion Agency (Wesgro).

*The WCGRB has been self-financing since 2004/05*

The **Western Cape Gambling and Racing Board** has been self-financing since 2004/05 and to date have not required any financial assistance or transfers from the Provincial Government, although this might change in future years.

The **Liquor Board** will receive amounts of R20 million in 2009/10, R21.040 million in 2010/11 and R23.184 million in 2011/12. The main priority for the Liquor Board (a schedule 3C public entity in terms of the Public Finance Management Act, 1999) will be the rollout and implementation of the new provincial Liquor Act (Act No. 4 of 2008). Restructuring of the Liquor Board (which is currently a division within the Department of Economic Development and Tourism) is to accommodate the new scope and functions, which the Board would now need to perform. These include regulatory functions such as issuing and monitoring compliance with liquor licences as well as having a vital role to play in mitigating the negative social and economic impacts associated with stricter controls over the sale and consumption of liquor.

The initiatives to bring unlicensed previously disadvantaged liquor retailers into the mainstream of the industry are underway, through training and providing access to business support, and where possible, financing. Furthermore, downstream opportunities presented by the staging of 2010 FIFA World Cup events in the Western Cape will also be investigated.

The **Destination Marketing Organisation** (Western Cape Tourism) will receive significant increases over the 2009 MTEF, amounting to R43.286 million in 2009/10, R45.537 million in 2010/11 and R47.677 million in 2011/12, thereby placing it in a position to fully exploit the international leisure and business tourism marketing opportunities presented by the 2010 FIFA World Cup and to leverage further funding to achieve this objective.

*Wesgro has been successful in creating 22 000 jobs over the past 5 years*

The **Western Cape Investment and Trade Promotion Agency (Wesgro)** will be funded at about the same level as before with R21.914 million in 2009/10, R25 million in 2010/11 and R29 million in 2011/12. The priorities in the year ahead will be on strengthening the institution and its investment and trade facilitation and recruitment role in the Province, particularly the recruitment of targeted investments.

Wesgro will actively coordinate all trade and investment facilitation and recruitment work in the Province. The successes of the Entity reportedly include gathering in excess of R9 billion of investment in new ventures and the consequent creation of approximately 22 000 jobs over the past five years. The Provincial Government's support for Wesgro and its initiatives will be upscaled to ensure that

it is able to restructure itself to expand on its proactive trade and investment recruitment activities and to coordinate and finance international business promotion activities undertaken by industry bodies supported by the Provincial Government.

**Casidra (Pty) Ltd** is a schedule 3C Public Entity reporting to the Provincial Minister of Agriculture. This entity receives R90.7 million in 2009/10, R119.370 million in 2010/11 and R128.543 million in 2011/12 from two provincial departments, namely Agriculture and Economic Development and Tourism.

*Transfers to Casidra fund the implementation of infrastructure projects for emerging farmers*

Agriculture, as the provincial parent department of this entity, is the biggest provincial contributor in Casidra at R51.515 million in 2009/10, R73.251 million in 2010/11 and R79.483 million in 2011/12. The transfer will be used to maintain the core institutional capacity of Casidra as well as implement infrastructure projects for emerging farmers in terms of Land and Agrarian Reform Programme (LARP). These conditions are as stipulated in the shareholders' compact agreement and ensure that Casidra is transformed to deliver on agrarian and land reform, by focusing on agricultural and economic development within a rural and land reform context.

The remaining R39.185 million in 2009/10, R46.119 million in 2010/11 and R49.060 million in 2011/12 is contributed by the Department of Economic Development and Tourism to strengthen integrated economic development services and expand government support services to rural areas.

The **Provincial Development Council (PDC)** and the **Western Cape Youth Commission** report to the Department of the Premier. The PDC receives amounts of R6.531 million in 2009/10, R5.946 million in 2010/11 and R6.387 million in 2011/12. The Western Cape Provincial Youth Commission will receive R8.500 million in 2009/10, R8.052 million in 2010/11 and R8.641 million in 2011/12 to coordinate, monitor and promote the development of young people by ensuring the implementation of an integrated youth development framework.



# 13

## Transfers to Local Government

In terms of the Local Government Municipal Finance Management Act, 2003 (MFMA) and the DORA, the MEC for Finance in the Province is required to publish particulars of all allocations made to each municipality. Although the Provincial Parliament only appropriates allocations for the first year of the MTEF, the allocations over a three year period must be given due to the legislative requirements. The Provincial Treasury is required by the annual 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 2011/12 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 report on progress made on issues emanating from LGMTEC 1 and to inform municipalities on the indicative allocations they plan to transfer to municipalities over the MTEF. The LGMTEC 2 engagement with municipalities is scheduled to take place on 5 March 2009, during which the final transfers will be discussed with municipal managers and CFOs; and
- LGMTEC 3 deals with the provincial assessment of the draft municipal budgets and legal requirements to table these assessments in their Councils. A further requirement is to report on the extent to which Provincial comments on the draft budget were considered.

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 2009 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 MTEF period.

The public release of this information, firstly, enables municipalities to better plan, budget and implement associated programmes over a three-year budgeting cycle. Sources and levels of provincial funding are made predictable and criteria on which these allocations are based would be made transparent for municipalities by their public disclosure. Secondly, the release of information assists the provincial and local spheres of government to better align their plans and spending priorities.

The Provincial Treasury intends to make a working document available that will contain, firstly, the allocations per project and ward and secondly, the spatial spending in the Provincial budget per municipality per ward but at this stage only for the following Departments:

- Department of Education
- Department of Health
- Department of Social Development
- Department of Local Government and Housing
- Department of Transport and Public Works

Provincial transfers to municipalities as indicated in Table 13.1, are budgeted to increase from a revised allocation of R1.487 billion in 2008/09 to R1.321 billion in 2009/10. In 2011/12 the transfers to municipalities are budgeted to increase from R1.517 billion in 2010/11 to R1.762 billion.

Table 13.1 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 decrease from a revised allocation of R1.009 billion in 2008/09 to R892.482 million in 2009/10. The amounts transferred are budgeted to increase in 2010/11 to R1.019 billion and to R1.177 billion in 2011/12.

For Category B municipalities, provincial transfers are budgeted to increase from a revised estimate of R457.967 million in 2008/09 to R413.425 million in 2009/10 and R487.405 million in 2010/11. The amount is budgeted to increase further in 2011/12 to R575.269 million.

Allocations to Category C municipalities are budgeted to decrease year-on-year from a revised estimate of R19.514 million in 2008/09 to R15.259 million in 2009/10 and R7.568 million in 2010/11. The amount is budgeted to increase slightly in 2011/12 to R7.723 million.

Amounts of R2.050 million and R2.150 million are classified as "other" in 2010/11 and 2011/12, respectively. These amounts are under "Other", which is the prize money for the Cleanest Town Competition to be allocated as soon as the names of the winning municipalities are known during November/December.

**Table 13.1 Summary of provincial transfers to local government by category**

Departmental transfers R'000	Outcome			Main appro- priation 2008/09	Adjusted appro- priation 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited 2005/06	Audited 2006/07	Audited 2007/08				% Change from Revised estimate			
							2009/10	2008/09	2010/11	2011/12
Category A	551 279	509 852	922 537	1 002 226	1 010 361	1 009 316	<b>892 482</b>	(11.58)	1 019 408	1 176 968
Category B	290 710	323 835	400 531	366 487	457 967	457 967	<b>413 425</b>	(9.73)	487 405	575 269
Category C	87 134	40 857	37 879	18 087	18 439	19 514	<b>15 259</b>	(21.80)	7 568	7 723
<b>Other</b>			12 117						2 050	2 150
<b>Total provincial transfers to local government</b>	<b>929 123</b>	<b>874 544</b>	<b>1 373 064</b>	<b>1 386 800</b>	<b>1 486 767</b>	<b>1 486 797</b>	<b>1 321 166</b>	(11.14)	<b>1 516 431</b>	<b>1 762 110</b>

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





# 14

## Provincial Payments and Estimates within Metro, District and Local Municipalities

Nationally and provincially there exist an array of guidelines, perspectives, strategies and policies, which suggest that the government's focus should be on localities of economic growth and economic potential in order to stimulate sustainable economic activities and create long-term employment opportunities. Therefore, localities with the potential to become major economic growth nodes and create regional gateways to the global economy, should be supported.

The National Spatial Development Perspective (NSDP) suggests a more economically functional categorisation of spaces. It seeks to classify areas in terms of their economic potential and needs. The NSDP argues that, in areas with both potential and need, government should fund fixed capital investment. In areas with only need with low economic activity, a basic package of service should be provided including social transfers, human development and labour market intelligence. In the latter areas, people would be enabled to migrate into ones with greater economic opportunities. However, not all localities will necessarily have the economic base or competitive advantage to sustain the required growth, as recognised in the NSDP. Thus, what is required is to promote locality development that is cost-effective in terms of economic growth and not to expect that all municipalities can attain the characteristics of a complex local economy. An unintended consequence of stimulating local economic potential is that, in some cases, the increased income or reduction in

poverty will mean out-migration to areas with greater economic opportunity.

The NSDP envisages a situation where South Africa will become a nation in which investment in infrastructure and development programmes support government's growth and development objectives by focusing economic growth and employment creation in areas where this is most effective and sustainable.

Closer to home in the Western Cape, the iKapa GDS vision has four general outcome goals:

- increasing economic growth;
- increasing employment and economic participation;
- reducing geographic and socio-economic inequality; and
- improving the municipal-provincial interface.

*iKapa GDS identifies eight key developmental programmes*

The iKapa GDS strategy identifies its eight key developmental programmes as follows:

- Building Social Capital with an emphasis on Youth;
- Building Human Capital with an emphasis on Youth;
- Strategic Infrastructure Plan;
- The Micro-Economic Development Strategy;
- The Provincial Spatial Development Framework;
- Coordination and Communication;
- Improving Financial Governance; and
- Provincialisation of municipal-rendered Services.

In terms of the provincial Strategic Infrastructure Plan (SIP), the challenge is to spend strategically on infrastructure in locations where the economic and social returns will be the highest. In this regard the Western Cape government has committed itself to maintaining and developing economic and social infrastructure in a manner that addresses development in space and the economy.

The SIP forms part of governments' strategy to enable economic and social activity. Based on the principles of the Western Cape Provincial Spatial Development Framework, the primary purpose of the SIP is to guide infrastructure investment by both the public and private sectors over the next five to ten years and to improve the management and use of the State's existing infrastructure assets.

The WCPSDF is guided by the following NSDP normative principles based on national and provincial policy and includes, amongst others, that:

- Government spending on fixed investment should prioritise areas of economic growth or economic potential;
- Settlement growth and economic development opportunities should be channeled into activity corridors and nodes adjacent to or linked to the main growth centres;

Based on data assessment, the WCPSDF has identified growing or developing towns of which each relates to a particular municipality.

The information in Table 14.1 illustrates clearly how the Province's entire budget of R29.009 billion is spatially spent throughout the Province and informed by the principles of the NSDP, the iKapa GDS vision, the SIP and the WCPSDF. Table 14.1 lists payments from provincial departments to be spent in municipal jurisdictional areas. Total allocations in 2009/10 increased by R3.174 billion or 12.28 per cent compared to the revised estimate in 2008/09.

Table 14.1 Provincial payments and estimates by district and local municipalities

Municipalities R'000	Outcome			Main appropriation 2008/09	Adjusted appropriation 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited 2005/06	Audited 2006/07	Audited 2007/08				% Change from Revised estimate			
							2009/10	2008/09	2010/11	2011/12
<b>Cape Town Metro</b>	11 652 277	13 052 603	15 551 992	17 372 803	18 168 687	18 131 877	<b>20 411 783</b>	12.57	21 447 422	22 837 426
<b>West Coast Municipalities</b>	803 885	969 003	899 990	1 249 022	1 286 569	1 280 495	<b>1 358 636</b>	6.10	1 443 829	1 647 180
Matzikama	104 490	108 735	153 402	175 480	182 775	182 077	<b>195 881</b>	7.58	213 130	254 405
Cederberg	109 159	118 298	138 595	218 989	228 351	227 913	<b>233 151</b>	2.30	245 965	254 234
Bergrivier	51 394	56 061	80 101	97 866	104 864	104 568	<b>109 911</b>	5.11	120 626	130 939
Saldanha Bay	119 444	142 268	176 129	234 918	239 844	238 723	<b>295 594</b>	23.82	292 065	328 456
Swartland	214 298	227 583	248 472	504 242	511 446	509 805	<b>503 222</b>	(1.29)	549 418	654 996
Across wards and municipal projects	205 100	316 058	103 291	17 527	19 289	17 409	<b>20 877</b>	19.92	22 625	24 150
<b>Cape Winelands Municipalities</b>	2 034 198	2 293 988	2 518 550	2 994 431	3 168 078	3 149 781	<b>3 514 000</b>	11.56	4 172 005	4 653 252
Witzenberg	150 398	152 432	196 946	231 719	236 193	235 542	<b>263 983</b>	12.07	394 244	444 493
Drakenstein	469 860	512 550	703 214	881 732	916 490	911 325	<b>1 107 239</b>	21.50	1 225 557	1 351 755
Stellenbosch	378 155	403 680	505 486	591 301	622 608	621 510	<b>685 625</b>	10.32	789 378	841 865
Breede Valley	502 799	564 168	660 831	820 654	854 056	849 041	<b>945 941</b>	11.41	1 205 493	1 293 223
Breede River/Winelands	136 691	150 330	271 909	236 334	304 777	304 088	<b>253 079</b>	(16.77)	279 207	412 447
Across wards and municipal projects	396 295	510 828	180 164	232 691	233 955	228 275	<b>258 133</b>	13.08	278 125	309 469
<b>Overberg Municipalities</b>	522 035	598 160	561 725	769 889	851 670	843 555	<b>879 714</b>	4.29	952 113	1 043 217
Theewaterskloof	153 352	167 216	227 196	316 080	387 005	385 601	<b>406 386</b>	5.39	387 845	411 081
Overstrand	86 989	95 697	131 630	173 073	172 570	172 005	<b>198 399</b>	15.34	279 502	323 514
Cape Agulhas	53 368	76 404	75 709	144 593	144 738	144 426	<b>127 842</b>	(11.48)	120 911	114 193
Swellendam	55 912	60 315	69 275	97 853	106 026	105 692	<b>105 605</b>	(0.08)	120 145	145 075
Across wards and municipal projects	172 414	198 528	57 915	38 290	41 331	35 831	<b>41 482</b>	15.77	43 710	49 354
<b>Eden Municipalities</b>	1 445 932	1 625 167	1 678 835	2 126 080	2 346 153	2 056 337	<b>2 448 421</b>	19.07	2 557 241	2 821 105
Kannaland	40 092	54 586	60 299	76 719	92 977	92 767	<b>92 788</b>	0.02	76 722	83 471
Hessequa	75 245	81 497	91 791	137 692	141 133	140 487	<b>155 005</b>	10.33	157 601	165 580
Mossel Bay	126 327	144 425	175 183	218 734	236 359	235 466	<b>234 762</b>	(0.30)	260 732	281 789
George	528 632	573 740	696 341	953 236	1 043 377	901 444	<b>1 006 224</b>	11.62	1 091 397	1 199 682
Oudtshoorn	223 506	248 516	297 637	393 924	423 474	404 337	<b>568 490</b>	40.60	601 980	643 913
Bitou	52 142	50 827	70 591	88 296	89 762	89 463	<b>88 674</b>	(0.88)	113 376	167 728
Knysna	114 498	159 760	164 104	208 860	275 539	166 818	<b>262 383</b>	57.29	212 716	233 972
Across wards and municipal projects	285 490	311 816	122 889	48 619	43 531	25 555	<b>40 095</b>	56.90	42 717	44 970
<b>Central Karoo Municipalities</b>	272 988	292 719	293 872	376 099	381 071	373 175	<b>396 209</b>	6.17	420 519	444 106
Laingsburg	10 050	12 366	14 904	16 406	16 514	16 426	<b>18 359</b>	11.77	19 951	21 545
Prince Albert	24 318	18 756	20 244	38 418	39 063	38 968	<b>41 486</b>	6.46	45 122	48 821
Beaufort West	161 438	169 026	234 328	308 613	314 202	312 989	<b>329 494</b>	5.27	348 219	366 128
Across wards and municipal projects	77 182	92 571	24 396	10 846	11 292	4 792	<b>6 870</b>	43.36	7 227	7 612
Other				250	250		<b>250</b>		6 300	6 400
<b>Total provincial expenditure by district and local municipality</b>	<b>16 731 315</b>	<b>18 831 640</b>	<b>21 504 964</b>	<b>24 888 574</b>	<b>26 202 478</b>	<b>25 835 221</b>	<b>29 009 013</b>	12.28	30 999 428	33 452 685

Note: Projects disaggregated per district.

Consistent with the above-mentioned policies, R20.412 billion, or 70.36 per cent of provincial spending will take place within the boundaries of the Cape Town Metro. The remainder of the provincial budget is spent in non-metropolitan municipal areas. In the West Coast R1.359 billion or 4.68 per cent of the budget is to be spent; in Cape Winelands R3.54 billion or 12.11 per cent of the budget is to be spent; in Overberg R879.71 million or 3.03 per cent of the budget is to be spent; in Eden R2.448 billion or 8.44 per cent of the budget is to be spent; and in Central Karoo R396.209 million or 1.37 per cent of the budget. This leaves an amount of R250 million under “Other”, which is the prize money of the Cleanest Town Competition to be allocated as soon as the names of the winning municipalities are known during November/December.

The spatial spending of the provincial budget is consistent with the findings of the WCPSDF in that the largest portion of the provincial budget, relative to the relevant district’s portion, is spent in the identified growing or developing towns, each relating to a particular municipality.

*Spatial spending of provincial budget is consistent with WCPSDF findings*

Table 14.2 shows a different perception on provincial spatial spending, i.e. per cluster (economic, social and governance and administration). Of the entire budget, an amount of R4.465 billion or 15.39 per cent is spent by the Economic Cluster, of which R2.99 billion is spent in the City of Cape Town. R23.849 billion or 82.21 per cent is spent by the Social Cluster while R695.101 million or 2.40 per cent is spent by the Governance and Administration Cluster.

The Economic and Social Cluster spend their budgets in the Metro and all districts, while the Governance and Administration Cluster only spend their portion of the budget in the Metro and Cape Winelands District. This is due to the fact that the provincial staff in this cluster is spread between these two areas.

**Table 14.2 Summary of provincial payments and estimates per cluster by district and local municipality**

Departmental transfers R'000	Outcome						Medium-term estimate			
	Audited 2005/06	Audited 2006/07	Audited 2007/08	Main appropriation 2008/09	Adjusted appropriation 2008/09	Revised estimate 2008/09	% Change from Revised estimate			
							2009/10	2008/09	2010/11	2011/12
<b>Economic Cluster</b>	2 332 631	2 879 242	3 055 775	3 373 031	3 893 218	3 653 068	<b>4 464 530</b>	22.21	4 011 913	4 207 222
Cape Town Metro	1 179 746	1 428 434	2 705 269	2 063 146	2 249 343	2 309 651	<b>2 990 551</b>	29.48	2 305 204	2 232 769
West Coast District	205 367	310 604	29 928	294 807	298 046	296 226	<b>262 745</b>	( 11.30)	239 658	333 710
Cape Winelands District	427 748	544 314	241 789	441 452	529 875	524 345	<b>585 881</b>	11.74	947 950	1 071 662
Overberg District	161 286	191 470	20 011	163 065	225 226	219 766	<b>178 283</b>	( 18.88)	179 751	197 277
Eden District	292 539	318 419	40 787	333 874	515 125	233 977	<b>389 773</b>	66.59	289 435	329 863
Central Karoo	65 945	86 001	17 991	76 687	75 603	69 103	<b>57 297</b>	( 17.08)	49 915	41 941
<b>Social Cluster</b>	13 956 208	15 462 475	17 917 200	20 927 014	21 671 409	21 544 552	<b>23 849 132</b>	10.70	26 266 287	28 502 828
Cape Town Metro	10 043 456	11 143 555	12 324 849	14 733 138	15 294 612	15 197 494	<b>16 742 297</b>	10.16	18 444 507	19 884 588
West Coast District	598 518	658 399	870 062	954 215	988 523	984 269	<b>1 095 891</b>	11.34	1 204 171	1 313 470
Cape Winelands District	1 593 049	1 740 365	2 266 646	2 541 219	2 625 334	2 612 567	<b>2 911 953</b>	11.46	3 206 837	3 565 424
Overberg District	360 749	406 690	541 714	606 824	626 444	623 789	<b>701 431</b>	12.45	772 362	845 940
Eden District	1 153 393	1 306 748	1 638 048	1 792 206	1 831 028	1 822 360	<b>2 058 648</b>	12.97	2 267 806	2 491 242
Central Karoo	207 043	206 718	275 881	299 412	305 468	304 072	<b>338 912</b>	11.46	370 604	402 165
<b>Governance and Administration Cluster</b> <sup>Note</sup>	442 476	489 923	531 989	588 279	637 601	637 601	<b>695 101</b>	9.02	716 978	738 385
Cape Town Metro	429 075	480 614	521 874	576 519	624 732	624 732	<b>678 935</b>	8.68	699 761	722 219
West Coast District										
Cape Winelands District	13 401	9 309	10 115	11 760	12 869	12 869	<b>16 166</b>	25.62	17 217	16 166
Overberg District										
Eden District										
Central Karoo										
<b>Other</b>				250	250		<b>250</b>		4 250	4 250
<b>Total payments and estimates per cluster</b>	16 731 315	18 831 640	21 504 964	24 888 574	26 202 478	25 835 221	<b>29 009 013</b>	12.28	30 999 428	33 452 685

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

It should be noted that the population profile of the Western Cape is predominately young, with the majority of the population being younger than 34. Departments' service provision is geared towards meeting the needs of the population according to its demographic profile. It therefore means that a large portion of the population is at school, use the medical facilities at hospitals, access services offered by social services, use facilities and activities provided by the department of sport, etc. Consequently, there is a large focus on the provision of social services, education, health and social welfare services.

According to the StatsSA Community Survey 2007<sup>5</sup>, the Western Cape has a population of 5.2 million people of which 2.573 million are males and 2.705 million are females. The number of females over the age of 44 by far outstrip the number of males.

It follows that the determination of spatial allocations per municipality are driven from the basis that in excess of 80 per cent of the Provincial Budget is spent on providing ever-increasing social services. The breakdown of spending in the various districts is therefore nuanced by demographic profiles, the need and relative demand for such services.

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<sup>5</sup> Refer to Chapter 2 for further information





# Annexures

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

Vote and grant R'000	2005/06			2006/07			2007/08			2008/09			Medium-term estimate		
	Adjusted appropriation	Actual transfer	Audited expenditure	Adjusted appropriation	Actual transfer	Audited expenditure	Main appropriation	Adjusted appropriation	Revised estimate	Main appropriation	Adjusted appropriation	Revised estimate	2009/10	2010/11	2011/12
<b>Vote 1: Department of the Premier</b>											5 000	5 000			
Internally Displaced People Management <sup>c</sup>											5 000	5 000			
<b>Vote 4: Community Safety</b>											2 690	2 690			
Internally Displaced People Management <sup>c</sup>											2 690	2 690			
<b>Vote 5: Education</b>	143 091	143 091	143 683	192 012	257 012	254 536	224 003	226 358	271 718	282 736	298 188	298 188	<b>297 569</b>	441 150	555 953
Infrastructure grant to provinces	82 565	82 565	83 141	61 829	126 829	126 706	80 263	80 263	125 642	120 475	120 475	120 475	<b>170 395</b>	252 412	312 175
HIV and Aids (Lifeskills education)	11 205	11 205	11 205	11 870	11 870	11 872	13 011	13 011	13 001	13 847	13 847	13 847	<b>14 626</b>	15 420	16 345
Further education and training college sector recapitalisation				70 000	70 000	70 000	80 000	80 000	80 000	77 305	77 305	77 305			
National school nutrition programme	49 321	49 321	49 337	48 313	48 313	45 958	50 729	53 084	53 075	71 109	86 561	86 561	<b>112 548</b>	173 318	227 433
<b>Vote 6: Health</b>	1 861 159	1 861 159	1 814 939	1 991 725	2 054 907	2 011 991	2 177 028	2 262 868	2 259 588	2 633 668	2 682 678	2 682 678	<b>2 819 092</b>	3 232 463	3 449 105
Infrastructure grant to provinces	55 229	55 229	55 229	61 829	61 829	64 056	80 262	80 262	79 429	93 810	94 643	94 643	<b>114 924</b>	128 879	155 614
Hospital revitalisation	148 038	148 038	99 417	149 703	178 256	174 337	191 796	191 796	192 159	400 388	400 388	400 388	<b>388 845</b>	440 554	485 501
Hospital management and quality improvement <sup>a</sup>	17 608	17 608	18 016												
National tertiary services	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	1 503 749	1 503 749	<b>1 583 991</b>	1 763 234	1 848 976
Health Professions training and development	323 278	323 278	323 278	323 278	323 278	323 278	339 442	339 442	339 442	356 414	356 414	356 414	<b>362 935</b>	384 711	407 794
Integrated nutrition programme	5 288	5 288	5 288												
Comprehensive HIV and Aids	82 451	82 451	92 773	115 670	133 170	133 227	150 559	200 559	200 562	241 467	241 467	241 467	<b>309 913</b>	448 834	480 994
Forensic pathology services	14 583	14 583	6 254	68 605	85 734	44 453	79 425	115 265	112 452	55 535	86 017	86 017	<b>58 484</b>	66 251	70 226
<b>Vote 7: Social Development <sup>b</sup></b>	43 139	42 345	42 345								5 000	5 000			
HIV and Aids (Community-based care)	6 089	6 089	6 089												
Food emergency relief		16 222	16 222												
One stop child justice	794														
Integrated Social Development Services	36 256	20 034	20 034												
Internally Displaced People Management <sup>c</sup>											5 000	5 000			
<b>Vote 8: Local Government and Housing</b>	598 270	598 270	580 484	598 800	1 004 732	775 510	948 548	1 177 770	1 121 708	1 203 984	1 305 862	1 305 862	<b>1 581 425</b>	1 868 843	2 141 905
Human resettlement and redevelopment	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	1 121 708	1 203 984	1 305 862	1 305 862	<b>1 581 425</b>	1 868 843	2 141 905
Disaster relief	24 500	24 500	17 911		6 589	6 589									
Local government capacity building fund	10 783	10 783	10 724												

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

Vote and grant R'000	2005/06			2006/07			2007/08			2008/09			Medium-term estimate		
	Adjusted appro- piation	Actual transfer	Audited expen- diture	Adjusted appro- piation	Actual transfer	Audited expen- diture	Main appro- piation	Adjusted appro- piation	Revised estimate	Main appro- piation	Adjusted appro- piation	Revised estimate	2009/10	2010/11	2011/12
<b>Vote 10: Transport and Public Works</b>	95 857	96 207	91 538	126 329	234 289	189 446	251 319	296 630	296 630	446 129	864 829	864 829	1 123 783	586 954	626 424
Infrastructure grant to provinces	95 857	96 207	91 538	126 329	234 289	189 446	251 319	296 630	296 630	299 002	299 002	299 002	364 644	405 603	434 192
Devolution of Property Rate Funds grant to provinces										147 127	147 127	147 127	164 865	181 351	192 232
Disaster Management: Transport											418 700	418 700			
Expanded Public Works Programme Incentive <sup>d</sup>													500		
Public Transport Operations <sup>e</sup>													593 774		
<b>Vote 11: Agriculture</b>	74 828	74 828	67 979	26 763	70 577	34 706	36 696	75 974	71 290	46 512	66 208	66 208	76 725	96 751	129 942
Land care programme: Poverty relief and infrastructure development	3 174	3 174	3 200	3 115	3 730	3 480	3 270	3 317	3 268	3 428	3 428	3 428	3 085	3 270	3 466
Drought relief/Agriculture disaster management grant	26 634	26 634	16 435		43 199	7 582		39 231	34 656						
Comprehensive Agriculture support programme	19 264	19 264	19 385	20 648	20 648	20 644	33 426	33 426	33 366	43 084	49 205	49 205	57 640	69 481	78 476
Provincial Infrastructure	25 756	25 756	28 959	3 000	3 000	3 000					13 575	13 575	10 000		
Disaster Management: Agriculture													6 000	24 000	48 000
Ilima/Letsema Projects Grant <sup>f</sup>															
<b>Vote 13: Cultural Affairs and Sport</b>	2 670	2 670	2 669	12 100	12 101	11 764	35 686	35 686	34 853	58 602	58 880	58 880	79 213	86 470	91 658
Mass sport and recreation participation programme	2 670	2 670	2 669	12 100	12 101	11 764	18 946	18 946	18 205	27 168	27 446	27 446	38 237	40 532	42 964
Community Library services grant							16 740	16 740	16 648	31 434	31 434	31 434	40 976	45 938	48 694
<b>Total Conditional grants</b>	2 819 014	2 818 570	2 743 637	2 947 729	3 633 618	3 277 953	3 673 280	4 075 286	4 055 787	4 671 631	5 289 335	5 289 335	5 977 807	6 312 631	6 994 987

<sup>a</sup> As from 1 April 2006 the Hospital Management and Quality Improvement Grant merged with the Hospital Revitalisation Grant.

<sup>b</sup> Conditional grants in respect of 2006/07 for this vote have been phased into PES.

<sup>c</sup> The Internally Displaced People Management Grant was a once-off allocation indicated in 2008/09.

<sup>d</sup> Expanded Public Works Programme: Implementation of the second phase.

<sup>e</sup> The Public Transport Operations Grant is introduced in the 2009/10 financial year to provide funding towards public transport services.

<sup>f</sup> The Ilima/Letsema Projects Grant is introduced over 2009 MTEF to reduce poverty through increased food production initiatives.

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

Receipts R'000	Outcome			Main appro- piation 2008/09	Adjusted appro- piation 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited 2005/06	Audited 2006/07	Audited 2007/08				% Change from Revised estimate			
							2009/10	2008/09	2010/11	2011/12
<b>Tax receipts</b>	984 864	1 077 493	1 123 411	1 118 690	1 114 690	1 114 690	<b>1 174 588</b>	5.37	1 200 618	1 226 960
Casino taxes	205 318	256 616	301 689	295 955	291 955	291 955	<b>314 594</b>	7.75	315 123	315 123
Motor vehicle licences	758 594	797 291	794 175	799 389	799 389	799 389	<b>823 371</b>	3.00	848 072	873 514
Horseracing taxes	16 654	19 368	22 902	18 846	18 846	18 846	<b>19 223</b>	2.00	19 223	19 223
Other taxes (Liquor licence fees)	4 298	4 218	4 645	4 500	4 500	4 500	<b>17 400</b>	286.67	18 200	19 100
<b>Sales of goods and services other than capital assets</b>	276 169	304 202	434 676	328 493	378 133	381 506	<b>375 034</b>	(1.70)	380 265	381 568
Sales of goods and services produced by department (excluding capital assets)	275 248	303 396	433 792	327 652	377 292	380 642	<b>374 391</b>	(1.64)	379 618	380 921
Sales by market establishments	28 570	31 024	30 410	22 812	62 812	63 136	<b>30 000</b>	(52.48)	33 000	33 000
Administrative fees	26 977	22 513	24 352	19 819	19 819	23 139	<b>19 872</b>	(14.12)	20 394	20 376
Agricultural activities										
Inspection fees	877	284	170	237	237	237	<b>773</b>	226.16	773	773
Licences or permits	15 438	18 527	19 645	14 892	14 892	18 176	<b>14 476</b>	(20.36)	14 976	14 936
Registration	296	355	333	275	275	278	<b>280</b>	0.72	280	280
Request for information	2 918	3 094	4 204	4 135	4 135	4 140	<b>3 983</b>	(3.79)	3 983	3 983
Other	7 448	253		280	280	308	<b>360</b>	16.88	382	404
Other sales	219 701	249 859	379 030	285 021	294 661	294 367	<b>324 519</b>	10.24	326 224	327 545
<i>of which</i>										
Academic services:	5 269	5 669	5 698	5 032	8 058	7 795	<b>7 348</b>	(5.73)	7 748	8 195
Registration, tuition & examination fees										
Boarding services	5 763	6 535	9 284	8 164	8 779	8 757	<b>10 003</b>	14.23	10 150	10 296
Commission on insurance	8 386	8 396	8 864	8 916	8 944	8 935	<b>9 186</b>	2.81	9 500	9 510
External examinations										
Health services										
Hospital fees	176 027	200 786	319 096	242 307	242 307	242 307	<b>271 811</b>	12.18	271 811	271 811
Laboratory services	1 993	2 591	2 685	2 647	2 647	2 588	<b>2 457</b>	(5.06)	2 582	2 713
Lost library books										
Miscellaneous capital receipts	53	60	39	33	33	33	<b>34</b>	3.03	34	34
Parking	390	183	38	212	212	236	<b>223</b>	(5.51)	234	234
Rental of buildings, equipment and other services	3 882	4 083	6 751	3 870	4 470	4 083	<b>4 397</b>	7.69	4 453	4 506
Sales of goods	5 401	5 865	5 785	772	772	754	<b>738</b>	(2.12)	751	751
Sales of agricultural products	4 182	4 514	6 912	3 359	8 588	8 588	<b>8 323</b>	(3.09)	8 708	9 111
Sport gatherings	499	463	611	326	460	708	<b>648</b>	(8.47)	712	784
Subsidised motor transport	1									
Tender documentation	556	598	1 448	286	286	525	<b>300</b>	(42.86)	300	300
Trading account surplus										
Tuition fees										
Vehicle repair service	152	201	174	85	85	85	<b>38</b>	(55.29)	38	38
Services rendered	6 339	6 738	8 377	5 985	5 985	5 958	<b>5 846</b>	(1.88)	5 902	5 961
Photocopies and faxes	47	2 627	3 244	2 586	2 586	2 586	<b>2 705</b>	4.60	2 838	2 838
Replacement :Security cards	12	21	18	11	19	19	<b>12</b>	(36.84)	13	13
Other	749	529	6	430	430	410	<b>450</b>	9.76	450	450

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

Receipts R'000	Outcome			Main appro- piation 2008/09	Adjusted appro- piation 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited 2005/06	Audited 2006/07	Audited 2007/08				% Change from Revised estimate			
							2009/10	2008/09	2010/11	2011/12
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	921	806	884	841	841	864	643	(25.58)	647	647
<b>Transfers received from</b>	69 155	75 903	138 421	115 164	139 653	139 674	<b>85 164</b>	(39.03)	22 257	11 544
Other governmental units	1 239	11 314			4 650	4 671		(100.00)		
Universities and technikons	10 109	11 050	11 140	11 123	11 123	11 123	11 543	3.78	11 543	11 543
Foreign governments										
International organisations	57 807	52 598	126 467	104 040	121 991	121 991	73 620	(39.65)	10 713	
Public corporations and private enterprises		941	814		1 888	1 888		(100.00)		
Households and non-profit institutions				1	1	1	1		1	1
<b>Fines, penalties and forfeits</b>	1 412	1 338	1 392	617	617	1 635	<b>633</b>	(61.28)	658	692
<b>Interest, dividends and rent on land</b>	237 452	58 699	50 696	57 088	57 101	57 541	<b>58 212</b>	1.17	58 307	58 307
Interest	236 700	57 976	50 170	56 149	56 162	56 602	<b>57 266</b>	1.17	57 354	57 354
Dividends	4		6							
Rent on land	748	723	520	939	939	939	<b>946</b>	0.75	953	953
<b>Sales of capital assets</b>	30 512	19 784	56 418	31	2 851	4 056	<b>34 683</b>	755.10	33	33
Land and subsoil assets	30 441	19 723	56 358		2 820	4 025	<b>34 650</b>	760.87		
Other capital assets	71	61	60	31	31	31	<b>33</b>	6.45	33	33
<b>Financial transactions in assets and liabilities</b>	114 439	155 192	214 191	81 035	90 514	106 989	<b>89 809</b>	(16.06)	78 458	68 476
Arrear wages income										
Loan repayments	28 953	27 783	22 770	45 000	54 000	67 943	<b>65 000</b>	(4.33)	55 000	45 000
Recovery of previous year's expenditure	28 225	57 272	92 653	24 918	25 009	25 191	<b>14 638</b>	(41.89)	13 018	13 036
Staff debt	9 125	8 219	6 932	6 358	6 381	6 463	<b>7 594</b>	17.50	7 805	7 805
Stale cheques	507	144	( 189)							
Unallocated credits	358	8 782	10 062	4 206	4 206	4 206	<b>1 995</b>	(52.57)	2 021	2 021
Cash surpluses	2 091	13 031	9 047	5	5	5	<b>4</b>	(20.00)	4	4
Other	45 180	39 961	72 916	548	913	3 181	<b>578</b>	(81.83)	610	610
<b>Total departmental receipts</b>	<b>1 714 003</b>	<b>1 692 611</b>	<b>2 019 205</b>	<b>1 701 118</b>	<b>1 783 559</b>	<b>1 806 091</b>	<b>1 818 123</b>	0.67	1 740 596	1 747 580

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

Economic classification R'000	Outcome			Main appro- pria- tion 2008/09	Adjusted appro- pria- tion 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited 2005/06	Audited 2006/07	Audited 2007/08				% Change from Revised estimate			
							2009/10	2008/09	2010/11	2011/12
<b>Current payments</b>	12 556 141	14 192 957	16 335 433	18 701 272	19 244 874	19 293 429	<b>21 218 519</b>	9.98	23 284 328	25 010 994
Compensation of employees	8 837 198	9 709 057	11 249 267	12 980 230	13 391 673	13 404 117	<b>14 849 177</b>	10.78	16 203 729	17 447 301
Salaries and wages	7 710 054	8 484 319	9 830 935	11 192 835	11 553 625	11 566 915	<b>12 827 377</b>	10.90	13 997 159	15 072 702
Social contributions	1 127 144	1 224 738	1 418 332	1 787 395	1 838 048	1 837 202	<b>2 021 801</b>	10.05	2 206 570	2 374 599
Goods and services	3 708 608	4 469 423	5 038 989	5 717 685	5 849 045	5 881 065	<b>6 365 834</b>	8.24	7 076 925	7 559 866
<i>Of which</i>										
Administrative fees	134 404	164 529	154 217	158 004	158 253	158 128	<b>167 796</b>	6.11	168 939	173 900
Advertising	53 737	57 656	77 726	60 202	90 310	93 075	<b>76 627</b>	(17.67)	85 155	93 122
Assets <R5 000	69 426	64 687	74 830	94 192	94 563	95 277	<b>97 409</b>	2.24	109 742	113 378
Audit cost: External	28 330	33 134	35 945	39 976	50 265	50 292	<b>54 537</b>	8.44	54 102	56 372
Bursaries (employees)	6 234	5 703	15 372	32 552	32 131	31 944	<b>46 694</b>	46.17	50 075	53 038
Catering: Departmental activities	7 101	19 902	24 725	30 408	31 147	33 327	<b>28 646</b>	(14.05)	30 603	32 801
Communication	86 087	100 982	110 477	110 081	110 189	112 998	<b>116 700</b>	3.28	128 273	136 238
Computer services	132 637	161 374	174 120	208 224	216 388	216 421	<b>226 952</b>	4.87	246 743	290 053
Cons/prof: Business and advisory services	206 286	276 969	434 309	397 480	429 502	431 064	<b>487 069</b>	12.99	482 879	420 807
Cons/prof: Infrastructre & planning	8 336	29 249	39 149	38 882	35 449	35 709	<b>39 055</b>	9.37	40 765	42 744
Cons/prof: Laboratory services	233 672	265 001	282 756	307 069	307 636	307 636	<b>357 234</b>	16.12	392 426	421 067
Cons/prof: Legal cost	6 876	6 319	14 606	40 700	40 219	42 178	<b>18 386</b>	(56.41)	13 006	14 042
Contractors	387 863	392 164	443 570	384 499	417 997	415 693	<b>429 051</b>	3.21	449 964	447 252
Agency and support/outourced services	211 041	301 211	303 827	350 990	366 897	366 506	<b>395 481</b>	7.91	441 777	471 952
Entertainment	2 023	807	979	2 083	2 028	1 953	<b>1 864</b>	(4.54)	2 069	2 244
Government motor transport	2 941	4 531	5 663	4 504	4 747	5 147	<b>5 166</b>	0.37	5 438	5 555
Housing										
Inventory: Food and food supplies	77 966	88 112	109 705	145 044	148 352	148 353	<b>180 424</b>	21.62	250 256	310 693
Inventory: Fuel, oil and gas	13 381	16 163	22 336	24 413	25 266	25 272	<b>40 187</b>	59.02	45 220	48 458
Inventory: Learning and teacher support material	149 443	217 847	240 255	211 871	211 900	211 900	<b>203 924</b>	(3.76)	199 926	203 850
Inventory: Raw materials	34 194	37 168	31 854	30 940	35 369	35 370	<b>38 238</b>	8.11	42 495	45 329
Inventory: Medical supplies	749 823	861 767	967 344	1 084 604	1 108 286	1 127 622	<b>1 306 350</b>	15.85	1 493 210	1 597 872
Medasas inventory interface										
Inventory: Military stores										
Inventory: Other consumables	79 845	84 511	81 939	103 478	110 701	110 391	<b>117 568</b>	6.50	134 345	145 279
Inventory: Stationery and printing	52 148	62 090	63 923	79 544	80 770	82 165	<b>85 996</b>	4.66	93 607	99 205
Lease payments	127 262	152 941	173 431	218 449	226 895	226 523	<b>205 170</b>	(9.43)	223 886	228 809
Owned and leasehold property expenditure	291 440	352 461	393 072	581 788	433 838	433 119	<b>491 042</b>	13.37	637 652	733 037
Transport provided departmental activity	6 755	12 747	12 556	13 873	12 968	12 984	<b>13 560</b>	4.44	14 711	15 646
Travel and subsistence	181 192	251 904	303 777	342 557	353 099	361 188	<b>421 595</b>	16.72	463 722	497 186
Training and staff development	26 149	54 754	70 169	148 293	137 557	136 387	<b>163 320</b>	19.75	179 074	203 223
Operating expenditure	29 332	34 580	36 712	42 230	49 893	47 743	<b>68 101</b>	42.64	74 391	77 058
Venues and facilities	32 635	35 218	39 267	45 910	45 807	45 228	<b>41 535</b>	(8.17)	43 106	44 875
Audit fees										
Computer equipment										
Information Technology expenses	2 316	2 140	3 925	7 496	3 168	3 168	<b>5 922</b>	86.93	6 291	6 682
Legal fees	2 513	8 203	6 112	5 364	130 304	130 304	<b>5 004</b>	(96.16)	5 270	5 526
Library material	30 896	30 057	33 861	35 325	31 423	31 423	<b>37 223</b>	18.46	40 182	42 976
Machinery and equipment			1 315							
Maintenance and repairs and running cost	85 373	116 407	74 062	110 900	106 900	106 900	<b>176 524</b>	65.13	203 187	243 259
Printing and publications	14 101	17 172	15 798	18 072	18 282	18 282	<b>18 568</b>	1.57	18 673	20 041
Scholar transport	95 043	93 300	107 026	125 153	126 153	126 153	<b>137 816</b>	9.25	145 157	152 171
Sport and Recreation Equipment	556	778	1 252	1 588	1 518	1 518	<b>86</b>	(94.33)	91	97
Utilities (municipal services)	401	431	487	497	480	480	<b>577</b>	20.21	612	622
Other	48 850	54 454	56 540	80 450	62 395	61 244	<b>58 437</b>	(4.58)	59 906	63 404
Interest and rent on land										
Interest										
Rent on land										
Financial transactions in assets and liabilities	10 335	14 477	47 177	3 357	4 156	8 247	<b>3 508</b>	(57.46)	3 673	3 827
Unauthorised expenditure										

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

Economic classification R'000	Outcome			Main appro- piation 2008/09	Adjusted appro- piation 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited 2005/06	Audited 2006/07	Audited 2007/08				% Change from Revised estimate			
							2009/10	2008/09	2010/11	2011/12
<b>Transfers and subsidies to (Current)</b>	1 880 006	1 941 982	2 266 624	2 658 033	2 761 471	2 789 797	<b>3 683 349</b>	32.03	3 455 143	3 731 407
Provinces and municipalities	290 451	209 654	211 127	223 421	389 878	444 870	<b>424 186</b>	(4.65)	461 938	489 904
Provinces	50		4							
Provincial Revenue Funds										
Provincial agencies and funds	50		4							
Municipalities	290 401	209 654	211 123	223 421	389 878	444 870	<b>424 186</b>	(4.65)	461 939	489 909
Municipalities	288 484	209 143	211 123	223 421	389 878	444 870	<b>424 186</b>	(4.65)	461 939	489 909
<i>of which</i>										
Regional services council levies	23 411	6 233								
Municipal agencies and funds	1 917	511								
Departmental agencies and accounts	143 545	162 323	149 539	157 349	174 310	174 321	<b>245 372</b>	40.76	264 837	288 698
Social security funds										
Entities receiving transfers	143 545	162 323	149 539	157 349	174 310	174 321	<b>245 372</b>	40.76	264 837	288 698
Western Cape Provincial Development Council	4 000	5 800	6 574	7 042	7 542	7 542	<b>6 531</b>	(13.40)	5 946	6 387
Western Cape Gambling and Racing Board										
CMD Capital Augmentation										
Hospital Trading Account: Karl Bremer										
Environmental Commissioner										
Western Cape Nature Conservation Board	72 682	91 790	82 975	87 788	92 148	92 148	<b>135 246</b>	46.77	148 578	162 434
South African National Roads Agency Limited										
Agricultural Research Council	350			200						
Destination Marketing Organisation	26 510	27 050	28 370	28 650	32 150	32 150	<b>43 286</b>	34.64	45 537	47 677
Western Cape Trade and Investment Promotion Agency	24 500	11 291	11 450	15 400	20 046	20 046	<b>21 914</b>	9.32	25 000	29 000
Western Cape Cultural Commission	8 497	7 997	640	668	668	668	<b>595</b>	(10.93)	650	700
Western Cape Liquor Board							<b>20 000</b>		21 040	23 184
Western Cape Language Committee	602	602	242	252	252	252	<b>263</b>	4.37	279	300
Artscape	116	120	125	130	130	130	<b>125</b>	(3.85)	130	135
Heritage Western Cape	950	950	950	950	950	950	<b>900</b>	(5.26)	950	950
SETA	5 253	5 801	6 205	7 167	7 167	7 167	<b>7 712</b>	7.60	8 347	8 932
Government Motor Trading Account CSIR			172		1 157	1 157		(100.00)		
Western Cape Provincial Youth Commission		8 900	9 500	9 000	10 400	10 400	<b>8 500</b>	(18.27)	8 052	8 641
Other	85	2 022	2 336	102	1 700	1 711	<b>300</b>	(82.47)	328	358
Universities and technikons	55 506	4 325	1 726	1 888	3 388	3 384	<b>3 389</b>	0.15	3 561	3 706
Public corporations and private enterprises	35 307	49 481	71 500	70 951	86 218	86 562	<b>688 457</b>	695.33	122 657	132 539
Public corporations	33 694	47 675	65 953	67 130	82 036	82 286	<b>90 810</b>	10.36	119 491	128 676
Subsidies on production	4 500	8 500	10 818	5 700	5 700	5 700	<b>5 700</b>		5 700	5 700
Other transfers	29 194	39 175	55 135	61 430	76 336	76 586	<b>85 110</b>	11.13	113 791	122 976
Private enterprises	1 613	1 806	5 547	3 821	4 182	4 276	<b>597 647</b>	13876.78	3 166	3 863
Subsidies on production		420		1 600	1 600	1 600	<b>2 000</b>	25.00	2 532	3 204
Other transfers	1 613	1 386	5 547	2 221	2 582	2 676	<b>595 647</b>	22158.86	634	659
Foreign governments and international organisations	88	94	103	120	120	121	<b>120</b>	(0.83)	132	145
Non-profit institutions	1 193 843	1 366 717	1 621 643	1 995 239	1 903 733	1 881 465	<b>2 138 864</b>	13.68	2 415 304	2 617 711
Households	161 266	149 388	210 986	209 065	203 824	199 074	<b>182 961</b>	(8.09)	186 714	198 704
Social benefits	35 141	37 671	69 678	61 933	64 369	59 169	<b>64 270</b>	8.62	68 553	72 784
Other transfers to households	126 125	111 717	141 308	147 132	139 455	139 905	<b>118 691</b>	(15.16)	118 161	125 920

**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 2008/09	Adjusted appro- piation 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited 2005/06	Audited 2006/07	Audited 2007/08				% Change from Revised estimate			
							2009/10	2008/09	2010/11	2011/12
<b>Transfers and subsidies to (Capital)</b>	823 058	991 369	1 228 165	1 544 265	1 687 553	1 715 282	1 714 632	(0.04)	1 899 241	2 193 077
Provinces and municipalities	180 799	145 828	120 150	321 950	314 323	314 323	35 300	(88.77)	36 900	38 900
Provinces										
Provincial Revenue Funds										
Provincial agencies and funds										
Municipalities	180 799	145 828	120 150	321 950	314 323	314 323	35 300	(88.77)	36 900	38 900
Municipalities	180 799	145 828	120 150	321 950	314 323	314 323	35 300	(88.77)	36 900	38 900
<i>of which</i>										
Regional services council levies										
Municipal agencies and funds										
Departmental agencies and accounts	16 576	49 198	2 040	1 573	1 822	1 822	1 715	(5.87)	1 890	2 036
Social security funds										
Entities receiving transfers	16 576	49 198	2 040	1 573	1 822	1 822	1 715	(5.87)	1 890	2 036
Western Cape Provincial Development Council										
Western Cape Gambling and Racing Board										
CMD Capital Augmentation	7 316	4 044	1 411	1 573	1 573	1 573	1 715	9.03	1 890	2 036
Hospital Trading Account: Karl Bremer										
Environmental Commissioner Western Cape Nature Conservation Board										
South African National Roads Agency Limited										
Agricultural Research Council										
Destination Marketing Organisation										
Western Cape Trade and Investment Promotion Agency										
Western Cape Cultural Commission										
Western Cape Liquor Board										
Western Cape Language Committee										
Artscape										
Heritage Western Cape										
SETA										
Government Motor Trading Account	9 260	45 154	379		249	249		(100.00)		
CSIR										
Western Cape Provincial Youth Commission			250							
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	3 171	2 067	1 309	43 378	67 983	95 712	115 635	20.82	46 203	72 993
Households	611 171	794 246	1 104 666	1 177 364	1 303 425	1 303 425	1 561 982	19.84	1 814 248	2 079 148
Social benefits										
Other transfers to households	611 171	794 246	1 104 666	1 177 364	1 303 425	1 303 425	1 561 982	19.84	1 814 248	2 079 148

**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 2008/09	Adjusted appro- piation 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2005/06	2006/07	2007/08				2009/10	2008/09	2010/11	2011/12
<b>Transfers and subsidies to (Total)</b>	<b>2 703 064</b>	<b>2 933 351</b>	<b>3 494 789</b>	<b>4 202 298</b>	<b>4 449 024</b>	<b>4 505 079</b>	<b>5 397 981</b>	<b>19.82</b>	<b>5 354 385</b>	<b>5 924 489</b>
Provinces and municipalities	471 250	355 482	331 277	545 371	704 201	759 193	459 486	(39.48)	498 839	528 809
Provinces	50		4							
Provincial Revenue Funds										
Provincial agencies and funds	50		4							
Municipalities	471 200	355 482	331 273	545 371	704 201	759 193	459 486	(39.48)	498 839	528 809
Municipalities	469 283	354 971	331 273	545 371	704 201	759 193	459 486	(39.48)	498 839	528 809
of which										
Regional services council levies	23 411	6 233								
Municipal agencies and funds	1 917	511								
Departmental agencies and accounts	160 121	211 521	151 579	158 922	176 132	176 143	247 087	40.28	266 727	290 734
Social security funds										
Entities receiving transfers	160 121	211 521	151 579	158 922	176 132	176 143	247 087	40.28	266 727	290 734
Western Cape Provincial	4 000	5 800	6 574	7 042	7 542	7 542	6 531	(13.40)	5 946	6 387
Development Council										
Western Cape Gambling and Racing Board										
CMD Capital Augmentation	7 316	4 044	1 411	1 573	1 573	1 573	1 715	9.03	1 890	2 036
Hospital Trading Account: Karl Bremer										
Environmental Commissioner										
Western Cape Nature Conservation Board	72 682	91 790	82 975	87 788	92 148	92 148	135 246	46.77	148 578	162 434
South African National Roads Agency Limited										
Agricultural Research Council	350			200						
Destination Marketing Organisation	26 510	27 050	28 370	28 650	32 150	32 150	43 286	34.64	45 537	47 677
Western Cape Trade and Investment Promotion Agency	24 500	11 291	11 450	15 400	20 046	20 046	21 914	9.32	25 000	29 000
Western Cape Cultural Commission	8 497	7 997	640	668	668	668	595	(10.93)	650	700
Western Cape Liquor Board							20 000		21 040	23 184
Western Cape Language Committee	602	602	242	252	252	252	263	4.37	279	300
Artscape	116	120	125	130	130	130	125	(3.85)	130	135
Heritage Western Cape	950	950	950	950	950	950	900	(5.26)	950	950
SETA	5 253	5 801	6 205	7 167	7 167	7 167	7 712	7.60	8 347	8 932
Government Motor Trading Account	9 260	45 154	551		1 406	1 406		(100.00)		
CSIR										
Western Cape Provincial Youth Commission		8 900	9 750	9 000	10 400	10 400	8 500	(18.27)	8 052	8 641
Other	85	2 022	2 336	102	1 700	1 711	300	(82.47)	328	358
Universities and technikons	55 631	4 325	1 726	1 888	3 388	3 384	3 389	0.15	3 561	3 706
Public corporations and private enterprises	46 523	49 511	71 500	70 951	86 218	86 562	688 457	695.33	122 657	132 539
Public corporations	42 756	47 705	65 953	67 130	82 036	82 286	90 810	10.36	119 491	128 676
Subsidies on production	4 500	8 500	10 818	5 700	5 700	5 700	5 700		5 700	5 700
Other transfers	38 256	39 205	55 135	61 430	76 336	76 586	85 110	11.13	113 791	122 976
Private enterprises	3 767	1 806	5 547	3 821	4 182	4 276	597 647	13876.78	3 166	3 863
Subsidies on production		420		1 600	1 600	1 600	2 000	25.00	2 532	3 204
Other transfers	3 767	1 386	5 547	2 221	2 582	2 676	595 647	22158.86	634	659
Foreign governments and international organisations	88	94	103	120	120	121	120	(0.83)	132	145
Non-profit institutions	1 197 014	1 368 784	1 622 952	2 038 617	1 971 716	1 977 177	2 254 499	14.03	2 461 507	2 690 704
Households	772 437	943 634	1 315 652	1 386 429	1 507 249	1 502 499	1 744 943	16.14	2 000 962	2 277 852
Social benefits	35 141	37 671	69 678	61 933	64 369	59 169	64 270	8.62	68 553	72 784
Other transfers to households	737 296	905 963	1 245 974	1 324 496	1 442 880	1 443 330	1 680 673	16.44	1 932 409	2 205 068



**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 2008/09	Adjusted appro- piation 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited 2005/06	Audited 2006/07	Audited 2007/08				% Change from Revised estimate			
							2009/10	2008/09	2010/11	2011/12
<b>Payments for capital assets</b>	1 472 110	1 705 332	1 674 741	1 985 004	2 508 580	2 036 713	<b>2 392 513</b>	17.47	2 360 716	2 517 202
Buildings and other fixed structures	1 137 593	1 395 071	1 391 931	1 711 598	2 224 479	1 750 502	<b>2 054 051</b>	17.34	2 014 310	2 103 578
Buildings	506 687	539 109	527 799	784 939	1 053 481	842 327	<b>840 232</b>	(0.25)	870 579	929 752
Other fixed structures	630 906	855 962	864 132	926 659	1 170 998	908 175	<b>1 213 819</b>	33.65	1 143 731	1 173 826
Machinery and equipment	279 606	261 594	256 000	258 482	254 873	256 788	<b>315 646</b>	22.92	320 261	385 385
Transport equipment	12 400	26 464	24 266	8 298	8 926	8 926	<b>13 414</b>	50.28	14 435	16 280
Other machinery and equipment	267 206	235 130	231 734	250 184	245 947	247 862	<b>302 232</b>	21.94	305 826	369 105
Cultivated assets	1 049	75	57				<b>22</b>		23	25
Software and other intangible assets	14 462	21 048	18 702	11 123	25 427	25 622	<b>18 588</b>	(27.45)	21 716	23 608
Land and subsoil assets	39 400	27 544	8 051	3 801	3 801	3 801	<b>4 201</b>	10.52	4 401	4 601
Heritage assets							<b>5</b>		5	5
Specialised military assets										
<b>Total economic classification</b>	16 731 315	18 831 640	21 504 963	24 888 574	26 202 478	25 835 221	<b>29 009 013</b>	12.28	30 999 428	33 452 685

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

Description	Outcome			Main appropriation 2008/09	Adjusted appropriation 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited 2005/06	Audited 2006/07	Audited 2007/08				% Change from Revised estimate			
							2009/10	2008/09	2010/11	2011/12
<b>Total for department</b>										
Personnel numbers (head count)	69 366	70 291	73 611	75 867	76 240	76 356	78 074	2.25	78 809	79 650
Personnel cost (R'000)	8 837 198	9 709 057	11 249 267	12 980 230	13 391 673	13 404 117	14 849 177	10.78	16 203 729	17 447 301
<i>of which</i>										
<b>Human resources component</b>										
Personnel numbers (head count)	773	793	857	934	923	924	935	1.19	947	948
Personnel cost (R'000)	110 793	121 642	144 323	171 705	163 198	163 276	176 896	8.34	188 471	198 661
Head count as % of total for department	1.11	1.13	1.16	1.23	1.21	1.21	1.20		1.20	1.19
Personnel cost as % of total for department	1.25	1.25	1.28	1.32	1.22	1.22	1.19		1.16	1.14
<b>Finance component</b>										
Personnel numbers (head count)	753	790	864	956	951	952	974	2.31	986	991
Personnel cost (R'000)	113 357	128 004	144 625	169 713	172 592	172 573	192 891	11.77	205 039	215 832
Head count as % of total for department	1.09	1.12	1.17	1.26	1.25	1.25	1.25		1.25	1.24
Personnel cost as % of total for department	1.28	1.32	1.29	1.31	1.29	1.29	1.30		1.27	1.24
<b>Full time workers</b>										
Personnel numbers (head count)	59 162	62 622	63 670	66 792	67 143	67 250	69 414	3.22	70 059	70 214
Personnel cost (R'000)	7 866 730	8 725 574	9 888 770	11 612 756	12 009 550	12 021 462	13 411 736	11.56	14 636 903	15 675 207
Head count as % of total for department	85.29	89.09	86.50	88.04	88.07	88.07	88.91		88.90	88.15
Personnel cost as % of total for department	89.02	89.87	87.91	89.46	89.68	89.68	90.32		90.33	89.84
<b>Part-time workers</b>										
Personnel numbers (head count)	173	181	169	170	169	170	176	3.53	178	178
Personnel cost (R'000)	21 860	21 577	25 256	29 670	29 985	30 082	33 210	10.40	36 499	39 325
Head count as % of total for department	0.25	0.26	0.23	0.22	0.22	0.22	0.23		0.23	0.22
Personnel cost as % of total for department	0.25	0.22	0.22	0.23	0.22	0.22	0.22		0.23	0.23
<b>Contract workers</b>										
Personnel numbers (head count)	10 031	7 488	9 772	8 905	8 928	8 936	8 484	(5.06)	8 572	9 258
Personnel cost (R'000)	948 608	961 906	1 335 241	1 337 804	1 352 138	1 352 573	1 404 231	3.82	1 530 327	1 732 769
Head count as % of total for department	14.46	10.65	13.28	11.74	11.71	11.70	10.87		10.88	11.62
Personnel cost as % of total for department	10.73	9.91	11.87	10.31	10.10	10.09	9.46		9.44	9.93

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

Description	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2005/06	2006/07	2007/08				2008/09	2008/09	2008/09	2009/10
Number of staff	69 409	70 310	72 576	75 867	76 301	76 416	<b>78 078</b>	2.17	78 813	79 654
Number of personnel trained	58 270	55 244	58 266	61 167	61 996	61 593	<b>61 731</b>	0.22	63 622	65 167
<i>of which</i>										
Male	20 302	20 112	21 361	23 620	23 820	23 816	<b>23 745</b>	(0.30)	24 520	25 117
Female	37 968	35 132	36 905	37 547	37 797	37 777	<b>37 985</b>	0.55	39 101	40 049
Number of training opportunities	18 251	17 539	20 732	21 352	22 041	21 956	<b>21 792</b>	(0.75)	22 087	22 198
<i>of which</i>										
Tertiary	1 444	2 171	1 047	1 486	1 500	1 500	<b>1 577</b>	5.13	1 699	1 709
Workshops	1 323	795	1 565	1 553	1 667	1 571	<b>1 434</b>	(8.72)	1 395	1 395
Seminars	98	115	106	354	341	327	<b>446</b>	36.39	413	414
Other	15 386	14 458	18 014	17 959	18 533	18 558	<b>18 335</b>	(1.20)	18 580	18 680
Number of bursaries offered	1 607	2 039	2 237	2 856	2 890	2 860	<b>2 972</b>	3.92	3 036	3 056
Number of interns appointed	702	754	483	519	548	555	<b>563</b>	1.44	594	594
Number of learnerships appointed	871	1 573	1 447	1 945	1 952	1 952	<b>2 712</b>	38.93	2 646	2 646
Number of days spent on training	4 792	3 814	8 723	7 241	6 738	6 738	<b>6 667</b>	(1.05)	6 667	6 667

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

Municipalities R'000	Outcome			Main appro- piation 2008/09	Adjusted appro- piation 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2005/06	2006/07	2007/08				2009/10	2008/09	2010/11	2011/12
<b>Category A</b>	551 279	509 852	922 537	1 002 226	1 010 361	1 009 316	<b>892 482</b>	(11.58)	1 019 408	1 176 968
City of Cape Town	551 279	509 852	922 537	1 002 226	1 010 361	1 009 316	<b>892 482</b>	(11.58)	1 019 408	1 176 968
<b>Category B</b>	290 710	323 835	400 531	366 487	457 967	457 967	<b>413 425</b>	(9.73)	487 405	575 269
Beaufort West	13 656	8 777	19 033	10 520	24 190	24 190	<b>5 083</b>	(78.99)	5 980	7 048
Bergvliet	2 812	1 002	3 836	2 174	7 174	7 174	<b>2 508</b>	(65.04)	2 950	3 473
Bitou	22 733	12 930	23 611	10 143	20 243	20 243	<b>12 132</b>	(40.07)	14 395	17 076
Breede River/Winelands	3 515	10 736	4 966	15 665	15 755	15 875	<b>19 518</b>	22.95	23 169	27 479
Breede Valley	11 258	26 428	15 750	24 273	39 363	39 363	<b>29 939</b>	(23.94)	33 473	39 688
Cape Agulhas	2 418	13 521	3 867	3 008	3 056	3 056	<b>7 637</b>	149.90	4 520	5 342
Cederberg	5 390	6 326	8 213	5 944	10 944	10 944	<b>6 057</b>	(44.65)	7 107	8 391
Drakenstein	24 351	8 764	27 585	43 014	60 073	60 073	<b>49 411</b>	(17.75)	58 183	69 032
George	26 801	28 535	55 518	39 890	40 703	40 703	<b>35 800</b>	(12.05)	41 220	48 917
Kannaland	2 712	13 929	10 799	4 971	4 971	4 971	<b>4 532</b>	(8.83)	4 726	5 586
Knysna	29 520	60 580	45 168	27 928	28 118	28 118	<b>32 499</b>	15.58	38 568	45 777
Laingsburg	1 669	2 034	1 016	827	673	673	<b>739</b>	9.81	860	1 017
Hessequa	15 220	20 479	6 562	13 688	18 878	18 878	<b>15 020</b>	(20.44)	15 715	18 638
Matzikama	7 710	2 654	14 034	6 062	21 062	21 062	<b>7 015</b>	(66.69)	8 240	9 743
Mossel Bay	13 815	15 766	18 442	14 605	15 393	15 393	<b>16 532</b>	7.40	19 648	23 288
Oudtshoorn	12 617	10 078	10 755	16 740	14 830	14 830	<b>15 562</b>	4.94	14 469	17 149
Overstrand	7 758	6 188	6 451	21 819	11 819	11 859	<b>27 020</b>	127.84	32 109	38 092
Prince Albert	8 990	102	643	2 810	2 171	2 171	<b>2 723</b>	25.43	3 162	3 728
Saldanha Bay	8 724	17 827	14 763	17 846	17 908	17 908	<b>23 016</b>	28.52	26 011	30 862
Stellenbosch	18 276	19 428	42 671	29 644	29 744	29 774	<b>32 981</b>	10.77	34 003	40 336
Swartland	13 204	9 860	12 338	16 421	16 521	16 581	<b>21 192</b>	27.81	23 988	28 460
Swellendam	5 481	8 316	1 234	3 875	9 758	9 758	<b>4 816</b>	(50.65)	5 662	6 694
Theewaterskloof	16 728	15 327	31 688	21 932	21 932	21 932	<b>25 651</b>	16.96	30 194	35 799
Witzenberg	15 352	4 248	21 588	12 438	22 438	22 438	<b>15 792</b>	(29.62)	16 803	19 904
Other				250	250		<b>250</b>		22 250	23 750
<b>Category C</b>	87 134	40 857	37 879	18 087	18 439	19 514	<b>15 259</b>	(21.80)	7 568	7 723
Cape Winelands	24 295	5 646	4 375	3 500	3 600	3 855	<b>4 780</b>	23.99	2 000	2 000
Central Karoo	15 532	3 085	3 281	4 483	4 533	4 788	<b>4 816</b>	0.58	3 241	3 293
Eden	21 243	22 804	24 763	4 199	4 299	4 554	<b>3 015</b>	(33.79)	2 126	2 176
Overberg	11 941	4 172	3 676	2 635	2 637	2 692	<b>1 696</b>	(37.00)		
West Coast	14 123	5 150	1 784	3 270	3 370	3 625	<b>952</b>	(73.74)	201	254
Other										
<b>Other</b>			12 117						2 050	2 150
<b>Total transfers to local government</b>	929 123	874 544	1 373 064	1 386 800	1 486 767	1 486 797	<b>1 321 166</b>	(11.14)	1 516 431	1 762 110
<b>Funds retained by the department (not included in the transfers to local government)</b> <sup>Note</sup>	29 386	205 055	78 598	322 318	378 380	378 380	<b>539 780</b>	42.66	654 792	706 257

Note Funds retained by the department	Integrated Housing and Human Settlement Development Grant		
	2009/10 Allocation (R'000)	2010/11 Allocation (R'000)	2011/12 Allocation (R'000)
N2 Gateway lead project	400 000		
Departmental priority projects <sup>a</sup>		500 000	600 000
Individual subsidies	32 337	38 727	22 000
Extended Enhanced Discount Benefit Scheme	60 000	60 000	20 000
OPSCAP	47 443	56 065	64 257
<b>Total</b>	<b>539 780</b>	<b>654 792</b>	<b>706 257</b>

<sup>a</sup> Departmental priority projects include the following: Joe Slovo; New Rest; Delft Symphony; Delft; Boys Town; Land Purchase; N2 Gateway Phase 2; Cape Town: Kosovo; Bitou: Bossiesgiff/Qolweni Phase 2; Breede Valley: De Doorns

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

Policy Area R'000	Outcome			Main appro- priation 2008/09	Adjusted appro- priation 2008/09	Revised estimate 2008/09	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2005/06	2006/07	2007/08				2009/10	2008/09	2010/11	2011/12
General public services	517 633	578 654	595 886	659 982	710 998	715 684	<b>783 733</b>	9.51	809 245	835 516
Public order and safety	94 124	97 954	106 419	126 796	129 966	129 966	<b>142 409</b>	9.57	152 956	162 762
Economic affairs	2 258 416	2 780 166	2 970 079	3 275 950	3 801 074	3 560 674	<b>4 315 873</b>	21.21	3 845 602	4 026 123
Environmental protection	158 859	183 327	182 477	198 817	205 131	205 131	<b>266 757</b>	30.04	291 022	315 541
Housing and community amenities	715 010	946 980	1 289 936	1 379 338	1 542 417	1 535 945	<b>1 802 457</b>	17.35	2 060 994	2 339 403
Health	5 718 812	6 419 515	7 497 868	8 641 973	8 870 805	8 745 734	<b>9 892 798</b>	13.12	10 925 269	11 764 458
Recreation, culture and religion	165 705	185 166	223 138	497 740	502 203	502 203	<b>296 445</b>	(40.97)	313 000	327 371
Education	6 449 244	6 920 362	7 737 797	9 019 913	9 206 088	9 206 088	<b>10 346 039</b>	12.38	11 332 891	12 302 733
Social protection	653 512	719 516	901 363	1 088 065	1 233 796	1 233 796	<b>1 162 502</b>	(5.78)	1 268 449	1 378 778
<b>Total payments and estimates by policy area</b>	<b>16 731 315</b>	<b>18 831 640</b>	<b>21 504 963</b>	<b>24 888 574</b>	<b>26 202 478</b>	<b>25 835 221</b>	<b>29 009 013</b>	12.28	30 999 428	33 452 685

**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			
	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 1.4 Information Communication	
		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 Sector Development 12.4 Business Regulation and Governance 12.5 Economic Planning 10.2 Public Works
						Agriculture
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 Community Based Programme				
		Community Safety		4.4 Traffic Safety Promotion		
Communication	Economic Development and Tourism	12.6 Tourism, Arts and Entertainment				

**Table A.8 Payments table summary by policy area (continued)**

<b>GFS function</b>	<b>Category</b>	<b>Department</b>	<b>Programme</b>	
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
	Subsidiary Service to Education		5.3	Independent school subsidies
	Education not definable		5.1	Administration
			5.2.3	Professional Services
			5.2.4	Human Resource Development
			5.2.5	National School Nutrition Programme
5.4		Public Special School Education		
5.5		Further Education and Training		
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- priation 2008/09	Adjusted appro- priation 2008/09	Revised estimate 2008/09	Medium-term estimate		
	Audited 2005/06	Audited 2006/07	Audited 2007/08				2009/10	2010/11	2011/12
<b>FUNCTION - GENERAL PUBLIC SERVICES</b>									
<b>Category - Legislative</b>									
Department of the Premier (Programme 1.1)	39 822	47 334	40 287	45 270	45 470	45 470	<b>40 687</b>	43 228	39 339
Provincial Parliament (Vote 2)	32 153	37 827	46 327	60 210	65 702	65 702	<b>68 499</b>	73 605	80 133
<b>Total for Category - Legislative</b>	<b>71 975</b>	<b>85 161</b>	<b>86 614</b>	<b>105 480</b>	<b>111 172</b>	<b>111 172</b>	<b>109 186</b>	116 833	119 472
<b>Category - Financial and fiscal affairs</b>									
Department of Provincial Treasury (Vote 3)	114 275	133 936	115 124	120 596	121 895	121 895	<b>134 682</b>	142 851	153 426
<b>Total for Category - Financial and fiscal affairs</b>	<b>114 275</b>	<b>133 936</b>	<b>115 124</b>	<b>120 596</b>	<b>121 895</b>	<b>121 895</b>	<b>134 682</b>	142 851	153 426
<b>Category - General services</b>									
Department of the Premier (Programme 1.2, 1.3 to 1.4)	256 226	270 826	330 251	362 203	404 534	404 534	451 233	457 294	465 487
Department of Local government and Housing (Programme 8.3)	75 157	88 731	63 897	71 703	73 397	78 083	<b>88 632</b>	92 267	97 131
<b>Total for Category - General services</b>	<b>331 383</b>	<b>359 557</b>	<b>394 148</b>	<b>433 906</b>	<b>477 931</b>	<b>482 617</b>	539 865	549 561	562 618
<b>TOTAL FOR FUNCTION - GENERAL PUBLIC SERVICES</b>	<b>517 633</b>	<b>578 654</b>	<b>595 886</b>	<b>659 982</b>	<b>710 998</b>	<b>715 684</b>	<b>783 733</b>	809 245	835 516
<b>FUNCTION - PUBLIC ORDER AND SAFETY</b>									
<b>Category - Police services</b>									
Department of Community Safety (Programmes 4.1, 4.2 and 4.3)	94 124	97 954	106 419	126 796	129 966	129 966	<b>142 409</b>	152 956	162 762
<b>Total for Category - Police services</b>	<b>94 124</b>	<b>97 954</b>	<b>106 419</b>	<b>126 796</b>	<b>129 966</b>	<b>129 966</b>	<b>142 409</b>	152 956	162 762
<b>TOTAL FOR FUNCTION - PUBLIC ORDER AND SAFETY</b>	<b>94 124</b>	<b>97 954</b>	<b>106 419</b>	<b>126 796</b>	<b>129 966</b>	<b>129 966</b>	<b>142 409</b>	152 956	162 762
<b>FUNCTION - ECONOMIC AFFAIRS</b>									
<b>Category - General economic affairs</b>									
Department of Economic Development and Tourism (Vote 12 exclude 12.6)	104 905	120 704	142 285	161 084	166 390	166 390	<b>203 626</b>	226 459	243 004
Department of Transport and Public Works (Programme 10.2)	347 702	433 728	462 675	613 355	819 235	837 735	<b>642 642</b>	736 296	818 370
<b>TOTAL FOR FUNCTION - General economic affairs</b>	<b>452 607</b>	<b>554 432</b>	<b>604 960</b>	<b>774 439</b>	<b>985 625</b>	<b>1 004 125</b>	<b>846 268</b>	962 755	1 061 374



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

GFS function R'000	Outcome			Main appro- priation 2008/09	Adjusted appro- priation 2008/09	Revised estimate 2008/09	Medium-term estimate		
	Audited 2005/06	Audited 2006/07	Audited 2007/08				2009/10	2010/11	2011/12
<b>Category - Agriculture</b>									
Department of Agriculture (Vote 11)	258 515	266 386	325 623	344 704	376 644	376 644	<b>398 607</b>	457 087	515 520
<b>Total for Category - Agriculture</b>	<b>258 515</b>	<b>266 386</b>	<b>325 623</b>	<b>344 704</b>	<b>376 644</b>	<b>376 644</b>	<b>398 607</b>	457 087	515 520
<b>Category - Transport</b>									
Department of Transport and Public Works (Programmes 10.1, 10.3, 10.4, 10.5 and 10.6)	1 425 549	1 820 303	1 881 802	1 997 161	2 260 926	2 002 026	<b>2 880 308</b>	2 222 962	2 232 900
Department of Community Safety (Programme 4.4)	84 644	84 251	96 782	101 486	112 737	112 737	<b>117 850</b>	124 461	134 192
<b>Total for Category - Transport</b>	<b>1 510 193</b>	<b>1 904 554</b>	<b>1 978 584</b>	<b>2 098 647</b>	<b>2 373 663</b>	<b>2 114 763</b>	<b>2 998 158</b>	2 347 423	2 367 092
<b>Category - Communication</b>									
Department of Economic Development and Tourism (Programmes 12.6)	37 101	54 794	60 912	58 160	65 142	65 142	<b>72 840</b>	78 337	82 137
<b>Total for Category - Communication</b>	<b>37 101</b>	<b>54 794</b>	<b>60 912</b>	<b>58 160</b>	<b>65 142</b>	<b>65 142</b>	<b>72 840</b>	78 337	82 137
<b>TOTAL FOR FUNCTION - ECONOMIC AFFAIRS</b>	<b>2 258 416</b>	<b>2 780 166</b>	<b>2 970 079</b>	<b>3 275 950</b>	<b>3 801 074</b>	<b>3 560 674</b>	<b>4 315 873</b>	3 845 602	4 026 123
<b>FUNCTION - ENVIRONMENTAL PROTECTION</b>									
<b>Category - Environmental protection</b>									
Department of Environmental Affairs and Development Planning (Vote 9)	158 859	183 327	182 477	198 817	205 131	205 131	266 757	291 022	315 541
<b>Total for Category - Environmental protection</b>	<b>158 859</b>	<b>183 327</b>	<b>182 477</b>	<b>198 817</b>	<b>205 131</b>	<b>205 131</b>	<b>266 757</b>	291 022	315 541
<b>TOTAL FOR FUNCTION - ENVIRONMENTAL PROTECTION</b>	<b>158 859</b>	<b>183 327</b>	<b>182 477</b>	<b>198 817</b>	<b>205 131</b>	<b>205 131</b>	<b>266 757</b>	291 022	315 541
<b>FUNCTION - HOUSING AND COMMUNITY AMENITIES</b>									
<b>Category - Housing Development</b>									
Department of Local Government and Housing (Programmes 8.1, 8.2)	715 010	946 980	1 289 936	1 379 338	1 542 417	1 535 945	<b>1 802 457</b>	2 060 994	2 339 403
<b>Total for Category - Housing Development</b>	<b>715 010</b>	<b>946 980</b>	<b>1 289 936</b>	<b>1 379 338</b>	<b>1 542 417</b>	<b>1 535 945</b>	<b>1 802 457</b>	2 060 994	2 339 403
<b>TOTAL FOR FUNCTION - HOUSING AND COMMUNITY AMENITIES</b>	<b>715 010</b>	<b>946 980</b>	<b>1 289 936</b>	<b>1 379 338</b>	<b>1 542 417</b>	<b>1 535 945</b>	<b>1 802 457</b>	2 060 994	2 339 403

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

GFS function R'000	Outcome			Main appro- priation 2008/09	Adjusted appro- priation 2008/09	Revised estimate 2008/09	Medium-term estimate		
	Audited 2005/06	Audited 2006/07	Audited 2007/08				2009/10	2010/11	2011/12
<b>FUNCTION - HEALTH</b>									
<b>Category - Health n.e.c.</b>									
Department of Health (Programme 6.1)	167 291	162 125	205 333	300 788	275 250	275 250	313 813	345 909	372 615
<b>Total for Category - Health n.e.c.</b>	167 291	162 125	205 333	300 788	275 250	275 250	313 813	345 909	372 615
<b>Category - Outpatient service</b>									
Department of Health Services (Programme 6.2)	1 629 951	1 922 792	2 707 578	2 964 886	3 102 808	3 128 808	3 503 630	3 898 758	4 185 738
<b>Total for Category - Outpatient service</b>	1 629 951	1 922 792	2 707 578	2 964 886	3 102 808	3 128 808	3 503 630	3 898 758	4 185 738
<b>Category - R &amp; D Health (CS)</b>									
Department of Health Services (Programme 6.6)	79 009	98 858	133 706	178 520	179 110	179 110	191 334	210 904	227 187
<b>Total for Category - R &amp; D Health (CS)</b>	79 009	98 858	133 706	178 520	179 110	179 110	191 334	210 904	227 187
<b>Category - Hospital services</b>									
Department of Health Services (Programmes 6.3, 6.4, 6.5 and 6.7 and 6.8)	3 842 561	4 235 740	4 451 251	5 197 779	5 313 637	5 162 566	5 884 021	6 469 698	6 978 918
<b>Total for Category - Hospital services</b>	3 842 561	4 235 740	4 451 251	5 197 779	5 313 637	5 162 566	5 884 021	6 469 698	6 978 918
<b>TOTAL FOR FUNCTION - HEALTH</b>	5 718 812	6 419 515	7 497 868	8 641 973	8 870 805	8 745 734	9 892 798	10 925 269	11 764 458
<b>FUNCTION - RECREATION CULTURE AND RELIGION</b>									
<b>Category - Recreation and sporting services</b>									
Department of Cultural Affairs and Sport (Programme 13.4)	34 209	46 882	57 043	307 230	307 258	307 258	84 878	87 526	86 949
<b>Total for Category - Recreation and sporting services</b>	34 209	46 882	57 043	307 230	307 258	307 258	84 878	87 526	86 949
<b>Category - Cultural services</b>									
Department of Cultural Affairs and Sport (Programmes 13.1 to 13.3)	131 496	138 284	166 095	190 510	194 945	194 945	211 567	225 474	240 422
<b>Total for Category - Cultural services</b>	131 496	138 284	166 095	190 510	194 945	194 945	211 567	225 474	240 422
<b>TOTAL FOR FUNCTION - RECREATION CULTURE AND RELIGION</b>	165 705	185 166	223 138	497 740	502 203	502 203	296 445	313 000	327 371

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

GFS function R'000	Outcome			Main appro- priation 2008/09	Adjusted appro- priation 2008/09	Revised estimate 2008/09	Medium-term estimate		
	Audited 2005/06	Audited 2006/07	Audited 2007/08				2009/10	2010/11	2011/12
<b>FUNCTION - EDUCATION</b>									
<b>Category - Pre-primary and primary education</b>									
Department of Education (Programme 5.7 and sub-programme 5.2.1)	3 055 671	3 209 745	3 645 361	4 354 187	4 415 828	4 415 828	4 912 703	5 370 833	5 856 936
<b>Total for Category - Pre-primary and primary education</b>	<b>3 055 671</b>	<b>3 209 745</b>	<b>3 645 361</b>	<b>4 354 187</b>	<b>4 415 828</b>	<b>4 415 828</b>	<b>4 912 703</b>	<b>5 370 833</b>	<b>5 856 936</b>
<b>Category - Secondary education</b>									
Department of Education (Sub-programme 5.2.2)	2 139 444	2 245 798	2 428 511	2 751 595	2 818 358	2 818 358	<b>3 218 364</b>	3 544 258	3 758 594
<b>Total for Category - Secondary education</b>	<b>2 139 444</b>	<b>2 245 798</b>	<b>2 428 511</b>	<b>2 751 595</b>	<b>2 818 358</b>	<b>2 818 358</b>	<b>3 218 364</b>	<b>3 544 258</b>	<b>3 758 594</b>
<b>Category - Subsidiary service to education</b>									
Department of Education (Programme 5.3)	32 445	34 259	39 713	48 406	48 406	48 406	<b>55 907</b>	59 821	63 829
<b>Total for Category - Subsidiary service to education</b>	<b>32 445</b>	<b>34 259</b>	<b>39 713</b>	<b>48 406</b>	<b>48 406</b>	<b>48 406</b>	<b>55 907</b>	<b>59 821</b>	<b>63 829</b>
<b>Category - Education not definable by level</b>									
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)	1 221 684	1 430 560	1 624 212	1 865 725	1 923 496	1 923 496	<b>2 159 065</b>	2 357 979	2 623 374
<b>Total for Category - Education not definable by level</b>	<b>1 221 684</b>	<b>1 430 560</b>	<b>1 624 212</b>	<b>1 865 725</b>	<b>1 923 496</b>	<b>1 923 496</b>	<b>2 159 065</b>	<b>2 357 979</b>	<b>2 623 374</b>
<b>TOTAL FOR FUNCTION - EDUCATION</b>	<b>6 449 244</b>	<b>6 920 362</b>	<b>7 737 797</b>	<b>9 019 913</b>	<b>9 206 088</b>	<b>9 206 088</b>	<b>10 346 039</b>	<b>11 332 891</b>	<b>12 302 733</b>
<b>FUNCTION - SOCIAL PROTECTION</b>									
<b>Category - Social security services</b>									
Social Development (Vote 7)	653 512	719 516	901 363	1 088 065	1 233 796	1 233 796	1 162 502	1 268 449	1 378 778
<b>Total for Category - Social security services</b>	<b>653 512</b>	<b>719 516</b>	<b>901 363</b>	<b>1 088 065</b>	<b>1 233 796</b>	<b>1 233 796</b>	<b>1 162 502</b>	<b>1 268 449</b>	<b>1 378 778</b>
<b>TOTAL FOR FUNCTION - SOCIAL DEVELOPMENT</b>	<b>653 512</b>	<b>719 516</b>	<b>901 363</b>	<b>1 088 065</b>	<b>1 233 796</b>	<b>1 233 796</b>	<b>1 162 502</b>	<b>1 268 449</b>	<b>1 378 778</b>
<b>TOTAL: BY FUNCTION</b>	<b>16 731 315</b>	<b>18 831 640</b>	<b>21 504 963</b>	<b>24 888 574</b>	<b>26 202 478</b>	<b>25 835 221</b>	<b>29 009 013</b>	<b>30 999 428</b>	<b>33 452 685</b>

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

Provincial department R'000	Main appro- piation 2008/09	Adjusted appro- piation 2008/09	Revised estimate 2008/09	Medium-term estimate			
				% Change from Revised estimate			
				2009/10	2008/09	2010/11	2011/12
1. Department of the Premier							
2. Provincial Parliament							
3. Provincial Treasury							
4. Community Safety	14 174	14 174	14 174	<b>16 130</b>	13.80	17 098	17 098
5. Education	66 143	66 143	66 143	<b>68 850</b>	4.09	81 001	81 001
6. Health	74 044	74 044	74 044	<b>77 376</b>	4.50	82 018	86 939
7. Social Development	60 603	60 603	60 603	<b>63 330</b>	4.50	67 130	117 241
8. Local Government and Housing							
9. Environmental Affairs and Development Planning	4 800	4 800	4 800	<b>15 232</b>	217.33	15 232	15 232
10. Transport and Public Works <sup>a</sup>	222 700	221 975	221 972	<b>142 624</b>	( 35.75)	66 433	75 324
11. Agriculture							
12. Economic Development and Tourism							
13. Cultural Affairs and Sport							
<b>Total EPWP</b>	<b>442 464</b>	<b>441 739</b>	<b>441 736</b>	<b>383 542</b>	( 13.17)	328 912	392 835

<sup>a</sup> Total project budget reflects total project cost which includes the EPWP component value.