

# Provincial Government Western Cape Provincial Treasury

## Budget

# Overview of Provincial Expenditure 2010



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# Foreword

The 2010 Budget is delivered within difficult economic and fiscal challenges and is the first produced by the incoming Government of the Western Cape Province. The Budget aligns funding to the new provincial policy direction and finds expression in the recently adopted 10 provincial strategic objectives. These objectives in the main compliment national imperatives and include: creating opportunities for business and individuals to grow the economy; improving education outcomes; increasing access to efficient and safe transport; maximising health outcomes; reducing crime; optimising human settlement integration; mainstreaming and optimising resource efficiency and sustainability; increasing social cohesion; reducing poverty; and clean, value-driven and responsive government.

The Government has critically scrutinised the applicable departmental mandates, existing spending baselines and evaluated current programmes against the 10 provincial strategic objectives. The Budget is the result of the endeavours, apart from tabling the desired alignment with both national and provincial objectives and priorities. The evaluation of baselines is ongoing, however, and building on work done to date will in future more intensively pursue greater efficiencies and higher impact relative to the socio-economic needs of the communities that are serve.



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**DATE: 2 MARCH 2010**



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## Abbreviations

ABET	Adult Basic Education and Training
ACE	Advanced Certificate in Education
AET	Agricultural Education and Training
AFR	Asset Financing Reserve
ART	Anti-retroviral treatment
BCI	Business Confidence Index
BER	Bureau for Economic Research
BESP	Built Environment Support Programme
BPO	Business Process Outsourcing
CASIDRA	Cape Agency for Sustainable Development in Rural Areas
CASP	Comprehensive Agricultural Support Programme
CBD	Central Business District
CCI	Consumer Confidence Index
CFO	Chief Financial Officer
CIAT	Cape Institute for Agricultural Training
CPI	Consumer Price Index
CSBA	Certificate in School Business Administration
CSG	Child Support Grant
CTLI	Cape Teaching and Leadership Institute
DORA	Division of Revenue Act
ECD	Early Childhood Development
EEDBS	Enhanced Extended Discount Benefit scheme
EPWP	Expanded Public Works Programme
FET	Further Education and Training
FFC	Financial and Fiscal Commission
FHCE	Final Household Consumption Expenditure
FIFA	Federation of International Football Association
FSD	Farmer Support and Development
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GFS	Government Financial Statistics
GIAMA	Government Immovable Asset Management Act
HIV/Aids	Human Immune Virus/Acquired Immune Deficiency Syndrome
ICS	Improvement of Conditions of Service



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ICT	Information Communication Technology
IDIP	Infrastructure Delivery Improvement Programme
IDP	Integrated Development Plans
ISDM	Infrastructure Service Delivery Model
IT	Information Technology
IYM	In-Year Monitoring
LARP	Land and Agrarian Reform Programme
LG MTEC	Local Government MTEC
LTSM	Learner and Teacher Support Material
MEC	Member of Executive Council
MFMA	Municipal Finance Management Act
MSRPP	Mass Sport and Recreation Participation Programme
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
MVLF	Motor Vehicle Licence Fees
NHI	National Health Insurance
NPF	National Policy Framework
NSDP	National Spatial Development Perspective
NTSG	National Tertiary Services Grant
OSD	Occupational Specific Dispensation
PDC	Provincial Development Council
PES	Provincial Equitable Share
PFMA	Public Finance Management Act
PHPs	People's Housing Projects
PMI	Purchasing Manager's Index
PPI	Producer Price Index
PPP	Public Private Partnerships
PRF	Provincial Revenue Fund
PSBC	Public Service Bargaining Council
PSETA	Public Service Education and Training Authority
RED	Real Enterprise Development
SAPS	South African Police Service
SARB	South African Reserve Bank
SASSA	South African Social Security Agency
SCOA	Standard Chart of Accounts
SDIP	Service Delivery Improvement Plan
SETA	Sectoral Education and Training Authorities

SIP	Strategic Infrastructure Plan
Stats SA	Statistics South Africa
TB	Tuberculosis
UISP	Upgrading of Informal Settlement Programme
WC	Western Cape
WCED	Western Cape Education Department
WCPP	Western Cape Provincial Parliament
WCPDF	Western Cape Provincial Spatial Development Framework
WCR	Working Capital Reserve
Wesgro	Western Cape Investment and Trade Promotion Agency

# 1

## Executive Summary

### Introduction

The tabling of the 2010 Budget occurs within the context of a changing and challenging intergovernmental, fiscal and economic context. The current economic environment is one where the impact of the global recession has led to deterioration in government revenues. This has a direct impact on the affordability and sustainability of government's plans, policy choices and concomitant trade-offs at a time when the need to address social and economic outcomes is proving to be extraordinarily challenging.

Against this background, the 2010 Budget has had a renewed focus on reprioritising expenditures towards improved service delivery and greater efficiency and effectiveness in government spending. The policy focus is on implementing programmes that contribute to inclusive economic growth, job creation and poverty reduction. The budget maintains and in some cases strengthens priority expenditures in areas such as health, education and infrastructure as critical areas towards achieving these goals.

The 2010 Budget is therefore the outcome of an extensive reprioritisation exercise. Funds have been reallocated within and between departments to priority spending areas which will have a greater impact on communities. The search for efficiencies has identified areas where further expenditures could be reprioritised. This implies that spending, specifically on non-core service delivery items (such as travel, catering, advertising) must become more efficient and lower-priority spending must be reduced, whilst redirecting more funds to high-priority service delivery areas.

Government has adopted a new approach for measurable performance and accountable delivery which places a greater emphasis on outcomes. It is envisioned that the more focused tracking of performance against government policies and plans will lead to better accountability and ultimately better service delivery with greater impact on social and economic outcomes.

## **Socio-economic Backdrop to Budget 2010/11 (Chapter 2)**

This Chapter provides a snapshot of the economic developments for the global and local economies since the second quarter of 2009. It also highlights some of the indicators associated with the social sector, which includes Education, Health, Social Development and Safety. These are considered due to their relative impact on the economy and Government's sizeable investment in them.

The global economy is recovering from the recession faster than expected but economic growth is still largely driven by government policies implemented. Governments of various economies should manage the withdrawal of these policy stimulus measures effectively to avoid the risk of reverting back to the recession.

The global economic downturn affected the SA economy more than initially envisaged but government's expansionary macroeconomic policies have helped to mute the impacts of the global crises. The rate of contraction in economic activity has now moderated and is expected to continue moderating in the near term. The domestic economy is now facing difficult times ahead due to projected slower economic growth, increased job losses and the risk of increased poverty.

On the production side, the sectors that supported the domestic economy back to the growth trajectory are manufacturing, general government, construction and personal services. The strong growth in the construction industry was driven by growth in the other construction works supported by government's infrastructure plans.

Following the recovery of global and national markets, annual economic growth figures for the Western Cape return to positive territory, with growth rates for 2012 to 2014 revised marginally upwards. Economic growth is expected to be underpinned by recovery in the Finance & insurance, Wholesale & retail, Communication, General government and Manufacturing sectors.

Unemployment in the Western Cape increased by 4.6 per cent in 2009, while the number of employed decreased by 1.9 per cent over the same period. This is mainly due the combination of recessionary effects and an increase in the labour participation rate over that

period. Some optimism for employment is however observed in the latest statistics, with an increase in the employment rate and a decrease in the unemployment rate between the third and fourth quarters of 2009.

Government imperatives include support to improve both economic and social outcomes. This Chapter further highlights some of the indicators associated with the social sector (Education, Health, Social Development and Safety) which provide background to the services that government need to deliver to address developmental objectives. These are considered due to their relative impact on the economy and Government's sizeable investment in them.

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

The National Policy Framework (NPF) is encapsulated in the Medium Term Strategic Framework (MTSF). The MTSF is linked to the Medium Term Expenditure Framework (MTEF) and is meant to guide planning and resource allocations across all three spheres of government. Some of the areas where the MTSF would need to find expression in provincial budgets include: education; health; rural development; food security and land reform; the creation of decent work and sustainable livelihoods. In provinces these areas find expression in most of the 12 broad outcome areas as proposed by the MTSF.

Quality basic education is a key national priority and is taken up in actions that aim to: step up the Early Childhood Development (ECD) programme to ratchet up universal access to Grade R and doubling the number of 0 - 4 year old children in ECD programmes by 2014; increase enrolment rates in secondary schools to 95 per cent by 2014; finds ways of attracting those students back who have dropped out of school; intensify the Adult Basic Education and Training (ABET) programme; revive School sport to form part of the school curriculum; and the provision of sport facilities in poorer communities.

Some of the interventions to ensure a long and healthy life for all South Africans include: implementing a comprehensive plan for the treatment, management and care of HIV and Aids sufferers and to reduce the rate of new HIV infections by 50 per cent by the year 2011. A target of reaching 80 per cent of those in need of ARV treatment by 2011 has been set.

The development of a comprehensive strategy for rural development, food security and land reform is also a key national imperative.

The provincial Cabinet has endorsed 10 strategic objectives, which reflects this Government's policy direction over the next five years. These objectives include: creating opportunities for business and individuals to grow the economy; improving education outcomes; increasing access to efficient and safe transport; maximising health outcomes; reducing crime; optimising human settlement integration; mainstreaming and optimising resource efficiency and sustainability; increasing social cohesion; reducing poverty; and clean and value-driven and responsive government.

### **Receipts and Summary of Aggregates (Chapters 4 and 11)**

The Western Cape Government finances its provincial expenditure via three sources. These sources are: national transfers (provincial equitable share and conditional grants), which contribute 94.12 per cent to the revenue part of the budget in 2010/11; provincial own receipts (taxes and fees/user charges, which account for 5.01 per cent; and internal provincial financing i.e. the Asset Financing Reserve (AFR) and Provincial Revenue Fund (PRF) contributing less than 1 per cent.

In 2010/11, the increase on total provincial payments amounts to 8.54 per cent or R2.650 billion from R33.676 billion when comparing it to the 2009/10 revised estimate of R31.026 billion.

Importantly, the Province is tabling a balanced budget for every year of the 2010 MTEF that is aligned with projected spending rates and obligations of provincial departments.

### **Expenditure by Department (Chapter 5)**

Chapter 5 sets out the medium term spending plans of the provincial government over the next three years. It draws the links between the national, provincial and departmental priorities and strategies and how the provincial departments will give effect to these.

The Department of the Premier will focus on implementing the modernisation programme over the 2010 MTEF, aiming to pursue greater efficiencies in departmental service delivery and to broadly promote good governance and better management practices.

Over the MTEF, oversight by the Western Cape Provincial Parliament will intensify as the oversight model is implemented. New programmes of government will be examined by Committees and by the House and special emphasis will be placed on how these programmes will benefit the vulnerable and other priority areas.

Areas of priority for the Provincial Treasury include the continuous improvement of in-year expenditure and revenue management practices, enhancing efficiency, supply chain and asset management practices and ultimately assessing the impact (responsiveness) of departmental investments.

The allocations to the Department of Community Safety will support the strengthening of civilian oversight over the South African Police Service (SAPS) in the Province, improve the safeguarding of Provincial Government facilities and buildings and continue the promotion of traffic safety.

The improvement of education outcomes remains a key priority of the Department of Education over the 2010 MTEF. These include: improved academic performance in literacy and numeracy; improved National Senior Certificate results with more learners passing mathematics and physical science as well as qualifying for tertiary study; and the reduction in the number of under-performing high schools.

For the upcoming five year period 2010/11 – 2014/15, the Department of Health will focus on the following: managing the burden of disease; ensuring and maintaining organisational strategic management and capacity; providing and maintaining appropriate health technology and infrastructure; improving the quality of health services; ensuring and maintaining a capacitated workforce to deliver the required health services and ensuring a sustainable income to deliver the required health services. Furthermore, additional funds have been provided to expand treatment and care of HIV and Aids patients. A major deliverable also includes the completion of the Khayelitsha and Mitchell's Plain Hospitals in 2012/13.

The Department of Social Development will focus on strengthening its social welfare and development programmes in a more focused manner, playing a critical role towards the objectives of reducing and alleviating poverty and strengthening social cohesion in the Province. Specific priority programmes over the 2010 MTEF include Early Childhood Development, Services to older persons and Substance abuse.

Focus areas for the Department of Housing over the MTEF include increasing the number of People's Housing Projects (PHPs) and more accurate tracking of backlog information for fairer housing allocations. A fundamental shift in policy will result in an increase serviced sites through the upgrading of informal settlements.

The Department of Environmental Affairs and Development planning will play a key role in mainstreaming sustainability and optimising resource-use efficiency in the Province. The Department's policy

priorities to achieve this objective include: the climate change mitigation strategy, water management, pollution and waste management, biodiversity management and land-use management.

The allocations to the Department of Transport and Public Works will assist in preserving the provincial property portfolio and road network, ensuring progress towards achieving an efficient public transport system and supporting the Expanded Public Works Programme. Key priorities include reducing maintenance backlogs within provincial infrastructure and preventing major rehabilitation. One of the Department's goals is to reduce the backlogs in both public works and roads infrastructure by 10 per cent by 2014.

The medium-term key priorities for the Department of Agriculture include increasing agricultural production, protecting and enhancing natural resources in a sustainable manner within the climate change context to ensure food security, the success of agricultural land reform projects, maintaining the current provincial agricultural sector's contribution to the national economy and expanding export opportunities for Western Cape agricultural produce.

Key shifts in the Department of Economic Development's approach include moving away from direct intervention in industry and projects to rather provide leadership, co-ordination and facilitation. Linked to this is the move towards leveraging additional private sector resources and the establishment of partnerships which involves matching private sector funding in a way which is demand driven. Business support and expansion remains a key priority for the Department. Key sectors to receive dedicated support are: business process outsourcing, information and communications technologies, creative industries, oil and gas offshore services and facility construction, and tourism.

The budget for the Department of Cultural Affairs and Sport is targeted towards the Department fulfilling its responsibilities in Sport and Recreation, Arts and Culture, Libraries, Museums, Heritage and Archives. More than 30 per cent of this Department's allocation is specifically for the Mass Sport and Recreation Participation Programme and to support Community Library Services.

The Department of Local Government will focus its efforts on the implementation of the 5-year Local Government Strategic Agenda, the Local Government Turnaround Strategy, monitoring and support of municipalities to achieve compliance with the Municipal Property Rates Act, as well as a continued focus on enhancing performance management systems, good governance systems and processes in municipalities.



The Provincial investment in education, health, housing, transport and infrastructure accommodates the bulk of provincial expenditure. The focus in implementing Budget 2010 is on improving access, effectiveness, quality, efficiency and equity in service delivery.

## **Expenditure by Economic Classification (Chapter 6)**

Government over the 2010 MTEF will continue its efforts in 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. The focus over the medium term will be on identifying areas for improved efficiency gains, greater quality and greater quantum of outputs to be achieved.

The 2010/11 total provincial expenditure of R33.213 billion (excluding direct charges) consists of Current payments at R24.862 billion or 74.86 per cent, followed by Transfers and Subsidies at R5.869 billion or 17.67 per cent and Payments for Capital Assets at R2.479 billion or 7.46 per cent. Included in Current payments for 2010/11 is Compensation of Employees (R17.819 billion), Goods and Services (R7.043 billion) and Interest and rent on land (R213 000). Compensation of employees account for 71.67 per cent of total Current Payments and 53.6 per cent of the total provincial budget. Goods and Services accounts for a 28.33 per cent share of Current payments in 2010/11 and inter alia, includes expenditure items on Consultants, Travel and Subsistence, Medicine and Medical Supplies, Learner and Teacher Support Material (LTSM). Transfers and Subsidies mainly consist of transfers to Non-profit institutions and Households. Buildings and other fixed structures amount to 85.11 per cent or R2.110 billion of Payments to Capital Assets.

This Chapter also highlights public sector infrastructure (social and economic) investment as well as existing initiatives to access private sector funding through the private sector (Public Private Partnerships) as contributors to asset creation and economic growth.

## **Expenditure on Training (Chapter 7)**

This Chapter focuses on the substantial investments by provincial departments in developing the skills of incumbents. In doing so, the Province is not only addressing internal skills gaps, but has taken a long term view in developing appropriately skilled individuals.

A wide array of training initiatives exist, which include the provision of bursaries to internal staff members as well as students studying in areas deemed to be of critical need for the Province, such as engineering, social workers and educators. In addition provincial departments are utilising internship programmes to assist in youth gaining work experience, which at the same time provides recruitment opportunities for promising candidates.

### **Summary of Transfers to Public Entities (Chapter 8)**

Chapter 8 highlights the funding that provincial public entities will receive from provincial departments. These entities include the Western Cape Nature Conservation Board (CapeNature), Casidra (Pty) Ltd, Destination Marketing Organisation and the Western Cape Investment and Trade Promotion Agency (Wesgro).

Public entities will receive allocations amounting to R347.206 million from various provincial departments in 2010/11, representing a total increase of R38.706 million or 12.59 per cent from the 2009/10 revised estimates.

CapeNature receives the largest share of all transfers to public entities to deliver on its Biodiversity management mandate, apart from allocations towards improving financial management capability, infrastructure and fire management capacity.

Investment in Casidra (Pty) Ltd. ensures that it is able to deliver on agrarian and land reform, by focusing on agricultural and economic development within a rural and land reform context.

### **Transfers to Local Government (Chapter 9)**

Municipalities play a critical role in furthering government's objective of providing services to communities, while facilitating local economic development. Over the next three years, provincial transfers to local government grow to assist with the delivery of these basic services and to improve municipal planning, financial capacity and to achieve greater efficiency in delivery and to expand service access to households.

Provincial transfers to municipalities as indicated in Chapter 9 (Table 9.1) are budgeted to increase from a revised allocation of R1.56 billion in 2009/10 to R1.58 billion in 2010/11. In 2011/12 the transfers to municipalities are budgeted to increase to R1.78 billion, remaining at around R1.78 billion in 2012/13.

## **Provincial Payments and Estimates within Metro, District and Local Municipalities (Chapter 10)**

This Chapter illustrates how the Province's entire budget of R33.21 billion for 2010/11 is to be spatially spent within the Province, informed by current realities, policies and strategies.

The spatial spending of the provincial budget is consistent with the findings of the Western Cape Provincial Spatial Development Framework (WCPSPDF) 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. This approach supports local economic development and the access to basic services and assists with delivering on the district or regional growth objectives.

R23.28 billion, or 70.35 per cent of total estimated provincial spending will take place within the boundaries of the Cape Town Metro. In the West Coast R1.55 billion or 4.67 per cent of the budget is to be spent; in Cape Winelands R4.10 billion or 12.34 per cent of the budget; in Overberg R1.04 billion or 3.13 per cent of the budget; in Eden R2.71 billion or 8.15 per cent of the budget; and in Central Karoo R452.05 million or 1.36 per cent of the budget. The largest share of these budget allocations is attributed to the provincial social cluster, followed by the economic and governance and administration clusters.

## **The 2010 Budget Process (Annexure A)**

The Provincial budget represents a convergence between political policy determination and interactions with departments on the detail of their priorities and strategies, both at national and provincial levels and agreement on what the funding is able to buy.

Some of the aspects of the budget process to direct resource allocations are dependent on appropriate policies and interventions, including:

- Prioritisation steps to identify the most important areas for government intervention to address social and economic challenges;
- Engagements with departments through the Medium Term Expenditure Committee meetings to find a better and common understanding with regard to the challenges and constraints facing departments and to recommend appropriate resource allocations, relative to the demand;

- Production of the Provincial Economic Review and Outlook to give a snap-shot of the socio and economic situation within the Western Cape, the Western Cape Medium Term Budget Policy Statement that contextualises the current social economic situation of the Western Cape, the preliminary resource envelope and the expenditure policies that are proposed to be taken forward into the 2010 MTEF period;
- Engagements with National Treasury through the benchmark exercise where proposed preliminary allocations to departments and the degree of alignment to the various sectoral strategies and priorities are evaluated; and
- Tabling of the budget in the Provincial Parliament and the legislative process to assess and approve the Western Cape Appropriation Bill for assenting by the Premier.

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 through the Quarterly Performance Reporting, Dashboard and Permis reporting systems to improve individual and institutional performance.

# 2

## Socio-economic Backdrop to Budget 2010/11

### Introduction

This Chapter provides a snapshot of the economic developments for the global and local economies since the second quarter of 2009. The global financial crisis led to significant job losses and negative economic growth rates in the South African economy. The economy has technically emerged from the economic recession entered into in late 2008.

The South African expansionary monetary and fiscal policy environment has provided some cushion and contributed to the revival of the domestic economy in the third quarter of 2009. The effects of the recession such as increased public debt levels and higher unemployment will however, continue to challenge growth prospects in future years. The recovery is expected to pick up momentum in 2010 but there are still risks to the outlook based on the strength of the global recovery.

The provincial and national budgets continued to prioritise social services spending, and thereby preventing the poor from sinking deeper into poverty. Public investment in economic infrastructure is also seen as crucial in supporting the recovery.

The 2010 outlook for the Western Cape economy is relatively optimistic with economic growth spurred on by recovery in a number of sectors including the Finance & insurance, the Wholesale & retail trade, Communication, and Manufacturing.

Government imperatives include support to improve both economic and social outcomes. This Chapter further highlights some of the indicators associated with the social sector (Education, Health, Social Development and Safety) which provides a background to the services that government needs to deliver to address developmental objectives. These social sectors are considered due to their relative impact on the economy and government's sizeable investment in them.

## Macroeconomic outlook

### Global economic outlook

The economic crisis and financial market strains have remained bearish despite the aggressive implementation of various macroeconomic policy options. As a result, global output and trade have as yet not fully recovered and the rates of unemployment are still high.

In the second half of 2009, the world economy started to recover. Global production, trade and confidence rebounded, supported by the policies implemented by various governments. Expansionary monetary policy drove interest rates down in most advanced economies while fiscal policy supported the world economic recovery.

*World economy expected to bounce back in 2010 amid a contraction in 2009*

Global economic activity is estimated to have contracted by 0.8 per cent in 2009, but projected to recover in 2010 to a rate of 3.9 per cent and further improving to 4.3 per cent by 2011 (Table 2.1).

Output in advanced economies is expected to expand by about 2.1 per cent in 2010, (an upward revision of 0.75 percentage points from 2009 projections). Economic growth rate estimated for 2009 in the U.S. and U.K. economies are negative: 2.5 per cent and 4.8 per cent respectively.

In emerging and developing economies overall, domestic demand generally remained relatively robust with global trade recovering. These economies are forecast to decelerate sharply from 6.1 per cent in 2008 to 2.1 per cent (1 percentage point up from the October 2009 forecast) in 2009 and to expand by 6.0 per cent in 2010, reaching an economic growth rate of 6.3 per cent in 2011.

*Recovery supported by expansionary fiscal and monetary policies*

The rebound in these economies is mainly driven by China, India and other Asian economies, recovery in global trade and a surge in domestic spending. Macroeconomic stimuli and a faster reverse in capital flows afforded China and India the opportunity to upgrade economic growth projections.

Asia is recovering rapidly, fuelled by a rapid recovery in exports, boosting industrial production and overall Gross Domestic Product (GDP). During the downturn, Asia was one of the regions hardest hit, but the policy authorities implemented packages to boost government spending, decreased interest rates and stabilised financial markets.

The modest recoveries in other economies are supported by policy stimulus and improving global trade and financial conditions.

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

	Actual/ Estimate		Projections	
	2008	2009	2010	2011
<b>World output</b>	<b>3.0</b>	<b>-0.8</b>	<b>3.9</b>	<b>4.3</b>
<b>Advanced economies</b>	<b>0.5</b>	<b>-3.2</b>	<b>2.1</b>	<b>2.4</b>
United States	0.4	-2.5	2.7	2.4
Euro area	0.6	-3.9	1.0	1.6
Germany	1.2	-4.8	1.5	1.9
France	0.3	-2.3	1.4	1.7
Italy	-1.0	-4.8	1.0	1.3
Spain	0.9	-3.6	-0.6	0.9
Japan	-1.2	-5.3	1.7	2.2
United Kingdom	0.5	-4.8	1.3	2.7
Canada	0.4	-2.6	2.6	3.6
Other advanced economies	1.7	-1.2	4.8	4.7
<b>Emerging and developing economies</b>	<b>6.1</b>	<b>2.1</b>	<b>6.0</b>	<b>6.3</b>
Africa	5.2	1.9	4.3	5.3
Sub-Saharan	5.6	1.6	4.3	5.5
Central and Eastern Europe	3.1	-4.3	2.0	3.7
Developing Asia	7.9	6.5	8.4	8.4
China	9.6	8.7	10.0	9.7
India	7.3	5.6	7.7	7.8
<b>Consumer prices</b>				
Advanced economies	<b>3.4</b>	<b>0.1</b>	<b>1.3</b>	<b>1.5</b>
Emerging and developing economies	9.2	5.2	6.2	4.6

Source: Adapted from the International (IMF) World Economic Outlook update: 26 January 2010.

Economic growth in Sub-Saharan Africa is expected to decline from 5.6 per cent in 2008 to 1.6 per cent in 2009, rebound to 4.3 per cent in 2010 and to grow at a rate of 5.5 per cent in 2011.

## World growth and inflation outlook

Inflation pressures will remain subdued in most economies. In advanced economies, headline CPI is expected to pick up from zero in 2009 to 1.25 per cent in 2010, as energy prices offset slowing labour costs. In emerging and developing economies, inflation is expected to edge up to 6.25 per cent in 2010, up from 5.2 per cent in 2009.

## Risks to the world economic outlook

The key risk to the global economic outlook is that a premature exit from supportive policies may undermine global growth and rebalancing. Impaired financial systems, housing markets and rising unemployment in key advanced economies may hold back the recovery in household spending more than expected. Rising concerns about worsening budgetary positions and unsustainable fiscal measures could unsettle the financial markets by increasing the cost of borrowing. High fiscal deficits may result in levels of public debt that is unsustainable. This is the case of Greece, Spain, Ireland and

*Continued policy efforts are needed for sustained recovery*

Portugal where strict saving measures and deep spending cuts seem to be the only way out of the public debt crisis.

On the upside, the reversal of the confidence crisis and a reduction in uncertainty may continue to foster a stronger than expected improvement in financial market sentiment and prompt a rebound in capital flows, trade and private demand. New policy initiatives in the U.S. are likely to reduce unemployment and therefore provide a further thrust to both the U.S. and global growth.

Going forward, the financial sectors need to be repaired, the labour market supported and the real economy restructured. Many central banks appear able to maintain low interest rates over 2010/11. Countries with a robust rebound in economic activity would need to tighten monetary conditions earlier and faster. Fiscal policies need to remain supportive of economic activity (full implementation of the stimulus planned for 2010 is crucial). On the other hand, countries facing unsustainable fiscal positions have the unenviable task of devising credible exit strategies i.e. reduce fiscal deficits mindful of the need to protect spending on the poor.

### **Developments in the South African economy**

The global economic downturn had a much more pronounced impact on the SA economy than initially envisaged. Even though, the South African Reserve Bank (SARB) significantly reduced interest rates by a cumulative 500 basis points between December 2008 and August 2009, commercial banks nonetheless tightened their credit lending criteria, domestic and foreign (import) demand slackened and job losses mounted.

However, the rate of contraction in economic activity has now moderated and is expected to continue doing so over the near term. In the fourth quarter of 2009, real GDP (quarter on quarter, seasonally adjusted) expanded faster than expected, at a rate of 3.2 per cent. Manufacturing output, the economy's growth engine accounted for most of the overall growth in the fourth quarter. The general government sector continued to buoy the economy, largely supported by infrastructure spending programmes. The SA government's expansionary monetary policy and fiscal stimulus package have helped to improve economic prospects by muting the impacts of the global financial and economic crises in the last quarters of 2009.

*Global economic meltdown affected SA more than expected but domestic macroeconomic policies cushion the economy*



On average, the SA economy contracted by 1.8 per cent in 2009 at the back of the global and domestic recessions. The sectors that contributed to a decrease in economic activity in 2009 are manufacturing, mining and wholesale and retail trade and accommodation. Spending by households, which accounts for about 60 per cent of SA's real economy, has been declining since the last quarter of 2008 despite the 5 per cent cumulative interest rate cuts. This recovery followed deeper economic growth contractions of 7.4 per cent and 2.8 per cent in the first quarter and the second quarters of 2009, respectively and a slight growth of 0.9 per cent in the third quarter.

Growth in manufacturing activity was led by strong growth in the petroleum, basic metal and steel and food industries. The seasonally adjusted Kagiso Purchasing Manager's Index (PMI)<sup>1</sup>, a broad measure of manufacturing activity compiled by the Bureau for Economic Research (BER), improved slightly from a 52.5 in December 2009 to 53.6 in January 2010. The overall PMI reading signals that the manufacturing sector recovery continued to gather momentum. The PMI employment component indicates an improved outlook for factory job creation, after bridging a reading of 50, increasing to 51.9 index points in January 2010, from 48.2 index points in December 2009.

### **Medium term economic outlook for South Africa**

According to the BER (see Table 2.2), the domestic economic growth is expected to have contracted by 1.8 per cent in 2009, a slight upward revision from -2.0 per cent projected in July 2009. The outlook for 2010 has also improved and the BER projects an economic growth rate of 2.7 per cent in 2010 and 3.5 per cent in 2011.

*The South African economy is expected to expand by 2.7 per cent in 2010*

These forecasts depend on the developments in the recovery of the global economy, domestic employment, the impact of 2010 FIFA World Cup, the lagged effect of interest rate cuts, export performance, as well as expenditure on public sector infrastructure.

National Treasury projections lean more towards the conservative side. Real GDP growth is projected at 2.3 per cent in 2010, rising to 3.2 per cent in 2011. Nonetheless, the consensus is that a gradual recovery is expected.

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<sup>1</sup> Purchasing Manager's Index is a broad measure of factory output. A reading below 50 signifies a contraction. The index covers a spectrum of sub-indices including business activity, new sales orders, backlog of sales orders, inventories, purchasing commitments, expected business conditions, suppliers' performances, prices and employment.

The composite leading business cycle indicator, compiled by the SARB, signals the growth outlook six to twelve months ahead. This indicator increased to 119.8 in November 2009 from 116.5 in October 2009.

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

	Actual		Projections	
	2008	2009	2010	2011
<b>Real GDP growth (real y-o-y %)</b>				
Final household consumption expenditure	2.2	-3.5	1.6	3.6
Government consumption expenditure	4.9	4.7	4.6	3.9
Gross fixed capital formation	11.7	2.9	-0.9	2.2
<b>Real GDE</b>	<b>3.3</b>	<b>-1.8</b>	<b>3.3</b>	<b>4.2</b>
Total exports	2.4	-20.1	6.4	7.0
Total imports	1.4	-17.8	8.2	9.3
<b>Real GDP</b>	<b>3.7</b>	<b>-1.8</b>	<b>2.7</b>	<b>3.5</b>
<b>Inflation (annual averages)</b>				
CPI (Headline)	11.3	7.1	5.3	5.9
PPI (All items)	14.3	0.0	5.3	7.5
<b>Exchange rates (annual averages)</b>				
R/US\$	8.26	8.39	7.55	8.14
R/Euro	12.06	11.63	10.91	11.70
R/Pound sterling	15.12	13.06	12.34	13.59

Source: Bureau for Economic Research, January 2010

Final Household Consumption Expenditure (FHCE) continued to contract in the third quarter of 2009, albeit at a more moderate rate of 2 per cent compared to 6.1 per cent in the second quarter. This trend is consistent with falling disposable income trends over the period in the midst of the recessionary conditions, low levels of consumer confidence and job losses recorded.

FHCE is expected to expand in 2010, growing at a year-on-year rate of 1.6 per cent, reaching 3.6 per cent in 2011. The recovery in consumer spending remains uncertain as much depends on developments regarding employment. The BER expects an average annual decline of 3.5 per cent in 2009.

*Key indicators support economic recovery in 2010*

However, during the fourth quarter of 2009, the FNB/BER Consumer Confidence Index (CCI) increased by 5 index points, from +1 in the third quarter to +6. This reading, although not high, indicates improved consumer confidence from the third quarter of 2009.

Consumers expect economic performance and their own finances to be better in 12 months time, backed mainly by further possible interest rate cuts. However, consumers remain cautious and consider the current time inappropriate to purchase durable goods. A recovery in household incomes, credit growth and consumer spending is expected from mid 2010.

Growth in Gross Fixed Capital Formation (GFCF) is expected to contract by 0.9 per cent in 2009 as the accelerated investment for Soccer World Cup projects draws to a close, coupled with the expected slow recovery in consumer spending, which should result in a weak private sector investment recovery.

Public sector investment in economic infrastructure is critical in supporting the recovery. The National Minister of Finance announced in the Budget Speech 2010 that the public sector aims to spend R846 billion on its infrastructure programme. In comparison with the current projections of the National Treasury, the National Treasury projections are more optimistic given the planned rapid growth in real fixed investment spending by public enterprises. On the other hand, spare capacity in the private sector could result in weakening levels of capital formation.

The RMB/BER Business Confidence Index (BCI) registered 28 index points (increasing by 5 index points from 23 in the third quarter of 2009) in the fourth quarter of 2009. This indicates that only a small number of respondents rated the business conditions as satisfactory, but nevertheless, signals some recovery in economic activity. Although BCI is not a direct driver of growth, it generally reflects conditions under which firms decide whether to invest or not.

## **Inflation developments and outlook**

Domestic inflation has continued to subside in line with global inflation trends.

Headline CPI inflation decelerated to 6.3 per cent year-on-year (y-o-y) in December 2009 after reaching a high year-on-year inflation rate of 13.7 per cent in August 2008. The slump in global economic activity helped ease the pressure on global and domestic inflation as the prices of commodities fell.

Headline CPI inflation averaged 7.1 per cent in 2009. The BER forecasts CPI inflation to revert back to the target band in 2010, averaging 5.3 per cent and 5.9 per cent in 2011. National Treasury projects CPI inflation to average slightly higher at 5.8 per cent in 2010 and approximately 6 per cent in the medium term. Weak domestic demand and the relatively strong Rand should contribute favourably to the inflation outlook.

*Headline CPI inflation expected to revert back to the target band in the first half of 2010*

However, the BER forecast which makes provision for electricity tariff increases of only 25 per cent. No significant other upside risks to the inflation outlook are projected as the risk emanating from wage developments have subsided.

The Headline Producer Price Index (PPI) inflation rebounded to a year-on-year rate of 0.7 per cent in December 2009 following a peak of 19.8 per cent in August 2008. This could be attributed to a decline in international commodity prices and changes made to the compilation of the PPI index to reflect both the prices of goods consumed domestically and those of exported goods.

### Economic outlook for the Western Cape

*Western Cape economic growth forecast remains unchanged for 2010 and at 2.6 per cent and 3.7 per cent respectively*

Annual economic growth figures, both nationally and in the Western Cape, return to positive territory from 2010 as the global economy recovers. According to the BER, national economic growth will edge ahead of the Western Cape in 2010 at 2.7 per cent compared to 2.6 per cent. This is primarily due to the recovery of sectors hard hit during the recession, such as mining, which are of lesser significance to the Western Cape. This trend is however reversed in the following year with the Western Cape economy projected to grow by 3.7 per cent in 2011, 0.2 percentage points above the national economy projection. Forecast growth rates for the Western Cape economy have also been revised marginally upwards for 2012, 2013 and 2014, with the projections for 2010 and 2011 remaining unchanged.

**Table 2.3 Western Cape GDP (constant 2005 prices, y-o-y % change)**

Description	2007 %	2008 %	2009e %	2010f %	2011f %	2012f %	2013f %	2014f %
Agriculture, forestry and fishing	2.4	10.6	2.9	0.7	0.9	1.2	1.1	1.0
Mining	0.8	-6.7	-1.6	2.2	2.9	3.5	3.5	3.2
Manufacturing	5.1	1.2	-8.4	2.0	2.1	2.7	2.2	2.1
Electricity	3.0	0.3	-4.7	2.0	3.0	3.8	3.4	3.3
Water	1.7	-3.6	4.0	-2.1	-1.5	-0.9	-0.9	-1.1
Construction	14.4	8.5	8.3	-1.5	4.3	10.9	8.2	7.1
Wholesale & retail trade	5.5	0.2	-3.4	3.5	5.4	6.3	5.6	5.4
Catering and accommodation	4.1	-0.1	-2.2	1.6	2.9	3.4	3.4	3.3
Transport	7.4	2.0	2.0	1.9	3.3	3.9	3.6	3.6
Communication	5.6	3.8	-2.6	3.7	4.3	4.8	4.6	4.5
Finance and insurance	14.3	13.1	-0.7	5.2	6.9	8.1	8.1	8.1
Business services	1.7	1.4	1.0	1.1	1.4	2.7	3.0	2.7
Community, social and other personal services	5.4	3.4	3.4	1.0	2.1	2.7	2.5	2.3
General government services	4.0	4.1	4.0	3.9	3.0	3.7	3.6	3.4
<b>Total GDP</b>	<b>6.4</b>	<b>4.3</b>	<b>-1.0</b>	<b>2.6</b>	<b>3.7</b>	<b>4.8</b>	<b>4.6</b>	<b>4.5</b>

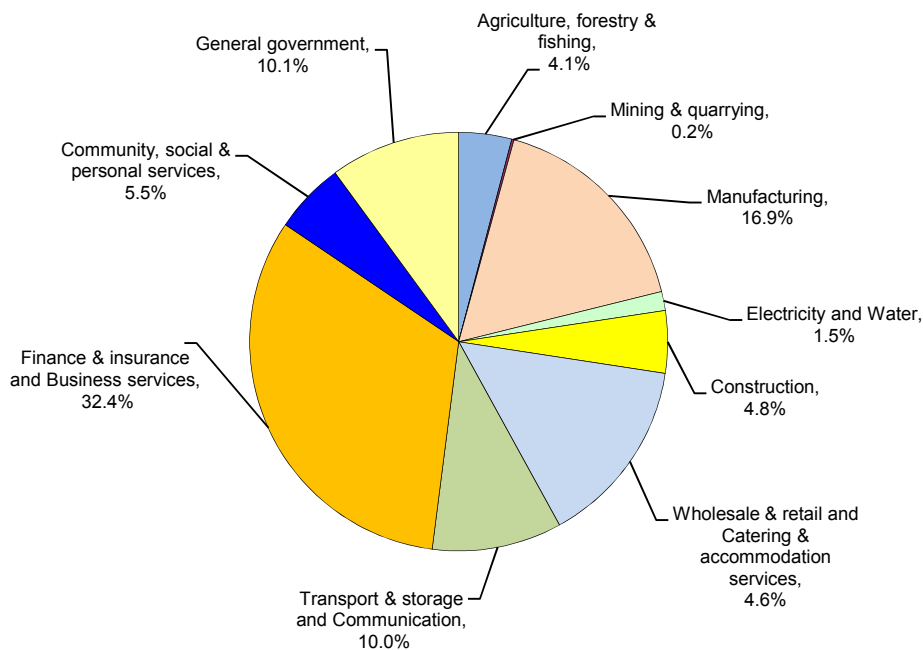
Source: Quantec/BER Western Cape economic forecast January 2010  
e-estimate, f-forecast

The recovery of a number of sectors is anticipated in 2010 with positive growth rates expected for the Finance & insurance, Wholesale & retail, Communication, General government and Manufacturing sectors, whilst the growth rate of the Agriculture, forestry & fishing sector is expected to decline, although remaining positive. The construction sector is expected to contract in 2010, partly due to the rounding off of a number of 2010 FIFA World Cup infrastructure projects. Positive growth is however anticipated in the construction sector from 2011.

Figure 2.1 indicates the sectoral contributions to economic activity in the Western Cape. According to the 2009 estimates, the largest contributors to economic activity in the Western Cape were the Finance & insurance and Business services sectors (32.4 per cent), followed by Manufacturing (16.9 per cent) and Wholesale and retail trade, Catering & accommodation services sectors (4.6 per cent). Although only contributing 4.8 per cent to real GDP in the Western Cape in 2009, the construction sector remains key to growth in the Province.

*Finance & insurance and Business services sectors remain mainstay of WC economy*

**Figure 2.1 Sectoral contributions to economic activity**



Source: Quantec 2009 estimates

*Unemployment in the Western Cape increases by 4.6 per cent*

## **Employment and Unemployment trends in the Western Cape**

According to the Statistics South Africa, the unemployment rate in the Western Cape increased by 4.6 per cent in 2009. During the same period, the number of people employed in the Western Cape declined by 1.9 per cent. This is mainly due to a combination of recessionary effects, i.e. the reduction in consumer demand and disposable household incomes and exports, and an increase in the labour participation rate of 1.7 per cent over that period.

The majority of sectors in the Western Cape showed decreases in employment figures between 2008 and 2009. The Agricultural sector however saw an increase in employment of 0.8 per cent over the period. Of the hardest hit sectors were Manufacturing (10.2 per cent), Construction (8.8 per cent), Community and Social Services (6.1 per cent) and Finance (3.8 per cent). This is in line with the expected performance of these sectors in 2009 as discussed earlier.

Some optimism for employment is however present in the latest statistics, with a 1.0 per cent increase in the employment rate between the third and fourth quarters of 2009. The unemployment rate also decreases over this period by 1.0 per cent. This however could be attributed to the increase of 10.5 per cent in the number of discouraged workseekers. The increase in employment figures may be indicative of the recovering economic situation in the Province, but may also be the influence of seasonal effects.

## **Social trends in the Western Cape**

This section highlights the size, growth (natural increase, migration, fertility, etc.), composition (gender, age structure, etc.) and population distribution across the Province. It then focuses on the some pertinent indicators in Education, Health and Social Development relating to the Western Cape population.

### **Snapshot of the Western Cape Population**

This section provides the demographic snapshot of some of the main features of the population of the Western Cape Province. It provides some background to the current population that the government is mandated to serve. All government policies and plans should aim to improve the quality of life of the population.

The population statistics are based on the Mid-year population estimates 2009, 2009 School Realities, Western Cape Education Department Annual Performance Plan 2010/11, information from the South African Police Services Crime Information Management System and the South African Social Security Agency database.

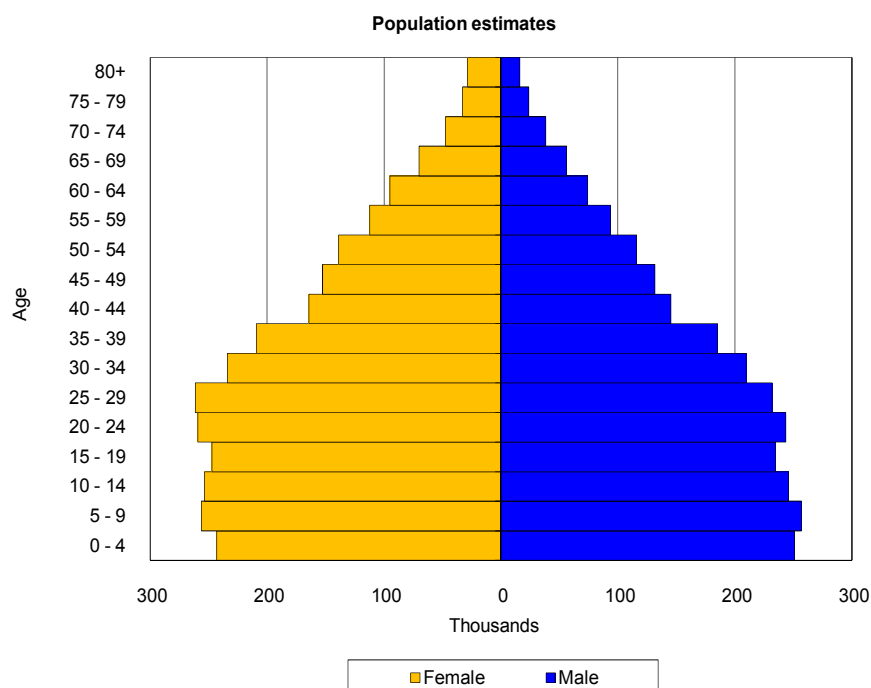
The Mid-year estimated population of the Western Cape in 2009 was 5 356 900 people, which represents 10.9 per cent of the total South African population of 49 320 500.

The features of the Western Cape population age structure in comparison with all other provinces are summarised in Table 2.4 and Figure 2.2. The gender ratio for the Province in 2009 was 91 males per 100 females, slightly less than the 93 males per 100 females in the country as a whole.

**Table 2.4 Western Cape population estimates in relation to the South African population**

Age	Western Cape			All Provinces			Percentage of All Provinces
	Male	Female	Total	Male	Female	Total	
0 - 4	250 900	243 000	493 900	2 551 100	2 517 700	5 068 800	9.74
5 - 9	257 000	256 000	513 000	2 608 300	2 576 300	5 184 600	9.89
10 - 14	245 700	253 400	499 100	2 640 000	2 607 100	5 247 100	9.51
15 - 19	234 900	247 000	481 900	2 620 100	2 594 200	5 214 300	9.24
20 - 24	243 600	258 900	502 500	2 449 500	2 471 500	4 921 000	10.21
25 - 29	231 800	261 400	493 200	2 126 200	2 297 400	4 423 600	11.15
30 - 34	209 500	233 800	443 300	1 865 000	2 023 300	3 888 300	11.40
35 - 39	185 300	208 900	394 200	1 550 800	1 731 400	3 282 200	12.01
40 - 44	145 200	164 200	309 400	1 150 600	1 292 500	2 443 100	12.66
45 - 49	131 400	152 700	284 100	1 052 500	1 207 500	2 260 000	12.57
50 - 54	115 900	138 700	254 600	943 300	1 095 400	2 038 700	12.49
55 - 59	93 400	112 300	205 700	754 600	890 600	1 645 200	12.50
60 - 64	74 200	95 000	169 200	575 300	723 800	1 299 100	13.02
65 - 69	55 900	70 000	125 900	419 400	542 600	962 000	13.09
70 - 74	38 200	47 200	85 400	277 900	396 800	674 700	12.66
75 - 79	23 900	32 800	56 700	165 400	261 200	426 600	13.29
80+	16 200	28 600	44 800	118 700	222 500	341 200	13.13
<b>Total</b>	<b>2 553 000</b>	<b>2 803 900</b>	<b>5 356 900</b>	<b>23 868 700</b>	<b>25 451 800</b>	<b>49 320 500</b>	<b>10.86</b>

Source: StatsSA; Mid-year population estimates, 2009

**Figure 2.2 Age comparison of the population in the Western Cape**

Source: StatsSA; Mid-year population estimates, 2009

*Youth approximately  
35.9 per cent of WC  
population*

Children in the 0 – 14 age group numbered 1 506 000 and accounted for 28.1 per cent of the Western Cape population. The 15 – 24 age group add up to 984 400 and represents 18.4 per cent of the Western Cape population, while the number of people classified as the youth<sup>2</sup> constituted 35.9 per cent (1 920 900 people) of the Province's population. People older than 65 accounted for 5.8 per cent of the total population of the Western Cape.

The shape of the Western Cape population pyramid is not typical of a developing economy which would have a broad base of children aged 0 - 14 years. A bulge in the Western Cape population pyramid is observed from the age of 20 to 34 years and could possibly be attributed to the impact of in-migration on the age structure.

Migration plays an important role in the population growth of provinces. This is especially the case in the Eastern Cape (out-flow), Gauteng and Western Cape (both inflows). Table 2.5 shows the estimated migration streams between provinces over the period 2006 – 2011. The estimated net migration to the Western Cape is 137 000. The in-flow to the Province is mainly from the Eastern Cape

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



with 143 800 individuals and 46 900 from Gauteng. Out-migration is mainly to Gauteng, Eastern Cape and KwaZulu Natal.

**Table 2.5 Estimated provincial migration streams (2006 – 2011)**

	Province in 2011									Total out
	EC	FS	GP	KZN	LP	MP	NC	NW	WC	
EC	-	14 700	93 400	84 200	10 200	12 500	3 400	27 900	143 800	390 100
FS	7 600	-	57 500	5 900	9 700	6 400	5 200	23 900	9 700	125 900
GP	31 500	31 000	-	56 400	33 300	40 900	7 600	47 400	46 900	295 000
KZN	18 600	8 500	117 100	-	6 300	17 000	1 800	7 800	18 100	195 200
LP	3 700	5 600	210 000	5 900	-	28 200	900	27 300	5 100	286 700
MP	6 500	4 000	100 200	15 400	17 000	-	5 200	11 600	6 700	166 600
NC	12 100	7 200	12 300	2 100	3 000	2 600	-	11 400	15 900	66 600
NW	5 200	16 900	109 500	23 600	13 300	11 600	10 200	-	3 600	193 900
WC	31 300	6 200	41 900	13 800	4 700	3 600	6 800	4 500	-	112 800
Total in	<b>116 500</b>	<b>94 100</b>	<b>741 900</b>	<b>207 300</b>	<b>97 500</b>	<b>122 800</b>	<b>41 100</b>	<b>161 800</b>	<b>249 800</b>	<b>1 832 800</b>

Source: StatsSA; Mid-year population estimates, 2009

## Education

In 2009 on the 10<sup>th</sup> school day, there were 12 214 845 learners in public ordinary and independent schools in South Africa, who attended 25 867 schools and were served by 411 164 educators. Table 2.6 shows the number of learners in ordinary public and independent schools and compares the Western Cape to that of the whole of South Africa. It also highlights the gender composition of the Western Cape versus that of the broader South African school going population. Of the 12 214 845 learners in South Africa, 7 118 653 were in the primary school phase and 4 411 527 in the secondary school phases, while the remaining 684 665 were pre-grade R and grade R learners.

**Table 2.6 Comparing the number of learners in the WC with SA as a whole, 2009**

Province	Gender	Total Primary (Gr. 1 - 7)	Total Secondary (Gr. 8 - 12)	Total (Gr. 1-12)	Grand Total (including Pre-Gr. R and Gr. R)
Western Cape	Female	293 473	180 422	473 895	494 078
	Male	300 895	158 210	459 105	479 058
	<b>Total</b>	<b>594 368</b>	<b>338 632</b>	<b>933 000</b>	<b>973 136</b>
South Africa	Female	3 470 195	2 274 065	5 744 260	6 083 471
	Male	3 648 458	2 137 462	5 785 920	6 131 374
	<b>Total</b>	<b>7 118 653</b>	<b>4 411 527</b>	<b>11 530 180</b>	<b>12 214 845</b>
Western Cape percentage share of SA	Female	8.46%	7.93%	8.25%	8.12%
	Male	8.25%	7.40%	7.93%	7.81%
	<b>Total</b>	<b>8.35%</b>	<b>7.68%</b>	<b>8.09%</b>	<b>7.97%</b>

Source: School Realities, 2009

In the Western Cape a total of 973 136 learners were counted on the 10<sup>th</sup> school day of 2009 in public ordinary and independent schools, of which 594 368 were in the primary and 338 632 in the secondary school phase, while 40 136 (excluding community centres) were in pre-grade R and grade R. The Province provides education to approximately 8 per cent of all South African learners in public ordinary and independent schools. These numbers exclude the number of learners in Public Special Schools and Further Education and Training (FET) colleges.

*Province provides education to approximately 8 per cent of all SA learners*

When comparing the learner numbers with the Western Cape population estimates for school going age learners (6 to 18) it is evident that a large proportion of children of school going age are not attending school. An analysis of the age-specific enrolment rates for 2009, information from the WCED Annual Performance Plan 2010/11, shows that age-specific enrolment rates are low for 6 year olds with 57.6 per cent enrolled. This increases significantly to 80.5 per cent for 7 year olds. The age-specific enrolment rate remains high until age 13 at 89.1 per cent before starting to decline marginally until age 17 where the age-specific enrolment rate is 79.2 per cent. At age 18 however, there is a significant decline to 62.2 per cent.

### **Health<sup>3</sup>**

#### **Total fertility rates**

The total fertility rate is defined as the average number of children a woman would bear during her lifetime, assuming her childbearing conforms to her age-specific fertility rate every year of her childbearing years (typically 14 - 44 years). The provincial average total fertility rates for 2001 - 2006 and 2006 - 2011 are estimated to be 2.19 and 2.11, respectively. A population that maintains a total fertility rate of 2 over a long period of time would decline in size unless in-migration levels are high, which is the case for the Western Cape. Nationally however, the trend is also declining. Furthermore, the population that is migrating to the Western Cape may have higher fertility rates than the local populations. Thus, the fertility rates in the Province may be expected to rise over time.

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<sup>3</sup> Information presented in this section is taken from the Department of Health's Strategic Plan 2010 - 2015.

The Western Cape is also estimated to have the highest life expectancy at birth for both males and females (59.4 years). For females, the life expectancy is estimated to be 66.5 years, compared to KwaZulu Natal which has the lowest life expectancy, at 50.6 years. Females in general also tend to have a higher life expectancy than males.

### **HIV**

In 2008, the Western Cape provincial HIV prevalence amongst 15 - 49 year old antenatal women was 16.1 per cent (95 per cent confidence interval: 12.6 - 20.3 per cent, National Health Department 2009). There has been a steady increase in the prevalence between 1990 and 2008. However, all the districts in the Western Cape have a prevalence rate that is below the national average of 29.3 per cent (95 per cent confidence interval: 28.5 - 30.1 per cent).

### **TB**

The Western Cape is reported to have the highest incidence of new-smear positive cases of TB in the South Africa (518 per 100 000) and 90 per cent of patients with TB fall into the economically active group. However, the TB cure rate for the Western Cape (2007) was 77.3 per cent, which is just short of the national target of 78 per cent. Over the past few years there has been an increase in the TB cure rate in the Province.

*High TB incidence in Province*

### **Social Welfare**

Although poverty is a multi-dimensional critical phenomenon in the Western Cape, which should be addressed in a holistic manner, social assistance, amongst others, is one of government programmes that primarily aim to reduce the impact of poverty.

An income transfer is made to beneficiaries in the form of old age, disability, war veterans, grant-in-aid, child support, foster care and care-dependency grants. Table 2.7 shows the number of beneficiaries within the Western Cape and the value of these transfer payments. In February 2010 a total of 1 016 559 beneficiaries received almost R560 million via the Social Security Agency (SASSA). The highest number of beneficiaries is from the Child Support Grant (CSG) for children under the age of 15 years. More than 600 000 children or 40.27 per cent of children between 0 – 14 years received almost R153 million in February. In addition to the 212 239 older persons (4.4 per cent of the age group above 60 years) that received an old age grant from SASSA, the Provincial Government also supports more than 10 500 older persons in living facilities and in home based care programmes.

*1 016 559 social grant beneficiaries in WC in February 2010*

An approximate comparison with the number of child support grant beneficiaries and Western Cape population estimates show that quite a high proportion of children in the Province are beneficiaries of the CSG and this outcome needs to be further explored.

**Table 2.7 Social Grants estimated to be paid out in February 2010**

Grant name	Beneficiary number	Amount
Old Age	212 239	R208 065 989.00
War Veteran	331	R 320 380.81
Disability (total)	159 425	R167 791 337.00
Foster	28 723	R20 598 724.86
Care Dependency	9 419	R9 866 031.74
CSG 0 - 7	292 835	R74 574 997.12
CSG Ext	313 587	R78 158 445.12
<b>Total Grants</b>	<b>1 016 559</b>	<b>R559 375 905.65</b>

Source: South African Social Security Agency, Western Cape

## Crime

Table 2.8 compares trends in selected contact crimes, driving under the influence of alcohol and drugs, as well as trends in the neglect and ill-treatment of children in the Western Cape, with the country as a whole.

The South African Police Service's 2009 Crime Statistics for the Western Cape reveal that common assault in the Province dropped from 52 339 in 2003/04 to 31 680 in 2008/09. Robbery with aggravating circumstances dropped from 13 885 reported incidents to 12 729 over the same period.

The Western Cape region also achieved considerable success in combating neglect and the ill-treatment of children, where reported incidents declined from 1 762 in 2003/04 to 883 in 2008/09. However, driving under the influence of alcohol and drugs increased from 4 957 incidents in 2003/04 to 12 741 in 2008/09. The same trends have also been experienced throughout South Africa.

The table also indicates that the WC has the highest, at almost 23 per cent, incidence of driving under the influence of alcohol or drugs in the Country. Although the neglect and ill-treatment of children is declining, almost 22 per cent of this crime relates to the Western Cape.

**Table 2.8 Comparing Crime trends in the Western Cape with SA as a whole, 2003 - 2009**

<b>Crime in the Western Cape Province for April 2003 to March 2009</b>						
	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Assault with the intent to inflict grievous bodily harm	36 912	33 869	28 479	25 905	24 915	23 086
Common assault	52 339	48 739	38 226	35 083	32 663	31 680
Driving under the influence of alcohol or drugs	4 957	6 583	8 114	9 583	11 616	12 741
Neglect and ill-treatment of children	1 762	1 437	1 103	914	978	883
Robbery with aggravating circumstance	13 885	13 143	12 945	15 226	14 555	12 729
Total Sexual offences	9 751	10 498	9 631	8 969	8 623	8 682
<b>Crime in the Republic of SA for April 2003 to March 2009</b>						
	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Assault with the intent to inflict grievous bodily harm	260 082	249 369	226 942	218 030	210 104	203 777
Common assault	280 942	267 857	227 553	210 057	198 049	192 838
Driving under the influence of alcohol or drugs	24 886	29 927	33 116	38 261	48 405	56 165
Neglect and ill-treatment of children	6 504	5 568	4 828	4 258	4 106	4 034
Robbery with aggravating circumstance	133 658	126 789	119 726	126 558	118 312	121 392
Total Sexual offences	66 079	69 117	68 076	65 201	63 818	71 500
<b>Crime in the WC as a percentage of the RSA for April 2003 to March 2009</b>						
	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>	<b>2008/09</b>
Assault with the intent to inflict grievous bodily harm	14.19	13.58	12.55	11.88	11.86	11.33
Common assault	18.63	18.20	16.80	16.70	16.49	16.43
Driving under the influence of alcohol or drugs	19.92	22.00	24.50	25.05	24.00	22.68
Neglect and ill-treatment of children	27.09	25.81	22.85	21.47	23.82	21.89
Robbery with aggravating circumstance	10.39	10.37	10.81	12.03	12.30	10.49
Total Sexual offences	14.76	15.19	14.15	13.76	13.51	12.14

Source: South African Police Service, Crime Statistics

## Conclusion

The global economy is recovering from the recession faster than expected but economic growth is still largely driven by government policies implemented during the crises. A key risk to recovery includes the premature ending of support and potential negative impact on the poor. Growth is forecast to return to positive territory for the South African economy, while a similar trend is observed with regard to the more important sectors of the Western Cape.

SA recovery is likely to remain fragile in early 2010 and economic growth is expected to be too weak to boost fixed investment over the short term. The domestic economy is now facing difficult times ahead due to relatively low rates of projected growth, high job losses over the past year, company closures and reduced disposable income.

The current economic environment and the associated impact requires policies that will support the recovery, support export and growing industries, contribute to the removal of constraints in key growth and labour absorptive sectors and improve competitiveness and innovation. Fiscal policy needs to be prudently managed to avoid unsustainable debt situations, investment in public infrastructure should support the recovery and jobs need to be created, particularly for the youth.

Government has a huge investment in the social sector, which includes Education, Health, Social Development and Safety. Despite the large investment, performance has been less than optimal and the many challenges in this sector impact on the economy.

Successful government interventions in these sectors (improving the education levels of the workforce, skills development, the health of the population and low levels of crime) are expected to be conducive to long term and sustainable economic growth.

# 3

## National Policy Framework and Provincial Priorities

### Introduction

The need to improve the quality and quantum of government services has become more pronounced than ever before, particularly in light of rising urbanisation and its concomitant challenges, backlogs and demand for basic services.

The pursuit of meeting wide-ranging aspirations require well-chosen and crafted policy choices and actions, which favour wage creation and projects aimed at putting the economy on a higher growth trajectory. These programmes and projects need to contribute to raising the standard of living of particularly vulnerable groups such as women, children, disabled members of our communities and our future, the youth.

The heightened expectations of citizens come at a time when there is a large mismatch between the need for services and available resources. Revenues available to fund government programmes are lower than what had been projected over recent times.

Government, despite the challenging economic environment have to find ways to provide improved access to and better quality public social and economic services.

The delivery programmes require smarter planning, implementation, delivery, monitoring of progress and continuous refinement. Good governance and management practices must support the exploration of greater efficiency, efficacy, value for money, collaboration and improved accountability within departments and across spheres of government.

The Western Cape Provincial Government plays a key role in having to improve access to better quality social services in education, health and social welfare and development services. The Province also has to support labour-intensive services and infrastructure programmes and invest in infrastructure and services (that raise the long-term growth potential of the economy); apart from adequately prioritising the maintenance of key infrastructure.

Furthermore, the alignment of planning and coordination of delivery across the spheres will become imperatives regardless of our economic fortunes. However, coordination amongst and between spheres is complex and steps to improve this, gives effect to this Government's mandate.

### **National Policy Imperatives**

The Medium Term Strategic Framework (MTSF), which is updated annually and linked to the Medium Term Expenditure Framework (MTEF), is meant to guide planning and resource allocations across all three spheres of government. National and provincial departments are required to develop their five-year strategic plans, annual performance plans, and budgets which take account of the country's medium-term imperatives.

*Key MTSF priorities are: education, health, rural development, sustainable livelihoods and jobs*

Some of the areas where the MTSF would need to find expression in provincial budgets include: education, health, rural development, food security and land reform; the creation of decent work and sustainable livelihoods. In the Province these areas find expression in the 10 broad strategic objectives as proposed by the MTSF.

### **Education**

Education has been identified as a key priority for the next five years. This priority is taken up in actions that aim to: step up the Early Childhood Development programme to enhance universal access to Grade R and doubling the number of 0 - 4 year old children in ECD programmes by 2014; increase enrolment rates in secondary schools to 95 per cent by 2014; finds ways of attracting those students who have dropped out of school back into school; intensify the Adult Basic Education and Training programme; revive School Sport to form part of the school curriculum; and the provision of sport facilities in poorer communities.



## Health

Of big concern is the seemingly general deterioration of the quality of health care in our country, aggravated by the steady increase in the burden of disease over the past fifteen years.

*Focus on improving quality of health care*

A priority for Health includes the implementation of a comprehensive plan for the treatment, management and care of those living with HIV and Aids and to reduce the rate of new HIV infections by 50 per cent by the year 2011. A target of reaching 80 per cent of those in need of ARV treatment by 2011 has been set.

The *National Health Insurance (NHI)* scheme is intended to be introduced in a phased and incremental manner which will bring its own challenges. It has been said that in order to initiate the NHI, urgent rehabilitation of public hospitals will have to be undertaken through Public-Private Partnerships; and urgent attention would have to be given to the issue of remuneration of health professionals.

## Rural Development

The development of a comprehensive strategy for rural development, food security and land reform lays the basis for improved coordination and synergy between the government and private sectors to improve the lives of communities.

## Job Creation

Further alignment relates to the creation of work opportunities and sustainable livelihoods, amongst others, as part of the second phase of the Expanded Public Works Programme (EPWP). Creating wage labour opportunities are seen as the only real solution to actual poverty reduction. However, this has proved elusive (apart from being aggravated by the economic meltdown) which has resulted in substantive contraction in especially manufacturing with concomitant unemployment increases.

*Creating wage labour opportunities to reduce poverty*

## Provincial Policy Imperatives

At the Provincial level, the Western Cape Provincial Cabinet in October 2009 endorsed ten strategic objectives, which reflect this Government's policy direction over the next five years. These objectives include:

- Creating opportunities for business and individuals to grow the economy;
- Improving education outcomes;
- Increasing access to efficient and safe transport;

*WC policy direction reflected in ten provincial strategic objectives*

- Maximising health outcomes;
- Reducing crime;
- Optimising human settlement integration;
- Mainstreaming and optimising resource efficiency and sustainability;
- Increasing social cohesion;
- Reducing poverty; and
- Clean, value-driven and responsive government.

These had to be developed further into coherent plans with clear deliverables and units of measurement to ensure that the Western Cape would be in a position to measure progress towards achieving its stated goals. These were presented to Cabinet upon which selected submissions were approved, whereby others had to be reviewed or even drafted.

Further work between the Department of the Premier and the Provincial Treasury is also required to better align future APPs to the Provincial Strategic Objectives and final budgets. This would form the basis as to how to proceed post the tabling of the 2010 Budget, inclusive of designing an appropriate monitoring and evaluation instrument that is integrated with the Quarterly Performance Reporting requirements. This will allow for proper and transparent assessment of budget implementation and whether the mooted priorities are indeed delivered.

Future work towards the development and achievement of the objectives would require a review of the service delivery mix, relative budget allocations and trade-offs.

As part of future policy revision work, a key champion (constituted of a Minister) for each strategic objective would have to be designated.

### **Efficiency gains**

The Province has already embarked on initiatives to improve efficiencies within departments and entities. These include: the re-assessment of departmental legislative mandates; evaluation of the responsiveness of the various individual and collective departmental strategies and performance plans; and closer checks regarding the credibility of budgets. All of these processes are ongoing and the Provincial Treasury together with the Department of the Premier is further refining this endeavour.

Leveraging from efficiency gains through all baselines of departments has become an important exercise to mitigate the adverse effects of constrained revenue flows, amidst delivery demands on key priorities. Although substantive gains have been realised, further work lies ahead in 2010 and beyond.

*Pursuit of efficiency gains and reprioritisation in departmental baselines*

These actions have included proposals on the adjustment of baselines and reprioritisation both across and within departmental budgets and a review of financial and organisational management, as well as of personnel practices. These steps were informed by the implications of the broader external environment which dictated that the 2010 Budget needs to focus on obtaining more value for money and internal reprioritising of departmental spending.

The search for efficiencies has therefore identified areas where further expenditures could possibly be reigned-in. This implies that spending, specifically on non-core service delivery items, had to become more efficient and lower-priority spending reduced. Hence, government's efficiency-savings initiative, redirected more funds to high-priority service-delivery areas, which was also the focal point of the 2010 Budget process.

*Lower priority spending reduced*

The approved modernisation proposals amount to an estimated value of R709 million which would need to find expression within future budgets, depending on affordability, sustainability, apportioning and relative priority. In approving these, Cabinet prioritised the implementation of the different proposals in the following order: firstly IT which include the IT Service delivery improvement plan, IT Microsoft migration and E-Filing; secondly Corporatisation of support functions; and thirdly, Culture and values.

Key elements of the IT Services Blueprint relate to the Service Delivery Improvement Plan (SDIP) as well as Microsoft migration. The SDIP will place a particular emphasis on the top 10 issues raised by the departments. The 3 key focused areas will be: (a) connectivity and broadband (b) core infrastructure optimisation, and (c) business productivity optimisation. Connectivity and broadband will form the foundation on which infrastructure and business productivity optimisation is to be built. Infrastructure optimisation will ensure that business productivity (such as messaging, collaboration and enterprise content management) is possible.

After extensive deliberations, it was agreed that the Corporatisation of support functions be rolled out without any additional funding to be added to the Department of the Premier, but that any associated costs be financed through anticipated efficiency savings.

On the intergovernmental front, the potential exists to achieve greater efficiency between the Provincial Government and municipalities. These find expression through the various intergovernmental forums and engagements with Local Government through the Integrated Development Plan (IDP) Indaba and Local Government Medium Term Expenditure Committee (LGMTEC) processes.

The interaction with local government could set the strategic direction that informs planning of capital projects, services and practical support needed to realise the optimal and effective use of allocated resources. This interaction also provides a real possibility to improve frontline services through more efficient resource utilisation.

### **Budget Implementation and Monitoring**

Improved cash and budget management is at the heart of mitigating the fiscal risks to the Province. Effective budget management places the responsibility on Heads of Departments, Chief Financial Officers and Provincial Treasury to effectively manage and monitor departmental spending and implement appropriate measures to ensure that departments as well as the Province remain within its allocated budget and on a fiscally sound foundation.

Budget management is equally important to planning and ensuring delivery. In this regard, the Public Finance Management Act (PFMA) and the Public Service Regulations vest accountability with the relevant Executive Authority (Premier or Minister) to ensure that the strategic direction of the department is aligned to the government's overall policy priorities. This includes being responsible for the identification of service delivery outcomes for the department, and for the broad allocation of the department's resources towards their achievement. However, these must give context to the national and provincial policy priorities as referred to earlier.

In terms of the PFMA the head of each department is also the accounting officer who is responsible for financial management within their departments. The accounting officer is responsible for managing the delivery of the outputs that are required to achieve the outcomes specified by the executive authority (reflected in the Provincial Strategic Plan), using the financial and other resources available to the department.

*Strong monitoring and reporting systems required to review performance*

Accounting officers are required to put in place appropriate systems of delegation to cascade financial management and other responsibilities down to line managers so that they too are empowered to manage. However, this requires the accounting officer to maintain strong internal monitoring and reporting systems, and regular processes to review performance so that these officials can be held accountable for their delegated responsibilities.

The Executive Authority is in turn expected to monitor the performance of the accounting officer and of the department on an ongoing basis. This involves participating in the planning and budgeting, and reviewing the monthly financial reports and quarterly performance reports to ensure that progress is being made with implementation of the department's strategic plan, annual performance plan and annual budget. The Executive Authority should pay particular attention to under- or overspending, and consider the necessary steps to ensure that budgets are appropriately implemented.

### **Conclusion**

The socio-economic conditions and aspirations determine government policies and choices. In this regard the Provincial Government has made its policy choices and these find expression in its newly adopted 10 Provincial Strategic Objectives. These are aligned to the national policy context.

The current economic conditions have constrained revenue flows for government programmes, particular in the delivery of basic services. These have resulted in prioritisation or retargeting of services, trade-offs and has prompted renewed vigor into the search for efficiencies, "the discovery thereof" and required further endeavours.

A challenge for the public sector is to use resources in a more efficient way; therefore Ministers are accountable to Parliament for the exercise of their powers and the performance of their functions. These functions in particular relate to the monitoring of the performance of the accounting officer and the department.



# 4

## Receipts

### Introduction

The Western Cape Government finances its provincial expenditure via three sources, i.e. national transfers (provincial equitable share and conditional grants, which together contribute 94.12 per cent of the budget in 2010/11); provincial own receipts (taxes and fees/user charges, which account for 5.01 per cent); and the Asset Financing Reserve (AFR) and Provincial Revenue Fund (PRF) which contributes less than 1 per cent in the 2010/11 financial year.

**Table 4.1 Summary of Provincial Receipts**

Receipts R'000	Outcome			Main appro- priation 2009/10	Adjusted appro- priation 2009/10	Revised estimate 2009/10	Medium-term estimate		
	Audited 2006/07	Audited 2007/08	Audited 2008/09				2010/11	2011/12	2012/13
<b>Transfer receipts from National</b>	16 737 356	19 538 369	23 053 690	26 784 933	28 479 919	28 479 919	<b>31 695 756</b>	34 499 188	36 315 716
Equitable share	13 459 403	15 482 582	18 241 996	20 807 126	21 762 635	21 762 635	<b>24 026 091</b>	26 127 726	27 670 446
Conditional grants	3 277 953	4 055 787	4 811 694	5 977 807	6 717 284	6 717 284	<b>7 669 665</b>	8 371 462	8 645 270
Financing	768 586	466 358	1 162 830	529 724	810 877	810 877	<b>292 754</b>		
Asset Finance Reserve	619 041	395 115	943 275	490 800	667 536	667 536	<b>215 864</b>		
Provincial Revenue Fund	149 545	71 243	219 555	38 924	143 341	143 341	<b>76 890</b>		
<b>National receipts and financing</b>	17 505 942	20 004 727	24 216 520	27 314 657	29 290 796	29 290 796	<b>31 988 510</b>	34 499 188	36 315 716
<b>Provincial own receipts</b>									
Tax receipts	1 077 493	1 123 411	1 193 734	1 174 588	1 122 588	1 122 588	<b>1 146 216</b>	1 171 658	1 197 863
Sales of goods and services other than capital assets	304 202	434 674	414 011	375 034	376 547	385 229	<b>383 002</b>	384 331	386 153
Transfers received	75 903	138 421	142 905	85 164	85 844	85 844	<b>22 257</b>	11 544	11 544
Fines, penalties and forfeits	1 338	1 392	2 596	633	683	1 576	<b>1 008</b>	1 043	1 078
Interest, dividends and rent on land	58 699	50 695	59 833	58 212	58 225	58 603	<b>58 914</b>	58 919	58 924
Sales of capital assets	19 784	56 418	17 375	34 683	33	895	<b>29</b>	29	29
Financial transactions in assets and liabilities	155 192	214 194	104 549	89 809	70 985	80 622	<b>76 391</b>	66 589	66 640
<b>Provincial own receipts</b>	1 692 611	2 019 205	1 935 003	1 818 123	1 714 905	1 735 357	<b>1 687 817</b>	1 694 113	1 722 231
<b>Total provincial receipts</b>	19 198 553	22 023 932	26 151 523	29 132 780	31 005 701	31 026 153	<b>33 676 327</b>	36 193 301	38 037 947
<b>Transfers from National</b>					<b>91.85%</b>		<b>94.12%</b>	<b>95.32%</b>	<b>95.47%</b>
Equitable share					70.19%		71.34%	72.19%	72.74%
Conditional grants					21.66%		22.77%	23.13%	22.73%
<b>Own receipts</b>					<b>5.53%</b>		<b>5.01%</b>	<b>4.68%</b>	<b>4.53%</b>
<b>Asset Financing Reserve</b>					<b>2.15%</b>		<b>0.64%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>PRF Financing</b>					<b>0.46%</b>		<b>0.23%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total</b>					<b>100.00%</b>		<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Despite the challenging fiscal environment, the total provincial revenue envelope relative to the 2009/10 revised estimates, is revised upwards by R2.650 billion in 2010/11, R2.517 billion in 2011/12, and R1.845 billion in 2012/13.

*Total provincial receipts grow by an annual average of 7.03 per cent over the 2010 MTEF*

Total provincial receipts are set to grow at an annual average rate of 7.03 per cent over the 2010 MTEF from R31.026 billion in 2009/10 (revised estimate) to R33.676 billion in 2010/11, R36.193 billion in 2011/12 and R38.037 billion in 2012/13.

Transfers from National Government (i.e. provincial equitable share and conditional grants) increase by R3.216 billion or 11.29 per cent from a revised estimate of R28.480 billion in 2009/10 to R31.696 billion in 2010/11 and it is estimated to grow to R34.499 billion in 2011/12 and R36.316 billion in 2012/13, i.e. at an annual average rate of 8.44 per cent over the 2010 MTEF.

Given the challenging fiscal environment experienced in 2009, Provincial Own Receipts will decline from a revised estimate of R1.735 billion in 2009/10 to R1.688 billion in 2010/11, increasing to R1.694 billion in 2011/12 and R1.722 billion in 2012/13. In the same vein, funding from the AFR will decline sharply from R667.536 million in 2009/10 to R215.864 million in 2010/11.

### **Provincial Equitable Share (PES)**

On average, the equitable share contributes 72.09 per cent of the total Western Cape budget over the 2010 MTEF. The equitable share is a redistributive formula-driven unconditional transfer, which is allocated to provinces and includes the following six components with their respective weights:

- *An education component (51 per cent)* based on school age cohort (5 - 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).



The basic structure of the allocation formula used to divide resources between provinces remains unchanged over the 2010 MTEF. However, National and provincial treasuries together with the Financial and Fiscal Commission (FFC) has embarked on a comprehensive review of the fiscal transfer system, including the revision of the PES formula. The review comprises of two phases.

The first phase, which was led by the FFC, commenced in the previous MTEF and focused on the development of the policy imperatives that should underpin the reform of the formula. The second phase (led by National Treasury over the 2010 MTEF) is about reviewing the PES formula to better support a range of policy imperatives.

The Provincial Treasury is also engaging other stakeholders in this review process, and given the importance of the PES as a major source of revenue, contributions from sector specialists in the education, health and economic sectors in the Province, are encouraged. Medium to longer term solutions indicate a need to overhaul the entire fiscal transfer system, which may require, amongst other things, amendments to Schedules 4 and 5 of the Constitution.

Provincial equitable share transfers increase by an annual average of 8.33 per cent from R21.763 billion in the adjusted budget of 2009/10 to R24.026 billion in 2010/11, R26.128 billion in 2011/12 and R27.670 billion in 2012/13.

#### **Data updates**

The data informing the PES have been updated with data from the 2009 School Realities published by the National Department of Education and the 2009 Mid-year Population Estimates, the 2008 General Household Survey, and the 2007 Provincial GDP-R published by Statistics South Africa (Stats SA).

The phasing-in of data changes in the previous MTEF, resulted in the Provincial Government receiving 9.1 per cent of its weighted share in 2010/11 and 2011/12, while 9.2 per cent will be fully effected in the outer year of the 2010 MTEF.

#### **Inflationary adjustments to the PES**

Inflation adjustments are intended to protect the real value of spending. Provincial Equitable Share inflation adjustments cater for the impact of the higher than anticipated inflation on general compensation of employees following the Public Service Bargaining Council (PSBC) Resolutions signed during 2009.

*Additional funding mainly for Health OSD agreements*

### **Policy priorities funded through the PES**

Over the 2010 MTEF, policy priorities funded through the PES are mainly for Health, which include additional resources to assist provinces to cover the cost of further OSD agreements within the Health sector. Overall, additional amounts of R886.25 million in 2010/11, R911.13 million in 2011/12 and R1.19 billion in 2012/13 have been provided, from a combination of efficiency gains elsewhere in the Province together with PES increases and a lesser extent from conditional grant and own receipts. This has boosted the resources allocated to the Health function by 17.59 per cent relative to the 2009 MTEF.

### **Conditional grants**

Conditional grants supplement various programmes partly funded by Provinces (Schedule 4 Division of Revenue Act (DORA) grants) such as the infrastructure grant to provinces and the national tertiary services grant (Health), as well as specifically directed grants, (Schedule 5 DORA grants).

*Conditional grants increase by an annual average of 8.77 per cent over the 2010 MTEF*

Conditional grants to the Western Cape increase by an annual average of 8.77 per cent from R6.717 billion in the 2009/10 adjusted estimates to R7.670 billion in 2010/11, R8.371 billion in 2011/12, and R8.645 billion in 2012/13. Conditional grants contribute on average 22.88 per cent to the provincial resource envelope over the 2010 MTEF.

*Introduction of 3 new grants over the 2010 MTEF*

Three new conditional grants have been introduced in the 2010 MTEF: the Further Education and Training College Sector Grant, the Expanded Public Works Programme Grant for the Social Sector, and the Technical Secondary Schools Recapitalisation Grant.

*The Further Education and Training College Sector Grant* has been introduced to initiate planning for the eventual shift of the FET Colleges function to the newly established Department of Higher Education and Training: amounts of R446.512 million, R474.155 million and R497.616 million have been allocated to the Province for the 2010/11, 2011/12, and 2012/13 financial years respectively. These allocations also cater for increased remuneration (R65.772 million in 2010/11; R70.705 million in 2011/12 and R73.994 million in 2012/13) for FET College lecturers who had previously been excluded from the cost of living adjustment of 11.5 per cent effected on 1 July 2009 as they were classified employees of the College Councils on 1 January 2008. The increased remuneration further attempts to attract highly skilled personnel, especially in key areas such as engineering and information technology to this sector.

An *Expanded Public Works Programme Grant for the Social Sector* has been introduced. This grant is meant to subsidise non-profit organisations working in the Home Community Based Care sector to pay salaries to volunteers currently assisting them, but not receiving payment. It is envisaged that a model to convert this grant into an incentive grant will be developed during 2010. The Western Cape's share of allocation is R1.188 million in 2010/11.

The *Technical Secondary Schools Recapitalisation Grant* has also been introduced over the 2010 MTEF to improve conditions of technical schools and to modernise them to meet teaching requirements. Over the 2010 MTEF, the Province receives R3.288 million in 2010/11, R8.219 million in 2011/12 and R8.630 million in 2012/13 financial years.

When comparing the 2009 and 2010 MTEFs, the following revisions to the conditional grant framework have been made:

- *Comprehensive HIV/AIDS Grant*: R505.594 million has been added over the 2010 MTEF to ensure government's commitment to funding HIV/AIDS. This implies annual additions of R105.220 million in 2010/11, R167.320 million in 2011/12 and R233.054 million in 2012/13. These additions seek to address the raised CD4 threshold of 350, as well as providing triple therapy to all children born with HIV/AIDS;
- *Hospital Revitalisation Grant*: increases by R140 million in the 2010/11 financial year to cover the step-up construction costs of the Mitchell's Plain Hospital;
- *National Tertiary Services Grant (NTSG)*: increases by R45.704 million in 2011/12 and R47.990 million in 2012/13;
- *Expanded Public Works Programme (EPWP) Incentive Grant (second phase)*: R23.218 million in 2010/11 with R500 000 directed to the EPWP for Housing, whilst R22.718 million has been allocated to the EPWP for Transport and Public Works to provide incentives to increase labour intensive employment;
- Health receives R1.188 million to expand the EPWP in this sector;
- *Public Transport Operations Grant*: R632.402 million in 2010/11, R666.255 million in 2011/12 and R690.480 million in 2012/13 financial years to allow for subsidising, improved monitoring and control of expenditure related to public bus transport; and

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- *Community Library Services Grant*: increases by R3.7 million in 2010/11 and R5 million in 2012/13 to cover operational expenses of the new libraries and to enable communities to gain access to knowledge and information that will improve their socio-economic situation.

Table 4.2 provides the total amounts per conditional grant and vote over the 2010 MTEF.

**Table 4.2 Summary of conditional grants by vote and grant**

Vote and grant R'000	Outcome			Main appro- piation 2009/10	Adjusted appro- piation 2009/10	Revised estimate 2009/10	Medium-term estimate		
	Audited 2006/07	Audited 2007/08	Audited 2008/09				2010/11	2011/12	2012/13
<b>Vote 1: Department of the Premier</b>			5 000						
Internally Displaced People Management Grant			5 000						
<b>Vote 4: Community Safety</b>			2 690						
Internally Displaced People Management Grant			2 690						
<b>Vote 5: Education</b>	254 536	271 718	292 811	297 569	302 764	302 764	<b>893 572</b>	1 043 296	1 129 784
Infrastructure Grant to Provinces	126 706	125 642	120 478	170 395	170 395	170 395	<b>255 062</b>	317 101	361 268
Dinaledi Schools Grant									
HIV and Aids (Life Skills Education) Grant	11 872	13 001	13 727	14 626	14 626	14 626	<b>15 392</b>	16 388	17 486
Further Education and Training College Sector Grant	70 000	80 000	77 305				<b>446 512</b>	474 155	497 616
National School Nutrition Programme Grant	45 958	53 075	81 301	112 548	117 743	117 743	<b>173 318</b>	227 433	244 784
Technical Secondary Schools Recapitalisation Grant							<b>3 288</b>	8 219	8 630
<b>Vote 6: Health</b>	2 011 991	2 259 588	2 492 177	2 819 092	2 973 939	2 973 939	<b>3 481 521</b>	3 667 055	3 914 272
Infrastructure Grant to Provinces	64 056	79 429	63 933	114 924	145 634	145 634	<b>131 529</b>	160 540	178 539
Hospital Revitalisation Grant	174 337	192 159	232 748	388 845	420 060	420 060	<b>580 554</b>	485 501	506 363
National Tertiary Services Grant	1 272 640	1 335 544	1 500 193	1 583 991	1 583 991	1 583 991	<b>1 763 234</b>	1 894 680	1 989 415
Health Professions Training and Development Grant	323 278	339 442	356 414	362 935	362 935	362 935	<b>384 711</b>	407 794	428 120
Comprehensive HIV and Aids Grant	133 227	200 562	268 931	309 913	383 538	383 538	<b>554 054</b>	648 314	738 098
Forensic Pathology Services Grant	44 453	112 452	69 958	58 484	74 543	74 543	<b>66 251</b>	70 226	73 737
Expanded Public Works Programme Grant for the Social Sector					3 238	3 238	<b>1 188</b>		
<b>Vote 7: Social Development</b>			5 000						
Internally Displaced People Management Grant			5 000						
<b>Vote 8: Housing</b>	775 510	1 121 708	1 305 862	1 581 425	1 581 425	1 581 425	<b>1 869 343</b>	2 141 905	2 000 165
Human Settlements Development Grant	768 921	1 121 708	1 305 862	1 581 425	1 581 425	1 581 425	<b>1 868 843</b>	2 141 905	2 000 165
Disaster Relief Grant	6 589								
Expanded Public Works Programme Incentive Grant for the Infrastructure Sector							<b>500</b>		

**Table 4.2 Summary of conditional grants by vote and grant (continued)**

Vote and grant R'000	Outcome			Main appro- pria- tion 2009/10	Adjusted appro- pria- tion 2009/10	Revised estimate 2009/10	Medium-term estimate		
	Audited 2006/07	Audited 2007/08	Audited 2008/09				2010/11	2011/12	2012/13
<b>Vote 10: Transport and Public Works</b>	189 446	296 630	591 145	1 123 783	1 618 333	1 618 333	<b>1 244 725</b>	1 297 606	1 363 369
Infrastructure Grant to Provinces	189 446	296 630	299 002	364 644	364 644	364 644	<b>408 254</b>	439 119	471 045
Devolution of Property Rate Funds Grant			147 094	164 865	268 864	268 864	<b>181 351</b>	192 232	201 844
Disaster Management Grant: Transport			145 049		390 551	390 551			
Expanded Public Works Programme				500	500	500	22 718		
Incentive Grant for the Infrastructure Sector									
Public Transport Operations Grant				593 774	593 774	593 774	632 402	666 255	690 480
<b>Vote 11: Agriculture</b>	34 706	71 290	58 320	76 725	161 513	161 513	<b>90 334</b>	129 942	136 439
Land Care Programme Grant: Poverty Relief and Infrastructure Development	3 480	3 268	3 428	3 085	3 085	3 085	<b>3 270</b>	3 466	3 640
Drought Relief/Agriculture Disaster Management Grant	7 582	34 656							
Comprehensive Agriculture Support Programme Grant	20 644	33 366	49 205	57 640	57 640	57 640	<b>63 064</b>	78 476	82 399
Provincial Infrastructure	3 000								
Disaster Management Grant: Agriculture			5 687	10 000	94 788	94 788			
Ilima/Letsema Projects Grant				6 000	6 000	6 000	<b>24 000</b>	48 000	50 400
<b>Vote 13: Cultural Affairs and Sport</b>	11 764	34 853	58 689	79 213	79 310	79 310	<b>90 170</b>	91 658	101 241
Mass Sport and Recreation Participation Programme Grant	11 764	18 205	27 401	38 237	38 237	38 237	<b>40 532</b>	42 964	45 112
Community Library Services Grant		16 648	31 288	40 976	41 073	41 073	<b>49 638</b>	48 694	56 129
<b>Total Conditional grants</b>	<b>3 277 953</b>	<b>4 055 787</b>	<b>4 811 694</b>	<b>5 977 807</b>	<b>6 717 284</b>	<b>6 717 284</b>	<b>7 669 665</b>	<b>8 371 462</b>	<b>8 645 270</b>

### Total Provincial Own Receipts

Sections 228 and 229 of the Constitution limit sources of revenue for provincial governments to narrow tax bases such as motor vehicle licence fees, health patient fees and gambling taxes. Broader tax bases such as personal income tax, corporate tax, value added tax and customs duty are in the domain of the national government. These limited sources of provincial own receipts are very small relative to the expenditure needs of provinces.

*Provincial own receipts contribute 5 per cent to the 2010/11 budget*

Despite the high expenditure needs, current provincial own receipts declined in 2009 and are expected to remain low over the 2010 MTEF. This is mainly due to the economic challenges experienced in 2009, which impacted negatively on revenue to the fiscus. However, in the 2010 MTEF the economy is expected to register positive growth, which may impact positively on government revenue, albeit, at a slower pace than would be desired.

In aggregate, Provincial Own Receipts will decline from R1.735 billion in the 2009/10 revised estimates to R1.688 billion in 2010/11, R1.694 billion in 2011/12, before increasing to R1.722 billion in 2012/13.

Table 4.3 shows the estimated contributions by the different votes to Provincial Own Receipts.

**Table 4.3 Summary of Provincial Own Receipts by vote**

Vote R'000	Outcome			Main appro- pria- tion 2009/10	Adjusted appro- pria- tion 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate			
							2010/11	2009/10	2011/12	2012/13
1. Department of the Premier	744	780	664	524	866	524	563	7.44	591	613
2. Provincial Parliament	453	387	269	52	52	198	52	(73.74)	52	52
3. Provincial Treasury	341 333	382 292	385 682	388 868	348 868	348 868	349 397	0.15	349 397	349 397
4. Community Safety	1 666	2 304	3 093	1 980	2 230	2 275	2 406	5.76	2 632	2 784
5. Education	24 296	31 392	22 545	23 691	23 691	23 691	22 874	(3.45)	23 025	23 025
6. Health	304 060	497 846	437 143	390 160	390 840	390 840	337 253	(13.71)	326 540	326 540
7. Social Development	9 785	28 541	2 516	360	360	2 635	385	(85.39)	397	410
8. Housing	79 797	86 562	80 845	70 000	50 845	50 845	60 000	18.01	50 000	50 000
9. Environmental Affairs and Development Planning	186	254	740	106	106	625	156	(75.04)	156	156
10. Transport and Public Works	897 355	955 014	968 286	902 163	867 513	878 806	886 814	0.91	912 216	940 111
11. Agriculture	19 291	21 969	25 518	21 988	23 303	23 303	23 088	(0.92)	24 242	24 242
12. Economic Development and Tourism	11 165	10 548	5 944	17 670	5 670	11 707	4 068	(65.25)	4 068	4 068
13. Cultural Affairs and Sport	2 480	1 316	1 758	561	561	1 040	761	(26.83)	797	833
14. Local Government										
<b>Total provincial own receipts</b>	1 692 611	2 019 205	1 935 003	1 818 123	1 714 905	1 735 357	1 687 817	(2.74)	1 694 113	1 722 231

Table 4.4 shows the total annual provincial own receipts budgets by source between 2009/10 and 2012/13. 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) continue to be the major sources of provincial own receipts.

**Table 4.4 Western Cape Own Receipts by source 2009/10 – 2012/13**

Source R'000	2009/10	2010/11	2011/12	2012/13
	Adjusted appropriation	Medium-term estimate		
<b>Tax receipts</b>	<b>1 122 588</b>	<b>1 146 216</b>	<b>1 171 658</b>	<b>1 197 863</b>
Casino taxes	274 594	275 123	275 123	275 123
Motor vehicle licences	823 371	848 072	873 514	899 719
Horse racing taxes	19 223	19 223	19 223	19 223
Other taxes (Liquor licence fees)	5 400	3 798	3 798	3 798
<b>Sales of goods and services other than capital assets</b>	<b>385 229</b>	<b>383 002</b>	<b>384 331</b>	<b>386 153</b>
<b>Transfers received</b>	<b>85 844</b>	<b>22 257</b>	<b>11 544</b>	<b>11 544</b>
<b>Fines, penalties and forfeits</b>	<b>1 576</b>	<b>1 008</b>	<b>1 043</b>	<b>1 078</b>
<b>Interest, dividends and rent on land</b>	<b>58 603</b>	<b>58 914</b>	<b>58 919</b>	<b>58 924</b>
<b>Sales of capital assets</b>	<b>895</b>	<b>29</b>	<b>29</b>	<b>29</b>
<b>Financial transactions in assets and liabilities</b>	<b>80 622</b>	<b>76 391</b>	<b>66 589</b>	<b>66 640</b>
<b>Total provincial own receipts</b>	<b>1 735 357</b>	<b>1 687 817</b>	<b>1 694 113</b>	<b>1 722 231</b>

### Casino and horse racing taxes

Casino taxes are expected to contribute R274.594 million in 2009/10, down by R40 million from the original 2009 MTEF estimate. This shortfall is as a result of the decline in the economic environment over the 2009 MTEF which has eroded disposable income, the leisure rand and therefore tax receipts. Although it is anticipated that economic conditions will improve, projections for casino taxes in 2010/11 remain conservative at R275.123 million.

*Gambling revenue is projected conservatively as it is dependent on the prevailing economic conditions*

Horse racing taxes remain flat and are projected to contribute R19.223 million each year over the 2010 MTEF.

### Motor Vehicle Licence Fees (MVLFF)

Motor vehicle licence fees are projected to contribute R823.371 million to provincial own receipts in 2009/10. The fees are projected to marginally increase to R848.072 million in 2010/11, R873.514 million in 2011/12 and to R899.719 million in 2012/13. These increases give rise to an annual average increase of 3 per cent over the MTEF, mainly as a result of anticipated growth in the number of registered passenger vehicles over the MTEF period. Motor Vehicle Licence Fees is one of the main sources of funding for road maintenance and upgrading and due to the low increases (only allowing for growth in the motor vehicle population) year-on-year, will result in real reduction in roads funding from this source.

### **Liquor licence fees**

Liquor licence fees have been adjusted downwards to R5.4 million in the 2009/10 adjusted budget, from an original estimate of R17.4 million, due to the non-implementation of the provincial Liquor Act. Over the 2010 MTEF, these fees are provisionally estimated at R3.798 million per annum due to the uncertainty in implementing the Western Cape Liquor Act. Going forward, the estimates will only be adjusted once certainty exists on the implementation of the Act and will be based on the total number of liquor licence holders renewing their licences under the new dispensation.

### **Hospital fees**

*Hospital fees to remain around R270 million per annum over the 2010 MTEF*

Hospital fees (incorporated under 'Sales of Goods and Services, other than Capital Assets' in Table 4.4) are expected to contribute R271.811 million to provincial own receipts in 2009/10. This amount is projected to remain at this level in 2010/11, and it is foreseen that hospital fees will remain at more or less the same level over the 2010 MTEF, provided that the recent policy review on hospital fees does not negatively impact on the fee structures and the Department's ability to generate revenue.

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

Interest on the current account, dividends and rent on land is expected to contribute around R58 million to budgeted provincial own receipts for each of the MTEF years.

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

Revenue attributed to the sale of assets is by its very nature uncertain and subject to delays in actually realising. For this reason any revenue from this source is only taken up in the Estimates post the actual receipt thereof.

### **Financing**

*Asset Financing Reserve enables increased spending on key infrastructure projects, but drops significantly in 2010/11*

The Asset Financing Reserve (AFR), was set up to separate daily (current) and long-term (capital) cash transactions, the latter to be used to finance infrastructure-related expenditure. Allocations from the AFR amount to R668 million in 2009/10 and R215.864 million in 2010/11.

### **Working Capital Reserve**

The need to fund mismatches between expenditure and revenue, as well as the overall tight financial position of the Province has necessitated the establishment of a Working Capital Reserve (WCR).



The WCR is a cash reserve to be eventually equal to one week's equitable share and conditional grant funding from National Treasury and National Departments to provide for adequate liquidity within the Provincial Revenue Fund envelope, acting as a "financing" buffer when such a need arises, as the alternative is national assistance for bridging financing, which has its own dilemmas.

The WCR will be financed, amongst others, from accumulated reserves in the Provincial Revenue Fund (PRF) as at 31 March 2009, unspent funds of departments as surrendered at the end of a financial year less approved roll-overs, revenue collected above budget less approved revenue retention requests, and interest earnings on investment above budget.

The funds will be invested on call at the Corporation for Public Deposits, which as a rule offers high interest rates for short term investments. The funds will therefore be available on request for unforeseen cash requirements and at the same time accumulates capital from interest earned.

## **Conclusion**

Limited additional allocations to the Provincial Equitable Share, revisions to the Conditional Grants framework, and reduced Provincial Own Revenue inflows present a tight fiscal resource envelope over the 2010 MTEF. This provides further impetus to provincial initiatives to promote progressive, efficient and effective expenditures that strive to achieve "more with less".



# 5

## Expenditure by Department

### Introduction

This Chapter attempts to draw the links between the national, provincial and departmental priorities and strategies as espoused in the national Medium Term Strategic Framework (MTSF), the 10 Provincial Strategic Objectives and the various sectoral and departmental strategies, plans and policies.

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

The Chapter also finds the connectivity between the plans and the 2010 MTEF allocations. These are funded from either the provincial equitable share, conditional grants, provincial earmarks or efficiency gains.

Provincial earmarked allocations provide amongst others, an indication as to those activities or programmes, which this Province considers a priority. 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. In a number of instances earmarks have been retained, while in others the earmarks have been lifted to provide departments with some level of flexibility, particularly in instances where the baselines are under pressure.

This Chapter also highlights some of the more pertinent departmental outputs and plans over the medium term.

Table 5.1 provides a snapshot of past expenditure trends from the 2006/07 financial year to the estimates over the new MTEF. The table shows that in aggregate, the budget more than doubles between 2006/07 and 2012/13. In 2010/11, the Provincial Budget grows to R33.213 billion from a revised estimate of R30.744 billion in 2009/10 and is expected to grow further to R37.420 billion by 2012/13. The largest beneficiaries of the 2010/11 budget are Health (R11.963 billion), Education (R11.846 billion), Transport and Public Works (R3.687 billion) and Housing (R2.061 billion).

**Table 5.1 Summary of provincial payments and estimates by vote**

Vote R'000	Outcome			Main appro- piation 2009/10	Adjusted appro- piation 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate			
							2010/11	2009/10	2011/12	2012/13
1. Department of the Premier	318 160	370 538	429 493	491 920	484 245	483 745	<b>545 168</b>	12.70	563 107	576 503
2. Provincial Parliament	37 827	46 327	62 323	68 499	74 112	73 112	<b>77 382</b>	5.84	84 633	88 884
3. Provincial Treasury	133 936	115 124	120 950	134 682	139 757	139 757	<b>160 470</b>	14.82	171 731	182 140
4. Community Safety	182 205	203 201	242 329	260 259	274 589	274 589	<b>287 808</b>	4.81	308 334	325 181
5. Education	6 920 362	7 737 750	9 192 478	10 346 039	10 663 812	10 663 812	<b>11 845 691</b>	11.08	12 823 254	13 555 684
6. Health	6 419 515	7 497 868	8 655 845	9 892 798	10 463 716	10 556 102	<b>11 962 863</b>	13.33	12 790 032	13 559 713
7. Social Development	719 516	901 363	1 215 245	1 162 502	1 180 818	1 189 865	<b>1 219 287</b>	2.47	1 328 140	1 395 381
8. Housing	946 980	1 289 936	1 539 212	1 802 457	1 782 802	1 782 831	<b>2 060 623</b>	15.58	2 335 624	2 200 098
9. Environmental Affairs and Development Planning	183 327	182 477	204 584	266 757	265 061	265 061	<b>304 949</b>	15.05	325 639	342 711
10. Transport and Public Works	2 254 031	2 344 477	2 766 228	3 522 950	4 170 181	4 170 181	<b>3 686 548</b>	(11.60)	3 800 202	3 975 298
11. Agriculture	266 386	325 623	355 699	398 607	493 468	493 468	<b>428 995</b>	(13.07)	492 544	517 101
12. Economic Development and Tourism	175 498	203 197	229 921	276 466	264 466	264 462	<b>241 478</b>	(8.69)	257 997	270 680
13. Cultural Affairs and Sport	185 166	223 138	499 970	296 445	302 096	302 096	<b>289 241</b>	(4.26)	298 198	318 660
14. Local Government	88 731	63 897	76 423	88 632	84 522	84 493	<b>102 638</b>	21.48	105 910	111 928
<b>Total provincial payments and estimates by vote</b>	<b>18 831 640</b>	<b>21 504 916</b>	<b>25 590 700</b>	<b>29 009 013</b>	<b>30 643 645</b>	<b>30 743 574</b>	<b>33 213 141</b>	<b>8.03</b>	<b>35 685 345</b>	<b>37 419 962</b>

Note: This table excludes direct charges.

## Vote 1: Department of the Premier

Over the 2010 MTEF the Department of the Premier receives an allocation of R545.168 million in 2010/11, R563.107 million in 2011/12 and R576.503 million in 2012/13.

### *Phased implementation of the modernisation programme as immediate priority*

The phased implementation of the modernisation programme is an immediate priority for the Department. This programme is intended to bring about: greater efficiencies in departmental service delivery; promote good governance; better focus government efforts; foster better management practices; well trained staff; improved assets and financial and human resource management.

The Western Cape Provincial Cabinet approved 15 of the 18 modernisation proposals thus far and has in the main prioritised: firstly ICT, secondly the Corporatisation of support functions and thirdly, Culture and Values. The proposals were adopted subject to availability of funding and flexibility within future budgets.

An additional amount of R167.290 million is added to the Department of the Premier over the 2010 MTEF towards funding the Province's ICT plans, as it is foreseen that an optimised, well-managed and secure IT infrastructure would be a strategic asset and a catalyst for organisational growth, improved security, reduced costs, increased productivity and will assist to achieve business goals.

*An optimised, well-managed and secure IT infrastructure can be a strategic asset*

This investment in ICT which includes the IT Service Delivery Improvement Plan, Microsoft Migration and e-filing augments existing funding and forms part of the ICT earmarked allocations of R321.153 million in 2010/11, R370.123 million in 2011/12 and R387.525 million in 2012/13.

The second priority, which is the corporatisation of support services, which include Internal Audit, Enterprise Risk Management and Human Resource Management will be rolled out without any additional funding to be added to the Department of the Premier. This priority will be funded over time from savings to be realised by corporatisation and other vote-specific internal efficiency gains. A joint implementation team between this Department and the Provincial Treasury has been formed to chart and manage the corporatisation and other refinement processes.

In addition, the Department, together with the Provincial Treasury, will work on developing an integrated monitoring and reporting system that adds value to the current quarterly reporting system, implementation of the provincial dashboard and reporting on the provincial strategic objectives. The Department of the Premier will collaborate with Provincial Treasury and the Department of Local Government to improve performance reporting and further develop Provincial Strategic Objective 10: Clean, value-driven, efficient, effective and responsive government.

*Development of integrated monitoring and reporting system that adds value*

## **Vote 2: Provincial Parliament**

The Western Cape Provincial Parliament (WCPP) over the 2010 MTEF receives allocations of R77.382 million in 2010/11, R84.633 million in 2011/12 and R88.884 million in 2012/13. These allocations are in addition to the direct charges relating to the remuneration of members in the Provincial Parliament. These direct charges are excluded from the voted funds and amount to R28.351 million in 2010/11, R30.253 million in 2011/12 and R31.787 million in 2012/13.

Over the MTEF, oversight by the WCPP will intensify as the oversight model is implemented. New programmes of government will be examined by Committees and by the House and special emphasis will be placed on how these programmes will benefit the vulnerable and other priority areas.

Provincial Parliament receives an additional R2.49 million in 2010/11, R3.124 million in 2011/12 and R3.28 million in 2012/13 for increases in Constituency and Enabling allowances of Members.

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

Provincial Treasury receives allocations of R160.470 million in 2010/11, R171.731 million in 2011/12 and R182.140 million in 2012/13.

*Provincial Treasury will continue initiatives to ensure that budgets are credible, responsive and sustainable*

In line with the statutory responsibilities of the Treasury, efforts are made to ensure that provincial departments and municipalities prepare and table responsive and sustainable budgets that promote shared economic growth and development.

Areas of priority for the Treasury include the continuous improvement of in-year expenditure and revenue management practices, enhancing efficiency and ultimately assessing the impact of departmental spending.

National funding to the Treasury aims to enhance the implementation of the Municipal Finance Management Act and to support municipalities with sound corporate governance and financial management practices.

The Treasury allocation also includes funding for performance audits to be conducted by the Auditor-General on a number of transversal functions across the Provincial Government. Key amongst these are: transfer payments and supply chain management practices across departments.

Further initiatives planned for the MTEF are aimed at optimising provincial revenue collection across provincial departments and municipalities.

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

Over the 2010 MTEF the Department of Community Safety receives a total allocation of R921.323 million. This translates into R287.808 million in 2010/11, R308.334 million in 2011/12 and R325.181 million in 2012/13.

The allocations to the Department will support the strengthening of civilian oversight over Law Enforcement Agencies (LEA's) in the Province, improve the safeguarding of Provincial Government facilities and buildings and continue the promotion of road safety matters on the entire road network of the Province including national and provincial routes. It is envisaged that the Department will play a greater facilitation and coordination role as it pertains to crime prevention initiatives currently underway within the Province. The main objective of this is that the citizens derive value from these initiatives and that these efforts culminate into safer communities.

*Strategic shift towards facilitation and coordination of safety and policing initiatives*

The Department will also focus on building the capacity of Community Policing Forums, promoting partnerships and community police relations with the SAPS, to ensure that communities provide police with crime intelligence information.

*Improving systems to ensure greater accountability of law enforcement agencies*

Work towards reducing the incidence of crime includes the development of safety strategies and design of safety models and improved monitoring of police conduct and policy implementation.

The Department will develop a Traffic Safety regulatory framework for integrated and coordinated traffic management systems and processes. The Road Safety Management Strategy remains a key focus area of the Department with the greater part of the 2010 MTEF budget allocated toward its implementation. Successes attributed to this strategy has been notable and have resulted in a decline in the number of road accident fatalities over the past financial year, supported by the increased law enforcement presence at weighbridges, the preservation of the 24 hour/7 day week patrol cycle and the 24 hour operation of all 12 provincial traffic centres.

Over the 2010 MTEF greater co-operation with municipal traffic law enforcement is planned with a view to further improving this function. Another key initiative is the development of a central repository for traffic data. The data collected will enable the identification of hazardous locations and inform focused interventions. It is envisaged that this repository will improve intelligence driven law enforcement aimed at reducing road fatalities and improve safety on Western Cape roads. The continued roll-out of road safety and awareness campaigns and community education initiatives in concert with the Department of Transport and Public Works, is expected to compliment these efforts.

*Central statistics repository to aid in combating road fatalities*

The Public Transport Inspectorate, recently shifted from Transport and Public Works, is tasked with improving the safety of commuters and the prevention of lawlessness on public transport. The inspectorate's functions include conducting roadworthy and

operating license inspections and working in conjunction with other law enforcement agencies.

The final phase of the access control system utilised in Provincial Government facilities was concluded during 2009. The Department will develop a provincial-wide security framework to implement integrated and co-ordinated access control measures in relation to the risk levels of client departments. Going forward the efforts of Security Risk Management will be ploughed into enabling and supporting provincial departments in enhancing their accountability in minimising security risks to staff and government assets. This will aid the reduction of security breaches in the PGWC and in improved co-ordination of security using an integrated approach.

### **Vote 5: Education**

*Education receives more than R38 billion over the MTEF*

The Western Cape Education Department (WCED) over the 2010 MTEF is allocated R38.225 billion: R11.846 billion in 2010/11, R12.823 billion in 2011/12 and R13.556 billion in 2012/13.

The increases in funding levels to the Department accommodate: improvements of Conditions of Service (ICS), general inflation, the introduction of a conditional grant for Further Education and Training Colleges (including provision for ICS and OSD for FET educators) and the implementation of national and provincial priorities.

*Improving education outcomes will be the major focus area*

The improvement of education outcomes remains a key priority of the Department over the 2010 MTEF. These include: improved academic performance in literacy and numeracy; improved National Senior Certificate results with more learners passing mathematics and physical science as well as qualifying for study at Higher Education Institutions; and the reduction in the number of under-performing high schools. Targets have been set for grade 3, 6 and 9 literacy and numeracy levels. Increasing the matric pass rate from its current 75.71 per cent to 80 per cent in 2010 is another key target for the Department. The Department plans to reduce the number of schools (with a less than 60 per cent pass rate) from 85 at present to 55 in 2010.

*Upgrading the skills of educators, providing high quality textbooks and infrastructure*

To achieve these outcomes the Department is focusing on strengthening the ethos of accountability within the organisation; upgrading and improving the content knowledge and pedagogical skills of teachers, enhancing managerial skills amongst principals; providing quality textbooks and ensuring their effective use in the classroom; and ensuring optimal provision of new classrooms/schools and maintenance of existing school infrastructure.

Educators and principals are the most important resource and largest input cost driver within the Department's budget. At Public



Ordinary Schools, Compensation of Employees represents 82.37 per cent of the budget allocation. The Department has identified a number of interventions with which to support educators and principals. Ensuring greater accountability amongst educators, principals, and district and head-office officials is a primary focus area for the Department. Each district has developed individual plans for each of its underperforming schools including individual improvement targets as well as implementing mechanisms to improve principal, educator and student attendance.

Existing interventions regarding Educator and Principal development are to be broadened. Subject areas with high failure rates and schools achieving less than a 60 per cent pass rate will be targeted first. A multi-pronged approach will be followed, including the provision of in-house training, as well as providing pre-service bursaries to increase the number of mathematics, science, technology and language teachers.

*Schools achieving less than 60 per cent will be targeted*

The provision of good quality text materials is seen as one of the more cost effective mechanisms with which to improve learner achievement. As part of the Department's overall efficiency drive, plans for textbook recovery and use will be provided. Providing a text-rich learning environment for learners is supported through the greater use of E-learning to deliver quality curriculum into the classroom. The continued roll-out of the Khanya project which provides schools with a computer laboratory and personal computers remains a priority.

*Good quality text material essential to improve learner achievements*

Over the 2010 MTEF a minimum amount of R1.017 billion has been earmarked for Early Childhood Development. This allocation will be used to expand access to Grade R in both public ordinary primary schools and independent schools (community sites, daycare centres or crèches). It is estimated that approximately 7 per cent of 5 to 6 year olds in the Province attend Grade R classes in either public ordinary schools or independent schools. Provision is made for learner subsidies, additional classrooms as well as the supply of resource kits. This allocation also makes provision for the training of ECD practitioners via the Expanded Public Works Programme.

*Over R1 billion for ECD over the MTEF*

An amount of R645.535 million over the 2010 MTEF is allocated for the National School Nutrition Programme in the form of a conditional grant. The number of learners benefiting from the school feeding programme is anticipated to increase from approximately 335 000 in 2009/10 to 345 000 in 2010/11 and 347 000 in 2012/13 (incrementally providing meals of better quality).

*About 345 000 learners to benefit from school feeding in 2010/11*

The establishment of the Department of Higher Education and Training has necessitated the shifting of the full responsibility for

Further Education and Training (FET) Colleges to the newly created national department. The legislative amendments needed for this shift to occur still require to be completed. The interim allocations for FET Colleges will be secured through a new conditional grant for Further Education and Training (FET) Colleges. Amounts of R446.512 million in 2010/11; R474.155 million in 2011/12 and R497.616 million in 2012/13 have been allocated in the new FET conditional grant.

*Higher salaries for specific categories of FET College lecturers*

In recognition of the FET College sector as a priority sector in terms of skills development, additional resources have been made available for Improvement of Conditions of Service and the Occupational Specific Dispensation (OSD). As part of the FET Conditional Grant amounts indicated above, over the 2010 MTEF period an additional R210.470 million will be made available for better compensation packages to lure highly skilled personnel, especially in key areas like engineering and information technology to this sector.

*Significant increases in the maintenance budget for schools*

Education's budget provides for infrastructure investment of R1.511 billion over the MTEF period in education facilities. For the construction of new facilities an amount of R342.053 million has been allocated for 2010/11, whilst R398.044 million and R446.367 million have been allocated for 2011/12 and 2012/13 respectively. The maintenance and repair budget of R102.276 million shows a significant increase compared to the 2009/10 budget of R73.719 million. In the outer years of the MTEF the allocation for maintenance continues to show real growth.

The Department of Education is to investigate a number of different models and mechanisms to ensure the most efficient provision of infrastructure. Under-utilised schools with available space and/or building of additional classrooms at existing schools to accommodate learners will receive attention, as will the building of new schools.

## **Vote 6: Health**

*Health receives more than R38 billion over the MTEF*

The Department of Health is committed to improving the health of all Western Cape citizens by maximising health outcomes in the Province. Health is allocated an amount of R38.313 billion over the 2010 MTEF: R11.963 billion in 2010/11; R12.790 billion in 2011/12 and R13.560 billion in 2012/13.

The Health budget represents 36 per cent of the entire provincial budget. On aggregate, the overall increase in Health's budget amounts to R5.730 billion between the 2009 and the 2010 MTEF's and for the first time exceeds that of Education.

The Western Cape Department of Health is primarily responsible for providing health services to a 3.8 million uninsured population in the

Province, which represents approximately 73 per cent of the total population.

Primary health care is the first point of contact between patients and the health service. Headcounts at primary health care clinics and community health centres totaled 7.933 million during the first six months of 2009/10. The Department also provides tertiary health care services to patients from beyond the provincial boundaries.

A priority for the Department is to further improve access to quality health care in the Western Cape. For the upcoming five year period 2010/11 – 2014/15, the Department will focus on the following: managing the burden of disease; ensuring and maintaining organisational strategic management and capacity; providing and maintaining appropriate health technology and infrastructure; improving the quality of health services; ensuring and maintaining a capacitated workforce to deliver the required health services and ensuring a sustainable income to deliver the required health services.

The Department will continue with the implementation of the Comprehensive Service Plan to provide quality health care that is cost effective, efficient and will manage patients at the right level of care. Over the 2010 MTEF, a key focus will also be on forging strategic partnerships with the private sector to improve health outcomes and service delivery.

*Continued  
implementation of the  
Comprehensive Service  
Plan*

The Western Cape suffers a quadruple burden of disease which includes conditions related to under-development: infectious diseases such as TB, non-communicable or chronic diseases, injuries and HIV and AIDS. The Department of Health prioritises interventions that target downstream risk factors to the burden of disease. These interventions aim to manage the burden through improving child and maternal health and reversing the spread of epidemic diseases such as HIV and Aids and TB. Interventions to reduce alcohol abuse or to reduce traffic related injuries are key areas for the Western Cape to address the upstream factors to reduce the burden. These areas require an inter sectoral approach. The Department of Health is however currently working on a mortality surveillance system for directing, monitoring and evaluating interventions to reduce the provincial burden of disease resulting from injury.

As both a national and provincial priority, the HIV and Aids programme receives a boost with additions to the Comprehensive HIV and Aids grant amounting to R105.220 million in 2010/11, R167.320 million in 2011/12 and R233.054 million in 2012/13. The increases are to expand the number of people receiving anti-retroviral treatment and to ensure that government's commitment to funding HIV/AIDS i.e. most notably the raising of the CD4 threshold,

*Major additions  
(R506 million) for the  
fight against HIV/AIDS*

extending ARV treatment to a substantive additional number of AIDS sufferers and providing triple therapy to all children born with HIV/AIDS. Currently, an estimated 68 446 people are on treatment at 66 registered ART facilities. The number of people on treatment is expected to increase to over 90 000 in 2010/11 and more facilities will be registered. Total expenditure for comprehensive HIV and Aids services amounts to R554.054 million in 2010/11; R648.314 million in 2011/12 and R738.098 million in 2012/13.

Additions to the Health budget covers personnel salary increases related to the implementation of the Occupational Specific Dispensation (OSD) for doctors and associated professionals. Increases in the Department's budget also make provision for the growing demand on its services and for expenditures relating to key items such as medicines, laboratory costs and medical supplies.

An Expanded Public Works Programme Grant for the Social Sector has been introduced. The Province's share of R1.188 million has been allocated to Health to subsidise non-profit organisations currently working in the Home Community Based Care sector for salaries to volunteers. The number of patients receiving community based care is expected to increase on average by 6 per cent per annum over the MTEF.

*EMS will be prioritised with R1.77 billion allocated*

Improving the Emergency Medical Services to increase response times remain a priority. Funding amounting to R1.770 billion over the 2010 MTEF has been earmarked for this purpose. This includes a specific allocation of R17.350 million in 2010/11 related to 2010 FIFA World Cup responsibilities.

The Department will continue implementing measures such as more efficient use of medical and surgical items, better management of agency staff, staff appointments and leave management. Other areas that have been identified for further work is to obtain a better understanding of the pressures on and demand for health services through conducting health expenditure reviews and analysing the patient numbers in terms of mix, growth, trends, etc., including the drivers behind the growth in patient numbers. Further initiatives also include a focus on quality of care provided to patients. The Department commits to investigate and report on every complaint received within 30 days of receipt and also plans to address issues such as waiting times.

*More than R2.5 billion allocated for construction and maintenance of hospitals*

The provision of Health infrastructure is a key priority for the Department. More detail is provided in Chapter 6 (Expenditure by Economic Classification). Health's budget provides for the investment of R2.561 billion over the 2010 MTEF for the construction and maintenance of health facilities.

For the construction of new and replacement facilities an amount of R396.178 million has been allocated for in 2010/11, whilst R476.161 million and R429.162 million have been allocated for in 2011/12 and 2012/13 respectively. The balance is allocated for upgrading and additions, rehabilitation, renovations and refurbishments professional fees and construction.

The construction of new hospitals under the Hospital Revitalisation Programme aims to replace the most dilapidated infrastructure and the upgrading of facilities using the Infrastructure Grant to Provinces R470.608 million over the 2010 MTEF aims to reduce the maintenance backlog.

The construction of the Khayelitsha District hospital has commenced some time ago and the tender for the Mitchell's Plain hospital has been awarded in 2009. These hospitals are estimated to be completed in 2012/13. An amount of R46.749 million has been allocated in 2010/11 for the construction of new clinics/centres.

*Mitchell's Plain and Khayelitsha hospitals will be completed in 2012/13*

The Department is increasing its maintenance and repair budget and allocated R134.565 million in 2010/11, while amounts of R141.679 million and R147.444 million have been allocated in 2011/12 and 2012/13 respectively for this purpose.

## **Vote 7: Social Development**

An amount of R3.943 billion is allocated to the Department over the 2010 MTEF. The allocation comprises of R1.219 billion in 2010/11, R1.328 billion in 2011/12 and R1.395 billion in 2012/13. This funding will enable the Department to strengthen its social welfare and development programmes in a more focused manner, playing a critical role towards the objectives of reducing poverty and strengthening social cohesion in the Province.

*Close to R4 billion will go towards funding social development*

The 2010 MTEF allocation includes additional amounts of R13.6 million in 2010/11; R14.6 million in 2011/12 and R15.3 million in 2012/13 specifically for the further implementation of Occupation Specific Dispensation (OSD) in the social sector.

The entire Early Childhood Development (ECD) programme has been earmarked over the 2010 MTEF. Total funding exclusively for ECD amounts to R179.804 million in 2010/11; R189.873 million in 2011/12 and R197.468 million in 2012/13 and will support more than 70 000 children per year in registered child care facilities. Early childhood development, of the 0-5 year olds, forms part of the child care and protection services that provide for the development, care and protection of the rights of children. An estimated total of 85 000 children will take part in ECD programmes in 2010/11.

*85 000 children will take part in ECD programmes in 2010/11*

The impact of substance abuse on families, crime and even school drop-out rates will be addressed through expanding and increasing access to a continuum of substance abuse services and targeting 58 000 individuals by 2015. The Ke Mojo drug prevention programme aimed at the youth, currently reaches almost 29 000 individuals and will also be expanded over the 2010 MTEF.

*More than 55 000 older persons to be supported by 2015*

Services to older persons will be systematically increased over the 2010 MTEF and beyond. The Department aims to support and protect 55 000 vulnerable older persons by 2015, ensuring access to quality social developmental services.

Interventions to support families in need will focus on the fostering of social cohesion and access to income. Other social development and social welfare programmes such as youth development and HIV and Aids will also be integrated with the care and support of families.

### **Vote 8: Housing**

*R6.6 billion allocated towards Housing over the 2010 MTEF*

The allocation to the Department of Housing amounts to R2.061 billion in 2010/11, R2.336 billion in 2011/12 and R2.200 billion in 2012/13. The overall allocation increases by R396.991 million between the 2009 and 2010 MTEF.

A significant portion (approximately 90.68 per cent) of the Department's budget is funded through the Housing and Human Settlement Development grant, amounting to R1.869 billion in 2010/11, R2.142 billion in 2011/12 and R2 billion in 2012/13. These amounts also include resources for the N2 Gateway National Housing Lead Project.

Furthermore, in terms of earmarked allocations, the additional revenue received by the Department in terms of the Enhanced Extended Discount Benefit scheme (EEDBS) has been specifically and exclusively allocated towards housing delivery. These include R60 million in 2010/11, R50 million in 2011/12, and R50 million in 2012/13.

*Policy shift to increase serviced sites through upgrading of informal settlements*

A policy shift with respect to the Upgrading of Informal Settlement Programme (UISP) will result in approximately 26 per cent or R411 million of the Housing grant funding being directed to the UISP in the current financial year and plans are afoot to increase this percentage going forward over the MTEF.

*Increased number of People's Housing Projects*

Over the MTEF period, the Department plans to increase the number of People's Housing Projects (PHPs). PHPs encourage communities to actively participate in the design of housing plans, building and the monitoring of construction processes thereby ensuring that houses are built to the requisite standard. This involvement in the construction process instills a sense of ownership that is often not felt



by recipients of other types of government subsidised housing. The Department is currently spending 11 per cent or R174 million of its total budget on constructing housing through PHP methods and anticipate that this will be increased over the 2010 MTEF.

The Department will embark on a review of municipal housing waiting lists and develop a more accurate housing demand database. This is part of the Department's commitment to improve the housing allocation process and better track housing backlog information. It is also foreseen that the development of a functional housing demand database, together with up to date information on the backlogs, will assist municipalities to strike the right balance between informal settlement dwellers and backyarders and will contribute towards a fairer selection and allocation of new housing projects.

*More accurate tracking of backlog information means fairer housing allocation*

In addition, the planned municipal accreditation process (metro and large local municipalities) will enable municipalities to plan, manage and administer National Housing Programmes. This arrangement will impact on the Department of Housing in the near future.

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

The Department of Environmental Affairs and Development Planning receives an amount R973.299 million over the 2010 MTEF. This amount includes allocations of R304.949 million in 2010/11, R325.639 million in 2011/12 and R342.711 million in 2012/13.

These allocations will enable the Department to play a key role in mainstreaming sustainability and optimising resource-use efficiency in the Province. The Department's policy priorities to achieve this objective include: the climate change mitigation strategy, water management, pollution and waste management, biodiversity management and land-use management.

*Key role in mainstreaming sustainability and optimising resource-use efficiency*

The Built Environment Support Programme (BESP) is an important initiative between the Department and the Department of Housing and municipalities. This programme has been piloted in six municipalities with the objective to develop credible spatial development and human settlement plans. For this purpose amounts of R8 million in 2010/11, R8.5 million in 2011/12 and R8.925 million in 2012/13 have been allocated.

The Department is also poised to play a key role in contributing to the provincial strategic objective of creating opportunities for business and individuals to grow the economy. Departmental efforts in this regard include efforts aimed at harnessing the 'green economy' and seizing opportunities in relation to the renewable energy sector, including the recycling sector and the related green procurement.

*Contributing to creating opportunities for business and individuals to grow the economy*

*R16.5 million to CapeNature to strengthen financial management capacity*

The biodiversity mandate is the responsibility of CapeNature as the implementing arm of the Department. Total transfers to CapeNature over the 2010 MTEF amounts to R511.367 million. This amount is earmarked and allocated as follows: R160.857 million in 2010/11, R170.848 million in 2011/12 and R179.662 million in 2012/13.

Significant investments have already been made to improve governance within CapeNature. To supplement these initiatives specific amounts of R5.0 million in 2010/11, R5.5 million in 2011/12 and R6.0 million in 2012/13 are provided to strengthen the entity's financial management capability and thereby concluding previously funded initiatives to rebuild CapeNature's governance, the achievement of pay-parity and other internal improvements.

Over the MTEF, costs related to the following key aspects need to be phased in: putting in place an efficient procurement system; affecting the migration plan (bringing in-house the outsourced financial accounting function); and strengthening of the CFO Office.

Earmarked allocations amounting to R25.228 million in 2010/11, R26.388 million in 2011/12 and R27.708 million in 2012/13 reflect the relative priority accorded to strengthening CapeNature's fire management capacity (including EPWP fire fighting) and for the eradication of alien vegetation.

### **Vote 10: Transport and Public Works**

*Close to R11.5 billion towards Transport and Public Works*

The Department receives an amount of R11.462 billion over the 2010 MTEF; R3.687 billion in 2010/11, R3.800 billion in 2011/12 and R3.975 billion in 2012/13.

The allocations to the Department will assist in preserving the provincial property portfolio and road network, ensuring progress towards achieving an efficient public transport system and supporting the Expanded Public Works Programme.

The reduction in maintenance backlogs within provincial infrastructure and the prevention of major rehabilitation remains a key priority for the Department over the 2010 MTEF. One of the Department's goals is to reduce the backlogs in both public works and roads infrastructure by 16 per cent by 2014.

The Public Works budget makes provision for R10 million per annum for the design phase of the CBD Regeneration Project. This Project, a component of the Fast Forward Cape Town Project, is aimed to leverage the Provincial Government's CBD properties in order to minimise the risk, cost and dependency on leased-in accommodation by the Province and to generate additional sustainable revenue streams over the long term.



The Department will continue with the implementation of the Government Immovable Asset Management Act (GIAMA). This includes further work on unpacking and planning the implementation of the various facets of GIAMA with client departments, including the consolidation of the immovable asset register, the valuation of immovable assets and the finalisation of the User-Pay methodology and resultant implementation plan.

*Public Works the sole implementing agent for the Provincial Government*

The Department will also be able to focus more attention on aligning the Infrastructure Service Delivery Model (ISDM) with Infrastructure Delivery Improvement Programme (IDIP) principles. This will be done with the continued support of the IDIP roll-out by the National Treasury.

A total of R5.079 billion, or 44 per cent of the total budget, is allocated to the Roads Infrastructure Branch over the 2010 MTEF. Maintenance constitutes 41.92 per cent, 50.24 per cent and 50.63 per cent of the annual road infrastructure allocation over the MTEF respectively. With a large number of 2010 FIFA World Cup roads infrastructure projects coming to an end in early 2010, the Department will intensify the focus on maintenance in the outer years of the 2010 MTEF.

Of the total Roads Infrastructure Branch budget, R5.018 billion over the MTEF has been allocated as follows: In 2010/11 R76 million for new and replacement roads; R580.478 million for upgrades and additions; R422.838 million for rehabilitation, renovation and refurbishment; R508.902 million for maintenance and repairs and R34.506 million for infrastructure transfers to municipalities.

*Maintenance of the road network receiving greater attention over the MTEF*

Further amounts of R1.663 billion and R1.732 billion have been allocated for infrastructure projects in 2011/12 and 2012/13, respectively, with provision for rehabilitation, renovation and refurbishments of, amongst other, surface roads, gravel roads and repairs at bridges increasing sharply to R784.474 million and R874.929 million in 2011/12 and 2012/13, respectively.

For maintenance and repairs of various surface roads, R500.275 million and R501.601 million have been allocated in 2011/12 and 2012/13, respectively.

The Department receives R632.402 million in 2010/11, R666.255 million in 2011/12 and R690.480 million in 2012/13 in the form of the Public Transport Operations Grant. This grant is for the payment of the subsidised bus services within the City, as well as the financial management of the grant and monitoring of the contractor.

*Department to focus on positioning itself as the centre for strategic and policy direction in public transport provision*

The Department over the long term will aim at positioning itself as the centre of strategic and policy direction within public transport in the Province. This vision is aligned with the National Land Transport Act of 2009, which states that provincial transport departments should serve a strategic, facilitatory and coordinating role in public transport matters. The provincial department may however assist municipalities in capacitating themselves to develop and implement their own public transport systems.

*George Mobility Strategy is a ground-breaking public transport project*

The George Mobility Strategy is such a project, with the first phase of the Strategy to be implemented during the 2010/11 financial year. This project will see scheduled services run within the George municipal area with a business entity constituted of minibus taxi operators as the contracting party. The project will thus not only provide an efficient, safe and cost effective public transport system, but will also serve as pilot for the anticipated Integrated Public Transport Network, which aims to incorporate the minibus taxi industry in the City of Cape Town Metropole.

*Success in accessing the EPWP Incentive grant*

Building on past successes, the Expanded Public Works Programme (EPWP) continued to exceed targets set for the Province in 2009. By December 2009 over 30 000 job opportunities have been created through the EPWP in the Province against a full financial year target of 40 000 job opportunities. A considerable achievement was the success attained in accessing the EPWP Incentive grant. The Province was able to exceed the indicative job targets for the infrastructure sector, thereby earning R11.090 million by the second quarter of 2009/10 against an indicative annual incentive of only R0.5 million. These funds will be ploughed back into EPWP programmes Roads and Public Works projects in 2010 to further facilitate job creation in the Province.

### **Vote 11: Agriculture**

The Department of Agriculture receives a total amount of R1.438 billion over the 2010 MTEF: R428.995 million in 2010/11, R492.544 million in 2011/12 and R517.101 million in 2012/13.

*Increasing agricultural production in a sustainable manner*

The medium-term key priorities include increasing agricultural production, protecting and enhancing natural resources in a sustainable manner within the climate change context to ensure food security, the success of agricultural land reform projects, maintaining the current provincial agricultural sector's contribution to the national economy and expanding export opportunities for Western Cape agricultural produce.

The strategic focus of the Department is to provide land reform beneficiaries with agricultural support; ensure that farmers become successful business enterprises by increasing the production of agricultural produce for domestic and global markets; and to assist poor communities and households with the means to produce their own food and to increase their accessibility to safe and healthy food.

The Land and Agrarian Reform Programme (LARP), a national initiative aims to accelerate land reform and increase support to new agricultural producers by harnessing and institutionalising the integration of all agricultural services within the Department and the private sector.

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

The bulk (R152.581 million or 36 per cent of the total 2010/11 budget and including the Comprehensive Agricultural Support Programme (CASP) grant) of the Department's budget is spent on the FSD programme, with Casidra, as an implementing agency for the Department, playing a crucial role in the implementation of farming infrastructure projects financed through the CASP grant.

*CASP contributes to food security through comprehensive support and advisory services*

Ensuring food security in the Province through comprehensive agricultural support and advisory services remains one of the Department's key priorities over the medium term, aiming to develop and deliver market access and marketing services to farmers through researching opportunities and facilitating access for farmers to local, national and international markets.

*Food security a key priority*

The Ilima/Letsema grant supports the poor and reduces poverty by ensuring food security through rehabilitation of food gardens and assists farmers to use land more productively.

In maximising sustainable resource management and use, the Department provides appropriate engineering and land care services and ensures timely comments on applications for sub-division and/or rezoning of agricultural land. The key deliverable by March 2011 is to develop a pilot real-time web application to assist farmers to utilise their agricultural water more efficiently in the Hex Valley area.

*Using the natural resource base sustainability, for food production*

## **Vote 12: Economic Development and Tourism**

The Department of Economic Development and Tourism over the 2010 MTEF receives a total of R770.155 million, R241.478 million in 2010/11, R257.997 million in 2011/12 and R270.680 million in 2012/13.

During 2009 the Department began a review process, aimed at capitalising on initiatives to create opportunities for business and individuals to grow the economy. There is renewed effort within the Department to enhance institutional capacity and governance including improved monitoring and evaluation systems and the

*Departmental review and revision in order to maximise impact*

leveraging of private sector funding. Included in this review process is the role of public entities (Wesgro, CTRU and CASIDRA) and the Special Purpose Vehicles. The aim of the review is to enhance synergies, streamline processes and avoid possible duplication of activities going forward.

Key shifts in the Department's approach include a concerted effort to move away from direct intervention in industry and projects to rather provide leadership, co-ordination and facilitation. Linked to this is the move towards leveraging additional private sector resources and the establishment of partnerships which involves matching private sector funding in a way which is demand driven.

### *Rationalisation of sector support*

Business support and expansion remains a key priority for the Department. The Department will be engaged in sector support; however the type of support given to sectors will be rationalised and vary according to their potential in maximising economic and employment growth.

The Department will continue with its clustering approach whereby collaborative activities by a group of companies, public sector entities, and other related institutions are supported with the objective to improve the competitiveness of a group of interlinked economic activities in a specific geographic region.

Key sectors to receive dedicated support are: business process outsourcing, information and communications technologies, oil and gas offshore services and facility construction, and tourism. Important/significant sectors (clothing and textiles, boat-building, commercial arts and entertainment, metals and engineering, furniture and agri-processing) will receive funding for clustering and specialised special purpose vehicles, as well as access to the Open Architecture Fund. Emerging sectors (renewable energy, aquaculture, biotechnology and electronics and green technologies) will receive initial limited support, as well as access to the Open Architecture Fund.

Sectors not classified as priority sectors will be assisted through an Open Architecture Industrial Policy. A special dedicated facility to provide finance for private institutions and businesses will be created for this purpose. These private institutions/entities will, in turn, be required to provide the inputs identified via the Open Architecture Fund. The Fund will solicit proposals from any firm or grouping of firms requiring government support on this basis. Rather than government deciding what types of firms to support (by sector or by size, for example), applicants will be able to self-select. Government would not predetermine the nature of the support and applicants

would in fact advise/inform as to the support they require. Proposals would be vetted by a technical secretariat.

The Department will place entrepreneurial mentorship and opportunity driven support at the centre of its entrepreneurship development interventions, which will be aimed at building partnerships with private and public sector organisations in order to leverage and up-scale access to existing mentorship initiatives and resources based on a segmentation of business types and mentorship needs.

*Up-scaling  
entrepreneurial  
mentorship initiatives*

The Real Enterprise Development (RED Door) will refine its diagnostic procedures in order to identify high growth potential businesses in both the formal and informal economies, in order to focus mentorship resources to where the potential job creation growth returns are highest.

The accessing of procurement opportunities by the citizens of the province is integral to the achievement of inclusive economic growth. The Department will be at the forefront of rolling out a procurement promotion programme to stimulate local suppliers and SMMEs in order to benefit from local public and private sector procurement opportunities. The aim is to increase sustainability of local businesses and job creation.

The shortage of appropriate skills remains a binding constraint to employment creation and economic growth within the Province. The shortage of appropriate skills also undermines the Provinces competitiveness and efforts at poverty reduction. The Department will continue to prioritise workforce skills development with interventions aimed at responding to the mismatch between skill supply and skill demand.

A key activity performed by the Department is that of Business Regulation and Governance in order to ensure an enabling socially responsible business environment that allows for predictability. Key aspects of the Department's work revolve around regulatory services, consumer protection and liquor regulation. A special focus area is on enhancing financial literacy so as to enhance peoples budgeting skills and prevent people remaining or failing into poverty due to poor decision making when obtaining excessive credit.

*Equipping citizens with  
financial literacy skills*

International and national tourism marketing and development will be up-scaled through more effective leveraging of national tourism partnerships and resources and the use of new social media technologies in order to better match tourism offerings to specific market segments. Furthermore, a pro-active major events strategy will be developed which enhances the Province's role in influencing the growth, developing, timing and location of major events to

enhance economic impacts, seasonality benefits, and regional economic development impacts.

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

The Department receives an amount of R906.099 million over the 2010 MTEF to fulfill its responsibilities in Sport and Recreation, Arts and Culture, Libraries, Museums, Heritage and Archives.

Disaggregated, it amounts to R289.241 million in 2010/11, R298.198 million in 2011/12 and R318.660 million in 2012/13. More than 30 per cent of this Department's allocation is from national transfers, more specifically for the Mass Sport and Recreation Participation Programme (MSRPP) and to support Community Library Services.

Amounts of R40.532 million in 2010/11; R42.964 million in 2011/12 and R45.112 million in 2012/13 are allocated to the Department from national government to promote mass participation within communities and schools through selected sport and recreation activities. This programme aims to empower and develop communities and schools through sport and recreation.

*School sport and libraries are key focus areas*

The school sport unit within the Department targets the 2 064 schools in the Province to assist with the provision of resources and infrastructure for the purpose of promoting sport participation. The Department established partnerships to develop league and tournament systems to create opportunities for talent identification and coaching camps for learners.

Amounts of R49.638 million in 2010/11; R48.694 million in 2011/12 and R56.129 million in 2012/13 are allocated to the Department to support community libraries to enable communities to gain access to knowledge and information. The Department also supplies library materials and technical services to the current 329 libraries in the Province.

The Department provides archival services in the Province by collecting and preserving public and non-public records of enduring value, to be accessible to the public.

The 2010 MTEF allocations will enable the Department to strengthen social cohesion and development programmes more efficiently.

### **Vote 14: Local Government**

This newly formed department is allocated an amount of R320.476 million over the 2010 MTEF. This allocation includes amounts of R102.638 million in 2010/11, R105.910 million in 2011/12 and R111.928 million in 2012/13.

Providing “hands on support” to municipalities in the form of various capacity building programmes will be an ongoing priority of the Department in various municipalities to enable them to continue to better service delivery.

*Continued support and training to municipalities to build municipal capacity*

Included in the 2010 MTEF allocations are amounts of R23.192 million in 2010/11, R20.874 million in 2011/12 and R21.917 million in 2012/13 to build municipal capacity. These funds will contribute towards the implementation of the 5-year Local Government Strategic Agenda, the Local Government Turnaround Strategy, monitoring and support of municipalities to achieve compliance with the Municipal Property Rates Act, as well as continued focus on enhancing performance management, good governance and processes in municipalities.

Other areas of hands-on support include training municipalities in performance management, anti-corruption and ethics. All support and training is administered with the objective of skills transfer.

Included in the 2010 MTEF allocations are also amounts of R15.632 million in 2010/11, R16.570 million in 2011/12 and R17.398 million in 2012/13 for Disaster Management co-ordination. These funds will be used to assist with the prevention and mitigation of disasters, as well as effective disaster recovery measures. It is also meant to facilitate the preparedness and responsiveness of municipal fire brigade services.

*Efficient and prepared disaster management co-ordination*

The Department promotes active and meaningful public participation through (i) the encouragement of ward committee establishment and will continue to (ii) support municipalities with ward committee training, community-based planning and the monitoring of ward committee functioning.

The responsibility for Multipurpose Centres (Thusong) has been transferred from Social Development to the Department of Local Government. The purpose of these multi-purpose centres is to promote access to government services and is a primary vehicle for government and community communication and information, and integrating government services into primarily rural communities. Amounts of R6 million in 2010/11, R5 million in 2011/12 and R5 million in 2012/13 have been shifted for these objectives.

*Transfer of function of Multipurpose Centres to Local Government*

## Conclusion

From the inputs received from departments, indications are that their performance plans are well on track and are reasonably well aligned with national and provincial plans and objectives.

A strong link is evident between the plans that departments have tabled and their 2010 MTEF allocations.



The Provincial investment in education, health, housing, transport and infrastructure accommodates the bulk of provincial expenditure. There is heightened awareness that their task ahead - is about improving access, effectiveness, quality, efficiency and equity in service delivery.

In this regard the efficiency savings across departments, function shifts amongst them and the implementation of the Modernisation Programme; are but a few initiatives which are to be undertaken in order to provide better and more focused government services.



# 6

## Expenditure by Economic Classification

This Chapter discusses the economic classification of consolidated estimated provincial expenditure in terms of the international standard for classification, the Government Finance Statistics Manual (GFS 2001). The deployment of resources by the Provincial Government over the 2010 MTEF is shown in Table 6.1, split into the main divisions of expenditure, namely current payments, transfers and subsidies and payments for capital assets.

The revised Standard Chart of Accounts (SCOA) allows for an improved infrastructure reporting process and item classification. For this reason Table 6.1 also indicates the capitalised spending on compensation of employees and goods and services.

During the budget process departments embarked on a process to further identify efficiency savings within non-personnel expenditure items. This process was facilitated through detailed assessment of specific expenditure trends identifying activities contributing to the delivery of frontline services.

Over the coming period government will support heightened socio-economic impact by improving public service efficiency through directing more spending to front-line services and core spending items.

Government, in the 2010 MTEF, will continue its efforts in 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 increasingly be on determining even more efficiency gains when inputs can be reduced for the same outputs or where greater outputs and improved quality can be attained for the same quantum of inputs.

In summary the 2010/11 total provincial expenditure of R33.213 billion (excluding direct charges) consists of Current payments at R24.862 billion or 74.86 per cent, followed by Transfers and subsidies at R5.869 billion or 17.67 per cent and Payments for

Capital Assets at R2.479 billion or 7.46 per cent. Included in Current payments for 2010/11 is Compensation of Employees (R17.819 billion), Goods and Services (R7.043 billion) and Interest and rent on land (R213 000). Goods and Services accounts for a 28.33 per cent share of Current payments in 2010/11 and inter alia, includes expenditure items on Consultants, Travel and Subsistence, Medicine and Medical Supplies, Learner and Teacher Support Material (LTSM). Transfers and subsidies mainly consists of transfers to Non-profit institutions (39.31 per cent or R2.307 billion) and Households (34.12 per cent of R2.003 billion). Buildings and other fixed structures amounts to 85.11 per cent or R2.110 billion of Payments to Capital Assets

**Table 6.1 Summary of provincial payments and estimates by economic classification**

Economic classification R'000	Outcome			Main appropriation 2009/10	Adjusted appropriation 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate			
							2010/11	2009/10	2011/12	2012/13
<b>Current payments</b>	14 178 485	16 288 210	19 250 110	21 215 011	22 205 185	22 379 542	<b>24 861 731</b>	11.09	26 761 267	28 236 039
Compensation of employees	9 709 057	11 249 268	13 420 892	14 849 177	15 765 504	15 835 856	<b>17 818 691</b>	12.52	19 139 737	20 164 838
Goods and services	4 469 428	5 038 942	5 828 354	6 365 834	6 439 543	6 543 505	<b>7 042 827</b>	7.63	7 621 307	8 070 970
Interest and rent on land			864		138	181	<b>213</b>	17.68	222	231
<b>Transfers and subsidies to</b>	2 933 347	3 494 789	4 419 000	5 397 981	5 571 722	5 582 842	<b>5 868 702</b>	5.12	6 320 066	6 462 302
Provinces and municipalities	355 477	331 277	698 903	459 486	622 259	616 769	<b>556 120</b>	(9.83)	554 438	587 013
Departmental agencies and accounts	211 522	151 579	184 624	248 360	224 313	224 583	<b>229 523</b>	2.20	242 531	254 278
Universities and technikons	4 325	1 726	1 768	3 389	4 267	4 267	<b>3 807</b>	(10.78)	2 416	2 550
Foreign governments and international organisations	93	103	138	120	120	120	<b>132</b>	10.00	145	154
Public corporations and private enterprises	49 511	71 500	93 967	687 184	738 727	738 734	<b>769 739</b>	4.20	839 085	868 322
Non-profit institutions	1 368 784	1 622 627	1 970 894	2 254 499	2 146 317	2 161 042	<b>2 306 754</b>	6.74	2 403 498	2 599 654
Households	943 635	1 315 977	1 468 706	1 744 943	1 835 719	1 837 327	<b>2 002 627</b>	9.00	2 277 953	2 150 331
<b>Payments for capital assets</b>	1 705 331	1 674 740	1 910 980	2 392 513	2 862 608	2 774 157	<b>2 478 975</b>	(10.64)	2 600 060	2 717 443
Buildings and other fixed structures	1 395 071	1 391 931	1 618 744	2 054 051	2 497 483	2 394 931	<b>2 109 780</b>	(11.91)	2 227 511	2 278 379
Machinery and equipment	261 593	256 660	268 964	315 646	329 728	343 304	<b>334 495</b>	(2.57)	333 078	405 813
Heritage assets	75	57		22	22	36		(100.00)		
Specialised military assets	219	93	43		138	842	<b>50</b>	(94.06)	20	20
Biological assets										
Land and subsoil assets	27 544	8 051	3 700	4 206	4 476	4 476	<b>8 289</b>	85.19	14 610	8 789
Software and other intangible assets	20 829	17 948	19 529	18 588	30 761	30 568	<b>26 361</b>	(13.76)	24 841	24 442
<i>Of which: "Capitalised Compensation" included in Payments for capital assets</i>										
<i>Of which: "Capitalised Goods and services" included in Payments for capital assets</i>			326 951	1 802 709	2 233 820	2 135 237	<b>1 903 669</b>	(10.85)	1 981 540	2 072 693
<b>Payments for financial assets</b>	14 477	47 177	10 610	3 508	4 130	7 033	<b>3 733</b>	(46.92)	3 953	4 178
<b>Total economic classification</b>	18 831 640	21 504 916	25 590 700	29 009 013	30 643 645	30 743 574	<b>33 213 141</b>	8.03	35 685 345	37 419 962
Direct charge	17 154	18 469	23 676	25 329	28 459	29 268	<b>28 351</b>	(3.13)	30 253	31 787
<b>Total economic classification (including direct charge)</b>	18 848 794	21 523 385	25 614 376	29 034 342	30 672 104	30 772 842	<b>33 241 492</b>	8.02	35 715 598	37 451 749

## Compensation of employees

Compensation of employees amounts to R17.819 billion or 53.60 per cent of total expenditure in 2010/11. In nominal terms, it grows on average by 8.39 per cent between 2009/10 and 2012/13 and takes into account the public service salary agreements negotiated in 2009. As a share of total expenditure, the amount spent on compensation of employees increases by 2.41 percentage points from the 2009/10 Main Appropriation to the 2010/11 Budget, resulting in a possible crowding out effect on other expenditures.

*Compensation of employees amounts to 53.60 per cent of 2010/11 budget relative to 51.14 per cent in the 2009/10 main budget*

**Table 6.2 Summary of personnel numbers and cost by vote**

Vote		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	As at 31 March 2013
1. Department of the Premier	(numbers)	588	567	631	686	719	719	719
	(R'000)	135 338	144 553	172 642	215 348	247 916	251 045	261 917
2. Provincial Parliament	(numbers)	55	62	93	88	88	88	88
	(R'000)	11 411	14 227	17 517	23 804	30 167	33 028	34 328
3. Provincial Treasury	(numbers)	246	275	280	299	355	355	355
	(R'000)	52 919	60 231	71 482	95 287	111 309	119 391	127 605
4. Community Safety	(numbers)	814	821	902	876	954	997	1 010
	(R'000)	99 436	113 899	143 032	182 005	194 792	208 416	219 090
5. Education	(numbers)	38 207	39 727	39 850	40 181	40 296	40 969	40 969
	(R'000)	5 253 453	5 904 035	7 089 690	8 186 406	9 107 962	9 794 890	10 326 479
6. Health	(numbers)	24 695	26 339	27 008	27 993	28 087	28 087	27 525
	(R'000)	3 419 042	4 138 765	4 876 271	5 830 387	6 609 793	7 076 153	7 423 095
7. Social Development	(numbers)	1 670	1 815	1 832	1 910	2 093	2 253	2 373
	(R'000)	182 348	242 112	273 466	338 249	403 080	456 994	493 459
8. Housing	(numbers)	419	419	454	449	456	471	471
	(R'000)	65 656	76 368	96 246	112 082	123 096	133 560	144 912
9. Environmental Affairs and Development Planning	(numbers)	266	270	307	359	393	422	435
	(R'000)	50 436	56 218	66 548	87 099	105 855	128 839	137 077
10. Transport and Public Works	(numbers)	1 427	1 504	1 632	1 651	2 018	2 018	2 018
	(R'000)	181 113	210 835	260 926	334 937	403 861	426 602	455 439
11. Agriculture	(numbers)	951	860	944	1 049	1 046	1 046	1 046
	(R'000)	117 188	130 123	155 243	190 206	217 617	234 147	250 536
12. Economic Development and Tourism	(numbers)	159	164	195	238	244	244	244
	(R'000)	30 372	36 488	51 325	61 086	77 452	81 924	86 557
13. Cultural Affairs and Sport	(numbers)	542	539	611	619	612	612	612
	(R'000)	76 407	87 302	100 106	120 948	125 641	130 401	135 764
14. Local Government	(numbers)	251	249	276	285	286	288	289
	(R'000)	33 938	34 112	46 398	58 012	60 150	64 347	68 580
<b>Total provincial personnel numbers</b>		70 290	73 611	75 015	76 683	77 647	78 569	78 154
Total personnel cost (R'000)		9 709 057	11 249 268	13 420 892	15 835 856	17 818 691	19 139 737	20 164 838
Unit cost (R'000)		138	153	179	207	229	244	258

Table 6.2 shows that the number of personnel employed are projected to increase by 1 503 or nearly 2 per cent from an estimated 76 683 on 31 March 2010 to 78 154 on 31 March 2013. This increase in individuals is spread across all departments, with 22.23 per cent and 24.24 per cent respectively in the Departments of Social Development and Transport and Public Works. The increase in Social Development personnel is due to completely revamped business model of service delivery with the Department increasingly delivering services directly, rather than through third parties. The actual increases can therefore be mainly attributed to the expansion of Social workers at regional and local levels.

In Transport and Public Works, the expansion of the establishment in 2010 can primarily be attributed to the anticipated recruitment of staff for the roads infrastructure programme.

*Over 2010 MTEF personnel numbers will increase by 1 503*

Similarly the growth in the number of posts for Environmental Affairs and Development Planning is as a consequence of proposed internal restructuring and repositioning.

There has been a significant increase in personnel (6 393 or a 9 per cent growth) since March 2007 to the projected end-result in March 2010, of which the majority of the increase occurred in Health: 3 298 or more than half of the overall increase.

Over the MTEF, personnel costs jump by R4.33 billion, with the major contributing factor linked to the increase in unit costs related to annual salary increases, but more specifically OSD adjustments in Health and Education.

Over the 2010 MTEF the annual unit cost of personnel is projected to increase from R207 000 as at 31 March 2010 to R258 000 as at 31 March 2013. This constitutes an annual average increase of 7.69 per cent, which is mainly due to annual salary adjustments linked to inflation.

### **Transfers and subsidies**

The total 2010/11 allocation for Transfers and Subsidies increases by 5.12 per cent on the 2009 revised estimate, with Households showing the biggest increase of 9 per cent, followed by transfers made to Non-Profit Institutions of 6.74 per cent.

Households, in 2010/11, receive an allocation of R2.003 billion, an increase of 9 per cent on the 2009 revised estimate. This mainly comprises of the allocation to the Department of Housing in respect of the Human Settlements Development conditional grant. This grant primarily aims to provide sustainable housing settlements. Over the MTEF this grant grows at an annual average of 8.14 per cent.

In 2010/11, Transfers to Non-Profit Institutions sees an increase of 6.74 per cent on the 2009 revised estimate from R2.161 billion to R2.307 billion in 2010/11. The bulk of the 2010/11 allocation is shared between the Departments of Education (56.7 per cent) and Social Development (27.8 per cent).

In Education transfers to Non-Profit Institutions mainly include transfers to section 21 schools, colleges and the adult learning centres for learner teacher support material, maintenance and operational needs.

Social Development on the other hand transfers funds to various Non-Profit Institutions within the mandate of the Department, which include programmes related to substance abuse, prevention and rehabilitation; care and service to older persons, childcare and protection services; HIV and Aids and care and support to families.

### **Capital expenditure**

As depicted in Table 6.1 the capital investment for the Province in 2010/11 increases by R86.462 million from the 2009/10 Main Appropriation with aggregate capital expenditure amounting to R2.479 billion in 2010.

*Capital investment in 2010/11 increases by R86.462 million.*

Capital expenditure in Education, Health and Transport and Public Works accounts for 97.52 per cent or R2.417 billion of total provincial capital investment in 2010/11.

### **Infrastructure**

Public sector infrastructure investment has been highlighted as an important contributory factor for economic growth, with a positive effect on total output and productivity of factor utilisation.

Table 6.3 provides a summary of provincial infrastructure expenditure by category (new and replacement assets; upgrades and additions; maintenance and repairs; rehabilitation, renovations and refurbishments; infrastructure transfers current/and capital and other capital projects).

**Table 6.3 Summary of provincial infrastructure payments and estimates by category**

Category R'000	Outcome			Medium-term estimate							
	Audited 2006/07	Audited 2007/08	Audited 2008/09	Main appro- piation 2009/10	Adjusted appro- piation 2009/10	Revised estimate 2009/10	% Change from Revised estimate (Nominal)				% Change from Revised estimate 2009/10 - 2012/13
							2010/11	2009/10	2011/12	2012/13	
New and replacement	365 391	265 031	729 158	627 460	582 766	543 800	816 531	50.15	887 735	878 312	17.33
Upgrades and additions	67 918	102 472	529 654	920 912	1 001 125	981 262	657 683	( 32.98)	429 702	415 262	( 24.92)
Rehabilitation, renovations and refurbishments	921 080	964 012	707 735	632 751	999 763	957 536	777 823	( 18.77)	1 014 459	1 223 355	8.51
Maintenance and repairs	550 415	562 011	814 437	615 898	745 080	745 080	824 988	10.72	872 375	896 286	6.35
Infrastructure transfers - current			2 522	2 500	2 827	2 827	22 210	685.64	24 050	26 027	109.59
Infrastructure transfers - capital			33 343	23 300	61 219	61 219	106 330	73.69	132 762	138 529	31.29
Other capital projects	291 290	333 118	122 571	103 775	131 118	127 222	7 000	( 94.50)	8 000	9 952	( 57.23)
<b>Total provincial infrastructure payments and estimates</b>	<b>2 196 094</b>	<b>2 226 644</b>	<b>2 939 420</b>	<b>2 926 596</b>	<b>3 523 898</b>	<b>3 418 946</b>	<b>3 212 565</b>	<b>( 6.04)</b>	<b>3 369 083</b>	<b>3 587 723</b>	<b>1.62</b>

*Infrastructure investment  
remains a focus area*

Infrastructure funding has been directed to the following categories: new and replacement assets (25.42 per cent), maintenance and repairs (25.68 per cent), upgrades and additions (20.47 per cent); rehabilitation, renovations and refurbishments (24.21 per cent); current infrastructure transfers (0.69 per cent); capital infrastructure transfers (3.31 per cent) and other capital which accounts for 0.22 per cent.

There is a drop of R206.4 million from the revised estimate of 2009/10, mainly due to a once-off allocation to roads in the 2009/10 Adjusted Budget to deal with flood damage. Year-on-year, however, infrastructure spending increases by R286 million or by 9.8 per cent.

Table 6.4 provides a disaggregation of the same capabilities across the different votes. From this it is clear that although the major share of planned infrastructure spending is still housed in Transport and Public Works, it comprises a delivery share from 2009/10 to 2012/13 (59.5% in 2009/10 (main appropriation), with an upward slip in the revised 2009/10 estimates, to 65.8% in 2010/11 and 56.5% in 2012/13). Health, Education and Agriculture continue to grow their relation shares, although Health approves to be stabilising around the R853 million mark on average.

**Table 6.4 Summary of provincial infrastructure payments and estimates by vote**

Vote R'000	Outcome			Main appro- priation 2009/10	Adjusted appro- priation 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate			
							2010/11	2009/10	2011/12	2012/13
1. Department of the Premier				13 500	23 972	23 972		(100.00)		
2. Provincial Parliament										
3. Provincial Treasury										
4. Community Safety										
5. Education	379 222	264 524	277 838	378 794	378 794	378 794	<b>444 329</b>	17.30	506 457	560 092
6. Health	349 259	421 298	509 068	712 224	794 492	689 540	<b>876 648</b>	27.14	818 720	865 346
7. Social Development			27 382	3 100	2 100	2 100	<b>320</b>	(84.76)	11 000	
8. Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	1 432 907	1 504 188	1 840 499	1 742 253	2 247 815	2 247 815	<b>1 800 934</b>	(19.88)	1 902 964	2 025 846
11. Agriculture	34 706	36 634	52 633	76 725	76 725	76 725	<b>90 334</b>	17.74	129 942	136 439
12. Economic Development and Tourism										
13. Cultural Affairs and Sport			232 000							
14. Local Government										
<b>Total provincial infrastructure payments</b>	<b>2 196 094</b>	<b>2 226 644</b>	<b>2 939 420</b>	<b>2 926 596</b>	<b>3 523 898</b>	<b>3 418 946</b>	<b>3 212 565</b>	<b>(6.04)</b>	<b>3 369 083</b>	<b>3 587 723</b>

More detail regarding specific projects is captured in the infrastructure tables of the specific votes in the 2010 Estimates of Provincial Expenditure.

### Infrastructure by category

#### New and replacement

New and replacement assets account for the *second largest* allocation within the infrastructure budget: R816.531 million or 25.42 per cent of the 2010/11 infrastructure budget. The largest allocation towards new and replacement of assets has been made by the Departments of Health (R393.091 million) and Education (R342.053 million), followed by the Transport and Public Works (R76 million). The allocation for new and replacement assets increases slightly to R887.735 million in 2011/12, decreasing to R878.312 million in 2012/13.

### Upgrades and additions

The overall allocation for upgrades and additions remains the *fourth largest allocation* over the MTEF period, falling from first place in both the 2009/10 revised and main estimates. This reflects a shift towards new and replacement assets, maintenance and repairs, capital infrastructure transfers and eventually rehabilitation, renovations and refurbishments. Upgrade and additions account for 20.47 per cent in 2010/11; 12.75 per cent in 2011/12 and 11.57 per cent in 2012/13 of the total annual infrastructure budgets. The allocation for upgrades and additions show a downward trend over the MTEF period. The allocations amount to R657.683 million in 2010/11; R429.702 million in 2011/12 and R415.262 million in 2012/13.

Under the “upgrades and additions” category, the Department of Transport and Public Works accounts for R580.478 million and Department of Health for R86.077 million of the 2010/11 budget.

### Rehabilitation, renovations and refurbishments

Rehabilitation, renovations and refurbishments accounts for the *third biggest share* of the allocation at R777.823 million or 24.21 per cent of the total allocation in 2010/11. This allocation increases to R1.014 billion or 30.11 per cent of the total allocation in 2011/12 and presents and remains the largest share if measured against the 2011/12 and 2012/13 total allocation. The Department of Transport and Public Works accounts for the highest allocation in this category (R422.838 million) followed by the Department of Health (R269.600 million).

### Maintenance and repairs

Budget constraints over time have contributed to the current maintenance backlog. In the 2009 Budget, the allocation for maintenance and repairs was prioritised in an attempt to ramp up efforts to reduce the backlogs. However, this remains a challenge. In the 2010 Budget further allocations are made to preserve the asset base.

The total maintenance and repairs budget for the 2010/11 financial year, accounts for the *largest allocation* of R824.988 million or 25.68 per cent of the total infrastructure budget. It continues to show upward growth of R872.375 million in 2011/12 and R896.286 million in 2012/13.

*Maintenance and Repairs remain a top priority*



## Public-Private Partnerships

### Provincial Public Private Partnerships Projects: Closed deals

Since the inception of this concept in the Western Cape, three PPP projects have so far reached a point where the concessions have been signed and implemented. These closed deals are the Chapman's Peak Drive, Western Cape Rehabilitation Centre and Lentegeur Hospital (mainly catering, security and garden services) as well as at the De Hoop Nature Reserve (a contract recently signed for tourism marketing, catering, upgrading of facilities, maintenance and cleaning services). The Provincial Treasury fulfils a facilitation and oversight role in terms of these projects.

*PPP projects gain momentum*

The Western Cape Rehabilitation Centre and Lentegeur Hospital PPP project continue to make steady progress, whilst the Chapman's Peak Drive PPP project is under review. A re-negotiation process commenced during 2009 whereby a high level task team was appointed to re-negotiate the contract with the concessionaire. The process was complicated by long delays in the issuing of the record of decision, road closure, storm damage and necessary repairs before re-opening during October 2009.

The De Hoop Nature Reserve's interim agreement was replaced by a final agreement in December 2009.

### Public Private Partnership projects in progress

CapeNature applied to National Treasury for Treasury Approval III (TA III) for the Whale Trail II and Lekkerwater PPP projects. The requests are under consideration.

The Department of Health registered the Tygerberg Hospital Redevelopment Project as a PPP during May 2009. Processes commenced to set up a project office, appoint staff and also to request funding from the National Department of Health: Hospital Revitalisation Programme.

In terms of the Outeniqua Tjoe Choo PPP, Transnet intends privatising the George-Mossel Bay line and has consequently called for expressions of interest. Once a successful bidder has been identified, a public announcement in this regard will be made by Transnet.

Table 6.5 gives a financial overview of past and current PPP projects.

**Table 6.5 Summary of departmental public-private partnership projects**

Project description R'000	Project Unitary Annual Fee at time of contract	Total cost of project						Medium-term estimate			
					Main appro- priation	Adjusted appro- priation	Revised estimate	% Change from Revised estimate			
		Audited	Audited	Audited				2010/11	2009/10	2011/12	2012/13
		2006/07	2007/08	2008/09	2009/10	2009/10	2009/10				
<b>Projects under implementation <sup>a</sup></b>		1 200	36 639	38 932	44 587	44 587	44 587	<b>48 966</b>	9.82	53 763	59 040
PPP unitary charge			34 995	36 828	42 491	42 491	42 491	<b>46 740</b>	10.00	51 414	56 556
Penalties (if applicable)											
Advisory fees				150	60	60	60	<b>66</b>	10.00	73	80
Project monitoring cost		1 200	1 644	1 954	2 036	2 036	2 036	<b>2 160</b>	6.09	2 276	2 404
Revenue generated (if applicable)											
Contingent liabilities (information)											
<b>Proposed Projects <sup>b</sup></b>		1 633	11 138								
Advisory fees		1 633	327								
Project team costs											
Site acquisition costs											
Other project costs			10 811								
<b>Total Public-Private Partnership projects</b>		<b>2 833</b>	<b>47 777</b>	<b>38 932</b>	<b>44 587</b>	<b>44 587</b>	<b>44 587</b>	<b>48 966</b>	<b>9.82</b>	<b>53 763</b>	<b>59 040</b>

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

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

## Municipal PPP projects in progress

The Oudtshoorn Local Municipality requested funding from National Treasury for the Oudtshoorn Airport PPP feasibility study. Since the extension and upgrading of airports is not a national priority at this stage, Project Development Facility funding could not be accessed. The municipality has commenced processes to seek for alternative sources of funding for the feasibility study and alternative form of contractual arrangements to upgrade the airport.

Beaufort West Local Municipality registered a Water Reclamation Plant PPP project. The National Treasury has since granted Treasury Views and Recommendations III (TVRIII) and it is anticipated that the PPP agreement will soon be signed.

The Theewaterskloof municipality registered the Grabouw 4 Property Transactions PPP in 2007. The municipality is in the process to clarify the issue of ownership of land with regard to the Eikenhof Dam Resort and the Community Precinct.

Bitou municipality has de-registered the potential Plettenberg Bay Airport PPP project and is following a long term lease option instead.

Swellendam municipality has registered a mixed-use development PPP. National Treasury has issued a Treasury Views and Recommendations IIA letter during July 2009 and the procurement and bidding process has commenced. The intention is to get the evaluation process done by the end of March 2010 in order to announce the preferred bidder. Thereafter obtaining the Treasury views and Recommendations IIB is envisaged.

Drakenstein municipality has progressed well with the Paarl Central Business District Redevelopment PPP project. They have already received Treasury Views and Recommendations III from National Treasury.



# 7

## Expenditure on Training

Provincial departments are engaged in a wide array of training initiatives, investing significant resources and effort to address immediate and anticipated skills shortages within the provincial public sector. Training initiatives are focused on developing both internal staff capacity, as well as to nurture prospective staff through pre- or in-service bursaries.

*Departmental training expenditure targeted at internal staff as well as bursaries and internships for individuals outside of departments*

Trained staff can contribute to improved productivity in the workplace and broaden the skills base in government, ultimately leading to better service delivery. Training also provides opportunities for departments to retain valuable and scarce skills. For some departments the development of skills extends beyond meeting the department's own internal skills needs. The Transport and Public Works and Social Development departments are an example, where external bursary holders may not, depending on internal skills demand, necessarily be required to work for the public sector. In these instances bursaries are awarded to increase the critical mass of professionals, such as engineers and social workers, required in particular sectors or for the development of skills linked to specific professions which are in short supply in the Province.

Departments are also engaged in a number of training initiatives which form part of their service delivery line functions. Providing skills development through the Expanded Public Works Programme, Working for Water, entrepreneurial skills development and support for small scale farmers are such examples.

As part of government's commitment to skills development, departments are required by the Skills Development Act to budget at least 1 per cent of their personnel payments for staff training. To facilitate this process, departments are affiliated to their line function Sectoral Education and Training Authorities (SETA's). Where no line functioning SETA exists, government departments can undertake specific and functional training through the Public Services Education and Training Authority (PSETA).

In reporting on training expenditure, departments have taken a variable approach to demonstrate their investment in training. Some departments have concentrated on training costs related to internal staff only, while others have included costs associated with pre- or in-service bursary holders. As can be expected, the significance of bursaries as a share of training expenditure differs from department to department, with their share being greater for Health and Education as these departments are the largest employers of professionals in these sectors.

Expenditure on training per department is shown in Table 7.1, which captures all related training and staff development expenditure such as bursaries, development of training materials and manuals, registration, payments on tuition, etc.

*Departments are required to develop Skills Development Plans*

Departments, in terms of the Skills Development Act, are required to develop a Skills Development Plan in which their skills requirements and skills gaps are identified. These plans then inform departmental training interventions. Most departments have identified the need for financial management, supply chain management and project management skills.

The expenditure on training increases by 4 per cent from a revised estimate of R387.312 million in 2009/10 to R402.808 million in 2010/11.

**Table 7.1 Summary of provincial payments on training by vote**

Vote R'000	Outcome			Main appro- piation 2009/10	Adjusted appro- piation 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate			
							2010/11	2009/10	2011/12	2012/13
1. Department of the Premier	2 741	3 719	3 393	3 075	3 075	3 075	<b>3 019</b>	(1.82)	1 406	1 284
2. Provincial Parliament	255	717	559	362	362	362	<b>412</b>	13.81	452	479
3. Provincial Treasury	998	950	3 621	4 373	4 276	4 248	<b>2 747</b>	(35.33)	2 917	3 088
4. Community Safety	487	1 950	1 107	1 565	1 475	1 201	<b>1 773</b>	47.63	1 857	1 964
5. Education	52 098	54 939	68 590	118 245	118 245	118 245	<b>102 446</b>	(13.36)	108 627	114 096
6. Health	115 009	147 986	152 974	218 392	217 957	213 562	<b>240 964</b>	12.83	258 376	274 249
7. Social Development	340	374	7 773	8 220	8 220	8 220	<b>9 626</b>	17.10	5 199	5 199
8. Housing	1 997	3 416	3 842	2 721	2 721	2 721	<b>3 137</b>	15.29	3 204	3 239
9. Environmental Affairs and Development Planning	977	977	1 102	1 513	1 353	1 376	<b>1 714</b>	24.56	1 768	1 922
10. Transport and Public Works	11 948	8 593	18 541	19 448	19 462	19 462	<b>23 020</b>	18.28	21 995	21 109
11. Agriculture	1 652	3 371	5 830	12 954	13 130	12 477	<b>12 012</b>	(3.73)	12 940	13 973
12. Economic Development and Tourism	1 002	994	967	647	951	951	<b>750</b>	(21.14)	855	970
13. Cultural Affairs and Sport	1 782	831	1 299	1 364	1 364	1 364	<b>979</b>	(28.23)	1 068	1 114
14. Local Government	837	290	229	48	48	48	<b>209</b>	335.42	220	230
<b>Total provincial payments on training</b>	<b>192 123</b>	<b>229 107</b>	<b>269 827</b>	<b>392 927</b>	<b>392 639</b>	<b>387 312</b>	<b>402 808</b>	4.00	420 884	442 916

The following human resource development interventions have been highlighted by departments:

The modernisation process has re-emphasised the importance of the **Department of the Premier's** provincial staff training programme in terms of its reviewed objectives and service delivery imperatives. Similarly, it has elevated the significance of the Department's transversal training function in order to enhance staff readiness in pursuing the newly developed provincial strategic objectives as well as addressing related challenges. The putting in place of a new organisational structure would redefine training needs and skill as well as scarce-skill requirements. The key focus areas for training and development basically revolves around the fields of economic development, project management, information communication technology (ICT) or information systems, policy analysis and development as well as monitoring and evaluation (as identified in the 2009/10 Workplace Skills Plan).

*Elevation of the Department of the Premier's transversal training function*

The Department annually provides bursaries in specific study areas namely: IT and information systems, human resource management, project management, forensics, public management, finance, law, political science and office management. It is noted that the Department adheres to the national skills development imperatives and manages internships, including those with disabilities, within the set national guidelines. Furthermore, the identification of new skill requirements is continuous – based on gap-analysis assessments which would be accommodated annually through development programmes, sourced both internally and externally. The Department is committed to developing and implementing a monitoring, evaluation and reporting model to measure the impact of training interventions.

**Provincial Treasury** has embarked on a number of initiatives to improve internal staff competencies. For this purpose, an amount of R8.752 million has been allocated over the 2010 MTEF. The funding aims to provide for training and development of its staff, supplemented by internal and external bursaries to deserving applicants. Skills development interventions are targeted towards qualifications and/or skills in accounting, economics, project management and finance. The training offered to internal staff aims to improve the effectiveness and efficiency with which they perform their functions. It also serves as instrument to train and capacitate newly appointed staff amidst the scarcity and mobility of finance staff.

During the 2009/10 financial year, a total of 60 learnerships and 41 internships were offered. All external bursaries are awarded on condition of a one year compulsory internship. The observed

reduction of the year-on-year training budget relates to fiscal constraints and therefore the decision over the medium term not to increase the intake of interns into the Treasury.

The **Department of Community Safety** currently provides bursaries to 146 staff members, of which 44 are new bursaries, to address skills shortages and development needs identified. This includes formal qualifications in financial management, asset management, project management and traffic management. In addition to this, the Department intends providing short course training opportunities to approximately 70 per cent of its total staff complement.

*Department of  
Community Safety  
tasked with traffic law  
enforcement training*

The Department is the only institution duly authorised to provide traffic law enforcement training in the Province and thus services all traffic law enforcement agencies in the Western Cape. During 2010/11 the Department intends providing formal training to 370 traffic officials with regards to basic training, examiner of vehicles and examiner of driving licences. A further 480 traffic officials will receive training (i.e. short courses) through consolidated training initiatives. As of 2011, the Basic Traffic Officer Training course will be extended from a 6 to 12 month course as part of the revised Traffic Qualification as prescribed by the National Qualification Framework.

*Educator bursaries  
targeted at mathematics,  
science, technology and  
languages*

Relative skills and competency shortages in scarce skill fields such as Mathematics, Science, IsiXhosa and School Management have been identified by the **Department of Education**. In certain rural areas and townships the shortage is much more critical than in other areas. Excluding nationally funded per-service educator bursaries, the provincial department invests R3 million per annum towards the provincial bursary scheme which has awarded bursaries to education students studying in the fields of mathematics, science, technology and languages for 2010/11.

The Advanced Certificate in Education is a 2 year programme targeted at educators already in service and allows educators to sharpen their content and pedagogical knowledge. Bursaries have been awarded for educators in the various areas of mathematics, life sciences, natural sciences, foundation phase, intermediate phase and school leadership. In addition, the department has also awarded bursaries to educators engaged in post graduate studies specialising in various education fields such as curriculum studies, FET subject specialisation, special needs education and school management.

The WCED has an unique in-service training and development institute called the Cape Teaching and Leadership Institute (CTLI), where cost-effective teacher development is provided in terms of content and methodology. The CTLI trains about 3 000 educators in various phases per year.



The Department has introduced the Certificate in School Business Administration (CSBA) in the Western Cape. The aim of the Certificate course is to up-skill administrative staff at schools to effectively manage the school administration and therefore to alleviate the burden placed on the school management teams. With an initial intake of 150 students, it is envisaged that another 300 will be enrolled in 2010, of which 150 will be from rural areas.

*Improving administrative skills within schools*

Lastly, the Department of Education provides bursaries to staff as well as to external bursary holders in order to meet their management and other capacity needs.

The Health Sciences and Training programme within the **Department of Health** renders training and development opportunities for actual and potential employees.

The Department undertakes a wide range of measures to address the skills gap faced by the health sector and to improve and maintain the competencies of our health professionals to ensure quality of care and service delivery in the integrated health care system. These include: bursaries to attract prospective employees as a recruitment and retention measure; bursaries to existing employees for further development leading to qualifications; learnerships for mid-level workers and unemployed members of the community; and formal qualifications offered to the Home Community Based Carers as part of the EPWP programme. The main study areas or fields in health sciences and training are: medicine, nursing, pharmacy, emergency medicine, dietetics, clinical engineering, engineering and clinical technologists.

Internships, skills development programmes, formal management programmes and courses are also a cross section of what is available to develop Health's human resources. The Department plans to offer more than 3 000 bursaries for staff and particularly for students to undergo training as future health care providers.

*Health to offer more than 3 000 bursaries for staff and future health care providers*

The **Department of Social Development** plans to spend R9.626 million in 2010/11 on training of which R5.001 million is allocated to transversal training, inclusive of R1 million for external social work scholarships. The balance of R4.625 million is allocated to the individual components within the Department for specific training and development requirements.

The Department of Social Development identified shortages in social work professionals especially in rural areas, researchers, professional nurses, occupational therapists, financial skills for non-financial managers, talent and career management skills, mentoring and coaching skills.

### *Increasing the number of male Social Workers*

During the 2009/10 financial year the Department awarded external Social Work Scholarships to 20 Male Social Work students of which 15 male students will be maintained during the 2010/11 financial year. In the 2009/10 financial year 71 internal staff members received bursaries for social work and related study fields, administration and research. There are plans to increase the number of internal bursary holders to 124 in the 2010/11 financial year. Training interventions such as ABET, finance for non-financial managers and various other management skills training will also be conducted during the 2010/11 financial year.

The **Department of Housing** has budgeted approximately R9.580 million for training and development of its staff over the 2010 MTEF.

During 2009/10, the Department of Housing offered 53 bursaries and appointed 25 interns and 24 learnerships. The Technical Internship Programme provides graduate students between the ages 18 to 35 the opportunity to gain extensive knowledge on various work fields within the Department. A total of 22 technical interns were working in the Department in order to obtain valuable sector experience as well as providing the Department with an option to recruit already trained personnel. A further 3 administrative internships were appointed in the public management arena in collaboration with the Provincial Training Academy.

The Department has 21 external bursary holders who are acquiring training in areas of scarce skills identified by the Department, inter alia, Civil Engineering, Works Inspectors, Town and Regional Planning, Building Environment etc. The programme aims to reduce unemployment and allows the Department to provide employment opportunities to prospective graduates who complete their qualifications.

There are 32 internal bursary holders who are studying in various fields, inter alia, public management, project management, financial management, human resource management, etc. Internal bursaries are seen as a developmental tool to assist employees not only to obtain a qualification, but to allow the Department to retain valuable skills and to broaden the skills base of the Department and the Province.

The **Department of Environmental Affairs and Development Planning** intends to offer bursaries to 45 (full-time students and part time for officials) individuals per annum over the 2010 MTEF. Upon completion of their studies, full-time students will be accommodated in the Department through internships or contract appointments. The Department has identified town and regional planning, climate

change, air quality, geographical information systems and environmental management as areas for skills development.

The **Department of Transport and Public Works** currently provides bursaries to 269 students in Engineering and Built Environment fields in order to address an anticipated long term skills shortage within the Department for these disciplines. These include civil, mechanical and electrical engineering as well as quantity surveying, architecture, transport planning and town and regional planning.

*Targeting the development of engineering and built environment skills*

Internally the Department provides bursaries to 116 staff members for part-time studies. These studies are centered on boosting public procurement and supply chain management, project management, engineering and built environment sciences and transport management capacity within the Department.

The **Department of Agriculture** runs its structured agricultural training programme (a line function) to facilitate and provide education and training in line with the Agricultural Education and Training (AET) SETA to all participants in the agricultural sector in the Western Cape.

The Department also offers bursaries, learnerships, internships as per the Human Capital Development Plan and informed skills driven accredited training at the Cape Institute for Agricultural Training (CIAT) at Elsenburg. The Department offered 63 bursaries to external students, 97 bursaries to students studying at CIAT and 167 internal bursaries across a spectrum of occupations for the academic year 2010.

*Agriculture addresses the skills shortage through bursaries, internships and training*

Internships (100) are offered to students across the 7 programmes of the Department and placements are also facilitated at private sector organisations. Learnerships are offered to more than 100 learners in different agricultural skills sets, and at least 10 per cent of the learners articulate to the next level of the accredited training courses i.e. higher certificate and diploma level.

The **Department of Economic Development and Tourism** is committed to establishing a culture of life-long learning and in so doing targets the up-skilling of all staff to a level where they have a tertiary qualification. The Department in 2009/10, awarded 24 internal bursaries to study in the fields of tourism and industry development, public finance and human resource management. The Department plans to award 6 internal and 2 full time (external) bursaries for the 2010/11 financial year. To ensure a capacitated workforce, a large number of interns with study fields related to the Departments core business were appointed.

*Department of Economic Development and Tourism exceeding the target for number of interns*

The Department also makes sizeable transfers for skills development in priority sectors via its Special Purpose Vehicles (SPV sector bodies).

The **Department of Cultural Affairs and Sport** provided a total of 80 learnerships and 31 Internships during the 2009/10 financial year. Currently the Department has a total of 48 employees who receive bursaries for studies within the field of human resource management, finance, library services, public and visual history, public management, marketing and information technology.

The **Department of Local Government** offered 29 bursaries, and appointed 15 interns as part of the technical internship programme which provides graduates between the ages of 18 and 35 the opportunity to gain extensive experience in their chosen field of study.

### **Conclusion**

The bulk of provincial expenditure on training occurs in the three bigger provincial departments: Education, Health and Transport and Public Works, which account for more than 80 per cent of spending on training.

The high staff turnover and/or vacancy rates necessitates spending on training to ensure that staff are well capacitated to provide quality services to the public.

# 8

## Summary of Transfers to Public Entities

A provincial public entity is either a provincial government business enterprise or a board, commission, company or corporation, which is established in terms of legislation, is fully or substantially funded from the Provincial Revenue Fund or a tax and is accountable to the Provincial Legislature.

This Chapter highlights provincial allocations and transfers to Provincial Public Entities over the 2010 MTEF. These allocations are indicated in Tables 8.1 and 8.2 for the period 2006/07 to 2012/13.

**Table 8.1 Summary of provincial transfers by vote to public entities**

Vote R'000	Outcome			Main appro- priation 2009/10	Adjusted appro- priation 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate			
							2010/11	2009/10	2011/12	2012/13
1. Department of the Premier	14 700	16 074	17 442	14 881	8 212	8 212	7 500	(8.67)	7 800	8 000
2. Provincial Parliament										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health										
7. Social Development										
8. Housing										
9. Environmental Affairs and Development Planning	91 800	82 975	94 658	135 246	133 272	133 272	160 857	20.70	170 848	179 662
10. Transport and Public Works	1 582	500								
11. Agriculture	13 842	25 120	54 624	51 515	51 715	51 715	78 524	51.84	102 000	105 000
12. Economic Development and Tourism	71 441	81 356	93 482	124 535	112 418	112 418	98 540	(12.34)	102 550	106 550
13. Cultural Affairs and Sport	9 669	1 957	2 000	1 883	1 883	1 883	785	(58.31)	892	1 000
14. Local Government										
<b>Total transfers to public entities</b>	<b>203 034</b>	<b>207 982</b>	<b>262 206</b>	<b>328 060</b>	<b>307 500</b>	<b>307 500</b>	<b>346 206</b>	<b>12.59</b>	<b>384 090</b>	<b>400 212</b>

**Table 8.2 Summary of departmental transfers to national and provincial public entities by transferring vote**

Public entities (transferring vote) R'000	Outcome			Main appro- piation 2009/10	Adjusted appro- piation 2009/10	Revised estimate 2009/10	Medium-term estimate		
	Audited 2006/07	Audited 2007/08	Audited 2008/09				2010/11	2011/12	2012/13
<b>Major public entities:</b>									
1. Independent Development Trust: Vote 10: Transport and Public Works	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	120	125	130	125	125	125	135	142	150
<b>National public entities:</b>									
5. Agricultural Research Council Vote 11: Agriculture									
6. South African National Parks (SANPARKS) Vote 12: Economic Development and Tourism		275	1 350		250	250	250	250	250
7. Council for Scientific and Industrial Research Vote 12: Economic Development and Tourism	7 500	10 500			3 500	3 500			
<b>Provincial Government Business Enterprises:</b>									
8. Casidra (Pty) Ltd Vote 11: Agriculture	38 942	54 731	89 310	90 700	95 915	95 915	127 024	152 500	157 500
Vote 10: Transport and Public Works	13 842	25 120	54 624	51 515	51 715	51 715	78 524	102 000	105 000
Vote 12: Economic Development and Tourism	500						48 500	50 500	52 500
24 600	29 611	34 686	39 185	44 200	44 200				
<b>Western Cape public entities:</b>									
9. Western Cape Cultural Commission Vote 13: Cultural Affairs and Sport	7 997	640	668	595	595	595	100	150	200
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	11 291	11 450	20 669	21 914	19 325	19 325	15 600	16 600	17 600
12. Western Cape Language Committee Vote 13: Cultural Affairs and Sport	602	242	252	263	263	263	150	170	190
13. Western Cape Liquor Board Vote 12: Economic Development and Tourism				20 000					
14. Western Cape Nature Conservation Board Vote 9: Environmental Affairs and Development	91 790	82 975	94 658	135 246	133 272	133 272	160 857	170 848	179 662
15. Western Cape Provincial Development Council Vote 1: Department of the Premier	5 800	6 574	10 202	6 531	6 681	6 681	7 500	7 800	8 000
Vote 12: Economic Development and Tourism	5 800	6 574	7 042	6 381	6 381	6 381	7 500	7 800	8 000
16. Western Cape Destination Marketing Organisation Vote 12: Economic Development and Tourism	27 050	28 370	33 617	43 286	44 843	44 843	34 190	35 200	36 200
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	10 400	8 500	1 831	1 831			
<b>Not listed in PFMA, but indicated as a public entity in Estimates of Provincial Expenditure</b>									
19. Heritage Western Cape	950	950	950	900	900	900	400	430	460
20. Small Enterprise Development Agency (SEDA) Vote 12: Economic Development and Tourism	1 000	1 000							
<b>Total</b>	<b>203 034</b>	<b>207 982</b>	<b>262 206</b>	<b>328 060</b>	<b>307 500</b>	<b>307 500</b>	<b>346 206</b>	<b>384 090</b>	<b>400 212</b>

Tables 8.1 and 8.2 indicate that collectively national and provincial public entities will receive allocations amounting to R346.206 million from various provincial departments in 2010/11, representing an increase of R38.706 million or 12.59 per cent from the 2009/10 revised estimates of R307.500 million.

*Public Entities will receive R346.206 million from provincial departments in 2010/11*

The majority of provincial public entity transfers will be received by the following entities: Western Cape Nature Conservation Board (R160.857 million), Casidra (Pty) Ltd (R127.024 million), Destination Marketing Organisation (R34.190 million), and the Western Cape Investment and Trade Promotion Agency (Wesgro) (R15.600 million).

**Western Cape Nature Conservation Board (CapeNature)**, which reports to the Minister responsible for Local Government, Environmental Affairs and Development Planning, also receives R170.848 million in 2011/12 and R179.662 million in 2012/13. These transfers include additional allocations to address specific challenges related to improving its financial management capability, personnel remuneration, infrastructure and fire management capacity.

The former includes putting in place an efficient procurement system, in-house migration of its accounting system and the strengthening of the CFO office. The additional allocations amount to R5.0 million in 2010/11, R5.50 million in 2011/12 and R6.0 million in 2012/13. Allocations have also been made for personnel improvements in conditions of service (ICS) and associated costs amounting to R22.724 million in 2010/11, R30.914 million in 2011/12 and R32.506 million in 2012/13. This should conclude the rebuilding of CapeNature's governance, achievement of pay-parity and other internal delivery improvements, a process which has taken close to three years to get to this point.

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 R25.228 million in 2010/11, R26.388 million in 2011/12 and R27.708 million in 2012/13 have been allocated.

*Allocations to CapeNature accommodate fire fighting capability*

In addition, amounts totaling R24.555 million in 2010/11, R20.920 million in 2011/12 and R21.966 million in 2012/13 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 total of four Public Entities report to the Minister of Finance, Economic Development and Tourism, which include the Western Cape Gambling and Racing Board via the Provincial Treasury,

Western Cape Liquor Board, Destination Marketing Organisation (Western Cape Tourism) and the Western Cape Investment and Trade Promotion Agency (Wesgro) via the Department of Economic Development and Tourism.

*The WCGRB has been self-financing since 2005/06*

The **Western Cape Gambling and Racing Board** has been self-financing since 2005/06 and to date has not required any financial assistance or transfers from the Provincial Government, although this might change in future years.

The **Liquor Board** was allocated an amount of R20 million in 2009/10, but as a result of the delay in the implementation of the Western Cape Liquor Act, no allocation has been made for improved liquor revenues for the 2010/11 MTEF. Currently, the functions of the Board are being performed by a division within the Department of Economic Development and Tourism until the new Liquor Act is fully implemented after which the functions will be performed by the Board as an independent entity. The Board will seek to implement the Western Cape Liquor Act, the ramping up of compliance and enforcement capacity, and the establishment of a fund to combat the social ills of liquor trading and consumption.

The **Destination Marketing Organisation (Western Cape Tourism)** will receive amounts of R34.190 million in 2010/11, R35.200 million in 2011/12 and R36.200 million in 2012/13. The 2010/11 allocation to the entity decreased by 23.76 per cent on the 2009/10 revised estimate of R44.843 million. The entity's funding will however be augmented with funding from the City of Cape Town, which will keep the entity in a position to fully exploit the international leisure and business tourism marketing opportunities presented by the 2010 FIFA World Cup.

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

The **Western Cape Investment and Trade Promotion Agency (Wesgro)** will be funded at R15.600 million in 2010/11, R16.600 million in 2011/12 and R17.600 million in 2012/13. The allocation for 2010/11 is a 19.28 per cent reduction from the 2009/10 revised estimate of R19.325 million resulting from the Department and Economic Development's reduction in the baseline over the 2010/11 MTEF.

Given the limited resources available to compete for trade and investment on an international level and realigned budget, Wesgro has maximised its strategic focus by selecting priority sectors for proactive investment. These sectors have specifically been identified based on international and domestic investment trend analysis. These sectors include alternative/renewable energy, ICT, BPO, Agribusiness, coal, oil and national gas, tourism, and creative industries.



**Casidra (Pty) Ltd** reports to the Minister of Agriculture and receives the second largest share of all transfers to public entities amounting to R127.024 million in 2010/11, R152.500 million in 2011/12 and R157.500 million in 2012/13. These transfers are received 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 oversight department of this entity, is the biggest provincial contributor in Casidra at R78.524 million in 2010/11, R102.000 million in 2011/12 and R105.00 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. A shareholders' compact agreement between the Province and Casidra ensures that it is transformed to deliver on agrarian and land reform, by focusing on agricultural and economic development within a rural and land reform context.

Casidra receives a further allocation of R48.500 million in 2010/11, R50.500 million in 2011/12 and R52.500 million in 2012/13 from 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)** reports to the Department of the Premier. The PDC receives amounts of R7.5 million in 2010/11, R7.8 million in 2011/12 and R8 million in 2012/13. The **Western Cape Youth Commission** was abolished in 2009/10 and transfers to the entity have subsequently been discontinued.



# 9

## Transfers to Local Government

Municipalities play a critical role in furthering government's objective of providing services to communities, while facilitating local economic development. Over the next three years, provincial transfers to local government will grow in order to assist with the delivery of these basic services and to improve municipal planning, financial capacity and to achieve greater efficiency in delivery and expand service access to households.

Municipal own revenue sources are supplemented by the local government equitable share, which is the main fiscal instrument that is used to redistribute local government's share of nationally raised revenue. In addition, municipal own revenue is supplemented by national and provincial conditional grants. Evidence has shown that municipalities are becoming increasingly dependent on conditional grants to meet their responsibilities.

The Municipal Finance Management Act, 2003 (MFMA) requires that the MEC for Finance must, to the extent possible, when tabling the provincial budget in the provincial legislature, make public particulars of any allocations due to each municipality in terms of the provincial budget, including the amount to be transferred to the municipality during each of the next three financial years. In addition, the annual Division of Revenue Act (DORA) requires that the Provincial Treasury must, on the same day that its budget is tabled in the provincial legislature, but not later than 14 April of that budget year, publish the following in a Gazette:

- The indicative allocation per municipality for every allocation to be made by the Province to municipalities from the Province's own funds;
- The envisaged division of the allocation contemplated in respect of each municipality for the next financial year and the 2012/13 financial year; and

- The conditions and other information in respect of these allocations to facilitate measurement of the financial performance and the use of required inputs and outputs.

Although most of the allocations for the 2010 MTEF are made public per municipality, not all the allocations could be published per municipality for the outer years of the current MTEF as predetermined criteria must first be met by some municipalities before the names and the specific amounts can be published. As a result, the amounts to be allocated have been published as unallocated in the outer years of the current MTEF.

The Provincial Government, in giving effect to the legislative requirements of both the MFMA and the DORA, 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. A minimum of three engagements between provincial departments and municipalities are scheduled annually to discuss matters impacting on both spheres. These aim to:

- improve the co-ordination of plans and budgets and to ensure that municipal priorities are accounted for in the planning process;
- allow provincial departments to report on progress made on issues emanating from LGMTEC 1 ('IDP Indaba') and to engage municipalities on the indicative allocations departments plan to transfer to municipalities over the MTEF; and
- deal with the provincial assessment of the draft municipal budgets.

From a financial perspective the 2010/11 financial year is going to be challenging for many municipalities given the prevailing economic conditions, upcoming local government elections and the legislated financial reforms to be implemented. Additional challenges with which municipalities need to contend are the Medium Term Strategic Framework, Provincial Strategic Objectives, Five-year Strategic Agenda for Local Government, the Local Government Turnaround Strategy and Operation Clean Audit. These policies and initiatives need to find its implementation on local government level.

The provincial allocations per municipality will be made public by means of the Local Government Allocations Booklet and Gazette, which are tabled in the Provincial Parliament together with the 2010 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 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. It also assists the provincial and local spheres of government to better align their plans and spending priorities.

The Provincial Treasury intends to avail a working document 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 specific departments.

Provincial transfers to municipalities as indicated in Table 9.1, are budgeted to increase from a revised allocation of R1.56 billion in 2009/10 to R1.58 billion in 2010/11. In 2011/12, the transfers to municipalities are budgeted to increase to R1.78 billion and remains at around R1.78 billion in 2012/13.

Provincial transfers to the Category A municipality (City of Cape Town) are budgeted to increase from a revised allocation of R981.14 million in 2009/10 to R1.06 billion in 2010/11. The amount transferred is budgeted to increase in 2011/12 to R1.20 billion and marginally decreases to R1.19 billion in 2012/13.

For Category B municipalities, provincial transfers are budgeted to decrease from a revised estimate of R543.19 million in 2009/10 to R505.94 million in 2010/11. The amounts are budgeted to increase in 2011/12 to R567.98 million and in 2012/13 to R575.77 million.

Allocations to Category C municipalities are budgeted to decrease year-on-year from a revised estimate of R34.63 million in 2009/10 to R11.68 million in 2010/11 and R6.13 million in 2011/12. The amount is budgeted to decrease further in 2012/13 to R5.78 million.

**Table 9.1 Summary of provincial transfers to local government by category**

Vote transfers R'000	Outcome			Main appro- piation 2009/10	Adjusted appro- piation 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate			
							2010/11	2009/10	2011/12	2012/13
Category A	510 852	923 540	953 092	892 482	981 139	981 139	1 058 142	7.85	1 201 480	1 192 859
Category B	323 835	400 531	436 766	413 425	543 193	543 193	505 943	(6.86)	567 982	575 768
Category C	49 857	43 407	26 878	23 259	34 631	34 631	11 675	(66.29)	6 132	5 799
<b>Other</b>		12 117							4 100	4 305
<b>Total departmental transfers to local government</b>	884 544	1 379 595	1 416 736	1 329 166	1 558 963	1 558 963	1 575 760	1.08	1 779 694	1 778 731

Municipalities are required to report quarterly 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 means of the In-Year Monitoring and Management system (IYM) and further assessed during quarterly IYM visits to municipalities.

Past trends suggest that there has been a gradual increase in unspent national and provincial conditional grants. These trends are of concern as it is indicative of inadequate planning. In some instances grant funding had been used inconsistently with its intended conditions.

Moving ahead, and in line with what had happened when National Treasury had to recoup unspent and inconsistently used grants, the Provincial Treasury aims to pursue a similar modus operandi from 2010/11 and beyond.

# 10

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

Last year, this chapter contained extensive information on national and provincial policies and strategies which conveyed the focus on localities of economic growth and economic potential to stimulate sustainable economic activities and create long-term employment opportunities. Based on this approach, the localities with the potential to become major economic growth nodes and create regional gateways to the global economy, were identified for support.

Amongst these policies and strategies were the National Spatial Development Perspective (NSDP), the iKapa Growth and Development Strategy, the provincial Strategic Infrastructure Plan (SIP) and the Western Cape Provincial Spatial Development Framework. Better alignment of these strategies and funding is essential if the spatial strategies are to be effective in prioritising resources across municipalities with economic growth and potential.

Table 10.1 illustrates how the Province's entire budget of R33.21 billion for 2010/11 is to be spatially spent within the Province, informed by current realities, policies and strategies.

**Table 10.1 Provincial payments and estimates by district and local municipalities**

Municipalities R'000	Outcome			Main appro- prietion 2009/10	Adjusted appro- prietion 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate			2010/11
<b>Cape Town Metro</b>	13 052 603	15 551 946	17 619 464	20 435 222	21 173 276	21 187 696	<b>23 365 557</b>	10.28	24 685 605	25 866 034
<b>West Coast Municipalities</b>	969 003	899 990	1 297 676	1 391 608	1 427 741	1 422 486	<b>1 549 754</b>	8.95	1 757 681	1 944 398
Matzikama	108 735	153 402	202 462	200 809	191 577	191 782	<b>213 720</b>	11.44	241 790	255 094
Cederberg	118 298	138 595	201 892	235 027	244 328	248 110	<b>223 568</b>	(9.89)	270 806	289 549
Bergivier	56 061	80 101	110 981	106 577	115 551	112 934	<b>122 187</b>	8.19	132 095	191 620
Saldanha Bay	142 268	176 129	229 496	323 130	308 597	311 712	<b>335 697</b>	7.69	370 609	445 161
Swartland	227 583	248 472	433 691	504 836	457 291	453 167	<b>418 754</b>	(7.59)	479 109	467 176
Across wards and municipal projects	316 058	103 291	119 154	21 229	110 397	104 781	<b>235 829</b>	125.07	263 272	295 800
<b>Cape Winelands Municipalities</b>	2 293 988	2 518 548	3 221 995	3 438 152	3 799 765	3 813 805	<b>4 098 012</b>	7.45	4 664 324	4 773 783
Witzenberg	152 432	196 946	369 356	275 447	294 875	296 319	<b>381 819</b>	28.85	526 332	431 650
Drakenstein	512 550	703 214	845 434	1 113 888	1 260 767	1 279 217	<b>1 237 482</b>	(3.26)	1 335 476	1 431 360
Stellenbosch	403 680	505 485	598 483	683 514	711 173	717 769	<b>730 451</b>	1.77	865 504	855 233
Breede Valley	570 939	668 324	812 154	861 668	918 912	904 620	<b>1 046 474</b>	15.68	1 188 871	1 215 264
Langeberg	143 559	264 415	221 455	245 222	260 334	260 334	<b>285 841</b>	9.80	309 935	361 309
Across wards and municipal projects	510 828	180 164	375 113	258 413	353 704	355 546	<b>415 944</b>	16.99	438 206	478 967
<b>Overberg Municipalities</b>	598 160	561 725	735 976	881 706	929 332	940 023	<b>1 040 583</b>	10.70	1 136 536	1 154 728
Theewaterskloof	167 216	227 196	298 386	400 442	428 593	428 257	<b>398 757</b>	(6.89)	423 394	443 072
Overstrand	95 697	131 630	147 573	203 097	207 421	212 012	<b>297 223</b>	40.19	341 400	287 490
Cape Agulhas	76 404	75 709	97 395	128 598	139 154	141 294	<b>113 297</b>	(19.81)	118 587	123 984
Swellendam	60 315	69 275	96 055	107 807	110 704	114 450	<b>114 388</b>	(0.05)	123 639	153 348
Across wards and municipal projects	198 528	57 915	96 567	41 762	43 460	44 010	<b>116 918</b>	165.66	129 516	146 833
<b>Eden Municipalities</b>	1 625 167	1 678 835	2 311 606	2 461 880	2 872 123	2 918 487	<b>2 707 187</b>	(7.24)	2 918 795	3 133 029
Kannaland	54 586	60 299	89 091	93 112	96 608	98 327	<b>82 617</b>	(15.98)	88 796	133 164
Hessequa	81 497	91 791	140 857	151 104	185 798	190 643	<b>180 028</b>	(5.57)	185 292	177 724
Mossel Bay	144 425	175 183	219 172	231 299	260 858	265 603	<b>268 873</b>	1.23	293 067	344 527
George	573 740	696 341	933 867	1 019 892	983 624	993 678	<b>1 067 634</b>	7.44	1 155 911	1 212 628
Oudtshoorn	248 516	297 637	398 008	568 223	581 303	585 666	<b>476 439</b>	(18.65)	533 431	557 953
Bitou	50 827	70 591	65 129	91 567	136 919	133 799	<b>108 554</b>	(18.87)	118 059	138 796
Knysna	159 760	164 104	256 415	265 678	287 943	289 385	<b>239 537</b>	(17.23)	243 663	252 638
Across wards and municipal projects	311 816	122 889	209 067	40 375	339 070	361 386	<b>283 505</b>	(21.55)	300 576	315 599
<b>Central Karoo Municipalities</b>	292 719	293 872	403 983	400 195	441 158	460 827	<b>452 047</b>	(1.91)	519 154	539 239
Laingsburg	12 366	14 904	16 518	18 445	19 508	19 307	<b>21 651</b>	12.14	22 692	23 836
Prince Albert	18 756	20 244	38 828	43 365	44 385	44 458	<b>37 796</b>	(14.99)	62 964	62 881
Beaufort West	169 026	234 328	303 067	331 115	370 297	390 094	<b>358 872</b>	(8.00)	401 029	420 453
Across wards and municipal projects	92 571	24 396	45 570	7 270	6 968	6 968	<b>33 729</b>	384.06	32 470	32 070
Other				250	250	250		(100.00)	3 250	8 750
<b>Total provincial expenditure by district and local municipality</b>	18 831 640	21 504 916	25 590 700	29 009 013	30 643 645	30 743 574	<b>33 213 141</b>	8.03	35 685 345	37 419 962

A total of R23.37 billion, or 70.35 per cent of total estimated provincial spending will take place within the boundaries of the Cape Town Metro. R1.55 billion or 4.67 per cent of the budget is estimated to be spent in the West Coast district; 12.34 per cent or R4.1 billion in the Cape Winelands; in Overberg R1.04 billion or 3.13 per cent; in Eden R2.71 billion or 8.15 per cent; and in Central Karoo R452.05 million or 1.36 per cent.



The spatial spending of the provincial budget is consistent with the findings of the Western Cape Provincial Spatial Development Framework (WCPSPDF) 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. This approach supports local economic development and the access to basic services and assists with delivering on the district or regional growth objectives.

Table 10.2 shows a different composition of the provincial spatial spending, i.e. per cluster (economic, social and governance and administration). Of the entire budget, an amount of R4.67 billion or 14.04 per cent is spent by the economic cluster, of which R3.13 billion is spent in the City of Cape Town. R27.67 billion or 83.30 per cent is spent by the social cluster while R885.66 million or 2.67 per cent is spent by the governance and administration cluster.

*The lion's share (83.3 per cent) of the budget will be spent in the social cluster*

**Table 10.2 Summary of provincial payments and estimates per cluster by district and local municipality**

Cluster estimates R'000	Outcome			Main appropriation 2009/10	Adjusted appropriation 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate			
							2010/11	2009/10	2011/12	2012/13
<b>Economic Cluster</b>	2 879 242	3 055 774	3 556 432	4 464 530	5 192 926	5 192 922	<b>4 661 970</b>	( 10.22)	4 876 132	5 105 540
Cape Town Metro	1 428 434	2 705 268	1 990 563	2 990 551	3 242 894	3 242 916	<b>3 125 523</b>	( 3.62)	2 869 537	3 008 864
West Coast District	310 604	29 928	308 746	262 745	274 264	274 264	<b>257 302</b>	( 6.18)	365 141	479 976
Cape Winelands District	544 314	241 789	586 516	585 881	718 877	718 877	<b>677 182</b>	( 5.80)	959 752	875 215
Overberg District	191 470	20 011	115 194	178 283	194 026	194 026	<b>222 179</b>	14.51	247 506	224 223
Eden District	318 419	40 787	477 925	389 773	669 774	669 748	<b>318 051</b>	( 52.51)	332 853	419 770
Central Karoo	86 001	17 991	77 488	57 297	93 091	93 091	<b>61 733</b>	( 33.69)	101 343	97 492
<b>Social Cluster</b>	15 462 475	17 917 153	21 421 502	23 760 500	24 667 833	24 769 295	<b>27 665 513</b>	11.69	29 880 582	31 346 217
Cape Town Metro	11 143 555	12 324 802	15 028 522	16 681 648	17 167 304	17 183 231	<b>19 377 235</b>	12.77	20 909 538	21 917 194
West Coast District	658 399	870 062	988 930	1 127 887	1 151 869	1 146 614	<b>1 291 394</b>	12.63	1 391 786	1 463 639
Cape Winelands District	1 740 365	2 266 646	2 623 092	2 835 105	3 066 685	3 080 725	<b>3 406 853</b>	10.59	3 690 769	3 883 735
Overberg District	406 690	541 714	620 782	702 639	734 474	745 165	<b>817 596</b>	9.72	888 536	929 992
Eden District	1 306 748	1 638 048	1 833 681	2 071 203	2 200 290	2 246 680	<b>2 386 653</b>	6.23	2 583 766	2 711 057
Central Karoo	206 718	275 881	326 495	342 018	347 211	366 880	<b>385 781</b>	5.15	416 187	440 599
<b>Governance and Administration Cluster</b>	489 923	531 989	612 766	783 733	782 636	781 107	<b>885 658</b>	13.39	925 381	959 455
Cape Town Metro	480 614	521 876	600 379	763 023	763 078	761 549	<b>862 799</b>	13.30	906 530	939 976
West Coast District				976	1 608	1 608	<b>1 058</b>	( 34.20)	754	783
Cape Winelands District	9 309	10 113	12 387	17 166	14 203	14 203	<b>13 977</b>	( 1.59)	13 803	14 833
Overberg District				784	832	832	<b>808</b>	( 2.88)	494	513
Eden District				904	2 059	2 059	<b>2 483</b>	20.59	2 176	2 202
Central Karoo				880	856	856	<b>4 533</b>	429.56	1 624	1 148
<b>Other</b>				250	250	250		( 100.00)	3 250	8 750
<b>Total payments and estimates per cluster</b>	18 831 640	21 504 916	25 590 700	29 009 013	30 643 645	30 743 574	<b>33 213 141</b>	8.03	35 685 345	37 419 962

The social cluster is made up of the departments of Community Safety, Health, Education, Social Development, Housing and Cultural Affairs and Sport.

Environmental Affairs and Development Planning, Agriculture, Transport and Public Works and Economic Development and Tourism, make up the economic cluster; with the balance of the provincial votes, i.e. Department of the Premier, Provincial Parliament, Local Government and Provincial Treasury, representing the governance and administrative cluster.

### **Conclusion**

The Province has budgeted to spend R33.213 billion within municipalities in 2010/11, R35.685 billion in 2011/12 and R37.420 billion in 2012/13. The largest share of these budget allocations is attributed to the provincial social cluster, followed by the economic and governance clusters.

# 11

## Summary of Aggregates

The overall budget summary of the key revenue and expenditure components of the 2010 MTEF budget is provided in Table 11.1. In 2010/11 the total provincial payments increase by 8.54 per cent or R2.650 billion to R33.676 billion when compared to the 2009/10 revised estimate of R31.026 billion. The bulk of the increase is on current payments, with a 11.09 per cent or R2.482 billion increase from R22.380 billion in the 2009/10 revised estimate to R24.862 billion for 2010/11.

*Provincial payments set to grow by 8.54 per cent*

Over the MTEF, provincial own receipts decreases from R1.735 billion in the 2009/10 revised estimate to R1.722 billion in 2012/13. Financing is only provided for in 2010/11 as a result of the depletion of the Asset Finance Reserve, cash draw-downs and the creation of a Working Capital Reserve that would assist with cash-flow requirements.

Due to fiscal risks explained earlier, the Province has moved away from tabling deficit budgets (before financing) to balanced budgets for each of the 2010 MTEF years which are aligned with projected spending rates and obligations of provincial departments, as well as to cushion the provincial fiscus against any unforeseen fiscal risks.

Total provincial payments are set to increase over the MTEF from R33.676 billion in 2010/11 to R38.038 billion by 2012/13. Chapter 5 outlines the expenditure plans of departments and details how these funds will be used to achieve national and provincial policy priorities.

*A balanced budget for every year of the 2010 MTEF*

Table 11.1 Provincial budget summary

R'000	Outcome			Main appropriation 2009/10	Adjusted appropriation 2009/10	Revised estimate 2009/10	Medium-term estimate				
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate		2010/11	2011/12	2012/13
<b>Provincial receipts</b>											
Transfer receipts from national	16 737 356	19 538 369	23 053 690	26 784 933	28 479 919	28 479 919	<b>31 695 756</b>	11.29	34 499 188	36 315 716	
Equitable share	13 459 403	15 482 582	18 241 996	20 807 126	21 762 635	21 762 635	<b>24 026 091</b>	10.40	26 127 726	27 670 446	
Conditional grants	3 277 953	4 055 787	4 811 694	5 977 807	6 717 284	6 717 284	<b>7 669 665</b>	14.18	8 371 462	8 645 270	
Financing	768 586	466 358	1 162 830	529 724	810 877	810 877	<b>292 754</b>	(63.90)			
Asset Finance Reserve	619 041	395 115	943 275	490 800	667 536	667 536	<b>215 864</b>	(67.66)			
Provincial Revenue Fund	149 545	71 243	219 555	38 924	143 341	143 341	<b>76 890</b>	(46.36)			
Provincial own receipts	1 692 611	2 019 205	1 935 003	1 818 123	1 714 905	1 735 357	<b>1 687 817</b>	(2.74)	1 694 113	1 722 231	
<b>Total provincial receipts</b>	<b>19 198 553</b>	<b>22 023 932</b>	<b>26 151 523</b>	<b>29 132 780</b>	<b>31 005 701</b>	<b>31 026 153</b>	<b>33 676 327</b>	8.54	36 193 301	38 037 947	
<b>Provincial payments</b>											
Current payments	14 178 485	16 288 210	19 250 110	21 215 011	22 205 185	22 379 542	<b>24 861 731</b>	11.09	26 761 267	28 236 039	
Transfers and subsidies	2 933 347	3 494 789	4 419 000	5 397 981	5 571 722	5 582 842	<b>5 868 702</b>	5.12	6 320 066	6 462 302	
Payments for capital assets	1 705 331	1 674 740	1 910 980	2 392 513	2 862 608	2 774 157	<b>2 478 975</b>	(10.64)	2 600 060	2 717 443	
Payments for financial assets	14 477	47 177	10 610	3 508	4 130	7 033	<b>3 733</b>	(46.92)	3 953	4 178	
Direct charge	17 154	18 469	23 676	25 329	28 459	29 268	<b>28 351</b>	(3.13)	30 253	31 787	
Contingency reserve				64 510			<b>56 127</b>		36 350	96 070	
Net internal financing				151 927	483 666	236 412	<b>211 258</b>	(10.64)	289 384	490 128	
Smoothing - previous Budgets				48 969	16 899	16 899	<b>167 450</b>	890.86	151 969		
<b>Total provincial payments</b>	<b>18 848 794</b>	<b>21 523 385</b>	<b>25 614 376</b>	<b>29 299 749</b>	<b>31 172 670</b>	<b>31 026 153</b>	<b>33 676 327</b>	8.54	36 193 301	38 037 947	
<b>Surplus (Deficit)</b>	<b>349 759</b>	<b>500 547</b>	<b>537 147</b>	<b>(166 969)</b>	<b>(166 969)</b>	<b>(0)</b>	<b>(0)</b>		<b>(0)</b>	<b>(0)</b>	

# Annexure A: The 2010 Budget Process

## Introduction

The Budget process is well documented and adequately allows for policy coordination and balanced trade-offs between priorities and available funding. These priorities are manifested in the various socio-economic challenges that we face.

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

Arriving at a fundable set of priorities is both a technical and political process that aims to address the 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.

The Provincial budget represents a convergence between political policy determination and interactions with departments on the detail of their priorities and strategies, both at national and provincial levels and agreement on what the funding is able to buy.

At the heart of these interactions on the budget, is the responsibility to deliver services across the three spheres of government in a coordinated, economical, effective and efficient way. These services according to the Constitution are either classified 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.

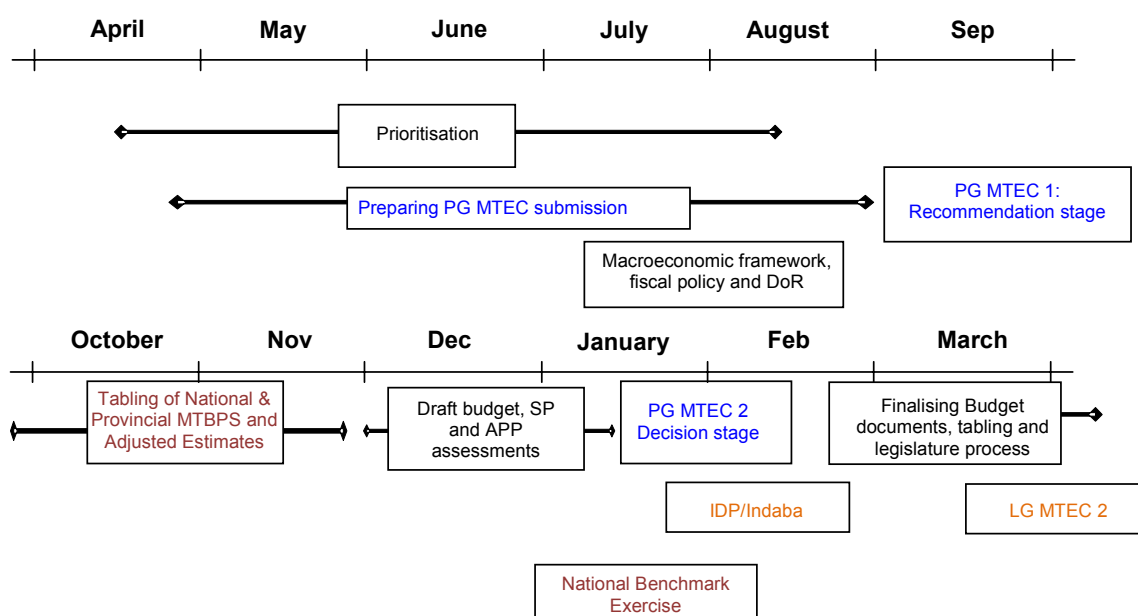
A number of intergovernmental forums have been established to make recommendations on policy options, choices and the directing of public resources to try and achieve desired outcomes.

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

## 2010 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. In the case of the Province it relates to the 10 Strategic Objectives agreed by Cabinet within the context of the national imperatives as agreed by the National Cabinet and taken up in the national Medium Term Strategic Framework. Diagram 1 provides a conceptual view of the Budget process staging and highlights the months of the financial year and events planned within a particular month.

Diagram 1:



The Provincial Treasury had more intensive interactions than usual with provincial departments and selected entities during the 2010 budget process, aimed at getting a better and common understanding with regard to the relevant challenges and constraints. This allowed for much more informed recommended resource allocations, relative to the demand, the capacity to absorb in line with delivery plans and, very importantly, within the financing envelope available to the Province.

## **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.

Citizens have huge expectations of government to deliver much better quality basic services in Education, Health, Social Development, Housing, Transport, etc. These expectations at the start of an electoral cycle comes at a time when the mismatch between the need and available capacity, financial and human resources have never been greater.

With government revenues lower than projected, the budget requires more difficult trade-offs, doing more with the same or with less resources being more effective and economical.

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

Provincial departments attended various national sector-based intergovernmental fora where sector priorities were spelt out and the possibility of additional funding was entertained.

Provincial departments, following the interactions at the national level, also had three formal engagements with Provincial Treasury. These were in addition to numerous ad hoc interactions with the budget analysts in the Provincial Treasury, responsible for particular departments.

The Medium Term Expenditure Committee meetings (MTECs) were held in September 2009 (MTEC 1) and January 2010 (MTEC 2), with follow-up bilaterals to further clear policy and technical elements. These as usual provide a mechanism through which a department can communicate its priorities and demonstrate prioritisation within its budget. As the content and methodology were improved on, this accorded all parties to better assess each department's future goals and associated budgets.

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

## **Policy publications and preliminary allocations**

National Government during November 2009 published the national Medium Term Budget Policy Statement (MTBPS) and the Adjusted Estimates of National Expenditure.

At a provincial level, within the same timeline the Provincial Government produced the 2009 Provincial Economic Review and Outlook publication that gave a snap-shot of the economic and socio-economic situation of the Western Cape. This information, together

with the National MTBPS and the Provincial Government's own Strategic Objectives, was used to formulate the Western Cape MTBPS that contextualised the current social economic situation of the Western Cape, the preliminary resource envelope and the expenditure policies that were proposed to be taken forward into the 2010 MTEF period.

Based on the resource envelope spelled out in the WC-MTBPS, the Provincial Cabinet approved preliminary allocations in late November 2009. These allocations were used by departments to compile their draft Budget documentation, Strategic Plans and Annual Performance Plans and submitted to Provincial Treasury during December 2009 for assessing. As referred to earlier, these were used as the basis for the PG MTEC 2 assessments.

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

Concurrent with the provincial process, the National Treasury, as part of its oversight responsibilities, also conducts annual assessments of provincial governments' budget proposals before these are to be finalised by the various Provincial Cabinets. These assessments (called the annual Benchmark Exercise) culminate in a bilateral between the National Treasury and the respective Provincial Treasury with reporting to the Budget Council.

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

The purpose of these meetings is to evaluate nationally whether budget priorities as agreed at the Budget Council and the Extended National Cabinet (the latter including provincial premiers) have been taken up in provincial budgets.

The Benchmark exercise also evaluated the proposed preliminary allocations to departments and the degree of alignment to the various sectoral strategies and priorities. The analyses further considered various growth rates, particularly in those areas that directly impact on service delivery and assessed whether a province has adequately provided for statutory expenditure items, such as: Personnel expenditures, Improvement of Conditions of Service (ICS), the Occupational Specific Dispensation (OSD), etc. For all intents and purposes, this Province's provisional allocations passed on all elements assessed.



## **Tabling of the Budget and Legislative process**

With the approval of the Provincial Cabinet, departments and entities finalised their budgetary documentation taking into account the various conditions attached to their allocations. Refined versions of strategic plans, annual performance plans and budgets were re-assessed during mid-February and final opportunity was given to departments to make improvements to foster tabling of credible budgetary documentation.

2 March 2010 is the tabling date for the Appropriation Bill, Budget Overview, Estimates of Provincial Expenditure, Local Government Allocations, Strategic and Annual Performance Plans of departments and provincial public entities in the Provincial Parliament.

The process on finalisation of the 2010 Budget includes the Standing Committee phase, followed by the second reading and the debates of the various departments in the Provincial Parliament. The final planned stage is the third reading of the Western Cape Appropriation Bill, 2010 for approval by the Provincial Parliament and for assenting by the Premier before end of June 2010.

## **Engagements with municipalities**

2009 marked the fifth round of annual Local Government Medium Term Expenditure Committee (LG MTEC) engagements. These engagements were introduced in 2005 and have by now become institutionalised 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 provincial and municipal administrations to discuss the various service delivery challenges they encounter.

These engagements (LG MTEC 3) also gives effect to the statutory requirements of the MFMA that requires the Provincial Treasury to provide views and comments on municipal draft budgets and any budget-related policies and documentation, which must then be considered by Councils when finalising their annual budgets.

## **Conclusion**

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 through the Quarterly Performance Reporting, Dashboard and Permiso reporting systems to improve individual and institutional performance.



# Annexure B: Additional Tables

**Table B.1 Conditional grants: Information relating to Chapter 4**

Vote and grant R'000	2006/07			2007/08			2008/09			2009/10			Medium-term estimate		
	Adjusted appro- piation	Actual transfer	Audited outcome	Main appro- piation	Adjusted appro- piation	Audited outcome	Main appro- piation	Adjusted appro- piation	Audited outcome	Main appro- piation	Adjusted appro- piation	Revised estimate	2010/11	2011/12	2012/13
<b>Vote 1: Department of the Premier</b>								5 000	5 000						
Internally Displaced People Management								5 000	5 000						
<b>Vote 4: Community Safety</b>								2 690	2 690						
Internally Displaced People Management								2 690	2 690						
<b>Vote 5: Education</b>	192 012	257 012	254 536	224 003	226 358	271 718	282 736	298 188	292 811	297 569	302 764	302 764	<b>893 572</b>	1 043 296	1 129 784
Infrastructure Grant to Provinces	61 829	126 829	126 706	80 263	80 263	125 642	120 475	120 475	120 478	170 395	170 395	170 395	<b>255 062</b>	317 101	361 268
Dinaledi Schools Grant															
HIV and Aids (Life Skills Education) Grant	11 870	11 870	11 872	13 011	13 011	13 001	13 847	13 847	13 727	14 626	14 626	14 626	<b>15 392</b>	16 388	17 486
Further Education and Training College Sector Grant	70 000	70 000	70 000	80 000	80 000	80 000	77 305	77 305	77 305				<b>446 512</b>	474 155	497 616
National School Nutrition Programme Grant	48 313	48 313	45 958	50 729	53 084	53 075	71 109	86 561	81 301	112 548	117 743	117 743	<b>173 318</b>	227 433	244 784
Technical Secondary Schools Recapitalisation Grant													<b>3 288</b>	8 219	8 630
<b>Vote 6: Health</b>	1 991 725	2 054 907	2 011 991	2 177 028	2 262 868	2 259 588	2 633 668	2 682 678	2 492 177	2 819 092	2 973 939	2 973 939	<b>3 481 521</b>	3 667 055	3 914 272
Infrastructure Grant to Provinces	61 829	61 829	64 056	80 262	80 262	79 429	93 810	94 643	63 933	114 924	145 634	145 634	<b>131 529</b>	160 540	178 539
Hospital Revitalisation Grant	149 703	178 256	174 337	191 796	191 796	192 159	400 388	400 388	232 748	388 845	420 060	420 060	<b>580 554</b>	485 501	506 363
National Tertiary Services Grant	1 272 640	1 272 640	1 272 640	1 335 544	1 335 544	1 335 544	1 486 054	1 503 749	1 500 193	1 583 991	1 583 991	1 583 991	<b>1 763 234</b>	1 894 680	1 989 415
Health Professions Training and Development Grant	323 278	323 278	323 278	339 442	339 442	339 442	356 414	356 414	356 414	362 935	362 935	362 935	<b>384 711</b>	407 794	428 120
Comprehensive HIV and Aids Grant	115 670	133 170	133 227	150 559	200 559	200 562	241 467	241 467	268 931	309 913	383 538	383 538	<b>554 054</b>	648 314	738 098
Forensic Pathology Services Grant	68 605	85 734	44 453	79 425	115 265	112 452	55 535	86 017	69 958	58 484	74 543	74 543	<b>66 251</b>	70 226	73 737
Expanded Public Works Programme Grant for the Social Sector											3 238	3 238	<b>1 188</b>		
<b>Vote 7: Social Development</b>								5 000	5 000						
Internally Displaced People Management								5 000	5 000						
<b>Vote 8: Housing</b>	598 800	1 004 732	775 510	948 548	1 177 770	1 121 708	1 203 984	1 305 862	1 305 862	1 581 425	1 581 425	1 581 425	<b>1 869 343</b>	2 141 905	2 000 165
Human Settlements Development Grant	598 800	998 143	768 921	948 548	1 177 770	1 121 708	1 203 984	1 305 862	1 305 862	1 581 425	1 581 425	1 581 425	<b>1 868 843</b>	2 141 905	2 000 165
Disaster Relief Grant		6 589	6 589												
Expanded Public Works Programme Incentive Grant for the Infrastructure Sector													<b>500</b>		

OVERVIEW OF PROVINCIAL EXPENDITURE

**Table B.1 Conditional Grants: Information relating to Chapter 4 (continued)**

Vote and grant R'000	2006/07			2007/08			2008/09			2009/10			Medium-term estimate		
	Adjusted appro- piation	Actual transfer	Audited outcome	Main appro- piation	Adjusted appro- piation	Revised estimate	Main appro- piation	Adjusted appro- piation	Audited outcome	Main appro- piation	Adjusted appro- piation	Revised estimate	2010/11	2011/12	2011/12
<b>Vote 10: Transport and Public Works</b>	126 329	234 289	189 446	251 319	296 630	296 630	446 129	864 829	591 145	1 123 783	1 618 333	1 618 333	1 244 725	1 297 606	1 363 369
Infrastructure Grant to Provinces	126 329	234 289	189 446	251 319	296 630	296 630	299 002	299 002	299 002	364 644	364 644	364 644	408 254	439 119	471 045
Devolution of Property Rate Funds Grant							147 127	147 127	147 094	164 865	268 864	268 864	181 351	192 232	201 844
Disaster Management: Transport Expanded Public Works Programme Incentive Grant for the Infrastructure Sector								418 700	145 049		390 551	390 551	22 718		
Public Transport Operations Grant										593 774	593 774	593 774	632 402	666 255	690 480
<b>Vote 11: Agriculture</b>	26 763	70 577	34 706	36 696	75 974	71 290	46 512	66 208	58 320	76 725	161 513	161 513	90 334	129 942	136 439
Land Care Programme Grant:	3 115	3 730	3 480	3 270	3 317	3 268	3 428	3 428	3 428	3 085	3 085	3 085	3 270	3 466	3 640
Poverty Relief and Infrastructure Development															
Drought relief/Agriculture disaster management grant		43 199	7 582		39 231	34 656									
Comprehensive Agriculture Support Programme Grant	20 648	20 648	20 644	33 426	33 426	33 366	43 084	49 205	49 205	57 640	57 640	57 640	63 064	78 476	82 399
Provincial Infrastructure	3 000	3 000	3 000												
Disaster Management: Agriculture								13 575	5 687	10 000	94 788	94 788			
Ilima/Letsema Projects Grant										6 000	6 000	6 000	24 000	48 000	50 400
<b>Vote 13: Cultural Affairs and Sport</b>	12 100	12 101	11 764	35 686	35 686	34 853	58 602	58 880	58 689	79 213	79 310	79 310	90 170	91 658	101 241
Mass Sport and Recreation Participation Programme Grant	12 100	12 101	11 764	18 946	18 946	18 205	27 168	27 446	27 401	38 237	38 237	38 237	40 532	42 964	45 112
Community Library Services Grant				16 740	16 740	16 648	31 434	31 434	31 288	40 976	41 073	41 073	49 638	48 694	56 129
<b>Total Conditional grants</b>	2 947 729	3 633 618	3 277 953	3 673 280	4 075 286	4 055 787	4 671 631	5 289 335	4 811 694	5 977 807	6 717 284	6 717 284	7 669 665	8 371 462	8 645 270

Table B.2 Details of total provincial own receipts: Information relating to Chapter 4

Receipts R'000	Outcome			Main appro- prium 2009/10	Adjusted appro- prium 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate			
							2010/11	2009/10	2011/12	2012/13
<b>Tax receipts</b>	1 077 493	1 123 411	1 193 734	1 174 588	1 122 588	1 122 588	<b>1 146 216</b>	2.10	1 171 658	1 197 863
Casino taxes	256 616	301 689	301 100	314 594	274 594	274 594	<b>275 123</b>	0.19	275 123	275 123
Motor vehicle licences	797 291	794 175	865 162	823 371	823 371	823 371	<b>848 072</b>	3.00	873 514	899 719
Horsing taxes	19 368	22 902	22 628	19 223	19 223	19 223	<b>19 223</b>		19 223	19 223
Other taxes (Liquor licence fees)	4 218	4 645	4 844	17 400	5 400	5 400	<b>3 798</b>	(29.67)	3 798	3 798
<b>Sales of goods and services other than capital assets</b>	304 202	434 674	414 011	375 034	376 547	385 229	<b>383 002</b>	(0.58)	384 331	386 153
Sales of goods and services produced by department (excluding capital assets)	303 396	433 790	413 077	374 391	375 904	384 572	<b>382 168</b>	(0.63)	383 497	385 319
Sales by market establishments	31 024	30 410	67 908	30 000	30 000	38 408	<b>24 048</b>	(37.39)	24 050	24 052
Administrative fees	22 513	24 352	25 098	19 872	19 872	19 972	<b>20 143</b>	0.86	20 115	21 818
Agricultural activities										
Inspection fees	284	170	782	773	773	773	<b>773</b>		773	773
Licences or permits	18 527	19 645	19 563	14 476	14 476	14 555	<b>14 976</b>	2.89	14 936	16 606
Registration	355	333	441	280	280	281	<b>280</b>	(0.36)	280	300
Request for information	3 094	4 204	3 916	3 983	3 983	3 991	<b>3 729</b>	(6.56)	3 729	3 729
Other	253		396	360	360	372	<b>385</b>	3.49	397	410
Other sales	249 859	379 028	320 071	324 519	326 032	326 192	<b>337 977</b>	3.61	339 332	339 449
<i>of which</i>										
Academic services: Registration, tuition & examination fees	5 669	5 698	6 728	7 348	7 912	7 912	<b>7 743</b>	(2.14)	8 190	8 190
Boarding services	6 535	9 284	12 957	10 003	10 023	10 023	<b>12 170</b>	21.42	12 316	12 316
Commission on insurance	8 396	8 864	9 037	9 186	9 193	9 287	<b>9 616</b>	3.54	9 624	9 632
External examinations										
Health services										
Hospital fees	200 786	319 096	255 247	271 811	271 811	271 811	<b>281 811</b>	3.68	281 811	281 811
Laboratory services	2 591	2 685	2 714	2 457	2 457	2 457	<b>2 582</b>	5.09	2 713	2 713
Lost library books										
Miscellaneous capital receipts	60	39	27	34	34	34	<b>34</b>		34	34
Parking	183	38	12	223	223	223		(100.00)		
Rental of buildings, equipment and other services	4 083	6 751	3 593	4 397	4 397	4 024	<b>3 773</b>	(6.24)	3 828	3 830
Sales of goods	5 865	5 785	10 124	738	738	739	<b>1 552</b>	110.01	1 552	1 552
Sales of agricultural products	4 514	6 912	8 112	8 323	9 638	9 638	<b>8 708</b>	(9.65)	9 111	9 111
Sport gatherings	463	611	877	648	240	240	<b>750</b>	212.50	825	908
Subsidised motor transport			7							
Tender documentation	598	1 448	349	300	300	738	<b>400</b>	(45.80)	400	400
Trading account surplus										
Tuition fees										
Vehicle repair service	201	174	33	38	38	38	<b>66</b>	73.68	66	66
Services rendered	6 738	8 377	7 510	5 846	5 846	5 846	<b>5 407</b>	(7.51)	5 467	5 468
Photocopies and faxes	2 627	3 244	1 997	2 705	2 705	2 705	<b>2 861</b>	5.77	2 861	2 861
Replacement: Security cards	21	18	22	12	20	20	<b>15</b>	(25.00)	17	18
Other	529	4	725	450	457	457	<b>489</b>	7.00	517	539

**Table B.2 Details of total provincial own receipts: Information relating to Chapter 4 (continued)**

Receipts R'000	Outcome			Main appro- piation 2009/10	Adjusted appro- piation 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate			
							2010/11	2009/10	2011/12	2012/13
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	806	884	934	643	643	657	834	26.94	834	834
<b>Transfers received from</b>	75 903	138 421	142 905	85 164	85 844	85 844	22 257	(74.07)	11 544	11 544
Other governmental units	11 314		4 671							
Universities and technikons	11 050	11 140	13 693	11 543	11 543	11 543	11 543		11 543	11 543
Foreign governments										
International organisations	52 598	126 467	122 675	73 620	74 300	74 300	10 713	(85.58)		
Public corporations and private enterprises	941	814	1 866							
Households and non-profit institutions				1	1	1	1		1	1
<b>Fines, penalties and forfeits</b>	1 338	1 392	2 596	633	683	1 576	1 008	(36.04)	1 043	1 078
<b>Interest, dividends and rent on land</b>	58 699	50 695	59 833	58 212	58 225	58 603	58 914	0.53	58 919	58 924
Interest	57 976	50 169	59 561	57 266	57 279	57 657	57 961	0.53	57 966	57 971
Dividends		6	15							
Rent on land	723	520	257	946	946	946	953	0.74	953	953
<b>Sales of capital assets</b>	19 784	56 418	17 375	34 683	33	895	29	(96.76)	29	29
Land and subsoil assets	19 723	56 358	14 524	34 650		800		(100.00)		
Other capital assets	61	60	2 851	33	33	95	29	(69.47)	29	29
<b>Financial transactions in assets and liabilities</b>	155 192	214 194	104 549	89 809	70 985	80 622	76 391	(5.25)	66 589	66 640
Arrear wages income										
Loan repayments	27 783	22 770	65 777	65 000	45 845	45 845	55 000	19.97	45 000	45 000
Recovery of previous year's expenditure	57 272	92 653	17 203	14 638	14 849	16 345	13 501	(17.40)	13 669	13 688
Staff debt	8 219	6 932	8 167	7 594	7 663	7 792	6 475	(16.90)	6 426	6 433
Stale cheques	144	( 189 )	( 27 )							
Unallocated credits	8 782	10 062	3 506	1 995	1 995	1 717	757	(55.91)	757	757
Cash surpluses	13 031	9 047	7 121	4	4	4	3	(25.00)	3	3
Other	39 961	72 919	2 802	578	629	8 919	655	(92.66)	734	759
<b>Total departmental receipts</b>	1 692 611	2 019 205	1 935 003	1 818 123	1 714 905	1 735 357	1 687 817	(2.74)	1 694 113	1 722 231

Table B.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 6

Economic classification R'000	Outcome			Main appropriation 2009/10	Adjusted appropriation 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate			
							2010/11	2009/10	2011/12	2012/13
<b>Current payments</b>	14 178 485	16 288 210	19 250 110	21 215 011	22 205 185	22 379 542	<b>24 861 731</b>	11.09	26 761 267	28 236 039
Compensation of employees	9 709 057	11 249 268	13 420 892	14 849 177	15 765 504	15 835 856	<b>17 818 691</b>	12.52	19 139 737	20 164 838
Salaries and wages	8 477 078	9 815 980	11 749 992	12 827 217	13 660 891	13 854 758	<b>15 587 375</b>	12.51	16 737 170	17 636 116
Social contributions	1 231 979	1 433 288	1 670 900	2 021 960	2 104 613	1 981 098	<b>2 231 316</b>	12.63	2 402 567	2 528 722
Goods and services	4 469 428	5 038 942	5 828 354	6 365 834	6 439 543	6 543 505	<b>7 042 827</b>	7.63	7 621 307	8 070 970
<i>Of which</i>										
Administrative fees	166 169	155 445	166 261	167 920	167 835	167 943	<b>167 713</b>	(0.14)	174 956	175 145
Advertising	60 408	80 077	97 285	77 443	75 754	74 338	<b>72 660</b>	(2.26)	70 305	74 793
Assets <R5 000	64 870	75 203	82 027	97 898	122 286	109 773	<b>77 698</b>	(29.22)	81 325	86 143
Audit cost: External	33 135	35 945	53 742	54 437	76 291	77 982	<b>80 937</b>	3.79	86 013	89 553
Bursaries (employees)	5 835	15 562	26 587	46 894	30 695	30 979	<b>29 340</b>	(5.29)	30 439	32 476
Catering: Departmental activities	20 395	25 215	37 741	28 869	30 262	28 834	<b>34 164</b>	18.49	34 681	36 078
Communication	100 993	110 463	110 594	117 062	122 844	121 782	<b>131 432</b>	7.92	141 616	148 886
Computer services	161 411	174 327	203 841	227 089	238 253	238 527	<b>282 325</b>	18.36	336 420	337 816
Cons/prof: Business and advisory services	294 471	459 688	495 791	550 189	449 234	457 904	<b>493 541</b>	7.78	463 696	475 757
Cons/prof: Infrastructure & planning	29 249	39 149	30 633	39 054	38 787	38 807	<b>68 670</b>	76.95	75 065	77 184
Cons/prof: Laboratory services	265 001	282 756	349 169	357 234	377 007	411 152	<b>457 658</b>	11.31	500 383	540 816
Cons/prof: Legal cost	8 773	17 289	25 355	22 089	25 406	25 021	<b>22 551</b>	(9.87)	17 262	17 418
Contractors	392 381	443 491	451 376	424 122	532 725	535 991	<b>491 700</b>	(8.26)	467 069	497 095
Agency and support/outsource services	283 709	278 792	377 070	364 102	399 722	421 469	<b>355 490</b>	(15.65)	374 847	398 117
Entertainment	835	1 023	1 219	2 081	2 211	1 960	<b>1 975</b>	0.79	2 203	2 311
Government motor transport	5 084	6 468	6 708	5 290	4 986	5 058	<b>5 756</b>	13.80	6 263	6 585
Housing										
Inventory: Food and food supplies	88 112	109 705	145 812	180 424	185 934	199 952	<b>270 273</b>	35.17	339 123	367 780
Inventory: Fuel, oil and gas	16 162	22 336	32 107	40 186	37 495	34 190	<b>37 914</b>	10.89	41 397	44 989
Inventory: Learning and teacher support material	217 196	240 290	223 765	204 223	226 583	226 583	<b>223 753</b>	(1.25)	267 753	281 062
Inventory: Raw materials	37 218	31 911	32 701	38 240	42 517	42 453	<b>43 178</b>	1.71	46 586	49 894
Inventory: Medical supplies	861 767	967 344	1 101 796	1 306 350	1 250 681	1 321 112	<b>1 561 795</b>	18.22	1 773 400	1 921 815
Inventory: Military stores										
Inventory: Other consumables	85 112	82 597	114 350	118 029	144 972	135 393	<b>140 645</b>	3.88	153 786	163 678
Inventory: Stationery and printing	80 963	86 595	106 851	103 326	107 379	104 228	<b>118 494</b>	13.69	128 438	134 937
Lease payments	153 047	176 358	200 435	205 609	197 254	187 406	<b>197 499</b>	5.39	201 867	204 745
Owned and leasehold property expenditure	476 207	480 103	594 368	685 713	743 806	752 788	<b>837 266</b>	11.22	922 652	974 381
Transport provided departmental activity	106 044	119 387	124 993	151 376	124 858	124 601	<b>142 064</b>	14.02	154 371	162 342
Travel and subsistence	250 675	301 100	375 245	418 961	404 383	396 397	<b>435 584</b>	9.89	456 545	483 316
Training and staff development	54 478	71 169	90 606	162 810	117 179	111 269	<b>115 355</b>	3.67	121 123	127 526
Operating expenditure	50 138	48 199	69 907	70 928	56 088	55 921	<b>52 347</b>	(6.39)	52 549	52 324
Venues and facilities	37 095	39 931	46 076	41 918	50 615	48 091	<b>42 118</b>	(12.42)	45 296	47 849
Audit fees										
Computer equipment										
Information Technology expenses	2 107	3 925	4 731	5 922	5 922	5 922	<b>10 070</b>	70.04	9 765	9 871
Legal fees	5 749	3 429		1 200	1 200	1 200	<b>1 720</b>	43.33	1 808	1 902
Library material	29 917	33 693	31 629	37 023	37 136	37 136	<b>21 751</b>	(41.43)	24 113	27 396
Machinery and equipment		1 315								
Maintenance and repairs and running cost	4 031	1 399		200	200	200	<b>133</b>	(33.50)	140	147
Printing and publications	1 906	1 493	1 963	1 426	1 695	1 795	<b>2 795</b>	55.71	2 912	3 064
Scholar transport										
Sport and Recreation Equipment	778	1 252	880	86	86	86	<b>1 920</b>	2132.56	2 133	2 338
Utilities (municipal services)	431	487	482	577	577	577	<b>751</b>	30.16	619	647
Other	17 576	14 031	14 258	9 534	8 685	8 685	<b>11 791</b>	35.76	12 388	12 793
Interest and rent on land			864		138	181	<b>213</b>	17.68	222	231
Interest			864		136	179	<b>213</b>	18.99	222	231
Rent on land					2	2		(100.00)		

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**Table B.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 6 (continued)**

Economic classification R'000	Outcome			Main appro- prium 2009/10	Adjusted appro- prium 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate			
							2010/11	2009/10	2011/12	2012/13
<b>Transfers and subsidies to (Current)</b>	1 919 525	2 266 624	2 697 811	3 683 349	3 858 304	3 839 637	<b>3 876 489</b>	0.96	4 098 578	4 300 906
Provinces and municipalities	209 649	211 127	389 610	424 186	584 040	586 550	<b>509 667</b>	(13.11)	519 538	550 113
Provinces		4								
Provincial Revenue Funds										
Provincial agencies and funds		4								
Municipalities	209 649	211 123	389 610	424 186	584 040	586 550	<b>509 667</b>	(13.11)	519 538	550 113
Municipalities	208 043	211 123	389 610	424 186	584 040	586 550	<b>509 667</b>	(13.11)	519 538	550 113
of which										
Regional services council levies	6 229									
Municipal agencies and funds	1 606									
Departmental agencies and accounts	162 324	149 539	182 802	246 645	221 954	222 228	<b>227 698</b>	2.46	240 617	252 255
Social security funds										
Entities receiving transfers	162 324	149 539	182 802	246 645	221 954	222 228	<b>227 698</b>	2.46	240 617	252 255
Western Cape Provincial Development Council	5 800	6 574	10 202	6 531	6 681	6 681	<b>7 500</b>	12.26	7 800	8 000
Western Cape Gambling and Racing Board										
CMD Capital Augmentation										
Hospital Trading Account: Karl Bremer										
Environmental Commissioner										
Western Cape Nature Conservation Board	91 790	82 975	94 658	135 246	133 272	133 272	<b>160 857</b>	20.70	170 848	179 662
South African National Roads Agency Limited										
Agricultural Research Council										
Destination Marketing Organisation	27 050	28 370	33 617	43 286	44 843	44 843	<b>34 190</b>	(23.76)	35 200	36 200
Western Cape Trade and Investment Promotion Agency	11 291	11 450	20 669	21 914	19 325	19 325	<b>15 600</b>	(19.28)	16 600	17 600
Western Cape Cultural	7 997	640	668	595	595	595	<b>100</b>	(83.19)	150	200
Western Cape Liquor Board				20 000						
Western Cape Language	602	242	252	263	263	263	<b>150</b>	(42.97)	170	190
Artscape	120	125	130	125	125	125	<b>135</b>	8.00	142	150
Heritage Western Cape	950	950	950	900	900	900	<b>400</b>	(55.56)	430	460
SETA	5 801	6 205	7 150	7 712	7 712	7 712	<b>8 216</b>	6.54	8 712	9 213
Government Motor Trading		172	2 263		2 084	2 083		(100.00)		
CSIR										
Western Cape Provincial Youth Commission	8 900	9 500	10 400	8 500	1 831	1 831		(100.00)		
Other	2 023	2 336	1 843	1 573	4 323	4 598	<b>550</b>	(88.04)	565	580
Universities and technikons	4 325	1 726	1 768	3 389	4 267	4 267	<b>3 807</b>	(10.78)	2 416	2 550
Foreign governments and international organisations	93	103	138	120	120	120	<b>132</b>	10.00	145	154
Public corporations and private enterprises	49 481	71 500	93 967	687 184	698 727	698 734	<b>769 739</b>	10.16	839 085	868 322
Public corporations	47 675	65 953	89 426	90 810	100 545	100 545	<b>127 145</b>	26.46	152 633	157 641
Subsidies on production	8 500	10 818	5 700	5 700	5 700	5 700	<b>10 200</b>	78.95	10 200	10 200
Other transfers	39 175	55 135	83 726	85 110	94 845	94 845	<b>116 945</b>	23.30	142 433	147 441
Private enterprises	1 806	5 547	4 541	596 374	598 182	598 189	<b>642 594</b>	7.42	686 452	710 681
Subsidies on production	420	1 700		2 000	2 000	2 000		(100.00)		
Other transfers	1 386	5 547	2 841	594 374	596 182	596 189	<b>642 594</b>	7.78	686 452	710 681
Non-profit institutions	1 344 264	1 621 318	1 859 237	2 138 864	2 075 459	2 045 983	<b>2 176 597</b>	6.38	2 297 912	2 418 841
Households	149 389	211 311	170 289	182 961	273 737	281 755	<b>188 849</b>	(32.97)	198 865	208 671
Social benefits	37 658	70 003	79 970	64 270	70 240	76 926	<b>72 605</b>	(5.62)	76 717	80 839
Other transfers to households	111 731	141 308	90 319	118 691	203 497	204 829	<b>116 244</b>	(43.25)	122 148	127 832



**Table B.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 6 (continued)**

Economic classification R'000	Outcome			Main appro- priation 2009/10	Adjusted appro- priation 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate			
							2010/11	2009/10	2011/12	2012/13
<b>Transfers and subsidies to (Capital)</b>	1 013 822	1 228 165	1 721 189	1 714 632	1 713 418	1 743 205	<b>1 992 213</b>	14.28	2 221 488	2 161 396
Provinces and municipalities	145 828	120 150	309 293	35 300	38 219	30 219	<b>46 453</b>	53.72	34 900	36 900
Provinces										
Provincial Revenue Funds										
Provincial agencies and funds										
Municipalities	145 828	120 150	309 293	35 300	38 219	30 219	<b>46 453</b>	53.72	34 900	36 900
Municipalities	145 828	120 150	309 293	35 300	38 219	30 219	<b>46 453</b>	53.72	34 900	36 900
<i>of which</i>										
Regional services council levies										
Municipal agencies and funds										
Departmental agencies and accounts	49 198	2 040	11 822	1 715	2 359	2 355	<b>1 825</b>	(22.51)	1 914	2 023
Social security funds										
Entities receiving transfers	49 198	2 040	11 822	1 715	2 359	2 355	<b>1 825</b>	(22.51)	1 914	2 023
Western Cape Provincial Development Council										
Western Cape Gambling and Racing Board										
CMD Capital Augmentation	4 044	1 411	1 573	1 715	1 715	1 715	<b>1 825</b>	6.41	1 914	2 023
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										
Western Cape Liquor Board										
Western Cape Language										
Artscape										
Heritage Western Cape										
SETA										
Government Motor Trading	45 154	379	249		644	640		(100.00)		
CSIR										
Western Cape Provincial Youth Commission		250								
Other			10 000							
Universities and technikons										
Foreign governments and international organisations										
Public corporations and private enterprises	30				40 000	40 000		(100.00)		
Public corporations	30				40 000	40 000		(100.00)		
Subsidies on production										
Other transfers	30				40 000	40 000		(100.00)		
Private enterprises										
Subsidies on production										
Other transfers										
Non-profit institutions	24 520	1 309	101 657	115 635	70 858	115 059	<b>130 157</b>	13.12	105 586	180 813
Households	794 246	1 104 666	1 298 417	1 561 982	1 561 982	1 555 572	<b>1 813 778</b>	16.60	2 079 088	1 941 660
Social benefits										
Other transfers to households	794 246	1 104 666	1 298 417	1 561 982	1 561 982	1 555 572	<b>1 813 778</b>	16.60	2 079 088	1 941 660

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**Table B.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 6 (continued)**

Economic classification R'000	Outcome			Main appro- priation 2009/10	Adjusted appro- priation 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate			
							2010/11	2009/10	2011/12	2012/13
<b>Transfers and subsidies to (Total)</b>	2 933 347	3 494 789	4 419 000	5 397 981	5 571 722	5 582 842	<b>5 868 702</b>	5.12	6 320 066	6 462 302
Provinces and municipalities	355 477	331 277	698 903	459 486	622 259	616 769	<b>556 120</b>	(9.83)	554 438	587 013
Provinces		4								
Provincial Revenue Funds										
Provincial agencies and funds		4								
Municipalities	355 477	331 273	698 903	459 486	622 259	616 769	<b>556 120</b>	(9.83)	554 438	587 013
Municipalities of which	353 871	331 273	698 903	459 486	622 259	616 769	<b>556 120</b>	(9.83)	554 438	587 013
Regional services council levies	6 229									
Municipal agencies and funds	1 606									
Departmental agencies and accounts	211 522	151 579	184 624	248 360	224 313	224 583	<b>229 523</b>	2.20	242 531	254 278
Social security funds										
Entities receiving transfers	211 522	151 579	184 624	248 360	224 313	224 583	<b>229 523</b>	2.20	242 531	254 278
Western Cape Provincial Development Council	5 800	6 574	10 202	6 531	6 681	6 681	<b>7 500</b>	12.26	7 800	8 000
Western Cape Gambling and Racing Board										
CMD Capital Augmentation	4 044	1 411	1 573	1 715	1 715	1 715	<b>1 825</b>	6.41	1 914	2 023
Hospital Trading Account: Karl Bremer										
Environmental Commissioner										
Western Cape Nature Conservation Board	91 790	82 975	94 658	135 246	133 272	133 272	<b>160 857</b>	20.70	170 848	179 662
South African National Roads Agency Limited										
Agricultural Research Council										
Destination Marketing Organisation	27 050	28 370	33 617	43 286	44 843	44 843	<b>34 190</b>	(23.76)	35 200	36 200
Western Cape Trade and Investment Promotion Agency	11 291	11 450	20 669	21 914	19 325	19 325	<b>15 600</b>	(19.28)	16 600	17 600
Western Cape Cultural	7 997	640	668	595	595	595	<b>100</b>	(83.19)	150	200
Western Cape Liquor Board				20 000						
Western Cape Language	602	242	252	263	263	263	<b>150</b>	(42.97)	170	190
Artscape	120	125	130	125	125	125	<b>135</b>	8.00	142	150
Heritage Western Cape	950	950	950	900	900	900	<b>400</b>	(55.56)	430	460
SETA	5 801	6 205	7 150	7 712	7 712	7 712	<b>8 216</b>	6.54	8 712	9 213
Government Motor Trading	45 154	551	2 512		2 728	2 723		(100.00)		
CSIR										
Western Cape Provincial Youth Commission	8 900	9 750	10 400	8 500	1 831	1 831		(100.00)		
Other	2 023	2 336	1 843	1 573	4 323	4 598	<b>550</b>	(88.04)	565	580
Universities and technikons	4 325	1 726	1 768	3 389	4 267	4 267	<b>3 807</b>	(10.78)	2 416	2 550
Foreign governments and international organisations	93	103	138	120	120	120	<b>132</b>	10.00	145	154
Public corporations and private enterprises	49 511	71 500	93 967	687 184	738 727	738 734	<b>769 739</b>	4.20	839 085	868 322
Public corporations	47 705	65 953	89 426	90 810	140 545	140 545	<b>127 145</b>	(9.53)	152 633	157 641
Subsidies on production	8 500	10 818	5 700	5 700	5 700	5 700	<b>10 200</b>	78.95	10 200	10 200
Other transfers	39 205	55 135	83 726	85 110	134 845	134 845	<b>116 945</b>	(13.27)	142 433	147 441
Private enterprises	1 806	5 547	4 541	596 374	598 182	598 189	<b>642 594</b>	7.42	686 452	710 681
Subsidies on production	420	1 700		2 000	2 000	2 000		(100.00)		
Other transfers	1 386	5 547	2 841	594 374	596 182	596 189	<b>642 594</b>	7.78	686 452	710 681
Non-profit institutions	1 368 784	1 622 627	1 970 894	2 254 499	2 146 317	2 161 042	<b>2 306 754</b>	6.74	2 403 498	2 599 654
Households	943 635	1 315 977	1 468 706	1 744 943	1 835 719	1 837 327	<b>2 002 627</b>	9.00	2 277 953	2 150 331
Social benefits	37 658	70 003	79 970	64 270	70 240	76 926	<b>72 605</b>	(5.62)	76 717	80 839
Other transfers to households	905 977	1 245 974	1 388 736	1 680 673	1 765 479	1 760 401	<b>1 930 022</b>	9.64	2 201 236	2 069 492

**Table B.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 6 (continued)**

Economic classification R'000	Outcome			Main appro- piation 2009/10	Adjusted appro- piation 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2006/07	2007/08	2008/09				2010/11	2009/10	2011/12	2012/13
<b>Payments for capital assets</b>	1 705 331	1 674 740	1 910 980	2 392 513	2 862 608	2 774 157	<b>2 478 975</b>	(10.64)	2 600 060	2 717 443
Buildings and other fixed structures	1 395 071	1 391 931	1 618 744	2 054 051	2 497 483	2 394 931	<b>2 109 780</b>	(11.91)	2 227 511	2 278 379
Buildings	539 109	527 799	728 933	826 732	943 734	841 682	<b>968 530</b>	15.07	966 372	951 447
Other fixed structures	855 962	864 132	889 811	1 227 319	1 553 749	1 553 249	<b>1 141 250</b>	(26.52)	1 261 139	1 326 932
Machinery and equipment	261 593	256 660	268 964	315 646	329 728	343 304	<b>334 495</b>	(2.57)	333 078	405 813
Transport equipment	26 464	24 266	12 721	13 414	17 650	19 603	<b>14 417</b>	(26.46)	12 918	13 123
Other machinery and equipment	235 129	232 394	256 243	302 232	312 078	323 701	<b>320 078</b>	(1.12)	320 160	392 690
Heritage assets				5	5	5		(100.00)		
Specialised military assets										
Biological assets	75	57		22	22	36		(100.00)		
Land and subsoil assets	27 544	8 051	3 700	4 201	4 471	4 471	<b>8 289</b>	85.39	14 610	8 789
Software and other intangible assets	21 048	18 041	19 572	18 588	30 899	31 410	<b>26 411</b>	(15.92)	24 861	24 462
<i>Of which: "Capitalised Compensation" included in Payments for capital assets</i>										
<i>Of which: "Capitalised Goods and services" included in Payments for capital assets</i>			326 951	1 802 709	2 233 820	2 135 237	<b>1 903 669</b>	(10.85)	1 981 540	2 072 693
<b>Payments for financial assets</b>	14 477	47 177	10 610	3 508	4 130	7 033	<b>3 733</b>	(46.92)	3 953	4 178
<b>Total economic classification</b>	<b>18 831 640</b>	<b>21 504 916</b>	<b>25 590 700</b>	<b>29 009 013</b>	<b>30 643 645</b>	<b>30 743 574</b>	<b>33 213 141</b>	<b>8.03</b>	<b>35 685 345</b>	<b>37 419 962</b>

**Table B.4 Summary of provincial infrastructure payments and estimates by category and vote relating to Chapter 6**

Category R'000	Outcome			Main appro- priation	Adjusted appro- priation	Revised estimate	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2006/07	2007/08	2008/09				2009/10	2009/10	2009/10	2010/11
<b>New and replacement assets</b> <sup>Note</sup>	365 391	265 031	729 158	627 460	582 766	543 800	<b>816 531</b>	50.15	887 735	878 312
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	289 416	227 438	225 475	305 075	305 075	305 075	<b>342 053</b>	12.12	398 044	446 367
6. Health	33 486	15 936	99 296	238 785	197 206	158 240	<b>396 178</b>	150.37	476 161	429 162
7. Social Development			27 382	3 100					11 000	
8. Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	42 489	21 657	165 005	80 500	80 485	80 485	<b>76 000</b>	( 5.57)		
11. Agriculture							<b>2 300</b>		2 530	2 783
12. Economic Development and Tourism										
13. Cultural Affairs and Sport			212 000							
14. Local Government										
<b>Upgrades and additions</b> <sup>Note</sup>	67 918	102 472	529 654	920 912	1 001 125	981 262	<b>657 683</b>	( 32.98)	429 702	415 262
1. Department of the Premier				13 500	23 972	23 972		( 100.00)		
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health			74 018	134 444	164 098	144 235	<b>77 205</b>	( 46.47)	80 180	90 362
7. Social Development					2 100	2 100				
8. Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	67 918	102 472	435 636	772 968	810 955	810 955	<b>580 478</b>	( 28.42)	349 522	324 900
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport			20 000							
14. Local Government										
<b>Rehabilitation, renovations and refurbishments</b> <sup>Note</sup>	921 080	964 012	707 735	632 751	999 763	957 536	<b>777 823</b>	( 18.77)	1 014 459	1 223 355
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health	238 393	271 588	180 619	198 540	265 390	223 163	<b>261 700</b>	17.27	112 700	188 426
7. Social Development										
8. Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	682 687	692 424	527 116	434 211	734 373	734 373	<b>516 123</b>	( 29.72)	901 759	1 034 929
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										

**Table B.4 Summary of provincial infrastructure payments and estimates by category and vote relating to Chapter 6 (continued)**

Category R'000	Outcome			Main appro- piation	Adjusted appro- piation	Revised estimate	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2006/07	2007/08	2008/09				2009/10	2009/10	2009/10	2010/11
<b>Maintenance and repairs</b> <sup>Note</sup>	550 415	562 011	814 437	615 898	745 080	745 080	<b>824 988</b>	10.72	872 375	896 286
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	89 806	37 086	52 363	73 719	73 719	73 719	<b>102 276</b>	38.74	108 413	113 725
6. Health	72 476	84 155	85 197	113 405	113 405	113 405	<b>134 565</b>	18.66	141 679	147 444
7. Social Development							<b>320</b>			
8. Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	388 133	440 770	676 877	428 774	557 956	557 956	<b>587 827</b>	5.35	622 283	635 117
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
<b>Infrastructure transfer - current</b>			2 522	2 500	2 827	2 827	<b>22 210</b>	685.64	24 050	26 027
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health										
7. Social Development										
8. Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works			2 522	2 500	2 827	2 827	<b>2 500</b>	( 11.57)	2 500	2 500
11. Agriculture							<b>19 710</b>		21 550	23 527
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
<b>Infrastructure transfer - capital</b>			33 343	23 300	61 219	61 219	<b>106 330</b>	73.69	132 762	138 529
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health										
7. Social Development										
8. Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works			33 343	23 300	61 219	61 219	<b>38 006</b>	( 37.92)	26 900	28 400
11. Agriculture							<b>68 324</b>		105 862	110 129
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										

**Table B.4 Summary of provincial infrastructure payments and estimates by category and vote relating to Chapter 6 (continued)**

Category R'000	Outcome			Main appro- piation	Adjusted appro- piation	Revised estimate	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2006/07	2007/08	2008/09				2009/10	2009/10	2009/10	2010/11
<b>Other capital projects</b> <sup>Note</sup>	291 290	333 118	122 571	103 775	131 118	127 222	7 000	(94.50)	8 000	9 952
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education										
6. Health	4 904	49 619	69 938	27 050	54 393	50 497	7 000	(86.14)	8 000	9 952
7. Social Development										
8. Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works	251 680	246 865								
11. Agriculture	34 706	36 634	52 633	76 725	76 725	76 725		(100.00)		
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										
<b>Total provincial infrastructure payments and estimates</b>	<b>2 196 094</b>	<b>2 226 644</b>	<b>2 939 420</b>	<b>2 926 596</b>	<b>3 523 898</b>	<b>3 418 946</b>	<b>3 212 565</b>	<b>(6.04)</b>	<b>3 369 083</b>	<b>3 587 723</b>
<i>of which</i>										
<b>Professional fees</b>	290 287	338 307	378 015	511 573	526 381	526 381	1 588 456	201.77	1 666 539	1 758 867
1. Department of the Premier										
2. Provincial Legislature										
3. Provincial Treasury										
4. Community Safety										
5. Education	48 212	52 312	68 101	45 362	45 362	45 362		(100.00)		
6. Health <sup>a</sup>	41 343	84 259	140 000	128 200	143 008	143 008	149 118	4.27	156 673	162 939
7. Social Development										
8. Housing										
9. Environmental Affairs and Development Planning										
10. Transport and Public Works <sup>b</sup>	200 732	201 736	169 914	338 011	338 011	338 011	1 439 338	325.83	1 509 866	1 595 928
11. Agriculture										
12. Economic Development and Tourism										
13. Cultural Affairs and Sport										
14. Local Government										

<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.

**Table B.5 Summary of departmental personnel number and cost: Information relating to Chapter 6**

Description	Outcome			Main appropriation 2009/10	Adjusted appropriation 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate			
							2010/11	2009/10	2011/12	2012/13
<b>Total for department</b>										
Personnel numbers (head count)	70 290	73 611	75 015	77 628	77 272	76 683	<b>77 647</b>	1.26	78 569	78 154
Personnel cost (R'000)	9 709 057	11 249 268	13 420 892	14 849 177	15 765 504	15 835 856	<b>17 818 691</b>	12.52	19 139 737	20 164 838
<i>of which</i>										
<b>Human resources component</b>										
Personnel numbers (head count)	793	857	1 058	1 265	1 275	1 250	<b>1 217</b>	(2.64)	1 219	1 212
Personnel cost (R'000)	114 156	139 183	180 331	205 342	233 233	232 658	<b>255 591</b>	9.86	266 401	278 928
Head count as % of total for department	1.13	1.16	1.41	1.63	1.65	1.63	<b>1.57</b>		1.55	1.55
Personnel cost as % of total for department	1.18	1.24	1.34	1.38	1.48	1.47	<b>1.43</b>		1.39	1.38
<b>Finance component</b>										
Personnel numbers (head count)	790	864	1 157	1 304	1 266	1 255	<b>1 275</b>	1.59	1 279	1 271
Personnel cost (R'000)	118 288	131 744	191 431	221 688	214 317	215 015	<b>237 555</b>	10.48	247 708	257 790
Head count as % of total for department	1.12	1.17	1.54	1.68	1.64	1.64	<b>1.64</b>		1.63	1.63
Personnel cost as % of total for department	1.22	1.17	1.43	1.49	1.36	1.36	<b>1.33</b>		1.29	1.28
<b>Full time workers</b>										
Personnel numbers (head count)	62 621	63 670	65 635	68 653	68 268	67 670	<b>68 799</b>	1.67	69 606	69 257
Personnel cost (R'000)	8 725 571	9 888 768	11 904 085	13 271 335	14 074 263	14 130 821	<b>15 987 382</b>	13.14	17 086 058	18 052 376
Head count as % of total for department	89.09	86.50	87.50	88.44	88.35	88.25	<b>88.60</b>		88.59	88.62
Personnel cost as % of total for department	89.87	87.91	88.70	89.37	89.27	89.23	<b>89.72</b>		89.27	89.52
<b>Part-time workers</b>										
Personnel numbers (head count)	181	169	181	200	200	197	<b>197</b>		198	196
Personnel cost (R'000)	21 577	25 256	24 090	26 485	28 496	28 810	<b>31 812</b>	10.42	34 194	35 531
Head count as % of total for department	0.26	0.23	0.24	0.26	0.26	0.26	<b>0.25</b>		0.25	0.25
Personnel cost as % of total for department	0.22	0.22	0.18	0.18	0.18	0.18	<b>0.18</b>		0.18	0.18
<b>Contract workers</b>										
Personnel numbers (head count)	7 488	9 772	9 199	8 774	8 803	8 815	<b>8 650</b>	(1.87)	8 765	8 701
Personnel cost (R'000)	961 906	1 335 241	1 492 717	1 551 357	1 662 745	1 676 225	<b>1 799 497</b>	7.35	2 019 485	2 076 931
Head count as % of total for department	10.65	13.28	12.26	11.30	11.39	11.50	<b>11.14</b>		11.16	11.13
Personnel cost as % of total for department	9.91	11.87	11.12	10.45	10.55	10.58	<b>10.10</b>		10.55	10.30

Table B.6 Information on training: Relating to Chapter 7

Description	Outcome			Main appro- pria- tion	Adjusted appro- pria- tion	Revised estimate	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2006/07	2007/08	2008/09				2009/10	2009/10	2009/10	2010/11
Number of staff	70 290	73 611	75 015	77 628	77 272	76 683	<b>77 647</b>	1.26	78 569	78 154
Number of personnel trained	55 244	57 329	59 404	61 289	61 996	61 196	<b>64 246</b>	4.98	64 962	64 962
<i>of which</i>										
Male	20 112	20 895	21 575	23 590	23 416	23 582	<b>23 075</b>	(2.15)	23 306	23 306
Female	35 132	36 434	37 829	37 699	37 593	37 614	<b>41 171</b>	9.46	41 656	41 656
Number of training opportunities	17 539	20 479	21 084	21 771	21 478	21 795	<b>21 911</b>	0.53	22 004	22 004
<i>of which</i>										
Tertiary	2 171	1 017	1 351	1 574	1 535	1 528	<b>1 798</b>	17.67	1 793	1 793
Workshops	795	928	1 858	1 429	764	1 148	<b>745</b>	(35.10)	745	745
Seminars	115	106	145	448	436	418	<b>423</b>	1.20	421	421
Other	14 458	18 428	17 730	18 320	18 743	18 701	<b>18 945</b>	1.30	19 045	19 045
Number of bursaries offered	2 061	2 247	2 761	2 967	2 899	2 914	<b>3 894</b>	33.63	4 198	4 161
Number of interns appointed	750	502	791	557	606	595	<b>546</b>	(8.24)	603	603
Number of learnerships appointed	1 573	1 447	1 036	2 622	591	591	<b>2 612</b>	341.96	2 618	2 618
Number of days spent on training	3 816	8 725	7 190	6 669	6 584	6 680	<b>6 693</b>	0.19	6 693	6 693



**Table B.7 Transfers to local government by category and municipality: Information relating to Chapter 9**

Municipalities R'000	Outcome			Main appro- pria- tion	Adjusted appro- pria- tion	Revised estimate	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2006/07	2007/08	2008/09				2009/10	2009/10	2009/10	2010/11
<b>Category A</b>	510 852	923 540	953 092	892 482	981 139	981 139	<b>1 058 142</b>	7.85	1 201 480	1 192 859
City of Cape Town	510 852	923 540	953 092	892 482	981 139	981 139	<b>1 058 142</b>	7.85	1 201 480	1 192 859
<b>Category B</b>	323 835	400 531	436 766	413 425	543 193	543 193	<b>505 943</b>	(6.86)	567 982	575 768
Beaufort West	8 777	19 033	36 783	5 083	16 247	16 247	<b>6 008</b>	(63.02)	6 700	6 148
Bergrivier	1 002	3 836	5 797	2 508	8 662	8 662	<b>3 134</b>	(63.82)	3 392	2 690
Bitou	12 930	23 611	5 960	12 132	52 931	52 931	<b>14 529</b>	(72.55)	16 773	15 689
Langeberg	10 736	4 966	10 124	19 518	19 609	19 609	<b>23 082</b>	17.71	26 556	24 611
Breede Valley	26 428	15 750	54 551	29 939	30 436	30 436	<b>44 075</b>	44.81	38 710	36 129
Cape Agulhas	13 521	3 867	5 454	7 637	11 441	11 441	<b>9 535</b>	(16.66)	5 013	4 449
Cederberg	6 326	8 213	6 752	6 057	6 463	6 463	<b>7 173</b>	10.99	8 101	7 461
Drakenstein	8 764	27 585	32 316	49 411	64 454	64 454	<b>58 846</b>	(8.70)	67 434	63 185
George	28 535	55 518	38 746	35 800	41 829	41 829	<b>48 376</b>	15.65	48 889	45 693
Kannaland	13 929	10 799	2 718	4 532	4 876	4 876	<b>4 926</b>	1.03	5 643	5 228
Knysna	60 580	45 168	40 647	32 499	32 875	32 875	<b>38 634</b>	17.52	44 661	42 183
Laingsburg	2 034	1 016	212	739	753	753	<b>1 382</b>	83.53	986	872
Hessequa	20 479	6 562	19 892	15 020	40 565	40 565	<b>16 090</b>	(60.34)	18 236	16 959
Matzikama	2 654	14 034	25 465	7 015	7 222	7 222	<b>10 378</b>	43.70	9 579	8 745
Mossel Bay	15 766	18 442	14 508	16 532	26 603	26 603	<b>19 684</b>	(26.01)	22 645	20 852
Oudtshoorn	10 078	10 755	26 955	15 562	12 373	12 373	<b>19 513</b>	57.71	16 602	15 306
Overstrand	6 188	6 451	715	27 020	27 170	27 170	<b>32 192</b>	18.48	37 020	34 786
Prince Albert	102	643	270	2 723	2 731	2 731	<b>3 014</b>	10.36	3 441	3 188
Saldanha Bay	17 827	14 763	20 661	23 016	23 166	23 166	<b>31 259</b>	34.93	30 228	28 268
Stellenbosch	19 428	42 671	18 705	32 981	33 199	33 199	<b>36 330</b>	9.43	40 937	38 061
Swartland	9 860	12 338	14 688	21 192	21 666	21 666	<b>24 263</b>	11.99	27 758	25 954
Swellendam	8 316	1 234	6 224	4 816	4 908	4 908	<b>5 653</b>	15.18	6 482	5 903
Theewaterskloof	15 327	31 688	21 066	25 651	25 877	25 877	<b>30 293</b>	17.07	34 924	32 723
Witzenberg	4 248	21 588	27 557	15 792	26 887	26 887	<b>17 574</b>	(34.64)	19 522	18 100
Other				250	250	250		(100.00)	27 750	72 585
<b>Category C</b>	49 857	43 407	26 878	23 259	34 631	34 631	<b>11 675</b>	(66.29)	6 132	5 799
Cape Winelands	8 146	6 877	8 082	7 280	8 665	8 665	<b>3 548</b>	(59.05)	3 153	3 583
Central Karoo	3 085	3 281	7 069	8 816	10 659	10 659	<b>3 993</b>	(62.54)	1 157	608
Eden	25 304	26 771	5 851	4 515	7 353	7 353	<b>2 264</b>	(69.21)	1 609	1 500
Overberg	6 172	4 680	2 552	1 696	3 829	3 829	<b>833</b>	(78.24)		
West Coast	7 150	1 798	3 324	952	4 125	4 125	<b>1 037</b>	(74.86)	213	108
Other										
<b>Other</b>		12 117							4 100	4 305
<b>Total transfers to local government</b>	884 544	1 379 595	1 416 736	1 329 166	1 558 963	1 558 963	<b>1 575 760</b>	1.08	1 779 694	1 778 731
<b>Funds retained by the department (not included in the transfers to local government) <sup>Note</sup></b>	205 055	78 598	469 083	539 780	365 280	365 280	<b>654 792</b>	79.26	716 257	600 265

**Integrated Housing and Human Settlement  
Development Grant**

Note Funds retained by the department	2010/11	2011/12	2012/13
	Allocation (R'000)	Allocation (R'000)	Allocation (R'000)
N2 Gateway lead project	550 000	<b>400</b>	<b>400</b>
Departmental priority projects		160 000	98 260
Individual subsidies	14 792	32 000	32 000
Extended Enhanced Discount Benefit Scheme	33 935	60 000	10 000
OPSCAP	56 065	64 257	60 005
<b>Total</b>	<b>654 792</b>	<b>716 257</b>	<b>600 265</b>

**Table B.8 Summary of provincial payments and estimates by policy area**

Policy Area R'000	Outcome			Main appro- piation 2009/10	Adjusted appro- piation 2009/10	Revised estimate 2009/10	Medium-term estimate			
	Audited 2006/07	Audited 2007/08	Audited 2008/09				% Change from Revised estimate			
							2010/11	2009/10	2011/12	2012/13
General public services	578 654	595 886	689 189	783 733	782 636	781 107	<b>885 658</b>	13.38	925 381	959 455
Public order and safety	182 205	203 201	242 329	260 259	274 589	274 589	<b>287 808</b>	4.81	308 334	325 181
Economic affairs	2 695 915	2 873 297	3 351 848	4 198 023	4 928 115	4 928 111	<b>4 357 021</b>	(11.59)	4 550 743	4 763 079
Environmental protection	183 327	182 477	204 584	266 757	265 061	265 061	<b>304 949</b>	15.05	325 639	342 711
Housing and community amenities	946 980	1 289 936	1 539 212	1 802 457	1 782 802	1 782 831	<b>2 060 623</b>	15.58	2 335 624	2 200 098
Health	6 419 515	7 497 868	8 655 845	9 892 798	10 463 716	10 556 102	<b>11 962 863</b>	13.33	12 790 032	13 559 713
Recreation, culture and religion	185 166	223 138	499 970	296 445	302 096	302 096	<b>289 241</b>	(4.26)	298 198	318 660
Education	6 920 362	7 737 750	9 192 478	10 346 039	10 663 812	10 663 812	<b>11 845 691</b>	11.08	12 823 254	13 555 684
Social protection	719 516	901 363	1 215 245	1 162 502	1 180 818	1 189 865	<b>1 219 287</b>	2.47	1 328 140	1 395 381
<b>Total payments and estimates by policy area</b>	<b>18 831 640</b>	<b>21 504 916</b>	<b>25 590 700</b>	<b>29 009 013</b>	<b>30 643 645</b>	<b>30 743 574</b>	<b>33 213 141</b>	8.03	<b>35 685 345</b>	<b>37 419 962</b>

**Table B.9 Payments table summary by policy area**

GFS function	Category	Department	Programme		
General public services	Legislative	Department of the Premier	1.1 Executive Support (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 Provincial Strategic Management 1.3 Corporate Services Centre 1.4 Centre for E-Innovation
		Local Government	14.1 Administration 14.2 Local Governance 14.3 Development and Planning		
Public Order and Safety	Police Services	Community Safety	4.1 Administration 4.2 Provincial Secretariat for Safety and Security 4.3 Security Risk Management 4.4 Traffic Safety Promotion		
			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
					Transport and Public Works
			Agriculture	Agriculture	11.1 Administration 11.2 Sustainable Resource Management 11.3 Farmer Support and Development 11.4 Veterinary Services 11.5 Technology Research and Development Services 11.6 Agricultural Economics 11.7 Structured Agricultural Training
Transport	Transport and Public Works	10.1 Administration 10.3 Roads Infrastructure 10.4 Public and Freight Transport 10.5 Traffic Management 10.6 Community Based Programmes			
Communication	Economic Development and Tourism	12.6 Tourism, Arts and Entertainment			

**Table B.9 Payments table summary by policy area (continued)**

GFS function	Category	Department	Programme
Environmental Protection	Environmental Protection	Environmental Affairs and Development Planning	9.1 Administration
			9.2 Policy Coordination and Environmental Planning
			9.3 Compliance and Enforcement
			9.4 Environmental Quality Management
			9.5 Biodiversity Management
Housing and Community Amenities	Housing Development	Housing	8.1 Administration
			8.2 Housing Needs, Research and Planning
			8.3 Housing Development
			8.4 Housing Asset Management Property Management
Health	Health n.e.c	Health	6.1 Administration
	Outpatient Service		6.2 District Health Services
	R & D Health (CS)		6.6 Health Sciences and Training
	Hospital Services		6.3 Emergency Medical Services
			6.4 Provincial Hospital Services
			6.5 Central Hospital Services
			6.7 Health Care Support Services
	6.8 Health Facilities Management		
Recreation Culture and Religion	Recreational and Sporting Services	Cultural Affairs and Sport	13.4 Sport and Recreation
	Cultural Services	Cultural Affairs and Sport	13.1 Administration
			13.2 Cultural Affairs
13.3 Library and Archives 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 B.10 Details of provincial payments and estimates by policy area

GFS function R'000	Outcome			Main appro- piation 2009/10	Adjusted appro- piation 2009/10	Revised estimate 2009/10	Medium-term estimate		
	Audited 2006/07	Audited 2007/08	Audited 2008/09				2010/11	2011/12	2012/13
<b>FUNCTION - GENERAL PUBLIC SERVICES</b>									
<b>Category - Legislative</b>									
Department of the Premier (Programme 1.1)	83 653	78 115	77 706	74 815	78 165	78 165	<b>80 510</b>	69 856	68 905
Provincial Parliament (Vote 2)	37 827	46 327	62 323	68 499	74 112	73 112	<b>77 382</b>	84 633	88 884
<b>Total for Category - Legislative</b>	<b>121 480</b>	<b>124 442</b>	<b>140 029</b>	<b>143 314</b>	<b>152 277</b>	<b>151 277</b>	<b>157 892</b>	<b>154 489</b>	<b>157 789</b>
<b>Category - Financial and fiscal affairs</b>									
Department of Provincial Treasury (Vote 3)	133 936	115 124	120 950	134 682	139 757	139 757	<b>160 470</b>	171 731	182 140
<b>Total for Category - Financial and fiscal affairs</b>	<b>133 936</b>	<b>115 124</b>	<b>120 950</b>	<b>134 682</b>	<b>139 757</b>	<b>139 757</b>	<b>160 470</b>	<b>171 731</b>	<b>182 140</b>
<b>Category - General services</b>									
Department of the Premier (Programme 1.2, 1.3 to 1.4)	234 507	292 423	351 787	417 105	406 080	405 580	464 658	493 251	507 598
Department of Local Government (Vote 14)	88 731	63 897	76 423	88 632	84 522	84 493	<b>102 638</b>	105 910	111 928
<b>Total for Category - General services</b>	<b>323 238</b>	<b>356 320</b>	<b>428 210</b>	<b>505 737</b>	<b>490 602</b>	<b>490 073</b>	<b>567 296</b>	<b>599 161</b>	<b>619 526</b>
<b>TOTAL FOR FUNCTION - GENERAL PUBLIC SERVICES</b>	<b>578 654</b>	<b>595 886</b>	<b>689 189</b>	<b>783 733</b>	<b>782 636</b>	<b>781 107</b>	<b>885 658</b>	<b>925 381</b>	<b>959 455</b>
<b>FUNCTION - PUBLIC ORDER AND SAFETY</b>									
<b>Category - Police services</b>									
Department of Community Safety (Vote 4)	182 205	203 201	242 329	260 259	274 589	274 589	<b>287 808</b>	308 334	325 181
<b>Total for Category - Police services</b>	<b>182 205</b>	<b>203 201</b>	<b>242 329</b>	<b>260 259</b>	<b>274 589</b>	<b>274 589</b>	<b>287 808</b>	<b>308 334</b>	<b>325 181</b>
<b>TOTAL FOR FUNCTION - PUBLIC ORDER AND SAFETY</b>	<b>182 205</b>	<b>203 201</b>	<b>242 329</b>	<b>260 259</b>	<b>274 589</b>	<b>274 589</b>	<b>287 808</b>	<b>308 334</b>	<b>325 181</b>
<b>FUNCTION - ECONOMIC AFFAIRS</b>									
<b>Category - General economic affairs</b>									
Department of Economic Development and Tourism (Vote 12 exclude 12.6)	120 704	142 285	164 579	203 626	193 076	193 072	<b>179 253</b>	193 014	202 901
Department of Transport and Public Works (Programme 10.2)	433 728	462 675	770 606	642 642	803 764	803 764	<b>772 177</b>	863 267	926 292
<b>TOTAL FOR FUNCTION - General economic affairs</b>	<b>554 432</b>	<b>604 960</b>	<b>935 185</b>	<b>846 268</b>	<b>996 840</b>	<b>996 836</b>	<b>951 430</b>	<b>1 056 281</b>	<b>1 129 193</b>

Table B.10 Details of provincial payments and estimates by policy area (continued)

GFS function R'000	Outcome			Main appro- piation 2009/10	Adjusted appro- piation 2009/10	Revised estimate 2009/10	Medium-term estimate		
	Audited 2006/07	Audited 2007/08	Audited 2008/09				2010/11	2011/12	2012/13
<b>Category - Agriculture</b>									
Department of Agriculture (Vote 11)	266 386	325 623	355 699	398 607	493 468	493 468	428 995	492 544	517 101
<b>Total for Category - Agriculture</b>	266 386	325 623	355 699	398 607	493 468	493 468	428 995	492 544	517 101
<b>Category - Transport</b>									
Department of Transport and Public Works (Programmes 10.1, 10.3, 10.4, 10.5 and 10.6)	1 820 303	1 881 802	1 995 622	2 880 308	3 366 417	3 366 417	2 914 371	2 936 935	3 049 006
<b>Total for Category - Transport</b>	1 820 303	1 881 802	1 995 622	2 880 308	3 366 417	3 366 417	2 914 371	2 936 935	3 049 006
<b>Category - Communication</b>									
Department of Economic Development and Tourism (Programmes 12.6)	54 794	60 912	65 342	72 840	71 390	71 390	62 225	64 983	67 779
<b>Total for Category - Communication</b>	54 794	60 912	65 342	72 840	71 390	71 390	62 225	64 983	67 779
<b>TOTAL FOR FUNCTION - ECONOMIC AFFAIRS</b>	2 695 915	2 873 297	3 351 848	4 198 023	4 928 115	4 928 111	4 357 021	4 550 743	4 763 079
<b>FUNCTION - ENVIRONMENTAL PROTECTION</b>									
<b>Category - Environmental protection</b>									
Department of Environmental Affairs and Development Planning (Vote 9)	183 327	182 477	204 584	266 757	265 061	265 061	304 949	325 639	342 711
<b>Total for Category - Environmental protection</b>	183 327	182 477	204 584	266 757	265 061	265 061	304 949	325 639	342 711
<b>TOTAL FOR FUNCTION - ENVIRONMENTAL PROTECTION</b>	183 327	182 477	204 584	266 757	265 061	265 061	304 949	325 639	342 711
<b>FUNCTION - HOUSING AND COMMUNITY AMENITIES</b>									
<b>Category - Housing Development</b>									
Department of Housing (Vote 8)	946 980	1 289 936	1 539 212	1 802 457	1 782 802	1 782 831	2 060 623	2 335 624	2 200 098
<b>Total for Category - Housing Development</b>	946 980	1 289 936	1 539 212	1 802 457	1 782 802	1 782 831	2 060 623	2 335 624	2 200 098
<b>TOTAL FOR FUNCTION - HOUSING AND COMMUNITY AMENITIES</b>	946 980	1 289 936	1 539 212	1 802 457	1 782 802	1 782 831	2 060 623	2 335 624	2 200 098

Table B.10 Details of provincial payments and estimates by policy area (continued)

GFS function R'000	Outcome			Main appro- piation 2009/10	Adjusted appro- piation 2009/10	Revised estimate 2009/10	Medium-term estimate		
	Audited	Audited	Audited				2010/11	2011/12	2012/13
	2006/07	2007/08	2008/09				2009/10	2009/10	2009/10
<b>FUNCTION - HEALTH</b>									
<b>Category - Health n.e.c.</b>									
Department of Health (Programme 6.1)	162 125	205 333	249 104	313 813	306 934	305 833	<b>397 522</b>	404 265	430 865
<b>Total for Category - Health n.e.c.</b>	162 125	205 333	249 104	313 813	306 934	305 833	<b>397 522</b>	404 265	430 865
<b>Category - Outpatient service</b>									
Department of Health Services (Programme 6.2)	1 922 792	2 707 578	3 139 800	3 503 630	3 713 233	3 776 720	<b>4 223 003</b>	4 640 909	4 953 181
<b>Total for Category - Outpatient service</b>	1 922 792	2 707 578	3 139 800	3 503 630	3 713 233	3 776 720	<b>4 223 003</b>	4 640 909	4 953 181
<b>Category - R &amp; D Health (CS)</b>									
Department of Health Services (Programme 6.6)	98 858	133 706	136 629	191 334	192 280	193 471	<b>216 966</b>	230 715	244 508
<b>Total for Category - R &amp; D Health (CS)</b>	98 858	133 706	136 629	191 334	192 280	193 471	<b>216 966</b>	230 715	244 508
<b>Category - Hospital services</b>									
Department of Health Services (Programmes 6.3, 6.4, 6.5 and 6.7 and 6.8)	4 235 740	4 451 251	5 130 312	5 884 021	6 251 269	6 280 078	<b>7 125 372</b>	7 514 143	7 931 159
<b>Total for Category - Hospital services</b>	4 235 740	4 451 251	5 130 312	5 884 021	6 251 269	6 280 078	<b>7 125 372</b>	7 514 143	7 931 159
<b>TOTAL FOR FUNCTION - HEALTH</b>	6 419 515	7 497 868	8 655 845	9 892 798	10 463 716	10 556 102	<b>11 962 863</b>	12 790 032	13 559 713
<b>FUNCTION - RECREATION CULTURE AND RELIGION</b>									
<b>Category - Recreation and sporting services</b>									
Department of Cultural Affairs and Sport (Programme 13.4)	46 882	57 043	305 271	84 878	86 753	86 753	<b>79 922</b>	81 406	85 605
<b>Total for Category - Recreation and sporting services</b>	46 882	57 043	305 271	84 878	86 753	86 753	<b>79 922</b>	81 406	85 605
<b>Category - Cultural services</b>									
Department of Cultural Affairs and Sport (Programmes 13.1 to 13.3)	138 284	166 095	194 699	211 567	215 343	215 343	<b>209 319</b>	216 792	233 055
<b>Total for Category - Cultural services</b>	138 284	166 095	194 699	211 567	215 343	215 343	<b>209 319</b>	216 792	233 055
<b>TOTAL FOR FUNCTION - RECREATION CULTURE AND RELIGION</b>	185 166	223 138	499 970	296 445	302 096	302 096	<b>289 241</b>	298 198	318 660

Table B.10 Details of provincial payments and estimates by policy area (continued)

GFS function R'000	Outcome			Main appro- priation 2009/10	Adjusted appro- priation 2009/10	Revised estimate 2009/10	Medium-term estimate		
	Audited	Audited	Audited				2010/11	2011/12	2012/13
	2006/07	2007/08	2008/09						
<b>FUNCTION - EDUCATION</b>									
<b>Category - Pre-primary and primary education</b>									
Department of Education (Programme 5.7 and sub-programme 5.2.1)	3 209 745	3 645 361	4 314 264	4 912 703	5 139 404	5 139 404	5 756 774	6 142 634	6 507 125
<b>Total for Category - Pre-primary and primary education</b>	<b>3 209 745</b>	<b>3 645 361</b>	<b>4 314 264</b>	<b>4 912 703</b>	<b>5 139 404</b>	<b>5 139 404</b>	<b>5 756 774</b>	<b>6 142 634</b>	<b>6 507 125</b>
<b>Category - Secondary education</b>									
Department of Education (Sub-programme 5.2.2)	2 245 798	2 428 511	2 874 010	3 218 364	3 248 028	3 248 028	<b>3 398 495</b>	3 700 625	3 890 954
<b>Total for Category - Secondary education</b>	<b>2 245 798</b>	<b>2 428 511</b>	<b>2 874 010</b>	<b>3 218 364</b>	<b>3 248 028</b>	<b>3 248 028</b>	<b>3 398 495</b>	<b>3 700 625</b>	<b>3 890 954</b>
<b>Category - Subsidiary service to education</b>									
Department of Education (Programme 5.3)	34 259	39 713	44 119	55 907	55 907	55 907	<b>59 709</b>	63 888	68 041
<b>Total for Category - Subsidiary service to education</b>	<b>34 259</b>	<b>39 713</b>	<b>44 119</b>	<b>55 907</b>	<b>55 907</b>	<b>55 907</b>	<b>59 709</b>	<b>63 888</b>	<b>68 041</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)	1 430 560	1 624 165	1 960 085	2 159 065	2 220 473	2 220 473	<b>2 630 713</b>	2 916 107	3 089 564
<b>Total for Category - Education not definable by level</b>	<b>1 430 560</b>	<b>1 624 165</b>	<b>1 960 085</b>	<b>2 159 065</b>	<b>2 220 473</b>	<b>2 220 473</b>	<b>2 630 713</b>	<b>2 916 107</b>	<b>3 089 564</b>
<b>TOTAL FOR FUNCTION - EDUCATION</b>	<b>6 920 362</b>	<b>7 737 750</b>	<b>9 192 478</b>	<b>10 346 039</b>	<b>10 663 812</b>	<b>10 663 812</b>	<b>11 845 691</b>	<b>12 823 254</b>	<b>13 555 684</b>
<b>FUNCTION - SOCIAL PROTECTION</b>									
<b>Category - Social security services</b>									
Social Development (Vote 7)	719 516	901 363	1 215 245	1 162 502	1 180 818	1 189 865	<b>1 219 287</b>	1 328 140	1 395 381
<b>Total for Category - Social security services</b>	<b>719 516</b>	<b>901 363</b>	<b>1 215 245</b>	<b>1 162 502</b>	<b>1 180 818</b>	<b>1 189 865</b>	<b>1 219 287</b>	<b>1 328 140</b>	<b>1 395 381</b>
<b>TOTAL FOR FUNCTION - SOCIAL DEVELOPMENT</b>	<b>719 516</b>	<b>901 363</b>	<b>1 215 245</b>	<b>1 162 502</b>	<b>1 180 818</b>	<b>1 189 865</b>	<b>1 219 287</b>	<b>1 328 140</b>	<b>1 395 381</b>
<b>TOTAL: BY FUNCTION</b>	<b>18 831 640</b>	<b>21 504 916</b>	<b>25 590 700</b>	<b>29 009 013</b>	<b>30 643 645</b>	<b>30 743 574</b>	<b>33 213 141</b>	<b>35 685 345</b>	<b>37 419 962</b>



**Table B.11 Summary of Expanded Public Works Programme (EPWP) payments and estimates**

Provincial department R'000	Main appro- priation 2009/10	Adjusted appro- priation 2009/10	Revised estimate 2009/10	Medium-term estimate			
				% Change from Revised estimate			
				2010/11	2009/10	2011/12	2012/13
1. Department of the Premier							
2. Provincial Parliament							
3. Provincial Treasury							
4. Community Safety	16 130	10 411	10 411	<b>10 962</b>	5.29	11 609	12 270
5. Education	68 850	68 850	68 850	<b>81 001</b>	17.65	85 861	90 755
6. Health	77 376	77 376	77 376	<b>82 018</b>	6.00	86 939	91 286
7. Social Development	63 330	63 330	63 330	<b>14 582</b>	( 76.97)	16 210	17 020
8. Housing							
9. Environmental Affairs and Development Planning							
10. Transport and Public Works <sup>a</sup>	142 624	142 624	142 624	<b>119 714</b>	( 16.06)	83 000	76 045
11. Agriculture							
12. Economic Development and Tourism							
13. Cultural Affairs and Sport							
14. Local Government							
<b>Total EPWP</b>	<b>368 310</b>	<b>362 591</b>	<b>362 591</b>	<b>308 277</b>	<b>( 14.98)</b>	<b>283 619</b>	<b>287 376</b>

<sup>a</sup> Total project budget reflects total project cost which includes the EPWP component value.