



**Western Cape
Government**

Provincial Treasury

BETTER TOGETHER.

EMBARGO UNTIL 5 MARCH 2015 AT 14:15

BUDGET 2015 HIGHLIGHTS

5 March 2015

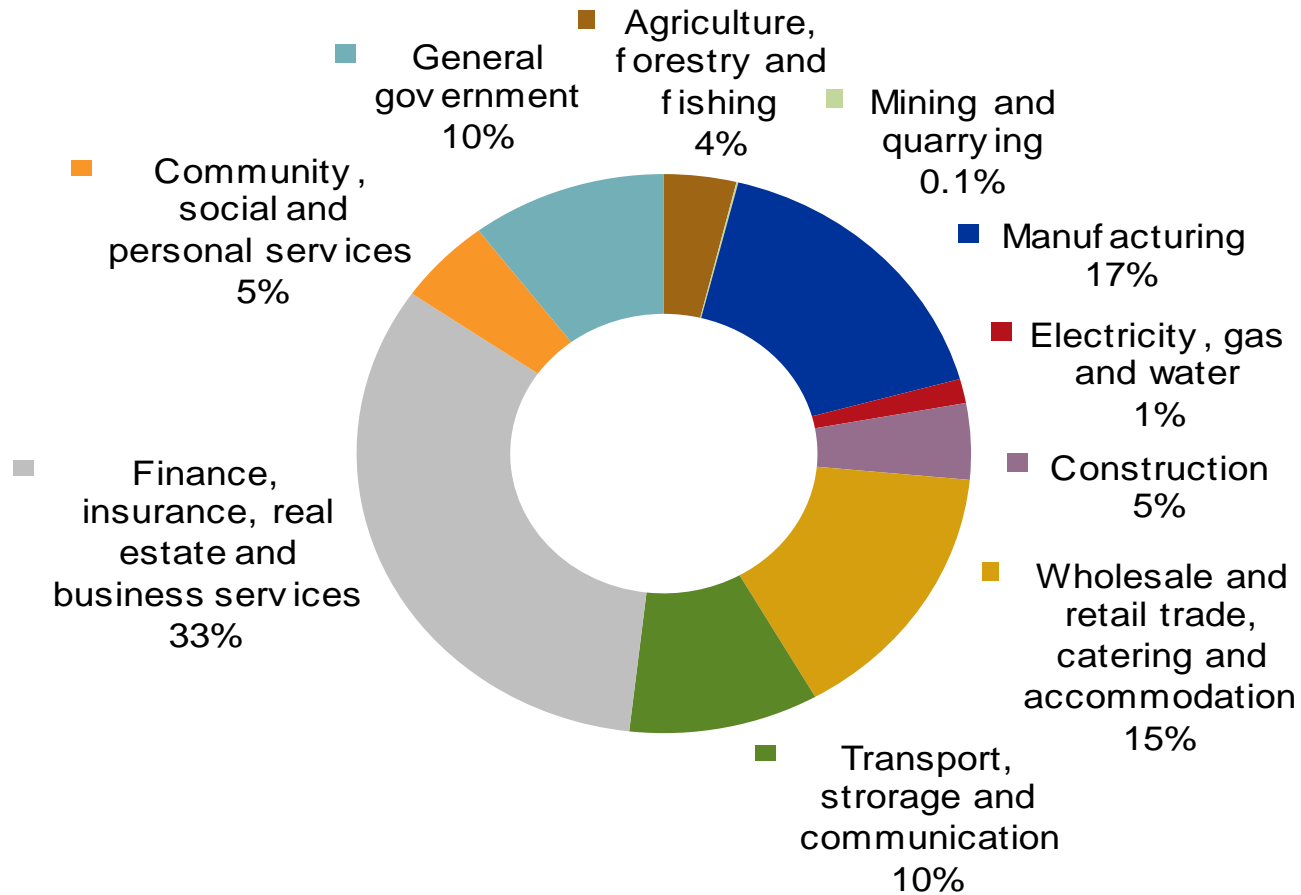
Economic outlook

	2013	2014	2015f	2016f
Global economy	3.3	3.3	3.5	3.7
Advanced Economies	1.3	1.8	2.4	2.4
Emerging and Developing Economies	4.7	4.4	4.3	4.7
South Africa	2.2	1.5	1.9	2.4
Western Cape	2.4	1.7*	2.1	2.8

*f denotes forecast and * denotes estimate*

- Modest economic growth performance expected to persist
- Change in source of global growth since recovery from 2008/09 recession, with growth in advanced economies stabilising
- Downward revisions to global and SA growth forecasts for 2015
- Growth in domestic demand expected to increase given rising real consumer spending through lower fuel prices and inflation
- BUT likely be outweighed by electricity supply constraints, labour market tension; adverse impact of tax increases on consumer spending

Structure of the Western Cape economy (2013)



Western Cape economic outlook

- The rising contribution by the services (tertiary) sectors is expected to continue
- Fastest growing sectors, 2014 - 2019:
 - Construction (4.1 per cent)
 - Finance, insurance, real estate & business services (3.5 per cent)
 - Transport, storage & communication (3.1 per cent)
- Growth being concentrated in the skills-intensive services industries
- Youth unemployment is high
- Lower oil prices and weakening currency may have a positive impact on exports and tourism
- Risks: employment, electricity shortages and uncertain global growth

Regional GDP

2014
1.7%

Population

6.1 million
(11.3% of SA
total)

Employment

2.2 Million

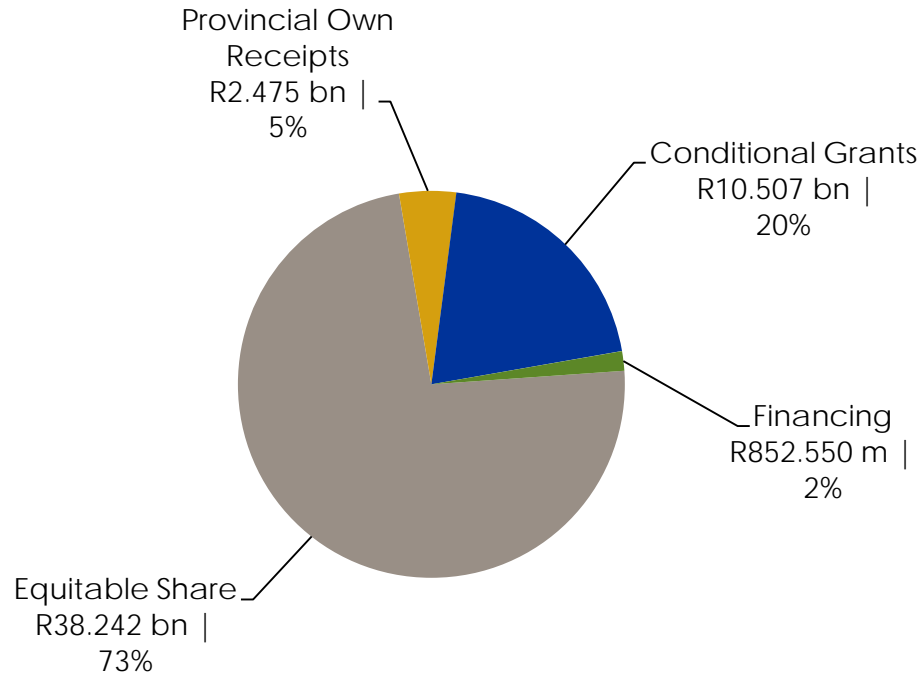
Unemployment

23%
(about 640 000
unemployed)

Fiscal context

- Worsening economic conditions impact on revenue collection
- **2015 Budget framework** : balancing public finances while supporting structural reform needed for economic development
- **Fiscal consolidation**: reducing budget deficit, better expenditure planning, stabilising debt, rebuild fiscal space
- **Overall reductions** of R25bn in 2015/16 and in 2016/17 – reorganising the budget to be in line with policy priorities
- On the **revenue side** – increases in taxation – announced in main budget
- Improvements in service delivery must come through **efficiency gains, savings, reducing waste** and enhancing cross-sector **collaboration**

Provincial Revenue 2015/16

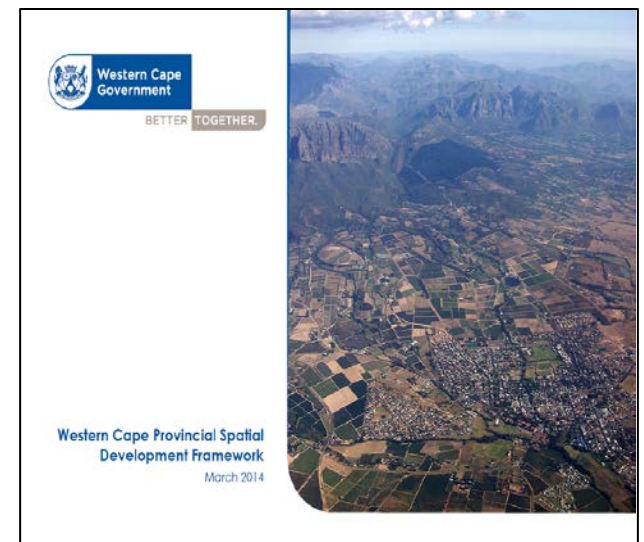
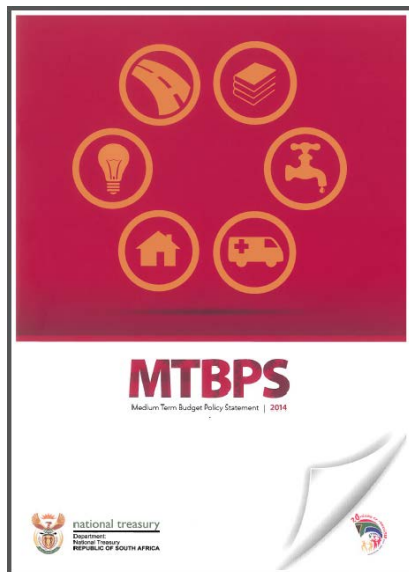
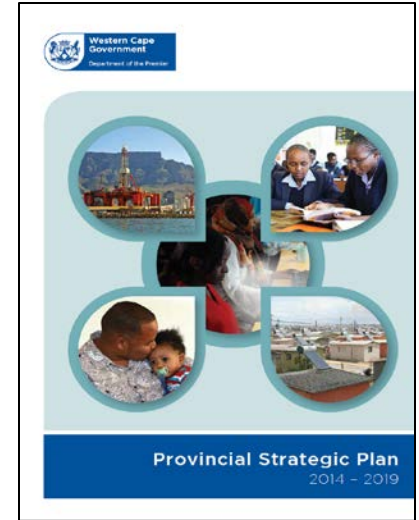
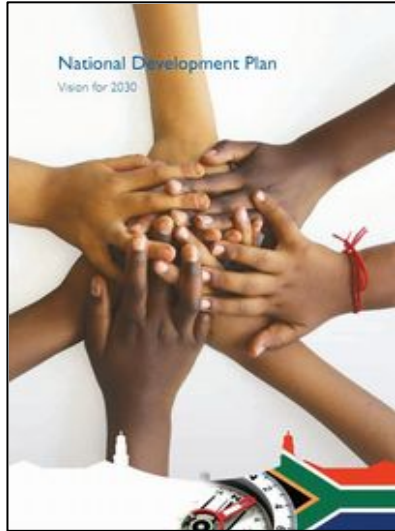


- Transfers from National Government [PES & Conditional Grants] accounts for 93 per cent of total resource envelope in 2015/16
- Provincial resource envelope grows at an average annual growth rate of 6.02 per cent over the 2015 MTEF
- Education, health and roads infrastructure conditional grants account for more than a quarter of total grant funding received
- Provincial Own Receipts over the 2014 MTEF are projected at R2.475 billion in 2015/16

Budget Policy principles

- Constitutionalism
- Evidence Base
- Public Value
- Rule of Law
- Partnerships
- Game changers
- Whole-of-society approach
- Citizen Centric
- Provincial Strategic Plans and Goals

Policy context



Western Cape Government's Provincial Strategic Plan 2014 – 2019

Our Provincial Strategic Goals



Strategic Goal 1:

Create opportunities for growth and jobs



Strategic Goal 2:

Improve education outcomes and opportunities for youth development



Strategic Goal 3:

Increase wellness, safety and tackle social ills



Strategic Goal 4:

Enable a resilient, sustainable, quality and inclusive living environment

Strategic Goal 5:

Embed good governance and integrated service delivery through partnerships and spatial alignment

Budget priorities for the next three years

Supporting priority sectors (Agri-processing, tourism, oil and gas),
Skills development to enhance regional competitiveness,
Red tape reduction initiatives, infrastructure
(health, education, roads and public works),
Saldanha Bay IDZ, Green Economy

Education, e-Learning, youth programmes,
Improving family support to children and
youth after-school programmes

Increased wellness, social services to the
most vulnerable (children, elderly, poor),
persons with disabilities, increasing safety

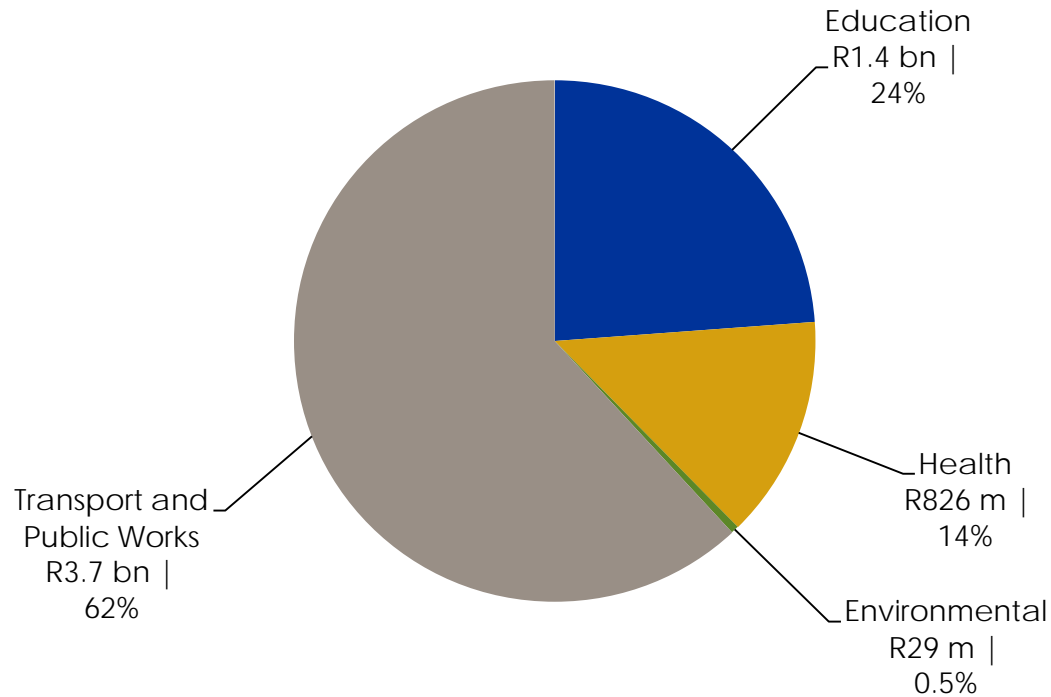
Spatial and development planning,
sustainable ecological and
agricultural resource-base, integrated
human settlements

Broadband, integrated/joint planning with
local government,
innovation, partnerships

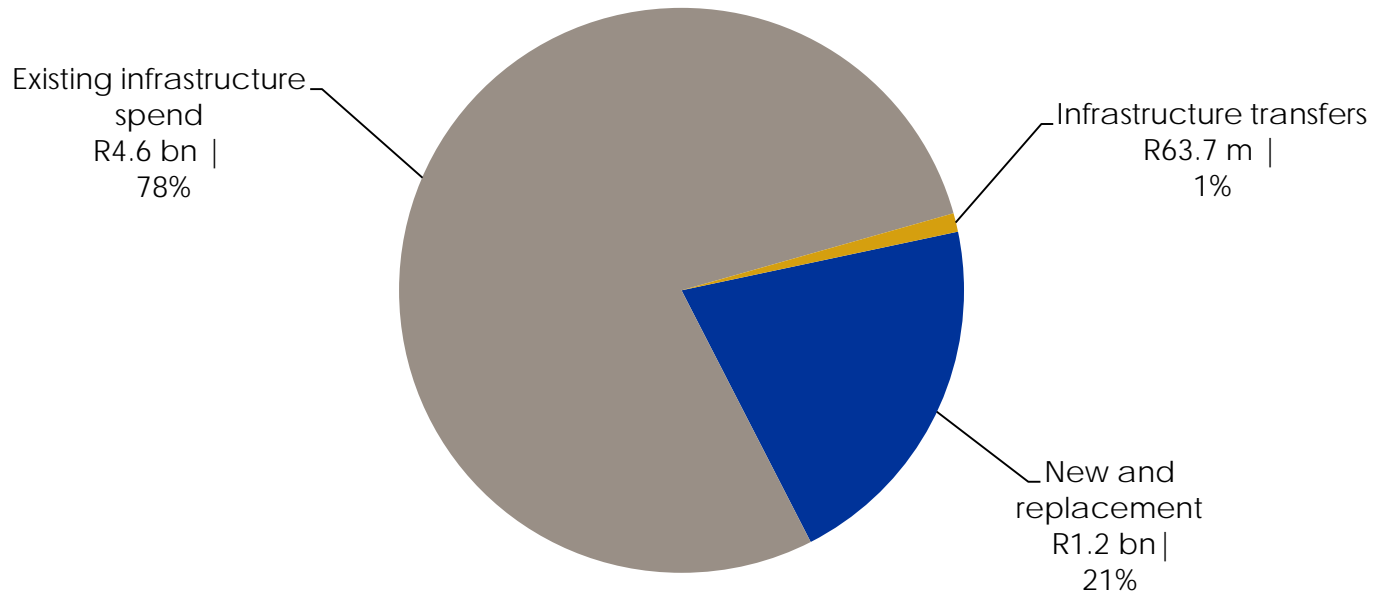
2015 MTEF Allocations by Vote

Vote R'000	Outcome						Medium-term estimate			
	Audited	Audited	Audited	Main appropriation	Adjusted appropriation	Revised estimate	% Change from Revised estimate			
	2011/12	2012/13	2013/14	2014/15	2014/15	2014/15	2015/16	2014/15	2016/17	2017/18
1. Department of the Premier	692 445	747 165	894 537	1 027 754	1 348 395	1 348 395	1 332 027	(1.21)	1 411 826	1 443 085
2. Provincial Parliament	77 741	91 047	103 122	108 971	111 722	111 722	117 180	4.89	118 112	124 392
3. Provincial Treasury	142 619	162 283	199 967	648 298	239 168	239 168	262 029	9.56	278 733	325 607
4. Community Safety	138 763	166 418	191 099	222 566	229 685	229 685	234 574	2.13	248 071	246 096
5. Education	12 793 396	13 653 667	15 111 220	16 007 238	16 608 624	16 608 624	17 744 928	6.84	18 562 726	19 442 931
6. Health	13 387 763	14 600 857	15 916 962	17 338 111	17 430 423	17 342 120	18 812 682	8.48	19 604 029	20 672 722
7. Social Development	1 317 002	1 402 227	1 580 143	1 755 933	1 757 668	1 757 668	1 897 985	7.98	2 000 563	2 100 586
8. Human Settlements	1 834 400	1 987 458	2 215 466	2 115 245	2 151 330	2 151 330	2 189 533	1.78	2 407 570	2 557 667
9. Environmental Affairs and Development Planning	348 467	376 880	412 199	454 348	482 162	457 932	502 976	9.84	537 907	588 326
10. Transport and Public Works	4 366 411	4 704 658	5 017 988	5 630 479	5 949 693	5 910 748	6 760 391	14.37	7 103 663	6 859 717
11. Agriculture	514 559	555 633	608 862	859 870	862 690	862 690	742 261	(13.96)	786 590	830 241
12. Economic Development and Tourism	256 089	314 344	367 379	498 047	510 296	510 296	518 839	1.67	454 376	458 110
13. Cultural Affairs and Sport	351 888	390 550	453 573	626 010	617 015	617 015	706 499	14.50	735 022	710 354
14. Local Government	129 825	160 609	172 062	188 750	199 130	199 130	200 389	0.63	209 126	219 582
Total provincial payments and estimates by vote	36 351 368	39 313 796	43 244 579	47 481 620	48 498 001	48 346 523	52 022 293	7.60	54 458 314	56 579 416

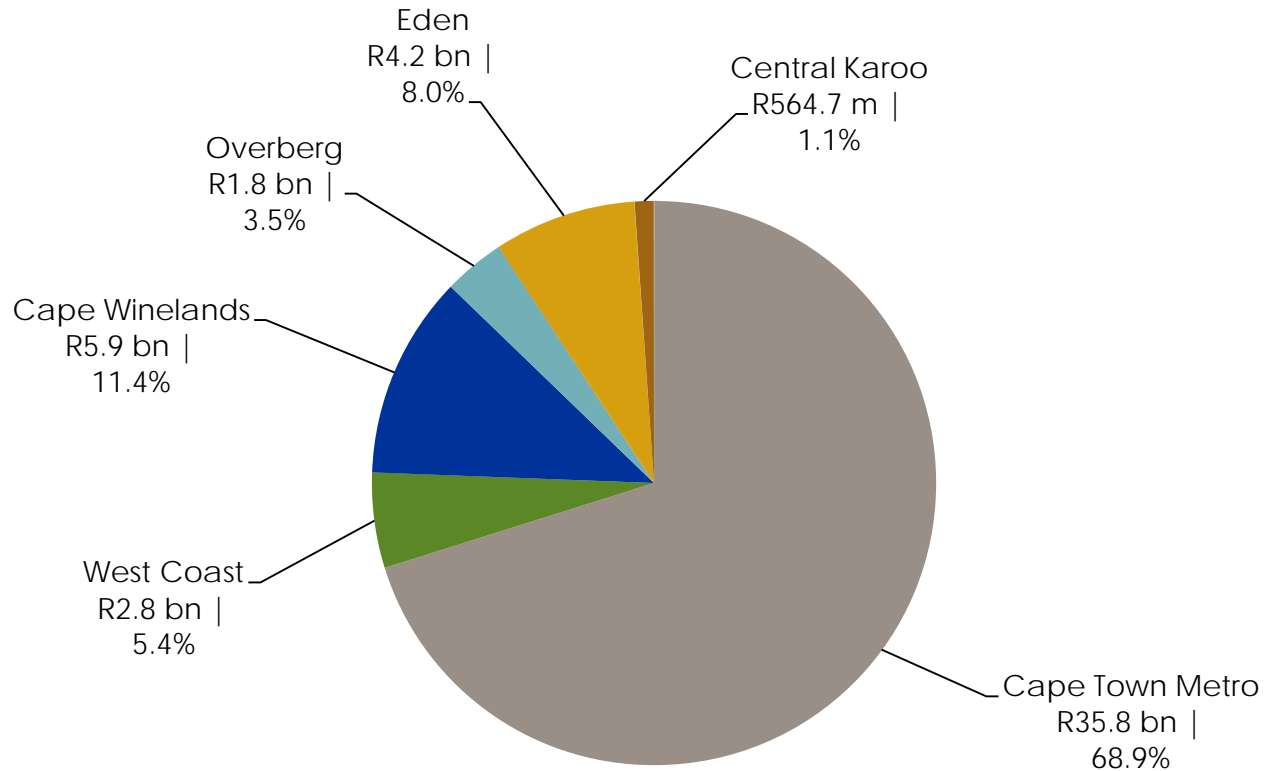
2015/16: Share of infrastructure estimates



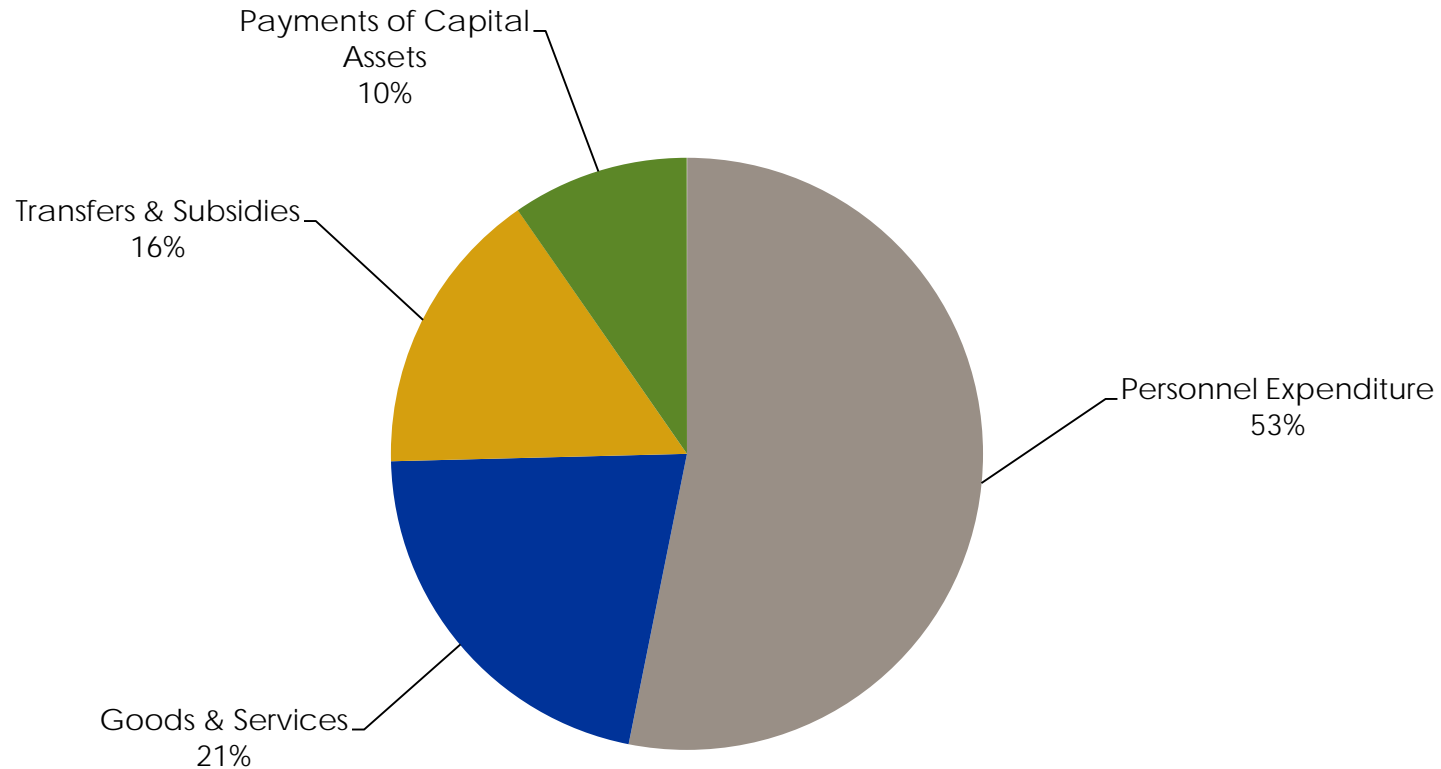
2015/16: Infrastructure Estimates by category



2015/16: Spatial distribution of provincial estimates



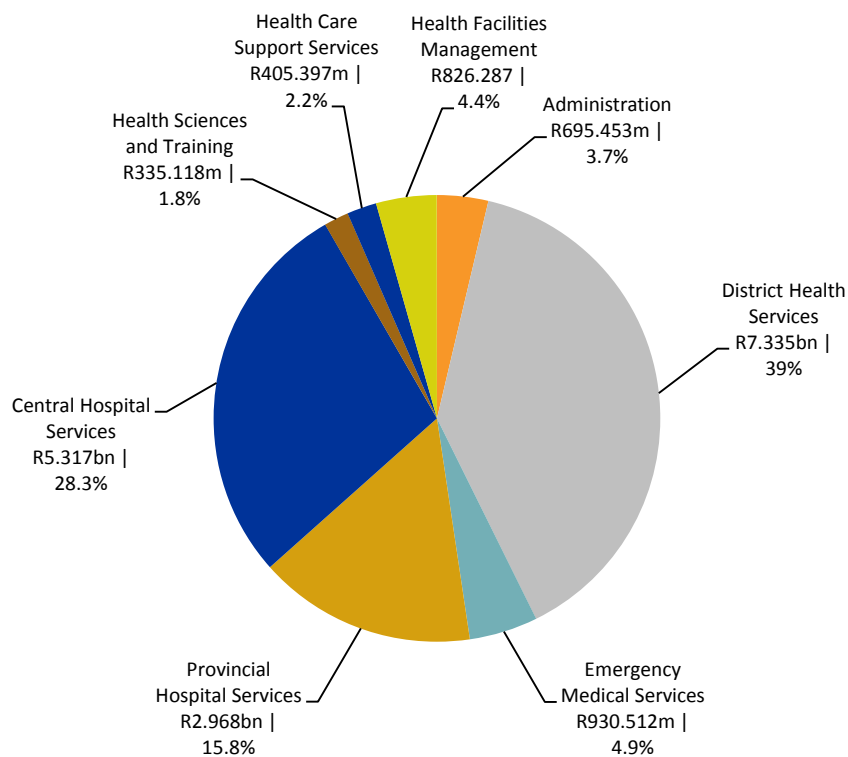
2015/16 Estimates per economic classification



2015/16: Social Sector budget summary [1]

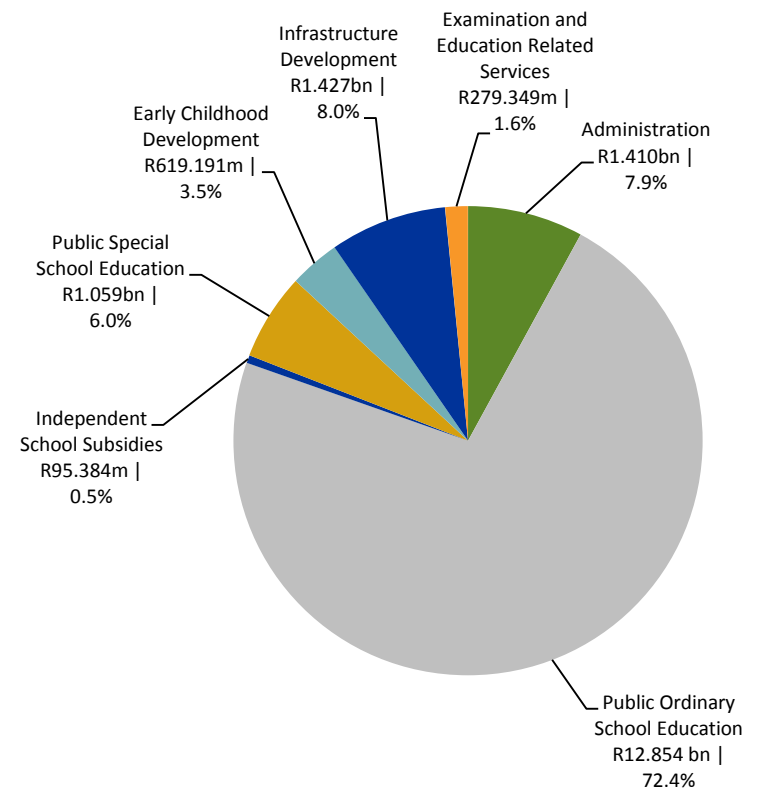
HEALTH

R18.813 BILLION | 36.2%



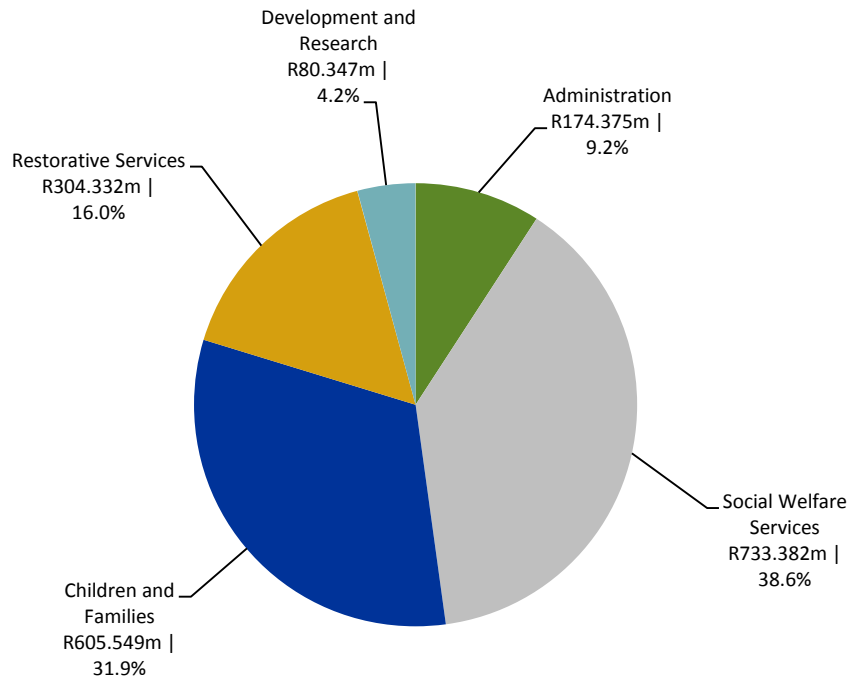
EDUCATION

R17.745 BILLION | 34.1%

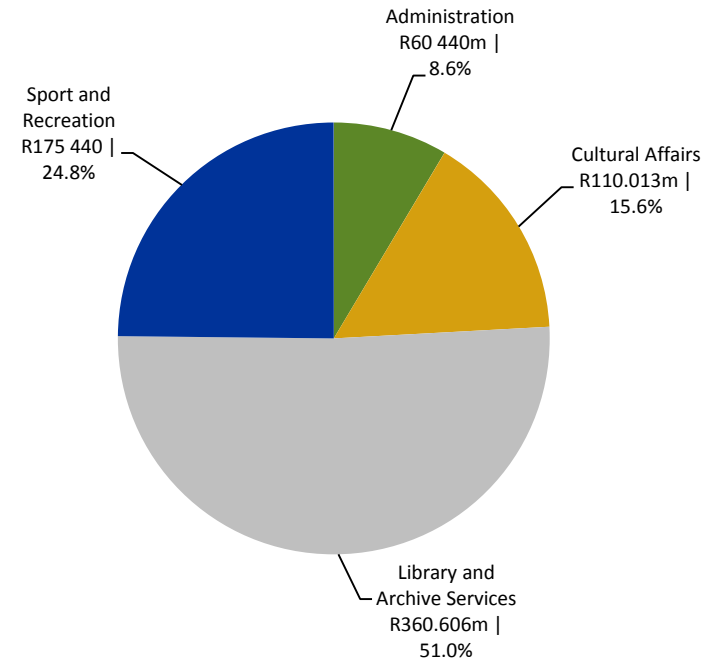


2015/16: Social Sector budget summary [2]

SOCIAL DEVELOPMENT R1.898 BILLION | 3.6%

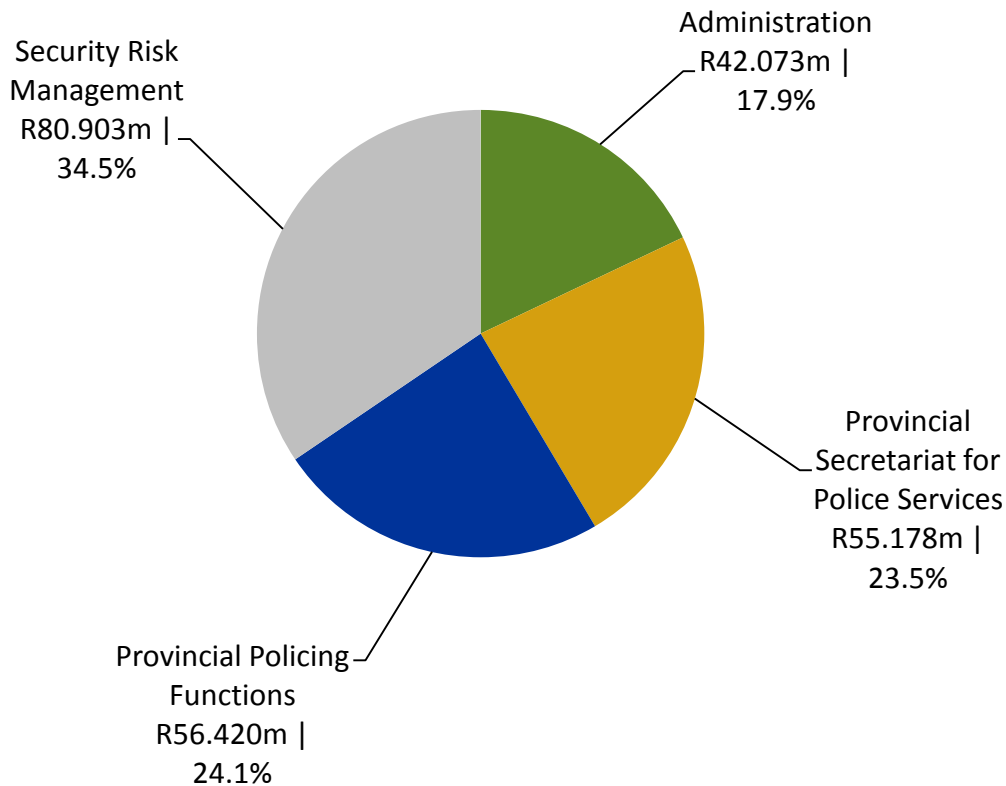


CULTURAL AFFAIRS AND SPORT R706.499 MILLION | 1.4%



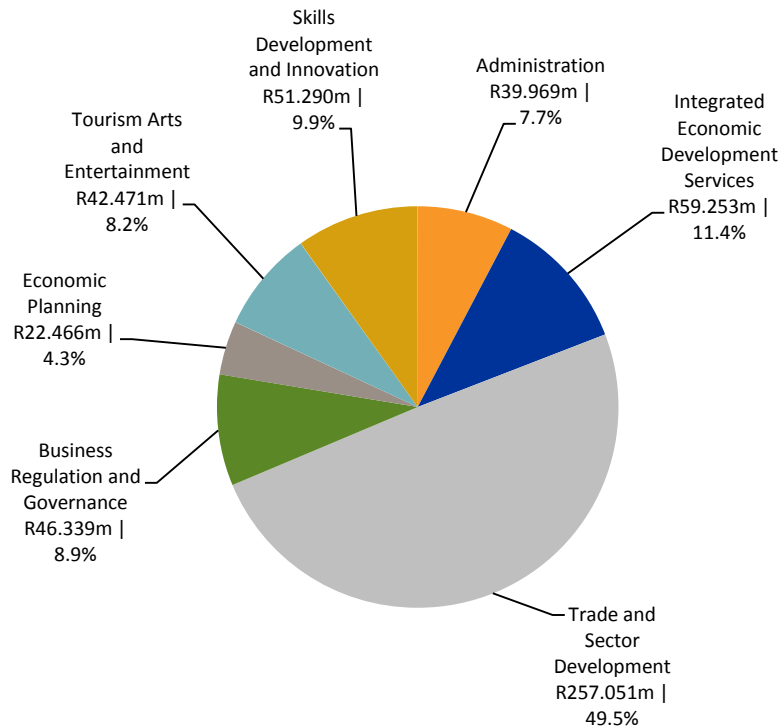
2015/16: Social Sector budget summary [3]

COMMUNITY SAFETY R234.574 MILLION | 0.5%

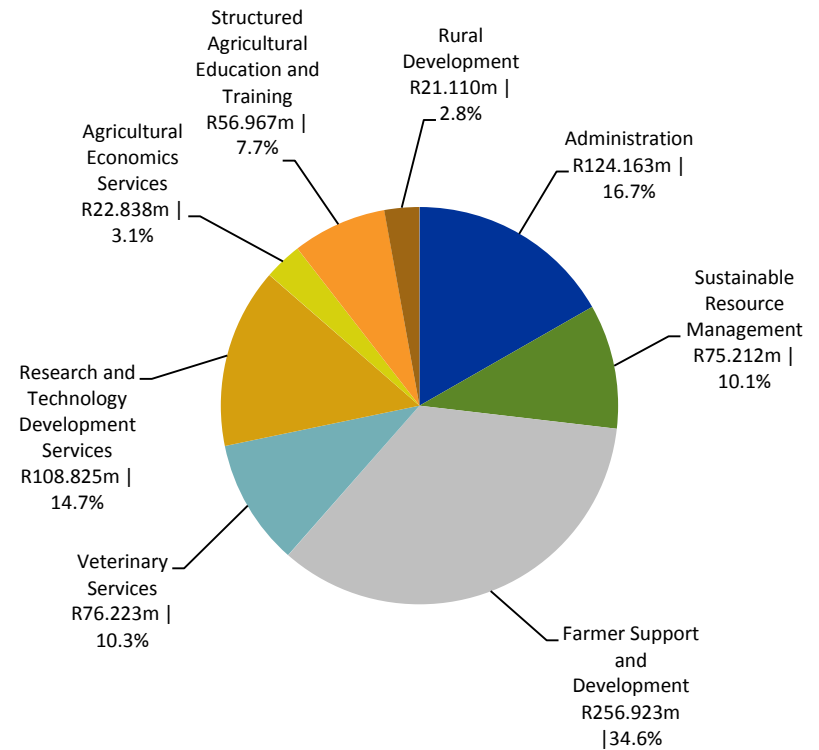


2015/16: Economic Sector budget summary [1]

ECONOMIC DEVELOPMENT AND TOURISM R518.819 MILLION | 1.0%

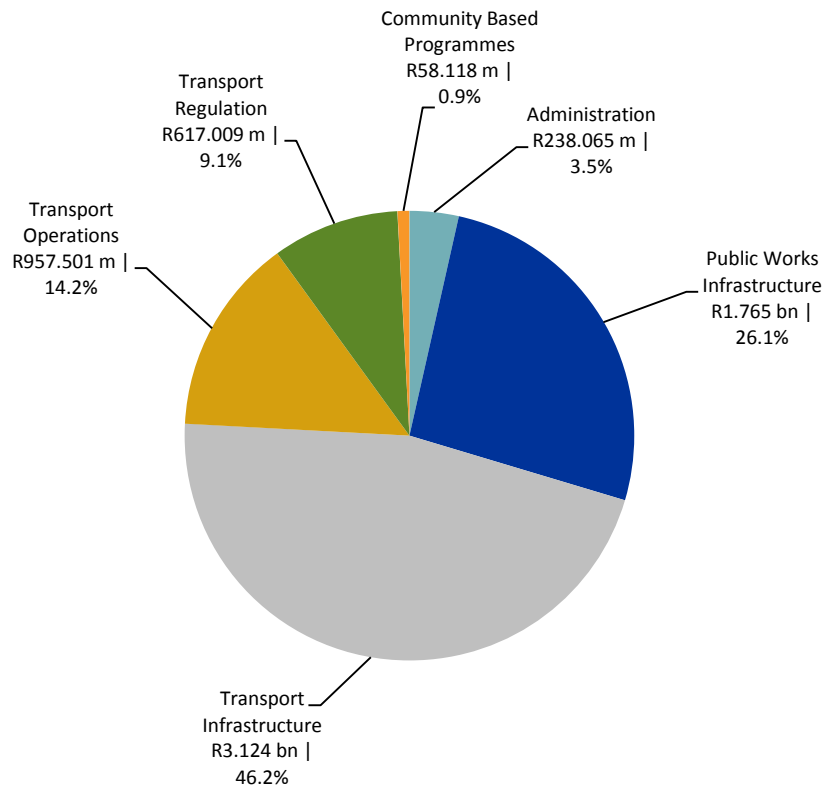


AGRICULTURE R742.261 MILLION | 1.4%

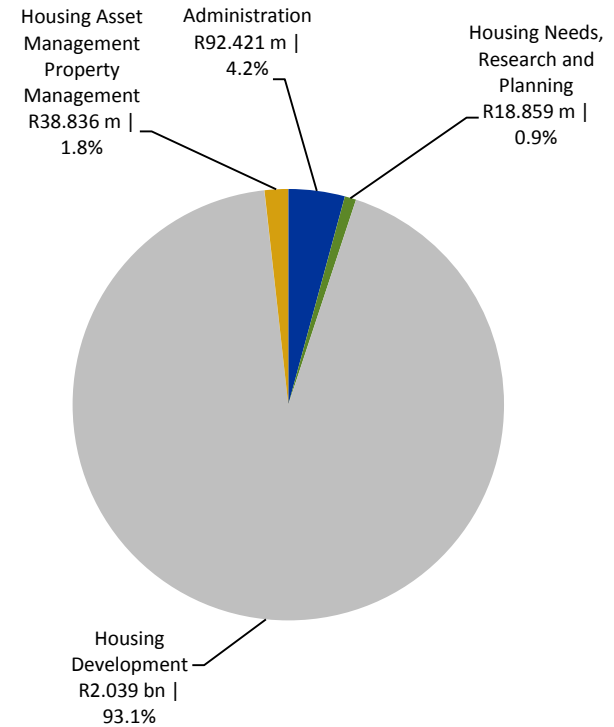


2015/16: Economic Sector budget summary [2]

TRANSPORT AND PUBLIC WORKS R6.760 BILLION | 13.0%

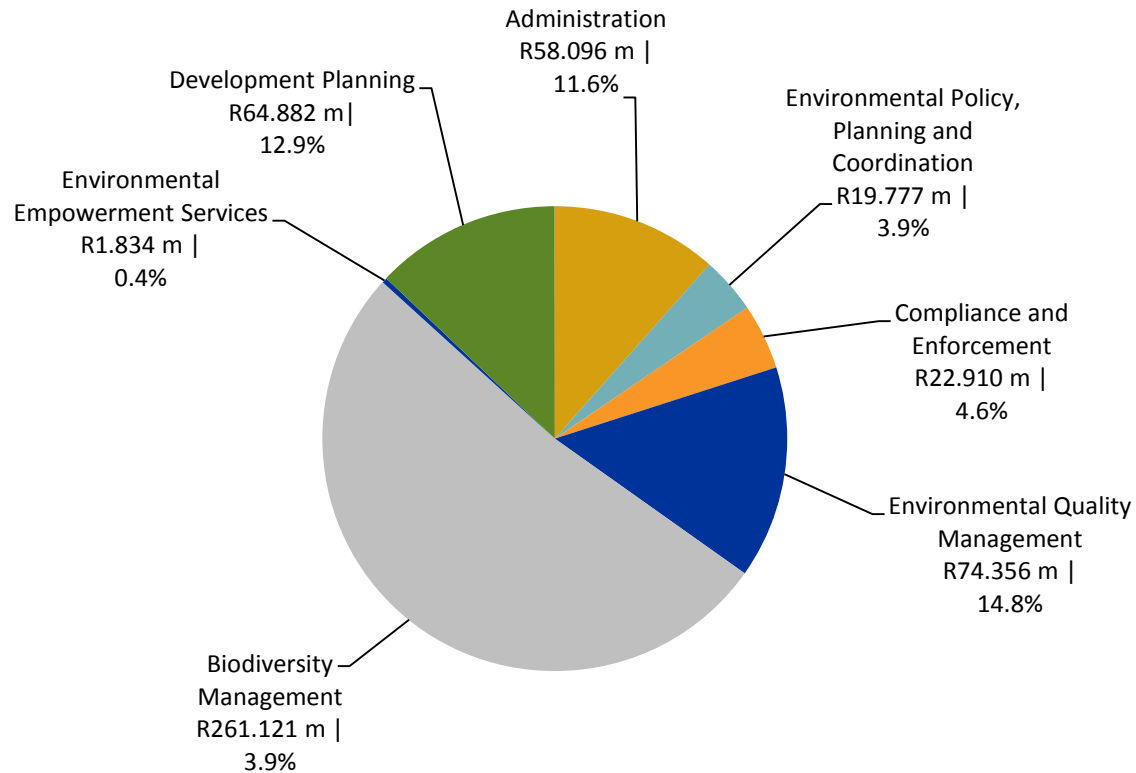


HUMAN SETTLEMENTS R2.190 BILLION | 4.2%



2015/16: Economic Sector budget summary [3]

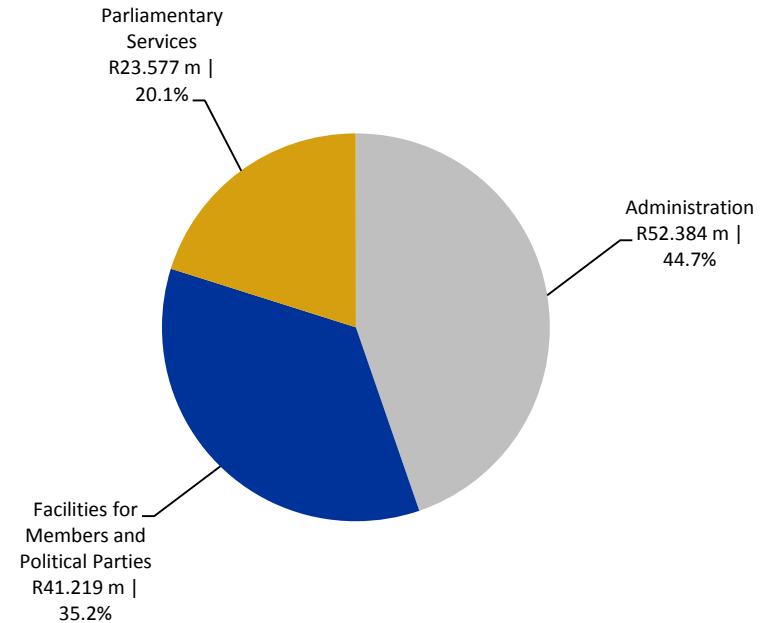
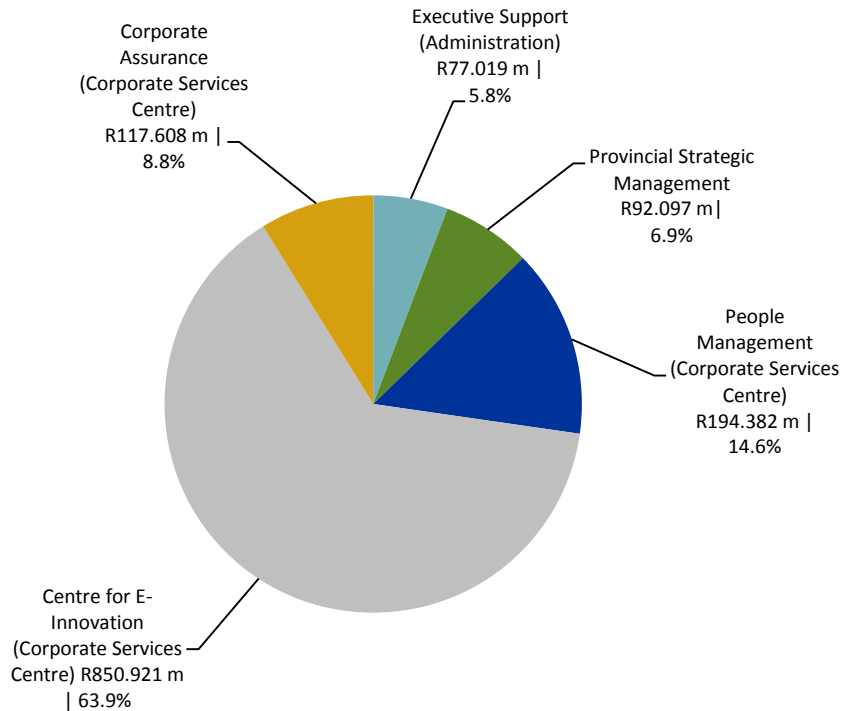
ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING, R502.766 MILLION | 1.0%



2015/16: Governance Sector budget summary [1]

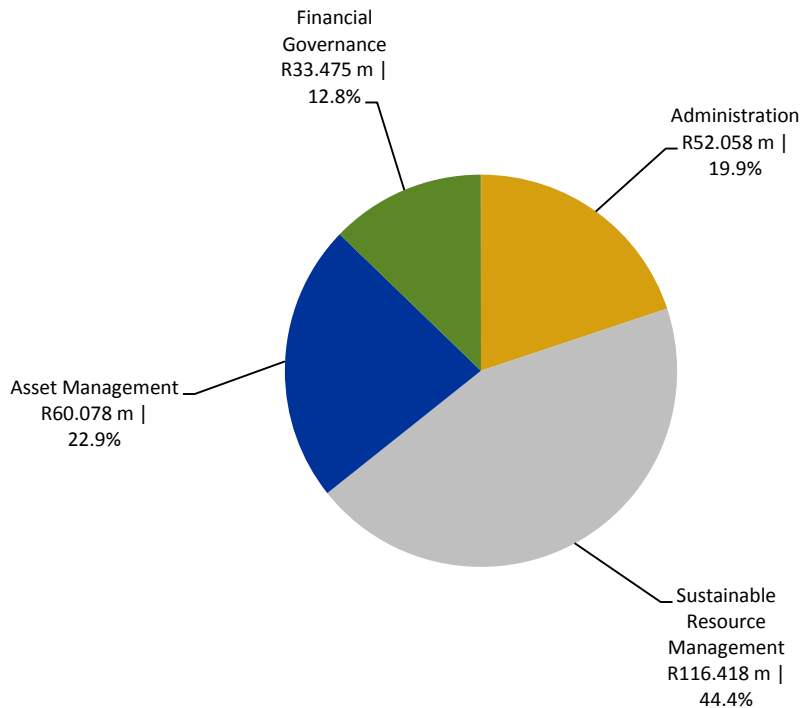
DEPARTMENT OF THE PREMIER
R1.332 BILLION | 2.56%

PROVINCIAL PARLIAMENT
R117.180 MILLION | 0.23%

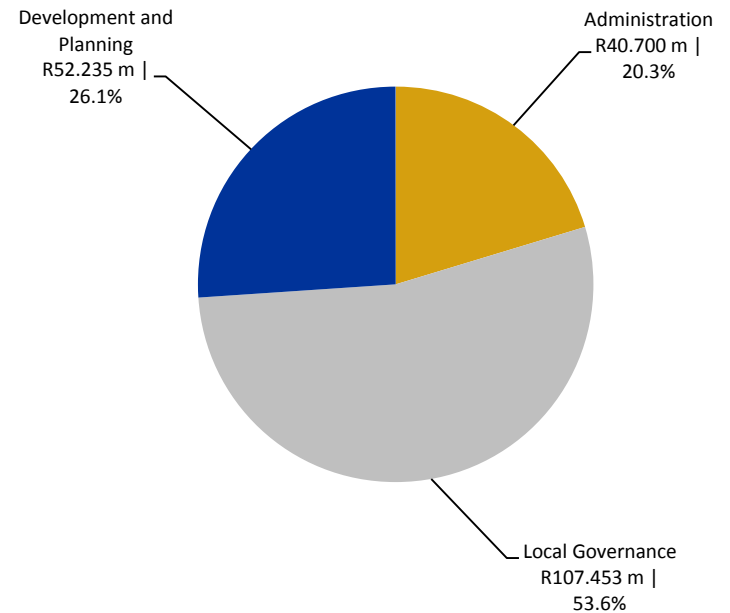


2015/16: Governance Sector budget summary [2]

PROVINCIAL TREASURY
R262.029 MILLION | 0.5%



LOCAL GOVERNMENT
R200.389 MILLION | 0.39%



In summary

- Budget 2015 framed within the context of the ongoing economic and fiscal constraints, with further risks to fiscus
- Key objective of Budget 2015 is to prioritise essential frontline services while targeting areas that can drive higher economic growth
- Creating public value by being more responsive to and more effective delivery of public, underpinned by strengthened governance
- Delivery requires collaboration and co-operation – integrated planning and partnerships are key