

Budget 2014 Summary

Introduction

The Budget 2014 allocations support and build on sustaining programmes initiated and implemented over recent years to achieve higher economic growth and employment, whilst putting in place the infrastructure and skills to support these objectives.

Linked to the overall goals of improving living standards and reducing poverty for the people of the Western Cape, the budget is largely to be spent on improving education and health outcomes and promoting and strengthening social inclusion, enhancing governance and improving the sustainability and value for money of government services.

Within the context of the National Development Plan (NDP) and Provincial Strategic Plan, the objectives of the 2014 Budget are translated into specific programmes, projects and initiatives: Promoting economic growth; Increasing employment; Reducing poverty, crime and other social ills; and Improving the quality of education and health through improving literacy, numeracy and the quality of matric passes.

Encompassing all of these objectives is spatial alignment as informed by the Provincial Spatial Development Strategy. Critical success factors underpinning these objectives are: governance; partnerships; integration; active citizenry and a capable state.

The budget allocations were made following a robust analysis of the efficiency, effectiveness and economy within departmental budgets. Consultation, co-operation and focused engagements with relevant stakeholders were thus of paramount importance in finalising the Budget. With the credibility and sustainability of departmental budgets established, the expansion of services was considered, subject to appropriate governance measures in place. Transversal projects were also afforded the due consideration during the budget finalisation process.

The Budget 2014 thus presents sustainable, credible departmental budgets that ensure the continuation of current service delivery, respond to growing service delivery pressures and promote good governance.

Economic outlook

Global economic growth has moderated to 3 per cent in 2013 from 3.1 per cent in 2012. This reflected a slowdown in both advanced and developing economies. In advanced economies, growth decreased to 1.3 per cent in 2013 from 1.4 per cent in 2012 mainly due to the continued recession in the Eurozone as well as the slowdown in the United States. In developing countries growth decreased to 4.7 per cent in 2013 from 4.9 per cent the previous year.

The International Monetary Fund (IMF) forecasts global growth to accelerate from 3 per cent in 2013, to 3.7 per cent and 3.9 per cent in 2014 and 2015, respectively. Economic growth in advanced economies is forecast to increase from 1.3 per cent in 2013 to 2.2 per cent and 2.3 per cent in 2014 and 2015, respectively. Developing economies are anticipated to continue to grow at a faster pace than advanced economies. According to the IMF, economic growth in developing countries forecast to accelerate from 4.7 per cent in 2013 to 5.1 per cent and 5.4 per cent in 2014 and 2015, respectively.

South African GDP growth slowed sharply during the third quarter of 2013. According to Stats SA, quarter-on-quarter¹ growth moderated from an upwardly revised 3.2 per cent during the second quarter to 0.7 per cent in the third quarter. Even if growth during the final quarter of 2013 accelerates sharply to between 3 and 4 per cent quarter-on-quarter, the full year's growth for 2013 will be below 2 per cent.

The Bureau of Economic Research (BER) forecasts that South Africa's economic growth will increase to 2.6 per cent in 2014/15 and to 3 per cent in 2015/16. Risks remain and are related to increasing cost pressures from the weakening Rand, high administrative prices and weak employment dynamics. Furthermore, higher interest rates are also expected to weigh on consumer demand over the medium term.

In the Western Cape, economic growth moderated from 3.9 per cent year-on-year² in 2011 to 2.9 per cent in 2012³. Despite the slowdown, the Provincial economy continued to grow at a faster pace compared to the 2.4 per cent year-on-year growth registered nationally (down from 3.3 per cent in 2011). In fact, the Western Cape has grown faster than the National economy for the most part of the last decade (2002-2012). The Provincial economy has grown by 3.8 per cent (on average) year-on-year over this period, compared to 3.4 per cent, nationally.

¹ From this section all figures are quarter-on-quarter, seasonally adjusted and annualised.

² At basic prices.

³ Provincial GDP figures are released with an almost two-year lag. Therefore, the 2012 figure is the most recent estimate available.

Table 1 Growth forecast for GDP; 2013 - 2018 at constant 2005 prices

Description	2013(e)	2014(f)	2015(f)	2016(f)	2017(f)	2018(f)	Average annual growth (2013 - 2018)
Agriculture, forestry & fishing	2.6	2.3	1.3	1.8	2.5	2.8	2.2
Mining & quarrying	1.3	1.2	1.1	1.2	1.3	1.8	1.3
Manufacturing	0.6	2.6	2.6	2.9	3.2	3.2	2.5
Electricity, gas & water	1.6	1.8	2.1	2.1	2.2	2.2	2.0
Construction	3.2	3.1	4.0	4.5	5.2	6.0	4.3
Wholesale & retail trade; catering & accommodation	2.4	2.5	2.5	3.1	3.3	3.5	2.9
Transport, storage & communication	2.0	3.6	4.0	4.5	4.8	4.8	4.0
Finance, insurance, real estate & business services	2.5	3.4	4.3	4.9	4.9	5.1	4.2
Community, social & personal services	2.2	2.4	2.9	3.1	3.1	2.9	2.8
General government services	2.4	2.6	2.7	2.6	2.5	2.4	2.5
All industries GDP at basic prices	2.1	2.9	3.3	3.8	3.9	4.1	3.4

Sources: Stats SA, BER/Quantec, e denotes estimate, f denotes forecast

The Western Cape economy is forecast to grow at an average rate of 3.4 per cent between 2013 and 2018. This is slightly above the expected growth rate of 3.1 per cent for the National economy. The more upbeat Provincial forecast is largely due to the contribution of solid growth in the tertiary sector and, to a lesser degree, the construction sector. The forecast for growth in the Province's primary sector is slightly more subdued compared to the national forecast. However, this will not be a major drag on growth as the Western Cape's primary sector is relatively small (mainly as a result of low levels of mining activity).

While the weaker R/\$ exchange rate does pose risks to economic growth both nationally and regionally, it may also be particularly beneficial for the Western Cape given the well-developed tourism sector. The recovery in the developed world could further boost the catering and accommodation sector, filtering through to a better performance for the whole tertiary sector. If the global recovery is stronger than expected, especially in advanced economies and paired with the weak Rand, this could further boost exports.

The Western Cape Government's policy response

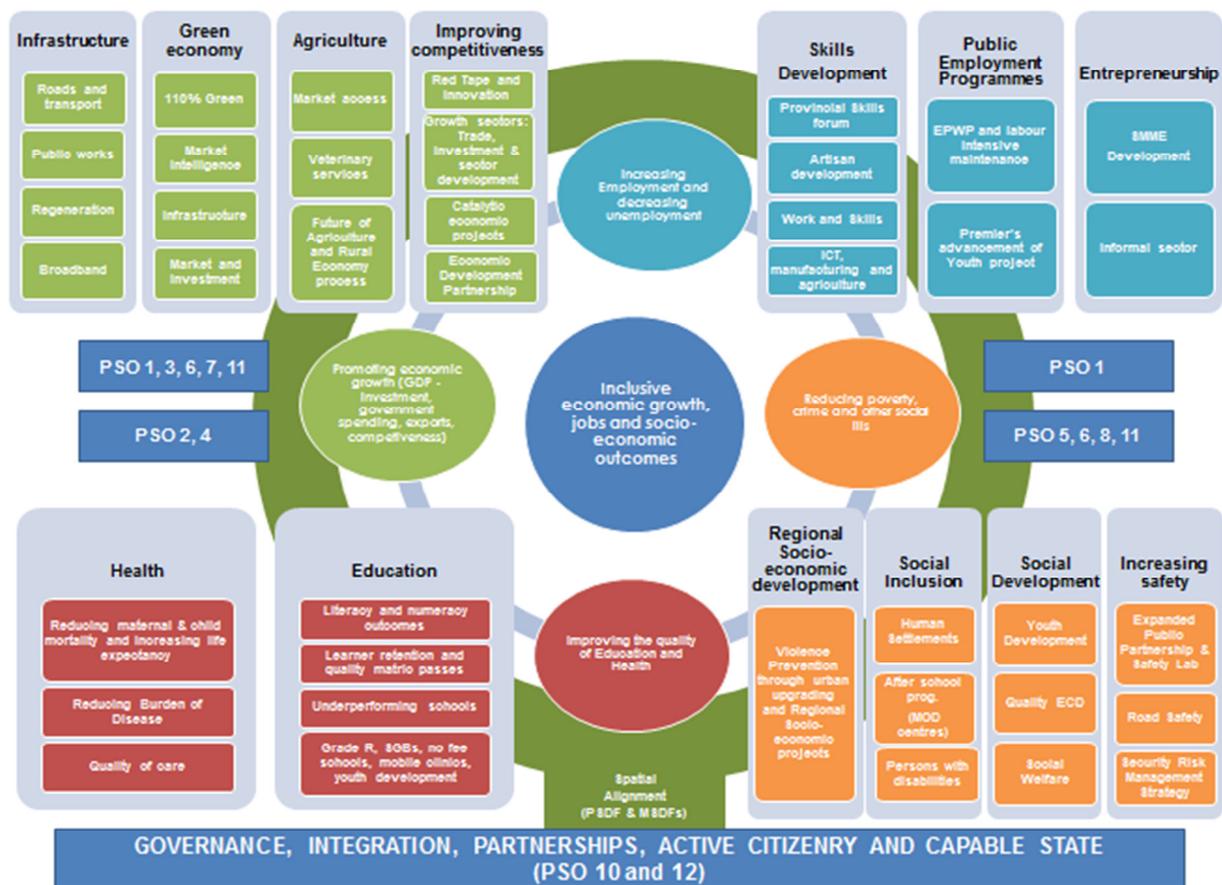
Government is reinforcing its commitment to spend in an efficient and effective manner and curtail growth in public expenditure to affordable and sustainable levels. Budget 2014 aims to stabilise the fiscal base for continuation of the government's current services and established priorities.

The National Development Plan (NDP) is the long term framework to increase the capacity of the South African economy to grow faster, in order for the country to substantially reduce poverty and inequality. The Provincial medium term plans and hence the Budget, is in support of delivering on the NDP. Delivery on the NDP requires a capable state, working in partnership with an active citizenry. This requires a new approach where people are active

champions of their own development; and where government works effectively to provide appropriate public services and develop people's capabilities to lead the lives they desire.

Within the context of the NDP and Provincial Strategic Plan, the key objectives of 2014 Budget are: Promoting economic growth; Increasing employment and decreasing unemployment; Reducing poverty, crime and other social ills (such as those related to violence, road trauma and substance abuse); and Improving the quality of Education and Health. Encompassing all of these objectives is spatial alignment as informed by the Provincial Spatial Development Strategy. Critical success factors underpinning these objectives are: governance; partnerships; integration; active citizenry and a capable state. These are set out in Figure 1 below.

Figure 1 2014 Budget policy objectives



The overall budget policy objectives are translated into specific programmes, projects and initiatives, some of which include:

- **Promoting economic growth** through improving public infrastructure delivery, improving the competitiveness of the agriculture sector and other growth sectors and positioning the Western Cape as a Green economy hub and low carbon province.
- **Increasing employment and decreasing unemployment** through skills development and public employment programmes as well as promoting an entrepreneurial culture.
- **Reducing poverty, crime and other social ills** through promoting social inclusion, developing sustainable human settlements, regional socio-economic development and

violence prevention programmes, road safety; and early childhood and youth development.

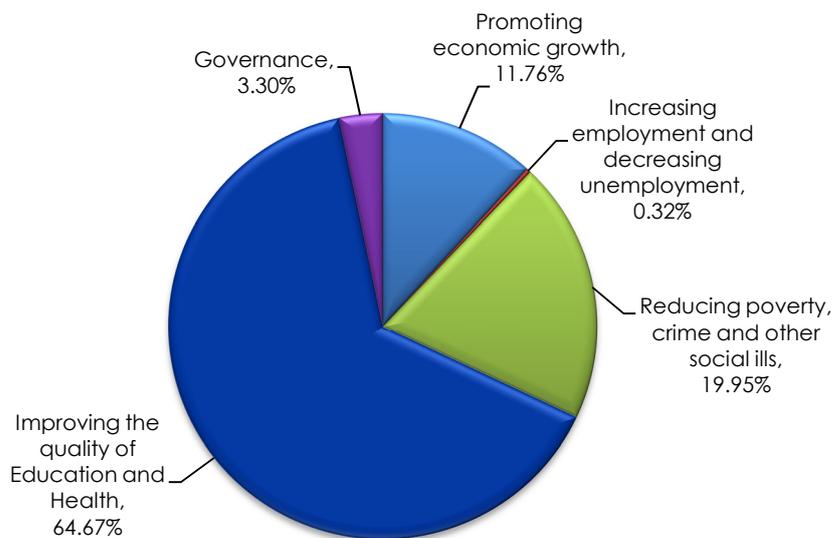
- **Improving the quality of education and health** through improving literacy, numeracy and the quality of matric passes. Also, augmenting learner retention in schools and addressing the quality of health care by focusing on disease prevention and promoting healthy lifestyles.

The additional allocations as per the budget policy objectives, and relative share thereof, over the 2014 MTEF are set out in Table 2 and Figure 2, respectively:

Table 2 Additional allocations per key objective over the 2014 MTEF

Objectives R' 000	2014/15	2015/16	2016/17	Total
Promoting economic growth	133 770	65 896	83 029	282 695
Increasing employment and decreasing unemployment	2 437	2 569	2 707	7 713
Reducing poverty, crime and other social ills	152 087	154 538	172 880	479 505
Improving the quality of Education and Health	297 556	476 981	779 523	1 554 060
Governance	21 341	26 414	31 489	79 244
Total	607 191	726 398	1 069 628	2 403 216

Figure 2: Relative shares of additional allocations per key objective over the 2014 MTEF



Improving health and education outcomes

Health

R17.338 billion has been allocated in 2014/15, R18.467 billion in 2015/16 and R18.925 billion in 2016/17 to provide healthcare services to all. The Western Cape Department of Health will continue to prioritise reducing maternal and child mortality, increasing life expectancy, reducing the burden of disease, improving the quality of care, addressing elective surgery backlogs and enhancing the efficacy and efficiency of emergency care and emergency medical services.

Reducing maternal and child mortality and increasing life expectancy

An additional R43.359 million has been allocated over the 2014 MTEF for neonatal screening, hearing impairment treatment, hearing devices and the maintenance thereof. Access to mental health services will be expanded by, amongst others, increasing counselling services on the Primary Health Centres (PHC) platform and the number of mental health beds.

The Human Papillomavirus (HPV) vaccine, which has been shown to prevent cervical cancer, will be administered to 9 – 10 year old girls in quintile one to four schools from 2014/15 through the Integrated School Health Programme. The roll-out of the vaccine in 2014/15 and 2015/16 will be coordinated by the National Department of Health. The Western Cape Department of Health receives R19.991 million in 2016/17 for the roll-out of the vaccine. To enhance quality of care and improve the patient's experience, there will be a continued emphasis on reducing the time that patients have to wait for services and promoting positive and caring attitudes amongst staff. Further priority areas for 2014/15 will be to improve the access to management of surgical and orthopaedic care; increase cataract surgery and diabetic retinopathy laser treatment.

Reducing the burden of disease

A large proportion of injury-related mortality is the result of interpersonal violence and transport-related injuries, which is often associated with alcohol abuse. The Western Cape Liquor Authority has been allocated an additional R6 million in 2014/15; R6.324 million in 2015/16 and R6.665 million in 2016/17 to enhance its regulation of the retail sale and micro-manufacturing of liquor at licensed outlets; increase blitzes and expedite complaints investigations; and intensify education and awareness initiatives.

Education

Ensuring quality education and improving literacy and numeracy outcomes

The Western Cape Education Department (WCED) receives R16.425 billion in 2014/15, R17.677 billion in 2015/16 and R18.019 billion in 2016/17. The WCED will continue to focus on improving the quality of learning outcomes for all children in the Province. To this end the WCED will be extending poverty relief through the expansion of the no-fee school programme to include an additional 216 schools in quintiles four and five; improve basic infrastructure incrementally at all schools through an improved maintenance programme, by building three new schools and add 54 Grade R classrooms as part of the programme of expansion of ECD. Furthermore, the Department will ensure that all learners have textbooks for each subject; support improved school management through the School Improvement Monitoring Programme and provide over-age learners with an alternative learning pathway through partnerships with the FET Colleges and Adult Education Centres.

Underperforming schools

The WCED will also continue by focusing on improving the quality of matric passes. Related to this is continued implementation of the strategy to reduce the number of underperforming schools with direct focused support to these schools, both in terms of subject matter and school management. In addition to a range of service delivery improvement

innovations, the WCED will partner with the Department of Health to fund mobile clinics to test the eyesight and hearing of young learners.

Grade R

The programme to screen Grade R learners at schools with large numbers of failures in Grade 1 will also continue. The screening is intended to identify learners who are under-achieving and have barriers to learning, as well as those learners who need additional support from the class teacher/learning support teacher.

Targeting reductions in poverty, crime and other social ills

Regional Socio-economic Project

The Regional Socio-economic Project (RSEP) aims to partner with a broad range of stakeholders, including all spheres of government, private sector and communities, to address socio-economic development within spatially defined areas. The goal is to promote integrated and coordinated approaches in municipal spatial planning and service delivery functions that will lead to new approaches. These approaches will respond to the needs of a particular community (i.e safety) and indeed places the community at the centre of the initiative. The Province has committed R25 million in 2014/15, R35 million in 2015/16 and R51.855 million in 2015/16 towards the roll-out of RSEP, with expected co-funding from the municipalities to ensure full buy-in.

Social Inclusion

After School programmes – MOD programme

The Department of Cultural Affairs and Sport (DCAS) will capacitate, consolidate and re-inforce the Mass participation; Opportunity and access; Development and growth (MOD) Centre Programme. The MOD Centre Programme remains a cornerstone of the campaign to encourage youth of schoolgoing age to become active in recreation, sport, arts and culture. The programme aims to offer the youth opportunities to engage in constructive activities after school hours, thereby reducing the risk of young people becoming engaged in high risk activities, including the use of recreational drugs and delinquent behaviour. R187.55 million has been allocated over the 2014 MTEF towards the MOD Centre Programme. Included in this amount are allocations toward improving governance structures, strengthening middle and broad management capacity, initiating the GAP Year Project to assist learners with their further development in Mathematics, Science and Technology.

The Department of Social Development (DSD) receives an additional R60 million allocated over the 2014 MTEF to expand the feeding programme from 101 MOD centres to 171 MOD centres. The Western Cape Education Department (WCED) has been allocated additional funding of R60 million per annum over the MTEF toward the refurbishment and maintenance of school halls, equipment and new school hall and sports field infrastructure, in support of the MOD Centre Programme. The additional funding also makes provision for graduate tutors to assist learners at the MOD centres.

Human Settlements

The Department of Human Settlements is placing an increasing emphasis on the affordable housing market. In addition, The Department aims to increase the supply of housing to the Gap market, i.e. citizens earning between R3 500 and R15 000 per month, through the Finance-linked Individual Subsidy Programme (FLISP). This includes entering into an agreement with the National Housing Finance Corporation, engaging with estate agents, private developers and financial institutions, and embarking on an awareness drive with municipalities on planning and budgeting for FLISP projects. Further research will be undertaken to develop an affordable housing model and to better understand the needs of this market. The department will also roll out an affordable housing consumer education programme in partnership with stakeholders in the property sector. Furthermore, a number of well-located, state-owned land parcels were advertised for development late last year, and will be released to private developers to meet the demands of this market.

Persons with disabilities

The DSD will continue to focus on the provision of services for persons with disabilities, with an emphasis on community responsive programmes as an alternative to institutionalised care. Residential care programmes will be maintained to assist individuals where other community-based care options are found to be impractical or inappropriate. R291.101 million has been set aside over the MTEF for services for persons with disabilities.

Celebrating history and art

R3.6 million in 2014/15, R1.672 million in 2015/16 and R1.761 million in 2016/17 has been allocated towards the Cape Town Museum to exhibit the history of Cape Town and to provide a platform for showcasing Cape Town as the World Design Capital 2014. An additional amount of R500 000 in 2014/15 has been allocated towards the Cape Philharmonic Orchestra to support and promote the Arts. R426 000 in 2014/15 is allocated to the 20 years of Democracy celebrations to enhance social inclusion through a celebration of 20 years of democratic rule.

Strengthening libraries

The Department of Cultural Affairs and Sport has been allocated R56.627 million in 2014/15; R60.617 million in 2015/16 and R65.006 million in 2016/17 towards Municipal Replacement Funding to the 15 Category B3 Municipalities. Additionally, conditional grant funding increases to R126.347 million in 2014/15, R163.469 million in 2015/16 and R173.273 million in 2016/17 and will augment library services in mainly B2 and B1 municipalities. This is to enhance library and information services delivered to all rural and non-metro communities.

Supporting sport and healthy lifestyles

The Department of Cultural Affairs and Sport has been allocated R1 million in 2014/15; R3 million in 2015/16 and R5 million in 2016/17 toward a socio-economic case for sport, the purpose of which is to increase support to provincial sport federations. This will enhance their current contribution to the growth of the sport sector and broader economy. An additional R2 million has been allocated towards major rugby events (2 rugby tests and a 7s

tournament), which will contribute to increased social inclusion, tourism, investment and economic growth opportunities.

Social Development

The Department of Social Development provides a range of services aimed at meeting the Government's constitutional obligations toward the care, protection and development of vulnerable persons. For this purpose an amount of R5.581 billion is allocated to the Department over the 2014 MTEF. The allocation comprises R1.756 billion in the 2014/15, R1.861 billion in 2015/16 and R1.964 billion in 2016/17.

Youth Development

In addition to the creating of opportunities for youth, as envisaged by the implementation of the Youth Development Strategy, the Department of Social Development will roll-out more Youth Cafés over the 2014 MTEF. Youth Cafés are intended to provide, facilitate, connect, inform and educate young people of those services they need for their own development.

The Department of Community Safety's Youth Work Programme will provide for the establishment of 1 400 job opportunities to unemployed youth in the Province. Included in this amount is 750 youth from all over the Western Cape who will undergo training at the Chrysalis Academy during the coming financial year and the placement of 100 Chrysalis Graduates within internships City Improvement Districts.

The Community Service Non-Residential Programme will be piloted from the Wolwekloof Academy in 2014. The Wolwekloof Academy programme will target 120 youth that have matriculated and will also serve as a provincial fire and disaster management training facility (in partnership with the DLG). R40.8 million has been earmarked over the 2014 MTEF for the Wolwekloof Academy, mainly donor funding via the General Budget Support (GBS) programme of the National Government.

Quality Early Childhood Development

The DSD intends to increase the number of children who access registered, subsidised Early Childhood Development (ECD) services, from approximately 89 000 children to 90 500 children in 2014/15. This includes children in centres as well as home and community based services for children that do not have access to formal centres, and thereby addresses child hunger and children whose well-being and development are at risk. In addition to access, the further focus is on improving the quality of learner programmes to improve the impact on social, cognitive and physical development from an early age.

Providing social welfare services for the vulnerable

The bulk of the DSDs budget is targeted at child care and protection; child and youth care and families; care and support for older persons; interventions in respect of the prevention and treatment for substance abuse and to reduce recidivism; nutrition programmes in vulnerable communities; and crime prevention and support services as well as victim empowerment services. Of the total DSD budget, R1.533 billion has been allocated for 2014/15, R1.648 billion in 2015/16 and R1.749 billion in 2016/17 for the above.

Increasing safety

Expanded Partnership Programme and Safety Lab

The Department of Community Safety will continue to implement the Expanded Partnership Programme (EPP), promote the activities and functions of Community Police Forums and build strong civil society structures, which are critical to the success of safer communities. This will be done by further implementing the EPP at CPFs and achieving at least 70 per cent compliance with service delivery standards in respect of the programme.

The Safety Lab, established in 2012, is an ideas laboratory that identifies, stimulates and incubates innovative ideas within the safety and security space. Concepts and priority projects have been conceptualised and implementation has begun, including the Nyanga Yethu initiative. The Safety Lab will continue to implement the Nyanga Yethu project as well as other projects such as the CCTV Vision project, which uses CCTV footage from the Cape Town CBD to create awareness about types of crime.

Road safety

The Traffic Management function and MTEF budget will be transferred from the Department of Community Safety to the Department of Transport and Public Works effective from 1 April 2014; (R220.652 million in 2014/15, R233.128 million in 2015/16 and R245.558 million in 2016/17). Apart from continuing with optimising road safety through, inter alia, the traffic law enforcement effort and road safety education communication, a key deliverable will be the successful and seamless integration of the said function into the operation of the Department.

Security Risk Management Strategy

The Safety and Security Strategy was approved by Cabinet, and is designed to provide the human and structural resource capacity to maximise safety and security in the WCG. The strategy focuses on creating 'resilience' in the face of threats, which are inherently uncertain. The strategy further provides the principles for developing and implementing the most effective organisation and control measures for provincial government buildings. The Department of Community Safety receives an additional R1.046 million for 2014/15, R5.608 million for 2015/16 and R7.202 million for 2016/17 to phase in the implementation of the strategy.

Increasing levels of employment (and decreasing unemployment)

Skills Development

Provincial Skills Forum

The establishment and continued maintenance of the Provincial Skills Forum (PSF) supports a regional approach to skills development interventions that responds to the needs of the labour market and society at large. The PSF will continue to foster partnerships between training institutions, employers, the Sectoral Education and Training Authorities (SETAs) and the Economic Development Partnership (EDP). This initiative will also support and

communicate on the efforts made by stakeholders to address the challenges related to the fragmentation of skills eco-system and to improve the alignment of skills supply and demand.

The Artisan Development Programme

The Artisan Development Programme will continue to place trainee artisans, exiting FET colleges and unemployed youth with a technical education foundation, across various scarce and critical skill occupations in mainly manufacturing, toolmaking, mould and die, hospitality and maritime sectors. The trainee artisans will be provided with stipends and be mentored and coached with the aim of obtaining an occupationally directed qualification. This initiative will include institutional learning with supervised practical learning and work place experience, granting the trainee apprentices with access to be trade tested.

The Work and Skills Programme

The Work and Skills Programme of the Department of Economic Development and Tourism will continue to skill youth aged 18 - 35 years in the Province. This programme aims to establish work with learning opportunities to South African youth in the Western Cape's economic and social sectors. The youth are provided with stipends and access to technical training to improve their skill levels while on a 6 month placement in host companies. Between 2013 and 2016, approximately 3 000 learners will be trained and placed between 2014 and 2017 in host companies.

Key Strategic Skills Sector Programmatic Interventions in ICT, manufacturing and agriculture

The Department of Economic Development and Tourism will implement key skills interventions in ICT and manufacturing over the 2014 MTEF. This will include the Tooling, the Tool Die and Mould-making Programme, and for ICT, the Capaciti 1000 Programme (for business analysts and programmers). Both the aforementioned programmes will focus on the intermediate and high level spectrum of skills training and work placement, driven by industry. The programmes are directed at those learners who exit tertiary institutions and Further Education and Training (FET) colleges. Both programmes influence curriculum development to meet industry needs and have strong industry linkages.

Public Employment programmes

Expanded Public Works programme

The Expanded Public Works Programme (EPWP) has provided employment opportunities for 109 482 people in the Province for the 2012/13 financial year. Between April and December 2013, 74 759 job opportunities have been created in all spheres of government in the Western Cape. An estimated 94 425 jobs opportunities will be created in 2014/15. The EPWP provides the opportunity to create work within a number of areas including safety in communities and infrastructure delivery programmes, amongst others.

Premier's Advancement of Youth project

The Premier's Advancement of Youth (PAY) project provides matriculants with 12 months experiential learning within the 13 departments across the entire Province. The envisaged benefits for participants include, amongst others, 'work experience, improvement of skills as

well as experiences and on-the-job training'. Building on the PAY project initiated in the 2012/13 financial year, a total of 750 matriculants are envisaged to participate in the project in 2014/15.

Entrepreneurship

Small, Medium and Micro Enterprise Development

The Department of Economic Development and Tourism will continue to support and promote the development of business enterprises through improved access to markets; through procurement promotion and supplier development via the extensive small business support networks; media awareness campaigns; augmenting entrepreneurship intent amongst the youth; the recognition of entrepreneurial achievement and success; and access to financial and non-financial government supported resources.

Support for the informal sector

The Department of Economic Development and Tourism (DEDAT) will institute a transversal process to finalise an Informal Sector Framework that will outline how the WCG will gear its support, through a whole-of-government approach. The Department will also strive to improve access to business registration and other small business support services and provide technical support to address gaps faced by municipalities.

Promoting inclusive and sustainable economic growth

Infrastructure

Roads and Transport

The Department of Transport and Public Works (DTPW) aims to protect the asset value of existing road networks to maximise vehicle kilometres travelled in good condition and to make roads safer. The Department will also promote transport operations in the Western Cape in partnership with the City of Cape Town through the Dial-a-Ride service that assists special needs passengers.

Public works

As the custodian of immovable assets and infrastructure delivery, the DTPW will continue to provide services to other departments. The services are supported by the Western Cape Infrastructure Delivery System, User Asset Management Plans, Custodian Asset Management Plan and the 2014 MTEF Provincial Infrastructure Delivery Plan.

Regeneration programme

Through Public-Private Partnerships (PPPs) the Regeneration Programme has made progress towards crowding-in strategic private investment to develop public infrastructure. Included in this is a regeneration project that focuses on property development processes relating to six precincts, namely the Artscape Theatre, Founders Garden, Somerset Hospital Development, Government Head Office, Prestwich, Government Garage and Two Rivers Urban Park.

Broadband

The DEDAT has formulated the Western Cape Broadband Strategic Framework and through its efforts, has firmly placed improved telecommunications on the provincial 'priority list'. Through this initiative, the economy will have access to better quality and more cost-effective telecommunications infrastructure. As government uses broadband and its technological tools internally, service delivery will be improved and red tape reduced.

Green economy

110% Green

The DEDAT has been allocated an additional R5.987 million in 2014/15, R4 million in 2015/16 and R5.674 million in 2016/17 for Green Economy transversal projects housed within the Department. The key priority areas within the Green Economy of the WCG include: The Better Living Challenge: to increase the take up of green housing and interior products in the low income housing market; Genius of Place Study (Phase 3): to find a solution to water-related problems in informal settlements along the Bergriver area; Carbon Neutral: provides a platform to offset the WCG's carbon footprint while simultaneously alleviating poverty; and Flagship & Communication: a project to minimise food waste and losses to address hunger through the better utilisation of our resources.

Market Intelligence

The Annual Investment Mapping Project will be implemented to enable better investment decision-making and build the Province's knowledge base.

Infrastructure

The following projects will be implemented in 2014/15:

Energy: Smart Grids - a select number of municipalities to invest in smart grid infrastructure and embedded generation; Biofuels - the introduction of biofuels into the Western Cape with a specific focus on opportunities for bio-ethanol for fleet transport; and Liquefied Natural Gas (LNG) - An economic technical feasibility LNG importation study will focus on the optimal solutions for LNG importation and the costing attached to this roll-out.

Waste: Waste Economy - design of a decision support tool to assist municipalities in selecting the most appropriate solutions around waste.

Market and Investment

Western Cape Industrial Symbiosis Project (WISP) - to connect companies so they can identify and realise the business opportunities enabled by unused or residual resources; A Green Finance facility will be established to open up investors access to funds and financial institutions (public, private and DFI) with a green economy mandate; A Regulatory Impact Assessment in the waste sector that is aligned with the WISP; and Mariculture and Aquaculture Opportunities - unlocking potential for market driven private sector opportunities, large scale beneficiation and viable export opportunities.

Other Green Economy projects include the Berg River Improvement Plan (BRIP). An amount of R24.890 million has been allocated to the Department of Environmental Affairs and Development Planning over the 2014 MTEF or the continued implementation of the (BRIP).

The Department of Local Government received R3.85 million over the 2014 MTEF to support municipalities with a project that will focus on the preparation of comprehensive electrical Master Plans for medium voltage (11 kV) networks. This will place municipalities in a position where they have extensive information of their systems for a ten to twenty year period which would hugely aid human settlement developments as well as allowing for funding applications in terms of the future electrical requirements of local municipalities.

Agriculture

Market access

In order to promote ethical working practices on farms in the Western Cape, the WCG aims to support ethical trade programmes such as the Sustainability Initiative of South Africa (SIZA). Initiatives like SIZA will enable access to foreign and local markets for the local agricultural industry. Transfers from the Department of Agriculture (DoA) to SIZA will be used to obtain buy-in from international retailers, by (amongst others) distributing promotional DVDs and preparing training materials. These will be used by fifteen service providers to conduct training at all levels (farmers, farm workers, managers, etc.).

Veterinary services are key for agricultural exports

To promote a disease-free agricultural sector in the Western Cape, the DoA has embarked on a process of improving its capacity within the Veterinary Services Programme. Most of the key posts within the sub-programme: Export Control has been filled. Dedicated export personnel are already in place and appropriate offices are being procured. State Veterinarian posts have been filled in European Union approved export abattoirs [Mosstricht and Klein Karoo]. The Swartland abattoir is in an advanced stage of the recruitment process. A number of posts in the Animal Health sub-programme and Laboratory Services have also been established and funded.

The future of the Agriculture and the Rural Economy project

The labour unrest during the last quarter of 2012 in some rural areas of the Western Cape has exposed the social and economic realities of some farming areas in the Province. In response, the Provincial Cabinet has approved a 14-point Farm Worker Response Plan. The "Future of Agriculture in the Rural Economy" (FARE) process is a key element to the plan. The FARE process is creating opportunities for dialogue between farmers and farm workers. This is an important priority for the DoA. R32.837 million has been allocated to the DoA over the 2014 MTEF for the implementation projects initiatives under the auspices of the FARE process.

Improving competitiveness

Creating an enabling environment through reducing red tape

The Department of Economic Development and Tourism will continue its efforts to improve the business environment or climate, by simplifying the regulatory framework and in so doing contribute to the ease of doing business. Over the 2014 MTEF the Department will also strive to institutionalise Regulatory Impact Assessments (RIAs).

Trade, investment and sector development

The allocation R19.235 million in 2014/15, R20.120 million in 2015/16 and R21.186 million in 2016/17 within the DEDAT has been earmarked for Wesgro for tourism, trade and investment promotion; and other economic development functions within the public entity. Wesgro will continue to attract foreign direct investment, enhance trade (focusing on the priority sectors); seek alternative markets; and aim for international best practice in destination marketing, trade and investment promotion to put the Province in a position to better respond to challenges in the changing and depressed global and domestic economy.

Catalytic economic projects

The Department of Economic Development and Tourism is primarily responsible for the Cape Catalyst, which develops and facilitates infrastructure-orientated projects specifically tailored for the needs of industry and economic development. Key Cape Catalyst projects include the Broadband Initiative and the Saldanha Bay IDZ. The Saldanha Bay IDZ will provide services and products to the off-shore oil and gas industry along the coast of Africa. Funding amounting to R28.091 million in 2014/15, R29.155 million in 2015/16 and R30.270 million in 2016/17 has been allocated to the Saldanha Bay IDZ initiative to manage the planning and implementation of the Saldanha Bay IDZ project post its designation as an IDZ and continued the roll-out of skills development within the local community, amongst other.

The Western Cape Economic Development Partnership

The Western Cape Economic Development Partnership will continue to drive a partnership-building process in the Western Cape. It will also continue to empower local and regional government, the private and non-profit sectors, and communities with the opportunity to work together to improve the local and regional (and hence, the national) economy. Funding amounting to R8.896 million in 2014/15, R9.305 million in 2015/16 and R9.798 million in 2016/17 has been allocated as the Province's share towards the operations of the Economic Development Partnership.

Critical factors for success

Governance

The WCG aims to become one of the best-run regional governments in the world. Key elements in achieving this aspirational goal include efficient and transparent institutional governance, enhanced financial and human resource (people) management, a citizen-centric approach to service delivery and management for results. The Department of

Premier will receive R1.028 billion in 2014/15, R1.094 billion in 2015/16 and R1.108 billion in 2016/17 to enable good corporate governance and provide policy and strategy support to the Provincial Executive.

Systems to improve governance

Recognising the meaningful contribution of work-automation, key system-development projects to be undertaken by the DOTP entail implementing the: Human resource module of the Integrated Financial Management System (IFMS); MyContent (Enterprise Content Management); business process optimisation (BPO); and 'Biz' suite of systems, namely BizBrain, BizPerformance and BizProjects. The Biz suite budget is R37.500 million in 2014/15, R43.500 million in 2015/16 and R3.686 million (2016/17).

The Centre for e-Innovation is a key transversal partner in institutionalising the functionality of the MyContent system, focussing on areas such as server hosting, consolidation of infrastructure and support, engaging with software and licensing as well as enterprise architecture aspects. The 2014 MTEF allocation amounts to R115.366 million.

The Provincial Treasury receives R13.159 million over the 2014 MTEF for the implementation of the strategic sourcing/ procurement project. Strategic sourcing is a key lever in increasing efficiency gains, and ultimately improving service delivery. System enhancements will reduce the compliance burden through automation of multiple control and transaction processes. Towards this purpose R19.183 million has been allocated over the 2014 MTEF for the roll out and enhancement of the LOGIS system to improve the management and control of inventory assets, resources and internal user demand. The safeguarding of transversal electronic system data is a key priority going forward. R123.984 million has been set aside over the 2014 MTEF for improved internal control of transversal system users and biometric access control.

The Department of Local Government (DLG) plans to deepen the impact of its engagement with municipalities to identify service gaps and move closer to its vision of the developmental role of local government which is centred on working with local communities to find sustainable ways to meet their needs and improve the quality of their lives.

Integration through the Provincial Transversal Management System

The Provincial Transversal Management System (PTMS) was approved by Cabinet in August 2010. The PTMS was designed to ensure that strategic policy objectives as set out in the WCG's Provincial Strategic Plan 2010 (PSP) are executed in a focused and integrated manner. Further, the system set out to overcome the silo planning which took place in government departments by establishing a platform for an integrated approach toward provincial planning and implementation of programmes and outcomes. To this end, the PTMS is an innovative way to bring about integration and cooperation, within provincial government and between government and its external partners.

Partnerships

The PTMS set the foundation for the development of strategic transversal structures and acted as a catalyst for the development of further strategic partnerships across government departments, institutions, private sector and NGOs. These include the Economic Development Partnership (EDP) which mobilises a partnership-building process in the Western Cape and is targeted towards enhancing competitiveness, increasing sustainable growth and ensuring that growth is inclusive.

Other key partnerships include the Expanded Public Partnership (EPP) with Community Police Forums (CPF) and the Safety Lab. The EPP sets the minimum service delivery standards that enable the Department of Community Safety to guide CPFs in the first level of oversight.

Community youth-based programmes initiated in partnership with the Safety Lab include the Nyanga Yethu and GIVA projects, while the Department of Social Development has recently launched the first Youth Café in collaboration with R-Labs, in Mitchells Plain.

Citizens active in their own development

The DLG will continue to implement area-based/neighbourhood development planning to ensure tangible impacts in communities that facilitate the implementation of practical projects in under-served areas. In addition, the Department will continue to support municipalities to strengthen their public participation process and develop their ward committee operational plans that are context-specific and community empowering. Over the past few years, the Community Development Worker Programme in conjunction with the Thusong Centre Programme and Mobile Thusong Outreach projects facilitated access to government services by millions of residents. This programme will continue to be the link between government and the community.

Spatial targeting

Regional and intergovernmental (RIG) land-use and development planning will be pursued more pro-actively in order to address developmental needs and ensure optimal outcomes as outlined within the NDP and OneCape 2040. The Provincial Spatial Development Framework (PSDF) has been recognised as a significant provincial lever which expresses spatially the vision of the NDP and One Cape 2040.

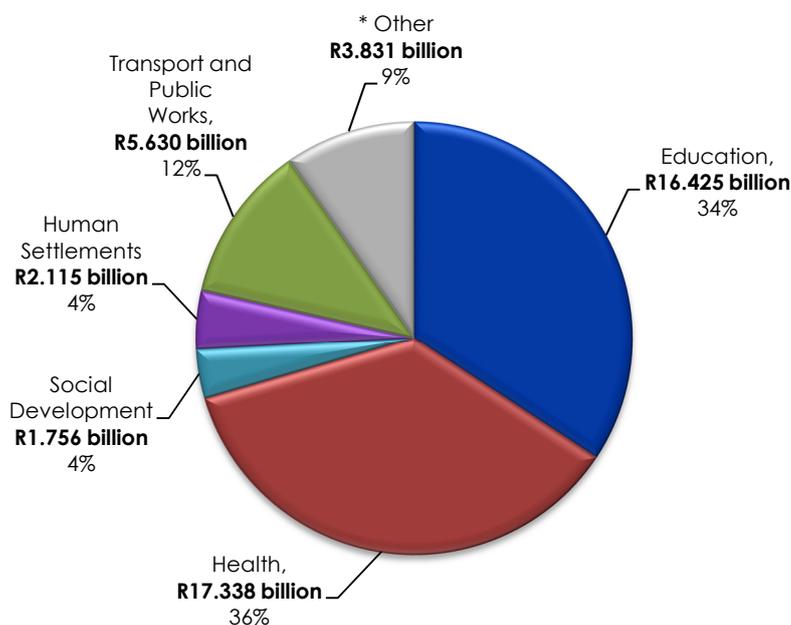
Medium Term Expenditure by Department

The section below provides an overview of the expenditure trends since the 2010/11 financial year and estimates over the 2014 MTEF. In 2014/15, the provincial budget grows by 8.90 per cent from a revised 2013/14 estimate of R43.983 billion to R47.899 billion in 2014/15. The largest proportion of the 2014/15 budget is allocated to social services which includes Social Development (3.67 per cent), Health (36.20 per cent share) and Education (34.29 per cent share). The balance is allocated to the Economic and Governance sector departments. Table 3 provides a summary of provincial payments by vote.

Table 3 Summary of provincial payments and estimates by vote

Vote R'000	Outcome			Main Appropriation 2013/14	Adjusted Appropriation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate 2013/14	2014/15	2015/16	2016/17
1. Department of the Premier	620 918	692 445	747 165	853 843	903 105	903 105	1 027 754	13.80	1 093 678	1 107 646
2. Provincial Parliament	74 606	77 741	91 047	102 627	103 281	103 281	108 971	5.51	114 433	117 339
3. Provincial Treasury	127 500	142 619	162 283	446 205	201 394	201 394	648 298	221.91	579 712	857 120
4. Community Safety	132 440	138 763	166 418	181 496	193 592	193 592	222 566	14.97	231 690	247 958
5. Education	11 955 743	13 361 153	14 288 110	15 601 918	15 668 785	15 668 785	16 424 944	4.83	17 677 169	18 018 717
6. Health	12 344 628	13 387 763	14 600 857	15 871 676	16 029 981	15 977 824	17 338 111	8.51	18 467 212	18 925 168
7. Social Development	1 222 183	1 317 002	1 402 227	1 577 602	1 587 244	1 587 244	1 755 933	10.63	1 861 296	1 963 825
8. Human Settlements	2 165 120	1 834 400	1 987 458	2 148 631	2 215 997	2 215 997	2 115 245	(4.55)	2 252 722	2 491 010
9. Environmental Affairs and Development Planning	299 970	348 467	376 880	421 648	420 392	420 392	454 348	8.08	475 169	500 361
10. Transport and Public Works	3 963 988	4 366 411	4 704 658	4 846 319	5 103 430	5 091 912	5 630 479	10.58	6 787 611	6 933 675
11. Agriculture	483 485	514 559	555 633	610 149	615 318	615 318	859 870	39.74	711 615	705 955
12. Economic Development and Tourism	235 751	256 089	314 344	389 451	372 973	372 973	498 047	33.53	509 584	452 138
13. Cultural Affairs and Sport	294 023	351 888	390 550	445 309	456 131	456 131	626 010	37.24	707 870	742 683
14. Local Government	110 689	129 825	160 609	173 289	175 548	175 548	188 750	7.52	200 373	210 783
Total provincial payments and estimates by vote	34 031 044	36 919 125	39 948 239	43 670 163	44 047 171	43 983 496	47 899 326	8.90	51 670 134	53 274 378

Figure 2 Relative share of allocations per Vote for 2014/15



*** Other votes:**

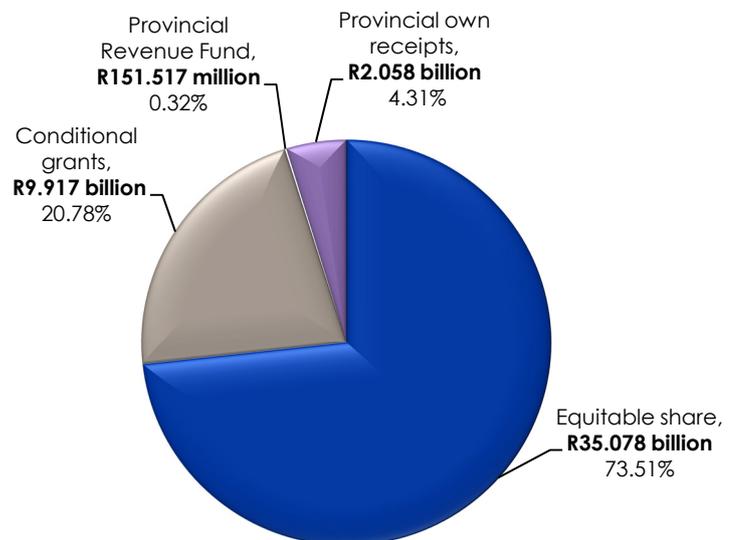
Premier, Provincial Parliament, Provincial Treasury, Community Safety, Environmental Affairs and Development Planning, Agriculture, Economic Development and Tourism, Cultural Affairs and Sport and Local Government.

Provincial Revenue

The Western Cape Government finances its provincial expenditure via three sources: national transfers (Provincial Equitable Share (PES) and conditional grants), Provincial Own Receipts (taxes and fees/user charges) and the Provincial Revenue Fund (PRF).

Provincial Equitable share present the highest share (74 per cent) followed by Conditional Grants (21 per cent). Together they contribute 94 per cent into the Provincial Revenue. Provincial Own Receipts contribute 4 per cent and the Provincial Revenue Fund (PRF) contributes 0.32 per cent in the 2014/15 financial year. 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.

Figure 3 Shares of Provincial revenue sources – 2014/15



Transfers from National Government (i.e. PES and conditional grants) increases by R3.097 billion or 7.39 per cent from the Adjusted Appropriation of R41.898 billion in 2013/14 to R44.996 billion in 2014/15 and is estimated to grow to R48.532 billion in 2015/16 and R50.850 billion in 2016/17, or at an annual average growth rate of 6.67 per cent over the 2014 MTEF.

Provincial Expenditure by Economic Classification

In total, an amount of R47.935 billion (inclusive of the direct charges) has been budgeted for the 2014/15 financial year. This amount include: current payments (R35.899 billion), transfers and subsidies (R8.343 billion), payments for capital assets (R3.653 billion) and payments for financial assets (R4.964 million).

Total provincial expenditure is driven by Current Payments which accounts for 74.89 per cent of the total, and is mainly made up of compensation of employees (R25.981 billion) and goods and services (R9.918 billion).

Goods and services normally includes expenditures on items such as advertising, consultants and professional services, travel and subsistence, medicine and medical supplies, learner and teacher support material (LTSM) and property payments.

In 2014/15, total Transfers and subsidies mainly consist of Transfers to non-profit institutions (38.51 per cent or R3.213 billion) and Households (25.27 per cent or R2.108 billion). Buildings

and other fixed structures make up the majority of payments for capital assets, which amounts to R3.049 billion or 83.47 per cent of capital expenditures.

Infrastructure Expenditure

Infrastructure investment is estimated to reach R4.596 billion in 2014/15. This amount is 3.43 per cent higher when compared to the revised estimate of R4.443 billion in 2013/14. The section below focuses on expenditure within the different infrastructure categories of the Western Cape Government.

New and replacement assets

An amount of R929.786 million or -11.78 per cent change from the revised estimate in 2013/14 of the total 2014/15 infrastructure budget is allocated towards new and replacement assets. Within this category, the largest share is allocated towards Education (R546.217 million), followed by Transport and Public Works (R205.612 million) and Health (R161.570 million).

Upgrades and additions

Upgrades and additions account for R649.196 million or a 12.73 per cent change from the revised estimate in 2013/14 of the total infrastructure budget in 2014/15 of which the Department of Transport and Public Works receives R474.724 million, Education R113.422 million and Health R60.650 million.

Rehabilitation, renovations and refurbishments

An increase to R1.815 billion or 21.65 per cent from the revised estimate in 2013/14 of the total infrastructure allocation in 2014/15 is assigned to rehabilitation, renovations and refurbishments. This allocation increases to R2.443 billion in 2015/16 and R2.402 billion in 2016/17.

Maintenance and repairs

Funding for maintenance and repairs in 2014/15, accounts for R1.159 billion or 3.23 per cent change from the revised estimate in 2013/14 of the total infrastructure budget. This allocation increases to R1.330 billion in 2015/16 and R 1.126 billion in 2016/17. Some 300 maintenance projects on general provincial buildings, based on the outcome of a building audit will be completed and planning undertaken for future years.

Transfers from the Provincial Government

The total allocation for Transfers and subsidies for 2014/15 increased by R980.739 million or 13.32 per cent from the 2013/14 revised estimate of R7.362 billion to R8.343 billion. The biggest increase is observed under provinces and municipalities.

Provincial government and municipalities

In 2014/15, the allocation to provinces and municipalities is set to increase by 39.17 per cent or R429.372 million on its 2013/14 revised estimate of R1.096 billion to R1.526 billion. The allocation relates mainly to assisting and subsidising municipalities to provide personal primary health care services; construct and maintain roads, and give municipal support to strengthen governance.

The 2014/15 Transfers to non-profit institutions allocation, representing 38.51 per cent of the total transfer and subsidies 2013/14 allocation, is set to increase year-on-year by 10.28 per cent. The bulk of the 2014/15 transfers to non-profit institutions are shared between the Departments of Education (R1.533 billion or 47.72 per cent) and Social Development (R964.195 million or 30 per cent).

Public entities

A total of R485.366 million will be transferred in 2014/15 from various provincial departments to mainly, provincial public entities and provincial government business enterprises. For 2014/15, these transfers increase by R40.383 million or 9.08 per cent from the 2013/14 revised estimates of R444.983 million.

The transfers to Wesgro reflect the merger of this entity with the Destination Marketing Organisation (DMO) as well as an earmarked allocation for operational costs in support of the Saldanha Industrial Development Zone (IDZ) project. These earmarked allocations amounts to R28.091 million for 2014/15, R29.155 million for 2015/16, and R30.270 million for 2016/17.

Casidra will receive an increase in transfers of R13.878 million or 11.68 per cent which mainly relates to disaster funding (drought and flood damages) funded by the Comprehensive Agricultural Support Programme (CASP) Conditional Grant.

Transfers to CapeNature will increase by 3.74 per cent or R8.296 million in 2014/15 from the 2013/14 revised estimate of R221.907 million. The increase relates to the additional Expanded Public Works Programme (EPWP) funding exclusively for job creation, training and social development interventions as well as infrastructure upgrades.

For 2014/15, the transfers to the Western Cape Gambling and Racing Board increases by 88.41 per cent from R5.523 million transferred in the 2013/14 revised estimate to R10.406 million. The increased funding will be used for exclusivity replacement financing.

Conclusion

The Budget 2014 is essentially focused on policy objectives. The thematic areas, initiatives and objectives thereof are geared towards improving social inclusion and education and health outcomes. Whilst ensuring continued support for current service delivery levels and additional areas where there is potential for higher economic growth, such as infrastructure and skills that can drive this growth. This is underpinned by sound alignment from a provincial and municipal perspective.