



Western Cape  
Government

# Overview of Provincial Revenue and Expenditure

2023



# #WCGBUDGET2023

# 2023/24 HIGHLIGHTS

## ECONOMIC OVERVIEW

- Tighter monetary policy, high levels of inflation, and financial stress all place the global economy at risk of recession. The global economy is expected to expand by 1.7 per cent in 2023.
- Continued power supply shortages and above inflation electricity price increases will subdue the South African economic outlook. The national economy is expected to expand by 0.6 per cent in 2023 and by 1.6 per cent in 2024.
- Both global and domestic conditions will weigh down on the Provincial economy. The Western Cape economy is expected to expand by 0.4 per cent in 2023 and 1.9 per cent in 2024. The Finance sector is expected to make the largest growth contribution in 2023.
- In the fourth quarter of 2022, the Western Cape surpassed pre-pandemic employment levels for the first time in 11 months, while creating 74.9 per cent of all gross employment opportunities and 99 per cent of all net employment gains in South Africa. Unemployment remained high, reaching 32.7 per cent nationally and 22.5 per cent in the Western Cape. However, unemployment in the Western Cape has eased from highs of 28.0 per cent in the same quarter a year ago.
- Despite the overall weak conditions there are some indications of improvement. In 2022, Western Cape tourism benefited from a substantial increase (322 per cent) in international tourists compared to the previous year. The value of building plans passed in the Western Cape grew by 21.4 per cent, significantly exceeding South Africa's growth rate of 7.1 per cent.

## PROVINCIAL FISCAL STRATEGY

- National government aims to stabilise debt as a percentage of GDP at 73.9 per cent by 2025/26. At the same time, approximately R254 billion of Eskom debt will be transferred to the national debt stock. To achieve these objectives, ongoing reductions in real non-interest expenditure on core basic services, particularly health, education, and social services, will be required.
- Allocations to provinces will shrink in real terms over the medium term, with allocations to the Western Cape revised down further due to changes to the provincial equitable share formula and data updates.
- The Provincial fiscal strategy aims to protect basic services outcomes; unlock allocative efficiency; enhance productive efficiency; and enable long-run fiscal sustainability.

## BUDGET POLICY PRIORITIES AND SPENDING PLANS

- The 2023 Budget prioritises Growth for Jobs, Safety, and Wellbeing, enabled by Innovation, Culture, and Governance. The 2023 Budget is allocated to policy priority areas as follows: R39.824 billion to Growth for Jobs, R4.760 billion to Safety, R170.911 billion to Wellbeing, and R19.270 billion to Innovation, Culture, and Governance.
- The budget policy priorities were used to identify areas for intervention that will protect the citizens of the Western Cape and to address the challenges facing the Western Cape.
- R1.1 billion is allocated towards energy resilience as a key priority for the Western Cape.

## BUDGET AGGREGATES

- Total Provincial receipts for 2023/24 are projected to be R76.981 billion, of which R58.886 billion will come from provincial equitable share, R14.474 billion from conditional grants, and R3.622 billion from Provincial own receipts.
- Total Provincial expenditure for 2023/24, inclusive of direct charges, is projected to be to R80.371 billion, of which R59.642 billion is for current payments, R13.492 billion for transfers and subsidies, R7.178 billion for payments for capital assets and R5.823 million for payments for financial assets. To meet the shortfall between receipts and spending, R4.677 billion will be drawn down from accumulated reserves.
- The total Compensation of Employees budget amounts to R41.305 billion and constitutes 51 per cent of the 2023/24 budget, lower than the previous financial year. This is attributed to the continued implementation of the upper limits and compensation ceilings underpinned by the Western Cape Compensation of Employees Strategy.
- Total infrastructure investment over the 2023 MTEF amounts to R32.573 billion. For 2023/24, infrastructure investment amount to R11.582 billion, of which R6.997 billion for existing infrastructure assets, R1.715 billion for new infrastructure, and R2.284 billion for infrastructure transfers. Maintenance of existing infrastructure remains a priority for the Province, as it ensures that the lifespans of Provincial assets are prolonged and kept in a functional state.
- Total infrastructure investment for 2023/24 amounts to R11.582 billion, of which R6.997 billion for existing infrastructure assets, R1.715 billion for new infrastructure, and R2.284 billion for infrastructure transfers.

## SPATIAL DISTRIBUTION OF PROVINCIAL EXPENDITURE

- Collectively, Provincial departments will spend R80.319 billion across the various municipalities in the Province in 2023/24, of which 68.7 per cent will be spent in the Cape Town Metro, noting that the Metro has the largest population in the Province.
- Provincial departments will transfer R2.860 billion of conditional funding to municipalities in 2023/24, of which the City of Cape Town receives R1.448 billion (50.6 per cent), while the local and district municipalities receive R1.328 billion (46.5 per cent) and R23.433 million (0.8 per cent), respectively.
- The Social sector departments (mainly Health and Wellness and Education) account for R65.405 billion (81.5 per cent) of spending, while the Economic sector (mainly Infrastructure) accounts for R11.954 billion (14.9 per cent), and the Governance and administration sector accounts for R2.894 billion (3.6 per cent).



# #WCGBUDGET2023

## KEY BUDGET STATISTICS

The comprehensive statistical tables can be found in their respective Chapters and in the Annexures at the back of the Overview of Provincial Revenue and Expenditure.

### Western Cape Economic Outlook, 2023/24

Sector	January 2023 forecast		Change from 2022 October forecast	
	2023(f)	2024(f)	2023	2024
Agriculture	2.8%	0.6%	4.6%	0.3%
Mining	5.3%	-3.7%	12.9%	-2.7%
Manufacturing	-1.9%	-0.8%	1.9%	-0.2%
Utilities	-1.9%	1.3%	0.2%	1.3%
Construction	-2.6%	4.9%	-0.4%	0.3%
Trade	-1.4%	2.5%	-0.6%	0.6%
Transport	0.8%	2.8%	0.3%	-0.2%
Finance	2.2%	2.8%	0.6%	0.0%
Government	-0.1%	1.5%	-1.5%	-0.6%
Community Serices	0.5%	1.3%	-1.6%	-1.1%
<b>Total GDP @ market prices</b>	<b>0.4%</b>	<b>1.9%</b>	<b>0.3%</b>	<b>-0.1%</b>

### Provincial payments and estimates by metro and district municipalities, 2023/24 (R'000)

Cape Town Metro	55,147,502
West Coast Municipalities	4,088,217
Cape Winelands Municipalities	9,643,044
Overberg Municipalities	2,917,089
Garden Route Municipalities	7,356,442
Central Karoo Municipalities	1,101,305
Unallocated	65,677
<b>Total</b>	<b>80,319,276</b>

### Provincial receipts, 2023/24 (R'000)

Equitable share	58,886,129
Conditional Grants	14,474,132
Financing	4,677,230
Provincial Revenue Fund (Tax Receipts)	991,833
Motor Vehicle Licenses (Tax Receipts)	2,029,018
Provincial own receipts (Vote specific)	600,798
<b>Total</b>	<b>81,659,140</b>

### Summary of payments and estimates by Vote, 2023/24 (R'000)

1. Department of the Premier	2,047,103
2. Provincial Parliament	187,678
3. Provincial Treasury	340,674
4. Police Oversight and Community Safety	745,160
5. Education	29,548,366
6. Health and Wellness	28,804,565
7. Social Development	2,460,812
8. Mobility	2,953,180
9. Environmental Affairs and Development Planning	606,302
10. Infrastructure	9,887,089
11. Agriculture	960,165
12. Economic Development and Tourism	512,787
13. Cultural Affairs and Sport	895,529
14. Local Government	369,866
<b>Total</b>	<b>80,319,276</b>

### Expenditure by economic classification, 2023/24

Current payments	59,642,262
Compensation of employees	41,305,259
Goods and services	18,336,868
Interest and rent on land	135
Transfers and subsidies	13,492,204
Payments for capital assets	7,178,987
Payments for financial assets	5,823
Direct charge	52,564
<b>Total</b>	<b>80,371,840</b>

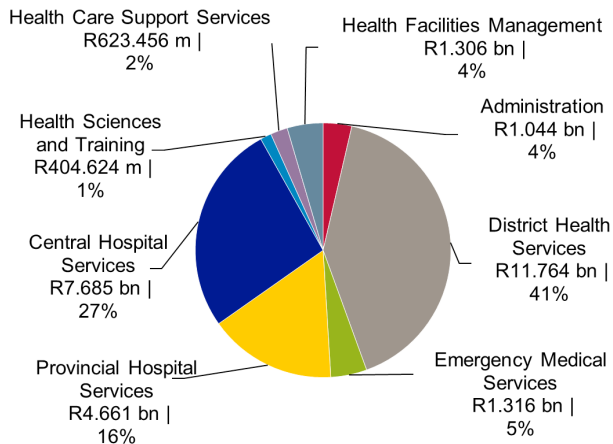
### Summary of provincial transfers to local government by category, 2023/24 (R'000)

Category A: Metropolitan	1,448,395
Category B: Local Municipalities	1,328,509
Category C: District Municipalities	23,433
Unallocated	59,371
<b>Total</b>	<b>2,859,708</b>

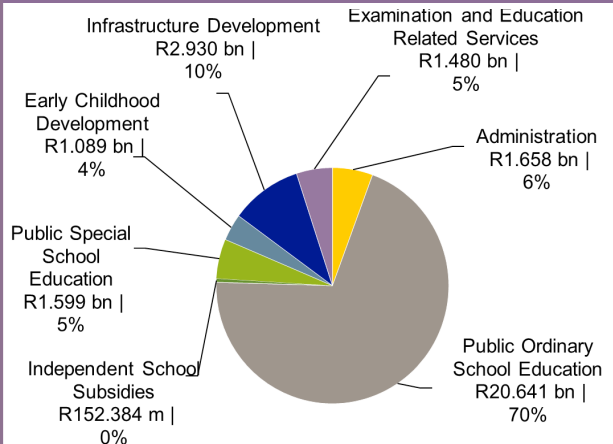
# Diagrammatic representation of sector budgets

## Social sector budget summary, 2023/24

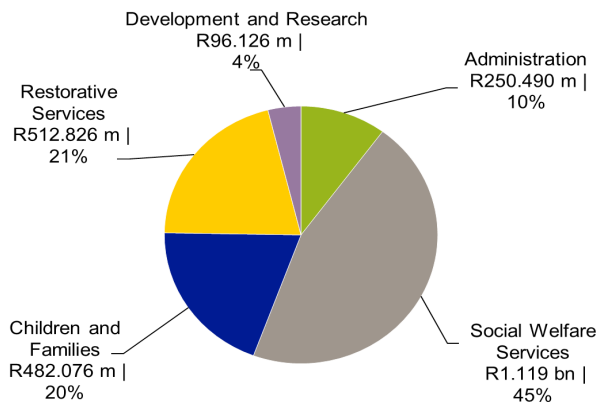
### HEALTH R28,805 billion 35.86%



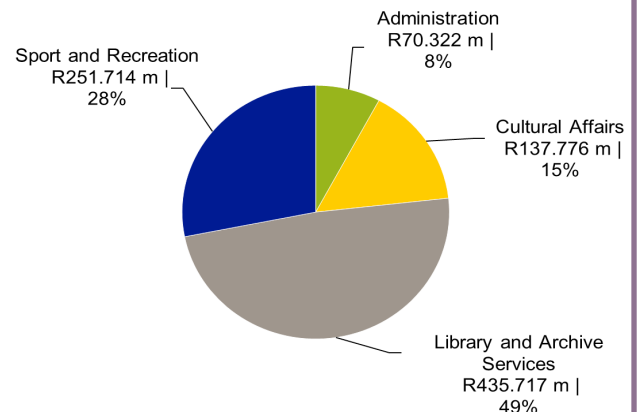
### EDUCATION R29,548 billion 36.79%



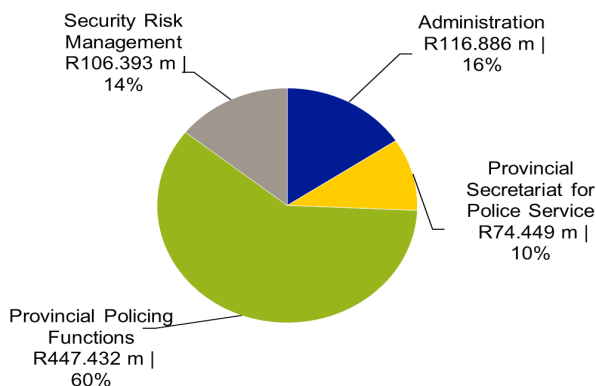
### SOCIAL DEVELOPMENT R2,461 billion 3.06%



### CULTURAL AFFAIRS AND SPORT R895,529 million 1.11%



### POLICE OVERSIGHT AND COMMUNITY SAFETY R745,160 million 0.93%



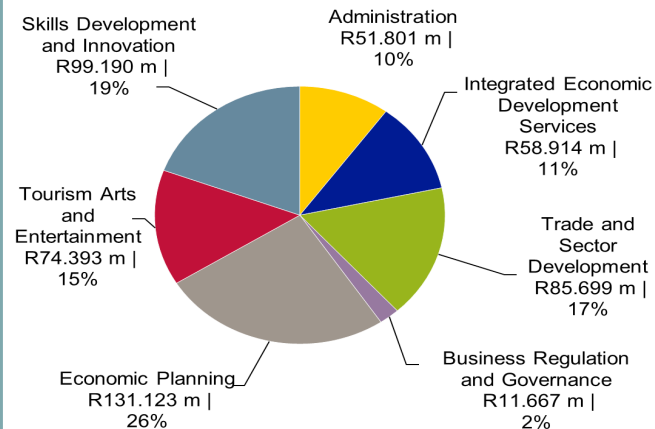
# Diagrammatic representation of sector budgets

## Economic sector budget summary, 2023/24

### ECONOMIC DEVELOPMENT AND TOURISM

R512,787 million

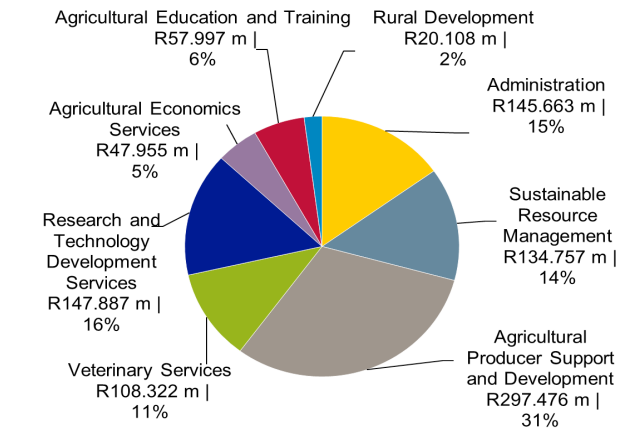
0.64%



### AGRICULTURE

R960,165 million

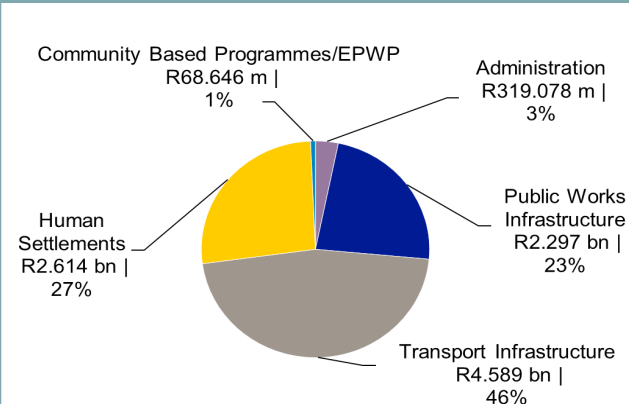
1.20%



### INFRASTRUCTURE

R9,887 billion

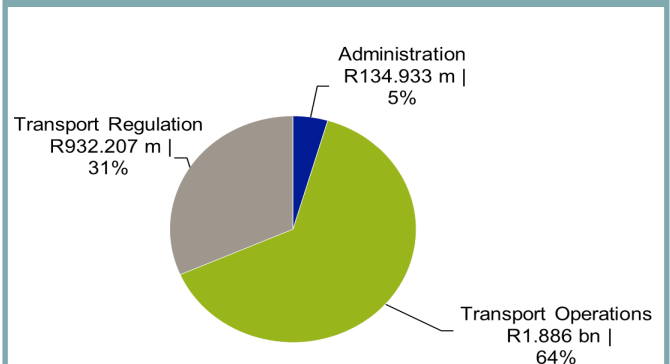
12.31%



### MOBILITY

R2,953 billion

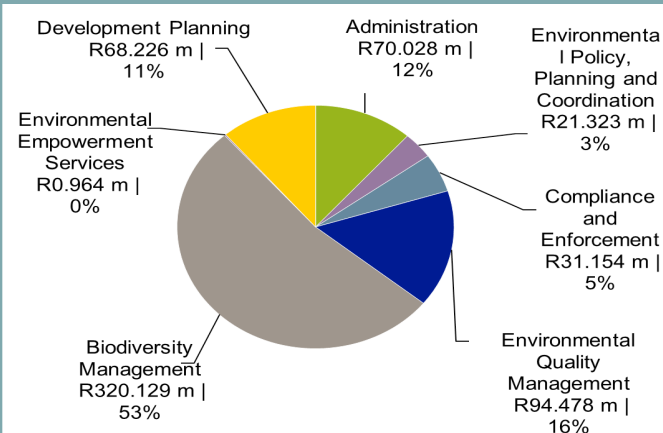
3.68%



### ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING

R606,302million

0.75%



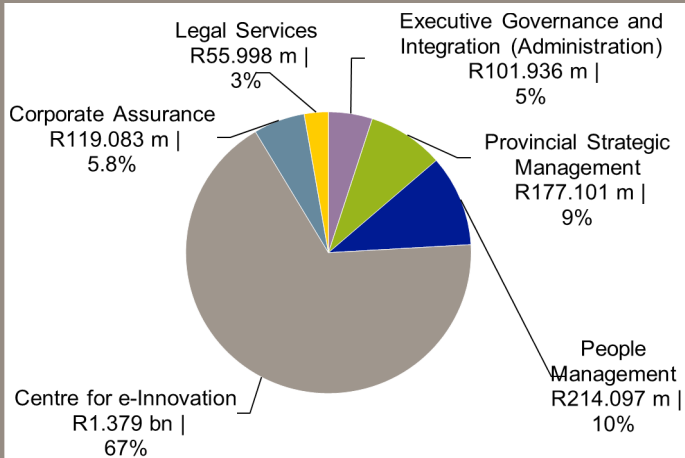
# Diagrammatic representation of sector budgets

## Governance and Administration sector budget summary, 2023/24

### DEPARTMENT OF THE PREMIER

R2,047 billion

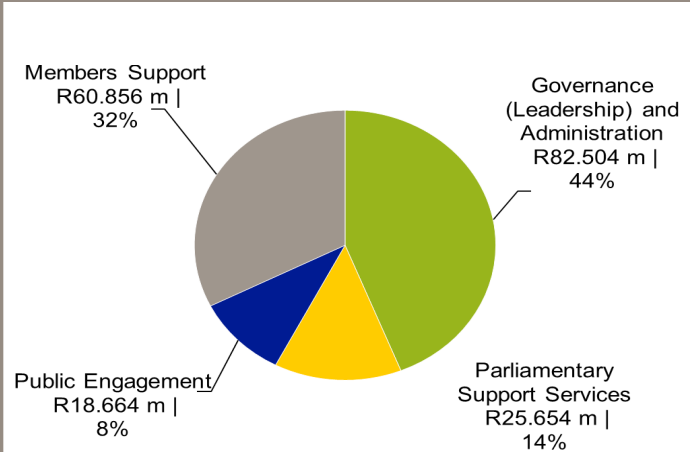
2.55%



### PROVINCIAL PARLIAMENT

R187,678 million

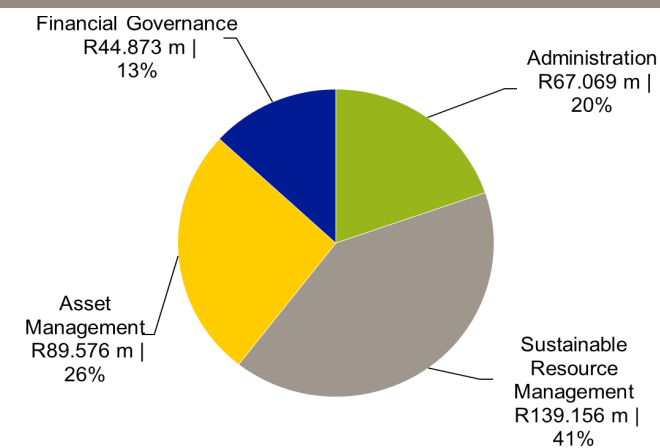
0.23%



### PROVINCIAL TREASURY

R340,674 million

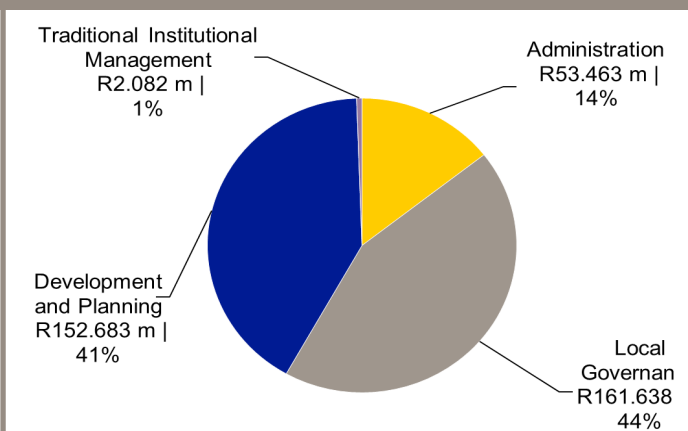
0.42%



### LOCAL GOVERNMENT

R369,866 million

0.46%



**Western Cape Government  
Provincial Treasury**

**Budget**

**Overview of Provincial Revenue  
and Expenditure**

**2023**



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# Foreword

The 2023 Budget demonstrates the Western Cape Government's commitment to allocating fiscal resources in a way that enables real action, to create an environment where all residents of the Western Cape can thrive. This is therefore a *Budget of Action*, so that we can inspire hope.

Although the Western Cape economy is estimated to have recovered from the recession that commenced in 2020, the largest stumbling block is the prospect of continued power supply shortages. This economic context, coupled with a constrained fiscal envelope and mounting spending pressures, requires the Western Cape Government to make tough policy and budget decisions. These decisions were made through applying our Budget Policy Principles of protecting basic services outcomes, unlocking allocative efficiency, enhancing productive efficiency, and enabling long-run fiscal sustainability.

The 2023 Budget aims to inspire hope, by driving delivery with urgency. To this end, we have allocated funding to the Province's key budget policy priorities. These priorities aim to achieve break-out economic growth to create opportunities for all our residents and enable the private sector to create jobs; to build safe and cohesive communities so that no one lives in fear; and to promote the wellbeing of our residents through taking a life-course approach to the delivery of our social services. The 2023 Budget places emphasis on enabling the Province to become more energy resilient and by strengthening the Western Cape's energy generation capacity. Specific funding is set aside to prepare and implement these energy solutions, in partnership with our municipalities.

The Western Cape Government remains accountable, transparent and responsive and through this *Budget of Action* commits to responding to the key challenges facing the Province and delivering with urgency.

I would like to thank the Provincial Cabinet, Accounting Officers and the Western Cape finance team for their contributions, commitment and support. I wish to extend a sincere word of appreciation to the dedicated team in the Provincial Treasury for their diligence and hard work during the 2023 Budget process.



**MS M WENGER**

**MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES**

**DATE:** 14 March 2023



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## Acronyms

AAGR	Annual Average Growth Rate
ABT	Area-Based Teens
AFR	Asset Finance Reserve
ART	Antiretroviral Therapy
ASEZ	Atlantis Special Economic Zone
ATC	Adam Tas Corridor
BFI	Budget Facility for Infrastructure
BPO	Business Process Outsourcing
CASP	Comprehensive Agriculture Support Programme
CDU	Chronic Dispensing Unit
Ce-I	Centre for e-Innovation
CG	Conditional Grant
CKD	Central Karoo District
CNDC	Community Nutrition Distribution Centre
CoE	Compensation of Employees
COVID-19	Coronavirus Disease 2019
CPF	Community Policing Forum
CPI	Consumer Price Index
CWD	Cape Winelands District
CYCC	Child and Youth Care Centre
DCAS	Department of Cultural Affairs and Sport
DEA&DP	Department of Environmental Affairs and Development Planning
DEDAT	Department of Economic Development and Tourism
DLG	Department of Local Government
DoA	Department of Agriculture
DoI	Department of Infrastructure
DoM	Department of Mobility
DPoCS	Department of Police Oversight and Community Safety
DoHW	Department of Health and Wellness
DoTP	Department of the Premier
DSD	Department of Social Development
DRG	Diagnostic Related Groups

DWYPD	Department of Women, Youth and Persons with Disabilities
ECD	Early Childhood Development
EIA	Environmental Impact Assessment
EMP	Electricity Master Plan
EoDB	Ease of Doing Business
EPRE	Estimates of Provincial Revenue and Expenditure
EPWP	Expanded Public Works Programme
ERA	Equitable Resource Allocation
ERRP	Economic Reconstruction and Recovery Plan
FMCG	Financial Management Capability Grant
FS IDZ	Freeport Saldanha Industrial Development Zone
FTSF	Fiscal Transition Support Facility
G&S	Goods and Services
G4J	Growth for Jobs
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GDPR	Gross Domestic Product by Region
GH2	Green Hydrogen
GRB	Gender Responsive Budgeting
GRD	Garden Route District
GRPBMEA	Gender-responsive Planning, Budgeting, Monitoring, Evaluation and Auditing
GRPS	Global Risks Perception Survey
GTAC	Government Technical Advisory Committee
HIV/AIDS	Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome
HSDG	Human Settlements Development Grant
ICT	Information and Communication Technology
IDZ	Industrial Development Zone
IGR	Inter-governmental Relations
IPP	Independent Power Producer
ISD	Integrated Service Delivery
ISUPG	Informal Settlements Upgrading Partnership Grant
JDMA	Joint District and Metro Approach
LEAP	Law Enforcement Advancement Plan
LURITS	Learner Unit Record Information Tracking System

Mbps	Megabits per second
MER	Municipal Energy Resilience
MERO	Municipal Economic Review and Outlook
MOD	Mass Participation, Opportunity and Access, Development and Growth
MTBPC	Medium Term Budget Policy Committee
MTBPS	Medium Term Budget Policy Statement
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
MVL	Motor Vehicle Licence
NDP	National Development Plan
NEET	Not in employment, education or training
NGO	Non-Governmental Organisation
NHW	Neighbourhood Watch
NPI	Non-Profit Institution
NPO	Non-profit organisation
NSC	National senior certificate
OD	Overberg District
OECD	Organisation for Economic Co-operation and Development
OPMII	Overview of Provincial and Municipal Infrastructure Investment
OPRE	Overview of Provincial Revenue and Expenditure
PAY	Premier's Advancement of Youth
PES	Provincial Equitable Share
PFMA	Public Finance Management Act
PG MTEC	Provincial Government Medium Term Expenditure Committee
PoCA	Payments for Capital Assets
PPF	Project Preparation Facility
PPI	Producer Price Index
PPP	Public Private Partnership
PRF	Provincial Revenue Fund
PSDF	Provincial Spatial Development Framework
PSP	Provincial Strategic Plan
PT	Provincial Treasury
RAF	Road Accident Fund
RSEP	Regional Socio-Economic Project

SAPS	South African Police Service
SASSA	South African Social Security Agency
SCM	Supply Chain Management
SDI	Service Delivery Index
SETA	Skills Education Training Authorities
SEZ	Specific Economic Zone
SMMEs	Small, Medium, and Micro Enterprises
SoNA	State of the Nation Address
SoPA	State of the Province Address
Stats SA	Statistics South Africa
T&S	Transfers and Subsidies
TB	Tuberculosis
U-AMP	User Asset Management Plan
U.K.	United Kingdom
UPFS	Uniform Patient Fees Schedule
U.S.	United States
VIP	Vision Inspired Priority
VPU	Violence Prevention Unit
WB	World Bank
WCD	West Coast District
WCED	Western Cape Education Department
WCG	Western Cape Government
WCGRB	Western Cape Gambling and Racing Board
WCIF	Western Cape Infrastructure Framework
WCLA	Western Cape Liquor Authority
WEF	World Economic Forum
Wesgro	Western Cape Tourism, Trade and Investment Promotion Agency
WOSA	Whole of Society Approach

# 1

## Summary

### In brief

- The 2023 Western Cape Budget takes forward the Provincial priorities of Growth for Jobs, Safety and Wellbeing. It focuses on making the Province energy resilient.
- The economy is recovering. In the third quarter of 2022, the Western Cape economy was estimated to be 1.3 per cent larger than in the first quarter of 2020 prior to the hard pandemic-related lockdown. Short-term indicators such as employment (up by 14.7 per cent year-on-year), building plans passed (up by 21.4 per cent year-on-year) and tourism arrivals (up by 322 per cent year-on-year) bode well.
- Total Provincial receipts for 2023/24 are projected to be R76.981 billion, of which R58.886 billion is received from the provincial equitable share, R14.474 billion from conditional grants, and R3.622 billion from Provincial own receipts.
- Total Provincial expenditure for 2023/24, inclusive of direct charges, is projected to be R80.371 billion, of which R59.642 billion is for current payments, R13.492 billion for transfers and subsidies, R7.179 billion for payments for capital assets and R5.823 million for payments for financial assets. To meet the deficit between receipts and spending in 2023/24, R4.677 billion will be drawn down from accumulated reserves for infrastructure and non-recurring spending items. The total infrastructure investment over the 2023 MTEF amounts to R32.573 billion, which crosses over into R10 billion per financial year for the first time.
- The three largest expenditures by functional area in 2023/24 are education (R29.548 billion), health (R28.805 billion), and infrastructure and economic affairs (R11.7 billion). To keep up with rapid population growth, since Budget 2022, an additional R350 million has been added to the education infrastructure budget for accelerated infrastructure delivery. In 2022/23, this programme delivered 721 new classrooms to date with an additional 84 classrooms on track to be delivered by 31 March 2023, including 4 new schools that have been completed and 2 schools that are in progress.
- The 2023 Budget sets aside R1.1 billion over the next three years to build energy resilience, with R589.475 million of this already allocated. The 6 pillars of the Province's plan to reduce its reliance on Eskom are: immediate loadshedding relief, long-term energy planning, demand-side management, new energy generation, grid development and attracting private sector investment in energy.

### Introduction

The 2023 Western Cape Budget supports the ongoing economic recovery by prioritising Growth for Jobs, Safety and Wellbeing. R1.1 billion has been set aside to build energy resilience in the Province. This includes R598.475 million that has been allocated over the 2023 MTEF to fight loadshedding and help build a more energy secure Province, while R501.525 million is set aside to fund the remaining projects in the energy pipeline as they achieve implementation readiness. This budget approach will allow the



WCG the requisite agility and flexibility to respond with urgency to the energy crisis as it unfolds.

Over the 2023 MTEF, an additional R709.145 million is allocated to enable faster economic growth to create and sustain jobs, an additional R396.096 million is allocated to ensure safer communities, and an additional R966.853 million is allocated to ensure the wellbeing of residents in the Western Cape.

## Overview

### Growth for Jobs

The World Bank estimates that **global economic growth** will slow down partly due to the tightening of monetary policy and Russia's invasion of Ukraine; high levels of inflation, and financial stresses; and higher commodity prices and supply-chain disruptions.

The largest current stumbling block to the **South African economy** is the prospect of continued power supply shortages accompanied by above inflation electricity price increases.

Inflation in South Africa has eased since July 2022. In January 2022, South Africa's inflation rate (6.9 per cent) dipped below the repo rate for the first month since March 2021. In January 2023, the repo rate was 7.25 per cent, a full 375 basis points higher than in October 2021.

In the fourth quarter of 2022, the number of people employed increased by 169 089 or 1.1 per cent from the previous quarter. 167 000 jobs were created in the Western Cape alone. However, employment levels in South Africa are still 448 062 or 2.7 per cent lower than the first quarter of 2020.

The economic outlook for South Africa in 2023 and 2024 remains subdued with growth forecasts of 0.6 per cent in 2022 and 1.6 per cent in 2023.

In the same quarter, South Africa's narrow unemployment rate decreased to 32.7 per cent, 0.2 percentage points lower than the previous quarter, but 2.6 percentage points higher than the pre-pandemic level, while the youth unemployment rate was 45.3 per cent or 2.2 percentage points higher than pre-pandemic levels.

The **Western Cape economy** is estimated to have fully recovered from the recession that commenced in the second quarter of 2020. Although the recovery does not account for potential growth lost over the same period. In the third quarter of 2022, the Western Cape economy was estimated to be 1.3 per cent larger than in the first quarter of 2020 (pre-pandemic).

*Continued power supply shortages is a major stumbling block to the South African economy*

*The economic outlook remains subdued in 2023 and 2024*

In 2022, the Western Cape (21.4 per cent) had a significantly higher growth in the value of building plans passed than Gauteng (0.6 per cent), KwaZulu-Natal (2.0 per cent) and South Africa (7.1 per cent). The growth in building plans bodes well for the Western Cape construction sector prospects, relatively to other provinces in 2023. Between 2017 and 2022, the Western Cape (21.5 per cent) also had considerably higher growth in the value of buildings completed compared to Gauteng (-29.8 per cent), KwaZulu-Natal (-27.0 per cent) and South Africa (-8.5 per cent).

The Western Cape economy is expected to expand by 0.4 per cent in 2023 and moderately by 1.9 per cent in 2024.

The Western Cape surpassed pre-pandemic employment levels thanks to an exceptional fourth quarter of employment growth when the Province created 74.9 per cent of all gross additional employment opportunities in South Africa and 99 per cent of all net contribution.

*The Western Cape created 74.9 per cent of additional employment opportunities*

In the same quarter, the Western Cape's narrow unemployment rate was 22.5 per cent or 1.6 percentage points higher than pre-pandemic levels. In line with the South African labour market, the African population (33.0 per cent), Lower than Secondary education (32.9 per cent) and youth cohorts (32.9 per cent) were the most vulnerable to unemployment.

### The Western Cape Energy Plan

Eskom has warned that the risk of loadshedding may persist for several years to come, whilst the estimated cost of loadshedding to the Western Cape economy remains significant. By 2021, the Western Cape is estimated to have lost between R48.6 to R61.2 billion in real GDP since loadshedding commenced in late 2007. As a result, the Western Cape economy lost on average 0.84 percentage points in GDP growth per year or 9.8 per cent over the 13-year period. The real GDP lost in 2022 was estimated at R8.2 billion (DEDAT, 2022).

In 2022, the volume of electricity delivered to the Western Cape through Eskom was lower than any year between 2008 and 2021.



The volume of electricity delivered to the Western Cape in 2022 was significantly lower than in 2008 (-17.0 per cent), but also lower than in 2020 (-5.1 per cent) and 2021 (-3.0 per cent).

In 2022, South Africa experienced its worst bout of loadshedding yet, with power cuts occurring for more than 200 days in 2022. The South African Reserve Bank expects that electricity will be rationed for 250 days in 2023 and will shave 2 percentage points off output growth. Provided for a similar impact (2 percentage points) on the Western Cape economy, the cost of loadshedding on the Provincial economy is estimated to be R12.8 billion in 2023

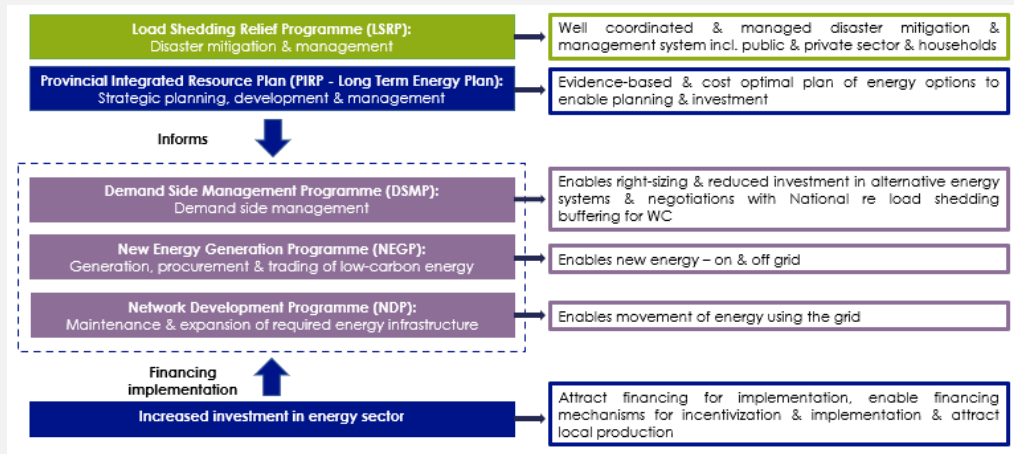
### Western Cape Government Response

Given the extent of the energy crisis, the Western Cape Government established an Energy Resilience Programme that aims to reduce the impacts of loadshedding on businesses and citizens in the Western Cape and to facilitate a lower level of reliance on Eskom in the Province. The programme serves to implement the 'energy resilience and transition to net zero carbon' priority focus area of the Growth for Jobs Strategy which includes taking a Whole of Government and Whole of Society approach to ensure faster delivery and delivery at a greater scale. Over the 2023 MTEF, R1.1 billion has been set aside to give effect to this energy resilience programme in the province over the short, medium, and long term. This includes R598.475 million that has been allocated to support the implementation of a series of shovel-ready strategic interventions within the energy pipeline.



These interventions cut across the areas of loadshedding impact reduction; green economy ecosystem support; project preparation support; grid generation and financing planning; capacity to implement; and the implementation of a range of operational projects. Of the R1.1 billion provided over 2023 MTEF, R501.525 million is set aside to fund the remaining projects in the energy pipeline as they achieve implementation readiness. This budget approach will allow the WCG the requisite agility and flexibility to respond with urgency to the energy crisis as it unfolds.

The approach to the Energy Resilience programme is depicted in the diagram below.



The plan has six pillars:

1. **Immediate loadshedding relief including disaster mitigation.** This includes planning for energy-related disasters and reducing risks. An amount of R89 million has already been allocated to municipalities to buy generators to ensure that water supply is not affected by loadshedding.
2. **Long-term energy planning.** The Province aims to reduce its reliance on Eskom by creating a evidence-based and cost effective set of energy options through a Provincial Integrated Resource Plan.
3. **Demand-side management.** Reducing the demand for electricity through smart meters, technology and incentives will reduce the need for loadshedding.

4. **New energy generation.** Enabling new on and off grid energy capacity, either at local municipal level or through a pooled structure
5. **Network development plan.** Improving grid capacity where possible.
6. **Attracting increased investment in energy.** Attracting private sector investment and blended finance to incentivise local investment in energy.

#### Communication on progress

The Premier's Energy Council has been established to identify and action solutions to the energy crisis. This includes directing and overseeing the implementation of the Western Cape Government's urgent action to relieve both the immediate impacts of loadshedding and its medium to long term energy strategy. The outcome of the Energy Council discussions will also inform the Premier's Energy Digicons that will ensure that consistent, consulted and the most up to date information on Energy is effectively and regularly communicated to citizens, communities, and business.

Source: Quantec, DailyInvestor.com, DEDAT, StatsSA, Own Calculations

## Safety

In the third quarter of 2022, 2 157 sexual offences were reported in the Western Cape, an increase of 248 offences from the third quarter of 2021, while 1 198 murders were reported in the Western Cape, an increase of 13.4 per cent from the same quarter a year ago. In the third quarter of 2022/23, robbery at residential premises decreased by 16.8 per cent to 588 reported cases.

### WCG Hotspot Strategy and the Law Enforcement Advancement Plan (LEAP) programme

The WCG approach to implementing the Safety Priority includes three dimensions, namely, law enforcement, violence prevention, and urban design - to minimise the opportunity for crime by creating safer environments.

To give effect to the law enforcement component of the Safety Priority, the WCG will invest R1.050 billion over the MTEF into the LEAP. This investment into safety will enable the continuation of the "boots on the ground" plan to increase law enforcement capacity in areas that have been identified as crime hotspot areas. Over 1 200 LEAP officers have been deployed since 2021 to bolster crime reduction efforts in the Province.

18<sup>1</sup> hotspot areas have been identified across the Province (11 in the City of Cape Town metropolitan area and 5 in the other districts). These include the top murder precinct areas in the Province and the country such as Mfuleni, Delft and Nyanga. The integrated Safety Priority cluster, which is comprised by various departmental stakeholders had developed the 'evidence' workstream, which aims to take "real-time" data on crime and murder and funnel that information to law enforcement, including LEAP, to help make deployment decisions. This crime dashboard based on the DOHW Hectis System is envisaged to ensure that law enforcement deployment is evidence-led and agile in its response to crime and murder 'flare-ups,' especially in the hotspot areas.

Violence prevention is also a central component of the WCG safety strategy. The implementation of the Violence Prevention Unit (VPU), led by the Department of Health and Wellness, coordinates safety stakeholders in the Province who are providing violence prevention services and diversion programmes. Building on from the area-based teams (ABT) approach, the VPU will ensure that impactful violence prevention interventions are delivered through the geographical hotspot approach to ensure the delivery of services in high crime communities.

<sup>1</sup> Bishop Lavis, Gugulethu, Mitchells Plain, Samora Machel, Nyanga, Hanover Park, Kraaifontein, Atlantis, Delft, Mfuleni, Harare, Philippi East, Khayelitsha, Beaufort West, Swartland, Overstrand, Witzenberg, George

## Wellbeing

*Inequality remains persistent in South Africa and the Western Cape*

Inequality in South Africa and the Western Cape remains persistent. Between 2017 and 2021, income inequality, measured by the Gini coefficient, decreased marginally for both South Africa and the Western Cape by 0.004 points each. In 2021, the estimated inequality of South Africa (0.68) was higher than KwaZulu-Natal (0.67), Gauteng (0.63) and the Western Cape (0.60).

*The Western Cape increased the matric pass rate by achieving an 81.4 per cent matric pass rate in 2022*

In 2022, the Western Cape has managed to increase its National Senior Certificate (NSC) matric pass rate even further to pre-pandemic levels, achieving an 81.4 per cent pass rate in 2022. This is a slight improvement of 0.2 percentage points from the 2021 results. Learning losses arising from pandemic-related disruptions to schooling continue to pose a significant challenge, particularly in reading and mathematics.

Between 2015 and 2019, the Western Cape's medical uninsured population increased by 371 162 people or 7.3 per cent to 5.484 million, while the medical insured population declined by 159 689 people or 10.3 per cent to 1.391 million people. As a result, the portion of the population with medical insurance declined by 4.0 percentage points to 20.2 per cent in 2019.

## Fiscal Strategy

Unrelenting power supply shortages that saw 200 days of loadshedding in 2022 are set to continue over the 2023 MTEF as Eskom overhauls its electricity generation fleet over the next few years. Power outages accompanied by above inflation electricity price increases are decisive constraints on South Africa's growth potential.

*National government aims to achieve stability by narrowing the budget deficit and stabilising debt*

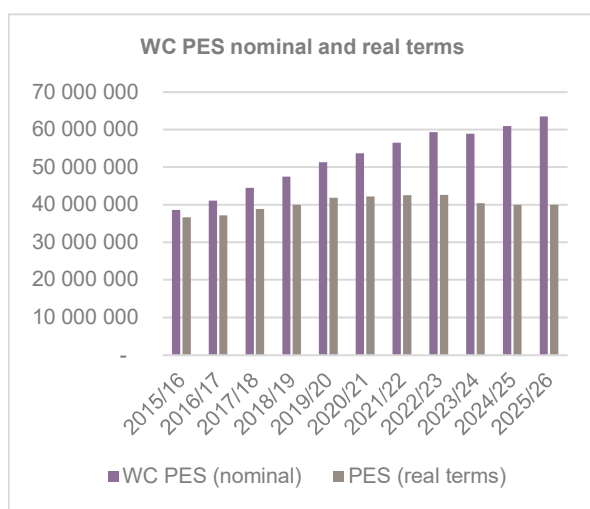
The national government's fiscal strategy over the 2023 MTEF aims to achieve fiscal sustainability, support economic growth, and reduce fiscal and economic risks. National government aims to achieve sustainability by narrowing the budget deficit and stabilising debt over the medium to long term. Economic growth will be supported by directing resources towards infrastructure and other policy priorities. The approach to reducing the fiscal and economic risks includes building fiscal contingency reserves for future shocks, providing targeted conditional in-year support to key public entities, and providing debt relief to Eskom.



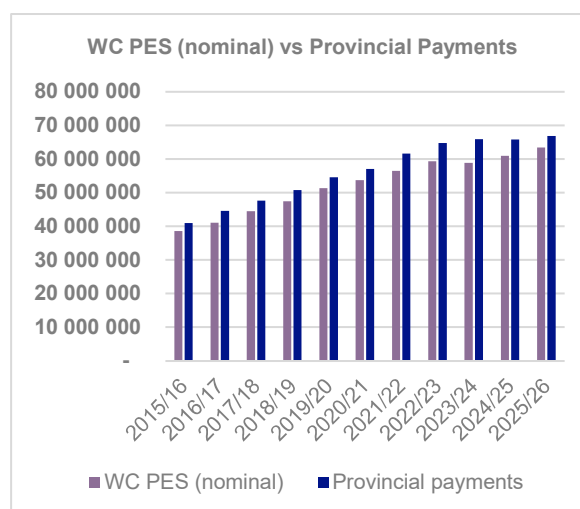
National government's path of fiscal consolidation toward debt stability by 2025/26 translates into effectively less resources for core social services such as education, health, and social services. Over the 2023 MTEF, the Western Cape Government's formula-driven PES allocation is reduced by R1.919 billion. This is due to the phasing in of the risk-adjusted health component since 1 April 2022 and data updates, particularly for health usage and education enrolment data.

*The PES allocation to WCG is reduced by R1.919 billion over the 2023 MTEF*

**Figure 1.1 Total Provincial Equitable Share (PES) in real terms, 2015/16 to 2025/26**



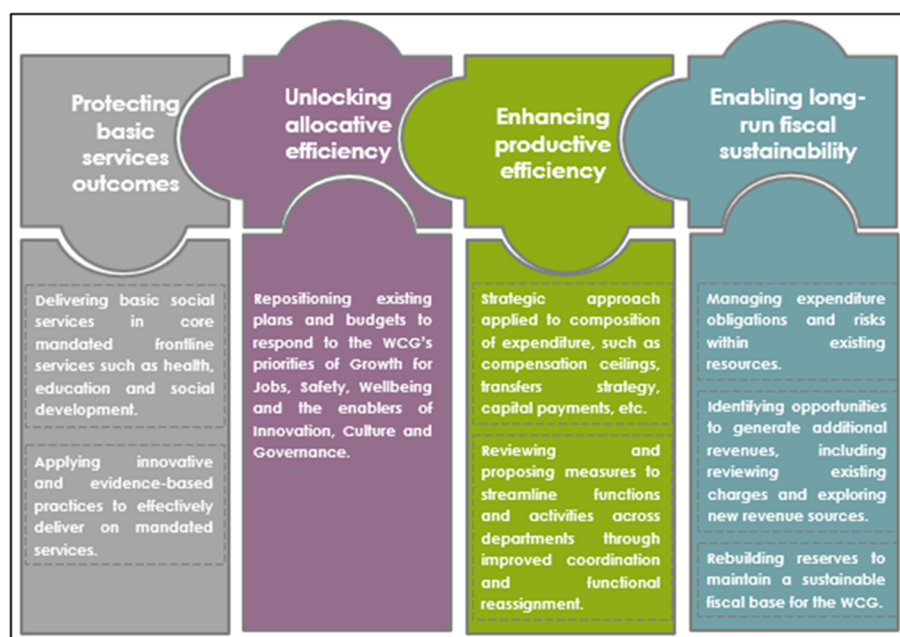
**Figure 1.2 Total Provincial Equitable Share (PES) vs provincial payments (spending), 2015/16 to 2025/26**



In response to this shrinking Provincial resource envelope, the Provincial fiscal strategy will continue to be guided by the WCG's budget policy principles. This approach seeks to maximise resources and improve the impact of services through the strategic allocation of funds, and non-fiscal interventions. The Provincial fiscal strategy over the 2023 MTEF focuses on the transversal commitments that are essential to drive effective delivery towards achieving the four key principles of: protecting basic services outcomes, unlocking allocative efficiency, enhancing productive efficiency, and enabling long-run fiscal sustainability.

*The budget policy principles have guided decision-making*

In this regard, the principle of protecting basic services outcomes is given effect to by the allocation of resources toward immediate or impending budget policy and service delivery risks that may limit our ability to deliver on our core basic services mandates, such as healthcare, basic education, community development and social development.

**Figure 1.3 Western Cape Government budget policy principles**

The principle of unlocking allocative efficiency was given effect through budget reprioritisation and trade-offs between programmes with the aim of maximising the outcomes and impact of spending in relation to provincial strategic priorities. Hence over the 2023 MTEF specific budget policy priorities and strategic interventions have been identified and funded.

The principle of enhancing productive efficiency was given effect by re-evaluating the mix of inputs across major expenditure items such as Compensation of Employees (CoE), transfer payments, goods and services, and infrastructure investment and renewal. To further enhance productive efficiency, difficult choices on reprioritisation, effecting hard stops on programmes that do not demonstrate impact, and identifying areas that can be downscaled, were required. The various levers utilised to give effect to this principle include the CoE strategy, the management of transfers to municipalities and public entities and the WC infrastructure strategy. Key enablers for enhancing productive efficiency include supply chain management and procurement planning; financial systems; and expenditure reviews.

*Rebuilding and managing reserves to maintain a sustainable fiscal base*

The principle of enabling long-run sustainability will be given effect by the rebuilding and management of reserves to ensure that the WCG is able to maintain a fiscal base, enabling preparedness to respond to disasters and unforeseen spending pressures.

## Budget Policy Priorities and Spending Plans

The spending plans for the 2023 Medium Term Expenditure Framework (MTEF) is guided by the 2022 Medium Term Budget Policy Statement (MTBPS), which sets out the Western Cape Government's pathway from recovery to growth and the Province's policy priorities of Growth for Jobs, Safety, Wellbeing, and the enablers of Innovation, Culture, and Governance.

*The 2022 MTBPS guided the spending plans for the 2023 MTEF*

Based on an assessment of the global, national, and Provincial risks, the WCG Departmental plans and budgets have been strategically prepared to:

- Protect vulnerable households by securing their access to basic goods and services,
- Build economic and social resilience; and
- Proactively secure a pathway to low-carbon, job-rich economic growth.

Key spending allocations to the four budget policy priorities are highlighted below:

### Growth for Jobs

- *Energy*: improving energy security through diversifying the regional energy mix and improving energy resilience, reducing the impact of loadshedding on the Province, implementing initiatives that support the green economy, and building water resilience.
- *Ease of doing business (EoDB)*: Addressing inefficiencies at the Port of Cape Town, implementing the Municipal EoDB Planning and Building Permit Reform (PBPR) Programme, and improving efficiencies in Environmental Impact Assessments (EIAs).
- *Attracting investment into the Western Cape* with an emphasis on the Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro), the Freeport Saldanha Bay Industrial Development Zone (SBIDZ), and the Atlantis Special Economic Zone (ASEZ).
- *Work opportunities and skills*: Provision for internships and skills programmes, and continuation of the Presidential Employment Initiative and the Expanded Public Works Programme (EPWP).
- *Infrastructure*: Construction and maintenance of public, transport, and municipal infrastructure, including dams, roads, classrooms, clinics, and other facilities. Implementing the Accelerated Infrastructure Delivery programme and the Face of Government priority.

*Improving energy security in the Western Cape*

*Constructing and maintaining infrastructure*

- *Mobility*: Creating a spatially transformed Province through access to mobility, with an emphasis on minibus taxi regulation and the George Integrated Public Transport Network (GIPTN).
- *Disaster management*: Improving the systems and technology required for anticipatory disaster risk management to proactively mitigate disaster risks.

### **Safety**

- *LEAP*: Continuation of the Law Enforcement Advancement Plan (LEAP) programme through the establishment of physical deployment facilities in key hotspot areas.
- *Violence Prevention Unit (VPU)*: Establishment of the VPU to inform interventions and violence prevention strategies, particularly in hotspot areas as part of the Provincial Safety Plan.
- *Expansion of the Chrysalis Academy* for the provision of skills and work opportunities for vulnerable youth.
- *Victim Support programmes* which deliver psychosocial support services to victims of gender-based violence (GBV).

### **Wellbeing**

- *Mental health services*: Strengthening mental health services to increased demand for mental health support.
- *Childcare and protection services*: Maintaining the child protection system, including Child and Youth Care Centres (CYCCs).
- *Food relief*: Providing meals through food distribution centres and community nutrition distribution centres and implementing the National School Nutrition Programme (NSNP).
- *Youth Development*: Maintaining after-school programmes and providing youth with a first work experience.

### **Innovation, Culture, and Governance**

- *Participatory governance*: Improving access to government services and information and strengthening public participation.
- *Broadband 2.0*: Ensuring that all citizens in the metro and rural areas of the Province have internet coverage.
- *Cybersecurity*: protecting tangible and intangible information assets of the WCG and its stakeholders.

*Targeted hotspot approach to violence prevention*

*Strengthening mental health services*

*Providing food relief through distribution centres*

## Overall fiscal framework

Total Provincial receipts for 2023/24 are projected to be R76.981 billion, of which R58.886 billion is received from the provincial equitable share, R14.474 billion from conditional grants, and R3.622 billion from Provincial own receipts.

Total provincial expenditure for 2023/24, inclusive of direct charges, is projected to be R80.371 billion, of which R59.642 billion is for current payments, R13.492 billion for transfers and subsidies, R7.179 billion for payments for capital assets and R5.823 million for payments for financial assets. To meet the deficit between receipts and spending in 2023/24, R4.677 billion will be drawn down from accumulated reserves.

The total CoE budget amounts to R41.305 billion and constitutes 51.4 per cent of the 2023/24 Budget, lower than the previous financial year. This is a result of the continued implementation of the imposition of compensation ceilings and headcount limits in each department as part of the Western Cape CoE Strategy.

*Provincial expenditure is projected at R80.371 billion in 2023/24*

**Table 1.1 Overall fiscal framework**

R'000	Outcome						Medium-term estimate			
	Actual 2019/20	Actual 2020/21	Actual 2021/22	Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	% Change from Revised estimate 2023/24	2022/23	2024/25	2025/26
<b>Provincial receipts</b>										
Transfer receipts from national	64 326 768	67 033 851	69 982 048	72 383 121	73 522 688	73 522 688	<b>73 360 261</b>	( 0.22)	75 328 727	78 526 957
Equitable share	51 290 593	53 677 100	56 467 404	58 367 447	59 322 184	59 322 184	<b>58 886 129</b>	( 0.74)	60 920 492	63 448 030
Conditional grants	13 036 175	13 356 751	13 514 644	14 015 674	14 200 504	14 200 504	<b>14 474 132</b>	1.93	14 408 235	15 078 927
Provincial own receipts	3 605 178	3 120 191	3 482 281	2 974 022	3 083 885	3 161 642	<b>3 621 649</b>	14.55	3 784 392	3 954 240
Provincial Revenue Fund (Tax Receipts)	706 186	495 605	800 183	522 548	522 548	522 548	<b>991 833</b>	89.81	1 036 862	1 083 879
Motor Vehicle Licences (Tax receipts)	1 804 408	1 875 326	1 896 631	1 861 914	1 957 815	1 957 815	<b>2 029 018</b>	3.64	2 120 206	2 215 288
Provincial own receipts (Vote specific)	1 094 584	749 260	785 467	589 560	603 522	681 279	<b>600 798</b>	( 11.81)	627 324	655 073
<b>Total provincial receipts</b>	<b>67 931 946</b>	<b>70 154 042</b>	<b>73 464 329</b>	<b>75 357 143</b>	<b>76 606 573</b>	<b>76 684 330</b>	<b>76 981 910</b>	0.39	79 113 119	82 481 196
<b>Provincial payments and provisions</b>										
Provincial payments	67 533 817	70 325 393	73 265 645	77 332 803	78 027 751	78 014 726	<b>80 319 276</b>	2.95	80 125 199	81 872 267
Current payments	50 985 751	53 384 982	56 433 586	58 856 283	58 880 839	58 877 460	<b>59 642 262</b>	1.30	60 470 686	61 771 200
Transfers and subsidies	11 074 329	12 623 741	12 104 936	12 760 542	12 941 080	12 912 275	<b>13 492 204</b>	4.49	13 009 045	13 883 925
Payments for capital assets	5 459 751	4 301 709	4 708 322	5 710 425	6 198 287	6 207 833	<b>7 178 987</b>	15.64	6 639 329	6 210 721
Payments for financial assets	13 986	14 961	18 802	5 553	7 545	17 158	<b>5 823</b>	( 66.06)	6 139	6 421
Provincial provisions	42 737	47 104	38 914	1 563 302	1 448 934	1 448 934	<b>1 339 864</b>	( 7.53)	1 245 576	1 335 060
Direct charge	42 737	47 104	38 914	50 301	50 301	50 301	<b>52 564</b>	4.50	54 925	57 386
Unforeseen and unavoidable				430 998	342 183	342 183	<b>550 649</b>	60.92	500 000	600 000
Wage agreement: Cash Gratuity (PES Reserve)				823 680	823 680	823 680		( 100.00)		
Stabilisation reserve							<b>408 344</b>		467 101	504 067
COVID Response Reserve				200 000	200 000	200 000		( 100.00)		
Acquisition of Property Reserve				58 323	32 770	32 770	<b>60 947</b>	85.98	63 684	99 307
Energy Reserve							<b>267 360</b>		159 867	74 298
<b>Total provincial payments and provisions</b>	<b>67 576 554</b>	<b>70 372 497</b>	<b>73 304 559</b>	<b>78 896 105</b>	<b>79 476 685</b>	<b>79 463 660</b>	<b>81 659 140</b>	2.76	81 370 775	83 207 327
<b>Surplus (Deficit) (before financing)</b>	<b>355 392</b>	<b>( 218 455)</b>	<b>159 770</b>	<b>( 3 538 962)</b>	<b>( 2 870 112)</b>	<b>( 2 779 330)</b>	<b>( 4 677 230)</b>	68.29	<b>( 2 257 657 )</b>	<b>( 726 130 )</b>
<b>Financing</b>	<b>1 924 734</b>	<b>2 336 955</b>	<b>2 982 616</b>	<b>3 538 962</b>	<b>3 919 964</b>	<b>3 919 964</b>	<b>4 677 230</b>	19.32	<b>2 257 657</b>	<b>726 130</b>
Asset Finance Reserve	935 339	674 730	432 211	1 198 942	1 233 687	1 233 687	<b>1 106 477</b>	( 10.31)	784 205	359 363
Provincial Revenue Fund	989 395	1 662 225	2 550 405	2 340 020	2 686 277	2 686 277	<b>3 570 753</b>	32.93	1 473 452	366 768
<b>Nett Surplus/Deficit (after financing)</b>	<b>2 280 126</b>	<b>2 118 500</b>	<b>3 142 386</b>	<b>-</b>	<b>1 049 852</b>	<b>1 140 634</b>	<b>-</b>	<b>( 100.00)</b>	<b>-</b>	<b>-</b>
Provincial Revenue Fund (Tax receipts) includes:										
Casino taxes	566 340	243 070	405 279	373 330	373 330	373 330	<b>499 652</b>	33.84	463 210	463 618
Horse racing taxes	98 631	212 822	350 870	110 198	110 198	110 198	<b>443 088</b>	302.08	522 345	566 645
Liquor licence fees	41 215	39 713	44 034	39 020	39 020	39 020	<b>49 093</b>	25.81	51 307	53 616
<b>Total Provincial Revenue Fund (Tax receipts)</b>	<b>706 186</b>	<b>495 605</b>	<b>800 183</b>	<b>522 548</b>	<b>522 548</b>	<b>522 548</b>	<b>991 833</b>	89.81	1 036 862	1 083 879

The total infrastructure investment over the 2023 MTEF amounts to R32.573 billion, which crosses over into R10 billion per financial year for the first time. In 2023/24, the total infrastructure investment amounts to R11.582 billion, of which R6.997 billion is for existing infrastructure assets, R1.715 billion for new infrastructure, and R2.284 billion for infrastructure transfers. Maintenance of existing infrastructure remains a priority for the Province, as it ensures that the lifespan of provincial assets are prolonged and kept in a functional state. Details of the infrastructure investment over the medium term can be found in the 2023 Overview of Provincial and Municipal Infrastructure Investment.

*Over the 2023 MTEF, the total infrastructure investment amounts to R32.573 billion*

## Expenditure

### Expenditure by provincial department

The three largest expenditures by Vote are:

- The Western Cape Education Department, which receives R29.548 billion or 36.8 per cent of total Provincial expenditure;
- The Department of Health and Wellness, which receives R28.805 billion in 2023/24 or 35.9 per cent of total Provincial expenditure; and
- The Department of Infrastructure, which receives R9.887 billion or 12.3 per cent of total Provincial expenditure.

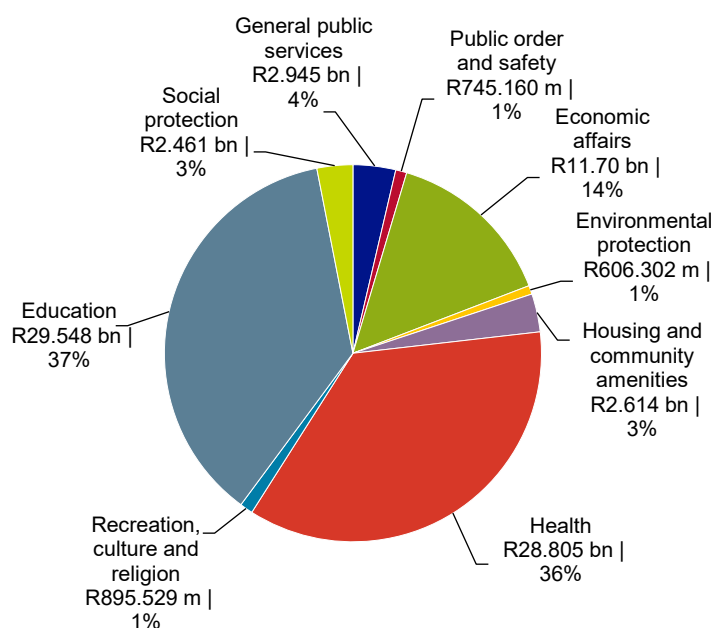
**Table 1.2 Expenditure by vote**

Vote R'000		Outcome			Main appro- priation  Adjusted appro- priation  Revised estimate			Medium-term estimate			
		Audited  2019/20	Audited  2020/21	Audited  2021/22				% Change from Revised estimate			
								2023/24	2022/23	2024/25	2025/26
1.	Department of the Premier	1 561 031	1 610 128	1 702 503	1 825 280	1 805 282	1 805 282	2 047 103	13.40	1 926 136	1 938 650
2.	Provincial Parliament	145 748	143 036	157 429	176 502	187 175	187 175	187 678	0.27	194 081	195 747
3.	Provincial Treasury	328 765	277 393	289 998	321 610	318 820	318 820	340 674	6.85	342 882	349 004
4.	Police Oversight and Community Safety	464 924	773 295	550 671	776 125	775 821	775 821	745 160	( 3.95)	762 399	754 765
5.	Education	23 794 241	24 446 409	25 752 180	28 032 601	28 165 916	28 165 916	29 548 366	4.91	28 948 263	29 490 782
6.	Health and Wellness	24 773 271	26 963 540	27 916 254	29 094 331	29 095 033	29 085 494	28 804 565	( 0.97)	29 373 481	30 356 606
7.	Social Development	2 084 054	2 240 875	2 309 364	2 285 335	2 365 076	2 365 076	2 460 812	4.05	2 503 237	2 601 685
8.	Mobility	2 559 931	2 834 624	3 095 111	2 769 268	3 007 652	3 007 652	2 953 180	( 1.81)	3 016 664	3 144 936
9.	Environmental Affairs and Development Planning	624 869	583 751	561 667	568 586	575 592	575 592	606 302	5.34	615 619	640 533
10.	Infrastructure	8 670 960	7 989 180	8 324 637	8 751 935	8 901 280	8 901 280	9 887 089	11.07	9 661 034	9 524 463
11.	Agriculture	928 920	917 856	892 787	969 218	992 695	992 695	960 165	( 3.28)	980 018	1 016 995
12.	Economic Development and Tourism	498 783	530 711	493 396	514 798	510 030	510 030	512 787	0.54	519 819	528 426
13.	Cultural Affairs and Sport	784 571	735 454	889 177	937 913	938 467	938 467	895 529	( 4.58)	908 735	944 028
14.	Local Government	313 749	279 141	330 471	309 301	388 912	385 426	369 866	( 4.04)	372 831	385 647
Total provincial payments and estimates by vote		67 533 817	70 325 393	73 265 645	77 332 803	78 027 751	78 014 726	80 319 276	2.95	80 125 199	81 872 267

### Expenditure by policy area

The WCG Provincial payments and estimates by policy area are presented in Figure 1.4. After health and education, economic affairs gets the third largest allocation (R11.7 billion, or 14 per cent). This is largely infrastructure spending.

**Figure 1.4 Provincial payments and estimates by policy area, 2023/24**



### Expenditure by economic classification

Expenditure by economic classification consists of current payments (R59.642 billion), transfers and subsidies (R13.492 billion), payments for capital assets (R7.179 billion), payments for financial assets (R5.823 million) and direct charges (R52.564 million).

*Head count ceilings will continue over the medium term, including the implementation of service delivery efficiencies*

- CoE**, which is the largest expenditure item, accounts for 51.4 per cent or R41.305 billion of the total budget in 2023/24. The CoE Strategy over the 2023 MTEF will include finding the balance between maintaining head count through head count ceilings, implementing service delivery efficiencies, and assessing the sustainability of departments' baselines and service delivery pressure regarding staffing needs.
- Goods and services** expenditure accounts for 22.8 per cent or R18.337 billion of the total budget in 2023/24. Key enablers to enhance productive efficiency include Supply Chain Management efficiencies that are enabled through

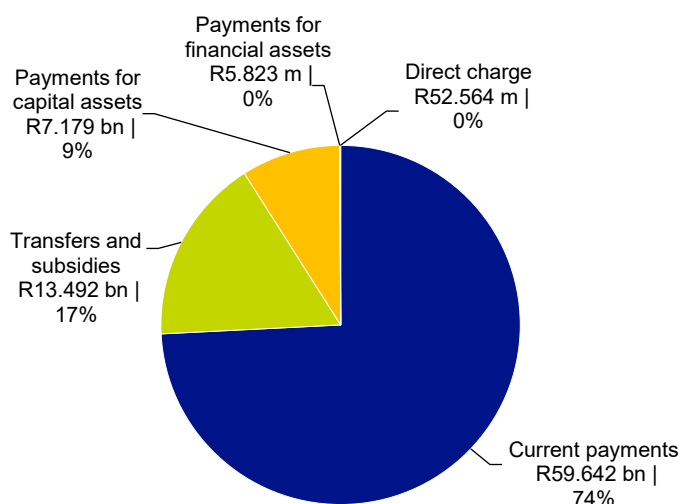


procurement planning, and expenditure reviews to achieve spending efficiencies in a fiscally constrained environment.

- Transfers and subsidies** account for 16.8 per cent or R13.492 billion of the total budget in 2023/24. The constrained fiscal environment emphasises how vital intergovernmental planning and budgeting is for all levels of government, while conditional grants form an important avenue to ensure the achievement of intergovernmental policy and priorities. The WCG makes a series of transfers to Provincial public entities that are aligned with Provincial mandates, while significant contributions are made to non-profit organisations that are partners in the delivery of services.
- Payment for capital assets** account for 8.9 per cent or R7.179 billion of the total budget in 2023/24, and primarily includes provision for infrastructure projects and the acquisition of machinery and equipment.

*Intergovernmental planning and budgeting is vital for all levels of government*

**Figure 1.5 Expenditure by economic classification, 2023/24**

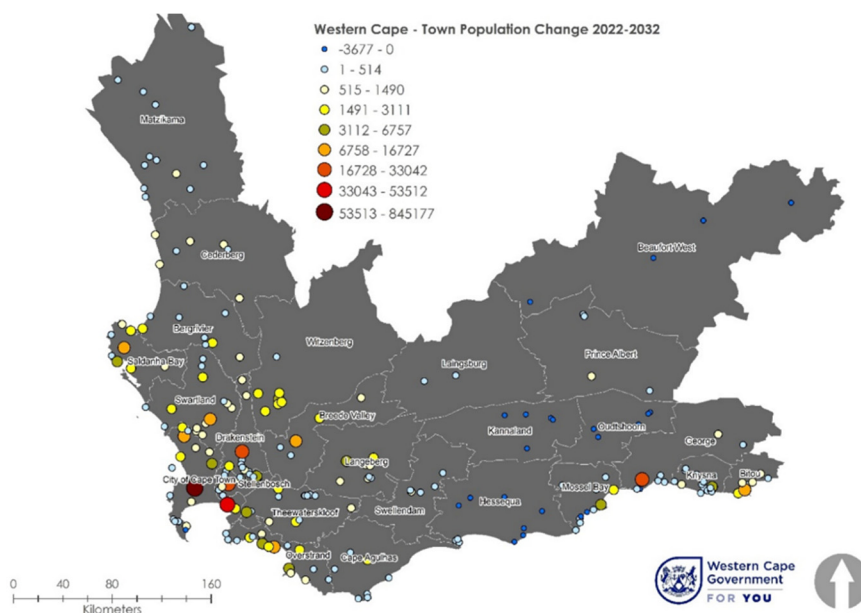


### Spatial distribution of provincial expenditure

Rapid population growth in the Western Cape arising from in-migration and urbanisation places significant pressure on service delivery demands across the Province. The spatial trend suggests that the Greater Cape Town area (incl. Stellenbosch, Paarl, Worcester and Malmesbury) and environs (incl. Saldanha and Hermanus), the George-Mossel Bay area, and Bitou, will experience major population growth associated with urbanization and inward migration. In contrast, the Central Karoo District and parts of the

Garden Route District (Incl. Kannaland, Oudtshoorn, and Hessequa) are expected to experience negative population growth.

**Figure 1.6 Western Cape spatial distribution of population trends, 2022 – 2032**



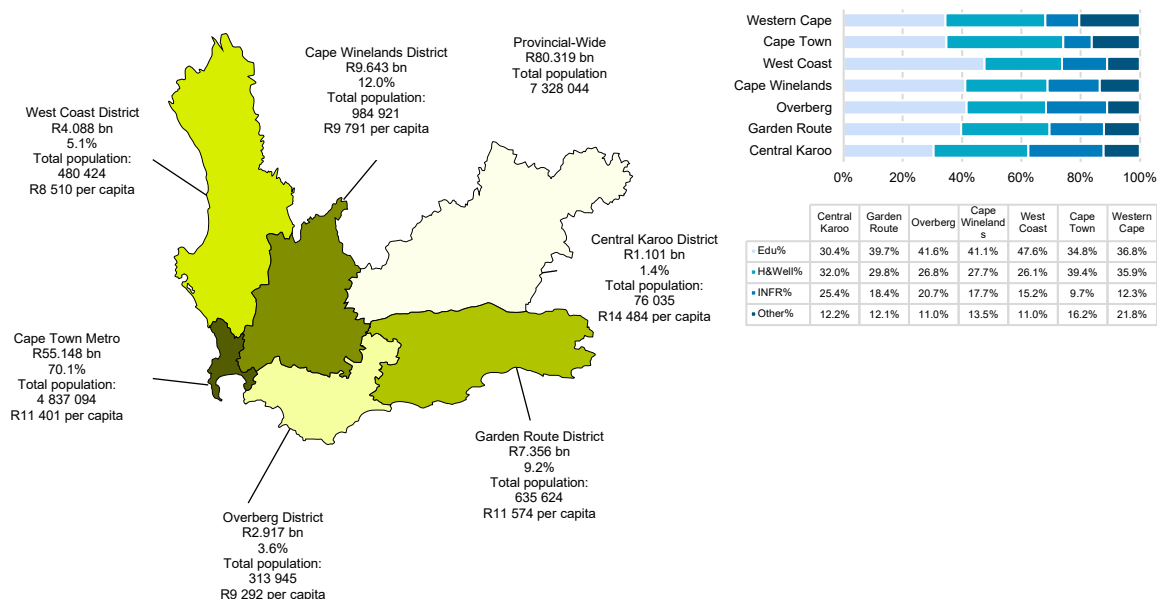
The spatial distribution of population growth and associated socio-economic pressures and challenges are significant determinates of the spatial incidence of the WCG expenditure and budgetary allocations. The outcome of which is depicted in Figure 1.7 below.

### Provincial payments and estimates by metro, district and local municipalities

*R55.148 billion will be spent in the Cape Town Metro in 2023/24*

In 2023/24, Provincial departments will collectively spend R80.319 billion in 2023/24 across the 30 municipalities in the Western Cape. The Provincial expenditure distribution in the Cape Town Metro and the 5 districts is as follows: Cape Town Metro (R55.148 billion or 68.7 per cent); Cape Winelands (R9.643 billion or 12.01 per cent); Garden Route (R7.356 billion or 9.16 per cent); West Coast (R4.088 billion or 5.09 per cent); Overberg (R2.917 billion or 3.63 per cent) and Central Karoo (R1.101 billion or 1.37 per cent).

**Figure 1.7 Spatial Distribution of the 2023/24 Provincial budget by district, total population, and % of sector allocation at district level (total per capita)**

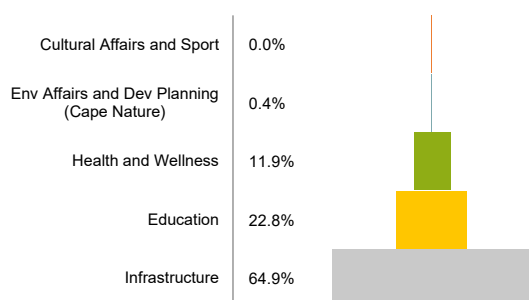


Source of population data used: WCG PPU, 2023. Provincial, district and local municipality population estimates by sex and age (2002-2037) based on StatsSA MYPE base year 2022 (Feb 2023)

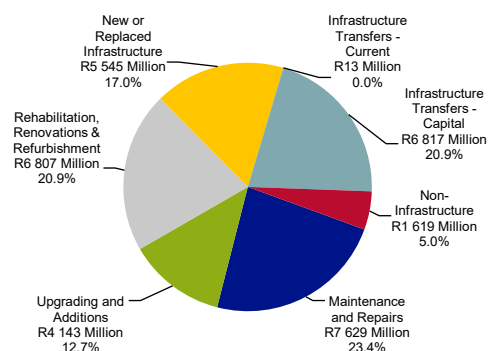
Disclaimer: Population data used is preliminary and may be subject to change pending Census 2022.

## Spatial Distribution of Provincial Infrastructure Budget Fact Sheet for the MTEF Period 2023/24 – 2025/26

**Figure 1.8 Departmental MTEF Infrastructure Budgets (% of MTEF Total)**

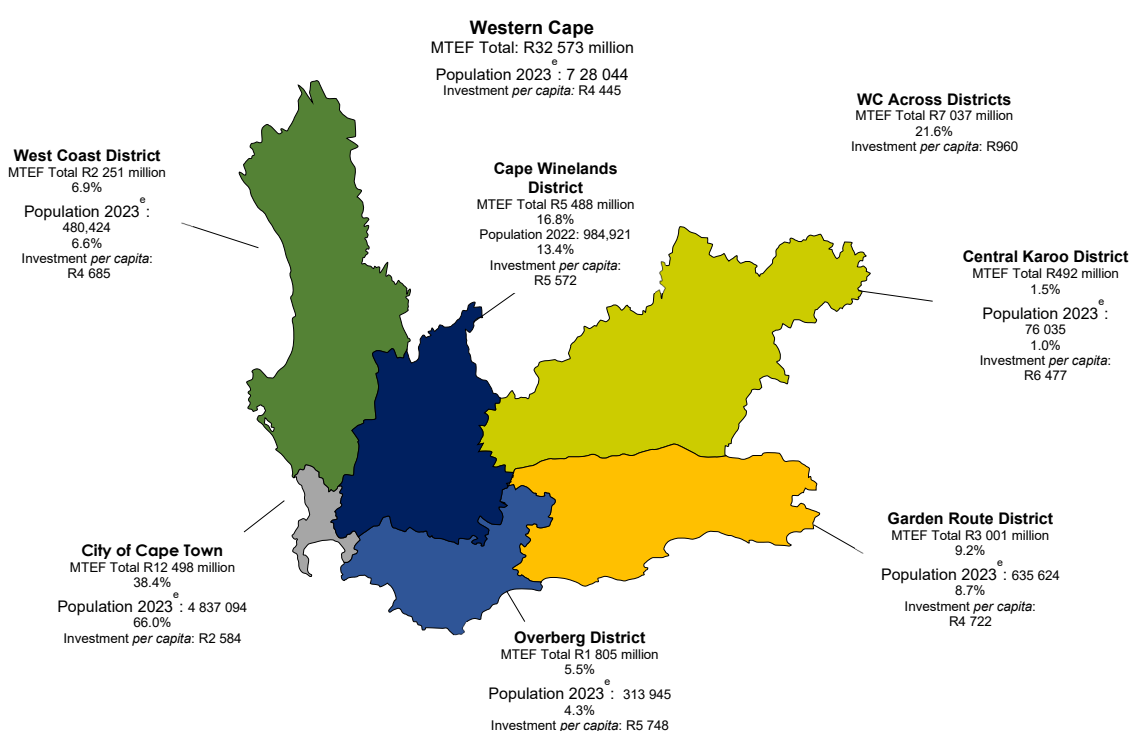


**Figure 1.9 Nature of Infrastructure Investment (% of MTEF Total)**



**Table 1.3 Total Departmental MTEF Infrastructure Budget and Number of Projects**

Department	No of Projects	2023/24 MTEF (R'000)	2024/25 MTEF (R'000)	2025/26 MTEF (R'000)	MTEF Total (R'000)
Infrastructure	423	7 302 344	7 019 430	6 813 648	21 135 422
Education	89	2 930 295	2 385 391	2 126 337	7 442 023
Health and Wellness	400	1 305 869	1 240 974	1 322 718	3 869 561
Environmental Affairs and Development Planning (Cape Nature)	14	41 802	40 186	41 986	123 974
Cultural Affairs and Sport	2	1 700	-	-	1 700
<b>Total</b>	<b>928</b>	<b>11 582 010</b>	<b>10 685 981</b>	<b>10 304 689</b>	<b>32 572 680</b>

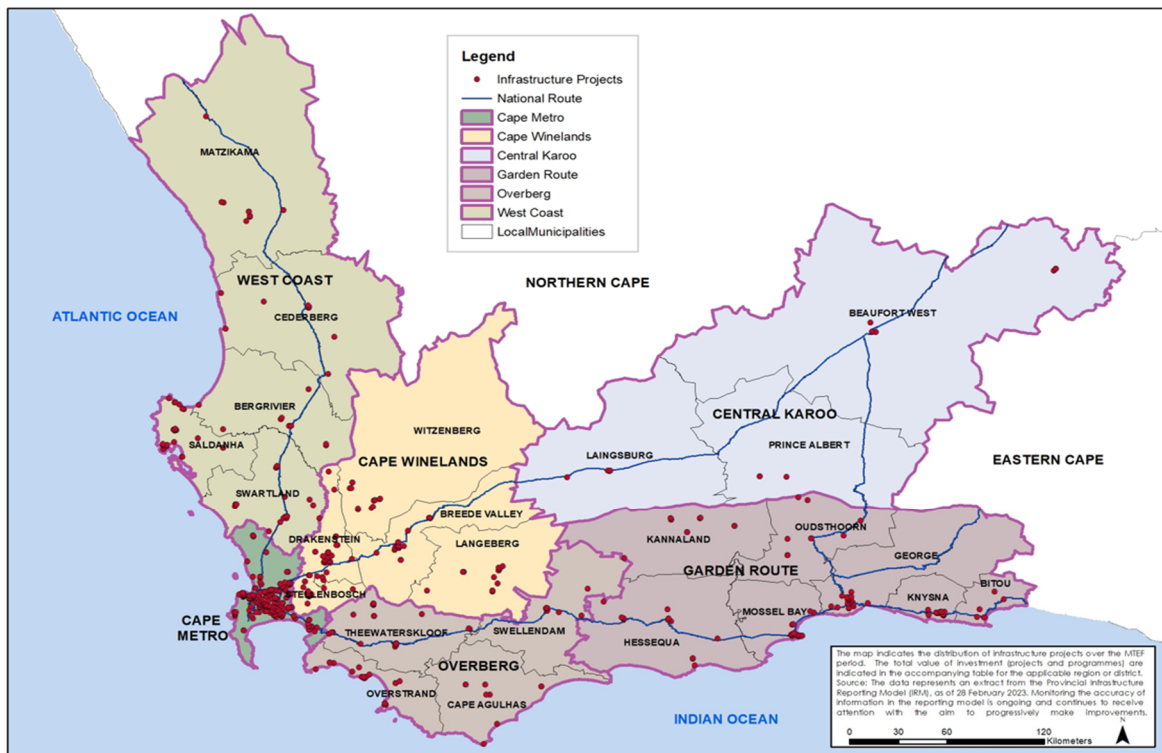
**Figure 1.10 Infrastructure Investment per District over the MTEF**

Source of population data used: WCG PPU, 2023. Provincial, district and local municipality population estimates by sex and age (2002 - 2037) based on StatsSA MYPE base year 2022 (Feb2023)

Disclaimer: Population data used is preliminary and may be subject to change pending Census 2022.

**Table 1.4 Top 10 Infrastructure Projects/Programmes in the Province**

Department	Project/Programme Name	Nature of Investment	Sector	MTEF Total (R'000)
Education	Preventative Maintenance EIG	Maintenance and Repairs	Education	1 570 735
Infrastructure	Maintenance - Cape Town	Maintenance and Repairs	Transport	1 027 726
Infrastructure	Scheduled Maintenance	Maintenance and Repairs	Public Works	615 182
Infrastructure	FLISP: Walk-Ins - Ph 10: 2022/2023: 3000 T/S	Infrastructure Transfers – Capital	Human Settlements	541 517
Education	Expansion Classrooms (ES)	Upgrading and Additions	Education	535 378
Infrastructure	C967 Malmesbury Bypass	New or Replaced Infrastructure	Transport	520 000
Infrastructure	Operational maintenance	Maintenance and Repairs	Public Works	462 989
Infrastructure	Maintenance - Cape Winelands	Maintenance and Repairs	Transport	450 892
Infrastructure	C1159 Extended R300 Freeway	New or Replaced Infrastructure	Transport	445 000
Health and Wellness	Maint - Day-to-day - 8.5 Central Hospitals	Maintenance and Repairs	Health	444 891

**Figure 1.11 Regional Distribution of Infrastructure Projects over the MTEF**

## Conclusion

The 2023 Western Cape Budget takes forward the Provincial priorities of Growth for Jobs, Safety and Wellbeing, while focusing on making the Province energy resilient. Tough policy and budget decisions were made through applying the budget policy principles of protecting basic services outcomes, unlocking allocative efficiency, enhancing productive efficiency, and enabling long-run fiscal sustainability.

Residual risks to fiscal sustainability over the 2023 MTEF include:

- The PES and conditional grants remain the most important and most volatile sources of revenue for the WCG, with both facing downward pressure that will constrain receipts over the MTEF. Active coordinated strategies for PES and individual conditional grant management will need to be strengthened to mitigate these risks.
- The WCG is still drawing from reserves to finance spending and thus running a deficit, that decreases over the 2023 MTEF;
- Alternative financing for infrastructure is critical by year three of the 2023 MTEF; and
- Focused management of compensation, headcount, and productivity is required.

# 2

## Economic context

### In brief

- Tighter monetary policy, high levels of inflation, and financial stress all place the global economy at risk of recession. The global economy is expected to expand by 1.7 per cent in 2023.
- Continued power supply shortages and above inflation electricity price increases will subdue the South African economic outlook. The national economy is expected to expand by 0.6 per cent in 2023 and by 1.6 per cent in 2024.
- Both global and domestic conditions will weigh down on the provincial economy. The Western Cape economy is expected to expand by 0.4 per cent in 2023 and 1.9 per cent in 2024. The Finance sector is expected to make the largest growth contribution in 2023.
- In the fourth quarter of 2022, the Western Cape surpassed pre-pandemic employment levels for the first time in 11 months, while creating 74.9 per cent of all gross employment opportunities and 99 per cent of all net employment gains in South Africa. Unemployment remained high, reaching 32.7 per cent nationally and 22.5 per cent in the Western Cape. However, unemployment in the Western Cape has eased from highs of 28.0 per cent in the same quarter a year ago.
- Despite the overall weak conditions there are some indications of improvement. In 2022, Western Cape tourism benefited from a substantial increase (322 per cent) in international tourists compared to the previous year. The value of building plans passed in the Western Cape grew by 21.4 per cent, significantly exceeding South Africa's growth rate of 7.1 per cent.

### ■ Introduction

Reconciling economic growth and socioeconomic inclusion will remain a key challenge for South Africa's policymakers. The largest current stumbling block to the South African economy is the prospect of continued power supply shortages accompanied by above inflation electricity price increases.

The public sector's response to current socio-economic challenges is limited by fiscal constraints. Accommodating policy interventions towards private enterprises remains a key priority in stimulating investment sentiment. Recent policy initiatives that encourage private investment in renewable energy and private partnerships in state-run port and railway networks points to a national policy shift toward increased private sector participation in the economy.

However, several policy challenges persist, including strict labour laws, a high risk of strikes, skills shortages, and logistical bottlenecks.

In response to the economic context, the Western Cape Government has prioritised projects linked to Growth for Jobs, Safety and Wellbeing, while also protecting basic services outcomes, unlocking allocative efficiency, enhancing productive efficiency, and enabling long-run fiscal sustainability.

## ■ Macroeconomic developments and outlook

### Global economic developments and outlook

*The global economy is expected to grow at 1.7 per cent in 2023*

The World Bank estimates that global economic growth will slow from 2.9 per cent in 2022 to 1.7 per cent in 2023<sup>1</sup>. Despite the improved Chinese outlook brought by a policy shift away from its zero-covid policy to virtually no covid controls in December 2022, the global economy continues to face major headwinds.

This slowdown is partly attributed to the tightening of monetary policy and Russia's invasion of Ukraine; high levels of inflation, and financial stresses; higher commodity prices and supply-chain disruptions. The impact of the war is especially felt in the Euro Zone where several countries face risk of economic recession in 2023.

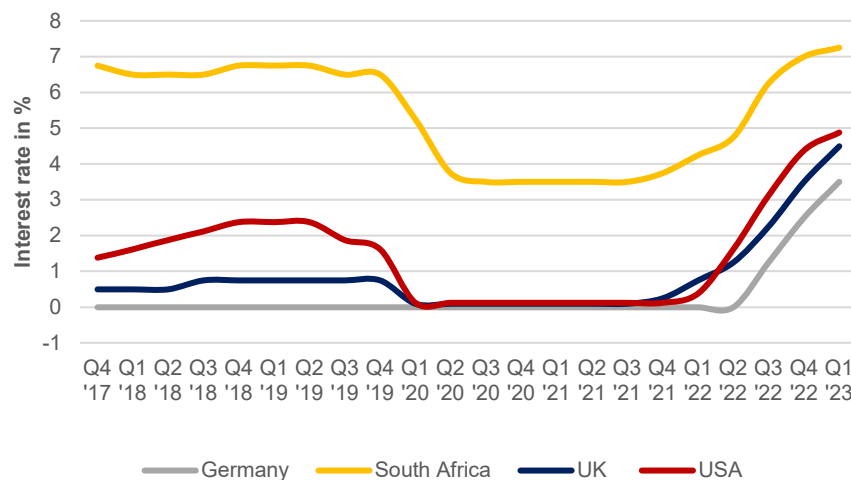
*Global inflation is expected ease marginally in 2023*

Global inflation is expected to ease marginally in 2023, although high commodity prices; supply-chain disruptions in Ukraine; and currency depreciation against the US dollar will keep global inflation well above 2019 levels. Central banks will continue with aggressive monetary policy to bring inflation under control. Policy interest rates are expected to peak in early 2023 but will remain on hold until 2024.

<sup>1</sup> (World Bank, January 2023) <https://openknowledge.worldbank.org/bitstream/handle/10986/38030/GEP-January-2023.pdf>



**Figure 2.1 Policy Interest rates of selected countries, 2017 Q4 - 2023 Q1**



Source: Economic Intelligence Unit

Global food supplies remain at risk amid continued restrictions on grain exports from Russia and Ukraine. The loss of Russian supplies of fertiliser, of which the country is a major exporter, will affect the global production of agricultural commodities this year. This situation has heightened the risk of social unrest in developing countries that are already facing record-high inflation.

**Table 2.1 Global economic performance and outlook, 2021 - 2024**

	Share of global GDP (PPP, current, in USD)	GDP growth		GDP growth forecast	
	(Per cent)	Per cent		(Per cent)	
	2022	2021	2022 (e)	2023	2024
<b>World output</b>	100	5.9	2.9	1.7	2.7
<b>Advanced economies</b>	55.4	5.3	2.5	0.5	1.6
United States	24.2	5.9	1.9	0.5	1.6
Euro Area	13.5	5.3	3.3	0.0	1.6
<b>Emerging and developing countries</b>	44.6	6.7	3.4	3.4	4.1
China	19.6	8.1	2.7	4.3	5.0

Source: World Bank, (Jan 2023); Quantec ; Own Calculations

In the **United States (U.S.)**, the recent jobs report underlined the sustained strength of the economy despite the Federal Reserve's attempts to suppress inflation, as the unemployment rate fell to its lowest level since 1969. The strong labour market was supported by the gradual growth in consumer spending throughout 2022, as consumers have drawn down on personal savings. However, at the end of 2022 the U.S. savings rate fell to its lowest level since the 2008/09 financial crisis.

*Food inflation heightened the risk of social unrest in developing countries*

The U.S. economy is likely to experience a mild contraction in the first half of 2023. The downside risk of a more enduring recession still persists, provided that a second wave of inflation or a broad asset-price collapse happens in 2023. The U.S. is expected to expand by 0.5 per cent in 2023 and by 1.6 per cent in 2024.

*Fuel prices are expected to spike in early 2023 in the Euro Area*

In 2022, economic activity in the **Euro area (EA)**<sup>2</sup> weakened substantially due to surging energy prices and supply uncertainty, compounded by rising borrowing costs. Fuel prices are expected to spike in early 2023 as the European Union (E.U.) banned all diesel, jet fuel and other oil product imports from Russia on 5 February 2023. The expected relaxation of government support to ease fuel prices will further escalate fuel inflation.

After experiencing a mild recession in the fourth quarter of 2022, business sentiment remains weak in Germany<sup>3</sup> and another mild contraction is expected in the first quarter of 2023. The EA economy is not expected to expand in 2023, owing to more energy supply disruptions and monetary policy tightening. The EA is not expected to expand in 2023 but will grow at 1.6 per cent in 2024.

*Financial vulnerabilities are a longstanding concern in China*

In **China**, economic expansion slowed sharply in 2022 due to continued pandemic-related restrictions and stresses in the real estate market. Real estate accounts for about a quarter of both gross value added and fixed asset investment in China. Major property developers have defaulted or are at risk of doing so amidst a considerable decline in housing prices and the pace of new construction. Financial vulnerabilities in the country are a longstanding concern.

China reopened its borders to international travellers early in 2023 after the country abandoned its zero-covid policy in December 2022. The decision will boost economic activity in the second half of 2023. China is expected to expand by 4.3 per cent in 2023 and by 5.0 per cent in 2024.

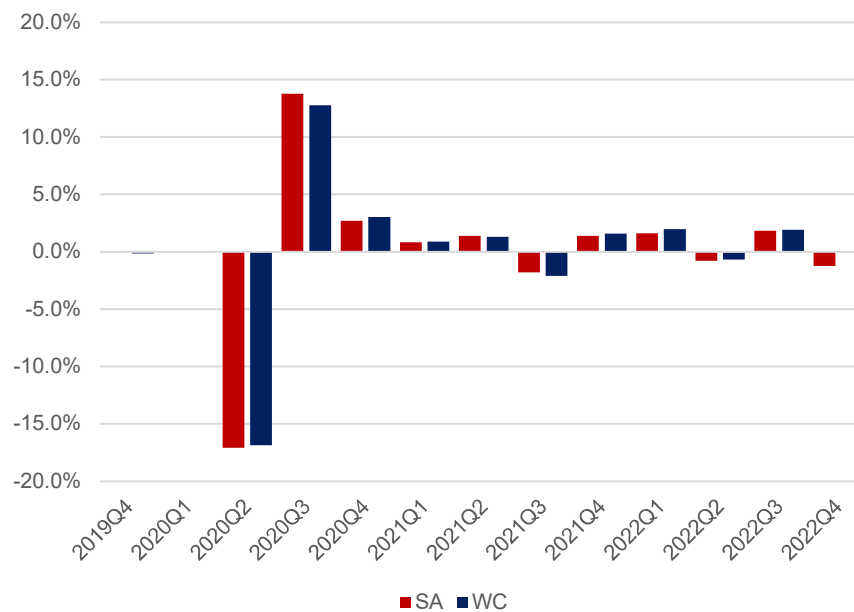
### **South Africa's economic developments and outlook**

The national economy is still recovering from the impact of COVID-19 lockdown measures adopted in 2020. However, like many countries across the globe, the recovery will occur against growing inflationary pressures and rising interest rates, while the prospect of unreliable and expensive electricity will place further strain on South Africa's growth potential.

<sup>2</sup> The Eurozone (Euro Area) makes up 19 of the 28 European Union states. E.U. policy decision affects all Euro Area states.

<sup>3</sup> Germany is the largest economy in the Euro Area and European Union.

**Figure 2.2 South African real GDP growth in market prices, 2019 Q4 - 2022 Q4**



Source: Quantec

In the fourth quarter of 2022, the South African economy contracted by 1.3 per cent, after recording an expansion of 1.8 per cent in the previous quarter.

In the same quarter, the South African real GDP was 0.1 per cent smaller than in the last quarter prior to the implementation of COVID-19 lockdown measures, (first quarter of 2020).

*The South African economy contracted by 1.3% in the fourth quarter of 2022*

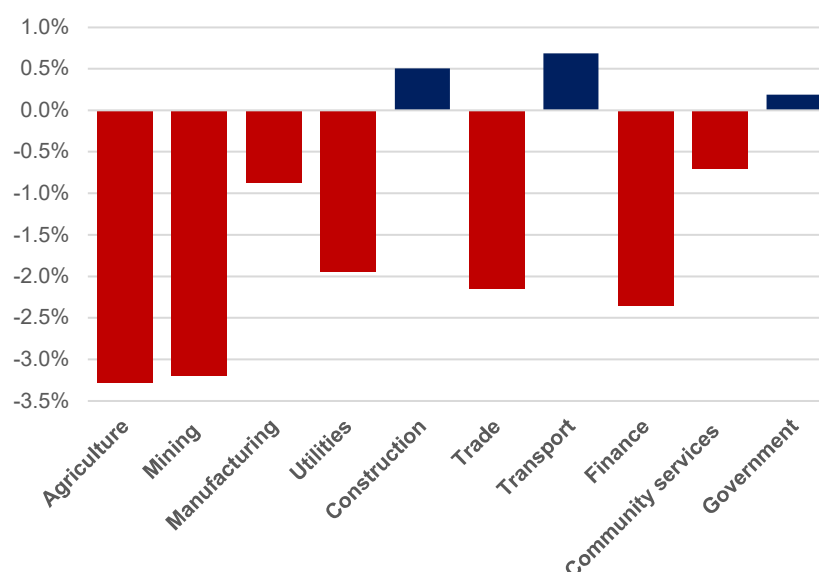
### Economic sector performance

In the fourth quarter of 2022, the Transport sector (0.7 per cent) recorded the highest growth rate followed by the Construction (0.5 per cent) and Community services (0.2 per cent) sectors.

*The Transport sector was the best performing sector in the fourth quarter of 2022*

The Transport sector's expansion for the fifth consecutive quarter was based on increased economic activities reported for land transport, air transport and communication services.

The contraction in the Manufacturing sector (-0.9 per cent) was mainly due to slower economic activity in the food and beverages division but also due to a decline in the production of basic iron and steel; non-ferrous metal products; metal products; and machinery.

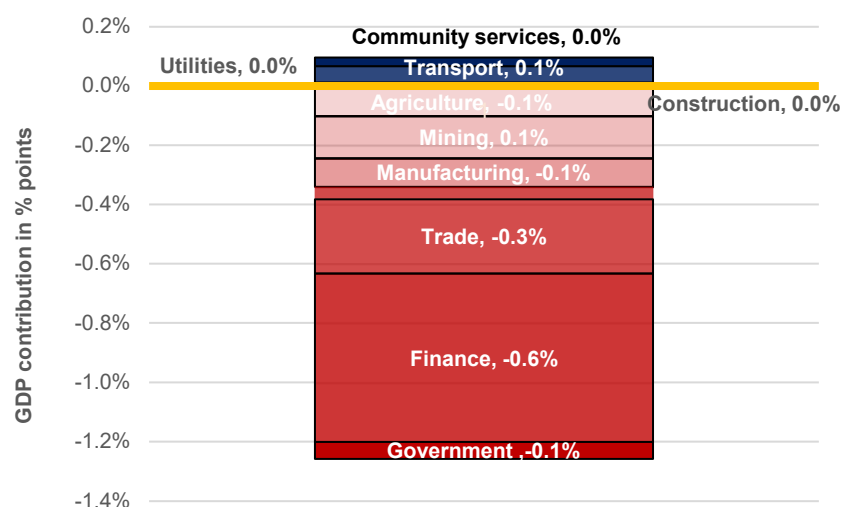
**Figure 2.3 South African GDP growth per sector, 2022 Q4**

Source: Quantec

The Agriculture sector contracted by 3.3% in the fourth quarter of 2022

The Agriculture sector's (-3.3 per cent) contraction was mainly because of declining production in field crops and horticulture products, while the contraction in the Mining sector's (-3.2 per cent) was primarily due to declining economic activities reported for diamonds, iron ore and platinum group metals.

The Finance (0.6 percentage points) and Trade (0.3 percentage points) sector made the most significant contributions to the National contraction in the fourth quarter of 2022, while the Transport sector (0.1 percentage points) made the largest positive contribution to growth.

**Figure 2.4 South African growth contribution per sector, 2022 Q4**

Source: Quantec

The fourth quarter contraction culminated in an annual expansion of 2.0 per cent for South Africa in 2022, following growth of 4.9 per cent in 2021. In 2022, the National economy was 0.3 per cent larger than in 2019 (pre-pandemic). The Transport (8.6 per cent), Finance (3.9 per cent) and Trade (3.5 per cent) sectors recorded the highest growth rates for the year. Consequently, the Finance sector (0.9 percentage points) made the largest contribution to growth in 2022.

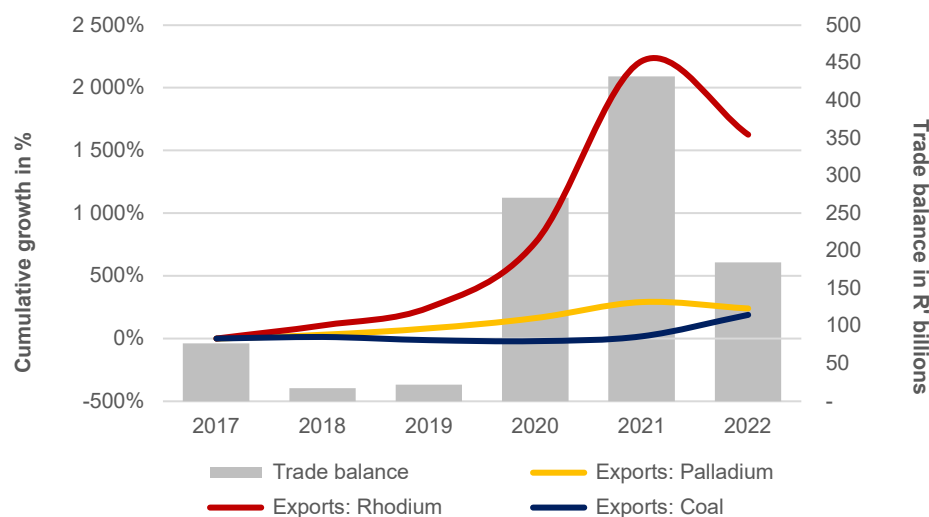
## Trade

Between 2017 and 2022, South Africa's trade balance increased substantially by 141 per cent from R76.6 billion to R184.5 billion, due to phenomenal growth in the exports of rhodium (1627.6 per cent), palladium (238.4 per cent) and coal (198.3 per cent). The growth in exports were mainly due to the increase in mining commodity prices<sup>4</sup>.

*SA's trade balance improvement is based on a surge in mining commodity prices*

Rhodium is typically used in catalytic converters of cars; jewelry; mirrors; electrical contacts; and nuclear reactors. Palladium is used in catalytic converters; jewelry; electronic capacitors and switches; hydrogen purification; and dentistry. Coal is primarily used to generate electricity.

**Figure 2.5 South African trade balance and exports in selected commodities, 2017 - 2022**



Source: Quantec

In 2022, Mining exports contributed 43.7 per cent of South Africa's total exports of which coal (24.6 per cent), rhodium (13.5 per cent) and palladium (8.6 per cent) made substantial contributions.

*Mining makes a substantial contribution to South African exports*

<sup>4</sup> Between 2017 and 2022 end-year prices for rhodium (614.3 per cent), coal (300.9 per cent) and palladium (69 per cent) increased significantly.

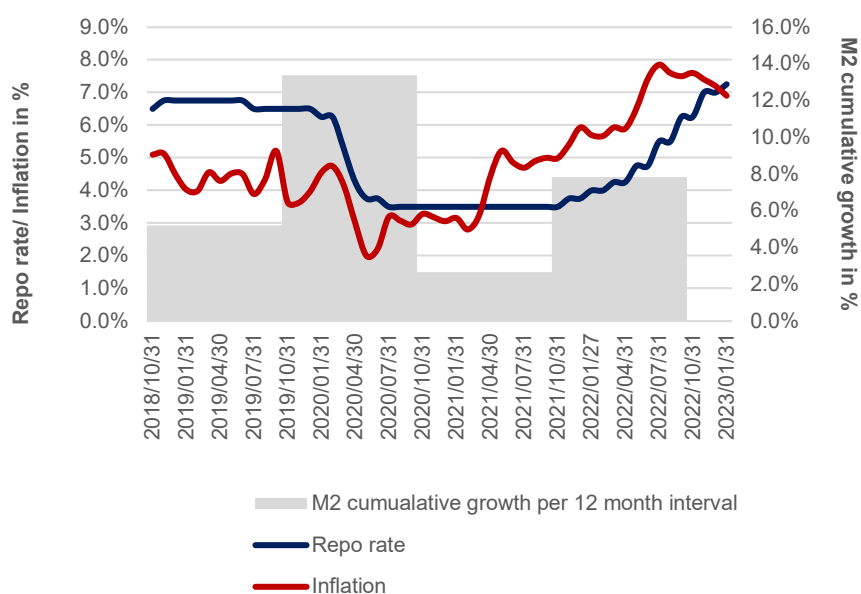
The top three export destinations of rhodium and palladium were Japan (39.2 per cent and 36.5 per cent respectively), United States (33.6 per cent and 29.0 per cent respectively) and the United Kingdom (15.8 per cent and 16.6 per cent respectively). The top three export destinations of coal were India (23.4 per cent), the Netherlands (12.6 per cent) and South-Korea (10.8 per cent).

Higher mining commodity prices translated to higher contributions to the fiscus from corporate taxes and royalties in 2020 to 2022.

### Inflation

Inflation in South Africa has slowly declined since July 2022. In January 2022, South Africa's inflation rate (6.9 per cent) dipped below the repo rate for the first month since March 2021. In January 2023, the repo rate was 7.25 per cent, a full 375 basis points higher than in October 2021.

**Figure 2.6** Total credit extended (cumulatively for 12-month intervals); the inflation rate; and the repo rate in South Africa, October 2018 - December 2022



Source: Quantec

*SA repo rate hikes is yet to impact on M2 money supply*

The rising repo rate is yet to impact on the expansion of money supply (M2). Between October 2021 and September 2022, the repo rate increased by 275 basis points. Over the same period, the M2 money supply expanded by 7.8 per cent. In comparison to the previous 12-month period, the repo rate stayed at its lowest rate (3.5 per cent) since the system was introduced in 1998, while the money supply expanded by only 2.7 per cent. Consequently, consumers and businesses should expect continued interest rate hikes, albeit at a moderated tempo during 2023.

## The National Outlook

The South African economy faces persistent socio-economic challenges of elevated unemployment, poverty and inequality. As a small and open economy, South Africa will remain vulnerable to the most recent global trends of elevated inflation and rising policy interest rates.

The national economy needs to respond to these challenges by navigating through relentless power outages that can be expected for at least the next two years. As a result, growth expectations over the period are sluggish to moderate at best.

The economic outlook for South Africa in 2023 and 2024 remains subdued with growth forecasts of 0.6 per cent in 2023 and 1.6 per cent in 2024.

*The South African economic outlook remains subdued*

Structural growth barriers, notably unstable and expensive power, the financial and operational fragility of state-owned enterprises, high crime rates, stringent labour laws, and decaying infrastructure drive these dimmed economic prospects.

In addition, South Africa has entered a phase of comparatively greater inflation, which is accompanied by growing and higher interest rates. This poses a further risk to economic expansion, while rising debt service costs may impede the provision of essential services.

**Table 2.2 National GDP expectations per sector, 2023 - 2024**

Sector	January 2023 forecast		Change from 2022 October forecast	
	2023(f)	2024(f)	2023	2024
Agriculture	1.8%	0.6%	3.2%	0.1%
Mining	7.1%	-2.9%	10.1%	-1.8%
Manufacturing	-1.9%	-0.6%	2.1%	-0.2%
Utilities	-1.6%	0.7%	0.6%	1.0%
Construction	-3.4%	5.6%	-0.3%	0.4%
Trade	-1.5%	2.3%	-0.5%	0.5%
Transport	0.4%	2.6%	0.4%	-0.1%
Finance	2.3%	2.8%	0.6%	-0.1%
Government	0.4%	1.9%	-1.6%	-0.5%
Community Services	0.6%	1.5%	-1.7%	-1.0%
<b>Total GDP @ market prices</b>	<b>0.6%</b>	<b>1.6%</b>	<b>0.6%</b>	<b>-0.3%</b>

Source: Quantec

The key risk to the **Agriculture sector** in 2023 is the persistence of high-level load-shedding, which will restrict the number of hours farmers can irrigate their crops. Risks for the Sector's outlook include rising input costs; animal disease outbreaks; disrupted supply chains; the deterioration of transport infrastructure; weakness in

*Mining sector is severely impacted by Transnet's operational challenges*

municipal service delivery; and extreme weather. The Sector is expected to expand by 1.8 per cent in 2023; and 0.6 per cent in 2024.

In the **Mining sector**, operational challenges at Transnet eclipsed loadshedding, as the Sector was severely impacted by locomotive shortages and out-of-service railway lines in 2022. As a result, the Sector could not fully benefit from relatively higher commodity prices over the past two years. Furthermore, the Sector's performance in 2022 was negatively impacted by the Transnet strike in October and large-scale power disruptions. The Mining sector is expected to expand by 7.1 per cent in 2023 but will contract by 2.9 per cent in 2024.

The positive outlook for 2023 is based on the expected increased private sector participation in Transnet railway routes; improved port operations; and the relatively low baseline from which growth occurs. The sector contracted in 2021 (-18.6 per cent) and in 2022 (-7.0 per cent).

#### **The high cost of Transnet's operational challenges**

In the 2021/22 financial year, the Mining sector contributed 39.9 per cent to total corporate income tax of R318 billion. The high prices of iron ore, coal and rhodium led to increased exports and a doubling in mineral and petroleum royalties from the previous year. As a result, a large portion of the unexpected tax windfall (R180 billion) was due to surging commodity prices.

However, the true benefits of the high price commodity market were missed because of the inability of Transnet to meet targets on its railway network serving bulk mineral commodities. In recent years, Transnet was challenged by rampant crime on its rail network and hundreds of locomotives idled due to a lack of spare parts stemming from an impasse with Chinese suppliers due to corruption within Transnet.

The cost of Transnet's failures in 2021 was R35 billion or 4 per cent of total mining revenue, while in 2022 the costs escalated to R50 billion or an estimated 5.5 per cent of total mining revenue.

Although the state has made a positive step by making certain rail lines and harbours available to private operators, these targets apply to freight and container services only, excluding bulk commodities.

*Source: Mining Weekly, Quantec, Own Calculations*

In the **Manufacturing sector**, the underlying challenges of loadshedding, rising energy prices, transport bottlenecks and availability of raw materials are expected to persist in 2023. The Sector is expected to contract by 1.9 per cent in 2023 and by 0.6 per cent in 2024.

The **Construction sector** contracted by 3.5 per cent in 2022. Although construction dynamics in the Western Cape differ to some extent, a lack in investor confidence, shortages in building materials, delays in public sector bidding processes, and a spike in illegal building site interruptions dampen future growth prospects.



An annual decline in the real value of building plans passed (-1.5 per cent) in the private sector for the first 11 months of 2022 points to an expected contraction in the Construction sector in 2023. The sector is projected to contract by 3.4 per cent in 2023 but will expand by 5.6 per cent in 2024.

*The Construction sector is expected to contract in 2023*

The **Utilities sector** contracted by 2.6 per cent in 2022. The sector was significantly impacted by record levels of loadshedding in 2022. Loadshedding is expected to persist for at least the next two years. Furthermore, high tariffs, unlawful connections, and aging infrastructure along with challenges in expanding existing capacity limit the sector's outlook. The Sector is expected to contract by 1.6 per cent in 2023, and marginally expand by 0.7 per cent in 2024.

The **Trade sector** expanded by 3.5 per cent in 2022. The Sector's performance in 2022 was supported by growing tourism income. In 2022, tourism revenue increased by 67 per cent compared to the previous year. The outlook for the Sector is less optimistic due to the impact of rising interest rates and high unemployment on disposable income. The sector is expected to contract by 1.5 per cent in 2023, though is likely to grow by 2.3 per cent in 2024.

*The Trade sector is supported by recovering tourism in 2022*

The **Transport sector** expanded by 8.6 per cent in 2022. Challenges in 2022 include the Transnet strike, deteriorating rail infrastructure, criminal activity, and a lack of equipment and replacement parts.

The Sector was mainly supported by a notable increase in road passenger journeys (10.6 per cent) and subsequently road passenger revenue (14.5 per cent) in 2022 compared to the previous year. Road passenger income made up 91 per cent of total transport revenue in 2022. In contrast, rail passenger journeys (-12.1 per cent) declined significantly over the same period. The sector is expected to expand by 0.4 per cent in 2023 and 2.6 per cent in 2024.

*The Transport sector supported by road passenger revenue*

The **Finance sector** expanded by 3.9 per cent in 2022. The risk that the rising cost of credit would lead to a downturn in the pace of borrowing and a substantial increase in credit default judgements, has not yet materialised. In 2022, total credit extended increased by 6.8 per cent compared to the previous year, while the average repo rate increased by 325 basis points over the same period. The sector is expected to grow by 2.2 per cent in 2023 and 2.8 per cent in 2024.

### The greylisting of South Africa

In February 2023, South Africa was greylisted by global financial crime watchdog, the Financial Action Task Force (FATF) for not fully complying with international standards around the prevention of money laundering, terrorist financing and proliferation financing.

Greylisted countries are subject to increased scrutiny and pressure to improve their anti-money laundering /combating the financing of terrorism measures. To this end, they commit to cooperating with the FATF to resolve the identified deficiencies within agreed timeframes.

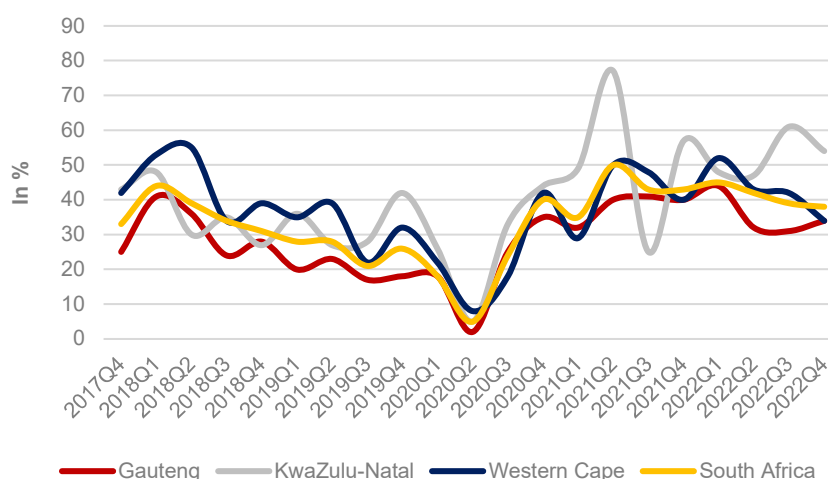
At the time the greylisting decision, FATF acknowledged the significant progress made by South Africa, with only 15 of the 67 recommended actions that remained unresolved. South Africa has committed to resolve the remaining open actions by January 2025.

The greylisting is not expected to affect economic growth directly, but can limit access to international financial markets; reduce portfolio flows and FDI; and increase the costs of trade.

Source: Investec

Business confidence indices reflect the level of optimism or pessimism that business leaders and investors have about future economic prospects. When businesses are feeling confident about the future of the economy, they are more likely to invest in new projects, expand their operations, and hire more workers. This increased economic activity can lead to higher GDP growth.

**Figure 2.7 BER-RMB Composite Business Confidence Index, 2017 Q4 - 2022 Q4**



*The declining BCI over 2022 points to a relatively slower economic expansion for South Africa and the Western Cape in 2023*

The latest BER-RMB Composite Business Confidence Index (BCI) shows that 34 per cent of respondents in the Western Cape and 38 per cent of respondents in South Africa were positive in the fourth quarter of 2022.

During 2022, the BCI index declined for the Western Cape (18 percentage points), Gauteng (10 percentage points) and

South Africa (7 percentage points), while KwaZulu-Natal gained 6 percentage points.

The weakening of the BCI over 2022 potentially signals a relatively a relatively weaker GDP performance in 2023.

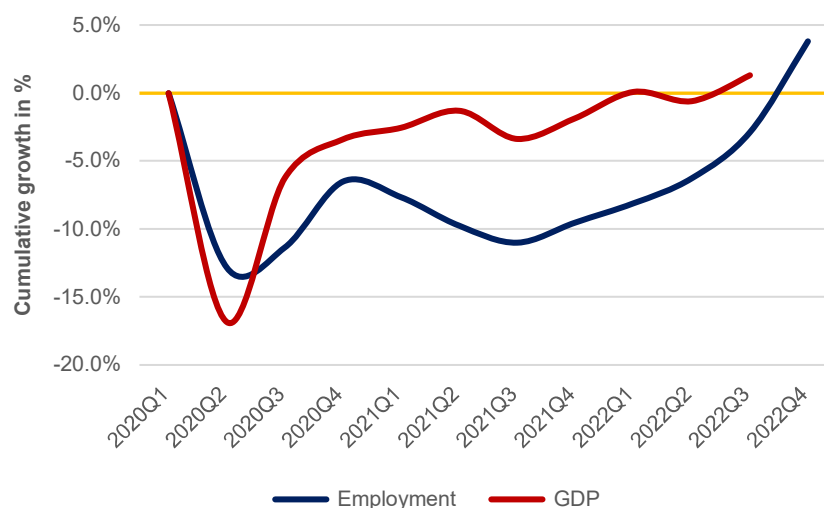
## Western Cape economic developments and outlook

The Western Cape has a well-developed and diverse economy, with a significant presence in the Finance, Tourism, Manufacturing, and Trade sectors. The economic recovery of the Province relied heavily on its Service sectors with robust support from the Agriculture sector.

The Western Cape economy is estimated to have fully recovered from the recession that commenced in the second quarter of 2020. Although the recovery does not account for potential growth lost over the same period. In the third quarter of 2022, the Western Cape economy was estimated to be 1.3 per cent larger than in the first quarter of 2020 (pre-pandemic).

*WC economy estimated to have fully recovered from 2020 recession*

**Figure 2.8 Western Cape cumulative growth in GDP and employment, 2020 Q1 - 2022 Q4**



Source: Quantec

In the fourth quarter of 2022, employment levels were 3.8 per cent higher than pre-pandemic levels, while national employment levels were still 2.7 per cent below pre-pandemic levels. The Western Cape surpassed pre-pandemic employment levels thanks to an exceptional fourth quarter of employment growth when the Province created 74.9 per cent of all gross additional employment

*The Agriculture sector is estimated to have expanded the most in the third quarter of 2022*

opportunities<sup>5</sup> in South Africa. As a result, the Western Cape made a 99 per cent contribution to the net employment gains<sup>6</sup> in South Africa.

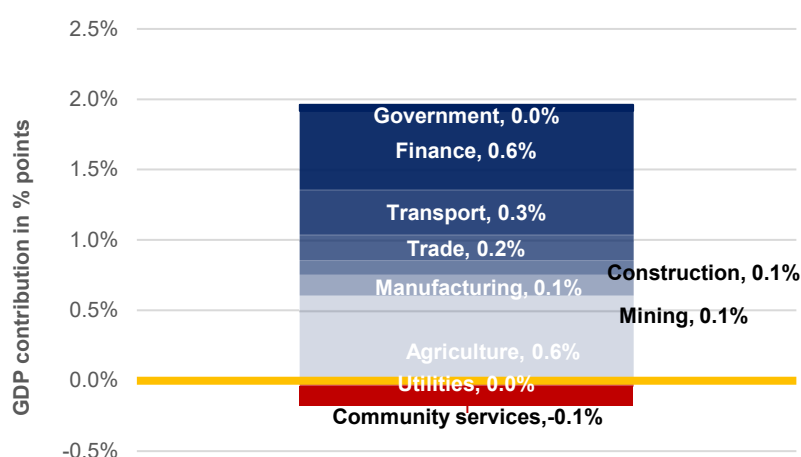
### Western Cape economic sector performance

In the third quarter of 2022, initial estimates are that the Western Cape's economy expanded by 1.9 per cent, in line with the expansion of the national economy.

The Agriculture (18.3 per cent), Transport (3.8 per cent) and Construction (3.1 per cent) sectors recorded the fastest growth for the quarter, while the Utilities (-2.2 per cent) and Community services (-1.4 per cent) sectors contracted.

In the same quarter, the Agriculture (0.6 percentage points) and Finance (0.6 percentage points) sectors made the largest contributions to growth, followed by the Transport (0.3 percentage points) and Trade (0.2 percentage points) sectors.

**Figure 2.9 Western Cape relative growth contribution per sector, 2022 Q3**



Source: Quantec

At sector level, four sectors have not yet recovered from the 2020 recession. The Mining (-34.7 per cent), Construction (-15.7 per cent), Utilities (-5.4 per cent) and Manufacturing (-4.2 per cent) sectors are all smaller than in the first quarter of 2020.

*Agriculture sector made the most GDP gains since the first quarter of 2020*

The Agriculture sector (7.4 per cent) made the most gains since the first quarter of 2020, followed by the Community Services (5.9 per cent) and Transport (4.0 per cent) sectors.

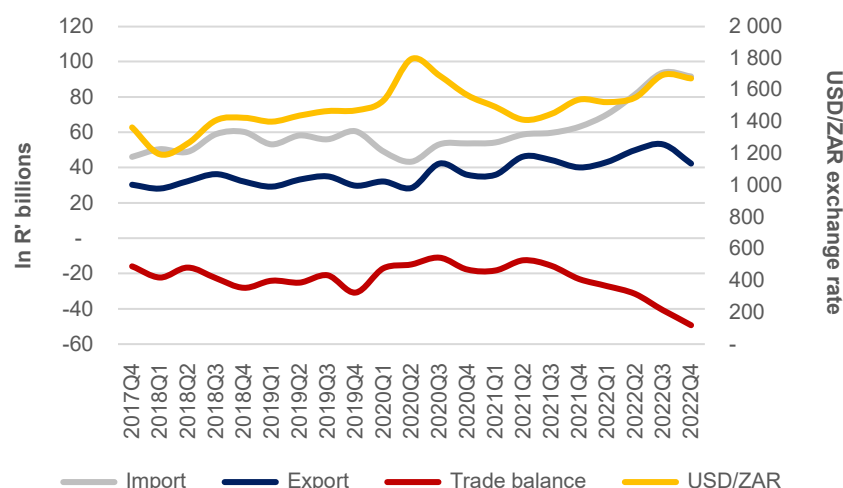
<sup>5</sup> Account only for employment opportunities created, and excludes employment opportunities lost by certain provinces

<sup>6</sup> Accounts for employment gains and losses by provinces.

## Trade

Between the fourth quarters of 2017 and 2022, the Western Cape consistently ran a nominal trade deficit. The reason for the consistent trade deficit is the variation in the relative share of imports and exports to the National economy. The Western Cape accounts for 18.6 per cent of all imports but only 9.6 per cent of all exports of South Africa.

**Figure 2.10 Nominal imports and exports of the Western Cape; ZAR/USD exchange rate, 2017 Q4 - 2022 Q4**



Source: Quantec

In 2022, the main export destinations for Western Cape goods were the Netherlands (9.0 per cent) the U.S. (8.5 per cent) and the U.K. (6.8 per cent), while the Province's main source of imports were China (17.5 per cent), United Arab Emirates (11.2 per cent), and India (10.5 per cent).

The Western Cape is South Africa's largest exporter of agricultural products (51 per cent) and the Agriculture sector accounts for the second largest portion (31.5 per cent) of total exports in the Province. International trade in the Western Cape revolves around the Manufacturing sector which made up the largest share of both exports (59.6 per cent) and imports (96.8 per cent) in 2022. Motor vehicles (16.1 per cent), iron and steel (10.7 per cent) and recycled metal waste and scrap (9.7 per cent) made the largest contribution to manufacturing exports in 2022.

## Western Cape tourism

Western Cape international tourism has recovered significantly from the COVID-19 lockdown measures implemented in late March 2020. In 2022, Cape Town International Airport recorded 597 478 foreign visitors, an increase of 322 per cent from 2021. The 2022 tourism numbers reflect a 96 per cent recovery from 2019. The U.K. (18.1 per cent) accounted for most of the foreign visitors in

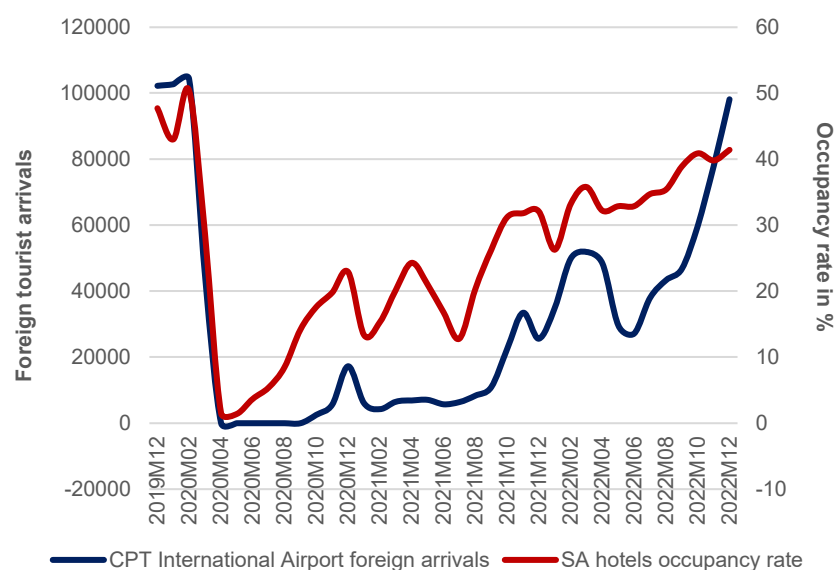
*The Western Cape exported 51 per cent of South Africa's agricultural products in 2022*

*WC international tourism recovered significantly in 2022*

2022, followed by Germany (15.6 per cent), the U.S. (13.7 per cent) and the Netherlands (6.6 per cent).

In December 2022, hotel occupancy for South Africa (41.4 per cent) almost fully recovered compared to December 2019 (47.7 per cent), while in the Western Cape (72 per cent)<sup>7</sup>, hotel occupancy fully recovered when compared to December 2019 (68.1 per cent).

**Figure 2.11 Number of foreign tourist arrivals via Cape Town International Airport and hotel occupancy rates in South Africa, (December 2019 - 2022)**



Source: Quantec

### Economic outlook for the Western Cape

*WC economy to expand by 0.4 per cent in 2023*

The Western Cape's growth prospects are subdued for 2023. The Western Cape economy remains vulnerable to both national and international risks, including electricity load shedding, labour strikes, inefficient ports and railroads, decreased consumer demand, increased inflation, and rising policy rates.

The 2023 outlook for the Western Cape economy improved by 0.3 percentage points from the October forecast. The Western Cape economy is expected to expand sluggishly by 0.4 per cent in 2023 and moderately by 1.9 per cent in 2024. Five sectors are expected to expand in 2023.

<sup>7</sup> Source: Cabinet Report on Growth for Jobs apex priority 22 February 2023

**Table 2.3 Western Cape economic outlook, 2023 - 2024**

Sector	January 2023 forecast			Change from 2022 October forecast	
	2022(e)	2023(f)	2024(f)	2023	2024
Agriculture	4.1%	2.8%	0.6%	4.6%	0.3%
Mining	(7.3)%	5.3%	(3.7)%	12.9%	(2.7)%
Manufacturing	(1.0)%	(1.9)%	(0.8)%	1.9%	(0.2)%
Utilities	0.4%	(1.9)%	1.35%	0.2%	1.3%
Construction	0.8%	(2.6)%	4.9%	(0.4)%	0.3%
Trade	7.2%	(1.4)%	2.5%	(0.6)%	0.6%
Transport	5.9%	0.8%	2.8%	0.3%	(0.2)%
Finance	3.7%	2.2%	2.8%	0.6%	0.0%
Government	(0.8)%	(0.1)%	1.5%	(1.5)%	(0.6)%
Community Serices	(0.3)%	0.5%	1.3%	(1.6)%	(1.1)%
<b>Total GDP @ market prices</b>	<b>2.6%</b>	<b>0.4%</b>	<b>1.9%</b>	<b>0.3%</b>	<b>(0.1)%</b>

Source: Quantec

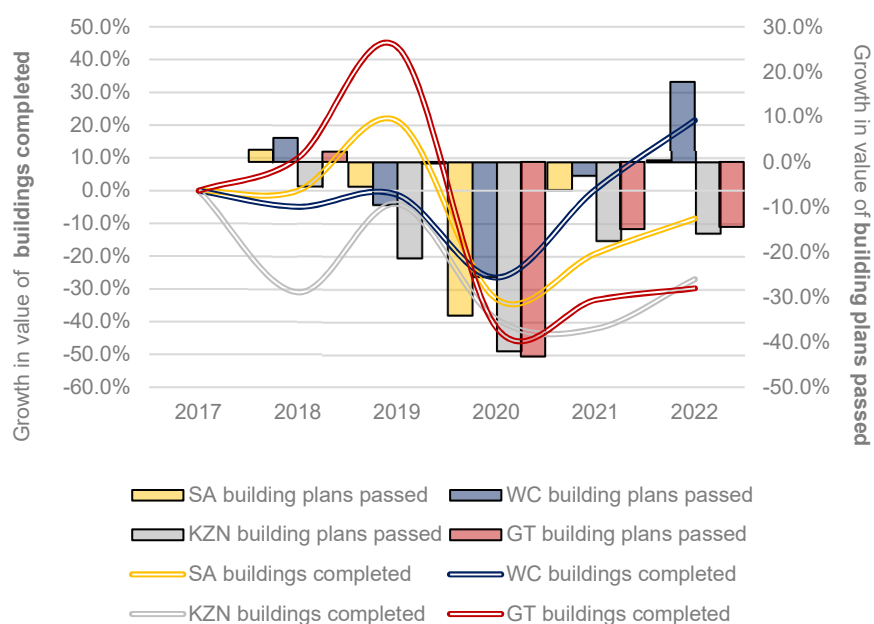
The **Mining sector** (5.3 per cent) is expected to record the highest growth rate in 2023, mainly based on a relative low baseline. Commodity prices are expected to slow down in 2023 as the demand for raw materials diminishes in a sluggish global economy.

The relative moderate expansion expected in the Agriculture sector (2.8 per cent) in 2023 and 0.6 per cent in 2024 can be attributed to higher input costs (fertilizer, diesel and electricity), a lower demand for food due to inflation pressures; logistical challenges (Ports); power outages and stricter phytosanitary requirements from the European markets.

Faced with a lackluster underlying economy and higher interest rates the **Construction sector** is expected to contract by 2.6 per cent in 2023, though expected to expand by 4.9 per cent in 2024. However, trends in the value of building plans passed, points to a significant outperformance of the Western Cape Construction sector as compared to the rest of the country in 2023.

*Value of building plans passed in Western Cape points to outperformance in Construction sector*

**Figure 2.12 Cumulative growth in value of buildings completed in selected provinces and South Africa, 2017 - 2022**



Source: Quantec, Own Calculations

In 2022, the Western Cape (21.4 per cent) had a significantly higher growth in the value of building plans passed than Gauteng (0.6 per cent), KwaZulu-Natal (2.0 per cent) and South Africa (7.1 per cent). The growth in building plans bodes well for the Western Cape Construction sector prospects, relative to other provinces in 2023.

Since 2017, the Western Cape (21.5 per cent) also had considerably higher growth in the value of buildings completed compared to Gauteng (-29.8 per cent), KwaZulu-Natal (-27.0 per cent) and South Africa (-8.5 per cent).

Despite obstacles in higher interest rates and slower credit extension the well-regulated **Finance sector** is supported by efficiency gains from sustained technological advancements. The Finance sector is expected to make the largest growth contribution and expand by 2.2 per cent in 2023 and 2.8 per cent in 2024.

*The Finance sector will make the largest contribution to growth in 2023*

The remote geographical location of the **Manufacturing sector** in the Western Cape to other economic centres, makes it more vulnerable to increases in transportation costs. However, the Sector is expected to face the same challenges in loadshedding, rising energy prices, transport bottlenecks and availability of raw materials as the National economy. Investment in the short to medium-term will likely be geared towards mitigating electricity and logistical supply constraints; and hence, current production levels and capacity are maintained rather than increased. The Sector is expected to contract by 1.9 per cent in 2023 and 0.8 per cent in 2024.

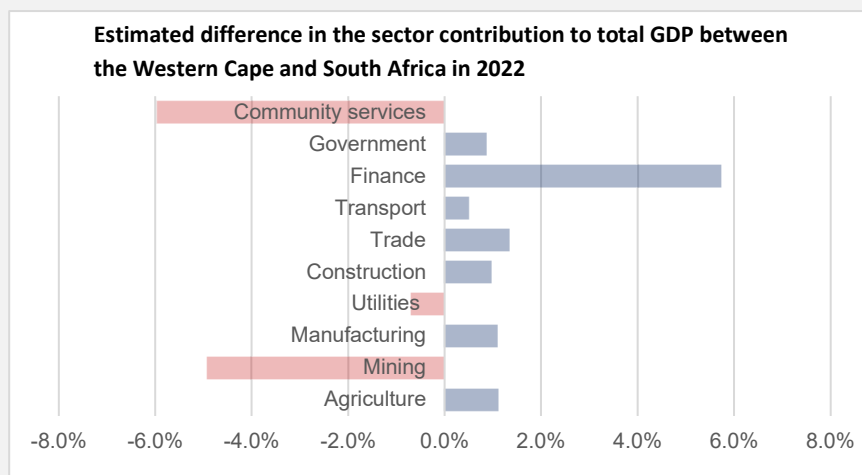


The recovery of tourism through hotels, restaurants and accommodation is of relatively greater importance to the Western Cape **Trade sector** than for the National economy. However, the wholesale and retail sectors are expected to remain under pressure due to the impact of inflation, and higher interest rates on disposable income. The Sector is expected to contract by 1.4 per cent in 2023 but will expand by 2.5 per cent in 2024.

### Differences in the GDP growth outlook for the Western Cape and South Africa

The difference between the growth forecast for the Western Cape and the national economy is mainly due to differences in the structure of the two economies and the expected growth rates of key sectors.

Three key sectors where the variation in the contribution to GDP exceeds 5 percentage points include the Mining (4.9 percentage points larger in SA), Finance (5.7 percentage points larger in WC), and Community services sectors (6.0 percentage points larger in SA).



Source: Quantec, Own Calculations

The expected outperformance of the National economy in 2023 can be attributed to the expected South African outperformance in the Mining (1.9 percentage points), Finance (0.1 percentage points) and Community services sectors (0.1 percentage points) relative to the Western Cape.

Source: Quantec, Own Calculations

## Jobs

### National employment

In the fourth quarter of 2022, the number of people employed increased by 169 089 or 1.1 per cent from the previous quarter. However, employment levels in South Africa are still 448 062 or 2.7 per cent lower than the first quarter of 2020.

*SA employment level still 2.7 per cent below the pre-pandemic level*

Between the first quarter of 2020 and the fourth quarter of 2022, notable employment losses were recorded for Private households (-13.2 per cent), Construction (-9.8 per cent) and Manufacturing sectors (-2.9 per cent).

The largest contribution to total employment losses were made by the Private households (38.9 per cent), Construction (29.4 per cent) and Manufacturing sectors (11.1 per cent).

By the fourth quarter of 2022 only two sectors, the Utilities (8 554 or 7.4 per cent) and Mining (608 or 0.1 per cent) sectors, have recovered to above pre-pandemic employment levels.

**Table 2.4 Labour market trends for South Africa, 2020 Q1 - 2022 Q4**

	2020Q1	2022Q3	2022Q4	Change	
				2020Q1 (pre-COVID) - 2022Q4	Relative (Per cent)
				Absolute	
<b>Working population</b>	<b>38 873 945</b>	<b>40 321 645</b>	<b>40 462 256</b>	<b>1 588 311</b>	<b>4.1%</b>
<b>Narrow Labour Force</b>	<b>23 452 204</b>	<b>23 490 534</b>	<b>23 687 876</b>	<b>235 672</b>	<b>1.0%</b>
<b>Employed</b>	<b>16 382 555</b>	<b>15 765 404</b>	<b>15 934 493</b>	<b>(448 062)</b>	<b>(2.7)%</b>
Agriculture	864 698	872 606	860 245	(4 453)	(0.5)%
Mining	435 761	406 717	436 369	608	0.1%
Manufacturing	1 705 841	1 630 437	1 656 071	(49 770)	(2.9)%
Utilities	115 547	116 443	124 100	8 554	7.4%
Construction	1 343 328	1 223 253	1 211 666	(131 662)	(9.8)%
Trade	3 319 858	3 245 279	3 297 144	(22 714)	(0.7)%
Transport	994 508	938 843	982 341	(12 167)	(1.2)%
Finance	2 517 207	2 380 496	2 483 528	(33 679)	(1.3)%
Community and Social Services	3 758 894	3 848 741	3 726 870	(32 024)	(0.9)%
Private Households	1 315 728	1 087 534	1 141 653	(174 075)	(13.2)%
<b>Narrow Unemployed</b>	<b>7 069 649</b>	<b>7 725 131</b>	<b>7 753 383</b>	<b>683 734</b>	<b>9.7%</b>
<b>Expanded Unemployed</b>	<b>10 796 924</b>	<b>11 930 696</b>	<b>11 849 412</b>	<b>1 052 489</b>	<b>9.7%</b>
<b>Not Economically Active</b>	<b>15 421 740</b>	<b>16 831 111</b>	<b>16 774 381</b>	<b>1 352 641</b>	<b>8.8%</b>
<b>Rates (per cent)</b>					
Narrow Unemployment rate	30.1%	32.9%	32.7%	2.6%	points
Expanded Unemployment rate	39.7%	43.1%	42.6%	2.9%	points
Absorption rate	42.1%	39.1%	39.4%	(2.7)%	points
Labour force participation rate	60.3%	58.3%	58.5%	(1.8)%	points

Source: Quantec, Own Calculations

## National unemployment

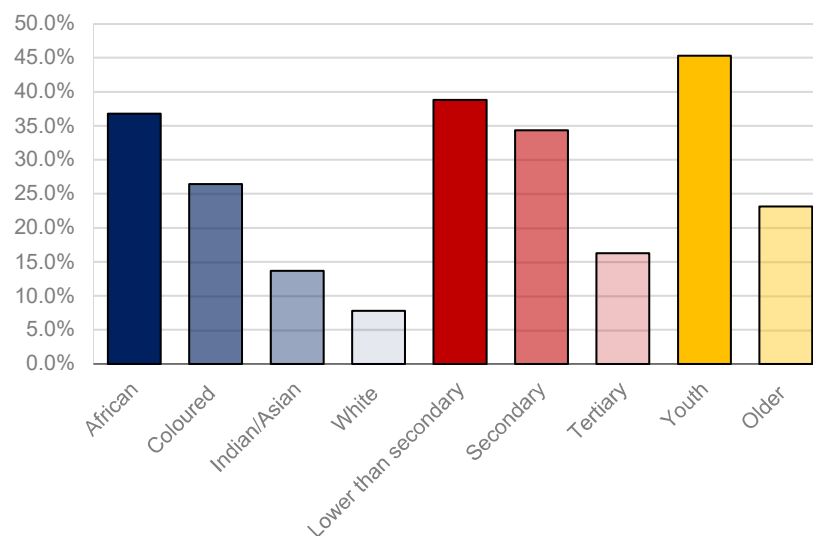
Unemployment has a wide-ranging impact on South Africa, affecting individuals, families, communities, and the economy overall. Addressing unemployment is a key challenge facing the country, and requires a comprehensive approach that includes education, skills development, job creation, and social safety nets.

In the fourth quarter of 2022, South Africa's narrow unemployment rate decreased to 32.7 per cent, 0.2 percentage points lower than the previous quarter, but 2.6 percentage points higher than the pre-pandemic level. Between the first quarter of 2020 (the last quarter before the pandemic) and the fourth quarter of 2022, the number of unemployed people in South Africa cumulatively increased by 9.7 per cent to 7.753 million people.

*SA narrow unemployment rate was 32.7 per cent in the fourth quarter of 2022*

In the fourth quarter of 2022, unemployment was more prevalent among the African population (36.8 per cent), youth (45.3 per cent) and those who have lower than secondary education (38.8 per cent).

**Figure 2.13 Unemployment rate among race, education and age cohorts in South Africa, 2022 Q4**



Source: Quantec

## Youth labour dynamics

In the fourth quarter of 2022, the youth unemployment rate was 45.3 per cent or 2.2 percentage points higher than pre-pandemic levels. The largest portion (59.8 per cent) of South Africa's unemployed was between the ages of 15 and 34 years (youth).

*SA unemployment rate among young was 45.3 per cent in fourth quarter of 2022*

Between the first quarter of 2020 and the fourth quarter of 2022, youth unemployment increased by 161 799 or 3.6 per cent to 4.636 million people. Over the period, the youth accounted for 23.7 per cent of all additional unemployment.

### Western Cape labour dynamics

In the fourth quarter of 2022, The Western Cape working population expanded by 230 308 or 4.9 per cent since the last pre-pandemic quarter, while the labour force increased by 184 857 people or 5.8 per cent over the same period, meaning that 80.3 per cent of the growing working population was willing to work and actively seek employment opportunities. The Western Cape accounted for 78.4 per cent of South Africa's additional labour force over the period.

**Table 2.5 Labour market trends for Western Cape 2020 Q1 - 2022 Q4**

	2020Q1	2022Q3	2022Q4	Change 2020Q1 (pre-COVID) - 2022Q4	
				Absolute	Relative (Per cent)
<b>Working population</b>	<b>4 708 384</b>	<b>4 919 087</b>	<b>4 938 692</b>	<b>230 308</b>	<b>4.9%</b>
<b>Narrow Labour Force</b>	<b>3 163 076</b>	<b>3 217 900</b>	<b>3 347 933</b>	<b>184 857</b>	<b>5.8%</b>
<b>Employed</b>	<b>2 500 688</b>	<b>2 428 470</b>	<b>2 595 785</b>	<b>95 097</b>	<b>3.8%</b>
Agriculture	254 921	202 881	222 647	- 32 274	-12.7%
Mining	2 453	5 894	5 665	3 212	131.0%
Manufacturing	308 596	326 545	356 408	47 812	15.5%
Utilities	6 239	9 536	15 125	8 886	142.4%
Construction	187 504	175 501	197 008	9 504	5.1%
Trade	483 125	464 728	506 617	23 492	4.9%
Transport	168 922	130 942	134 948	- 33 974	-20.1%
Finance	422 323	471 254	474 303	51 980	12.3%
Community and Social Servic	520 810	511 346	535 170	14 360	2.8%
Private Households	145 043	124 981	145 241	198	0.1%
<b>Narrow Unemployed</b>	<b>662 388</b>	<b>789 430</b>	<b>752 148</b>	<b>89 760</b>	<b>13.6%</b>
<b>Expanded Unemployed</b>	<b>825 597</b>	<b>1 016 324</b>	<b>952 292</b>	<b>126 695</b>	<b>15.3%</b>
<b>Not Economically Active</b>	<b>1 545 308</b>	<b>1 701 187</b>	<b>1 590 759</b>	<b>45 451</b>	<b>2.9%</b>
<b>Rates (per cent)</b>					
Narrow Unemployment rate	20.9%	24.5%	22.5%	1.5% points	
Expanded Unemployment rate	24.8%	29.5%	26.8%	2.0% points	
Absorption rate	53.1%	49.4%	52.6%	-0.5% points	
Labour force participation rat	67.2%	65.4%	67.8%	0.6% points	

Source: Quantec, Own Calculations

### Provincial employment

In general, higher levels of GDP growth tend to be associated with higher levels of employment growth. However, the relationship between GDP growth and employment growth is complex and multifaceted. While there is a general correlation between the two, it is not a direct or linear relationship.

In the fourth quarter of 2022, the Western Cape created 167 315 employment opportunities of which the Trade (25.0 per cent), Manufacturing (17.8 per cent) and Community services (14.2 per cent) sectors made the largest contributions. The Western Cape surpassed pre-pandemic employment levels thanks to an exceptional fourth quarter of employment growth when the Province created 74.9 per cent of all gross additional employment opportunities in South Africa. As a result, the Western Cape made a 99 per cent contribution to the net employment gains in South Africa, while also exceeding pre-pandemic levels for the first time in 11 quarters.

*Western Cape employment levels exceeding pre-pandemic levels for first time in 11 quarters*

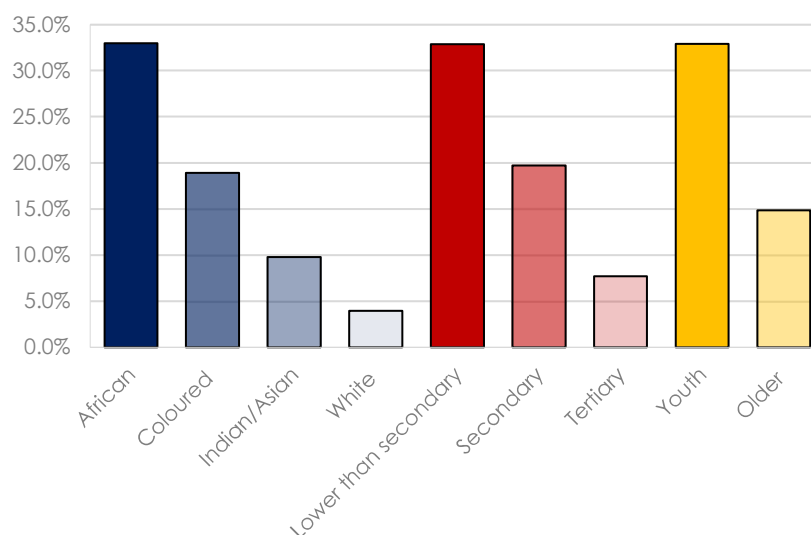
Between the first quarter of 2020 and the fourth quarter of 2022, provincial employment cumulatively expanded by 3.8 per cent or 95 097 people to 2.596 million people. All but two sectors surpassed pre-pandemic employment levels. The Transport sector (-33 974), lost the largest number of employment opportunities, followed by the Agriculture sector (-32 274).

### Provincial unemployment

In the fourth quarter of 2022, the Western Cape's narrow unemployment rate was 22.5 per cent or 1.6 percentage points higher than pre-pandemic levels. Between the first quarter of 2020 and the fourth quarter of 2022, the number of unemployed in the Western Cape cumulatively increased by 13.6 per cent to 752 148 people.

*Western Cape narrow unemployment rate at 22.5 per cent in fourth quarter of 2022*

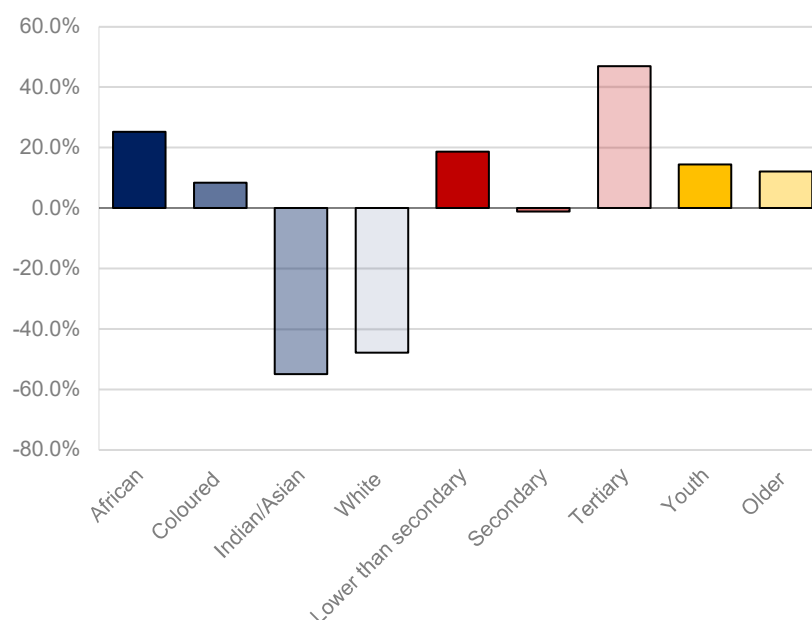
**Figure 2.14 Unemployment rate among race, education and age cohorts in the Western Cape, 2022 Q4**



Source: Quantec

In line with the South African labour market, the African (33.0 per cent), Lower than Secondary education (32.9 per cent) and youth cohorts (32.9 per cent) were the most vulnerable to unemployment in the fourth quarter of 2022.

**Figure 2.15 Unemployment growth among race, education and age cohorts in the Western Cape, 2020 Q1 - 2022 Q4**



Source: Quantec, Own Calculations

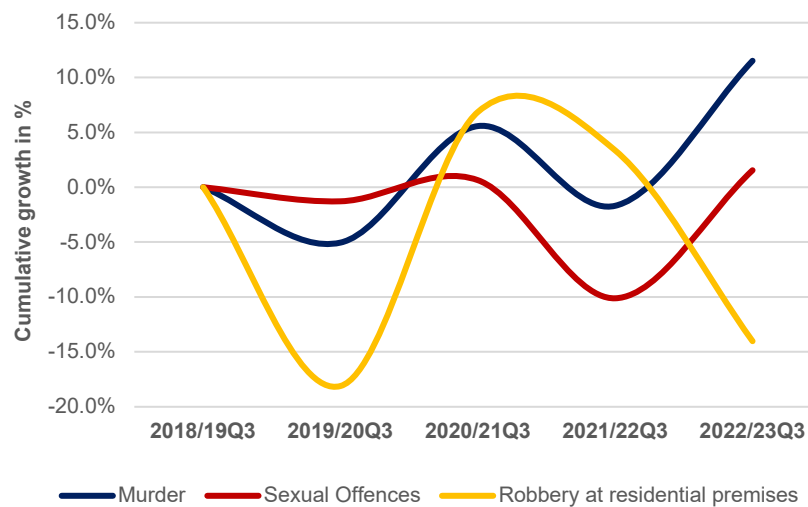
*The African population more severely affected by unemployment growth since first quarter of 2020*

Between the first quarter of 2020 and the fourth quarter of 2022, the growth in number of people unemployed affected the African population (25.3 per cent), Tertiary education (46.9 per cent) and youth cohorts (14.5 per cent) more severely.

## ■ Safety

Crime affects everyone in society in one way or another. Crime creates hostile environments, causes people to live in fear, prevents long-term infrastructure investments and drives out economic opportunities.

**Figure 2.16 Cumulative growth of major crime categories in the Western Cape, 2018/19 Q3 - 2022/23 Q3**



Source: SAPS

In the third quarter of 2022/23, the total number of contact crimes in the Western Cape increased by 15.8 per cent from the third quarter of 2021/22, whilst the number of sexual offences increased by 13 per cent over the same period.

Sexual offences and murder have increased since the third quarter of 2021/22. In the third quarter of 2022, 2 157 sexual offences were reported in the Western Cape, an increase of 248 offences from the third quarter of 2021/22, while 1 198 murders were reported in the Western Cape, an increase of 13.4 per cent from the same quarter a year ago. In the third quarter of 2022/23, Robbery at residential premises decreased by 16.8 per cent to 588 reported cases.

*Sexual offences and murder have increased since the third quarter of 2021/22*

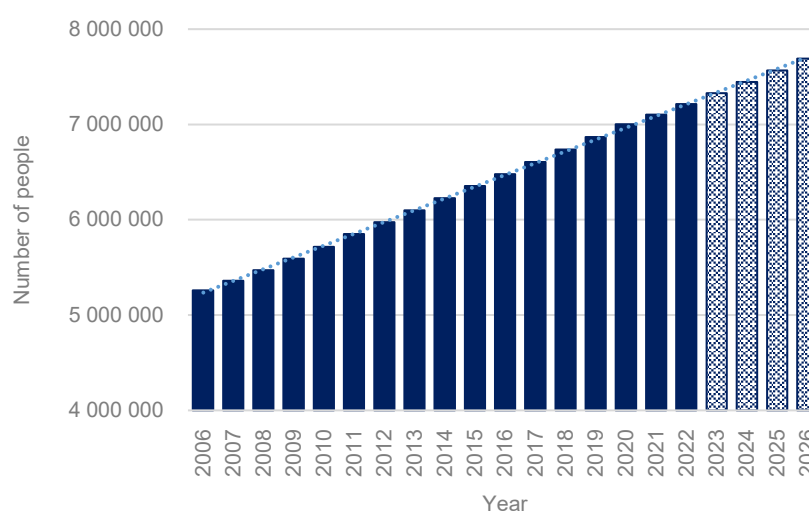
## Wellbeing

### Population

The South African population in 2022 was estimated at 60.605 million, an increase of 1.1 per cent from the 2021 estimates. More than half (57.5 per cent) of South Africa's population live in Gauteng, KwaZulu-Natal and the Western Cape.

In 2022, approximately 11.9 per cent (7.212 million) of the national population resided in the Western Cape. Since 2013, the annual population growth rate declined by 0.6 percentage points to 1.5 per cent in 2022. Over the past ten years, the population in the Western Cape has grown at an annual average of 1.9 per cent<sup>8</sup>.

<sup>8</sup> According to Mid-year Population estimates.

**Figure 2.17 Western Cape population 2006 - 2026**

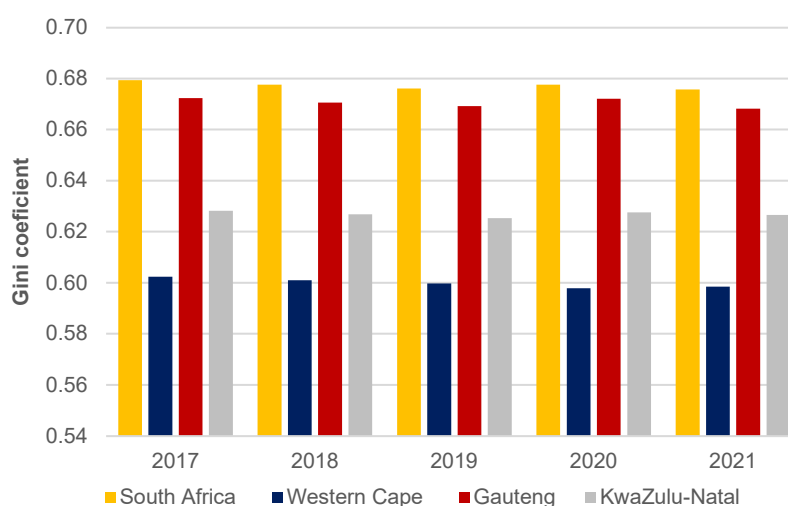
Source: Quantec

Over the next decade, the Western Cape's population will expand by an estimated 1.232 million people to 8.445 million people in 2033.

### Inequality

*Income inequality is persistent but declined marginally in SA and the WC*

Inequality in South Africa and the Western Cape is persistent. Between 2017 and 2021, income inequality, measured by the Gini coefficient, decreased marginally for both South Africa and the Western Cape by 0.004 points each. In 2021, the estimated inequality of South Africa (0.68) was significantly higher than KwaZulu-Natal (0.67), Gauteng (0.63) and the Western Cape (0.60).

**Figure 2.18 South Africa and selected provinces Gini coefficient 2017 - 2021**

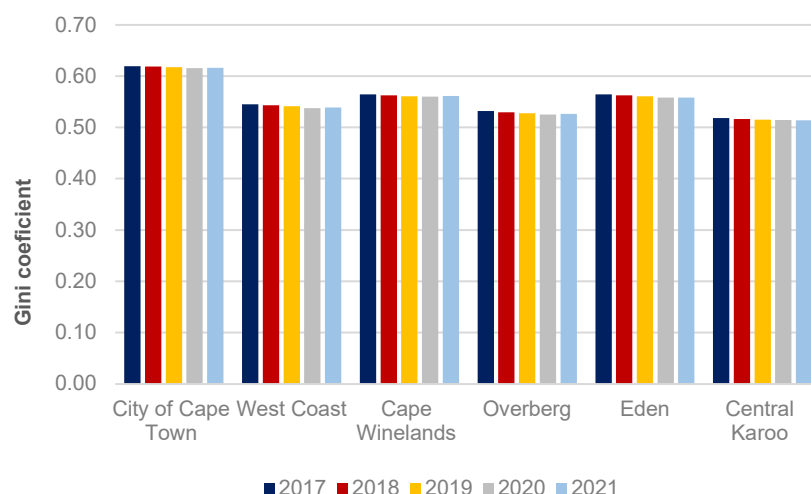
Source: Quantec



Within the Western Cape, the Cape Metro (0.62) had the highest inequality followed by the Garden Route (0.56) and Cape Winelands (0.56) in 2021, while the Central Karoo had the lowest inequality (0.51). Over the five-year period, the West Coast, Overberg and Garden Route marginally lowered inequality by 0.01 points each.

*The Cape Metro had the highest inequality in the Western Cape in 2021*

**Figure 2.19 The Western Cape Gini coefficient by district, 2017 - 2021**



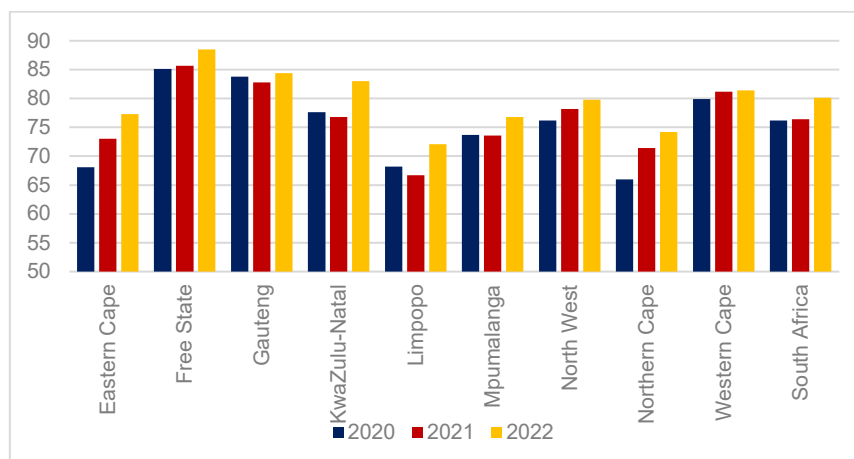
Source: Quantec

## Education

In 2022, a total of 752 003 Full-time (FT) and 168 631 Part-time (PT) candidates enrolled for the National Senior Certificate (NSC) examinations in South Africa. This translates to a total of 920 634 candidates which is the largest class to date to sit for the Grade 12 NSC examinations since its inception in 2008.

The Western Cape has managed to increase its National Senior Certificate (NSC) matric pass rate even further to pre-pandemic levels, achieving an 81.4 per cent pass rate in 2022. This is a slight improvement of 0.2 percentage points from the 2021 results.

*The Western Cape obtained a matric pass rate of 81.4% in 2022*

**Figure 2.20 Comparison of National Senior Certificate pass rates per province, 2020 - 2022**

Source: Department of Basic Education, 2022

In 2022, the Western Cape had the fourth highest matric pass rate in South Africa, after the Free State, Gauteng and KwaZulu-Natal. In 2021, the Western Cape had the top Bachelor pass rate in the country at 45.3 per cent. This decreased significantly to 38.4 per cent in 2022 and in turn dropped the Province to the fifth highest Bachelor pass rate in the country.

**Table 2.6 NSC performance by type of qualification, 2022**

	Bachelor (Per cent)	Diploma (Per cent)	Higher Certificate (Per cent)	NSC Pass Rate (Per cent)
Eastern Cape	43	31.3	14.1	77.3
Free State	43.4	27.8	13.2	88.5
Gauteng	42.5	26.7	13.7	84.4
KwaZulu-Natal	29.8	24.5	17.8	83
Limpopo	33.5	26.8	16.5	72.1
Mpumalanga	33.6	28.2	17.9	76.8
North West	30.8	26.9	16.5	79.8
Northern Cape	42.7	25.3	13.4	74.2
Western Cape	38.4	26.7	14.9	81.4
<b>South Africa</b>	<b>38.4</b>	<b>26.7</b>	<b>14.9</b>	<b>80.1</b>

Source: Department of Basic Education, 2022

Three districts in the Western Cape made the top 20 in the country, Metro North Education District (ranked eleventh place with a pass rate of 85.9 per cent), Metro Central Education District (ranked fifteenth place with a pass rate of 85.2 per cent), and Overberg Education District (ranked nineteenth place with a pass rate of 84 per cent).

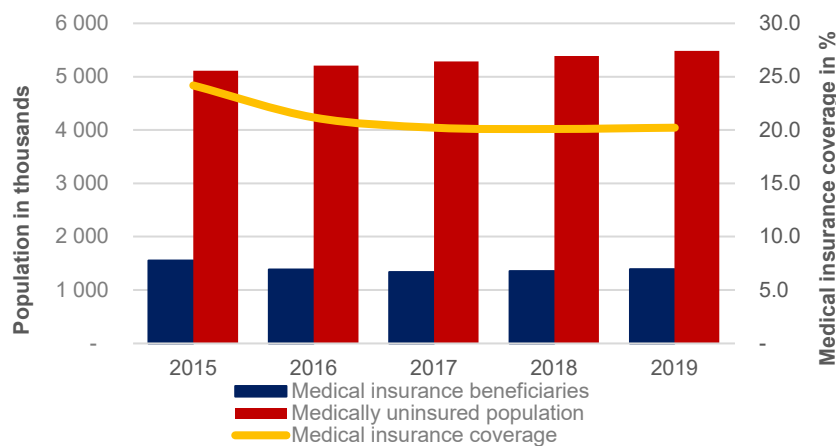
## Health

Since 2001, Life expectancy has improved both nationally as well as in the Western Cape. The average life expectancy at birth increased for males (from 59.2 to 64.9 years) and females (from 63.7 to 70.3 years) between 2001 and 2021.

Between 2015 and 2019, the Western Cape's medical uninsured population increased by 371 162 people or 7.3 per cent to 5.484 million, while the medical insured population declined by 159 689 people or 10.3 per cent to 1.391 million people. As a result, the portion of the population with medical insurance declined by 4.0 percentage points to 20.2 per cent in 2019.

*Portion of WC medical uninsured shows increasing trend*

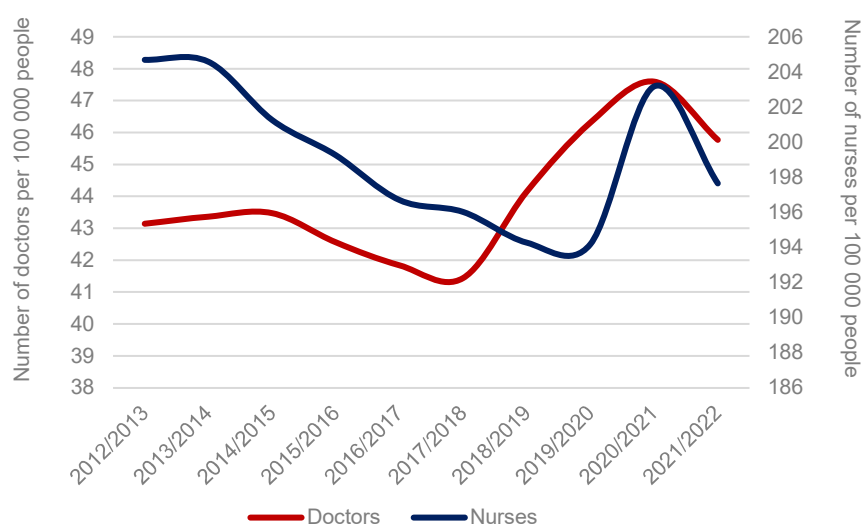
**Figure 2.21 Medical insured and uninsured beneficiaries in the Western Cape, 2015 - 2019**



Source: Quantec

While South Africa is one of the major suppliers of migrant nurses, there is a severe shortage of nurses worldwide. A survey released in 2022 revealed that 6 per cent of all nurses considered leaving the country (SA Medical Association). To provide high-quality, reasonably priced healthcare, the proportion of the population served by public-sector doctors and nurses should be as low as possible. Around 45.8 doctors and 197.7 nurses were employed by the Western Cape Government for every 100 000 residents as of 2021/22.

*6% of all nurses have contemplated emigration*

**Figure 2.22** Number of public employed doctors and nurses per population in the Western Cape, 2012/13 - 2021/22

Source: Western Cape Department of Health and Wellness

In the Western Cape, the number of doctors per 100 000 people has fluctuated over the last ten fiscal years, ranging from 41.4 in 2017/18 to 47.4 in 2020/21. The ratio of doctors per 100 000 persons increased by 2.4 per cent between 2012/13 and 2021/22. Between 2012/13 and 2021/22, the ratio of nurses to 100 000 people deteriorated by 3.41 per cent from 204.7 to 197.7. In 2020/21 the ratio of nurses to 100 000 people substantially increased from 194.2 in 2019/20 to 203.2 in 2020/21.

## Conclusion

The World Bank predicts a slowdown in global economic growth from 2.9 per cent in 2022 to 1.7 per cent in 2023 due to monetary policy tightening and the effects of the Russia-Ukraine war. Central banks are expected to continue with aggressive monetary policies to control inflation.

The South African economy faces persistent socio-economic challenges, such as unemployment, poverty, and inequality, and is vulnerable to the most recent global development trends of elevated inflation and rising policy interest rates. The country's growth expectations are sluggish to moderate mainly due to relentless power outages.

National and Provincial unemployment rates improved on a quarterly basis; however, unemployment and unemployment rates remain at higher levels compared to pre-pandemic levels. Youth unemployment remains a key concern. South Africa's youth unemployment rate was 45.3 per cent in the fourth quarter of 2022,

While the Western Cape youth unemployment rate was 32.9 per cent in the same quarter.

The Western Cape's economic growth in 2023 will be slow due to load shedding, strikes, decreased demand, inflation, and rising policy rates. The Finance sector is expected to make the largest contribution to growth in 2023, while the Construction sector is expected to outperform other provinces in 2023 based on a significant rise in building plans passed in 2022.

### **2022/23 PERO and MERO**

To support evidence-based policy making, the Western Cape Government publishes an annual Provincial Economic Review and Outlook (PERO) ahead of the Medium-Term Budget Policy Statement, followed by its complementary publication, the 2022/23 Municipal Economic Review and Outlook.

The 2022/23 PERO and MERO tracks key statistics in the Jobs, Safety and Wellbeing focus areas of the Provincial Strategic Implementation Plan, and are aimed at informing policymakers at a provincial and municipal level on key economic issues that affect policy, planning and budgeting.

# 3

## Provincial Fiscal Strategy

### In brief

- National government aims to stabilise debt as a percentage of GDP at 73.9 per cent by 2025/26. At the same time, approximately R254 billion of Eskom debt will be transferred to the national debt stock. To achieve these objectives, ongoing reductions in real non-interest expenditure on core basic services, particularly health, education, and social services, will be required.
- Allocations to provinces will shrink in real terms over the medium term, with allocations to the Western Cape revised down further due to changes to the provincial equitable share formula and data updates.
- The Provincial fiscal strategy aims to protect basic services outcomes; unlock allocative efficiency; enhance productive efficiency; and enable long-run fiscal sustainability.

### National Fiscal Context

The national fiscal strategy over the 2023 MTEF aims to achieve fiscal sustainability, support economic growth, and reduce fiscal and economic risks. National government intends to achieve sustainability by narrowing the budget deficit and stabilising debt over the medium to long term. Economic growth will be supported by directing resources towards infrastructure and other policy priorities. The approach to reducing fiscal and economic risks includes building contingency reserves to respond to potential future shocks, providing targeted conditional in-year support to key public entities, and providing debt relief to Eskom.

*National government will achieve fiscal sustainability by narrowing the budget deficit and stabilising debt*

The 2023 Budget provides R254 billion in debt relief to Eskom over the next three years to enable the necessary investment and maintenance as part of broader energy sector reforms. This relief requires a step change in public debt, which peaks at 73.6 per cent of GDP in 2025/26.

*R254 billion over the 2023 MTEF provided for debt relief to Eskom*

The national fiscal strategy avoids tax rate increases that would overburden households and firms during a slow and uneven economic recovery.

Over the next two years, the bulk of higher-than-expected revenue (57 per cent) will be used to reduce the consolidated budget deficit from 4 per cent of GDP in 2023/24 to 3.2 per cent of GDP in 2025/26.

**Table 3.1 National fiscal framework**

	Revised estimate			Medium-term estimates			
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
<b>Main budget revenue</b>	<b>1 346</b>	<b>1 238</b>	<b>1 564</b>	<b>1 704</b>	<b>1 759</b>	<b>1 868</b>	<b>2 008</b>
	23.6%	22.1%	24.9%	25.6%	25.1%	25.1%	25.3%
<b>Expenditure</b>							
National departments	750	791	823	854	829	836	878
Provinces	614	629	661	695	695	721	755
Local government	123	137	136	148	164	174	183
Contingency reserve	–	–	–	–	5	5	5
Provisional allocation	–	–	–	–	2	4	4
Unallocated reserve	–	–	–	–	–	36	45
<b>Non-interest expenditure</b>	<b>1 486</b>	<b>1 556</b>	<b>1 619</b>	<b>1 697</b>	<b>1 694</b>	<b>1 775</b>	<b>1 869</b>
Debt-service costs	205	233	268	307	341	363	397
<b>Main budget expenditure</b>	<b>1 69</b>	<b>1 789</b>	<b>1 888</b>	<b>2 004</b>	<b>2 035</b>	<b>2 138</b>	<b>2 267</b>
	29.7%	31.9%	30.0%	30.1%	29.0%	28.7%	28.6%
<b>Main budget balance</b>	<b>(345)</b>	<b>(551)</b>	<b>(323)</b>	<b>(300)</b>	<b>(275)</b>	<b>(270)</b>	<b>(256)</b>
	(6.1%)	(9.8%)	(5.1%)	(4.5%)	(3.9%)	(3.6%)	(3.3%)
<b>Primary balance</b>	<b>(140)</b>	<b>(318)</b>	<b>(55)</b>	<b>7</b>	<b>65</b>	<b>93</b>	<b>138</b>
	(2.5%)	(5.7%)	(0.9%)	0.1%	0.9%	1.2%	1.7%

Note: Southern African Customs Union. Amounts made up of payments and other adjustments. The estimates for the next two years include projected forecast error adjustments for 2021/22 and 2022/23, respectively.

Source: National Treasury

Total spending directed towards provinces will grow at 2.8 per cent. This is well below inflation which is estimated at 4.8 per cent over the medium term.

National government projects a main budget primary surplus <sup>1</sup>in 2022/23. Main budget non-interest expenditure grows at 0.3 per cent in real terms in the outer two years of the 2023 MTEF. Consolidated non-interest expenditure, which excludes state-owned companies, contracts by 1 per cent per year in real terms over the period.

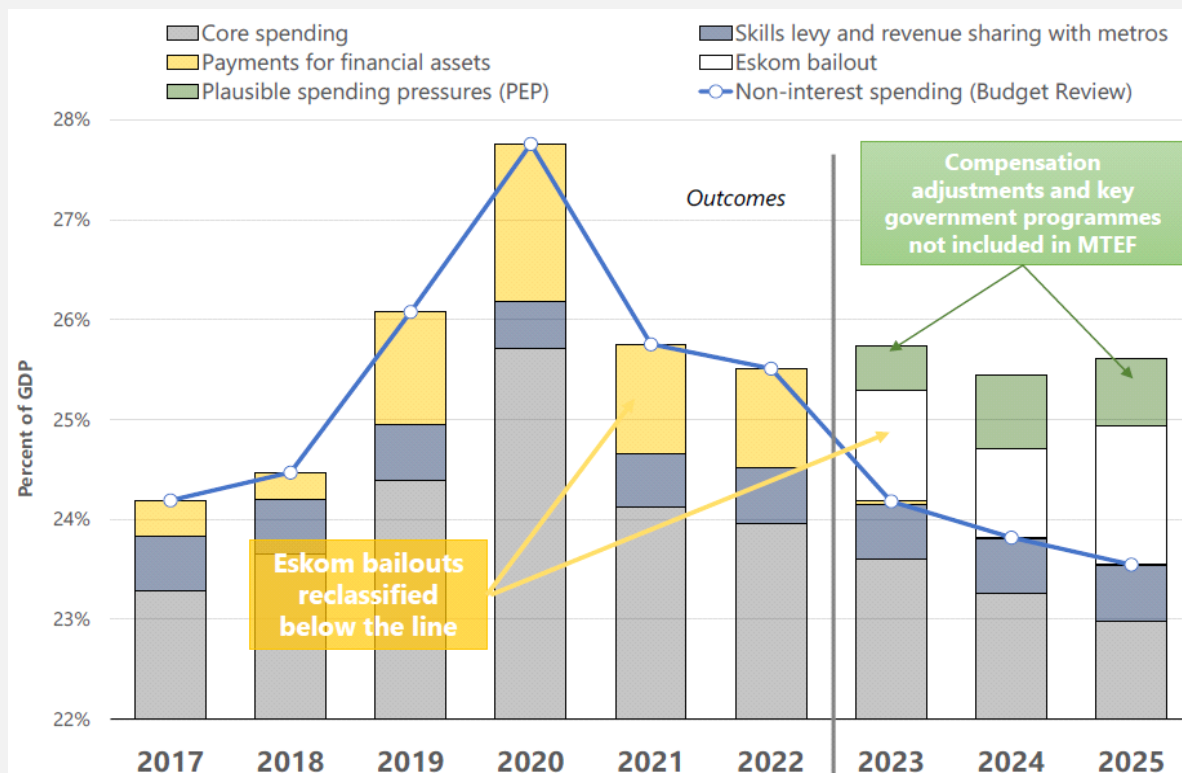
*Improved national fiscal outlook driven by reclassification of cash support to SOEs as debt redemption*

An improved fiscal footing is made possible by a change in the accounting practice for Eskom bailouts, where the latter are removed from main budget expenditure. If Eskom support were to be included as non-interest spending, the main budget deficit would likely grow rather than reduce over the 2023 MTEF. The primary surplus achieved in 2022/23 would likely then move to a primary deficit over the 2023 MTEF.

<sup>1</sup> The budget surplus when interest on outstanding debt is excluded.

### Likely path of non-interest spending and more plausible fiscal outlook

While the 2023 National Budget reflects a significant decline in non-interest spending over the next three years, it is critical to consider the reclassification of certain components in the budget projections. Changing the classification of non-interest expenditure related to state owned companies from being defined as payments for capital assets, to being classified as debt redemption results in the declining trend of non-interest spending over the 2023 MTEF. Additionally, the exclusion of plausible expenditure pressures from budget projections, most notably adjustments to the Compensation for Employees adds to the effect of the trend of declining non-interest spending.



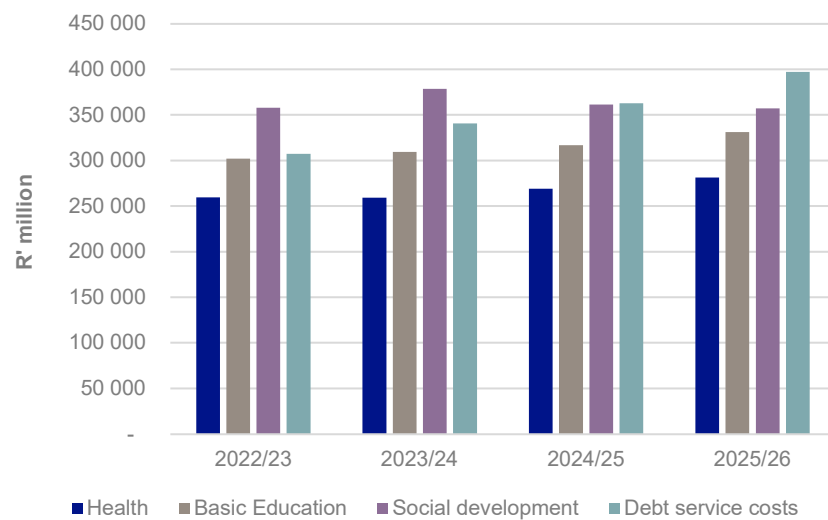
Source: Southern Centre for Inequality Studies

The national fiscal consolidation strategy shifts the composition of non-interest spending from current spending towards capital spending. While increasing spending on infrastructure is positive for growth, the strategic inflexion happens in the context of fiscal constraint and rising debt costs. That is, the shift occurs at the expense of non-interest current spending, notably basic education, health, and social protection rather than through a robust increase in national revenue receipts.

Figure 3.1 illustrates that over the 2023 MTEF debt service costs will be consistently higher than spending on basic education and health. The 8.9 per cent growth of debt service costs over the 2023 MTEF adds pressure to the national fiscus, with these costs averaging over R366 billion annually over the period.

*Debt service costs crowding out spending on core social services*



**Figure 3.1 Consolidated government expenditure by function**

Source: National Treasury

#### Key risks to the national fiscal outlook include:

- Economic growth remains fragile and faces a range of risks including, weaker-than-expected global growth, further disruptions to global supply chains, renewed inflationary pressure, intensified power cuts, deterioration in rail and port infrastructure, widespread criminal activity, and a deterioration in the fiscal outlook;
- Lower or no economic growth, leading to deteriorating tax revenues amidst rising demand for fiscal support from households and government entities;
- High inflation and concomitant rising interest rates which erodes purchasing power and puts household finances under pressure;
- Uncertainty on the fiscal sustainability of the current COVID-19 social relief of distress grant and the affordability of alternatives;
- Rising borrowing costs due to inflation and higher interest rates;
- Higher-than-budgeted-for public service wage costs;
- Government debt continues to grow faster than the growth of the economy and newly issued debt has become more expensive to service. Interest payments on debt now consume 18 cents of a revenue rand that government collects;
- Increased levels of government debt in order to take over of a portion of Eskom's loan portfolio together with debt relief to cover Eskom's debt obligations;
- Further depreciation in the Rand exchange rate leading to higher debt servicing costs of foreign-currency denominated debt; and
- Materialisation of contingent liabilities and the weak financial position of several state-owned companies that may require additional fiscal resources and undermine government's fiscal stabilization efforts.

Increased pressure on the national fiscus and continued fiscal consolidation over the 2023 MTEF weakens the outlook for national transfers to the Province, notably provincial equitable share (PES) and conditional grant funding. Real reductions in PES transfers to the WCG combined with above average inflation increases in Compensation of Employees in recent years and over the 2023 MTEF crowd out the WCG's ability to fund other provincial priorities,

notably catalytic social and economic infrastructure that have the potential to boost regional growth.

The formula-driven PES allocation to the WCG is reduced by R1.919 billion over the 2023 MTEF. This is due to the continued phase-in of the new risk-adjusted health component of the PES formula since 1 April 2022 as well as data updates, particularly for health usage and education enrolment data.

### Continued phasing-in of the Health Risk Adjusted Component and Definitional Changes to the Health Output Component

The continued phase-in of the new Health Risk Adjusted Index health sub-component continues to impact the Western Cape's share of the PES over the 2023 MTEF. Two-thirds of the changes will be phased in by 2023/24, with the full changes taking effect from 2024/25 onwards. This is fully reflected in the 2023 MTEF PES baseline allocations.

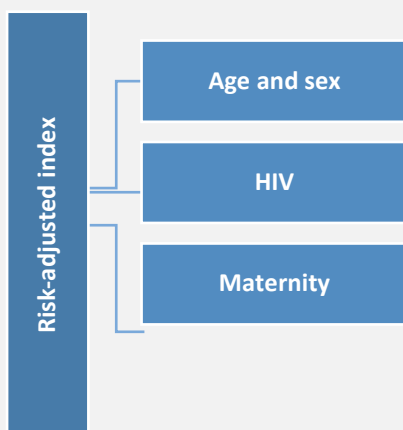
The new health risk-adjusted index, weighted at 75 per cent, replaces the previous risk-adjusted index which was last updated in 2010 and sees the Western Cape's share of the Risk-Adjusted Index decline from 104 per cent to 90 per cent.

The new risk adjusted index, consisting of five factors, takes into consideration the relative cost of health care needs by age and sex, total fertility rate, the burden of disease as measured through premature mortality, a deprivation index used as a proxy for socio-economic factors and sparsity to account for the higher potential costs of delivering health care to lower density populations.

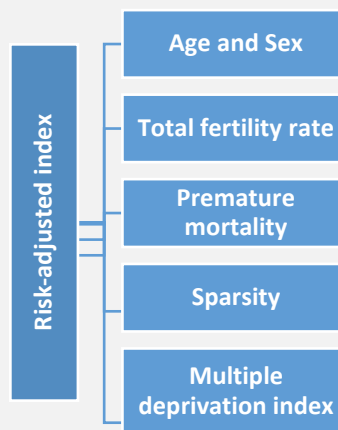
The components which informed the old and new risk adjustment component are shown below.

The factors and their weights recognised to influence health spending include:

Old:



New:



The factors and their weights recognised to influence health spending include:

- **Age and Sex (69%)** - The majority of health expenditure can be attributed to age and sex. Demand for health care is higher amongst the very young, women of childbearing age and the elderly;
- **Total Fertility Rate (3%)** - This accounts for the average number of children expected to be born to a woman in her lifetime. This variable is important given the health system focus on maternal and child health, and the additional costs associated with pregnancies, deliveries and child health. A separate weighting for this factor has been included to account for the substantial differences in the total fertility rate between provinces;
- **Premature Mortality (12%)** - This is used to approximate the burden of disease and associated demands on the health care system. Higher premature mortality implies a higher rate of morbidity and therefore a higher need for health care resources;

- Multiple Deprivation Index (5%)** - Social determinants of health affect demand for health services and *thus* health service costs. Social determinants include education, access to water services, electricity, housing, and the extent of household asset ownership (e.g. refrigerator, stove, computer, cellphone etc.); and
- parsity Adjustment (11%)** - Delivering health care in areas with low population density and in areas that are geographically remote incurs additional costs. These areas are often more difficult to access, and have lower utilisation levels that reduce economies of scale and make costs per capita higher than in urban areas.

The Output sub-component represents the remaining 25 per cent share of the health component. It comprises the sub-component primary health care (5 per cent) and hospital workload patient-day equivalents (20 per cent).

Although the output component has not been updated, from 2020 there has been a change in the definitions of the variables used, resulting in the provision of certain services, notably school health visits and chronic dispensing unit (CDU) deliveries no longer being captured in the workload data. This led to a significant drop in the primary health care headcount for the Western Cape.

Further, the output component does not take account of innovative strategies used to improve the delivery of quality health care services in the Western Cape, such as tele-medicine, community health work visits and alternative medicine delivery.

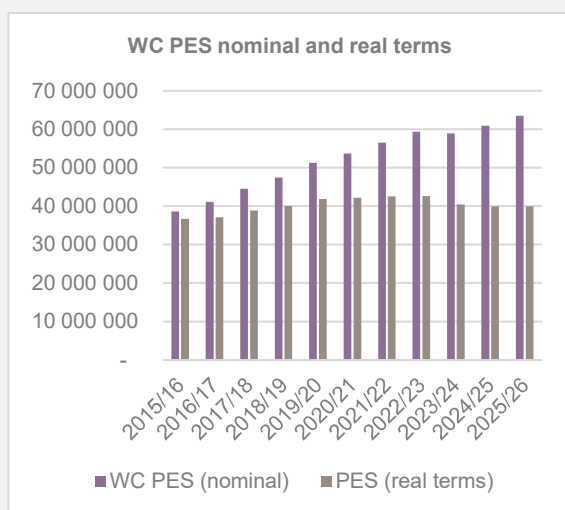
While the change in the definitions and mix of variables used in the output component will not affect the overall allocation to the health sector which remains at 27 per cent of the PES, they are likely to have a differential impact on provinces, leading to an unintended bias in the PES distribution.

In line with the principle to phase-in the new health risk adjusted component over three years, two-thirds of the changes will be phased in by 2023/24, with the changes taking full effect from 2024/25 onwards. This is therefore reflected in the 2023 MTEF PES baseline allocation to the Western Cape.

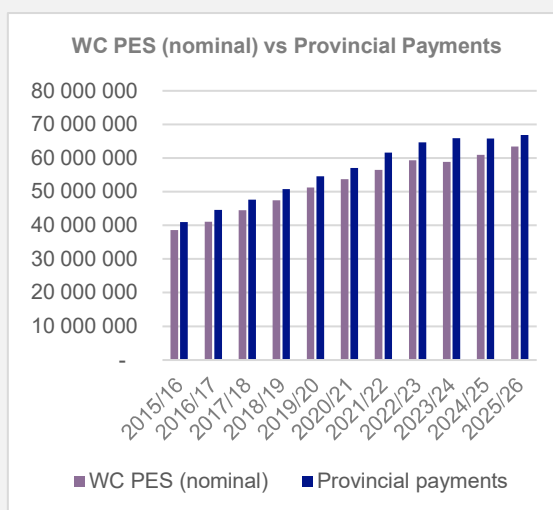
### Impact of national fiscal framework

Over the past number of years, the process of fiscal consolidation has reduced the PES in real terms, while Provincial payments (funding allocated to WCG departments) are significantly higher than PES over the same period (depicted in Figures 3.2 and 3.3). Compensation of Employees (CoE), the largest Provincial spending item remains a fiscal risk especially in the 2023/24 financial year. Above inflation increases in CoE crowd out the ability to spend on key policy areas such as Infrastructure. This has required the WCG to significantly reprioritise resources and look at new ways of financing service delivery pressures.

**Figure 3.2** Total Provincial Equitable Share (PES) in real terms, 2015/16 to 2025/26



**Figure 3.3** Total Provincial Equitable Share (PES) vs provincial payments spending), 2015/16 to 2025/26

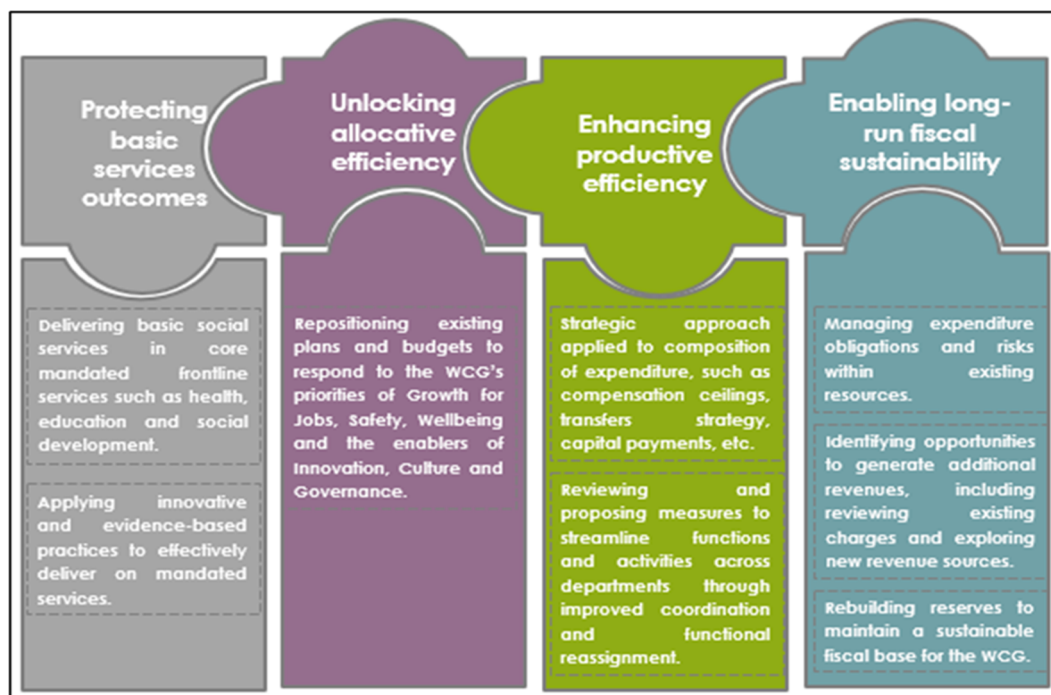


## Provincial Fiscal Response

### 2023 Budget Process and Approach

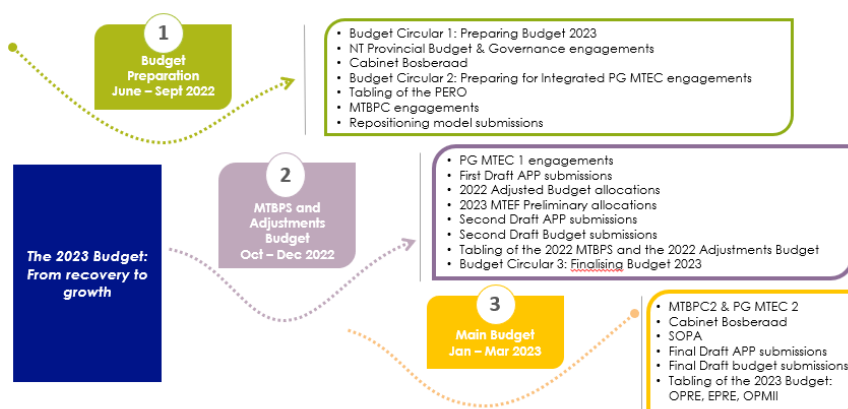
The three-phase budget process considered the national fiscal context and continues to give effect to the budget policy principles that guide decision-making. These principles are outlined in Figure 3.4 below.

**Figure 3.4 Western Cape Government budget policy principles**



The three-phased 2023 policy, planning, and budgeting cycle for the WCG is outlined in Figure 3.5 below.

**Figure 3.5 2023 Budget Approach**



*Three-phase budget approach identifies key risks and related mitigations, and, in the last phase, aligns the composition of the budget to respond to risks and policy priorities*

Phase 1, the budget preparation phase, commenced with the annual Provincial budget and governance engagements, which were held in conjunction with officials from national departments and the National Treasury, as well as the Cabinet Bosberaad held in August 2022. These engagements set the policy context for the 2023 planning and budget process. The 2022 Medium Term Budget Policy Committee (MTBPC) 1 engagements focused on the policy priority areas to be prioritised for implementation over the 2023 MTEF: Growth for Jobs, Safety, Wellbeing, and the enablers of Innovation, Culture, and Governance.

In Phase 2, the Provincial Government Medium Term Expenditure Committee (PG MTEC) 1 engagements focused on how the identified policy priorities are translated into departmental plans and budgets. Thus, the Medium Term Budget Policy Statement (MTBPS) and Adjustments Budget were informed by the priority initiatives emerging from the PG MTEC 1 engagements. Similarly, the 2023 MTEF Preliminary Allocations addressed critical service delivery and sustainability pressures emanating from the technical engagements, ahead of the third and final phase of the budget process. The outcome of the PG MTEC 1 departmental engagements informed the ongoing development of the 2023/24 Annual Performance Plans and 2023 MTEF Budgets.

Phase 3, the main budget, built on from the 2022 Medium Term Budget Policy Statement, 2022 Adjusted Estimates and the 2023 MTEF Preliminary Allocations that were approved on 2 November 2022. Phase 3 included a series of MTBPC and PG MTEC engagements, as well as Cabinet Bosberaad, that aimed to ensure responsiveness to policy priorities and alignment between departmental plans and budgets, while managing key service delivery risks. The main budget also considered the State of the Province Address to ensure policy alignment.

The MTBPC 2 and PG MTEC 2 engagements focused on frontline service delivery pressures, the strategic alignment of programmes, and unlocking opportunities to achieve productive efficiencies. This included a competitive budget allocation process and the identification of areas for potential savings. The outcome of the MTBPC 2 and PG MTEC 2 engagements informed the finalisation of the 2023 MTEF budget proposals. This required careful consideration to ensure that limited financial resources are allocated efficiently and entailed taking difficult policy and budget decisions to set the Province on the path from recovery to growth while progressively restoring long term fiscal sustainability.

The 2023 policy, planning, and budgeting cycle identified provincial budget policy risks. The response to key risks and service delivery pressures are based on effectively applying the budget policy principles. The alignment of these risks to global, national, and provincial policy risks as well as the fiscal response are further outlined in Chapter 4.

**Figure 3.6 Provincial Budget Policy Risks Identified through the 2023 MTEF Budget Process**

### Growth for Jobs

- Energy security
- Water security
- Climate change
- Curriculum and skills requirements mismatch
- Decline in overall infrastructure asset portfolio (incl. roads, rail, and ports)
- Municipal ability to facilitate and monitor infrastructure development
- Lack of capacity and resources in municipalities
- Organised criminal (mafia) activity
- Minibus taxi industry violence and service quality issues
- Social unrest
- Agricultural budget support pressures
- Elsenburg vineyard replacement
- Environmental impact assessment inefficiencies
- Lack of capacity with regards to infrastructure financing strategies

### Safety

- Violence, crime, and social unrest
- Staff safety in crime hotspots
- Low crime conviction rates
- Effectiveness and coordination of WCG safety interventions with law enforcement resources
- Potential delays in establishment of the Violence Prevention Unit

### Wellbeing

- Youth unemployment and disillusionment
- Learning losses
- Learner enrollment pressure
- Increased demand for mental health and psychosocial support
- Re-integrating health services post COVID-19
- Increasing medico-legal claims
- Housing crisis
- Net in-migration placing strain on the demand for public services
- Sustainability of public libraries
- Financial instability of NGOs
- SASSA's ability to deliver grants to WC beneficiaries

### Innovation, Culture, and Governance

- Cybersecurity
- Ineffective local governance
- Ability to manage and respond to disasters and risks
- Economic climate impacting on municipal revenue streams
- Volatile SCM regulatory environment
- Departmental reorganisation processes
- WCG organizational health and culture

*WCG budget policy principles will continue to guide the implementation of the fiscal strategy*

## ■ Implementing the Budget Policy Principles

The 2023 MTEF fiscal strategy focusses on protecting basic services outcomes, unlocking allocative efficiency, enhancing productive efficiency, and enabling long-run fiscal sustainability.

### Protecting Basic Services Outcomes

The Western Cape Government (WCG)'s core basic services mandates are healthcare, basic education, community and social development. Existing plans and budgets have been repositioned to respond to these core mandates, together with changes to the service delivery context and budget policy and service delivery risks. To meet these pressures, an additional R6.914 billion has been allocated to the Departments of Education (R2.853 billion), Health and Wellness (R3.979 billion), and Social Development (R82.288 million) over the 2023 MTEF.

### Unlocking allocative efficiency

Budget repositioning and trade-offs between programmes are required to maximise the outcomes and impacts of spending, particularly relative to the WCG's priorities of Growth for Jobs, Safety, Wellbeing, and Innovation, Culture and Governance.

To give effect to this principle, strategic allocations were made toward specific budget policy priorities as outlined in Chapter 4.

The Fiscal Transition Support Facility (FTSF) was introduced in the 2021 MTEF and provides fiscal support to provincial departments for the once-off, upfront costs of investment in or implementation of new service delivery approaches and technologies that can achieve long term savings and improved outcomes over time.

#### **Fiscal Transition Support Facility**

The 2021 MTEF introduced the Fiscal Transition Support Facility (FTSF) to enable departments to address spending pressures through proactive restructuring measures. The FTSF provided fiscal support for the once-off, upfront costs of investment in new technology and service delivery approaches that would achieve long-term savings and improved outcomes over time. In many instances, the absence of this transitional funding prevented, delayed or reduced the scale of the introduction of new approaches.



### Budget Allocations from the Fiscal Transition Support Facility

		2021/22	2022/23	2022 MTEF		Total
				2023/24	2024/25	
Vote 1	Department of the Premier: Elsenburg migration to the WCG's Corporate ICT network	10 200	7 400	7 800		25 400
	Strategic communication review		3 000			3 000
Vote 3	Provincial Treasury: eProcurement Solution	1 462	200	418		2 080
	SCM reform - to drive value for money		1 500			1 500
Vote 6	Department of Health: Tele-Health (FTSF)		5 000	5 000		10 000
	Department of Health: Home-delivery of chronic medication	33 000	33 000	33 000		99 000
Vote 7	Digitising the Non-profit organisation management systems (NPOMS)		1 000	1 000	1 000	3 000
	Development of a Mobile Client Service System to support Social Workers to deliver more efficient services		1 000	1 000	1 000	3 000
	Enable Mobile connectivity		2 000	3 000		5 000
Vote 11	Department of Agriculture: On-site energy storage	5 000				5 000
Vote 13	Department of Local Government: Archives Website	1 350				1 350
	Virtual & Digital Services in Western Cape Provincial Archives		16 476			16 476
<b>Total</b>		<b>51 012</b>	<b>70 576</b>	<b>51 218</b>	<b>2 000</b>	<b>174 806</b>

The FTSF enabled new service delivery approaches for citizen impact. One example is the home delivery of medication by community health workers (CHWs) as a response to COVID-19 in order to decongest facilities and protect vulnerable patients with chronic diseases from unnecessary exposure to infection. The Department of Health and Wellness was allocated a total of R109 million (or 62 per cent) of the total R174.806 million from the FTSF. The home delivery of medication service was an innovative approach to delivering healthcare services, which had the potential to improve access to care, reduce healthcare costs, and enhance the patient experience, particularly for vulnerable and elderly patients.

The initiative was aligned with policy on developing wellness services in the community and the move towards community-orientated primary care. The home delivery of chronic medication allowed patients with chronic conditions to receive their medication at their doorstep, without having to visit a healthcare facility. Also, the home delivery of chronic medication service was available to patients who have been diagnosed with a chronic condition, such as diabetes, hypertension, or HIV. In addition, facility-based professional staff were able to focus more on the needs of unstable patients instead of pushing queues. As the lockdown was lifted, the CHWs were able to perform other activities while they delivered medication, therefore increasing the value of the home visit. They could perform or update the household assessment as well as screen the household for COVID-19. CHWs visited more households in their area and by combining these visits with other activities were able to increase their yield of other health problems.

The service was part of the Department's efforts to improve access to healthcare services, particularly for vulnerable and elderly patients who may have difficulty traveling to medical facilities. As such, the home delivery service was successful at decongesting facilities and undoubtedly saved lives amongst people who would otherwise have been exposed to COVID-19 infection and enabled facilities to have capacity to respond to the surge of people with symptoms of COVID-19. As such, allocations made from the FTSF enabled the implementation of specific departmental interventions to achieve long term savings, support digitisation of services, deepening partnerships in service delivery and improve service delivery outcomes over the medium term.

### Enhancing productive efficiency

Maintaining or expanding service delivery outputs within a narrowing fiscal envelope requires a relentless focus on productive efficiency, rather than purely cost containment. Productive efficiency involves re-evaluating the mix of inputs across major expenditure items such as compensation of employees, transfer payments, goods and services, and infrastructure investment and renewal. To further enhance productive efficiency, difficult choices on reprioritisation, effecting hard stops on programmes that do not demonstrate impact, and identifying areas that can be



downscaled, were required. The various levers utilised to give effect to this principle are outlined below.

### Compensation of Employees Strategy

*Strategies to manage headcount while ensuring existing personnel are utilised more effectively, is a key component of the WCG fiscal strategy*

Human resources are a major asset of this government and concerted effort must be made to ensure that staff are engaged, trained, and capacitated to effectively deliver services to the citizens of this province. Compensation of Employees (CoE) is the largest Provincial spending item and remains a key lever in achieving fiscal consolidation in the Province. Provincial government services are inherently labour-intensive with approximately 91 per cent of WCG personnel providing education (50 per cent), health (38 per cent), and social development (3 per cent) services.

**Table 3.2 WCG Personnel by Department over 2023 MTEF**

		MTEF 2023/24			% of Total
		2023/24	2024/25	2025/26	
1	Premier	1 137	1 066	1 066	1.2
2	Provincial Parliament	118	118	118	0.1
3	Provincial Treasury	375	374	352	0.4
4	Police Oversight and Community Safety	359	359	359	0.4
5	Education	46 810	46 810	46 810	50.3
6	Health and Wellness	35 039	34 979	35 034	37.6
7	Social Development	2 738	2 738	2 738	2.9
8	Mobility	1 381	1 448	1 538	1.5
9	Environmental Affairs and Development Planning	383	384	384	0.4
10	Infrastructure	2 322	2 371	2 295	2.5
11	Agriculture	1 141	1 172	1 187	1.2
12	Economic Development and Tourism	247	208	209	0.3
13	Cultural Affairs and Sport	608	608	608	0.7
14	Local Government	429	433	434	0.5
<b>Total</b>		<b>93 087</b>	<b>93 068</b>	<b>93 132</b>	<b>100.0</b>

The WCG will continue to apply a sustainable CoE management strategy by finding the balance between maintaining head count, through head count ceilings, implementing service delivery efficiencies, and assessing the sustainability of Votes' baselines and service delivery pressures regarding staffing needs.

The WCG CoE strategy takes a differentiated approach across departments, which aims to manage targeted headcount levels. Each department formulates their own CoE plan, which articulates the headcount management strategy over the medium term. Headcount growth should only be considered if there is alignment

to policy imperatives as determined by the Executive. Departmental turnover rates are used to manage headcount reductions through natural attrition of staff, early retirement, retirement, contract terminations, and redeployment of staff over the medium term. Headcount growth will be enabled in frontline service functions, subject to available resources and clear strategic rationales.

Budget assumptions on CoE took into consideration pay progressions, medical aid increases, and housing allowances. Over the 2023 MTEF, no wage agreements have been considered as part of the CoE assumptions.

## Transfers

### ■ Intergovernmental budgeting and local government

The constrained fiscal environment emphasises the crucial importance of intergovernmental planning and budgeting by all spheres of government. The alignment of policy, priorities and resources creates efficiencies in the delivery of public goods and services and contributes towards maximising public value.

*The management of transfers to other spheres of government, and to public entities, is a key lever to enhance productive efficiency*

Conditional grants form an important avenue to ensure the achievement of intergovernmental policy and priorities. The Provincial Treasury is currently engaging Votes to support and strengthen the design of grant frameworks. Key issues include the implementation of appropriate structural changes to the number and alignment of grants, improved design and demand responsiveness of grant programmes, and improved financial and non-financial performance monitoring, reporting and oversight.

### ■ Public entity governance

The WCG makes a series of transfers to Provincial public entities that are aligned with provincial mandates. A Public entity review is currently being finalised. Areas of particular importance include unlocking efficiencies and improved performance by enhancing governance best practices with a focus on accountability between the Executive Authority, the Board, and Parent Departments.

### ■ Non-governmental partnerships

The WCG makes significant contributions to various non-profit organisations that are partners in the delivery of services.

Further information on transfers to non-governmental entities is outlined in Chapter 5.

*Decrease in infrastructure expenditure in real terms*

*Identifying and mobilising alternative sources of financing for infrastructure is central to the WCG's infrastructure strategy*

*The PPF supports the effective preparation of infrastructure projects to ensure that shovel-ready projects are developed efficiently*

## ■ Infrastructure investment and development

Infrastructure budgets in the Western Cape are under significant pressure. In real terms, spending on infrastructure has begun to decline, and in the current fiscal context the long-run financial sustainability of infrastructure programmes remains a concern.

Chapter 4 outlines the Provincial policy response in terms of infrastructure priorities, total spending on infrastructure is outlined in Chapter 5, and the spatial distribution of infrastructure spending is outlined in Chapter 6.

In response to the challenge of a long-term decline in fiscal resources available for infrastructure, the focus for the 2023 MTEF will be to access alternative funding sources to meet infrastructure service delivery demands across the Western Cape. This includes scoping blended financing possibilities, including private-sector financing, project-level finance, public-private partnerships, green financing, impact fund financing, or national funding sources such as the Budget Facility for Infrastructure, the Infrastructure Fund and innovations to the conditional grants framework.

In this instance, “blended finance” is defined as “the strategic use of development finance for the mobilisation of additional funding towards sustainable development in developing countries”. Blended finance attracts commercial capital towards projects that contribute to sustainable development, while providing financial returns to investors.

## ■ Project Preparation Facility (PPF)

Large infrastructure projects require considerable planning including studies that address the technical, financial, environmental, social, financial, and legal aspects that take projects from concept and technical feasibility into the bankability stage.

To further enhance infrastructure investment the Provincial Treasury established a Project Preparation Facility (PPF). Departments can apply for project preparation funding to assist with capacity to compile credible applications and project pipelines for the medium to long term. Adequate project preparation helps to close the infrastructure gap by improving the quality of infrastructure projects, reducing, and mitigating risks, and leveraging alternative financing sources, such as the BFI. Over R180 million has been allocated to Votes from the PPF over the 2023 MTEF, as indicated in Table 3.3 below.

**Table 3.3 Project Preparation Facility (PPF) allocations by Vote**

Department and Project Description	2023/24	2024/25	2025/26	Total
Department of Infrastructure: Various Projects in Planning and Preparation	28 279	22 380	-	50 659
Department of Infrastructure: Energy	40 000	40 000	40 000	120 000
Department of Economic Development and Tourism: New Integrated Port Infrastructure in Saldanha Bay	9 400	-	-	9 400
Department of Education: Various Projects in Planning and Preparation	5 000	-	-	5 000
<b>Total</b>	<b>82 679</b>	<b>62 380</b>	<b>40 000</b>	<b>18 5059</b>

The Oude Molen Precinct received an allocation of R1.2 million in 2023/24. The Department of Environmental Affairs and Development Planning confirmed that the proposed development of the Precinct does not require environmental authorisation and as such, the current phase will be amended and will result in the concluded heritage impact assessment studies.

An application for PPF funding was received by PT in 2022 for project preparation activities for the new integrated port infrastructure in Saldanha Bay, to address maritime service offerings in Cape Town. The PPF application was successful, resulting in the Freeport Saldanha Industrial Development Zone being allocated R9.4 million in the 2023/24 financial year.

### **Sustainable Infrastructure Development and Finance Facility**

The Sustainable Infrastructure Development and Financial Facility (SIDAFF) Programme is an initiative by the WCG to assist municipalities in developing catalytic and sustainable infrastructure projects. The Department of Local Government leads the Programme, with operational support to the Programme funded by the French Development Agency, who appointed GreenCape as the Project Management Unit to provide technical assistance and implementation support to the Programme.

The objective of the programme is to support municipalities in accessing funding for project preparation and financing for project implementation. Catalytic municipal infrastructure projects have been identified that will have a direct impact on unlocking economic and social development opportunities in targeted municipalities in the Province that have a strong governance and clean audit record.

The SIDAFF Programme commenced in April 2020, and the following elements have been established:

1. The institutional governance structures with WCG and participating municipalities have been established;
2. A shortlist of priority projects have been identified and selected to support further development, which are catalytic, can be implemented with sustainable technologies, meets the sustainability criteria, and contributes to the Sustainable Development Goals and national and provincial development priorities. This is an ongoing pipeline identification and shortlisting function; and
3. The framework and structures have been developed to take projects from feasibility to bankability, with a project preparation grant funding facility.

Table 3.4 provides the summary of municipal catalytic infrastructure projects identified in the Western Cape amounting to R2.735 billion of total financing, which includes water projects (R1.040 billion), wastewater projects (R370 million), energy projects (R1.230 billion), and waste projects (R95 million).

**Table 3.4 Pipeline by sector/asset class**

Programme R'000	Project Preparation Funding	Total Financing
Water Projects	52 060	1 040 000
Wastewater Projects	18 510	370 000
Energy Projects	61 660	1 230 000
Waste Projects	4 750	95 000
<b>Total</b>	<b>136 980</b>	<b>2 735 000</b>

The projects are in varying phases of development, and grant or donor funding, as well as technical support, are sought to advance the projects' development and project preparation in order to progress the projects towards financial close.

Between Budget 2022 and Budget 2023, an additional R15 million has been allocated to the Department of Local Government for the SIDAFF programme.

### ● Public Private Partnerships (PPPs)

National Treasury is in the process of reforming the regulatory framework to promote investment in PPPs and is currently implementing recommendations from the PPP regulatory framework review. This implementation commenced in 2022 and will continue in 2023 with workstreams to cover various reform areas.

### **Tygerberg Hospital Redevelopment Public Private Partnership (PPP)**

The Western Cape Department of Health and Wellness (DoHW) initiated the Tygerberg Hospital Redevelopment project after an assessment conducted in 2005 confirmed that due to the hospital's age, technological advancements, and changes in health service delivery, training, and community needs, a redevelopment of the hospital was required. Subsequently, the Department registered the potential PPP with National Treasury in May 2009. In November 2022, the National Treasury conditionally granted Treasury Approval 1 to the DoHW, following the conclusion of a feasibility study on the Tygerberg Hospital PPP. The PPP Project Cycle is in progress to achieve the requirements for Treasury Approval 2 (TA 2A). An amount of R995 million is ringfenced in the Asset Finance Reserve until 2030 to serve as a capital contribution for the new Tygerberg Central, as requested by the DoHW during the 2022/23 Adjustment Budget process. The provision was key in obtaining TA 1 approval as it demonstrated to National Treasury that the WCG has sufficient resources to meet its future obligations. The budget set aside is drawn from existing investment balances and placed in an interest-bearing account at a competitive interest rate maturing at the time that construction will be completed (2030).

### **Enablers to enhance productive efficiency**

#### ● Supply Chain Management and Procurement Planning

Supply Chain management (SCM) is a significant lever due to the size of the total procurement requirement for goods and services as well as capital payments (see Chapter 5). SCM efficiencies are enabled through procurement planning and the automated procurement planning toolkit that links procurement planning to budgets, and monitors efficiencies in spending against these plans. The WCG also offers an in-house

*Good governance has resulted in a reliable system of accountability, resilience, and performance*

eProcurement Solution to afford Provincial departments the opportunity to procure via an automated platform that enhances the ease of doing business with suppliers. In addition, supply chain management ICT projects continue to focus on data and information management to assist in producing better insights into procurement performance of the Province.

#### ● **Financial systems**

To give effect to the principle of enhancing productive efficiencies, financial systems can be leveraged to produce meaningful data that can be mined, processed, and reported as alerts, to allow for better tracking of expenditure across all major expenditure items. Several dashboards can be created, such as the *expenditure and revenue management dashboard* (which compares actual spending to the budget, including by economic classification) to highlight trends and enable better decision making on expenditure choices, thereby enhancing productive efficiency.

#### ● **Expenditure Reviews**

The 2021/22 financial year marked the start of the first Western Cape Provincial Treasury Expenditure Review Capacity Building Initiative in partnership with the Government Technical Advisory Committee (GTAC). A total of 21 officials were trained and 5 expenditure reviews were completed in the areas of Broadband, Commuted Overtime (doctors), Learner Transport, Non-Profit Organisations and Youth Unemployment.

Further training was undertaken in 2022/23 to strengthen and institutionalise the expenditure review process within the WCG. The 2022/23 spending review topics were selected using specific criteria, including a focus on pertinent Provincial policy priorities; the quantum of possible savings; and transversal/cross-cutting themes.

The Expenditure Reviews undertaken in 2022/23 include:

- e-Learning - Western Cape Education Department: spending review on the e-Learning programme with the aim of better understanding the programme and assessing the extent to which it is delivered efficiently and equitably and achieves value for money.
- Agency and support/outsourced services, including doctors and nursing staff - Department of Health and Wellness: This expenditure review aims to understand the trend of rising costs for agency staff.
- Enhancing access to government services and information by vulnerable people through Thusong service centers and outreaches - Department of Local Government: The objective

of this expenditure review is to understand the best way to improve the impact of Thusong service centres as it relates to their original mandate of extending government services in an integrated manner, closer to outlying areas.

- **Agricultural Producer Support and Development - Department of Agriculture:** The objective of this expenditure review is to find efficiencies in the programme to support black farmers. As a critical political issue and potential pathway to expanding the agricultural sector in the Province, land reform and the support of black farmers to become commercial is a central part of the Department's mandate.

#### **e-Learning Expenditure Review**

The South African education system faces many challenges, which result in constraints to academic progress of learners and lost opportunities for school leavers. e-Learning can be a central component of readying the youth for the fourth industrial revolution and digital economy. Trends show that automation, Artificial Intelligence, robotics, gamification, and other forms of digital developments are shaping the economy of the future. Thus, it is imperative that the education system digitally transforms to embrace a new teaching and learning paradigm, such as in the case of the development of a WCED e-Vision, linked to e-Learning.

#### **Enabling long-run fiscal sustainability**

A key pillar of the WCG's fiscal strategy is to enable long-run fiscal sustainability in an increasingly dynamic global and domestic economic and fiscal context.

The Western Cape Fiscal Futures model, which is under active development, aims to identify drivers of revenue, and assess and investigate future scenarios of revenue and GDP based on various core assumptions. Ultimately, the fiscal futures project will create a tool with which the WCG can plan future expenditures based on revenue expectations considering potential national and provincial economic changes over a 10-year projection period. The project will involve several important benefits for the WCG, including consolidation of relevant data, modelling of the national and provincial economies and scenario analysis.

### Fiscal Futures

Fiscal sustainability is one of the four priorities in the Western Cape Fiscal Strategy. The fiscal futures project is creating a tool for the WCG to plan future expenditures based on revenue projections, demographic projections, and economic scenarios. The project will provide several additional benefits for the WCG, including consolidating of relevant data, modelling the national and provincial economies and scenario analysis.

Forecasting the Western Cape's fiscal future will require analysis and forecasting of each of these components:

- First, at the national level, the relationship between revenue and the trajectory of the financial position will inform a forecast of total national spending.
- Second, the estimate of total national spending will be combined with an analysis of national spending pressures to determine scenario-based possible allocations to the WCG through the provincial equitable share (PES) and conditional grants (CG).
- Third, projections of the Province's own revenue will be added to the national transfers to estimate total provincial revenue.
- Fourth, the province's required spending will be forecast based on analyses of each of the Provincial spending items and the most significant cost drivers (e.g., enrolments for public education spending).
- Finally, the difference between the province's revenue and spending will indicate a projection of the Province's financial position or fiscal future.

The WCG will also focus its attention on rebuilding reserves over the medium term, thereby maintaining a sustainable fiscal base for the Province and ensuring that we are prepared to respond to any disasters and unforeseen spending pressures.

The WCG Fiscal Strategy aims to rebuild the provincial reserves to similar levels prior to the onset of the COVID-19 pandemic to mitigate any risks that may hamper service delivery and the long-run fiscal sustainability of the Province.

Total Provincial reserves amount to R3.756 billion over the 2023 MTEF. R1.650 billion (43.9 per cent) is for unforeseen and unavoidable expenditure. A further R1.379 billion (36.7 per cent) is allocated to the stabilisation reserve to preserve frontline services against service load pressures or changes to the vertical or horizontal division of revenue that may impact negatively on the provincial equitable share allocation.

In total, R501.525 million over the MTEF has been added to a new energy reserve to respond with agility to the prolonged energy crisis, while an amount totaling R223.937 million has been set aside over the 2023 MTEF for the acquisition of property. A detailed breakdown of the financing and reserves is included in Chapter 5: Budget Aggregates.



## Conclusion

The national fiscal context requires a carefully considered Provincial response. With the eroding fiscal framework in real terms, the 2023 MTEF fiscal approach needs to safeguard frontline services in the face of diminishing resources.

National government's path towards debt stabilisation by 2025/26 translates into effectively less resources for core social services such as education, health, and social services. This is particularly evident in the Western Cape where the impact of the subdued economic growth and resultant constrained fiscus, and the PES formula data updates, which includes the phasing in of the health sub-component between 2022 and 2024, amounts to a reduction of the WC equitable share of R1.919 billion over the 2023 MTEF.

In response to this shrinking Provincial resource envelope, the Provincial fiscal strategy will continue to be guided by the WCG's budget policy principles. This approach seeks to maximise resources and improve the impact of services through the strategic allocation of funds, and non-fiscal interventions.

# 4

## Budget policy priorities and spending plans

### In brief

- The 2023 Budget prioritises Growth for Jobs, Safety, and Wellbeing, enabled by Innovation, Culture, and Governance. The 2023 Budget is allocated to policy priority areas as follows: R39.824 billion to Growth for Jobs, R4.760 billion to Safety, R170.911 billion to Wellbeing, and R19.270 billion to Innovation, Culture, and Governance.
- The budget policy priorities were used to identify areas for intervention that will protect the citizens of the Western Cape and to address the challenges facing the Western Cape.
- R1.1 billion is allocated towards energy resilience as a key priority for the Western Cape.

### Introduction

The 2023 Medium Term Expenditure Framework (MTEF) is guided by the 2022 Medium Term Budget Policy Statement (MTBPS), which sets out the Western Cape Government's pathway from recovery to growth by supporting the Province's policy priorities of **Growth for Jobs, Safety, Wellbeing**, and the enablers of **Innovation, Culture, and Governance**.

The medium term budget policy priorities aim to improve socio-economic development and promote sustainable, job-rich, and inclusive economic growth, while taking immediate steps to care for our citizens as we respond to hardship and uncertainty.

### Summary of spending by priority area

*The 2023 Budget proposes expenditure of R242.316 billion over the three-year period*

The 2023 MTEF proposes spending of R80.319 billion in the 2023/24 financial year, and R242.316 billion over the three year MTEF period to 2025/26. This is an annual increase of R2.304 billion or 2.95 per cent when compared to the 2022/23 revised estimates of expenditure.

Compared to the 2022/23 revised estimates, spending on the Education priority area increases by 4.91 per cent, and spending on the Health priority area reflects a decrease of 0.97 per cent. The decline in spending on the Health priority area is due to a reduction in the provincial equitable share (PES) allocated to the Western Cape Province and the continued phasing in of the new Health-Risk Adjusted Index.

The Housing and Community Amenities priority area reflects an increase of 11.38 per cent to support the provision of housing opportunities for Western Cape citizens and the Social Protection priority area reflects a 4.05 per cent increase to improve social services.

Table 4.1 summarises the WCG Provincial payments and estimates by policy area.

**Table 4.1 Summary of Provincial payments and estimates by priority area**

Policy Area R'000	Outcome						Medium-term estimate			
	Audited 2019/20	Audited 2020/21	Audited 2021/22	Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	% Change from Revised estimate			
							2023/24	2022/23	2024/25	2025/26
General public services	2 349 293	2 309 698	2 480 401	2 632 693	2 700 189	2 696 703	<b>2 945 321</b>	9.22	2 835 930	2 869 048
Public order and safety	464 924	773 295	550 671	776 125	775 821	775 821	<b>745 160</b>	(3.95)	762 399	754 765
Economic affairs	10 089 976	10 007 872	10 574 360	10 712 950	11 062 428	11 065 218	<b>11 699 652</b>	5.73	11 646 114	11 597 263
Environmental protection	624 869	583 751	561 667	568 586	575 592	575 592	<b>606 302</b>	5.34	615 619	640 533
Housing and community amenities	2 568 618	2 264 499	2 231 571	2 292 269	2 349 229	2 346 439	<b>2 613 569</b>	11.38	2 531 421	2 617 557
Health	24 773 271	26 963 540	27 916 254	29 094 331	29 095 033	29 085 494	<b>28 804 565</b>	(0.97)	29 373 481	30 356 606
Recreation, culture and religion	784 571	735 454	889 177	937 913	938 467	938 467	<b>895 529</b>	(4.58)	908 735	944 028
Education	23 794 241	24 446 409	25 752 180	28 032 601	28 165 916	28 165 916	<b>29 548 366</b>	4.91	28 948 263	29 490 782
Social protection	2 084 054	2 240 875	2 309 364	2 285 335	2 365 076	2 365 076	<b>2 460 812</b>	4.05	2 503 237	2 601 685
<b>Total payments and estimates by policy area</b>	<b>67 533 817</b>	<b>70 325 393</b>	<b>73 265 645</b>	<b>77 332 803</b>	<b>78 027 751</b>	<b>78 014 726</b>	<b>80 319 276</b>	2.95	80 125 199	81 872 267

## Managing Risks

The WCG is facing pressure to respond to mounting service delivery demands while managing increased levels of risk and uncertainty at the global, national, and Provincial levels. The approach to managing local government level risks is outlined in the Spatial Planning and Budgeting text box.

### Medium term global risks

The World Economic Forum's (WEF's) 2023 Global Risks Report suggests that the global path to 2025 is likely to be characterised by a cost of living crisis, an economic downturn, economic warfare, climate action hiatus, and societal polarisation.

Using a Global Risks Perception Survey (GRPS), the 2023 WEF report suggests that the cost of living crisis will dominate global risks in the next two years. The rapid rate of increase in the costs of basic necessities, such as food and housing, is largely attributed to ongoing disruptions to global supply chains resulting from Russia's invasion of Ukraine. Higher living costs disproportionately impact vulnerable households, potentially fueling social unrest and political instability both domestically and world-wide.

*The cost of living crisis and the climate change crisis are ranked as the most severe global concerns over the next two years*

The 2023 WEF Report suggests that the risk of climate action failure will dominate the next decade. Climate change impacts are already being experienced in South Africa and the Western Cape. A changing climate raises the risk of extreme weather events, including flooding and drought, raises the risk of food insecurity, and presents other safety risks, particularly for vulnerable communities that are less able to take adaptive measures.

### National risks to prioritise

The 2023 WEF Global Risk Report identifies key risks facing South Africa as state failure, a debt crisis, collapse of services and public infrastructure, a cost of living crisis, and an employment and livelihood crisis.

The 2023 State of the Nation Address (SoNA) and the 2023 National Budget confirmed that unemployment, the cost of living crisis, and pressure on public infrastructure are key risks facing South Africa. The SoNA and the 2023 National Budget highlighted additional risks of energy insecurity, vulnerability to climate change impacts, and corruption and crime.

*Unemployment, the high cost of living, and increased pressure on public infrastructure (including electricity infrastructure) are key risks facing South Africa*

Given the sovereign debt risk and subdued economic growth prospects, these risks must be mitigated in an increasingly

constrained fiscal envelope. The alignment between global and national risks is outlined in Figure 4.1.

**Figure 4.1 Alignment between Global and National Risks**

Global Risk Category	National Risk Alignment
Environmental	<ul style="list-style-type: none"> <li>• Defaulting on climate change commitments</li> <li>• Energy crisis and loadshedding</li> <li>• Climate change events (e.g., flooding, drought)</li> <li>• Vulnerability of infrastructure and communities</li> </ul>
Societal	<ul style="list-style-type: none"> <li>• High cost of basic goods and services</li> <li>• Forced migration</li> <li>• Crime, violence, and social unrest</li> <li>• Unemployment</li> </ul>
Technological	<ul style="list-style-type: none"> <li>• Cybersecurity</li> </ul>
Other	<ul style="list-style-type: none"> <li>• Collapse of services and public infrastructure</li> <li>• Municipal capacity and resources</li> <li>• Deterioration in State Capacity</li> <li>• Debt crisis</li> </ul>

### Provincial risks to prioritise

The WCG budget process considers the Provincial approach to risk management as part of the institutionalised Enterprise Risk Management (ERM)<sup>1</sup> process. The ERM process enables a more citizen-centric approach to the identification of risks, while ensuring that the causes and impacts of risks are considered and assessed from a citizen perspective.

Through the ERM process, key Provincial risks were identified, and through the 2023 Provincial Budget Process, as outlined in Chapter 3, key Provincial budget policy risks were identified.

The global, national, and Provincial risks exhibit strong alignment and paint a clear picture of the key risks to be addressed through fiscal measures and non-fiscal measures. The severity and consequences of these risks are acknowledged and call for a sense of urgency in our policy response. Alignment between

*Global, national, and provincial risks are aligned and are addressed through the 2023 Western Cape Budget*

<sup>1</sup> The ERM methodology identifies and assesses risks by likelihood and impact based on a pre-defined matrix. It requires the identification of mitigation measures (or controls) that can include, but are not limited to, changes to policy commitments and service delivery models.

Provincial risks and Provincial budget policy risks are outlined in Figure 4.2.

**Figure 4.2 Alignment between Provincial Risks and Provincial budget policy risks**

Provincial Risk	Provincial Budget Policy Risk
Energy security	Energy security
Water security	Water security
Climate change	Climate change
Provincial Infrastructure	Decline in asset portfolio
	Elsenburg vineyard replacement
	Lack of capacity for infrastructure financing strategies
	Municipal ability to facilitate and monitor infrastructure development
Citizen safety	Criminal (mafia) activity, crime, and social unrest
	Low crime conviction rates
	Staff safety in crime hotspots
	Lack of effectiveness of WCG safety interventions
	Lack of coordinating law enforcement resources
	Potential delays in the establishment of the Violence Prevention Unit
Unemployment	Youth unemployment and disillusionment
	Curriculum and skills requirements mismatch
Service delivery	Municipal capacity and resources
	Ineffective local governance
	Housing crisis
	Re-integrating health services post COVID-19
	Net in-migration placing strain on the demand for bulk services
	Sustainability of public libraries
Mental health	Increased demand for mental health and psychosocial support
Cyber security	Cyber security
Disasters	Ability to manage and respond to disasters and risks
Fiscal pressures	Economic climate impacting on municipal revenue streams
	Agricultural budget support pressures
Values and culture	WCG organisational culture, productivity, and staff well-being
Other	Learner enrollment pressure
	The need to respond to learning losses
	Increasing medico-legal claims
	Financial stability of NGOs
	SASSA's ability to deliver grants to WC beneficiaries
	Institutional and governance risks relating to the establishment of the Department of Infrastructure and the Department of Mobility
	Volatile supply chain management (SCM) regulatory environment
	Environmental Impact Assessment (EIA) inefficiencies

*WC Provincial and budget policy risks are addressed through allocating the 2023 MTEF budget in accordance with the four budget policy priorities in order to protect the citizens of the Western Cape*

The rising cost of basic necessities, the high unemployment rate, subdued levels of economic growth, and threats to wellbeing, safety, and climate change have informed the WCG's budget policy response. Through the four budget policy priorities, the WCG's 2023 Budget aims to:

- Protect vulnerable households by securing their access to basic goods and services;
- Build economic and social resilience; and
- Proactively secure a pathway to low-carbon, job-rich economic growth.

## National and provincial policy context

The WCG's policy and planning cycle is informed by national and Provincial strategic imperatives. At a national level, the adoption of the National Development Plan (NDP) 2030 and the supporting Medium Term Strategic Framework (MTSF) 2019 - 2024 responds to the main challenges facing South Africa: poverty, inequality, and unemployment.

The 2023 State of the Nation Address (SoNA) delivered a message of 'hope and resilience' that shed light on strategies to address key challenges facing South Africa – the energy crisis, unemployment, poverty, cost of living, crime, and corruption.

The plan to secure energy stability was outlined, including the declaration of a national state of disaster in response to the crippling energy crisis that has had a devastating impact on the economy and on jobs. This state of disaster will enable expedited procurement procedures in a bid to secure additional energy required for economic and social activity. Furthermore, measures to protect vulnerable citizens from inflationary pressures through social grants and the creation of work opportunities for youth were announced.

The SoNA also addressed the adverse impact of extreme weather events on the health, wellbeing, and safety of South Africans. Mitigating and adapting to climate change through a just and inclusive transition to a low-carbon economy was highlighted as a national priority.

The 2023 State of the Province Address (SoPA) highlighted the energy crisis as a key Provincial risk that calls for an urgent response that will be facilitated through the Western Cape Energy Council. The SoPA confirmed that transitioning to a green economy and

*The energy crisis is a key risk for the Western Cape in terms of the economy and the ability to deliver basic services to citizens*

enabling the uptake of renewable energy will remain key Provincial priorities. Further Provincial priorities include job creation (particularly employment opportunities for youth), boosting the agriculture and infrastructure sectors, providing opportunities for social housing, access to mobility (particularly public transport), combating criminal activity, disaster management planning, and supporting local government to deliver on its mandate.

## Medium term budget policy priorities

The Province's key budget policy priorities of Growth for Jobs, Safety, and Wellbeing, supported by the enablers of Innovation, Culture, and Governance, provide a framework to ensure that resources are allocated to place the Province on a path from recovery to growth. The Growth for Jobs (G4J) policy priority builds on from the Jobs policy priority of the Western Cape Recovery Plan by outlining a framework within which the WCG will create an enabling environment for jobs-rich growth.

*The medium-term budget policy priorities are Growth for Jobs, Safety, Wellbeing, and the enablers of Innovation, Culture, and Governance*

Figure 4.3 demonstrates those budget policy priorities that are prioritised for delivery across the 2023 MTEF.

**Figure 4.3 2023 MTEF Budget Policy Priorities**



The 2023 Budget spending plan highlights are outlined below by policy priority area.

## Priority 1: Growth for Jobs

The Growth for Jobs (G4J) Strategy envisions break-out economic growth to drive employment and opportunity for the Western Cape, with the WCG delivering an enabling environment for entrepreneurs, businesspeople, and citizens to succeed.



*The Western Cape Growth for Jobs strategy aims to achieve breakout economic growth that can create jobs for citizens of the Western Cape*

The G4J Strategy will be finalised by the end of March 2023 and an implementation plan will be rolled out focusing on key priority areas. The Growth for Jobs priority has been allocated an additional R709.145 million over the 2023 MTEF, which excludes the additional allocations made to the energy priority.

## Energy

Energy is a catalytic accelerator of economic growth and investment. The current South African energy crisis places severe strain on the economy and future economic growth as well as on business profitability and municipal financial sustainability.

Given the extent of the energy crisis, the Western Cape Government established a **Western Cape Energy Resilience Programme** that aims to reduce the impacts of load shedding on businesses and citizens in the Western Cape and to facilitate a lower level of reliance on Eskom in the Western Cape.

The targets for reduced reliance on Eskom are as follows:

- Over the short term, reduce off take between 500mW – 750mW by 2025;
- Over the medium term, reduce off take between 750mW – 1 800mW by 2027; and
- Over the long term, reduce off take between 1 800mW – 5 700mW by 2035.

*R1.1 billion has been set aside to build energy resilience in the Province*

To give effect to these objectives, R1.1 billion has been set aside over the 2023 MTEF to build energy resilience in the Province over the short, medium, and long term. This includes R598.475 million that has been allocated over the 2023 MTEF to fight loadshedding and help build a more energy secure Province, while R501.525 million is set aside to fund the remaining projects in the energy pipeline as they achieve implementation readiness. This budget approach will allow the WCG the requisite agility and flexibility to respond with urgency to the energy crisis as it unfolds.

The WCG energy approach and summary of immediate spending on energy is outlined in the Western Cape Energy Resilience Programme text box below, while the detailed project list is outlined in Annexure 1.

### The Western Cape's Energy Resilience Programme

The Western Cape Government (WCG) will support energy resilience efforts over the 2023 MTEF by supporting the Western Cape's Energy Resilience Programme. The strategic objectives of the Western Cape's Energy Resilience Programme are to reduce the impacts of load shedding on businesses and citizens in the Western Cape and to facilitate a lower level of reliance on Eskom in the Western Cape.

The programme serves to implement the 'energy resilience and transition to net zero carbon' priority focus area of the Growth for Jobs Strategy and comprises interventions categorised as follows:

- **Disaster mitigation and management** (load shedding relief programme) including alternative energy supply systems for critical municipal and WCG services and SMMEs, emergency load shedding packs for lower Living Standards Measure households, and protecting energy infrastructure from vandalism and theft. This is allocated R115.5 million over the MTEF.
- **Strategic planning, development and management** (Provincial Integrated Resource Plan) to provide an evidence-based and cost-optimal plan of energy options to enable planning and investment, unlocking strategic partnerships and tracked through an energy data centre. This is allocated R11.5 million over the MTEF.
- **Demand side management programme** to enable right-sizing and reduced cost of alternative energy systems and negotiations regarding load shedding buffering for the province. This is allocated R11.1 million over the MTEF.
- **Generation, procurement, and trading of low-carbon energy** (new energy generation programme) including streamlining processes for small scale embedded generation (SSEG) registration, developing and implementing standardised wheeling framework and agreements and optimising SSEG feed-in tariffs and wheeling tariffs, addressing business issues regarding SSEG, wheeling and utility scale projects, municipal IPP procurement including the procurement process for Stellenbosch Municipality, the establishment of a project preparation facility in WCG to take projects to bankability, and options analyses and business case development for a pooled buying/energy trading mechanism, exploring gas power options, piloting renewable energy solutions in municipalities for own use, and establishing planning and financing partnerships for GH2 production at scale. R246.5 million is allocated to Project Preparation Support, R25.9 million is allocated to Green Economy Eco-System Support, R58.135 million is allocated to increasing the capacity to implement projects, and R114 million is allocated to LED lighting over the MTEF.
- **Maintenance and expansion of required grid infrastructure** (network development programme) to enable the movement of energy using the grid, including planning, costing, and accessing financing for the rollout of the strengthening and expansion of municipal distribution infrastructure within key municipalities, regular mapping and updating of Eskom transmission and distribution capacity (including allocations), and scaling up support to municipalities for electricity master plans and cost of supply study updates. Grid and transmission infrastructure upgrade planning is allocated R10.5 million, and Municipal electricity master plans are allocated R5.340 million over the MTEF.

Source: Department of Economic Development and Tourism

Further context on key energy projects currently underway is provided below.

The Department of the Premier (DotP), with a budget allocation of R95.9 million, will be leading, coordinating, and driving strategic components of the revised **Western Cape Energy Resilience Programme**, including providing the most vulnerable households with emergency power packs to help reduce the impact of loadshedding on daily tasks. DotP will also lead the preparation of the **WC Integrated Resource Plan**, the municipal pooled buying project, and a demand side management programme.

The new Department of Infrastructure (DoI) has been allocated R148.700 million of the energy budget to take on the functions of municipal IPP procurement, including the project preparation facility, the grid infrastructure development work, and exploring gas power. These functions are on top of work to continue driving improved energy efficiency and new alternative energy systems in WCG facilities and work to support improved energy efficiency in municipalities.

To further support the Province's Green Economy **Municipal Energy Resilience (MER)** strategy, the Department of Economic Development and Tourism (DEDAT) has been allocated R24 million over the 2023 MTEF to improve energy resilience in municipalities across the Western Cape. Through a transversal effort between departments, the MER strategy will support the implementation of energy infrastructure (public and private) to promote economic growth, energy affordability, and municipal financial sustainability.

*R25.9 million is allocated to the Green Economy Ecosystem Support Programme*

Within DEDAT, the **Green Economy Ecosystem Support** project will receive an allocation of R25.9 million to stimulate the development of green industries (with a focus on energy and water) and to facilitate improved resource-efficiency and sustainability of businesses to improve the competitiveness and resilience of the whole economy. An alternative energy support project will receive R55.5 million over the MTEF to support SMMEs to implement alternative energy supply systems.

*An additional R60 million is allocated to the development of a Green Hydrogen Strategy and Implementation Plan*

Additional funding of R60 million for the development of **Green Hydrogen (GH2)** has been allocated to the Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro) and the Freeport Saldanha Bay Industrial Development Zone (FS IDZ) over the 2023 MTEF. The budget will be allocated toward developing and implementing a Green Hydrogen Strategy and Implementation Plan. The Strategy and Implementation Plan will include technical requirements and infrastructure readiness towards GH2 development, establishing the GH2 hub in Saldanha Bay, and establishing a GH2 corridor along the coast to the Northern Cape and Namibia. It will also include creating an enabling environment and identifying first-mover advantages to attract investments and international funding into the Western Cape. Partnership agreements have been signed between the FS IDZ and SASOL (and other investors) in terms of GH2 development.

*R57.590 million is allocated to support municipalities in responding to the energy crisis*

Over the 2023 MTEF, a total of R57.590 million is allocated to the Department of Local Government (DLG) to support municipalities in piloting renewable energy solutions, providing relevant specialists to support municipalities to assess the feasibility of potential renewable energy options, the creation of a municipal

energy master plan, and providing critical skills and capacity to support the energy programme in the Department.

The energy crisis is placing strain on municipal financial resources through increased costs of electrical repairs, reduced revenue, safety issues around theft and vandalism, and an impingement on the provision of basic services. To further support municipalities, R88.8 million in emergency funding is allocated to DLG in the 2022/23 financial year through an adjustments budget. This funding will provide a financial contribution to municipalities towards the purchase and installation of **back-up energy supply for water and wastewater infrastructure** as an immediate response to load-shedding.

### Ease of Doing Business

To improve business confidence in the Western Cape, it is important that the WCG improves the Ease of Doing Business (EoDB) by making it simpler and more affordable for private enterprises to establish and conduct their business. One of the core priorities of the Department of Economic Development and Tourism (DEDAT) is thus to develop and implement systemic solutions to economic challenges and binding constraints. To support this work, DEDAT is focused on EoDB projects that include the Port of Cape Town and the Municipal EoDB Planning and Building Permit Reform (PBPR) Programme.

*The WCG will make it easier and more affordable to do business in the Western Cape*

**The Port of Cape Town** is a critical gateway for imports and exports, including manufactured and agricultural products in the Province. The Port's efficiency and capacity has deteriorated over time, with some shipping lines even bypassing the Port at times and capacity constraints hampering efficiencies. Improving EoDB at the Port will include initiatives such as enabling the utilisation of spare capacity and attending to port-related cases raised with the WCG by businesses. This will form part of the *Enabling Growth Infrastructure and Initiatives* sub-programme which is allocated R166.879 million over the 2023 MTEF.

DEDAT will continue to implement the **Municipal EoDB Planning and Building Permit Reform (PBPR) Programme** through an allocation of R12 million over the 2023 MTEF. The PBPR contains a broad spectrum of interventions aimed at tackling and addressing systemic, binding constraints and economic challenges within the municipal space, around planning and building permitting, amongst other reforms. The **Municipal EoDB Service Charter** Project receives an allocation of R150 000 in 2023/24.

**Environmental Impact Assessments (EIAs)** are tools used to evaluate the potential environmental impacts of a proposed project or development. EIAs can increase the time and cost of

*R30.512 million is allocated over the 2023 MTEF to streamline EIA processes*

obtaining permits and approvals, which may be viewed as a barrier to business activity. In response, the WCG has allocated additional resources of R30.512 million over the 2023 MTEF toward streamlining EIA processes. The allocation will also enable the proactive screening of schools for environmental applications to speed up decision-making and, eventually, expedite the construction of school buildings.

The allocation will furthermore improve capacity to process section 24G applications. These applications offer the opportunity to transgressors of environmental legislation to rectify unlawful activity and avoid criminal prosecution. In order to expedite decision-making at pre-application stage, the DEA&DP will facilitate the spatial mapping of EIA decisions.

### Investment

*The WCG will focus on attracting investment into the Province*

The WCG aspires to be the most competitive region in Africa, and a prominent investment destination.

The **FS IDZ** aims to attract investment and improve the competitiveness of the economy through green hydrogen related industries, maritime fabrication, and repair industries. In the 2023/24 financial year, the FS IDZ receives an allocation of R9.4 million towards project preparation activities for new integrated port infrastructure in Saldanha Bay. This project aims to unlock further opportunities with expanded port infrastructure. This catalytic port infrastructure will support an investor pipeline and further bankable projects with additional marine facilities and services. Over 2 911 jobs have been created over the past five years within the zone and it has attracted over R21 billion in investment, with two manufacturing facilities in construction and two completed. The FS IDZ also provides an online platform for innovation and collaboration and acts as a catalyst for job creation through a constructor development programme. It also offers an SMME co-lab center that provides shared office space that offers free services to businesses and hosts networking sessions, training, and events.

The **Atlantis Special Economic Zone (ASEZ)** is key to attracting catalytic infrastructure investments and the manufacturing of green technologies and related services in the Province. The ASEZ receives an allocation of R128.307 million over the 2023 MTEF. The ASEZ will utilise this budget for Investment Promotion activities, Skills and Enterprise initiatives Growth Opportunities, and Market Stimulation. To date, 13 applications to invest in the ASEZ have been received and the pipeline is growing steadily. The ASEZ also focuses on skills development to proactively equip the Atlantis community to access Greentech employment opportunities

enabled by the ASEZ, its investors, partners, and the green economy at large. The skills and enterprise development initiatives hosted by the ASEZ have resulted in considerable impact and expansion of partner networks, with 114 jobs created by SMMEs that received training support.

The **Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro)** is the official investment and trade promotion agency for Cape Town and the Western Cape. Over the 2023 MTEF, R393.171 million is allocated to Wesgro to scale up trade and investment promotion initiatives that will drive investment, economic growth, and job creation in the Province. These initiatives will focus on promoting and growing the Province's export markets, promoting the Western Cape as an investment destination of choice, and attracting a greater number of tourists. Despite a challenging environment, Wesgro has secured almost R6 billion in committed investment in the 2021/22 financial year, which will translate into almost 4 500 jobs.

*R393.171 million is allocated to Wesgro to promote trade and investment in the Western Cape*

The **Agribusiness Investment Unit** at Wesgro plays a key role in promoting and facilitating investment in the agriculture sector in the Western Cape. The unit offers services to investors, including market intelligence, feasibility studies, and regulatory compliance assistance, and helps to form partnerships with local producers. The Department of Agriculture will continue to support the Agribusiness Investment Unit with an allocation of R6 million over the 2023 MTEF.

### Market Access

The **Veterinary Services** Programme at the Department of Agriculture monitors animal health and welfare in the Western Cape, providing services such as disease surveillance, prevention, and certification for animal product export. The programme receives an allocation of R329.411 million over the 2023 MTEF to continue to ensure safety and wellbeing of animals, to protect farmers' and animal owners' livelihoods, and to maintain safety standards in the Western Cape.

*R329.411 million is allocated over the 2023 MTEF to the Veterinary Services Programme in the DoA*

In response to increased operational pressures in the Veterinary Services programme linked to certificates, meat safety, and animal diseases, an additional allocation of R32.418 million is made over the 2023 MTEF toward the Department of Agriculture.

The **Wine and Agricultural Industry Ethical Trade Association** (Wieta) and the **Sustainable Initiative of South Africa** (SIZA) are two accreditation schemes designed to ensure that farmers are adhering to specific standards when it comes to the production and handling of their agricultural products. Some of the key areas covered include health and safety, labour practices, environmental management, social responsibility, and economic



*R9.804 million is allocated over the 2023 MTEF to support accreditation schemes*

viability. The Department of Agriculture will support the accreditation schemes with an allocation of R9.804 million over the 2023 MTEF.

Through collaboration between various units in DEDAT, Wesgro, the Department of Agriculture, and other partners, the **Technical Barriers to Trade Fund** is allocated R2 million in the 2024/25 financial year, and R2 million in the 2025/26 financial year. Some of the primary focus areas include the steel sector (where some of the import duties on manufacturing inputs were successfully reduced), the fruit sector (where market access to China was officially secured for the export of pears), and the aquaculture sector (where exports to China were unblocked). In addition, a clear referral system has been developed between the partners so that any potential trade barriers are identified, investigated, and verified with industry, and are actioned in order to obtain resolution.

### Infrastructure

The WCG will continue to prioritise infrastructure investment as both an employment driver and a long-term catalyst for economic growth and social development.

*R32 billion is allocated to infrastructure over the 2023 MTEF*

Over the 2023 MTEF, a substantial investment of R32 billion is allocated toward infrastructure maintenance and construction of roads, classrooms, clinics, and other facilities. Details of the infrastructure maintenance on construction projects can be found in the 2023 Western Cape Overview of Provincial and Municipal Infrastructure and Investment (OPMII) publication.

The DoI is in the process of finalising the **2050 Western Cape Infrastructure Framework (WCIF)** to strategically guide infrastructure investment in the Province in support of the Growth for Jobs policy priority. The Department recognises the pivotal role that infrastructure plays in enhancing the quality of life and human well-being within communities.

*R7.145 billion is allocated over the 2023 MTEF for Public Works Infrastructure*

Over the 2023 MTEF, the DoI allocates R7.145 billion toward **Public Works Infrastructure** to provide Provincial government building infrastructure. The programme includes projects identified for mixed-use, mixed-income neighbourhoods using the Better Living Model pioneered at the old Conradie Hospital site in Cape Town. Over the 2023 MTEF, the Programme will receive an additional allocation of R65.5 million for the construction of the Lindelani/Siyakhatala Child and Youth Care Centre (CYCC), and R19.824 million for the construction of a homeless shelter in Zonnebloem, Cape Town. Project preparation support has also been allocated for mixed-used developments for, among others, the Stikland North, Oude Molen, and Prestwiche Precinct projects

through an allocation of R54.786 million over the 2023 MTEF. To address the risk of vandalism, the Department of Infrastructure's school fencing programme is being scaled up to secure facilities that are particularly vulnerable during weekends and school holidays. This programme supports the Provincial Safety Plan.

R3.869 billion has been allocated to **health infrastructure** projects at clinics, hospitals, and colleges to support the mandate of the Department of Health and Wellness (DoHW).

R7.442 billion will be allocated to **education infrastructure** over the 2023 MTEF. This will include accelerated infrastructure delivery for school expansions, project preparation facilities, and infrastructure upgrades at schools. This is to address the critical shortage of space, partly driven by increased demand from net in-migration into the Province.

The construction of the new Delft North Primary and Moorreesburg High School projects are planned for completion in the new financial year, as well as the following replacement school projects: Chatsworth Primary School (Chatsworth, West Coast), Panorama Primary School (Vredenburg, West Coast), and Umyezo Wama Apile (Grabouw, Overberg). Planning and design work will continue for four new schools and eight replacement facilities planned for construction in the new financial year. An additional 48 permanent (brick and mortar) classrooms are planned for completion during the new financial year in areas where increased long-term demand for school education is expected. The delivery of mobile units is expected to continue in places where enrollment figures spike at the beginning of each academic year. Notably, the rapid delivery programme delivers an average of between 100 and 150 mobile classroom units per year.

Towards improving the **Face of Government** at health, education, and social service delivery points, the Departments of Health and Wellness (R30 million), Education (R40 million), and Social Development (R20 million) are allocated an additional R90 million in 2023/24. The funding will be used to improve the look and feel of clinics, schools, and social services buildings in targeted hotspot areas through initiatives such as painting, repair of broken windows, and paving.

**Transport infrastructure** is an important contributor to economic growth. The Department of Infrastructure's Transport Infrastructure Programme is allocated R13.004 billion over the 2023 MTEF to deliver and maintain transport infrastructure that promotes accessibility and the safe, affordable movement of people, goods, and services. The programme contributes to strategic spatial transformation in the Province and the creation of job

*R90 million is allocated to in 2023/24 to improve the look and feel of schools, clinics, and social services buildings*

*R13.004 billion is allocated over the 2023 MTEF to support Transport Infrastructure*



*R7.762 billion is allocated over the 2023 MTEF to support the Human Settlements Programme.*

opportunities. Through the Road Asset Management Plan (RAMP), the programme will continue to strategically manage and maintain the road infrastructure portfolio to ensure that safety is maintained within a constrained fiscal envelope.

The Department of Infrastructure's **Human Settlements** programme aims to promote sustainable integrated human settlement development in the Western Cape. R7.762 billion is allocated toward Human Settlements over the 2023 MTEF to provide housing opportunities, which includes the transfer of housing assets to beneficiaries. The Department is allocated R5.337 billion over the 2023 MTEF through the Human Settlements Development Grant (HSDG) to continue to deliver on the policy objectives of integrated human settlements and affordable housing. The Department is also allocated R1.587 billion over the 2023 MTEF through the Informal Settlements Upgrading Partnership Grant (ISUPG) to continue to ensure that informal settlements have access to basic services such as water and sanitation. An additional once-off allocation of R175.255 million will be made to the Department in 2023/24 for human settlements infrastructure in support of delivering opportunities for housing.

**Housing Market Studies** provide a valuable tool to inform public policy decisions related to housing and urban development. In order to provide comprehensive intelligence linked to housing infrastructure investment decisions, DEA&DP receives an additional allocation of R3.525 million over the 2023 MTEF.

The Department of Local Government (DLG) is allocated R255.950 million over the 2023 MTEF to facilitate and monitor infrastructure development within municipalities to ensure sustainable municipal services. **Municipal infrastructure** investment is essential and includes roads, electricity distribution networks, stormwater networks, and water and sanitation, amongst others. To enhance municipal infrastructure investment, the **Sustainable Infrastructure Development and Finance Facility (SIDAFF)** was established to assist municipalities in developing infrastructure projects through accessing funding. Funding is accessed through project preparation funds and external financing from Development Finance Institutions and/or commercial banks and long-term institutional funders. Over the 2023 MTEF, R12 million is allocated to the DLG to fund dedicated project management support to ensure the successful rollout of the SIDAFF programme. Additional Municipal Infrastructure initiatives over the medium term consist of enhancing integrated and coordinated municipal infrastructure planning, including monitoring the implementation of infrastructure programmes, coordinating and facilitating the rollout of Municipal Energy Resilience (MER), and providing technical advisory services and assistance to support municipalities.

**Regional Socio-Economic Projects (RSEP)** are intergovernmental, citizen-centered and infrastructure-based programmes with a focus on neighborhood development and spatial justice. Projects such as the Swartland sport community centre, the activity recreation node in Malmesbury, the Vredenburg splash park, and the Zwelethemba Corridor aim to regenerate and integrate urban environments. In order to improve the wellbeing and safety of citizens while creating employment opportunities, DEA&DP receives an additional allocation of R28 million over the 2023 MTEF to expand RSEP.

*Regional Socio-Economic Projects that aim to regenerate and integrate urban environments will be allocated an additional R28 million over the 2023 MTEF*

In order to preserve and protect the history and reputation of viticulture and oenology training at Elsenburg Agricultural Training Institute, the DoA receives an additional allocation of R10.771 million over the 2023 MTEF to **replace the vineyard and irrigation system**. The gradual replacement of the vineyard will take place between 2023 and 2032.

### Work Opportunities and Skills

The Growth for Jobs Strategic Framework recognises that growth cannot be accomplished without the necessary supply of skills. The WCG thus aims to address the supply side of skills and to enable the development of competitive skills as a response to persistently high unemployment levels, which have been exacerbated by the COVID-19 pandemic.

Within the DEDAT **Skills** sub-focus area, the Department has prioritised skills development in export-oriented sectors with an allocation of R257.647 million over the 2023 MTEF. Targeted sectors include: Technology and Business Process Outsourcing (BPO), Clothing and Textiles, Artisanal Development, and Work and Skills. This will enable candidates to participate in a training and internship programme to obtain the necessary skills to be placed permanently in the job market.

*DEDAT will spend R257.647 million over the MTEF to develop skills in export-oriented sectors*

The Department of Education (WCED) will allocate R530.927 million in 2023/24 to the **Presidential Employment Initiative**. Through phase three of this initiative, the Department will contribute to creating **21 000** job opportunities for South African youth. Over and above the impact on youth employment, this initiative has shown that it might be possible in future to use young people in cost-effective ways to support teaching and learning. An emphasis will be placed on those schools most in need of this type of assistance.

The **Elsenburg Agricultural Training Institute (EATI)** plays an important role in developing the necessary skills in the Agriculture sector. The EATI will add an estimated 80 new graduates to the Agriculture sector in 2023/24, whilst 20 bursaries will be offered to internal employees to develop the next generation of technicians

*The Elsenburg Agricultural Training Institute will receive an additional allocation of R178.349 million over the 2023 MTEF.*

and researchers. The Department of Agriculture also plans to train 2 500 participants in skills development training in 2023/24. In support of this work, the Agricultural Education and Training Programme receives an allocation of R178.349 million over the 2023 MTEF.

The Department of Agriculture's **Agricultural Producer Support and Development** programme has the primary objective of providing farmers with the knowledge, skills, and resources required to enhance the productivity and sustainability of their farming operations. Through the commodity group approach, the programme delivers extension services to farmers that cover technical guidance, training, and mentorship, with a focus on improving farming practices, crop production, and livestock management. To support this programme, the DoA is allocated R920.035 million over the 2023 MTEF.

*R1.032 billion is allocated over the 2023 MTEF to expand job creation through the EPWP*

**The Expanded Public Works Programme (EPWP)** of the WCG supports job creation through contractual employment opportunities. R1.032 billion is allocated to the implementing departments over the 2023 MTEF to support the creation of job opportunities in 2023/24. Over the 2023 MTEF an additional allocation of R10.789 million is made to the Department of Infrastructure and an additional allocation of R7 million is made to the Department of Cultural Affairs and Sport (DCAS) for the expansion of their respective EPWP programmes. The allocation to DCAS will contribute to the funding of 80 EPWP Safety Monitors at affiliated museums to assist with wayfinding of visitors and monitoring of visitor safety, and 50 Community Heritage Ambassadors (unemployed youth with Grade 12) in hotspot areas to conduct research and educational programmes at underutilised community facilities in these areas.

Over the 2023 MTEF, R209.217 million is allocated to the Community-Based Programme in the Department of Infrastructure to empower communities and contractors. The Programme will continue to run the **Masakh'iSizwe Bursary Programme** to provide bursaries for students to improve skills, capacity, and transformation in the built environment, engineering, and related disciplines. The Department's **Professional Development Programme** will continue to support graduates in becoming registered professionals with the relevant statutory bodies. Through the DoI's Innovation and Empowerment sub-programme, emerging contractors in the built environment sector will continue to receive support through the **Contractor Development Programme (CDP)**. Other skills development programmes include a key focus on artisan development and construction-related skills development programmes and apprenticeships as part of the **National Youth Service programme**.

The Dol's Human Settlements Development sub-programme will continue to empower and mainstream contractors with women's representation through **awarding 50 per cent of the Human Settlements Development Grant (HSDG) to contractors from targeted groups**, including women and youth.

Given the rapid expansion of the Internet Technology (IT) sector, the Department of Education (WCED) has been tasked with responding to the need for an **improved life orientation curriculum** to include content on careers, work-readiness, and competencies, through an additional R15 million over the MTEF. To support **teacher training and re-skilling in terms of digital skills**, an additional allocation of R60 million has been made over the 2023 MTEF. This is linked to the G4J Strategy's aim of realigning the curriculum to the industry demand for skills.

### Mobility

The new Department of Mobility is allocated R9.113 billion over the 2023 MTEF to create a spatially transformed Province in which residents live in well-connected, vibrant, climate-resilient, sustainable locations, and move around efficiently on safe, affordable, low carbon **public transport**.

Furthermore, the **George Integrated Public Transport Network** is allocated an additional R174 million over the MTEF for the continued development and implementation of the integrated public transport network, including optimising services and improving efficiencies.

*The George IPTN receives an additional R174 million over the MTEF*

### Economic Resilience

In the face of increased climate change volatility, the DLG is allocated an additional R102.500 million over the 2023 MTEF to explore innovative **water resilience interventions** in the Province. This includes the provision of geohydrological services and co-funding to municipalities to enhance water resilience through water supply augmentation, infrastructure capacity upgrades, water source management, and water demand management.

*Water resilience interventions will receive R102.5 million over the MTEF*

The Province's most cost-effective way to increase water supply in is to invest in the **elimination of invasive alien plants**. In order to preserve water resources and create employment opportunities, the Department of Agriculture will continue to remove alien vegetation from targeted areas with an allocation of R121.161 million over the 2023 MTEF.

Through the Public Works Infrastructure Programme, the Dol will continue to undertake cleaning and clearing of Provincial vacant spaces and land. Opportunities to clear alien invasive plants and previously alien-infested lands to enhance environmental sustainability have been identified in the Garden Route, West Coast, and Cape Winelands districts. These projects will provide work opportunities for youth, women, and persons with disabilities.

*R37.658 million is allocated to the Fruitlook initiative over the 2023 MTEF.*

The **Fruitlook** initiative provides for weekly reports on crop water usage and growth. The project will cover every significant irrigation area in the Western Cape and will continue to encourage both commercial and small-scale irrigation growers to use water resources efficiently. The Department of Agriculture has allocated R 37.658 million toward the Fruitlook project over the 2023 MTEF.

The Environmental Quality Management programme in DEA&DP is responsible for the implementation of environmental quality management systems and compliance monitoring through a budget allocation of R42.162 million over the 2023 MTEF. The Programme includes **waste management** initiatives which are essential to help protect environmental and public health while creating economic opportunity. The Department of Environmental Affairs and Development Planning receives an additional allocation of R5 million in 2023/24 that will assist in various interventions linked to organic waste treatment technologies and addressing illegal dumping at hotspots in municipalities.

*Anticipatory disaster management systems are allocated R190 million over the 2023 MTEF*

To guarantee effective and efficient **disaster management systems**, the DLG is allocated R190 million over the 2023 MTEF to oversee disaster management at both the Provincial and local levels. For proactive measures to mitigate disaster risks, including the use of artificial intelligence, the Department is allocated an additional R24.950 million over the 2023 MTEF. The funding will be utilised for the systems and technology required for anticipatory disaster risk management. Other disaster management initiatives include conducting risk and vulnerability assessments to identify at-risk communities, developing risk reduction and response strategies, training rescue and emergency personnel, and providing aerial firefighting and ground support.

*Cape Nature receives an allocation of R940.998 million over the MTEF*

Nature preservation supports a healthy planet, thriving ecosystems, and a sustainable future for all. Water catchment areas are critically important for both human and ecological well-being, and conservation efforts in these areas can have a significant impact on the availability and quality of water resources. **Cape Nature** is responsible for managing and protecting large portions of water catchment areas within the Province and receives an allocation of R 940.998 million from DEA&DP over the 2023 MTEF. This allocation will also promote and develop sustainable eco-tourism and provide environmental education and awareness to the public.

### Western Cape Government Climate Change Adaption Projects

The promotion of efficient use of water by both commercial and smallholder irrigation farmers is being promoted through the **Fruitlook** project in which data on crop water use and crop growth is generated on a weekly basis. During the 2021/2022 project cycle, 664 users visited and registered on the website. The Department of Agriculture (DoA) has allocated R37.658 million toward the Fruitlook project over the 2023 MTEF.

**LandCare** officials are strategically located in the most remote areas of the Province to provide disaster management support in the form of drought relief for fodder, flood mitigation, and fire assessments to farmers. The LandCare sub-programme receives an allocation of R227.268 million over the 2023 MTEF.

The **SmartAgri** plan was launched during May 2016 with the aim of building climate resilience across the agricultural sector. The plan was put into action through climate-smart agriculture extension services; a radio series on climate change, “Die Kwik Styg”; the one stop GreenAgri portal; and several SmartAgri-aligned research projects by crop and animal scientists.

**Alien vegetation clearing** projects are crucial for the conservation and sustainable use of natural resources in the Western Cape. The projects aim to control and remove invasive plant species which can have negative impacts on biodiversity, water resources, and agriculture. The DoA will continue to remove alien vegetation from targeted areas with an allocation of R121.161 million over the 2023 MTEF.

The Department of Environmental Affairs and Development Planning will continue to conduct **compliance audits and groundwater monitoring** while also referring criminal investigations to the National Prosecuting Authority concerning pollution of watercourses and illegal construction of dams.

In terms of **water security**, the Department of Local Government allocates R144.708 million over the 2023 MTEF toward the provisioning of Geohydrologists. Furthermore, financial assistance linked to water supply augmentation, infrastructure capacity upgrades, water source management, and water demand management will be provided to municipalities across the Province.

The Western Cape **Disaster Management Centre** ensures that all disaster management activities, including activities related to floods and fires, can be planned for and coordinated in an integrated manner. The Department of Local Government allocates R190 million over the 2023 MTEF toward disaster management.

Source: WCPG, WorldPopulationReview, Powermag.com

## Priority 2: Safety

The WCG will continue to implement its approach to building safe and cohesive communities through enhancing its collaborative, whole of government and society strategy. Over the 2023 MTEF, the WCG will continue the implementation of the **Western Cape Safety Plan (WCSP)** by addressing the risk factors that have been identified at multiple levels. To give effect to the WCSP, 18 Safety Priority hotspot areas<sup>2</sup> have been identified across the Province where crime and violence reduction interventions, which address specific risk factors, will be implemented.

The Provincial approach to creating safe and cohesive communities also depends on the provision of psychosocial support and other social welfare and restorative services (such as diversion and correctional programmes) in the Safety Priority

*The Safety priority receives an additional allocation of R396.096 million over the 2023 MTEF*

<sup>2</sup> The 18 hotspot areas include: Bishop Lavis, Gugulethu, Mitchells Plain, Samora Machel, Nyanga, Hanover Park, Kraaifontein, Atlantis, Delft, Mfuleni, Harare, Philippi East, Khayelitsha, Beaufort West, Swartland, Overstrand, Witzenburg, and George.



hotspot areas. Thus, although the Safety Priority is led by the Department of Police Oversight and Community Safety (DPoCS), a wider selection of WCG departments comprise the Safety Priority cluster. Over the 2023 MTEF, the Safety Priority is allocated an additional R396.096 million across all departments, which includes funding for law enforcement, capacitating safety partnerships, crime reduction interventions, and violence prevention programmes.

### Law Enforcement

R1.050 billion is allocated over the 2023 MTEF for the continuation of the **Law Enforcement Advancement Plan (LEAP)** programme. This funding is allocated to maintain more than 1 200 law enforcement officers, including the provision of equipment and other operational essentials. Close collaboration with the City of Cape Town and other stakeholders will continue over the 2023 MTEF to enhance the impact of the programme on crime in the Province. Additionally, R35 million over the 2023 MTEF has been allocated for the enhancement of LEAP through the establishment of physical deployment facilities in key hotspot areas. In the period between 5 September 2022 and 2 October 2022, LEAP officers were able to conduct over 33 000 searches, over 4 700 patrols in safety hotspot areas, and over 360 roadblocks.

*LEAP receives an allocation of R1.050 billion over the MTEF*

Law enforcement is a key lever for the implementation of the WCSP. The DPoCS is allocated R2.262 billion over the 2023 MTEF to drive the improvement of policing through the **oversight of the South African Police Service (SAPS)**, the resourcing of Provincial policing functions, and the capacitation of community-based safety partnerships.

*The WC Police Ombudsman is allocated R33.797 million over the 2023 MTEF.*

As part of its statutory mandate, the Department has allocated R33.797 million over the 2023 MTEF to fund the **Western Cape Police Ombudsman**. The WC Police Ombudsman will continue to focus on investigating police service delivery complaints.

The DPoCS compiles the **Policing Needs and Priorities (PNP)** report to lobby SAPS for better policing and safety resources in the Western Cape. As part of its mandate, it conducts court watching briefs (CWBs) to monitor the effectiveness of police investigations. Over the 2023 MTEF, the Department will continue to monitor the courts to ensure that police cases are not struck off the court roll due to police inefficiencies.

The DPoCS will continue to fund law enforcement operations in the Province through the provision of funding for **Law Enforcement Reaction Units**. R21.251 million has been allocated over the MTEF to fund law enforcement operations in the Province through the

provision of funding for Law Enforcement Reaction Units in the Overstrand and Swartland municipalities.

R19.611 million over the 2023 MTEF is allocated for the continuation of **K9 law enforcement units** in the Overberg and Swartland Municipalities.

R1.306 billion is allocated over the 2023 MTEF to the **Safety Partnerships** sub-programme with community-based safety. Funded within the budget of this sub-programme are LEAP, the professionalisation of neighbourhood watches (NHWs), funding for the resourcing of community policing forums (CPFs), and funding for the Chrysalis Academy. R18.897 million over the 2023 MTEF is allocated for the professionalisation of Neighbourhood Watches (NHWs). The DPoCS aims to accredit 600 NHWs over the 2023 MTEF.

*The Safety Partnerships sub-programme receives R1.306 billion over the MTEF*

R2.584 million has been allocated in 2023/24 to continue to implement security interventions at key tourism venues in the Province through the **Tourism Safety Law Enforcement Unit**.

Through the new Department of Mobility, **Traffic Law Enforcement** is allocated an additional R131.920 million over the 2023 MTEF to enhance safety and security on Provincial roads to achieve the long-term vision of zero fatalities and zero serious injuries within the Western Cape. The new Department will continue to enhance the Provincial Traffic Service into a modern, high-technology, and hard-hitting force by utilising integrated systems to perform targeted traffic law enforcement compliance activities.

*Traffic Law Enforcement is allocated an additional R131.920 million over the 2023 MTEF*

The road network camera system provides information and intelligence about activities on critical road access points that can be used to curtail the movement of illicit goods, detect undocumented persons, and act as a deterrent to criminal activities. Further, the **Integrated Transport Hub** is allocated an additional R150 million over the 2023 MTEF for the development and implementation of an integrated, enhanced, and efficient transport hub system, including the delivery of crime-fighting technology and systems to support the Highway Patrol.

## Violence Prevention

One of the biggest and most complex problems is the high rate of violent crime that leaves most Western Cape communities feeling unsafe. To enhance Violence Prevention, the WCSP focuses on better supporting youth at-risk, reducing alcohol-related harms, and reducing gender-based violence (GBV).

*The Violence Prevention Unit (VPU) receives an additional R49.328 million over the MTEF*

The **Violence Prevention Unit (VPU)** has been established in the Department of Health and Wellness to address the root causes of violent crime in our society. Using HECTIS, an electronic tool that tracks the number and movement of patients through Emergency



Centres, data will be incorporated into the Cardiff Violence Prevention Model. This will assist the WCG to gain a clearer indication of where violence is occurring by combining and mapping hospital and law enforcement agency data. This will inform interventions and violence prevention strategies, which includes the allocation of law enforcement capacity to hotspot areas. Over the 2023 MTEF, an additional R49.328 million is allocated to support the VPU and to deliver on the approach as outlined in the Provincial Safety Plan.

R987.386 million has been allocated to the Department of Social Development (DSD) over the 2023 MTEF to the **Crime Prevention and Support** sub-programme. This funding is for the implementation of diversion programmes and the management and assessment of cases of children in conflict with the law. The Department aims to assess over 15 000 cases of children in conflict with the law over the 2023 MTEF and aims to graduate over 16 000 participants from diversion programmes.

*The Victim Support Programme receives an additional R91.920 million over the MTEF*

R238.361 million is allocated to DSD over the MTEF to fund **Victim Support** programmes, under the Victim Empowerment sub-programme, which delivers psychosocial support services for victims of gender-based violence (GBV). An additional allocation of R91.920 million over the 2023 MTEF has been made to expand GBV services such as victim empowerment programmes, shelters for victims of GBV, and psychosocial support services. 18 525 victims of GBV accessed these services over the 2022/23 financial year, and the Department aims to service over 56 000 victims of GBV through these services over the 2023 MTEF.

### Gender Responsive Budgeting

According to the Organisation for Economic Co-operation and Development (OECD), gender responsive budgeting (GRB) involves using the tools, techniques, and procedures of the budget cycle in a systematic way to promote equality. In this way, every step in the budget process should be approached through the lens of women empowerment and gender equality. A gender responsive budget is thus one that addresses the differences in incomes, assets, decision-making power, service needs, and social responsibilities for care between women and men.

The national Gender Responsive Budgeting Roadmap was developed through comprehensive stakeholder engagements which included representatives of from all provinces, the Department of Women, Youth, and Persons with Disabilities (DWYPD), and the International Monetary Fund (IMF). The DWYPD has since adopted the Gender Responsive Planning, Budgeting, Monitoring, Evaluation, and Auditing Framework (GRB Framework).

The material conditions of women that need to be addressed through gender sensitive budgeting include violence against women, disproportionate responsibility for unpaid work, the distribution of resources between families and within families, and the impact of taxation and expenditure on poor women and their dependants (Sharp & Elson, 2017). Key competencies that need to be strengthened in order to improve GRB include:

- The use of data: improving statistics and indicators to get the diagnosis right,
- Strengthening budget decision-making by aligning planning and budgeting decisions with gender targets using the principle of “first do no harm,”
- Redesign of the tax–benefit system, redesign of personal income tax, and redesign of indirect taxes,
- Reporting on “targeted” allocations to women and girls (reporting on outcomes and impact) and inclusion of equal employment opportunity principles in all government contracts and agreements.

Over the MTEF the WCG will continue to promote gender responsive budgeting through developing a coherent approach across Provincial departments that drives practical action and collaboration toward achieving overall provincial women empowerment targets. This will include supporting capacity-building interventions for officials involved in M&E and Budgeting to effectively oversee GRB implementation at a departmental level.

At a practical level, GRB relates to the funding of gender related interventions. The WC GBV Implementation Plan is one of the key interventions that will be given effect to through the WCG’s GRB approach. Over R245.180 million has been allocated for the expansion of psychosocial support to victims of GBV, shelter services to victims and their children, improved access to GBV services, shelter expansion in rural and hotspot areas, and the capacitation of community-based safety organisations, such as neighbourhood watches, to become first responders in cases of GBV in their communities.

Additionally, activities and programmes related to the provision of opportunities and support to women and girls currently funded within departmental budgets that will continue over the MTEF include:

- Gender-Based Violence (GBV) Strategy Support - Department of the Premier
- Coordination of the GBV Implementation Plan - Department of Social Development
- Agricultural support programmes focused on women and girls - Department of Agriculture
- After school programmes and Sport interventions - Department of Cultural Affairs and Sport
- The Gender Equality Forum - Department of Economic Development and Tourism
- Women in Green Economy and Women in Environment - Department of Environmental Affairs and Development Planning

An additional R25.200 million has been allocated the DPoCS for expansion of the **Chrysalis Academy** over the 2023 MTEF. The Chrysalis Academy has proven to be very successful in the provision of resilience building to vulnerable youth in the Western Cape while providing skills and work opportunities for youth. Over the 2023 MTEF, the academy aims to upskill over 1 200 youth.

*The Chrysalis Academy receives an additional R25.200 million over the MTEF*

R175.728 million is allocated to the **Western Cape Liquor Authority** (WCLA) over the 2023 MTEF, including an additional R26.117 million to increase the capacity to enforce the WC Liquor Act at liquor trading outlets across the Province. The WCLA will continue to strive for the prevention of alcohol-related harms through the amendment of the Western Cape Liquor Act. The amendment of the Act, currently being considered, will introduce minimum unit pricing regulations that will ensure that alcohol products are priced based on their alcohol content volumes.

Given the dire need for additional capacity within schools to address the expanding learner-teacher ratio, the WCED will be deploying **School Resource Officers (SROs)** to 18 additional schools, with an additional allocation of R54.640 million over the 2023 MTEF.

## ■ Priority 3: Wellbeing

*The Wellbeing policy priority receives an additional R966.853 million over the 2023 MTEF*

The Wellbeing priority follows a life-course approach through its different pillars of health services, mental wellbeing, education and learning, and meeting basic needs and protecting human rights. An additional R966.853 million is allocated to the Wellbeing policy priority over the 2023 MTEF.

### Health Services

The budget policy priorities for the Department of Health and Wellness are informed by the Provincial Strategic Plan as well as the Reset strategy "Health is everybody's business", which incorporates lessons learnt from the COVID-19 pandemic and builds towards Universal Health Coverage. Over the 2023 MTEF, R85.443 billion is allocated for the implementation of the Department's **healthcare strategy** for the Province. Included are additional allocations over the 2023 MTEF amounting to R1.195 billion to mitigate the impact of the 2022 wage agreement; R352.576 million for the sustainability of the current staff complement; and R2.136 billion for the sustainability of health services. This includes responding to the adverse impact of COVID-19 on displaced routine health services.

*The TB response plan receives an additional R92.355 million over the 2023 MTEF*

In South Africa, tuberculosis (TB) continues to be the major cause of death attributable to communicable diseases. The Western Cape has had poor TB treatment outcomes, with a 76 per cent success rate for drug sensitive TB (DS-TB) from April to June 2021. For the months of April to June 2021, 25 per cent of patients were lost to follow-up, and the mortality rate was 5 per cent. Only 56 per cent of the 2020 cohort's drug-resistant tuberculosis (DR - TB) cases were successfully treated. In response to poor TB treatment outcomes in the Western Cape, the Department of Health and Wellness is allocated an additional R92.355 million over the 2023 MTEF to support the **TB response plan** that focuses on four key areas of case detection, linkage to care, adherence support, and TB prevention.

### Mental Wellbeing

*R239.436 million is allocated over the 2023 MTEF to strengthen mental health services*

The COVID-19 pandemic has significantly worsened the mental health burden, which has been steadily rising. It is particularly noticeable in how it has impacted on citizens' socio-economic circumstances, financial security, and mental health. In addition, unfavourable socio-economic conditions have led to increasing rates of unemployment, poverty, and social problems, including

substance abuse and violence. These issues directly affect the mental health of communities and, as a result, the demand for services. Over the 2023 MTEF, the Department of Health and Wellness is allocated an additional R239.436 million to strengthen mental health services. This includes the provision of a coordinated and targeted approach to address mental health and to ensure support to the most vulnerable and those at risk.

R693.325 million has been allocated to the **Persons with Disabilities** sub-programme within DSD over the 2023 MTEF. Part of this allocation is to fund CYCCs for children with behavioural challenges and mental health disorders as well as children with profound and severe intellectual disabilities. These children require 24/7 medical care and specialised skills to manage their conditions, which is beyond the current resource capabilities of the Department. The Department provided 1 054 subsidies for persons with disabilities at community-based day care centres. The Department aims to subsidise over 3 000 spaces at community-based day care centres over the 2023 MTEF.

*R693.325 million is allocated over the 2023 MTEF to the Persons with Disabilities sub-programme*

### **Family strengthening through evidence-informed parenting programmes**

The Revised White Paper on Families in South Africa (2021) emphasises the importance of family interventions which promote family wellbeing and strengthen and support the family unit. Strong families improve the life chances of individual family members and international evidence recommends a family-strengthening approach to violence prevention. As contained in the paper:

*“Stable and supportive families are associated with several positive outcomes for individual members and wider society. These include higher levels of self-esteem; lower levels of antisocial behaviour such as crime, violence, and substance abuse; higher levels of work productivity; lower levels of stress; and more self-efficacy to deal with socio-economic hardships (Amoateng et. al., 2004).”* - Revised White Paper on Families in South Africa. DSD 2021.

Parenting programmes as a subset of Family Strengthening Programmes (FSPs) are an essential part of the Western Cape Government (WCG) basket of services to strengthen socio-emotional skills. The WCG seeks to increase community wellbeing and long-term safety by better supporting evidence-informed FSPs.

### **WCG Approach to family strengthening: Sinovuyo evidence-based parent programme**

Sinovuyo is a South African evidence-based parenting programme developed by Clowns Without Borders, the National Department of Social Development (DSD), and the Universities of Cape Town and Oxford. Sinovuyo is endorsed by the World Health Organisation and UNICEF and has been rolled out in over 20 lower to middle income countries. The objectives of this parenting support programme are to prevent the abuse of adolescents, improve parenting, and reduce adolescent behavioural problems, including high risk behaviour associated with violence and crime.

Building on local and international evidence of what works to reduce violence, as well as local knowledge and experience in supporting families, the WCG is implementing a pathway to scale up evidence-informed FSPs such as the Sinovuyo evidence-based parenting programmes. Pilots of the Sinovuyo programme have been conducted in the Province in 2022, and over the 2023 MTEF pathways will be implemented through the parenting sector to deliver the Sinovuyo programme to more parents and caregivers across the Province.

Currently, the WC DSD funds a total of 34 NPOs to deliver parenting programmes as part of their broader family preservation services. In total, these NPOs reached 3 703 beneficiaries through the delivery of positive parenting programmes, including active parenting of teenagers and support to teen parents in the 2021/22 financial year. Over the MTEF the Department will target 9 330 parents and caregivers to complete parent education and training programmes.

## Education and Learning

*The Reading Programme is allocated R94.2 million over the 2023 MTEF.*

The WCED has developed a dedicated whole-of-society reading strategy for the next five years and beyond. The strategy aims to enable learners to be able to read for meaning and comprehension. All language programmes are linked to the reading strategy, which is supported by four editions of a virtual library provided in the Foundation Phase. The Pilot Grade R – 3 Project in 103 schools maintained its focus on strengthening language, especially reading and reading with comprehension. To support enabling learners to read with meaning by the end of the Foundation Phase and to enhance their language competency to access the full curriculum, additional allocations of R30 million in 2023/24, R31.2 million in 2024/25, and R33 million in 2025/26 have been allocated to the WCED's **Reading Programme**.

To create opportunities for access to high quality education for disadvantaged learners from severely challenged communities, R52 million in 2023/24, R58 million in 2024/25, and R61 million in 2025/26 will be allocated for expanding the 'Schools of Choice' Programme **within the WCED**.

*R214.37 million allocated over the 2023 MTEF to improve access to suitable education for learners on the Autism spectrum*

To respond to the needs of Autism spectrum learners and support the placement of these learners in schools, R68 million in 2023/24, R71.4 million in 2024/25, and R74.97 million in 2025/26 has been allocated to the WCED.

To provide access to suitable education opportunities for learners with Profound and Intellectual Disabilities (including upskilling carers, nutrition, and funding to institutions) R67 million in 2023/24, R70.35 million in 2024/25, and R73.868 million in 2025/26 has been allocated to the WCED.

## Meeting Basic Needs and Protecting Human Rights

*R677.665 million is allocated over the 2023 MTEF for childcare and protection*

R677.665 million is allocated for the child protection system over the 2023 MTEF under the **Child Care and Protection** sub-programme of DSD. Part of this funding will maintain the operation of WCG CYCCs as well as child protection-designated non-profit organisations (NPOs). The DSD annually subsidises 2 880 bed spaces in residential care CYCCs. Over the MTEF the Department aims to subsidise over 7 500 bed spaces in residential care CYCCs.

To combat **homelessness**, R354.300 million is allocated over the MTEF to the sub-programme 'Care and Services to Families.' This will fund the continuation of services for homeless adults, including subsidies for homeless shelters, reunification services, and psychosocial support services.

Included in this allocation for homelessness is an additional R3.4 million over the 2023 MTEF for subsidies for homeless shelters. The Department estimates that 2 500 beds in shelters for homeless adults will have been subsidised in 2022/23. The Department aims to subsidise 7 194 beds in shelters for homeless adults over the 2023 MTEF.

R193.578 million has been allocated over the 2023 MTEF to the DSD Poverty Alleviation and Sustainable livelihoods sub-programme. Most of this funding is for the provision of **food relief**, which has been central to meeting basic needs, particularly as communities recover from the impact of COVID-19. Included in the funding for this sub-programme is an additional allocation of R92.222 million over the 2023 MTEF for **food distribution centres and community nutrition distribution centres** (CNDCs). DSD estimates that through this funding, 9 620 meals will be subsidised in the 2022/23 financial year and aims to meet the same target in each year of the 2023 MTEF.

The WCED holds the learner to be of primary importance and feeds 485 000 learners daily through the **National School Nutrition Programme (NSNP)**. To alleviate inflationary pressure on the Nutrition (School Feeding) Programme, additional allocations of R61.603 million in 2023/24, R63.895 million in 2024/25, and R67.254 million in 2025/26 will be received on top of the R1.554 billion over the 2023 MTEF from national grants.

The WCED provides feeding at Mass Opportunity and Development (MOD) Centres, YeBo sites, and in clusters with the City of Cape Town as part of its support for after school programmes. To continue this initiative, the **MOD Centre feeding scheme** will receive an additional allocation of R203.905 million over the 2023 MTEF.

**Public libraries** are an important initiative that not only offer disadvantaged people access to information, books, and meeting places, but also a secure environment for learning, growth, and creativity. R1.2 billion is allocated to DCAS to maintain and support 375 library service points across the Province over the 2023 MTEF. DCAS provides library service points in most of the very small rural communities (with populations of a few hundred people or more). Most of the small rural library centres are provided with free internet through the Rural Library Connectivity Project (RLCP). The number of libraries connected to the internet through the Rural Library Connectivity Project will be increased to 233.

*R1.2 billion is allocated over the MTEF to maintain and support library service points*



## Youth Development

The Department of Cultural Affairs and Sport (DCAS) is responsible for coordinating a transversal effort to intensify efforts to provide youth with a first work experience as a pathway into employment or studies. The **YearBeyond Programme** contributes to all three of the Provincial priorities - Growth for Jobs, Safety, and Wellbeing by providing a 1 000 first work opportunities each year. This programme provides candidates with a mentor and supports the youth on a pathway into studies or work after the programme, and at the same time closes the reading gap. Over the next five years over 10 000 opportunities will be created for youth to gain work experience through the expansion of the YearBeyond and EPWP programme footprint.

*R45 million is allocated over the MTEF to fund Afternoon Positive Peer Networks.*

DCAS will continue its violence prevention initiatives for youth at risk through the **YearBeyond PlanetYouth/ Community Wellbeing/ Shukuma programmes**, which are active in 200 schools with 200+ youth working on the programme. The programmes expand services to the most vulnerable communities, contribute towards closing the reading and learning gap, and provide positive peer group networks. Most of the learners who benefit from the programme face situational risk, educational risk, and behavioural risk. By helping them both find and pursue their passions, we reduce their chances of engaging in risk-taking behaviours. The Department is allocated R45 million to fund **Afternoon Positive Peer Networks** over the 2023 MTEF.

*DCAS is allocated R159.8 million over the 2023 MTEF for youth programmes.*

Through arts and culture development and promotion programmes, DCAS provides opportunities for youth, women, children, and people with disabilities to interact and acquire **artistic and life skills**. These opportunities for the vulnerable and marginalised provide platforms for social interaction and dialogue, whilst strengthening social inclusion and cohesion amongst communities. The Department will continue to run several **After School Programmes**. The afterschool interventions include the MOD Centres, the Neighbouring School Centres active in 315 schools, and the YearBeyond programme in 204 sites. Over the 2023 MTEF, DCAS is allocated R159.8 million for youth programmes. DCAS is allocated an additional R15 million over the 2023 MTEF towards funding NGOs to scale programmes for Afternoon positive peer activities for children and youth. This will enable the Department to build youths' sense of belonging by creating "positive peer groups" through sport, arts, culture, and giving youth access to heritage resources via the museums and community facilities.

### Youth development for employment

The Youth unemployment rate in the Western Cape is 34.5 per cent (Quarterly Labour Force Survey, Q3 2022. StatsSA, 2022), 4.5 percentage points higher than in 2020. Currently there are 802 365 young people who are not in education, employment, or training in the Province. The WCGs approach to youth development responds to the needs of the youth to gain skills and knowledge to participate in the economy.

### WCG basket of youth development services

Over the 2023 MTEF the WCG will continue to deliver programmes to improve the lives of young people in the Province. The Provincial approach to youth development is a whole-of-government initiative which involves the provision of opportunities for education, training, and work by various Provincial departments.

### Making the youth more employable and providing work opportunities

Work readiness is an essential component of youth development. Some of the opportunities for young people that will be delivered over the MTEF include:

- YearBeyond - Department of Cultural Affairs and Sport
- The Chrysalis Academy - Department of Police Oversight and Community Safety
- Youth and Skills Development Programme - Department of Social Development
- National Youth Service Expanded Public Works Programmes (EPWP) - Department of Mobility
- Youth in Built Environment - Department of Infrastructure
- Agricultural Partnership for Youth Development Programme - Department of Agriculture
- Artisan Development Programme - Department of Economic Development and Tourism
- The Premier's Advancement of Youth Programme (PAY) - Department of the Premier

These programmes will enable young people to gain the necessary skills and experience to improve their chances of becoming gainfully employed. Additionally, WCED has undertaken the improvement of the life orientation curriculum to include content on careers toward fostering work readiness in learners.

Although ensuring that young people are employable and are offered opportunities for employment, psychosocial and emotional support is also critical to the development of fulfilled and productive young adults.

The Shukuma programme, implemented through the WCED, which will be scaled up over the 2023 MTEF, will provide learners with the psychosocial support to develop emotional maturity and resilience to ensure that they are better equipped to make better life choices.

## ■ Priority 4: Innovation, Culture, and Governance

The three policy priorities of Growth for Jobs, Safety, and Wellbeing are supported by the enabler of Innovation, Culture, and Governance. The enabler priority and its related programmes and interventions originate from the Focus Areas in VIP 5 of the 2019 - 2024 Provincial Strategic Plan (PSP).



## Innovation for Impact

Innovation is a key value of the WCG, which is defined as being open to new ideas and developing creative solutions to challenges in a resourceful way.

*R65.423 million is allocated over the 2023 MTEF to support innovation in the public service*

In order to accomplish our strategic priorities, the **Innovation for Impact Strategy** strives to integrate and facilitate innovation within the WCG. It focuses on having an open mind and coming up with innovative solutions to problems in a resourceful manner. It contains four enablers, namely: providing space for exploration and experimentation; equipping officials with capacity to innovate; engaging diverse stakeholders for collaborative, problem solving initiatives; and enterprising. Over the 2023 MTEF, the Department of the Premier (DotP) is allocated R65.423 million for Innovative Initiatives. The objective is to strengthen the linkages between innovation and culture initiatives and to embed and streamline innovation into routine systems and behaviours throughout the WCG.

To institutionalise futures planning capability across the Province, the DotP is allocated an additional R15.5 million over the 2023 MTEF. This includes mechanisms to support the governance and coordination of pre-existing and proposed futures planning initiatives.

## Citizen-centric Culture

Good local governance requires that citizens participate in the choices or activities that affect them. Over the 2023 MTEF, R483.115 million is allocated to the DLG to promote viable and sustainable local governance, integrated and sustainable planning, and community participation in development processes. Interventions aimed at enhancing **participatory governance** over the 2023 MTEF include improving access to government services and information; strengthening public participation through empowering citizens through civic education programmes; improving communication in municipalities; and implementing socio-economic projects to improve the living conditions of citizens.

*R36.484 million is allocated over the 2023 MTEF to manage the Thusong Programme*

The DLG is allocated R36.484 million to manage the **Thusong programme** and to support co-operative governance between the three spheres of government. The Thusong Programme, which includes outreaches, service centres and satellite centres, is aimed at bringing access to government services and information for citizens.

The DotP's commitment to prioritising citizens is demonstrated by the expansion of the **Cape Access Programme**. The Programme's goals include expanding online information access, offering opportunities for developing digital skills, and introducing residents to the wealth of opportunities the internet has to offer. The DotP receives an additional R37 million over the 2023 MTEF for the expansion of Cape Access Centres, which will be done in coordination with the DLG as it relates to the Thusong Programme.

**Data and Technology** are enablers that run across the provincial priorities of Growth for Jobs, Safety, Wellbeing, and Innovation, Culture and Governance. The Digital Transformation Plan has the following outcomes: digitally empowered and informed citizens, digitally empowered and informed employees, optimised and integrated service to WCG citizens, connected Government, and sound ICT governance.

The **Service Delivery Index (SDI)** in the DotP is a quantitative assessment tool that provides a comprehensive analysis of the WCG's service delivery performance. The Citizens Perception Survey, which connects citizen opinion with government services and community outcomes, is a crucial data source for the SDI. The WCG Citizen Perception Survey has developed into an annual tracking study that assesses the quality of public services. The DotP is allocated an additional R16 million in 2023/24 and R11 million in 2024/25 for strategic communications, social media monitoring, and citizen perception surveys.

*An additional R27 million is allocated over the 2023 MTEF to support the Citizen Perception Survey, Social Media Monitoring, and Strategic Communications*

### Citizen Engagement

Effective citizen engagement is an important enabler in promoting transparency, accountability, collaboration, and strengthening democracy in the Western Cape Government. Citizen engagement is a critical component of good governance and is essential for ensuring that the WCG is responsive to the needs and concerns of its citizens. Over the 2023 MTEF, Provincial departments are committed to innovating and implementing citizen engagement initiatives specific to their service delivery mandates, while considering the WCG stance on citizen engagement. The Western Cape Government will be spending R666.722 million on citizen engagement over the 2023 MTEF.



Departmental Budget Spend for Citizen Engagement over the 2023 MTEF:

Department	2023/24	2024/25	2025/26	2023 MTEF
Department of the Premier (DoTP)	61 905	59 458	52 695	174,058
Western Cape Provincial Parliament	18 664	16 923	16 660	52 247
Department of Police Oversight and Community Safety (DPoCS)	30 349	31 357	33 036	94 742
Department of Social Development (DSD)	5 958	6 037	6 332	18 327
Department of Economic Development and Tourism (DEDAT)	11 667	11 753	11 818	35 238
Department of Local Government (DLG)	97 764	96 403	97 943	292 110
<b>Total</b>	<b>226 307</b>	<b>221 931</b>	<b>218 484</b>	<b>666 722</b>

**Key Initiatives:**

- **DoTP:** The Community Capacity Enhancement Programme builds the capability of provincial officials to engage with citizens and to work with them to identify and implement solutions. The Department contributes to bridging the gap between government and communities by hosting Open Government First Thursdays.
- **DLG:** Civic education programmes on citizen engagement empowers citizens to participate in decision-making in municipalities. The Thusong programme, along with the Community Development Worker Programme, have proven to be effective in improving access to government services and information in communities.
- **DSD:** Stakeholder engagements with NPOs, Civil Society, and Communities through multiple forums such as the Gender Based Violence Forum, the Substance Prevention Forum, the Early Childhood Development Forum, the Disability Forum, and the Western Cape Food Forum.
- **DPoCS:** The Department promotes good relations between the police and the community by facilitating the capacitation and functioning of safety partners.

**Governance Transformation**

As part of governance transformation, business process re-engineering interventions seek to unlock efficiencies in business processes. A key activity is driving the implementation of the Combined Assurance Model to reinforce the Departmental Internal Control units as assurance providers and enable the Executive and departments in terms of legally empowered actions and decisions. R340.530 million is allocated over the 2023 MTEF to support this initiative.

*R122.279 million is allocated over the MTEF to co-ordinate messaging to Western Cape citizens*

The Department of the Premier is allocated R122.279 million over the 2023 MTEF to coordinate communication messaging to ensure that the strategic goals of the WCG are communicated to the citizens of the Western Cape.

For the development and implementation of a modernised financial and budget system that includes improved financial systems functionality and improved financial systems security, the **Evergreen Legacy System** is allocated R15 million over the 2023 MTEF. Further, for the development and implementation of an integrated customer relationship management solution that includes the automated processes that modernise reporting and auditing of systematic procedures, the **Customer Relationship Management Tool** is allocated R9 million over the 2023 MTEF. For the development and implementation of a consolidated data warehouse solution that includes standardising and modernising of data reporting, data analytics, and data forecasting, the Provincial Treasury Data Centre is allocated R10 million over the 2023 MTEF.

## Integrated Service Delivery

The WCG has endorsed the **Joint District and Metro Approach (JDMA)** to strengthen collaboration across the three spheres of government through co-planning, co-budgeting, and co-implementation to address district-wide priorities. The DLG is allocated R26.771 million over the 2023 MTEF to strengthen intergovernmental planning and budgeting in Western Cape municipalities.

*R26.771 million is allocated over the 2023 MTEF to strengthen collaboration across the spheres of government*

### Spatial Planning and Budgeting in the Western Cape

Spatial planning and budgeting are critical functions in the WCG's efforts to manage development and growth in the Province. The WCG's spatial planning and budgeting processes are guided by various legislative frameworks, including the Spatial Planning and Land Use Management Act of 2013, the Municipal Finance Management Act of 2003, and the Municipal Systems Act of 2000. These laws provide the legal framework for the spatial planning and budgeting processes and ensure that they are transparent, accountable, and participatory.

Improving spatial planning and budgeting in the Western Cape requires a concerted effort across the WCG departments, community organisations, and other stakeholders. The Integrated Service Delivery (ISD) approach acknowledges that limited integration across the spheres of government and external partners is one of the causes of the slow pace of service delivery and at times leads to duplication or wastage of limited public resources. ISD aims to synchronise key processes within the WCG to strengthen joint planning, budgeting, and implementation while managing key policy and service delivery risks across spheres of government. This process therefore aims to improve intergovernmental alignment, collaboration, and integration to achieve greater coherence in service delivery.

Over the 2023 MTEF, R532.502 million is allocated toward strengthening spatial planning and budgeting in the Western Cape, of which R213.621 million is allocated to the Department of Environmental Affairs and Development Planning, and R318.881 million is allocated to the Department of Local Government.

Department R'000	2023/24	2024/25	2025/26	2023 MTEF
Environmental Affairs and Development Planning	68 226	73 422	71 973	213 621
Local Government	106 221	105 477	107 183	318 881
<b>Total</b>	<b>174 447</b>	<b>178 899</b>	<b>179 156</b>	<b>532 502</b>

In terms of spatial planning, the Department of Environmental Affairs and Development Planning is responsible for coordinating and overseeing the spatial planning process. The Department works closely with municipalities, other government departments, and stakeholders to develop and implement spatial plans that reflect the development priorities in support of sustainable growth and development. Key activities to be achieved over the MTEF include:

- Implementing Development Facilitation and Land Assembly Services aimed at improved spatial transformation;
- Implementing the Development Planning Intelligence Management Framework to improve the ability to make informed decisions based on data and evidence; and
- Implementing the Regional Socio-Economic Programme, which is an intergovernmental and citizen-centric Programme aimed at neighbourhood development and spatial justice.

The Department of Local Government applies a spatial and geographic lens, which includes the provision of support to all municipalities in the Province. This takes into account an evidence-based monitoring and evaluation approach to categorising municipalities in terms of oversight, governance, and service delivery pressures. Ongoing monitoring and evaluation is undertaken to evaluate progress and impact of support and capacity initiatives, which is aligned to the governance and service delivery support requirements of municipalities.

The adoption of the Joint District and Metro Approach (JDMA) has strengthened collaboration and the interface between the three spheres of government and other stakeholders at the metro and district levels. Through the JDMA, the WCG works closely with the metro and district municipalities to identify service delivery priorities and to develop joint plans to address these priorities. This approach aims to create a coordinated and integrated system of governance and service delivery that is responsive to the needs of the communities within the Western Cape.

Over the 2023 MTEF, key considerations to strengthen the Provincial and municipal interface include:

- Strengthening Inter-governmental Relations (IGR) structures to combat sporadic and fragmented spending and to give effect to targeted ISD by all spheres of government;
- Taking an evidence-based approach to inform area-based interventions. This includes modelling preconditions for growth and innovation potential with a focus on developmental nodes; and
- Adopting a new way of work to achieve greater efficiencies by applying technology and innovation to streamline processes, enhance systems, and strengthen service delivery models..

In conclusion, spatial planning and budgeting are critical functions in the WCG's efforts to manage development and growth within its jurisdiction. These processes are guided by various legislative frameworks and involve collaboration and consultation with different stakeholders to ensure that the government's planning and budgeting activities are transparent, accountable, and participatory

*R121.018 million is allocated over the MTEF to offer staff development opportunities*

## Talent and Staff Development

The DotP is allocated R121.018 million over the 2023 MTEF to ensure people development through the identification of training needs by designing and offering relevant learning programmes, developing workplace skills plans, and facilitating the awarding of bursaries and internships to employees. By creating a culture that values talent, especially that of young professionals, the WCG hopes to become an employer of choice.

Over the medium term, the reconfiguration of the **Provincial Training Institute** will transform the Institute's structure and format to become an innovation hub and will update its curriculum to meet the WCG's capability requirements. The Institute will be reconfigured to foster more collaboration with partners and stakeholders, offer modernised and customised learning delivery methods, and provide improved aesthetics and digital infrastructure. These interventions will aid in fostering a citizen-centric culture, enabling innovation for impact, and fostering talent and staff development.

*R1.616 billion is allocated over the 2023 MTEF to support the implementation of Broadband 2.0*

## Digital Transformation

The expansion of key government services made possible by investments in broadband internet connectivity ensures that citizens are connected, informed, and receive critical social services. The DotP is allocated R1.616 billion over the 2023 MTEF,

which includes an additional R150 million in 2024/25 and R156.900 million in 2025/26 to support the implementation of **Broadband 2.0** and to ensure that all citizens in the metro and rural areas of the Province have internet coverage.

The DotP is allocated R277.365 million to implement an effective **cybersecurity management ecosystem** that protects tangible and intangible information assets of the WCG and its stakeholders through trusted partnerships and highly skilled teams. The purpose of the funding is to manage and safeguard the confidentiality, integrity, and availability of infrastructure, applications, systems, and information.

*R277.365 million is allocated over the 2023 MTEF for cybersecurity management*

## ■ Conclusion

The Medium Term budget policy priorities have been used to support the WCG's commitment to protecting the dignity of citizens through the continued delivery of quality and impactful services. The integrated policy planning and budgetary processes have ensured that this was done while maintaining a sustainable fiscal path.

The citizens of the Western Cape remain at the centre of service delivery, and this is articulated through the Western Cape's 2023 Budget.

## Annexure 1: Energy Allocations

Categorisation	Project				
		2023/24 R'000	2024/25 R'000	2025/26 R'000	2023 MTEF R'000
Loadshedding impact reduction	Demand side management programme	9 700	700	700	11 100
	Alternative energy support: SMMEs	18 500	18 500	18 500	55 500
	Emergency load shedding packs	60 000			60 000
Green Economy Ecosystem Support	Green Economy Ecosystem Support	7 100	9 300	9 500	25 900
Project preparation support	Municipal Pooled Buying	3 300	4 000	6 000	13 300
	Municipal IPP procurement Stellenbosch	9 800	6 500	900	17 200
	Project preparation facility	40 000	40 000	40 000	120 000
	Pilot renewable energy solutions in municipalities	5 000	10 000	15 000	30 000
	Specialist service providers	2 000	3 000		5 000
	Explore gas power	1 000			1 000
	Green hydrogen development: PMO	5 000	27 500	27 500	60 000
Grid, generation and financing planning	Grid and transmission infrastructure upgrade planning	3 000	3 500	4 000	10 500
	Municipal EMPs	1 740	1 760	1 840	5 340
	WC Integrated Resource Plan (IRP)	7 500	2 000	2 000	11 500
	Western Cape Just Energy Transition Investment Plan	Budget previously allocated			
Capacity to implement	Core energy team internal resourcing	5 150	5 150	5 150	15 450
	Additional capacity - DLG (water & wastewater load shedding impacts)	5 750	5 750	5 750	17 250
	Additional capacity to support and implementation	8 100	8 473	8 862	25 435
Operational	LED lighting	40 000	44 000	30 000	114 000
	Solar PV	Budget previously allocated			
Total Energy Allocation		232 640	190 133	175 702	598 475
Energy Reserve					501 525
TOTAL					1 100 000



# 5

## Budget aggregates

### In brief

- Total provincial receipts for 2023/24 are projected to be R76.981 billion, of which R58.886 billion will come from provincial equitable share, R14.474 billion from conditional grants, and R3.622 billion from provincial own receipts.
- Total Provincial expenditure for 2023/24, inclusive of direct charges, is projected to be to R80.371 billion, of which R59.642 billion is for current payments, R13.492 billion for transfers and subsidies, R7.178 billion for payments for capital assets and R5.823 million for payments for financial assets. To meet the shortfall between receipts and spending, R4.677 billion will be drawn down from accumulated reserves.
- The total Compensation of Employees budget amounts to R41.305 billion and constitutes 51 per cent of the 2023/24 budget, lower than the previous financial year. This is attributed to the continued implementation of the upper limits and compensation ceilings underpinned by the Western Cape Compensation of Employees Strategy.
- Total infrastructure investment over the 2023 MTEF amounts to R32.573 billion. For 2023/24, infrastructure investment amounts to R11.582 billion, of which R6.997 billion for existing infrastructure assets, R1.715 billion for new infrastructure, and R2.284 billion for infrastructure transfers. Maintenance of existing infrastructure remains a priority for the Province, as it ensures that the lifespans of Provincial assets are prolonged and kept in a functional state.

### Introduction

The Western Cape medium term fiscal framework responds to the national and Provincial economic context set out in Chapter 2 and is framed by the Western Cape's Fiscal Strategy outlined in Chapter 3. Given the constrained national fiscus, the Province's medium term fiscal framework continues to give effect to the budget policy principles of protecting basic services, driving efficiencies and ensuring long run fiscal sustainability. The framework enables a medium term budget response that supports the Province's policy priorities of Growth for Jobs, Safety, Wellbeing, and the enablers of Innovation, Culture and Governance as set out in Chapter 4.



The three-year fiscal framework reflects a strengthened focus on improving revenue performance, using resources more efficiently and effectively. To ensure long run fiscal sustainability, the Western Cape Government (WCG) will focus on rebuilding reserves over the medium term to remain resilient to external shocks and to build a better future for its citizens.

The fiscal framework builds onto the fiscal futures project that aims to look beyond the MTEF horizon to determine the best options available to maintain the long term fiscal sustainability of WCG. Further detail on the fiscal futures project is provided in Chapter 3.

This chapter sets out the Western Cape medium term fiscal framework, providing a comprehensive overview of the Province's 2023 MTEF revenue and expenditure estimates.

In line with National Treasury's *2023 Provincial Budget Formats Guide*, the chapter sets out a summary of estimates of the main budget components (receipts and payments, budget surplus or deficit). It outlines the Western Cape's total receipt position, and details the Province's revenue sources, taking account of national transfers, provincial tax receipts, and provincial own revenue.

A summary of the Province's planned expenditure provides a disaggregation by economic classification, including Compensation of employees, Goods and services, Transfers and subsidies, and Infrastructure payments. The allocation of fiscal resources based on the Western Cape Fiscal Strategy, coupled with estimated spending patterns aligned to Provincial budget policy priorities, enables the WCG to deliver a sustainable fiscal framework over the medium term.

## ■ Overview of the provincial fiscal framework

The main Provincial receipts are:

- National government transfers in the form of the provincial equitable share (PES) and Conditional grants are projected to increase from R73.523 billion in the 2022/23 revised estimate to R78.527 billion in 2025/26. This represents an annual average growth rate (AAGR) of 2.2 per cent, which is below the projected annual inflation rate of 5.3 per cent for 2023/24, 4.9 per cent for 2024/25, and 4.7 per cent for 2025/26.
- Provincial own receipts, inclusive of Provincial tax receipts (motor vehicle licences fees, gambling taxes and liquor licence fees) and vote-specific own receipts, are projected to increase at an AAGR of 2.0 per cent from the 2022/23 revised estimate of R3.162 billion to R3.954 billion in 2025/26.

- Provincial tax receipts, specifically motor vehicle licence fees, increase by an AAGR of 4.2 per cent from the 2022/23 revised estimate of R1.958 billion to R2.215 billion in 2025/26.
- Provincial tax receipts, comprised of gambling taxes and liquor licence fees, increase by an AAGR of 27.5 per cent from R522.548 million in the 2022/23 revised estimate to R1.084 billion in 2025/26. This is due to the rebasing of the gambling and liquor industries to pre-COVID-19 pandemic levels. It is anticipated that the tax receipts will plateau for the remainder of the 2023 MTEF within the current constrained economic environment.

The main Provincial payments and provisions are:

- Provincial payments increase from the 2022/23 revised estimate of R78.015 billion to R80.319 billion in 2023/24, R80.125 billion in 2024/25, and R81.827 billion in 2025/26. This represents an AAGR of 1.62 per cent over the 2023 MTEF. Over the period, current payments are the largest component, comprising 75.1 per cent share of total Provincial payments, followed by transfers and subsidies (16.7 per cent), and payments for capital assets (8.3 per cent).
- Provincial provisions, including a stabilisation reserve, and an energy reserve, amongst others, decreased from R1.449 billion in the 2022/23 revised estimate to R1.340 billion in 2023/24, R1.246 billion in 2024/25 and R1.335 billion in 2025/26.

The main Provincial financing mechanisms are:

- The deficit between spending and receipts will require financing through drawing down from accumulated reserves, that is, the Asset Finance Reserve (AFR) and the Provincial Revenue Fund (PRF). The drawdown rises from R3.920 billion in the 2022/23 revised estimate to R4.677 billion in 2023/24, declining to R2.258 billion in 2024/25 and further to R726.130 million in 2025/26.

### **Budget deficit financing**

The ongoing strong financial management has ensured that Provincial accumulated cash balances have increased from R3.3 billion in 2013/14 to R10.5 billion at the end of 2021/22. The Province projects to draw down a total of R7.6 billion from reserves over the next three years. The Province can exercise this option due to its continuous prudent financial management practices that have taken a long-term view to fiscal sustainability over many years.

International best practice is to use accumulated cash balances for infrastructure and non-recurring spending items. The Province is committed to using these accumulated reserves effectively, with the explicit aim of converting financial assets into physical assets through targeted infrastructure expenditure that has a catalytic impact on growth and job creation in the Western Cape. Given this objective, some of the drawdown of cash reserves over the 2023 MTEF will be for road building and new catalytic infrastructure, such as the Tygerberg public private partnership.

Mindful that cash-reserves are largely a stock rather than a dynamic flow resource, the difficult policy and the budget decisions taken in the Western Cape 2023 Budget aim to set the Province on the path from recovery to growth while progressively restoring long term fiscal sustainability. The Province's prudent financial management of cash reserves therefore remains a core component of its Fiscal Strategy over the medium term.

**Table 5.1 Provincial receipts and payments, 2019/20 - 2025/26**

R'000	Outcome						Medium-term estimate			
	Actual 2019/20	Actual 2020/21	Actual 2021/22	Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	% Change from Revised estimate 2022/23	2023/24	2024/25	2025/26
<b>Provincial receipts</b>										
Transfer receipts from national	64 326 768	67 033 851	69 982 048	72 383 121	73 522 688	73 522 688	73 360 261 ( 0.22)	75 328 727	78 526 957	
Equitable share	51 290 593	53 677 100	56 467 404	58 367 447	59 322 184	59 322 184	58 886 129 ( 0.74)	60 920 492	63 448 030	
Conditional grants	13 036 175	13 356 751	13 514 644	14 015 674	14 200 504	14 200 504	14 474 132 1.93	14 408 235	15 078 927	
Provincial own receipts	3 605 178	3 120 191	3 482 281	2 974 022	3 083 885	3 161 642	3 621 649 14.55	3 784 392	3 954 240	
Provincial Revenue Fund (Tax Receipts)	706 186	495 605	800 183	522 548	522 548	522 548	991 833 89.81	1 036 862	1 083 879	
Motor Vehicle Licences (Tax receipts)	1 804 408	1 875 326	1 896 631	1 861 914	1 957 815	1 957 815	2 029 018 3.64	2 120 206	2 215 288	
Provincial own receipts (Vote specific)	1 094 584	749 260	785 467	589 560	603 522	681 279	600 798 ( 11.81)	627 324	655 073	
<b>Total provincial receipts</b>	<b>67 931 946</b>	<b>70 154 042</b>	<b>73 464 329</b>	<b>75 357 143</b>	<b>76 606 573</b>	<b>76 684 330</b>	<b>76 981 910 0.39</b>	<b>79 113 119</b>	<b>82 481 196</b>	
<b>Provincial payments and provisions</b>										
Provincial payments	67 533 817	70 325 393	73 265 645	77 332 803	78 027 751	78 014 726	80 319 276 2.95	80 125 199	81 872 267	
Current payments	50 985 751	53 384 982	56 433 586	58 856 283	58 880 839	58 877 460	59 642 262 1.30	60 470 686	61 771 200	
Transfers and subsidies	11 074 329	12 623 741	12 104 936	12 760 542	12 941 080	12 912 275	13 492 204 4.49	13 009 045	13 883 925	
Payments for capital assets	5 459 751	4 301 709	4 708 322	5 710 425	6 198 287	6 207 833	7 178 987 15.64	6 639 329	6 210 721	
Payments for financial assets	13 986	14 961	18 802	5 553	7 545	17 158	5 823 ( 66.06)	6 139	6 421	
Provincial provisions	42 737	47 104	38 914	1 563 302	1 448 934	1 448 934	1 339 864 ( 7.53)	1 245 576	1 335 060	
Direct charge	42 737	47 104	38 914	50 301	50 301	50 301	52 564 4.50	54 925	57 386	
Unforeseen and unavoidable				430 998	342 183	342 183	550 649 60.92	500 000	600 000	
Wage agreement: Cash Gratuity (PES Reserve)				823 680	823 680	823 680	( 100.00)			
Stabilisation reserve							408 344	467 101	504 067	
COVID Response Reserve				200 000	200 000	200 000	( 100.00)			
Acquisition of Property Reserve				58 323	32 770	32 770	60 947 85.98	63 684	99 307	
Energy Reserve							267 360	159 867	74 298	
<b>Total provincial payments and provisions</b>	<b>67 576 554</b>	<b>70 372 497</b>	<b>73 304 559</b>	<b>78 896 105</b>	<b>79 476 685</b>	<b>79 463 660</b>	<b>81 659 140 2.76</b>	<b>81 370 775</b>	<b>83 207 327</b>	
<b>Surplus (Deficit) (before financing)</b>	<b>355 392</b>	<b>( 218 455)</b>	<b>159 770</b>	<b>(3 538 962)</b>	<b>(2 870 112)</b>	<b>(2 779 330)</b>	<b>(4 677 230) 68.29</b>	<b>(2 257 657 )</b>	<b>( 726 130 )</b>	
<b>Financing</b>	<b>1 924 734</b>	<b>2 336 955</b>	<b>2 982 616</b>	<b>3 538 962</b>	<b>3 919 964</b>	<b>3 919 964</b>	<b>4 677 230 19.32</b>	<b>2 257 657</b>	<b>726 130</b>	
Asset Finance Reserve	935 339	674 730	432 211	1 198 942	1 233 687	1 233 687	1 106 477 ( 10.31)	784 205	359 363	
Provincial Revenue Fund	989 395	1 662 225	2 550 405	2 340 020	2 686 277	2 686 277	3 570 753 32.93	1 473 452	366 768	
<b>Nett Surplus/Deficit (after financing)</b>	<b>2 280 126</b>	<b>2 118 500</b>	<b>3 142 386</b>	<b>-</b>	<b>1 049 852</b>	<b>1 140 634</b>	<b>- ( 100.00)</b>	<b>-</b>	<b>-</b>	
Provincial Revenue Fund (Tax receipts) includes:										
Casino taxes	566 340	243 070	405 279	373 330	373 330	373 330	499 652 33.84	463 210	463 618	
Horse racing taxes	98 631	212 822	350 870	110 198	110 198	110 198	443 088 302.08	522 345	566 645	
Liquor licence fees	41 215	39 713	44 034	39 020	39 020	39 020	49 093 25.81	51 307	53 616	
<b>Total Provincial Revenue Fund (Tax receipts)</b>	<b>706 186</b>	<b>495 605</b>	<b>800 183</b>	<b>522 548</b>	<b>522 548</b>	<b>522 548</b>	<b>991 833 89.81</b>	<b>1 036 862</b>	<b>1 083 879</b>	

## Provincial receipts

### Intergovernmental fiscal system

South Africa's intergovernmental fiscal transfer system is based on a revenue-sharing model, acknowledging that the different spheres of government have different revenue raising abilities and responsibilities.

Section 214(1) of the Constitution requires that the nationally raised revenue be divided equitably between national government, the nine provinces and 257 municipalities. The Constitutional principles considered in the 2023 division of revenue include:

- *The national Interest and the division of resources.* The national fiscal strategy outlined in the 2023 Budget aims to achieve fiscal sustainability, support economic growth, and reduce fiscal and economic risks.
- *Provision for debt costs.* Gross loan debt is expected to increase from R4.73 trillion (71.1 per cent of GDP) in 2022/23 to R5.06 trillion (72.8 per cent of GDP) in 2023/24 and will peak at R5.84 trillion (73.6 per cent of GDP) in 2025/26. National government provides for the resulting debt costs to protect and maintain the country's integrity and credit reputation.
- *Vertical division of revenue that takes account of national government needs and interests and provides for provincial and local government basic services.* The vertical division of nationally raised revenue is a political decision taking into account national priorities, the service delivery responsibilities of the different spheres of government and the overall fiscal and economic outlook. Over the 2023 MTEF, the vertical division of revenue sees 48.6 per cent of non-interest spending allocated to national government, 41.5 per cent to provinces and 10 per cent to local government.
- *Fiscal capacity and efficiency; development needs, and economic disparities.* Fiscal capacity refers to the revenue-raising power of each sphere of government. Provinces have limited revenue-raising capacity compared to spending responsibilities, whereas municipalities have extensive revenue raising powers through property rates, user charges and fees.
- At the subnational level, the horizontal division of revenue through objective equitable share formulae - the provincial equitable share formula and the local government equitable share formula - takes account of fiscal capacity, efficiency, as well as development needs and economic disparities. The formulae are regularly reviewed to improve their efficiency.

*Gross loan debt is expected to increase from R4.73 trillion (71.1 per cent of GDP) in 2022/23 to R5.06 trillion (72.8 per cent of GDP) in 2023/24*

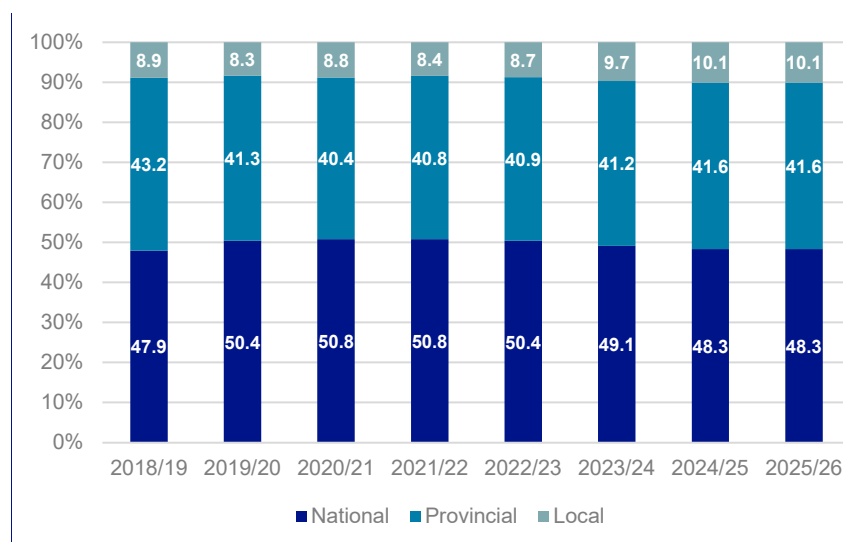
- *Obligations in terms of national legislation.* The 2023 MTEF, through the division of revenue, continues to fund the delivery of provincial, municipal, and concurrent functions through a combination of conditional and unconditional grants.
- *Predictability and stability* through the implementation of a three-year medium term budgeting framework.
- *Flexibility in responding to emergencies* given a contingency reserve for unforeseen and unavoidable events, and two conditional grants for disasters and housing emergencies.

### 2023 MTEF allocations to provinces

*Provincial share of non-interest nationally raised revenue rising from 40.9 per cent in 2022/23 to 41.2 per cent in 2023/24 to 41.6 per cent in 2024/25 and 2025/26*

The 2023 MTEF sees the provincial share of non-interest nationally raised revenue rising from 40.9 per cent in 2022/23 to 41.2 per cent in 2023/24 and stabilising at 41.6 per cent in 2024/25 and 2025/26. However, this is lower than the provincial share of 43.2 per cent in 2018/19, seen in Figure 5.1.

**Figure 5.1 Percentage share of vertical division of revenue amongst the three spheres of government**



Direct transfers to provinces over the medium term have increased by R92.7 billion to R2.17 trillion (R76.9 billion through the PES and R15.8 billion added to direct conditional grants), to address various spending pressures. This translates into the provincial share of nationally raised revenue growing by an annual average of 2.8 per cent over the medium term, comprised by a 2.5 per cent growth in equitable share transfers and 4.3 per cent growth in conditional grants.

*National transfers to provinces increase from R694.6 billion in 2022/23 to R695.1 billion in 2023/24*

These increases see national transfers to provinces increase from R694.6 billion in 2022/23 to R695.1 billion in 2023/24, to R720.5 billion in 2024/25 and to R754.7 billion in 2025/26.

## Provincial equitable share

The provincial equitable share (PES) remains the main source of provincial funding, addressing provincial expenditure on constitutionally mandated responsibilities. Like other provinces, the PES is the largest source of funding for the Western Cape, accounting for over three-quarters (76.8 per cent) of total Provincial receipts and 80.6 per cent of all national transfers to the Province over the 2023 MTEF.

*PES is the largest source of funding for the Western Cape, accounting for over three-quarters (76.8%) in 2023/24*

The PES formula is aligned with provinces' core service delivery mandates, which represent a proxy for the relative demand for provincial government services, mainly in education, health, and social services. The formula is a weighted index comprising of the following components with a respective weighting: education (48 per cent), health (27 per cent), basic services (16 per cent), poverty (3 per cent), economic activity (1 per cent) and institutional (5 per cent).

It is worth noting that the weighting allocated to each of the components is not indicative of how much a province should allocate to a specific area of function. Rather, provinces through their budget allocation processes determine allocations based on their own policy priorities and specific circumstances, within their available fiscal framework.

### Annual technical data updates impact on the Provincial Equitable Share

Population numbers and the demand for services have a significant impact on allocation procedures. Thus, the PES formula considers annual data updates to reflect changes to provincial population numbers and the demand for services. Table 5.2 provides a summarised overview of the data sources used to update the various components of the PES formula.

**Table 5.2 Provincial Equitable Share data updates**

Weight	Component	Data used
48%	Education	<ul style="list-style-type: none"> <li>Mid-Year Population Estimates 2022 age cohorts (5 - 17) (new data)</li> <li>2022 preliminary data LURITS School Enrolment (Grade R – 12) (new data)</li> </ul>
27%	Health	<ul style="list-style-type: none"> <li>2022 Mid-Year Population Estimates (new data)</li> <li>Medically Insured population, based on 2020/21 Council for Medical Schemes data, 2021 &amp; 2018 GHS</li> <li>Total fertility rate (new data)</li> <li>Premature Mortality (new data)</li> <li>Risk-adjusted capitation index (new formula)</li> </ul>

Weight	Component	Data used
16%	Basic	<ul style="list-style-type: none"> <li>● Patient load data (DHIS 2020/21 - 2021/22) (old data)</li> <li>● Population data is drawn from the 2022 mid-year population estimates produced by Statistics South Africa (new data)</li> </ul>
03%	Poverty	<ul style="list-style-type: none"> <li>● 2022 Mid-Year Population Estimates (new data)</li> <li>● Income and Expenditure Survey (IES) 2010/11 (old data)</li> </ul>
1%	Economic	<ul style="list-style-type: none"> <li>● GDPR 2019 (old data)</li> </ul>
5%	Institutional	<ul style="list-style-type: none"> <li>● Not applicable - distributed equally amongst provinces (data not used)</li> </ul>

In addition to the annual data updates, the PES formula continues to be subject to review and revision, based on the evolving economic conditions, population dynamics, and relative changes in demand for government services.

*Revision of the PES formula involved the health component with the incorporation of a newly designed risk-adjustment index*

The most recent revision of the PES formula involved the health component with the incorporation of a newly designed risk-adjustment index, which informs the health risk profile at provincial level, set out in greater detail in Chapter 3. Two-thirds of the changes will be phased in by 2023/24, with the changes taking full effect from 2024/25 onwards.

With respect to the health utilisation data, there has been a slight rebound in the data. However, the rebound has not gone back to pre-COVID-19 pandemic levels, specifically for primary healthcare visits. As such, the Western Cape has recorded a reduction of 1.5 percentage points in the primary healthcare subcomponent from 11.9 per cent to 10.4 per cent (see Table 5.3).

**Table 5.3 Impact of data updates to the Western Cape share Health Component Weighted Shares**

Sub-component	Weight	2022 MTEF	2023 MTEF	Change (Percentage points)
Risk-adjusted	75%	10.7	9.4	-1.3
Primary Healthcare	5.0%	11.9	10.4	-1.5
Hospital Component	25%	13.1	13.7	0.6
<b>Total</b>		<b>11.2</b>	<b>10.6</b>	<b>-0.6</b>

The Western Cape's net effect of the annual technical data updates to each of the PES formula components, together with the introduction of the new health risk-adjusted index is summarised in Table 5.4. In summary, the Western Cape PES share reduces from 10.5 per cent in the 2022 MTEF to 10.3 per cent over the 2023 MTEF.

The reduction is phased in over the three years to provide greater stability and predictability in the Provincial medium term planning and budgeting process.

**Table 5.4 Impact of data updates to the Western Cape share of the equitable share**

	Weight	2022 MTEF	2023 MTEF	Change (Percentage Points)
Education	48%	9.8	9.7	-0.1
Health	27%	11.2	10.6	-0.6
Basic Share	16%	11.8	11.9	0.1
Poverty	3%	6.5	6.6	0.1
Economic activity	1%	13.6	13.6	0
Institutional	5%	11.1	11.1	0
<b>Weighted average</b>		<b>10.5</b>	<b>10.3</b>	<b>-0.2</b>

These changes have a very real and tangible fiscal impact on the Province. Over the 2023 MTEF, the Western Cape's overall adjustment to the baseline due to the impact of the revision to the health risk-adjusted index together with the annual data updates to the various PES formula components amounted to a reduction of R1.919 billion.

*Over the 2023 MTEF, the WC overall adjustment to the PES baseline amounted to a reduction of R1.919 billion*

The next review of the PES formula will focus on the largest component, namely the education component (48 per cent), considering how to account for the different funding needs of different types of schools and learners.

#### **Adjustments to the PES baseline allocation**

The 2023 national MTEF provides for the following adjustments to provincial PES baseline allocations:

- R20 billion is added over 2023 MTEF to support provincial education departments to cover shortfalls in compensation of employees budgets within the basic education sector;
- R23.5 billion is added over 2023 MTEF for antiretroviral therapy (ART) and Tuberculosis (TB) backlogs, compensation of employees, healthcare services backlogs, laboratory services, medicine and other goods and medical supplies. This funding is added for the provincial health departments;
- R31.1 billion is added over the 2023 MTEF for the carry through costs following the implementation of the 2022/23 wage agreement;
- R1.8 billion is added through the Budget Facility for Infrastructure (BFI) for the Coega SEZ in the Eastern Cape for the construction



of a new bulk sewer connection pipeline; the upgrading of bulk infrastructure to accommodate the expected increase in demand; and construction of critical bulk water (return effluent) infrastructure to support economic growth and enable a human settlement development in Motherwell; and

- R631 million is added in 2023/24 to fund arrears in the compensation of Izinduna in KwaZulu-Natal.

The Western Cape share of the adjustments to the PES baseline allocation is set out in Table 5.5. The 2023 MTEF PES adjustments include:

- R2.437 billion to help fund health pressures inclusive of Compensation of Employees (CoE), service backlogs including ART and TB, medicine and other goods and services;
- R2.071 billion to relieve CoE pressures in education;
- R3.299 billion is allocated to finance the CoE cost-of-living adjustment.

**Table 5.5 Revisions to the Provincial Equitable Share, 2023 MTEF**

WESTERN CAPE: REVISIONS TO THE PROVINCIAL EQUITABLE SHARE (PES): 2023 MTEF				
R'000	2023 Medium-term expenditure framework			Total Revisions
	2023/24	2024/25	2025/26	
Provincial equitable share (PES) (as per final 2022 MTEF allocation letter)	56 810 292	58 991 251	61 634 059	177 435 602
Adjustment to baseline due to impact of new data updates in the PES formula (phase-in from 2023/24 of 2022 MTEF)	(368 077)	(651 263)	(899 688)	(1 919 028)
<b>Total: Technically adjusted provincial equitable share before Adjustments to Baselines</b>	<b>56 442 215</b>	<b>58 339 988</b>	<b>60 734 371</b>	<b>175 516 574</b>
<b>Adjustments to Baselines</b>	<b>2 443 914</b>	<b>2 580 504</b>	<b>2 713 659</b>	<b>7 738 077</b>
Health Pressures (CoE, service backlogs including ART and TB, medicine & other goods and services)	785 369	813 349	838 482	2 437 200
Education: Compensation of employees pressures	594 055	690 576	786 386	2 071 017
Cost of Living Adjustment	1 064 490	1 076 579	1 088 791	3 229 860
2023 MTEF PES Percentages (new data updates (phased-in))	10.42%	10.38%	10.35%	
<b>Total: Preliminary Provincial Equitable Share for 2023 MTEF</b>	<b>58 886 129</b>	<b>60 920 492</b>	<b>63 448 030</b>	<b>183 254 651</b>
<b>Variance: 2022 MTEF vs. 2023 MTEF</b>	<b>2 075 837</b>	<b>1 929 241</b>	<b>1 813 971</b>	<b>5 819 049</b>

### Specific allocations within the provincial equitable share

Included as part of the PES transfer, although allocated separately from the formula discussed in the PES baseline, are allocations for specific priorities over the 2023 MTEF. These allocations are typically introduced when a new function or additional funding is transferred to provinces or when a Conditional grant is absorbed into the PES funding allocations for the following priorities:

- R50.060 million for Food Relief;
- R20.139 million for HIV Prevention Programmes;

- R17.144 million for the Infrastructure delivery improvement programme shift;
- R35.430 million for Municipal Interventions;
- R35.734 million for the Sanitary Dignity Project;
- R54.082 million for the Social Worker Conditional Grant Shift;
- R71.769 million for Social Worker addition; and
- R530.927 million for Education: Presidential Youth Employment Initiative.

### Conditional grants

Conditional grants form an integral part of the intergovernmental fiscal system, with the purpose of achieving specific national priorities in provincial budgets relating to basic education, health, roads, human settlements, social development and agriculture.

#### Specific changes within National Conditional Grants

- The Provincial Emergency Housing Conditional Grant is discontinued and shifts into the National Department of Human Settlements; and
- The functional shift for agricultural colleges will not be proceeding until further notice.

#### Western Cape Conditional Grant allocations

The Western Cape's Conditional grant allocation over the 2023 MTEF period totals R14.474 billion in 2023/24, R14.408 billion in 2024/25 and R15.079 billion in 2025/26, constituting 17.8 per cent on average of the Province's total receipts.

*In 2023/24, conditional grants amount to R14.474 billion*

The Province's Conditional grant allocation increases by 1.9 per cent from a revised estimate of R14.201 billion in 2022/23. Over the 2023 MTEF, Conditional grants increase by R698.816 million or AAGR of 8.5 per cent as a result of the following additional allocations:

- R87.960 million to the National School Nutrition Programme Grant over the 2023 MTEF;
- R109.673 million to the Education Infrastructure Grant in 2023/24;
- R12.118 million in 2023/24, R22.811 million in 2024/25 and R45.369 million in 2025/26 to the Early Childhood Development Grant;
- R78.195 million in 2023/24 to the Health Facility Revitalisation Grant;
- R417.634 million to the Provincial Roads Maintenance Grant in 2023/24; and

- A reduction of R28.850 million in 2023/24 and 2024/25 in the Mass Participation and Sport Development Grant.

**Table 5.6 Provincial conditional grant allocations, 2019/20 - 2025/26**

R'000	Outcome			Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	Medium-term estimate		
	Audited 2019/20	Audited 2020/21	Audited 2021/22				2023/24	2024/25	2025/26
<b>Vote 4: Police Oversight and Community Safety</b>	3 920	4 961	3 863	3 821	3 821	3 821	4 033		
Social Sector EPWP Incentive Grant for Provinces	3 920	4 961	3 863	3 821	3 821	3 821	4 033		
<b>Vote 5: Education</b>	1 636 877	1 542 671	1 816 033	1 885 952	2 017 727	2 017 727	1 990 968	1 956 556	2 069 374
Education Infrastructure Grant	1 127 600	931 721	1 158 098	1 236 077	1 351 539	1 351 539	1 290 062	1 233 451	1 288 710
Maths, Science and Technology Grant	28 015	17 449	45 870	37 184	46 056	46 056	37 135	38 746	40 482
HIV and AIDS (Life Skills Education) Grant	21 800	15 076	20 368	17 822	17 822	17 822	18 071	18 939	19 787
Learners with Profound Intellectual Disabilities Grant	23 952	21 351	21 451	33 451	40 892	40 892	34 080	35 420	36 630
National School Nutrition Programme Grant	375 515	399 312	441 319	451 289	451 289	451 289	496 802	515 281	542 371
Social Sector EPWP Incentive Grant for Provinces	17 034	20 016	15 527	12 322	12 322	12 322	12 623		
Expanded Public Works Programme Integrated Grant for Provinces	2 485	2 594	2 185	1 941	1 941	1 941	2 119		
Early Childhood Development Grant	40 476	135 152	111 215	95 866	95 866	95 866	100 076	114 719	141 394
of which:									
Subsidy Component	32 652	126 802	98 465	82 536	82 536	82 536	86 038	108 008	134 593
Maintenance Component	7 824	8 350	12 750	13 330	13 330	13 330	14 038	6 711	6 801
<b>Vote 6: Health and Wellness</b>	6 549 845	7 481 342	6 933 540	7 421 385	7 469 244	7 469 244	7 199 357	7 392 517	7 723 702
National Tertiary Services Grant	3 221 651	3 396 608	3 272 981	3 401 057	3 401 057	3 401 057	3 332 007	3 481 646	3 637 624
Health Facility Revitalisation Grant	812 626	698 793	658 365	796 590	853 090	853 090	883 298	830 223	867 417
Human Resources and Training Grant	779 596	869 856	801 376	899 442	899 442	899 442	887 123	903 926	944 422
of which:									
Statutory Human Resources Component	173 262	245 023	271 646	356 963	356 963	356 963	369 008	362 548	378 790
Training Component	606 334	624 833	529 730	542 479	542 479	542 479	518 115	541 378	565 632
National Health Insurance Grant	19 510	19 480	17 779	43 605	34 964	34 964	36 225	35 551	37 144
District Health Programmes Grant	1 685 517	2 429 118	2 170 876	2 268 294	2 268 294	2 268 294	2 049 145	2 141 171	2 237 095
of which:									
District Health Component				415 431	415 431	415 431	217 764	227 544	237 738
Community Outreach Services Component	126 392	178 106	186 830						
Presidential Employment Initiative (PEI): Community Outreach Services Component		29 148							
Comprehensive HIV, AIDS Component	1 485 031	1 550 034	1 701 235	1 852 863	1 852 863	1 852 863	1 831 381	1 913 627	1 999 357
Tuberculosis Component	74 094	65 911	65 696						
Human Papillomavirus Vaccine Component	15 404	21 835	21 584						
COVID-19 component		584 084	156 690						
Oncology			20 000						
Mental Health Services Component			18 841						
Social Sector EPWP Incentive Grant for Provinces	13 495	12 195	10 122	10 291	10 291	10 291	9 404		
Expanded Public Works Programme Integrated Grant for Provinces	2 046	2 000	2 041	2 106	2 106	2 106	2 155		
Provincial Disaster Relief Grant		53 292							

**Table 5.6 Provincial conditional grant allocations, 2019/20 - 2025/26 (continued)**

Vote and grant R'000	Outcome			Main appro- piation	Adjusted appro- piation	Revised estimate	Medium-term estimate		
	Audited 2019/20	Audited 2020/21	Audited 2021/22				2023/24	2024/25	2025/26
<b>Vote 7: Social Development</b>			5 283	4 978	4 978	4 978	4 899		
Social Sector EPWP Incentive Grant for Provinces			5 283	4 978	4 978	4 978	4 899		
<b>Vote 8: Mobility</b>	1 006 182	1 073 596	1 132 644	1 127 813	1 127 813	1 127 813	1 177 519	1 230 401	1 285 523
Public Transport Operations Grant	1 006 182	1 073 596	1 132 644	1 127 813	1 127 813	1 127 813	1 177 519	1 230 401	1 285 523
<b>Vote 9: Environmental Affairs and Development Planning</b>	3 717	3 678	3 704	4 468	4 468	4 468	4 482		
Expanded Public Works Programme Integrated Grant for Provinces	3 717	3 678	3 704	4 468	4 468	4 468	4 482		
<b>Vote 10: Infrastructure</b>	3 379 136	2 865 829	3 155 620	3 089 716	3 094 912	3 094 912	3 639 649	3 365 894	3 516 686
Provincial Roads Maintenance Grant	1 040 051	967 006	1 142 442	960 309	960 309	960 309	1 425 471	1 059 248	1 106 702
Expanded Public Works Programme Integrated Grant for Provinces (Public Works)	12 469	10 008	13 855	13 373	13 373	13 373	3 687		
Human Settlements Development Grant	2 172 110	1 886 007	1 575 150	1 628 418	1 628 418	1 628 418	1 701 511	1 777 924	1 857 575
Informal Settlements Upgrading Partnership Grant for Provinces			421 511	484 638	489 834	489 834	505 998	528 722	552 409
Expanded Public Works Programme Integrated Grant for Provinces (Human Settlements)	2 986	2 531	2 662	2 978	2 978	2 978	2 982		
Provincial Emergency Housing Grant	87 110	77							
Title Deeds Restoration Grant	64 410	200							
<b>Vote 11: Agriculture</b>	206 294	164 018	178 880	188 786	188 786	188 786	189 729	196 334	205 130
Land Care Programme Grant: Poverty Relief and Infrastructure Development	5 096	4 985	5 451	5 532	5 532	5 532	5 680	6 546	6 839
Disaster relief grant		25 000							
Comprehensive Agricultural Support Programme (CASP) Grant	151 683	89 301	113 481	122 087	122 087	122 087	121 653	127 116	132 811
Ilima/Letsema Projects Grant	47 437	42 658	57 721	58 993	58 993	58 993	59 979	62 672	65 480
Expanded Public Works Programme Integrated Grant for Provinces	2 078	2 074	2 227	2 174	2 174	2 174	2 417		
<b>Vote 13: Cultural Affairs and Sport</b>	250 204	220 656	285 077	288 755	288 755	288 755	263 496	266 533	278 512
Mass Participation and Sport Development Grant	56 063	60 354	88 884	91 221	91 221	91 221	62 516	65 364	68 332
Community Library Services Grant	186 763	151 426	188 862	190 102	190 102	190 102	193 331	201 169	210 180
Expanded Public Works Programme Integrated Grant for Provinces	2 909	3 098	3 099	3 099	3 099	3 099	2 956		
Social Sector EPWP Incentive Grant for Provinces	4 469	5 778	4 232	4 333	4 333	4 333	4 693		
<b>Total Conditional grants</b>	13 036 175	13 356 751	13 514 644	14 015 674	14 200 504	14 200 504	14 474 132	14 408 235	15 078 927

### Provincial own receipts

Provincial own receipts are collected by provincial departments and serve as an additional source of revenue to national transfers in the provincial fiscal envelope. Section 228 of the Constitution empowers provincial departments to collect user charges and certain narrow based taxes as provincial own receipts. These exclude broad based taxes such as company tax, personal income

*In 2023/24, provincial own receipts amount to R3.622 billion*

tax and value added tax that are collected by national government and accrue to the national fiscus.

Provincial own receipts, comprising of Provincial tax receipts (motor vehicle licences fees, gambling taxes and liquor licence fees) and vote-specific own receipts, contribute 4.4 per cent in 2023/24 to the total revenue envelope of the Province (inclusive of financing). Own receipts remain an important source of revenue allowing for supplementary funding of Provincial priorities. Provincial own receipts are projected to increase at an AAGR of 7.7 per cent from the 2022/23 revised estimate of R3.162 billion to R3.954 billion in 2025/26. Own receipts are projected to equate to R3.622 billion in 2023/24, R3.784 billion in 2024/25, and R3.954 billion in 2025/26.

Provincial Revenue Fund (tax receipts) comprise of gambling taxes collected by the Western Cape Gambling and Racing Board (WCGRB) and liquor licence fees collected by the Western Cape Liquor Authority (WCLA) that accrue to the Provincial Revenue Fund (PRF).

The 2023 MTEF fiscal framework now classifies motor vehicle licence (MVL) fees as Provincial tax receipts rather than departmental own revenue. The change aligns the economic classification of MVL with section 228 of the Constitution that differentiates between provincial taxes and user charges.

### **Taxes and user charges**

According to Section 228 of the Constitution the provincial legislature may impose:

- (a) taxes, levies and duties other than income tax, value-added tax, general sales tax, rates on property or customs duties; and
- (b) flat-rate surcharges on any tax, levy or duty that is imposed by national legislation, other than on corporate income tax, value-added tax, rates on property or customs duties.

MVL fees, gambling taxes, and liquor licence fees are provincial taxes used by provinces to raise revenue in order to help fund the expenditure requirements of provincial departments. These types of taxes do not necessarily have a direct link to the financial resources raised and transferred to government, and the goods and services purchased in the delivery of those services. The tax is compulsory, and taxpayers are legally compelled to comply with the appropriate legislative requirements to do so.

Other fees, or user charges, are levied by the Province inclusive of hospital patient fees, museum fees, and other fees charged to gain access to government goods and services. These types of fees make a direct link between the amount paid by the taxpayer to the good or service received from the government institution.

Both taxes and user charges used by the provincial government contribute towards raising own revenue in the Province.

## Departmental specific own receipts

Table 5.7 reports Provincial own receipts over the seven-year period 2019/20 - 2025/26. The largest contributors are the departments of Health and Wellness (mainly hospital patient fees) and Infrastructure (mainly revenues related to leases of government buildings), whose own revenue budgets amount to R396.817 million (2023/24), R414.634 million (2024/25), R433.210 million (2025/26), and R98.135 million (2023/24), R101.964 million (2024/25), R106.174 million (2025/26), respectively.

*In 2023/24, departmental specific own receipts amount to R600.798 million*

**Table 5.7 Provincial own receipts by department, 2019/20 - 2025/26**

Outcome							Medium-term estimate			
Vote R'000	Audited	Audited	Audited	Main appropriation	Adjusted appropriation	Revised estimate	% Change from Revised estimate			
	2019/20	2020/21	2021/22	2022/23	2022/23	2022/23	2023/24	2022/23	2024/25	2025/26
1. Department of the Premier	3 573	1 831	4 459	1 712	1 712	1 712	1 789	4.50	1 869	1 953
2. Provincial Parliament	607	1 163	425	78	78	1 824	82	( 95.50)	86	90
3. Provincial Treasury	6 071	19 727	7 621	80	80	3 180	84	( 97.36)	88	92
4. Police Oversight and Community Safety	268	275	293	328	328	427	343	( 19.67)	358	374
5. Education	31 928	20 328	26 761	25 693	25 693	25 693	26 849	4.50	28 054	29 311
6. Health and Wellness	686 092	411 472	426 444	396 817	397 253	412 524	396 817	( 3.81)	414 634	433 210
7. Social Development	1 443	2 109	1 965	1 258	1 258	1 258	1 315	4.53	1 374	1 436
8. Mobility	67 316	39 445	39 977	33 648	39 996	39 996	32 838	( 17.90)	34 441	35 984
9. Environmental Affairs and Development Planning	3 128	3 274	5 484	2 917	2 917	5 917	3 048	( 48.49)	3 185	3 328
10. Infrastructure	227 305	207 829	195 304	89 231	97 732	97 732	98 135	0.41	101 964	106 174
11. Agriculture	51 219	37 643	45 091	34 738	34 738	34 738	36 301	4.50	37 931	39 630
12. Economic Development and Tourism	2 026	2 176	21 565	388	388	46 566	405	( 99.13)	423	442
13. Cultural Affairs and Sport	9 303	1 481	3 265	2 558	1 235	4 198	2 673	( 36.33)	2 793	2 918
14. Local Government	4 305	507	6 813	114	114	5 514	119	( 97.84)	124	130
Total provincial Vote own receipts (Vote Specific)	1 094 584	749 260	785 467	589 560	603 522	681 279	600 798	( 11.81)	627 324	655 073
Tax Receipts	2 510 594	2 370 931	2 696 814	2 384 463	2 480 363	2 480 363	3 020 851	21.79	3 157 068	3 299 167
Total provincial own receipts (Inclusive of Tax Receipts)	3 605 178	3 120 191	3 482 281	2 974 023	3 083 885	3 161 642	3 621 649	14.55	3 784 392	3 954 240

## Provincial tax receipts

### Motor vehicle licence fees

Motor vehicle licence (MVL) fees are the largest source of provincial own revenue tax receipts. Collected by municipalities on behalf of the Province, MVL fees are projected to grow at an AAGR of 4.2 per cent from R1.958 billion in the 2022/23 revised estimate to R2.215 billion in 2025/26. Growth in MVL fees revenue is determined mainly through the growth in the motor vehicle population and increases in the tariff of MVL fees across the various tare weight

*In 2023/24, provincial tax receipts amount to R3.021 million*

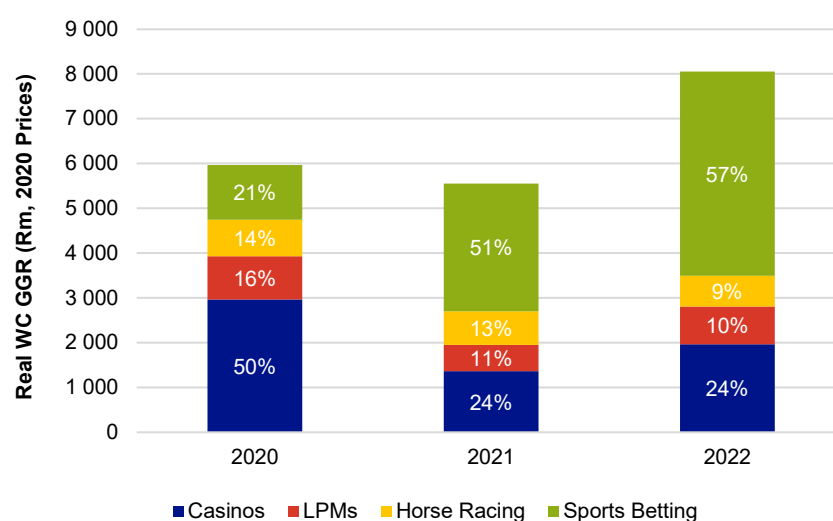
categories.<sup>1</sup> The tare weight categories are determined by the national Department of Transport.

#### *Casino and horse racing taxes*

Gambling taxes are composed of casino, horse racing, and sports betting taxes and taxes derived from limited pay-out machines. Growth in the gambling taxes budget is normalising to pre-pandemic levels, supported by continued growth in the sports betting component of the sector. As such, the 2023 MTEF estimates gambling revenue to be R942.740 million in 2023/24, R985.555 million in 2024/25 and R1.030 billion in 2025/26. In total, gambling taxes are projected to contribute R2.959 billion over the 2023 MTEF.

The COVID-19 pandemic has sped-up changes which had already started emerging within the gambling sector. Key trends are the maturing of the casino sector, with real growth in Gross Gambling Revenue declining and online sports betting continuing to show significant post-pandemic growth.

**Figure 5.2 Western Cape Gross Gambling Revenue per Gambling Sector, 2020 - 2022**



#### *Liquor licence fees*

Liquor licence fees are projected to increase at an AAGR of 11.1 per cent from R39.020 million in the 2022/23 revised estimate to R56.616 million in 2025/26. Projected growth over this period is driven by inflationary increases in liquor licence fees and the expected implementation of the differentiated pricing model for liquor licence fees. The differentiated pricing model will allow the WCLA to

<sup>1</sup> Tare weight refers to the unladen weight of a motor vehicle or trailer. Most of the estimated revenue for motor vehicle licence fees collected is clustered around tare weights 751 to 2 250 kilograms as most of the motor vehicle population fall into this range. There is relatively little revenue generated between tare weights 2 251 and 8 000 kilograms.

categorise the liquor licensing market according to, for example, turnover, volume, and location of outlets. This new approach will contribute towards the WCLA becoming self-sustaining while implementing an equitable and cost-reflective tariff regime.

#### *Hospital patient fees*

Hospital patient fees are projected to increase at an AAGR of 2.9 per cent from a revised estimate of R312.925 million in 2022/23 to R341.624 million in 2025/26. These fees are determined nationally through the uniform patient fees schedule (UPFS) and are comprised of revenue collections from the Road Accident Fund (RAF), medical aid payments, and payments received from individuals and state departments.

#### **Financial transactions in assets and liabilities**

This category of revenue is estimated to increase at an AAGR of 2.7 per cent from R24.524 million in the 2022/23 adjusted budget to R26.569 million in 2025/26. Most of the revenue items for financial transactions in assets and liabilities relate to the recovery of expenditures from previous financial years, and the recovery of rental debt.

#### **Financing and reserves**

Reserves are held by the Province to stabilise the fiscal framework against future volatilities to the PES and Conditional grant allocations, to fund additional service delivery pressures, and to fund unforeseen and unavoidable events having an impact on the fiscal framework.

#### **Provincial Revenue Fund Financing**

Provincial Revenue Fund (PRF) financing is projected to be R3.571 billion in 2023/24, R1.473 billion in 2024/25, and R366.768 million in 2025/26.

*In 2023/24, provincial revenue fund financing amounts to R3.571 billion*

#### **Asset Finance Reserve**

Financing from the Asset Finance Reserve (AFR) is projected at R1.106 billion in 2023/24, R784.205 million in 2024/25, and R359.363 million in 2025/26. Financing from this source provides additional funding towards capital and housing related expenditure over the medium term and allows the Province to plan and implement expenditure for future developments more effectively and efficiently.

*In 2023/24, asset finance reserve financing amounts to R1.106 billion*

#### **Unforeseen and unavoidable expenditure reserve**

The provision for unforeseen and unavoidable expenditure is budgeted at R550.649 million in 2023/24, R500 million in 2024/25, and



R600 million in 2025/26. This provision aims to respond to unexpected events that require funding for immediate action to be taken by the Western Cape Government.

### **Stabilisation reserve**

The provision for a stabilisation reserve amounts to R408.344 million in 2023/24, R467.101 million in 2024/25 and R504.067 million in 2025/26. This provision is specifically intended to deal with potential volatility related to the PES over the 2023 MTEF.

### **Acquisition of property reserve**

Provision has been made for an acquisition of property reserve amounting to R60.947 million in 2023/24, R63.684 million in 2024/25, and R99.307 million in 2025/26.

### **Energy reserve**

Provision has also been made for an energy reserve amounting to R267.360 million in 2023/24, R159.867 million in 2024/25, and R74.298 million in 2025/26. This reserve has been allocated for the Province to respond to the current energy crisis the country is facing. See Chapter 3 and 4 for more details on the energy reserve.

## **Provincial expenditure**

*In 2023/24, total provincial expenditure, inclusive of direct charges, amounts to R80.372 billion*

Provincial expenditure is expected to increase by 3.0 per cent or R2.307 billion from the 2022/23 revised estimate of R78.065 billion to R80.372 billion in 2023/24. This includes direct charges of R52.564 million for the remuneration of the members of the Provincial Legislature.

Current payments constitute the largest spending category and is driven by Compensation of Employees (CoE) followed by Goods and Services (G&S). Spending on CoE for 2023/24 amounts to R41.305 billion which represents a R258 million or 0.6 per cent increase from the 2022/23 revised estimate. G&S is estimated to increase by R506 million or 2.8 per cent from the 2022/23 revised estimate of R17.831 billion to R18.337 billion in 2023/24.

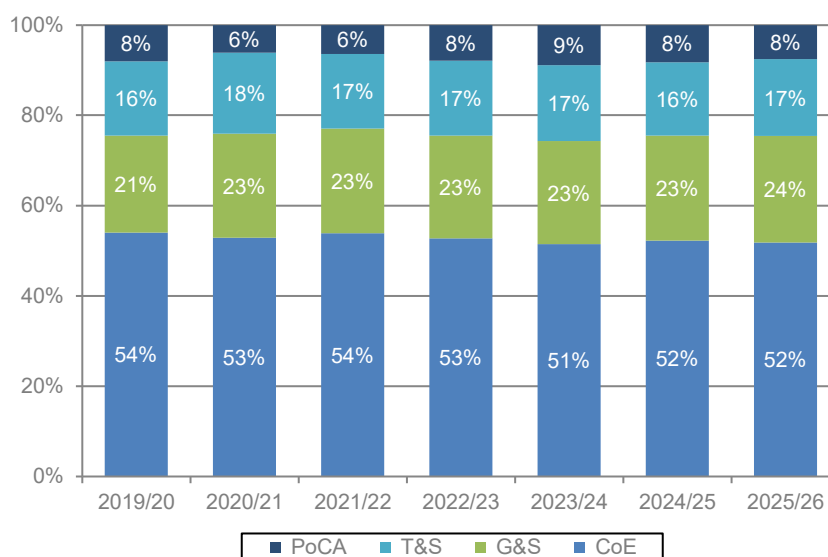
Transfers and subsidies in support of delivering the WCG core mandate amounts to R13.492 billion in 2023/24 with Non-Profit Institutions (NPIs) receiving R6.129 billion while transfers to municipalities amount to R2.501 billion.

**Table 5.8 Provincial payments and estimates by economic classification, 2019/20 - 2025/26**

Economic classification R'000	Outcome			Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	Medium-term estimate % Change from Revised estimate			
	Audited 2019/20	Audited 2020/21	Audited 2021/22				2023/24	2022/23	2024/25	2025/26
<b>Current payments</b>	50 985 751	53 384 982	56 433 586	58 856 283	58 880 839	58 877 460	<b>59 642 262</b>	2.84	60 470 686	61 771 200
Compensation of employees	36 492 839	37 164 215	39 451 982	40 976 847	41 171 066	41 046 815	<b>41 305 259</b>	0.63	41 876 311	42 404 024
Goods and services	14 492 825	16 220 663	16 981 517	17 879 301	17 709 638	17 830 509	<b>18 336 868</b>	2.84	18 594 248	19 367 037
Interest and rent on land	87	104	87	135	135	136	<b>135</b>	( 0.74)	127	139
<b>Transfers and subsidies to</b>	11 074 329	12 623 741	12 104 936	12 760 542	12 941 080	12 912 275	<b>13 492 204</b>	4.49	13 009 045	13 883 925
Provinces and municipalities	2 039 978	2 333 419	2 258 978	2 331 158	2 585 040	2 585 041	<b>2 538 527</b>	( 1.80)	2 508 856	2 603 949
Departmental agencies and accounts	626 393	606 701	605 665	602 173	600 792	600 780	<b>599 694</b>	( 0.18)	624 274	651 230
Higher education institutions	10 500	11 500	1 194	190	190	190	<b>201</b>	5.79	198	202
Foreign governments and international organisations	289	311	292	338	338	338	<b>356</b>	5.33	357	375
Public corporations and private enterprises	1 222 970	1 338 721	1 293 014	1 284 683	1 262 150	1 314 212	<b>1 359 040</b>	3.41	1 414 968	1 480 989
Non-profit institutions	4 493 851	5 810 379	5 510 757	5 824 588	5 813 862	5 750 628	<b>6 128 629</b>	6.57	5 711 105	6 291 196
Households	2 680 348	2 522 710	2 435 036	2 717 412	2 678 708	2 661 086	<b>2 865 757</b>	7.69	2 749 287	2 855 984
<b>Payments for capital assets</b>	5 459 751	4 301 709	4 708 322	5 710 425	6 198 287	6 207 833	<b>7 178 987</b>	15.64	6 639 329	6 210 721
Buildings and other fixed structures	4 343 608	3 053 037	3 443 105	4 566 126	4 804 776	4 743 656	<b>5 960 587</b>	25.65	5 553 272	4 889 350
Machinery and equipment	992 185	1 160 910	1 150 749	1 074 510	1 282 490	1 356 168	<b>1 161 140</b>	( 14.38)	1 026 256	1 259 374
Land and subsoil assets	28 214	6 085	10 513	9 000	22 823	22 823	<b>9 350</b>	( 59.03)	10 000	10 500
Software and other intangible assets	95 744	81 677	103 955	60 789	88 198	85 186	<b>47 910</b>	( 43.76)	49 801	51 497
<b>Payments for financial assets</b>	13 986	14 961	18 802	5 553	7 545	17 158	<b>5 823</b>	( 66.06)	6 139	6 421
<b>Total economic classification</b>	67 533 817	70 325 393	73 265 645	77 332 803	78 027 751	78 014 726	<b>80 319 276</b>	2.95	80 125 199	81 872 267
Direct charge	42 737	47 104	38 914	50 301	50 301	50 301	<b>52 564</b>	4.50	54 925	57 385
<b>Total economic classification (including direct charge)</b>	67 576 554	70 372 497	73 304 559	77 383 104	78 078 052	78 065 027	<b>80 371 840</b>	2.95	80 180 124	81 929 652
Of Which:										
Transfers to Municipalities	2 035 278	2 330 991	2 251 993	2 324 131	2 578 011	2 578 012	2 531 000	( 1.82 )	2 500 829	2 594 598
<b>% of total transfers and subsidies</b>	<b>18.38</b>	<b>18.47</b>	<b>18.60</b>	<b>18.21</b>	<b>19.92</b>	<b>19.97</b>	<b>18.76</b>		<b>19.22</b>	<b>18.69</b>

Note: The economic classifications as taken up in this Budget are in accordance with Version 4 of the Standard Chart of Accounts (SCOA), which became fully effective from 1 April 2014.

CoE for the period 2019/20 to 2025/26 in Figure 5.3 ranges from 54 per cent to 52 per cent of the Province's total spending. In 2023/24, CoE spending constitutes 51 per cent of total spending and increases on the margin to 52 per cent over the outer years of the 2023 MTEF. Goods and services amounts to 23 per cent of total spending in 2023/24, while Transfers and subsidies and Payments for capital assets accounts for 17 per cent and 9 per cent respectively.

**Figure 5.3 Percentage share of economic classification to the total provincial budget, 2019/20 – 2025/26**

Note: CoE – Compensation of employees; G&S - Goods and services; T&S Transfers and subsidies; PoCA - Payments for capital assets

### Compensation of employees

*Western Cape Compensation of Employees Strategy remains a key lever in achieving fiscal consolidation*

The Western Cape Compensation of Employees Strategy in Chapter 3 emphasised that with compensation of employees being the largest provincial spending item, it remains a key lever in achieving fiscal consolidation.

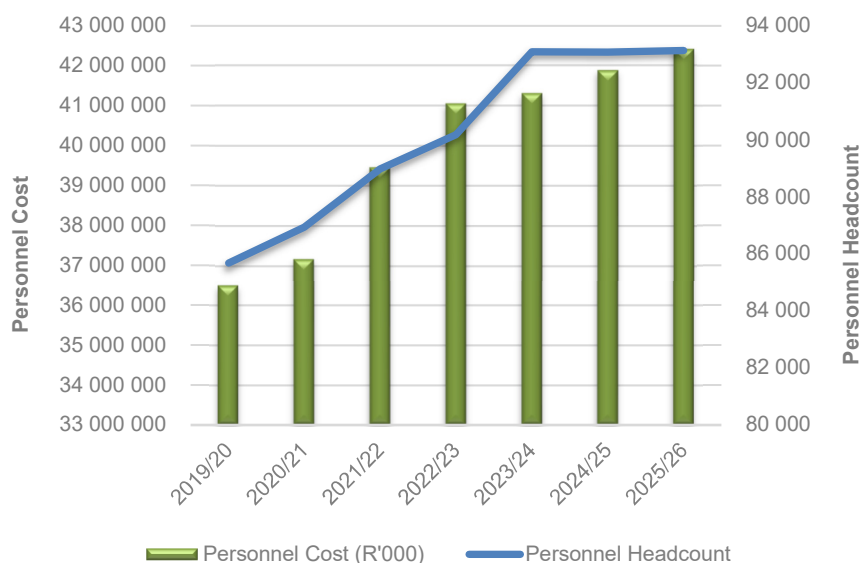
Over the 2023 MTEF, CoE constitutes 51 per cent of the Province's 2023/24 budget, with the outer years representing 52 per cent of total indicative payments. Notably, this is lower than the previous financial years which consistently made up between 53 per cent and 54 per cent of provincial expenditure.

This can largely be attributed to the reinforced and continued implementation of the upper limits and compensation ceilings, which has shown to be successful in curtailing headcounts underpinned by bespoke departmental Compensation of Employees Strategies as part of the broader Western Cape Compensation of Employees strategy.

In Figure 5.4, it's evident that the headcount over the outer years of the 2023 MTEF remains relatively static corroborated by the plateau in CoE spend. Over the 2023 MTEF, the assumptions on the CoE budget does not make provision for salary adjustments, except for pay progression, medical aid and housing allowance increases. This further excludes the provision made for the once-off monthly non-pensionable cash allowance which will be terminated at the end of 2022/23 in terms of the 2022/23 wage agreement.

This is evidenced by the increase reflected in the 2023/24 CoE budget of R258.444 million or 0.6 per cent.

**Figure 5.4 WCG personnel data, 2019/20 – 2025/26**



In Table 5.9, the 2023/24 CoE budget increases from a revised estimate of R41.047 billion in 2022/23 to R41.305 billion in 2023/24. The headcount, on the other hand, increases by 2 909 from a headcount of 90 009 in 2022/23 to 93 118 in 2023/24. This is mainly attributed to growth seen in the frontline services departments of Education (2 131), Social Development (224), and the Department of Infrastructure (145). The outer years, however, remains relatively static with a slight decrease in 2024/25 to 93 099 and then growing by 64 to 93 163 in 2025/26.

*Headcount growth in 2022/23 mainly relates to the provisioning of Educator posts*

The average growth on CoE expenditure over the 2023 MTEF amounts to 1.1 per cent which is equivalent to the average headcount growth, owed to the effective implementation of the Western Cape Compensation of Employees Strategy.

The headcount growth for the Department of Education of 2 131 accounts for, firstly an increase of educator posts amounting to 1 573, with the aim of reducing the learner-teacher ratio stemming from the annual increase in learner numbers. Secondly, 43 posts have been allocated in support of the autism spectrum learners while 515 posts have been added in respect of the Universalisation of Grade R's.

As for the Department of Social Development, the additional posts of 224 relates to social workers, auxiliary social workers, supervisors, and administrative support staff with the aim of stabilising the welfare and child protection system.

The new Department of Infrastructure's headcount growth of 145 in 2023/24, is due to provision made for the capacitation of the infrastructure built environment in support of the Institutional Refresh process.

In the context of continued fiscal consolidation, the WCG will continue to manage the wage bill to ensure public finances are brought to sustainable levels.

**Table 5.9 Personnel numbers and cost by department, 2019/20 - 2025/26**

Cost in R million	Actual						Revised estimate				Medium-term expenditure estimate						Average annual growth over MTEF			
	2019/20		2020/21		2021/22		2022/23				2023/24		2024/25		2025/26		2022/23 - 2025/26			
	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Filled posts	Additional posts	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	growth rate	% Costs of Total
<b>Votes</b>																				
Department of the Premier	1 197	608 708	926	585 619	1 020	591 336	1 038		1 038	634 002	1 137	639 995	1 066	648 607	1 066	674 051	0.9%	2.1%	100.0%	
Provincial Parliament	101	67 988	103	70 417	108	77 813	114		114	86 387	118	95 204	118	98 352	118	102 658	0.9%	4.6%	100.0%	
Treasury	334	185 805	338	184 513	325	188 819	282	61	343	200 195	375	211 733	374	220 492	352	225 122				
Police	343	152 992	316	150 455	302	152 035	333		333	160 708	359	165 088	359	167 611	359	175 147	2.5%	2.9%	100.0%	
Oversight and Community Safety																				
Education	42 194	17 493 479	42 144	17 577 464	43 360	18 785 640	44 539	140	44 679	19 506 508	46 810	19 917 564	46 810	20 198 291	46 810	20 352 566	1.6%	1.4%	100.0%	
Health and Wellness	33 282	14 758 597	34 806	15 338 438	35 434	16 179 921	35 047		35 047	16 831 955	35 039	16 511 282	34 979	16 685 657	35 034	16 893 469	(0.0%)	0.1%	100.0%	
Social Development	2 315	855 473	2 539	901 624	2 515	983 614	2 514		2 514	1 032 480	2 738	1 063 555	2 738	1 073 624	2 738	1 114 205	2.9%	2.6%	100.0%	
Mobility	1 024	416 040	980	411 162	1 075	441 839	1 226	1	1 227	465 434	1 381	509 743	1 448	531 046	1 538	554 489	7.8%	6.0%	100.0%	
Environmental Affairs and Development Planning	374	225 381	369	224 739	365	237 904	362	17	379	245 440	383	241 376	384	249 110	384	251 953	0.4%	0.9%	100.0%	
Infrastructure	1 965	808 126	2 077	812 898	2 066	864 231	1 726	451	2 177	884 533	2 322	935 471	2 371	945 964	2 295	984 224	1.8%	3.6%	100.0%	
Agriculture	1 233	404 555	1 160	397 823	1 181	420 371	1 056	57	1 113	438 872	1 141	435 907	1 172	455 523	1 187	462 356	2.2%	1.8%	100.0%	
Economic Development and Tourism	265	131 943	233	124 611	265	129 190	246		246	129 403	247	130 212	208	134 153	209	138 563	(5.3%)	2.3%	100.0%	
Cultural Affairs and Sport	647	210 755	550	202 579	557	210 741	555		555	232 322	608	236 082	608	248 194	608	252 402	3.1%	2.8%	100.0%	
Local Government	407	172 997	397	181 873	400	188 528	387	26	413	198 576	429	212 047	433	219 687	434	222 819	1.7%	3.9%	100.0%	
<b>Total <sup>2</sup></b>	<b>85 681</b>	<b>36 492 839</b>	<b>86 938</b>	<b>37 164 215</b>	<b>88 973</b>	<b>39 451 982</b>	<b>89 425</b>	<b>753</b>	<b>90 178</b>	<b>41 046 815</b>	<b>93 087</b>	<b>41 305 259</b>	<b>93 068</b>	<b>41 876 311</b>	<b>93 132</b>	<b>42 404 024</b>	<b>1.1%</b>	<b>1.1%</b>	<b>100.0%</b>	
Direct charge against the Provincial Revenue Fund	31	38 221	31	40 713	31	38 914	31		31	43 719	31	42 615	31	44 322	31	46 094			1.8%	31.6%

<sup>1</sup> Personnel numbers includes all filled posts together with those posts additional to the approved establishment

<sup>2</sup> Total excludes direct charge

## Goods and services

Provision for Goods and services (G&S) in the 2023/24 budget amounts to R18.337 billion or 22.8 per cent of the total Provincial budget of R80.372 billion. Compared to the 2022/23 revised estimate of R17.831 billion, this represents a 2.8 per cent or R506 million increase in 2023/24.

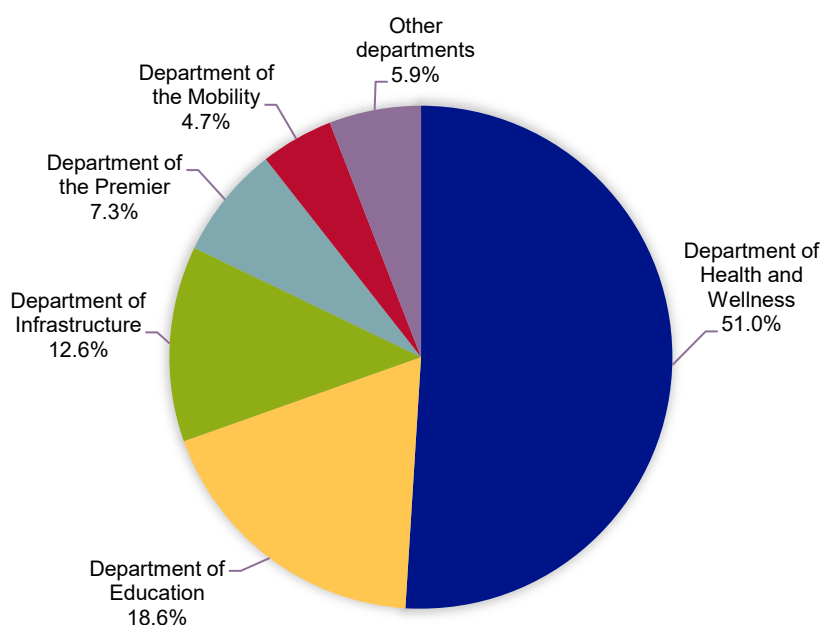
*In 2023/24, Goods and services budgets amounts to R18.337 billion*

It is notable that during and post the COVID-19 pandemic (2020/21) and subsequent response activities, the G&S share of the total budget maintains its higher share of the total budget. Pre-pandemic expenditure on G&S averaged 21.0 per cent of Provincial expenditure and has since increased to an average 23.0 per cent share. This reflects continued budget provisions following the ongoing impact of the pandemic and subsequent mainstreaming of the response to the pandemic. A consistent rise in the demand and complexity for health services is expected over the 2023 MTEF.

Departments were guided by Consumer Price Index (CPI) inflation of 5.1 per cent for 2023/24 and 4.6 per cent for 2024/25 and 2025/26. However, some G&S items require above inflationary budget provision as their cost pressures are driven by increased demand for services, rising fuel prices and loadshedding, amongst others. In the health environment, for example, medical inflation of CPI plus an estimated 2 per cent, was provided for clinical G&S by the Department of Health and Wellness for 2023/24.

Five departments constitute 94.1 per cent or R17.253 billion of the total 2023/24 G&S budget of R18.337 billion. These include the departments of Health and Wellness (R9.349 billion or 51 per cent); Education (R3.408 billion or 18.6 per cent); Infrastructure (R2.308 billion or 12.6 per cent); Premier (R1.331 billion or 7.3 per cent); and Mobility (R858 million or 4.7 per cent).

**Figure 5.5 Percentage share of Goods and Services by department, 2023/24**



Within these departments, provision for G&S budget includes:

- 21.4 per cent or R3.926 billion for purchasing medical supplies (R1.977 billion) and medicine (R1.949 billion);
- 18.9 per cent for payments for property maintenance, municipal and security services (G&S item: property payments: R3.473 billion) mainly reflected in the Department of Health and Wellness, as well as the Department of Education;
- 8 per cent or R1.464 billion for providing computer services to departments, mainly in the Department of the Premier's Centre for e-Innovation;
- 7.8 per cent for contracting mainly medical services (Department of Health and Wellness) and maintenance of road infrastructure (Department of Infrastructure) (reflected in the item: contractors: R1.433 billion);
- 7.3 per cent for buying nutrition services at education facilities, as well as medical/nursing staff services (agency and outsourced services, R1.334 billion);
- 5.4 per cent or R983.174 million for consultants and professional services: Business and advisory services, mainly for built environment specialists to provide technical support for infrastructure projects in the Department of Infrastructure (R253.190 million), contract management for the George Integrated Public Transport Network (GIPTN) and the Provincial Sustainable Transport Programme in the Department of Mobility (R306.403 million); and

- 4.9 per cent for laboratory services, mainly in the Department of Health and Wellness (R903.984 million).

Given that the G&S budget grows by only 2.8 per cent, which is a lower rate than the actual inflation rate, and the fact that some items grow by a higher rate than the current inflation rate, the WCG effectively is constrained in meeting the growing demand for services in the Province. Therefore, the need to continue the path of achieving enhanced efficiency in public spending, including implementing and monitoring the recommendations of expenditure reviews. See Chapter 3 for more on expenditure reviews.

### Transfers and subsidies

The transfers and subsidies allocation amounts to R13.492 billion in 2023/24, reflecting an increase of R579.929 million or 4.5 per cent, compared to the revised estimate of R12.912 billion in 2022/23. The growth observed under Non-Profit Institutions (NPIs) mainly relates to transfers to NPIs within the Department of Education for the norms and standards allocation to schools in terms of the South African Schools Act, Act 84 of 1996 (SASA). These transfers are to support public ordinary schools in terms of their operational functions determined by Section 21 of SASA for day-to-day maintenance, provision of textbooks, operational payments, and municipal fees.

Transfers are also made to Early Childhood Development (ECD) community centres and public ordinary schools for subsidy payments for the age cohort of 0 to 4 years old and Grade R learners. Similarly, subsidy payments are made to public special schools with additional funding made available to augment the resourcing costs associated with learners with profound intellectual disabilities. Funds will also be transferred to schools in support of the Presidential Youth Employment Initiative for the appointment of education assistants and general school assistants to relief educators with their administration function.

Transfers to NPIs constitute an amount of R6.129 billion or 45.4 per cent of the Transfers and subsidies allocation. Transfers to NPIs are largely allocated within the Department of Education with a R3.959 billion or 64.6 per cent share, and the Department of Social Development with R1.059 billion or 17.3 per cent.

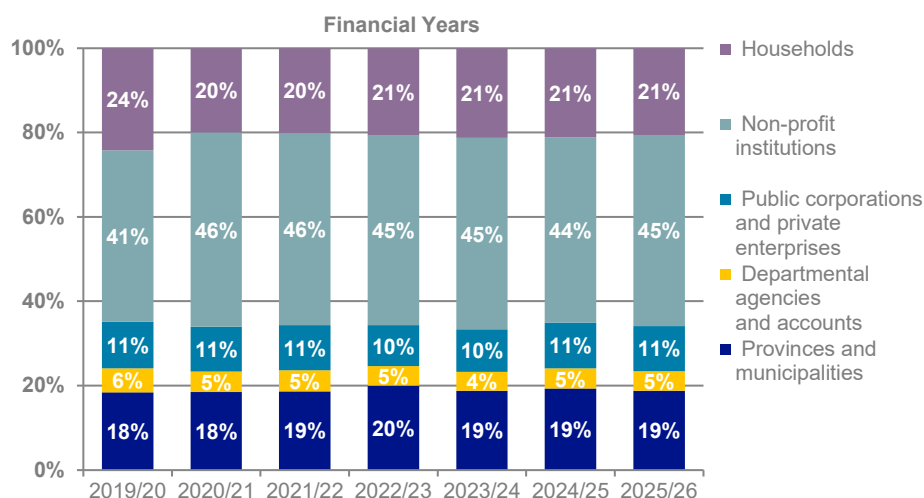
The Department of Social Development will transfer R1.059 billion in 2023/24 to fund various NPI programmes to enable the Department to deliver on its mandate. When comparing year-on-year spending, the 2023/24 allocation increases by R22.080 million or 2.1 per cent. These transfers are for programmes such as services to older persons; services to persons with disabilities; childcare and protection; Child and Youth Care Centres (CYCCs); care and services to families; substance abuse, prevention and rehabilitation; crime prevention

*In 2023/24, Transfers and subsidies amounts to R13.492 billion*



and support; victim empowerment; and poverty alleviation and sustainable livelihoods.

**Figure 5.6 Percentage share of provincial transfers and subsidies by item, 2019/20 – 2025**



Total transfers to households amount to R2.866 billion and account for 21.2 per cent of the total transfers and subsidies allocation in 2023/24. The main contributor to the transfers to households' budget, is the Human Settlements Development Grant (HSDG) and the Informal Settlements Upgrading Partnership Grant for Provinces (ISUPG). These conditional grants fund housing developments in the Province.

Transfers to provinces and municipalities constitute 18.8 per cent or R2.539 billion of the total transfers and subsidies allocation in 2023/24. This is mainly to assist and subsidise municipalities to construct and maintain roads; provide personal primary health care services; provide library services; and give municipal support to strengthen governance.

#### Transfers to public entities

Public entities and government business enterprises constitutes 4.4 per cent of all transfers made by the Province. An amount of R599.694 million will be transferred in 2023/24 from various Provincial departments to mainly, Provincial public entities and Provincial government business enterprises. These transfers decrease by an amount of R1.085 million (0.2 per cent) from the 2022/23 Revised Estimates of R600.799 million.

The Freeport Saldanha Bay Industrial Development Zone (FS IDZ) transfer from the parent Department amounts to R12.700 million in 2023/24. This transfer is decreasing by an amount of R29.277 million or 69.8 per cent from a revised estimate of R41.977 million in 2022/23.

*In 2023/24, R599.694 million will be transferred to provincial public entities and provincial government business enterprises*

The reduction relates to the entity's strategic trajectory towards self-sustainability.

The Western Cape Nature Conversation Board (Cape Nature) transfer received from the parent Department increases by R14.652 million or 5.2 per cent in 2023/24 from a revised estimate of R292.090 million in 2022/23 to R306.742 million in 2023/24, mainly due to the inflationary increase and an increase in the EPWP conditional grant allocation.

The Western Cape Liquor Authority (WCLA) transfer increases by R8.101 million or 16.9 per cent in 2023/24. The increase in 2023/24 is due to additional funds made available for liquor enforcement capacity within the WCLA.

**Table 5.10 Departmental transfers to public entities and business enterprises by transferring department, 2019/20 - 2025/26**

Public entities (transferring vote) R'000	Outcome			Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	Medium-term estimate		
	Audited 2019/20	Audited 2020/21	Audited 2021/22				2023/24	2024/25	2025/26
<b>Major Public Entity</b>									
South African Broadcasting Corporation (SABC)	767	1 074	960	1 199	1 206	1 215	1 009	1 039	1 079
<b>National Public Entities</b>									
SETA	18 597	19 626	20 235	21 107	21 179	21 159	22 398	23 427	24 504
Vote 5: Education	9 927	10 403	10 840	11 295	11 295	11 295	11 871	12 417	12 988
Vote 6: Health and Wellness	6 126	6 404	6 601	6 894	6 894	6 874	7 246	7 579	7 928
Vote 7: Social Development	2 544	2 819	2 794	2 918	2 990	2 990	3 281	3 431	3 588
Agricultural Research Council									
Vote 11: Agriculture				1 000	1 000	1 000			
South African Revenue Services									
Vote 11: Agriculture	454	6	92		20	20			
National Agricultural Marketing Council									
Vote 12: Economic Development and Tourism	10 000								
Artscape									
Vote 13: Cultural Affairs and Sport	175	200	196	204	254	204	213	215	230
<b>Provincial Government Business Enterprises</b>									
Casidra SOC Ltd	206 979	214 205	154 715	188 582	178 964	180 964	142 859	144 067	152 338
Vote 11: Agriculture	206 979	214 205	154 715	188 582	178 964	180 964	142 859	144 067	152 338
<b>Western Cape Public Entities</b>									
Western Cape Cultural Commission									
Vote 13: Cultural Affairs and Sport	524	2 149	1 100	627	627	627	655	665	691
Western Cape Gambling and Racing Board									
Vote 3: Provincial Treasury	37 663	27 744	26 256	27 000	25 076	25 076	26 862	24 586	25 685
Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro)	101 265	124 563	123 011	129 686	127 686	127 686	128 962	142 310	148 388
Vote 1: Department of the Premier		5 000							
Vote 11: Agriculture	2 500	2 500	2 500	2 000	2 000	2 000	2 000	1 984	2 105
Vote 12: Economic Development and Tourism	98 765	117 063	120 511	127 686	125 686	125 686	126 962	140 326	146 283
Western Cape Language Committee									
Vote 13: Cultural Affairs and Sport	258	240	279	290	290	290	303	313	338
Western Cape Liquor Authority	42 108	51 377	59 472	45 688	47 915	47 914	56 015	58 540	61 173
Vote 4: Police Oversight and Community Safety	42 108	51 377	57 665	45 688	45 688	45 688	56 015	58 540	61 173
Vote 12: Economic Development and Tourism			1 807		2 227	2 226			
Western Cape Nature Conservation Board	314 474	297 087	286 757	292 090	292 090	292 090	306 742	310 180	324 076
Vote 9: Environmental Affairs and Development Planning	314 474	297 087	286 757	292 090	292 090	292 090	306 742	310 180	324 076
Western Cape Saldanha Bay IDZ Licencing Company (SOC) Ltd									
Vote 12: Economic Development and Tourism	74 187	42 566	40 054	41 977	41 977	41 977	12 700	18 150	18 150
Atlantis Special Economic Zone Company									
Vote 12: Economic Development and Tourism	31 487	29 161	44 387	39 182	39 182	39 182	40 906	42 743	44 658
<b>Not listed in PFMA, but indicated as a public entity in Estimates of Provincial Expenditure</b>									
Heritage Western Cape									
Vote 13: Cultural Affairs and Sport	1 844	550	1 898	1 537	1 537	1 537	1 621	1 673	1 807
<b>Total</b>	<b>840 782</b>	<b>810 548</b>	<b>759 412</b>	<b>790 169</b>	<b>779 003</b>	<b>780 941</b>	<b>741 245</b>	<b>767 908</b>	<b>803 117</b>

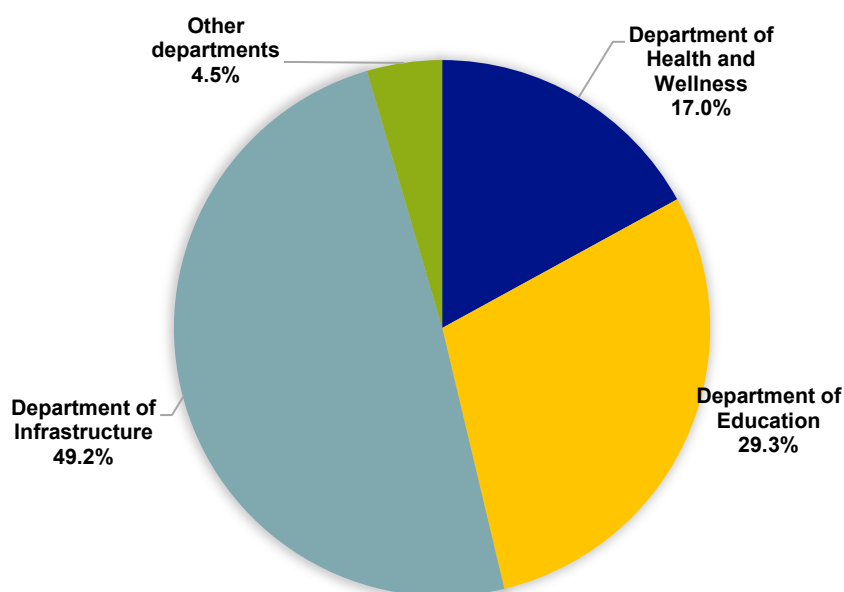
### Payments for capital assets

Provincial departments provided a total of R7.179 billion for Payments for capital assets in 2023/24. Payments for capital assets primarily include provision for infrastructure projects, under the item buildings and other fixed structures, as well as for the acquisition of machinery and equipment.

*In 2023/24, Payments for capital assets amounts to R7.179 billion*

The three departments that account for 95.5 per cent of this budget provision are the departments of Infrastructure (R3.532 billion), Education (R2.1 billion) and Health and Wellness (R1.222 billion).

**Figure 5.7 Percentage share of Payments for capital assets by department, 2023/24**



The Province allocated 16.2 per cent or R1.161 billion of the total 2023/24 payments for capital assets budget for the purchase of mainly medical, transport, construction and maintenance equipment under the item machinery and equipment. Infrastructure expenditure (under the item: buildings and other fixed structures) is discussed in a separate publication, namely, the 2023 Overview of Provincial and Municipal Infrastructure Investment (2023 OPMII).

## Nature of infrastructure investment

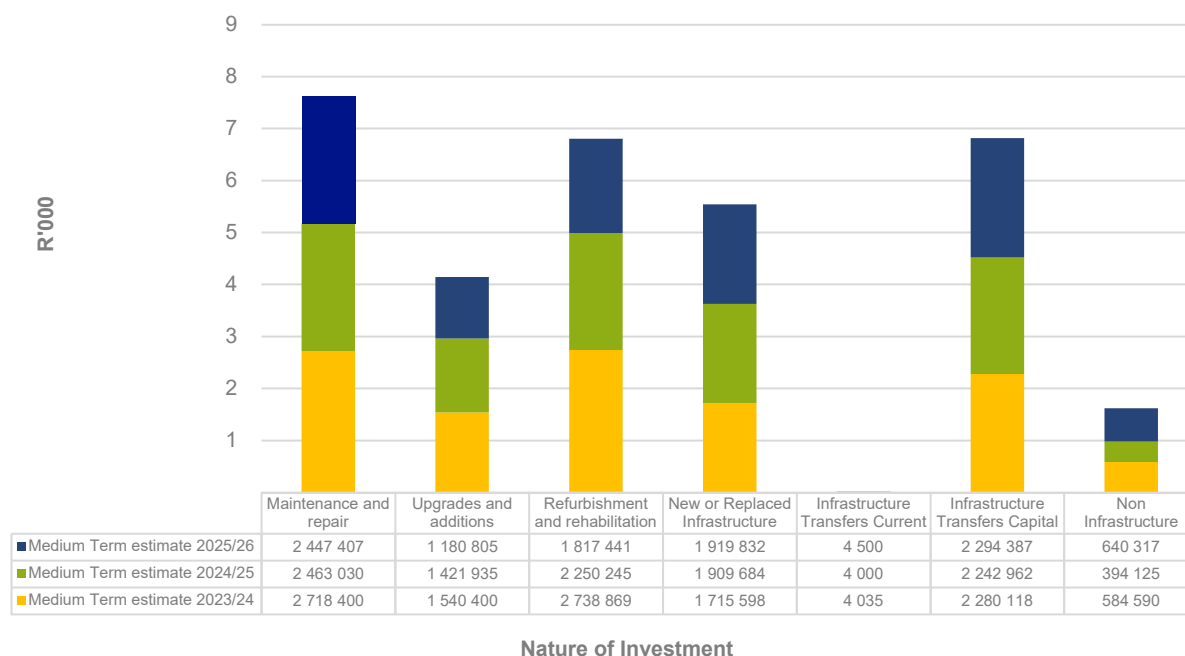
Table 5.11 and Figures 5.8 and 5.9 reflects Provincial infrastructure estimates by nature of investment (category) and per department.

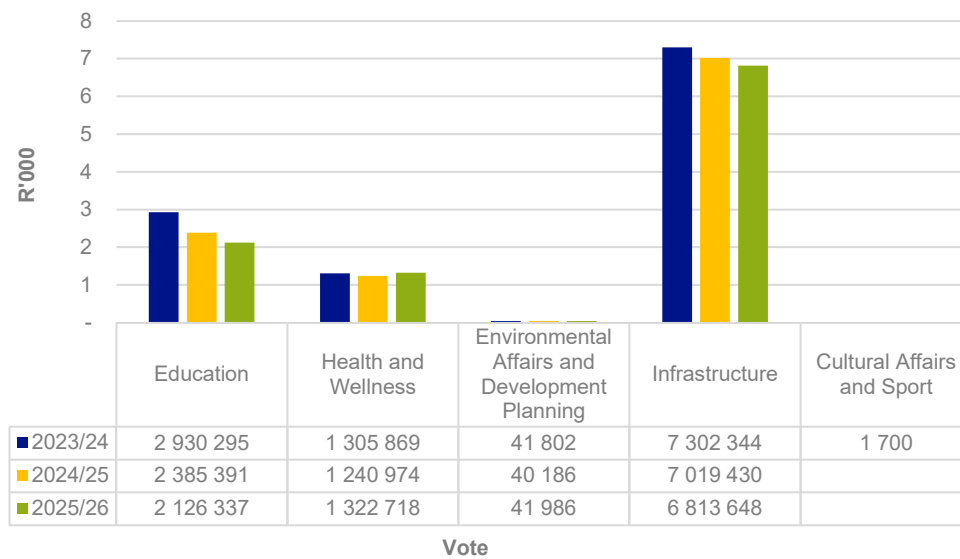
**Table 5.11 Infrastructure payments and estimates by category, 2019/20 – 2025/26**

Category R'000	Outcome			Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	Medium-term estimate % Change from Revised estimate			
	Audited 2019/20	Audited 2020/21	Audited 2021/22				2023/24	2022/23	2024/25	2025/26
<b>Existing infrastructure assets</b>	5 628 889	4 896 417	5 372 160	6 624 892	6 605 372	6 601 700	<b>6 997 669</b>	6.00	6 135 210	5 445 653
Maintenance and repair	2 162 298	2 207 204	2 412 380	2 715 598	2 496 382	2 504 837	<b>2 718 400</b>	8.53	2 463 030	2 447 407
Upgrades and additions	801 976	710 075	840 628	1 631 120	1 916 888	1 920 095	<b>1 540 400</b>	(19.77)	1 421 935	1 180 805
Refurbishment and rehabilitation	2 664 615	1 979 138	2 119 152	2 278 174	2 192 102	2 176 768	<b>2 738 869</b>	25.82	2 250 245	1 817 441
<b>New infrastructure assets</b>	841 162	355 006	440 725	685 509	713 787	663 961	<b>1 715 598</b>	158.39	1 909 684	1 919 832
<b>Infrastructure transfers</b>	2 385 325	2 058 399	2 194 427	2 182 917	2 169 765	2 169 765	<b>2 284 153</b>	5.27	2 246 962	2 298 887
Current	2 309	12 879	1 731	4 000	4 000	4 000	<b>4 035</b>	0.88	4 000	4 500
Capital	2 383 016	2 045 520	2 192 696	2 178 917	2 165 765	2 165 765	<b>2 280 118</b>	5.28	2 242 962	2 294 387
<b>Infrastructure: Payments for financial assets</b>										
<b>Infrastructure leases</b>										
<b>Non Infrastructure</b>	823 935	1 040 547	519 837	529 926	619 645	673 143	<b>584 590</b>	(13.16)	394 125	640 317
<b>Total provincial infrastructure payments and estimates by category</b>	9 679 311	8 350 369	8 527 149	10 023 244	10 108 569	10 108 569	<b>11 582 010</b>	14.58	10 685 981	10 304 689

Note: Infrastructure payments and estimates excludes, virtual catalytic, agricultural infrastructure and green economy.

**Figure 5.8 Infrastructure estimates by nature of investment (category), 2023 MTEF**



**Figure 5.9 Infrastructure estimates by department, 2023 MTEF**

## Existing infrastructure assets

### Maintenance and repairs

Maintenance and repairs remain a priority for the Province. These activities ensure that the lifespans of Provincial assets are prolonged and that these assets are kept in a functional state. The 2023 MTEF allocation for maintenance and repairs amounts to R7.629 billion, representing the largest portion of the various nature of investment categories for infrastructure. Most of the budget lies within the Department of Infrastructure, specifically transport infrastructure.

*Over the 2023 MTEF, the allocation for maintenance and repairs amounts to R7.629 billion*

### Upgrades and additions

The 2023 MTEF budget for upgrades and additions amounts to R4.143 billion, where transport infrastructure accounts for the majority of the budget (R1.97 billion), followed by the Department of Education (R1.54 billion) and the Department of Health and Wellness (R573.83 million).

### Rehabilitation, renovations, and refurbishment

Rehabilitation, renovations and refurbishment accounts for R6.807 billion of the total infrastructure budget over the 2023 MTEF, of which two infrastructure departments have allocated budgets towards this nature of investment, namely, the Department of Infrastructure (R6.01 billion) and Department of Health and Wellness (R792.87 million).

### **New infrastructure assets**

An amount of R5.545 billion of the infrastructure budget over the 2023 MTEF is allocated towards new infrastructure assets. Within this category, the largest share over the 2023 MTEF is allocated towards the Department of Education (R3.79 billion), followed by the Department of Infrastructure (R1.38 billion) and Department of Health and Wellness (R351.26 million).

### **Infrastructure Transfers**

An amount of R6.817 billion of the infrastructure budget over the 2023 MTEF is allocated towards infrastructure transfers (capital). Within this category, the largest share over the 2023 MTEF is allocated towards the Department of Infrastructure (R6.73 billion), of which Human settlements (R6.610 billion) accounts for the most, which the programme uses for bulk infrastructure, internal services, and top structures. Properties are transferred to the municipalities or the beneficiaries.

The Department of Cultural Affairs and Sport received an infrastructure allocation of R1.700 million for 2023/24. The Department transfers a portion of the national conditional grant for Community Library Services to municipalities for infrastructure delivery.

### **Non-infrastructure**

An amount of R1.619 billion of the total infrastructure budget over the 2023 MTEF is assigned to non-infrastructure, which amongst other, provides for human resources capacitation in the Department of Health and Wellness and the Department of Education, and for human settlements to support the implementation of approved Provincial housing. Furthermore, the allocation also makes provision for health technology equipment within the Department of Health and Wellness. Non-infrastructure in public works accounts towards decanting and removal of furniture during the modernisation process.

## ■ Conclusion

As the Western Cape faces unprecedented loadshedding, economic, and socio-economic challenges, as well as fiscal pressures, it is crucial that the WCG continues to implement the Western Cape Fiscal Strategy. This strategy guided the fiscal policy decisions and ensured the efficient and effective allocation of fiscal resources in the 2023 Budget, which aims to achieve the objectives of the medium term budget policy priorities. Additionally, the 2023 Budget is a response to the energy crisis over the 2023 MTEF. The Western Cape Fiscal Strategy allowed for the mitigation of fiscal risks by implementing the Western Cape Compensation of Employees Strategy, which constrains the Provincial wage bill and headcount. Furthermore, the strategy created responsiveness to crises through the Province's reserves. By implementing these measures, the WCG can ensure the effective fiscal management and mitigate potential fiscal risks in the face of ongoing challenges.



# 6

## Spatial distribution of provincial expenditure

### In brief

- Collectively, Provincial departments will spend R80.319 billion across the various municipalities in the Province in 2023/24, of which 68.7 per cent will be spent in the Cape Town Metro, noting that the Metro has the largest population in the Province.
- Provincial departments will transfer R2.860 billion of conditional funding to municipalities in 2023/24, of which the City of Cape Town receives R1.448 billion (50.6 per cent), while the local and district municipalities receive R1.328 billion (46.5 per cent) and R23.433 million (0.8 per cent), respectively.
- The Social sector departments (mainly Health and Wellness and Education) account for R65.405 billion (81.5 per cent) of spending, while the Economic sector (mainly Infrastructure) accounts for R11.954 billion (14.9 per cent), and the Governance and administration sector accounts for R2.894 billion (3.6 per cent).

### Introduction

This chapter outlines the spatial distribution and the sectoral breakdown of education, health and wellness, infrastructure, and other Provincial expenditure across the Metro, district, and local municipalities in the Western Cape.

The presentation of this information facilitates integrated planning and budgeting between the Province and municipalities. Cooperation between these two spheres of government will add value to improve the lives of residents in the Province. The chapter should be read together with Chapter 3 of the Overview of Provincial and Municipal Infrastructure Investment (OPMII) which outlines spatial spending on infrastructure.

### Infrastructure Planning with a spatial lens

The OPMII summarises the Provincial Government's infrastructure investment plans spatially by overlaying these on the 2014 Provincial Spatial Development Framework (PSDF) priority regions for growing the Provincial economy - i.e., the Cape Metro functions as the Province's economic development focus area; Saldanha/Vredenburg and George/Mossel Bay as emerging regional industrial complexes; and the Overstrand and Garden Route coastal belts as leisure/tourism regions. The lower Olifants and Breede River valleys are also identified for agriculture intensification opportunities.

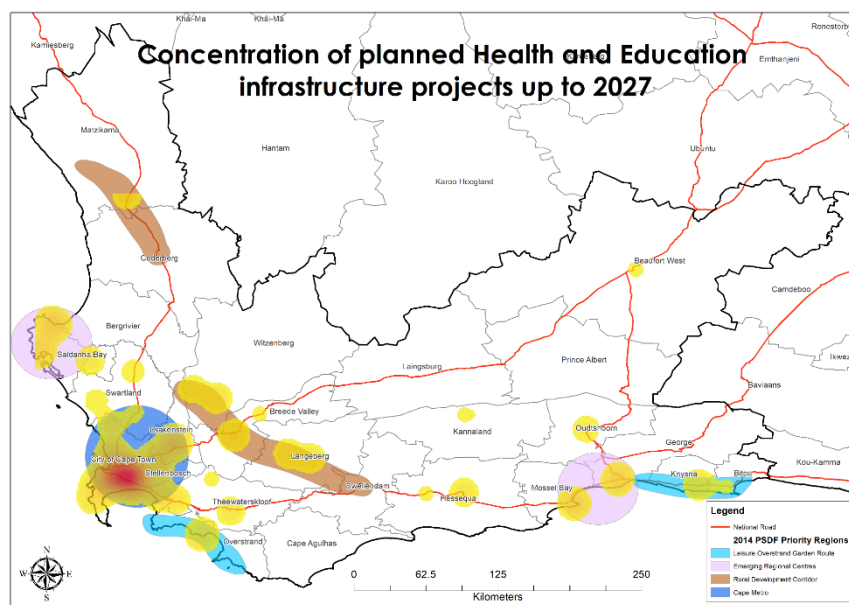
The logic underpinning the 2014 PSDF's spatial strategy is to:

1. **Capitalise** and build on the Western Cape comparative strengths and leverage the sustainable use of its unique spatial assets;
2. **Consolidate** existing and emerging regional economic nodes as they offer the best prospects to generate jobs and stimulate innovation;
3. **Connect** urban and rural markets and consumers, fragmented settlements and critical biodiversity areas; and
4. **Cluster** economic infrastructure and facilities along public transport routes to maximize the coverage of these public investments and respond to unique regional identities within the Western Cape.

Planned health and education Infrastructure projects within the Province are spatially presented in Figure 6.1. These are based on the 2022/23 U-Amp and contains information on projects up to 2026/27. Projects cover only new assets, upgrades and additions, and refurbishment and rehabilitation and excludes maintenance of infrastructure.

Source: Adam Tas Corridor Local Spatial Development Framework

**Figure 6.1 Infrastructure projects with a spatial lens**



## Population growth driving spatial service delivery pressures

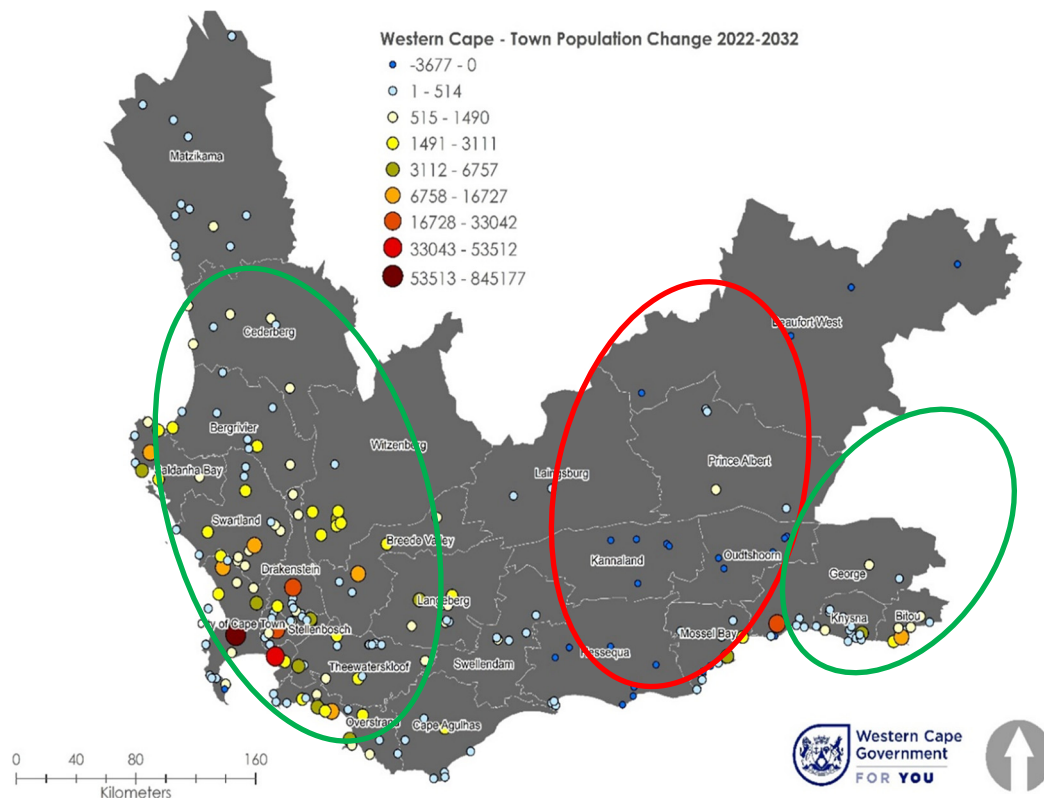
Rapid population growth in the Western Cape arising from immigration, and urbanisation and organic population growth places significant pressure on public service delivery systems across the Province.

Over the next 10 years, the Province's population is expected to expand by over 1.2 million people, leading to dynamic changes in the region's spatial economic landscape. This population growth is unevenly spread throughout the Province, with notable high growth rates expected in the coastal areas (See Figure 6.2).

The spatial trend suggests that the Greater Cape Town area (incl. Stellenbosch, Drakenstein, Breede Valley, and Swartland municipalities) and other municipalities (incl. Saldanha Bay and Overstrand), the George-Mossel Bay area, and Bitou, will experience major population growth associated with urbanization and inward migration.

In contrast, the Central Karoo District and parts of the Garden Route District (Incl. Kannaland, Oudtshoorn, and Hessequa) are expected to experience a decline in population. This could be linked to shifting employment dynamics and economic nodes with job opportunities and economic activity moving away from these municipal areas towards the larger urban centres and coastal regions.

**Figure 6.2 Projected Population Growth in the Western Cape (2032)**



The spatial distribution of population growth and associated socio-economic pressures and challenges are significant determinants of the spatial incidence of WCG budgetary allocations and expenditure.

Spatial population dynamics change the quantum and location of where services, particularly health, education and housing are demanded in the Province. Significant spatial changes in population size and profile, such as increases in the number of learners in a region, therefore are key influencers of policy and budgetary choices in the Province.

The former is also influenced by the Western Cape Government priorities of Growth for Jobs, Safety, Wellbeing, and Innovation, Culture, and Governance, and the Joint District and Metro Approach in the drive for integrated spatial budgeting in the Province. The enabler priority and its related programmes and interventions originate from the Focus Areas in VIP 5 of the 2019 – 2024 Provincial Strategic Plan (PSP).

## ■ Provincial payments and estimates by metro, district, and local municipalities

Across the 30 municipalities in the Province, the Western Cape Government (WCG) will spend a total of R80.319 billion in 2023/24, R80.125 billion in 2024/25, and R81.872 billion in 2025/26 as indicated in Table 6.1.

**Table 6.1 Provincial payments and estimates by the Cape Metro, district and local municipalities, 2019/20 - 2025/26**

Municipalities R'000	Outcome			Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	Medium-term estimate % Change from Revised estimate 2022/23			
	Audited 2019/20	Audited 2020/21	Audited 2021/22				2023/24	2024/25	2025/26	
<b>Cape Town Metro</b>	45 652 853	48 838 840	50 830 090	54 019 679	54 226 576	54 226 553	<b>55 147 502</b>	1.70	55 477 889	57 072 185
<b>West Coast Municipalities</b>	3 839 792	3 571 947	3 843 728	3 793 131	3 897 593	3 894 430	<b>4 088 217</b>	4.98	3 971 466	4 185 566
Matzikama	461 664	464 074	480 984	522 258	521 152	520 984	<b>521 863</b>	0.17	474 666	714 878
Cederberg	492 901	564 123	580 154	634 815	630 945	630 181	<b>638 597</b>	1.34	629 383	623 301
Bergvliet	448 975	469 043	475 944	404 639	406 615	406 057	<b>481 552</b>	18.59	502 440	447 323
Saldanha Bay	841 901	662 990	682 828	723 308	816 748	815 848	<b>837 793</b>	2.69	787 217	781 694
Swartland	986 922	857 420	935 954	1 070 178	1 071 538	1 070 911	<b>1 035 612</b>	(3.30)	989 705	1 006 944
Across wards and municipal projects	607 429	554 297	687 864	437 933	450 595	450 449	<b>572 800</b>	27.16	588 055	611 426
<b>Cape Winelands Municipalities</b>	8 321 656	8 179 726	8 274 221	8 636 289	8 754 444	8 754 648	<b>9 643 044</b>	10.15	9 585 761	9 632 721
Witzenberg	732 514	673 039	702 248	774 093	803 267	802 522	<b>949 275</b>	18.29	1 015 713	920 023
Drakenstein	2 245 046	2 246 354	2 459 024	2 602 543	2 591 925	2 593 530	<b>2 980 769</b>	14.93	3 072 000	2 731 715
Stellenbosch	1 830 739	1 845 455	1 579 032	1 972 007	1 993 793	1 993 686	<b>2 105 740</b>	5.62	2 014 644	2 243 694
Breede Valley	1 747 914	1 810 394	1 912 717	1 973 575	1 994 602	1 995 803	<b>2 115 253</b>	5.99	2 103 342	2 318 449
Langeberg	1 025 801	880 392	943 032	780 123	837 647	836 071	<b>937 160</b>	12.09	812 783	829 420
Across wards and municipal projects	739 642	724 092	678 168	533 948	533 210	533 036	<b>554 847</b>	4.09	567 279	589 420
<b>Overberg Municipalities</b>	2 557 486	2 643 795	2 748 999	3 025 040	3 057 583	3 051 874	<b>2 917 089</b>	(4.42)	2 886 176	2 880 581
Theewaterskloof	810 673	842 296	904 771	1 031 061	1 055 859	1 053 736	<b>1 021 592</b>	(3.05)	1 022 469	941 271
Overstrand	733 366	716 568	737 159	921 540	932 389	930 748	<b>817 509</b>	(12.17)	733 428	673 683
Cape Agulhas	270 000	288 912	288 063	311 663	303 938	302 178	<b>320 967</b>	6.22	376 221	413 726
Swellendam	268 591	326 962	310 135	432 872	430 628	430 517	<b>350 109</b>	(18.68)	336 552	417 311
Across wards and municipal projects	474 856	469 057	508 871	327 904	334 769	334 695	<b>406 912</b>	21.58	417 506	434 590
<b>Garden Route Municipalities</b>	6 265 218	6 176 786	6 501 826	6 560 749	6 788 083	6 786 746	<b>7 356 442</b>	8.39	6 976 074	7 002 134
Kannaland	195 644	188 961	209 970	337 231	360 832	360 469	<b>279 274</b>	(22.52)	225 947	231 239
Hessequa	324 652	312 096	328 988	402 292	438 856	438 297	<b>557 888</b>	27.29	418 719	390 014
Mossel Bay	808 659	874 954	968 772	969 409	1 023 606	1 022 743	<b>1 102 436</b>	7.79	1 051 028	937 842
George	2 182 500	2 301 579	2 404 380	2 352 547	2 401 910	2 403 796	<b>2 600 999</b>	8.20	2 518 095	2 619 672
Oudtshoorn	1 124 192	857 822	860 568	898 177	915 085	914 365	<b>959 166</b>	4.90	964 824	992 368
Bitou	249 831	237 642	290 176	330 399	330 109	329 910	<b>294 768</b>	(10.65)	299 298	298 738
Knysna	508 223	472 951	521 099	628 085	662 912	662 605	<b>695 679</b>	4.99	608 234	607 080
Across wards and municipal projects	871 517	930 781	917 873	642 609	654 773	654 561	<b>866 232</b>	32.34	889 929	925 181
<b>Central Karoo Municipalities</b>	896 812	914 299	1 066 781	1 109 027	1 126 420	1 123 423	<b>1 101 305</b>	(1.97)	1 122 113	993 914
Laingsburg	106 411	99 200	76 753	79 606	70 497	69 871	<b>72 791</b>	4.18	71 929	74 484
Prince Albert	103 024	107 168	155 405	188 985	211 600	210 790	<b>142 257</b>	(32.51)	203 471	126 569
Beaufort West	537 076	565 950	628 153	753 197	737 559	736 328	<b>742 627</b>	0.86	700 098	639 982
Across wards and municipal projects	150 301	141 981	206 470	87 239	106 464	106 434	<b>143 630</b>	34.95	146 615	152 879
Unallocated				188 888	177 052	177 052	<b>65 677</b>	(62.91)	105 720	105 166
<b>Total provincial expenditure by district and local municipality</b>	67 533 817	70 325 393	73 265 645	77 332 803	78 027 751	78 014 726	<b>80 319 276</b>	2.95	80 125 199	81 872 267

Note: Unallocated means not yet allocated to a specific district

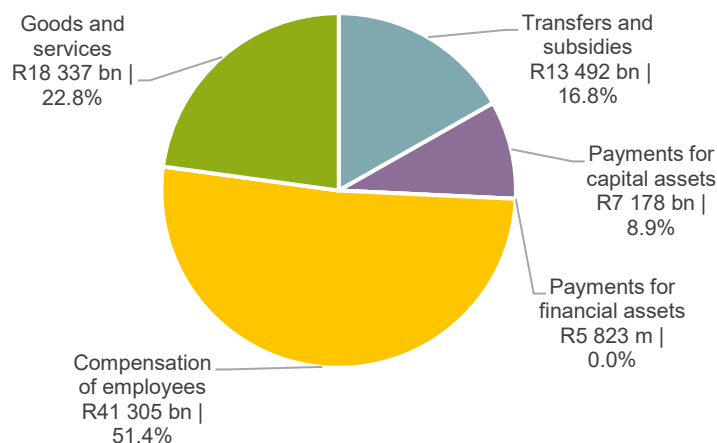
The 2023/24 Provincial expenditure distribution per region is as follows: R55.148 billion (68.7 per cent) will be spent in the Cape Town Metro; R9.643 billion (12.01 per cent) will be spent in the Cape Winelands ; R7.356 billion (9.16 per cent) will be spent in the Garden Route; R4.088 billion (5.09 per cent) will be spent in the West Coast; R2.917 billion (3.63 per cent) will be spent in the Overberg; and R1.101 billion (1.37 per cent) will be spent in the Central Karoo.

Over the MTEF, Provincial allocations for health and education expenditure are mainly demand-driven by average growth in population in the municipal area. For the Cape Winelands, Garden Route and Central Karoo municipal areas, the average growth rate for total Provincial expenditure exceeds the average population growth rate over the MTEF. Subsequently, total Provincial expenditure for the Cape Metro, Overberg and West Coast municipalities are relatively on par with the average population growth rate for the same period.

Provincial expenditures, from an economic classification perspective, are disaggregated into four categories, including: current payments (payments made by departments for its operational requirements and procurement of goods and services); transfers and subsidies (transfers to households, entities, municipalities, private enterprises, and non-profit institutions); payment for financial assets; and payment for capital assets (buildings, machinery, and equipment).

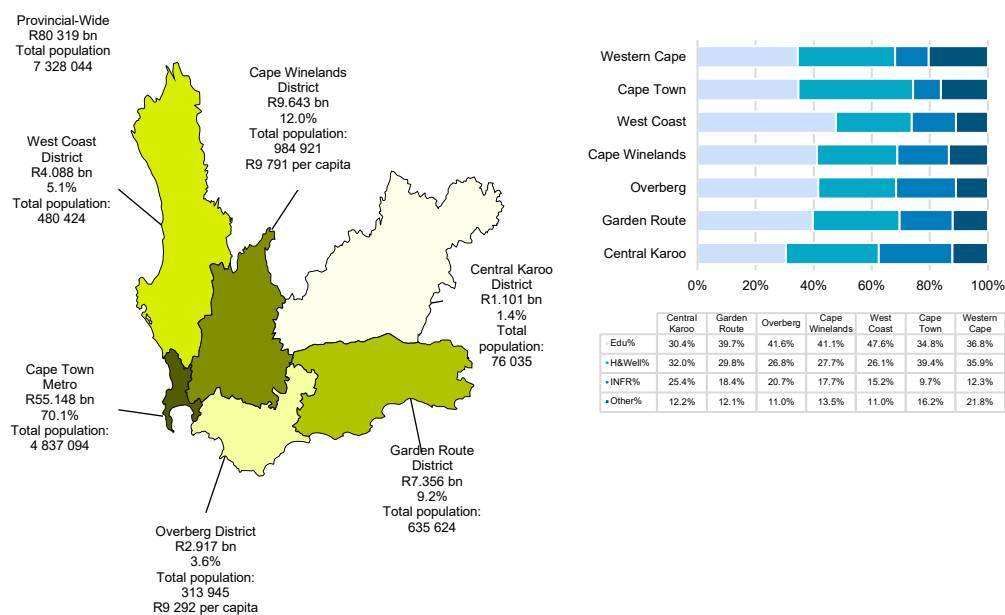
Figure 6.3 breaks down the economic classification of the 2023/24 Provincial budget: R41.305 billion (51.4 per cent) will be spent on Compensation of Employees (CoE) and R18.337 billion (22.8 per cent) will be spent on the procurement of Goods and Services. Transfers and subsidies will amount to R13.492 billion (16.8 per cent) and payments for capital assets equate to R7.178 billion (8.9 per cent).

**Figure 6.3 Provincial payments by economic Classification, 2023/24**



Provincial budget expenditures in municipalities include a combination of these expenditures. Although not all investments into a local region are allocations to payment for capital assets (building new and maintaining existing schools, hospitals, or roads), the economic benefits of the other categories of expenditure, such as Compensation of Employees and the procurement of Goods and Services within a municipality, benefit local communities as well.

**Figure 6.4 Spatial Distribution of the 2023/24 Provincial budget by district, total population, and % of sector allocation at district level (total per capita)**



Source of population data used: WCG PPU, 2023. Provincial, district and local municipality population estimates by sex and age (2002 - 2037) based on StatsSA MYPE base year 2022 (Feb 2023)

Disclaimer: Population data used is preliminary and may be subject to change

Figure 6.4 shows the spatial distribution and the sectoral distribution of education, health and wellness, infrastructure, and other expenditure of the 2023/24 budget across the Cape Metro and the five district areas in the Western Cape.

The Central Karoo District receives the highest per capita provincial budget allocation (R14 484 per capita), even though the district area is only allocated 1.4 per cent of the Provincial budget expenditure.

### Cape Winelands District

The Cape Winelands District (CWD) was the largest district economy in the Western Cape in 2021. The District is home to approximately 13.4 per cent of the Western Cape's population and is forecast to grow at an average annual rate of 1.6 per cent between 2023 and 2026, increasing from an estimated 984 921 people in 2023 to

Total provincial expenditure within the Cape Winelands District will amount to R9.643 billion in 2023/24

1 034 904 people in 2026. The population growth in the CWD can be attributed to the range of economic opportunities in the District, the quality of life as well as access to and delivery of basic services.

The WCG will spend R9.643 billion, or 12 per cent of the 2023/24 Provincial budget to support economic development and accommodate population growth, infrastructure requirements, and Provincial priorities in the CWD.

A large proportion (30.9 per cent) of total Provincial spending in the CWD will occur in the Drakenstein municipal area where most of the district's population is concentrated. In addition, the Municipality was awarded a R1.4 billion Budget Facility for Infrastructure (BFI) grant from National Treasury, which will be used over the next three financial years. The grant funds will be spent on wastewater and sanitation upgrades and rehabilitation, which includes the upgrading of the Paarl Wastewater Treatment Works and the construction of the Southern Paarl Bulk-Sewer, as well as the rehabilitation and upgrade of Drakenstein sanitation infrastructure.

The BFI grant will improve the area's wastewater and sanitation service levels and ensure sustainability and resilience. It will also ensure increased bulk sewer capacity to unlock a range of integrated residential and commercial developments in the future.

The Breede Valley and Stellenbosch municipal areas will also receive a large portion of Provincial spending in the District, at 21.9 per cent and 21.8 per cent respectively. Langeberg, which is the least populated municipal area within the District, will receive the smallest budget share of 9.7 per cent.

*The BFI grant will improve the area's wastewater and sanitation service levels and ensure sustainability and resilience*

#### **Drakenstein Municipality Awarded a R1.4 billion budget facility for infrastructure**

The Drakenstein Municipality was awarded a R1.4 billion Budget Facility for Infrastructure (BFI) grant from National Treasury, which will be used over the next three financial years. The grant funds will be spent on wastewater and sanitation upgrades and rehabilitation, which includes the upgrading of the Paarl Wastewater Treatment Works and the construction of the Southern Paarl Bulk-Sewer, as well as the rehabilitation and upgrade of Drakenstein sanitation infrastructure.

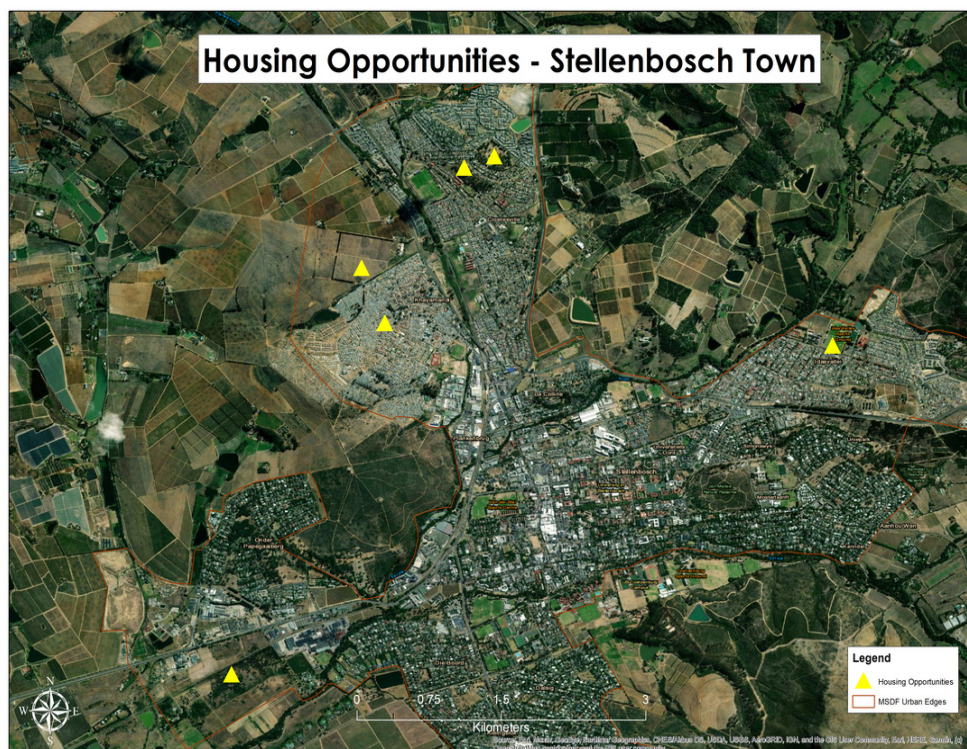
The BFI grant will improve the area's wastewater and sanitation service levels and ensure sustainability and resilience. It will also ensure increased bulk sewer capacity to unlock a range of integrated residential and commercial developments in the future.

*Source: Drakenstein Municipality website*



As depicted in Figure 6.6, below, the Breede Valley receives the highest Provincial expenditure per capita (R10 661), with 53 per cent of the total Provincial expenditure in Breede Valley being allocated to education and 40.6 per cent to the health and wellness sector.

**Figure 6.5 Housing Opportunities within Stellenbosch**



### Urban Transformation Potential of the Adam Tas Corridor

Potential precinct developments along the Adam Tas Corridor (ATC) in Stellenbosch could unlock significant economic opportunity within the Cape Winelands District. The ATC area covers 375 hectares of currently under-developed and under-utilised land and facilities. The ATC stretches along the R310 and R44 and includes parts of Kayamandi, Cloetesville, and Central Stellenbosch.

Planning of the ATC is at an advanced stage and has involved local and provincial planning authorities, the WCG, National Treasury, the Stellenbosch Municipality, the Stellenbosch Institute for Advanced Study (STIAS), local businesses, and academic leaders.

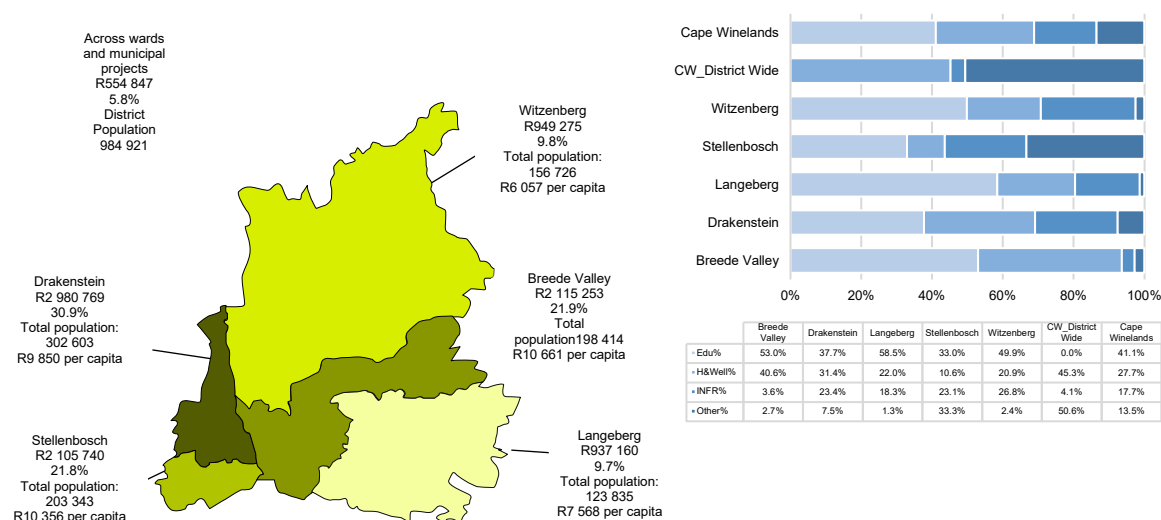
The project is expected to have significant benefits for the region in terms of transportation, economic development, safety, and environmental sustainability and has tremendous potential for urban regeneration and economic transformation, which will require strengthened provincial and municipal integration to ensure its success.

The area has the potential to include 13 500 new housing opportunities as well as entrepreneurial and social spaces and enhanced public transport. Mixed-use, mixed-income neighbourhoods and sustainable densification of economic centres along the ATC may reduce the cost, time, and distance spent commuting.

Greater integration and transformation is possible through the leveraging of provincial and municipal investments in infrastructure, human settlements, spaces, and services.



**Figure 6.6 Cape Winelands District: Spatial Distribution of 2023/24 Provincial budget by municipality, total population and share of sector allocation at district level (total per capita)**



Source of population data used: WCG PPU, 2023. Provincial, district and local municipality population estimates by sex and age (2002 - 2037) based on StatsSA MYPE base year 2022 (Feb 2023)

Disclaimer: Population data used is preliminary and may be subject to change pending Census 2022.

## Garden Route District

The Garden Route District (GRD) was the second largest district economy of the Western Cape outside of the Metro with a GDP of R54.551 billion in 2021. Although the District is the second most populated region in the Western Cape (outside of the Cape Metro), it is expected to have the second lowest average annual population growth rate in the Province between 2023 and 2026 (0.7 per cent). Bitou and George are the fastest growing municipalities in the region with annual average population growth rates of 1.9 per cent and 1.0 per cent respectively over this period.

*Garden Route District: Spatial Distribution of 2023/24 Provincial budget by municipality, total population and share of sector allocation at district level (total per capita)*

### George Municipality: First Non-Metro Municipality to Receive Budget Facility for Infrastructure Grant

The George Municipality is the economic hub of the GRD and as such, experiences considerable urbanisation pressures evidenced by in-migration and rising demand for municipal services. Housing and economic development have halted in recent years due to bulk water and sanitation infrastructure supply constraints. The George Municipality was awarded a Budget Facility for Infrastructure (BFI) grant to the value of R1.107 billion from the National Treasury in the 2021/22 financial year; the first non-metro municipality to receive this grant in South Africa.

The BFI will be used to fund the Potable Water Security and Remedial Works Project for the expansion, upgrade, rehabilitation and replacement of water infrastructure. The project will expand the existing bulk water and sanitation infrastructure and thereby enable further investment from the Provincial and National Government, as well as from the private sector, to enhance the socio-economic development of the municipal area.

Source: George Municipality

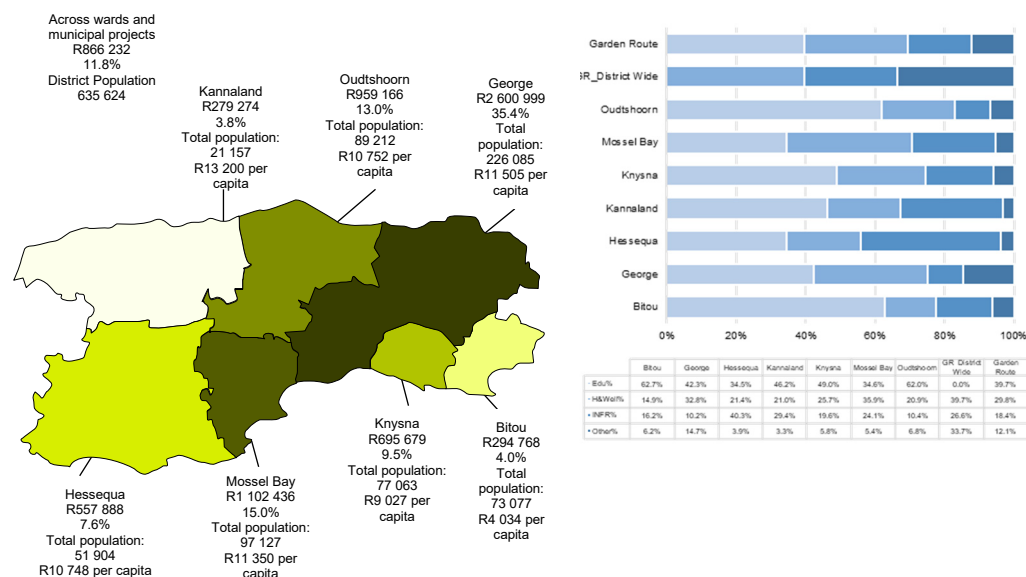
Total Provincial expenditure within the GRD will amount to R7.356 billion in 2023/24

The aggregate Provincial budget for the GRD in 2023/24 amounts to R7.356 billion. This equates to 9.2 per cent of the Provincial budget. Total Provincial expenditure in the GRD equates to R11 574 per capita.

Within the GRD, the Kannaland municipal area will receive the highest Provincial expenditure per capita (R13 200) as it has the smallest population size comparative to the rest of the district. Bitou, which is a relatively small municipal area with limited economic activity compared to larger municipalities, receives the lowest amount of Provincial spend per capita (R4 034) in 2023/24. The Provincial spending within the Bitou municipal area is predominantly for education (62.7 per cent).

In the Oudtshoorn municipal area, education receives the highest share of expenditure (62.0 per cent). In the Mossel Bay municipal area, the health and wellness sector receives the highest proportion of expenditure (35.9 per cent), while the Hessequa municipal area's highest share of expenditure is allocated to the infrastructure sector (40.3 per cent).

**Figure 6.7 Garden Route District: Spatial Distribution of 2023/24 Provincial budget by municipality, total population and share of sector allocation at district level (total per capita)**



Source of population data used: WCG PPU, 2023. Provincial, district and local municipality population estimates by sex and age (2002 - 2037) based on StatsSA MYPE base year 2022 (Feb 2023)

Disclaimer: Population data used is preliminary and may be subject to change pending Census 2022.

## West Coast District

As of 2023, the West Coast District (WCD) has a population size of 480 424 people and is estimated to expand to 505 846 people by 2026. This equates to an average annual growth rate of 1.7 per cent. The WCD is the third most populated district in the Province.

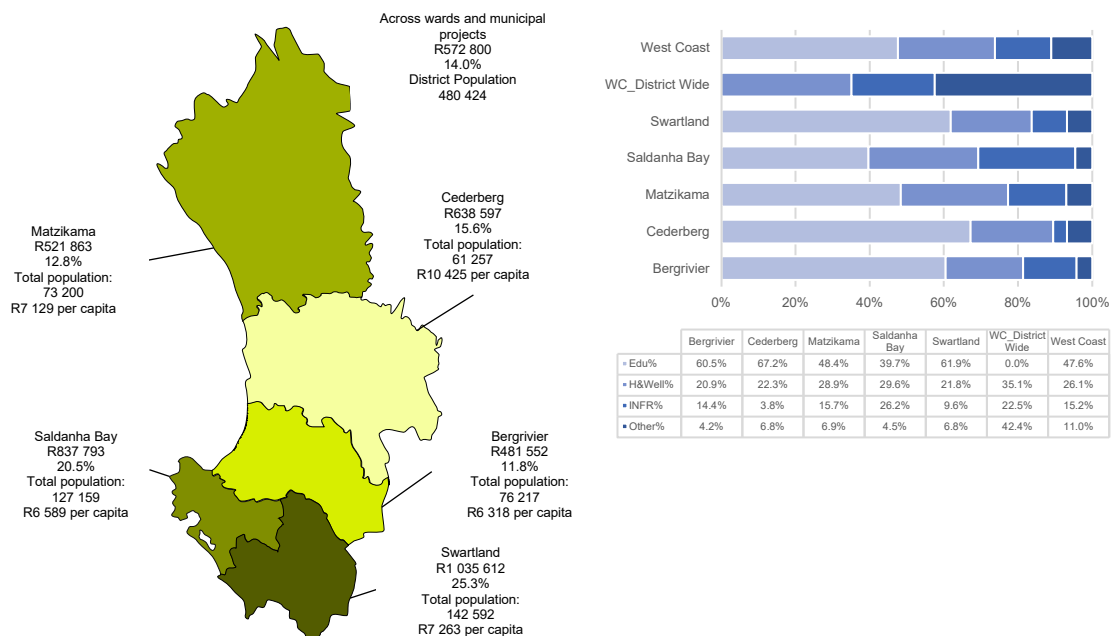
The aggregate Provincial budget for the WCD amounts to R4.088 billion, which is 5.1 per cent of the Provincial budget in 2023/24. The Swartland municipal area, which was the second largest contributor to the District's GDP in 2020, will receive the largest share of the WCD allocation in 2023/24 (25.3 per cent).

*R4.088 billion of provincial expenditure will be spent in the WCD in 2023/24*

The second two largest recipients of Provincial expenditure planned for the WCD are Saldanha Bay and Cederberg with 20.5 per cent and 15.6 per cent respectively. The Swartland and Saldanha Bay municipal areas make the largest contribution to the District's population and have the highest average annual growth rates of 2.0 per cent each, which is higher than the WCD average of 1.7 per cent.

Provincial expenditure planned within the Cederberg, Swartland, and Bergrivier municipal areas are predominantly allocated towards education and the health and wellness sector.

**Figure 6.8 West Coast District: Spatial Distribution of 2023/24 Provincial budget by municipality, total population and share of sector allocation at district level (total per capita)**



Source of population data used: WCG PPU, 2023. Provincial, district and local municipality population estimates by sex and age (2002-2037) based on StatsSA MYPE base year 2022 (Feb 2023)

Disclaimer: Population data used is preliminary and may be subject to change pending Census 2022.

## Overberg District

The Overberg District (OD) has a population of 313 945 people and is estimated to expand to 330 582 people by 2025. This equates to an average annual growth rate of 1.7 per cent. The OD has the second smallest district population in the Western Cape.

*Total Provincial expenditure within the Overberg District will amount to R2.917 billion in 2023/24*

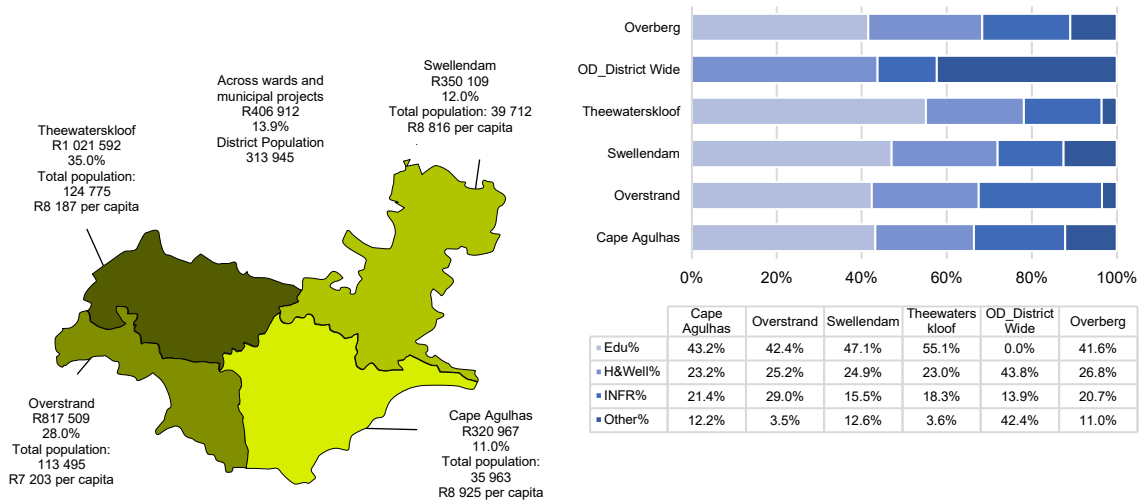
The WCG has allocated R2.917 billion (3.6 per cent) of the 2023/24 Provincial budgets to the OD. The largest share of this allocation (35.0 per cent) will be spent in the Theewaterskloof municipal area, and the smallest share of this allocation (11.0 per cent) will be spent in the Cape Agulhas municipal area, however Cape Agulhas receives the largest share per capita (R8 925). The OD receives the fourth largest Provincial expenditure per capita in the Province (R9 292).

The Overstrand municipal area will receive the second largest portion of Provincial spending in the District (R817.5 million), however due to the municipal area being one of the most densely populated areas in the District, it will receive the lowest per capita allocation (R7 203).

A sizeable portion (29.0 per cent) of the Overstrand municipal area's spending is allocated to the infrastructure sector. The total expenditure on infrastructure in the region for 2022/23 will amount to R932.445 million, of which R688.573 million (73.8 per cent) will be spent on transport and public works and R181.290 million (19.4 per cent) will be spent on human settlements.

The bulk of the allocations in all municipal areas within the OD are toward education and the health and wellness sector. Local municipalities within the OD have allocated a minimum of 20 per cent of their budget to the health and wellness sector.

**Figure 6.9 Overberg District: Spatial Distribution of 2023/24 Provincial budget by municipality, total population and share of sector allocation at district level (total per capita)**



Source of population data used: WCG PPU, 2023. Provincial, district and local municipality population estimates by sex and age (2002-2037) based on StatsSA MYPE base year 2022 (Feb 2023)

Disclaimer: Population data used is preliminary and may be subject to change pending Census 2022.

### Central Karoo District

The population of the Central Karoo District (CKD), at 76 035 people in 2023, is the least populated district in the Western Cape. The population in the region is expected to grow at an average annual growth rate of 0.72 per cent towards 2026.

Provincial departments have allocated an amount of R1.101 billion (1.4 per cent) of the total 2023/24 Provincial budget to the CKD. Given its relatively small size, the CKD receives the highest Provincial expenditure per capita in the Province (R14 484).

As illustrated in Figure 6.10, the Beaufort West municipal area is allocated the highest per capita expenditure in the CKD (R10 687 per capita), while Prince Albert receives the lowest (R5 118 per capita) in 2023/24. None of the local municipalities exceed the District expenditure per capita due to the substantial portion of Provincial expenditure cutting across municipal boundaries (13.0 per cent).

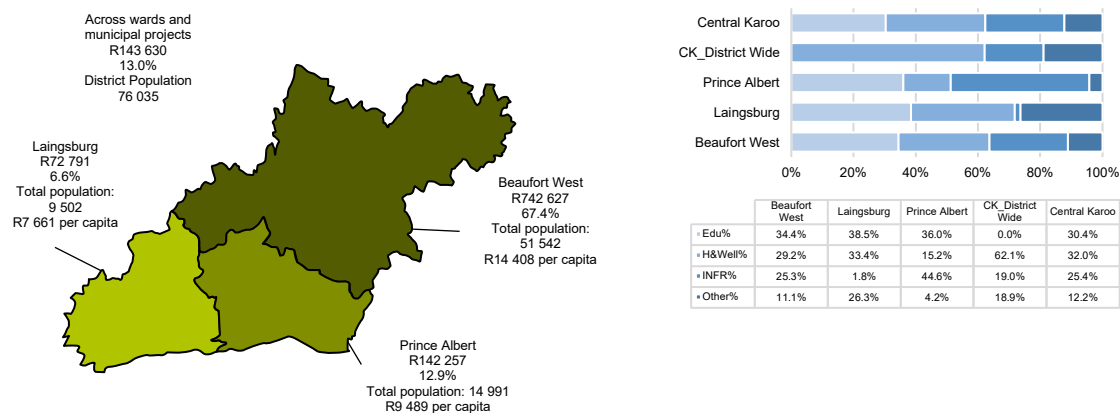
A large portion of the Provincial expenditure in the Prince Albert municipal area is allocated to infrastructure (44.6 per cent), while the greatest portion of the Beaufort West and Central Karoo expenditure is allocated to education.

The bulk of Provincial spending within the CKD (67.4 per cent) will occur in Beaufort West, the largest town in the region in terms of its economic and demographic profile, followed by Prince Albert (12.9 per cent), and Laingsburg (6.6 per cent).

*The CKD is the least populated district within the Western Cape*

*The CKD receives the highest Provincial expenditure per capita in the Province in 2023/24*

**Figure 6.10 Central Karoo District: Spatial Distribution of 2023/24 Provincial budget by municipality, total population and share of sector allocation at district level (total per capita)**



Source of population data used: WCG PPU, 2023. Provincial, district and local municipality population estimates by sex and age (2002-2037) based on StatsSA MYPE base year 2022 (Feb 2023)

Disclaimer: Population data used is preliminary and may be subject to change pending Census 2022.

## Provincial payments and estimates per sector by district and local municipalities

Table 6.2 provides a breakdown of Provincial spending at a district level according to the three functional government sectors, namely the Economic, Social, and Governance and administration sectors.

**Table 6.2 Summary of Provincial payments and estimates per sector by district 2019/20 – 2025/26**

Cluster estimates R'000	Outcome						Medium-term estimate			
	Audited 2019/20	Audited 2020/21	Audited 2021/22	Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	% Change from Revised estimate			
							2023/24	2022/23	2024/25	2025/26
<b>Economic Sector</b>	10 723 532	10 021 498	10 272 487	10 804 537	10 979 597	10 979 597	<b>11 954 343</b>	8.88	11 746 290	11 691 917
Cape Town Metro	5 163 422	5 410 028	5 691 100	6 338 767	6 430 431	6 430 587	<b>6 286 036</b>	(2.25)	6 657 352	6 975 391
West Coast District	960 363	672 685	767 921	541 025	615 081	615 081	<b>707 459</b>	15.02	619 020	750 029
Cape Winelands District	2 360 347	1 943 139	1 746 603	1 722 064	1 752 101	1 752 101	<b>2 498 224</b>	42.58	2 400 402	2 243 442
Overberg District	652 584	734 992	720 327	878 061	856 079	856 079	<b>668 048</b>	(21.96)	650 348	598 299
Garden Route District	1 405 965	1 065 715	1 058 178	982 655	966 470	966 314	<b>1 462 920</b>	51.39	1 077 823	937 228
Central Karoo	180 851	194 939	288 358	341 965	359 435	359 435	<b>331 656</b>	(7.73)	341 345	187 528
<b>Social Sector</b>	54 460 992	57 994 197	60 512 757	63 718 521	64 170 913	64 161 374	<b>65 405 473</b>	1.94	65 510 608	67 290 496
Cape Town Metro	38 257 888	41 197 759	42 760 678	45 121 819	45 250 950	45 253 410	<b>46 043 039</b>	1.74	46 120 510	47 375 739
West Coast District	2 866 921	2 892 344	3 064 806	3 245 347	3 253 060	3 250 114	<b>3 371 115</b>	3.72	3 345 923	3 429 096
Cape Winelands District	5 917 943	6 198 089	6 479 981	6 870 358	6 942 758	6 943 116	<b>7 097 448</b>	2.22	7 140 965	7 343 572
Overberg District	1 893 042	1 897 342	2 015 711	2 143 210	2 184 941	2 179 414	<b>2 245 015</b>	3.01	2 231 951	2 278 458
Garden Route District	4 839 284	5 097 712	5 426 923	5 572 884	5 777 020	5 776 053	<b>5 881 874</b>	1.83	5 892 940	6 059 666
Central Karoo	685 914	710 951	764 658	764 903	762 184	759 267	<b>766 982</b>	1.02	778 319	803 965
<b>Governance and Administration Sector</b>	2 349 293	2 309 698	2 480 401	2 620 857	2 700 189	2 696 703	<b>2 893 783</b>	7.31	2 762 581	2 784 688
Cape Town Metro	2 231 543	2 231 053	2 378 312	2 559 093	2 545 195	2 542 556	<b>2 818 427</b>	10.85	2 700 027	2 721 055
West Coast District	12 508	6 918	11 001	6 759	29 452	29 235	<b>9 643</b>	(67.02)	6 523	6 441
Cape Winelands District	43 366	38 498	47 637	43 867	59 585	59 431	<b>47 372</b>	(20.29)	44 394	45 707
Overberg District	11 860	11 461	12 961	3 769	16 563	16 381	<b>4 026</b>	(75.42)	3 877	3 824
Garden Route District	19 969	13 359	16 725	5 210	44 593	44 379	<b>11 648</b>	(73.75)	5 311	5 240
Central Karoo	30 047	8 409	13 765	2 159	4 801	4 721	<b>2 667</b>	(43.51)	2 449	2 421
<b>Unallocated</b>				188 888	177 052	177 052	<b>65 677</b>	(62.91)	105 720	105 166
<b>Total payments and estimates per sector</b>	67 533 817	70 325 393	73 265 645	77 332 803	78 027 751	78 014 726	<b>80 319 276</b>	2.95	80 125 199	81 872 267

Note: Unallocated not yet allocated to a specific district

In 2023/24, the largest share of Provincial expenditure in the various municipal areas will be concentrated within the social sector (R65.405 billion; 81.5 per cent). This is aligned to the Provincial policy priorities of wellbeing and safety. Expenditure towards the economic sector will amount to R11.954 billion (14.9 per cent), and R2.894 billion (3.6 per cent) will be directed towards the governance and administration sector.

*The social sector accounts for the largest share of the 2023/24 provincial budget*

The economic sector receives the largest increase (8.8 per cent) in Provincial expenditure in 2023/24. The increase is concentrated within the Garden Route (increased by 51.4 per cent), the Cape Winelands (42.6 per cent), and the West Coast (15.0 per cent) districts. The remaining regions budget allocations declined when compared to the 2022/23 revised estimates.

The allocation towards the social sector increased by only 1.9 per cent from the 2022/23 revised estimates, with the West Coast (3.7 per cent) and Overberg (3.0 per cent) districts receiving the largest increases.

Provincial expenditure in both the economic and social sectors are closely correlated to the relative size of the population at metro and district level in order to meet the proportional demand for services.

The Cape Metro, which comprises 65.9 per cent of the Provincial population, has therefore received the largest portion of the Provincial budget allocation in terms of the economic (52.6 per cent) and the social (70.4 per cent) sectors. The Cape Winelands and Garden Route districts are also prioritized with 13.4 and 8.7 per cent of the Western Cape population respectively.

*The Cape Metro, which comprises 65.9 per cent of the Provincial population, has therefore received the largest budget allocation*

The Cape Metro, Cape Winelands, and Garden Route districts will receive the largest Economic and Social sector allocations due to their relatively larger population size and proportionate demand for services.

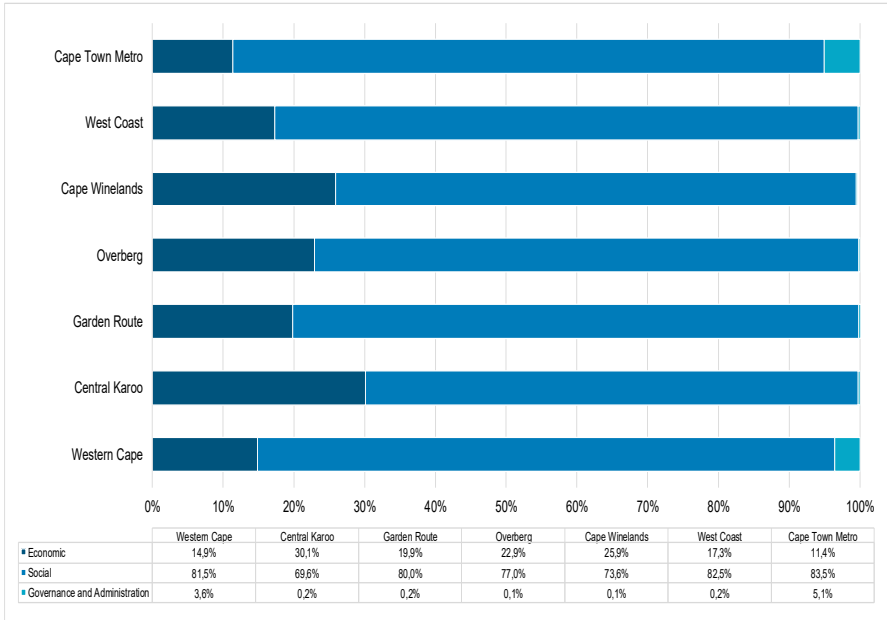
*The Cape Metro, Cape Winelands, and Garden Route districts will receive the largest Economic and Social sector allocations*

Population size is less of a determining factor when allocating expenditure towards the governance and administrative sector. The head offices of the departments within this sector are based in the Cape Metro. In 2023/24, most of the sector's allocation will therefore be spent within the Cape Metro given the location of these head offices, (97.4 per cent) but will cater to the needs of the entire Province.

Figure 6.10 provides the proportion of Provincial spending at a district level according to the three functional government sectors for 2023/24.

**Figure 6.11 Proportion of provincial payments and estimates per sector by district 2023/24**

*The Central Karoo District will receive the largest allocation towards the economic sector in 2023/24*



Within the economic sector, the CKD will receive the largest budget allocation (30.1 per cent). Spending on roads and transport within this region will make a positive contribution to the district economy due to its dependence on domestic travel along the N1. The CWD and OD will also receive comparatively large allocations towards the economic sector at 25.9 per cent and 22.9 per cent respectively.



### **Western Cape Department of Health and Wellness Equitable Resource Allocation (ERA) Model**

The Western Cape Department of Health and Wellness (DoHW) budget allocation has primarily been based on historic costs, plus an inflator. This approach however does not necessarily allocate budgets to the most cost-effective interventions which have the greatest impact on health outcomes, nor does it support equitable resource allocation.

The DoHW has initiated a process to direct resource allocation in a more purposeful manner to meet the health needs of the Western Cape population and health system performance overall.

The Equitable Resource Allocation (ERA) initiative aims to allocate funds to the primary health platform at a geographical basis applying a risk-adjusted capitation index and output data. Spatial targeting at the sub-district level will inform the DoHW infrastructure planning, service provision and resource allocation. The sub-district boundaries are coterminous with the boundaries of the local (B) municipalities outside of the City of Cape Town, and within the City, are promulgated with the consensus of the City of Cape Town Council. The hospital allocations will be based on a risk adjusted capitation index and a service volume unit output measure to improve allocative efficiencies for reimbursing the hospitals for their clinical activities.

The DoHW ERA model draws on the approach and methodology of the new PES health risk-adjusted index sub-component which takes account of changes in health risk profiles and the associated cost curves for age and sex and as well as poverty and sparsity factors. The ERA model modifies the factors and weightings of factors used in the PES approach for a Western Cape context by applying premature mortality as an indicator of the burden of disease in the defined geographical area and which takes account of certain data constraints at the district level, such as fertility rate data. The ERA will be applied in a staggered and progressive manner whilst ensuring that there are no significant decreases in allocations that would disrupt the delivery of health and wellness services.

The first stage of the ERA model (level 1) allocates the DoHW budget at a district level for each programme. This is done using a needs-based approach as programmes 2 - District Health Services and programme 5- Central Hospital Services only have facilities within particular districts. There is also a risk-based adjustment accounting for the population in the sub-district for programme 2.

In the second stage, the ERA model (level 2) takes the total district budget for a particular programme and allocates this across the sub districts in the district. This is based on utilisation (the percentage of total utilisation in that district that is attributed to the facility) and a supply side factor (the share of hospital beds for district hospitals).

The DoHW ERA spatial budgeting approach is notably innovative, as it represents an international move away from historical budgets to equitable and outcomes-based budgeting.

This is especially important as South Africa moves toward universal health care, which represents need-based health care, rather than only demand-driven health care.

*Source: WCG DoHW 2023*

## Provincial transfers to local government

**Table 6.3 Summary of provincial transfers to local government by category**

Vote transfers R000	Outcome			Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	Medium-term estimate			
	Audited 2019/20	Audited 2020/21	Audited 2021/22				% Change from Revised estimate			
							2023/24	2022/23	2024/25	2025/26
Category A	1 242 572	1 420 810	1 208 984	1 504 773	1 500 656	1 500 657	1 448 395	(3.48)	1 485 774	1 540 323
Category B	1 833 705	1 523 095	1 731 865	1 048 568	1 352 949	1 352 949	1 328 509	(1.81)	1 361 842	1 699 850
Category C	17 755	18 704	36 406	12 064	25 920	25 920	23 433	(9.59)	16 691	17 008
Unallocated				32 988	2 410	2 410	59 371	23 63.53	132 980	146 252
Total provincial transfers to local government	3 094 032	2 962 609	2 977 255	2 598 393	2 881 935	2 881 936	2 859 708	(0.77)	2 997 287	3 403 433

Note: Unallocated not yet allocated to a specific district

Table 6.3 summarises the direct transfer payments to be made by the WCG over the 2023 MTEF. The three municipal categories allowed for by the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) are:

- Category A: Metropolitan municipalities (City of Cape Town)
- Category B: Local municipalities (24 in Western Cape)
- Category C: District municipalities (5 in the Western Cape)

The largest portion of the budget allocation is directed towards the Cape Metro, with total vote transfers amounting to R1.448 billion (50.6 per cent). Allocations to local and district municipalities will amount to R1.328 billion (46.5 per cent) and R23.433 million (0.8 per cent) respectively.

Provincial transfers declined for all categories of municipalities in 2023/24 (-0.7 per cent) from the R2.881 billion in 2022/23 revised estimate. However, in the outer years of the 2023 MTEF period, transfers notably increase in 2024/25 (4.8 per cent) and in 2025/26 (13.5 per cent).

In 2023/24, a transfer amount of R59.371 million to local municipalities will be reserved as unallocated by the Provincial Treasury and Department of Local Government. This is a significantly larger amount than the allocation of R2.410 million in the previous financial year. These allocations are detailed in the Local Government Gazette.

### Western Cape Financial Management Capability Grant (WC FMCG)

Following on the recommendations emanating from a review of the efficacy of conditional grant allocations to municipalities, the Western Cape Provincial Treasury (WCPT) in the 2022/23 financial year merged the Western Cape Financial Management Support Grant and the Western Cape Financial Management Capacity Building Grant to establish a single grant funding instrument. The new grant will be known as the Western Cape Financial Management Capability Grant (WC FMCG).

In a further effort to improve grant performance, the WCPT initiated the 2023/24 WC FMCG allocation process towards the end of 2022 to be included in the 2023 Western Cape Main Budget in March. By initiating the process earlier, municipalities will be informed of their 2023/24 allocations before the start of the municipal financial year (i.e., 1 July 2023). Municipalities can therefore budget for the allocations and the WCPT will be able to transfer the funds by the start of the municipal financial year. Municipalities will have the full year to spend the allocations and potentially the number of roll-over requests.

The overall WCFMCG earmarked allocation for 2023/24 amounts to R19.260 million and will be applied towards projects such as revenue enhancement, development of a daily financial dashboard to inform executive decision making, financial system development, and the implementation of financial modules.

*Source: Provincial Treasury*

## Conclusion

In order to address significant social and economic challenges faced in the Western Cape, the WCG uses an evidence-based approach to make well-informed and justifiable investment decisions that will promote inclusive economic growth and improve socio-economic outcomes.

The spatial and sectoral distribution of the 2023 Budget is informed by the current socio-economic realities, policies, and strategies that collectively confront the Province and municipalities.

The majority of the WCG's budget is allocated to the social and economic sectors. The Province is committed to advancing inclusive economic growth, reducing levels of poverty, crime, and other social ills, and to creating public value by improving the quality of life for all residents in the Province.

# Annexures

Annexure A: Additional tables



## Annexure A

## Additional tables

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

Vote and grant R'000	2019/20			2020/21			2021/22			2022/23			Medium-term estimate		
	Main appro- piation	Adjusted appro- piation	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	2023/24	2024/25	2024/25
<b>Vote 4: Police Oversight and Community Safety</b>	3 920	3 920	3 920	4 961	4 961	4 961	3 863	3 863	3 863	3 821	3 821	3 821	<b>4 033</b>		
Social Sector EPWP Incentive Grant for Provinces	3 920	3 920	3 920	4 961	4 961	4 961	3 863	3 863	3 863	3 821	3 821	3 821	<b>4 033</b>		
<b>Vote 5: Education</b>	1 637 012	1 665 772	1 636 877	1 697 328	1 594 626	1 542 671	1 797 738	1 842 637	1 816 033	1 885 952	2 017 727	2 017 727	<b>1 990 968</b>	1 966 556	2 069 374
Education Infrastructure Grant	1 109 331	1 134 505	1 127 600	1 091 162	931 721	931 721	1 158 098	1 158 098	1 158 098	1 236 077	1 351 539	1 351 539	<b>1 290 062</b>	1 233 451	1 288 710
Maths, Science and Technology Grant	34 416	37 317	28 015	35 479	37 786	17 449	36 347	54 742	45 870	37 184	46 056	46 056	<b>37 135</b>	38 746	40 482
of which:															
HIV and AIDS (Life Skills Education) Grant	21 800	21 800	21 800	19 878	15 076	15 076	20 368	20 368	20 368	17 822	17 822	17 822	<b>18 071</b>	18 939	19 787
Learners with Profound Intellectual Disabilities Grant	26 198	26 883	23 952	28 499	31 319	21 351	28 553	28 892	21 451	33 451	40 892	40 892	<b>34 080</b>	35 420	36 630
National School Nutrition Programme Grant	385 202	385 202	375 515	412 548	415 895	399 312	434 387	441 319	441 319	451 289	451 289	451 289	<b>496 802</b>	515 281	542 371
Social Sector EPWP Incentive Grant for Provinces	17 101	17 101	17 034	20 016	20 016	20 016	15 527	15 527	15 527	12 322	12 322	12 322	<b>12 623</b>		
Expanded Public Works Programme Integrated Grant for Provinces	2 485	2 485	2 485	2 594	2 594	2 594	2 185	2 185	2 185	1 941	1 941	1 941	<b>2 119</b>		
Early Childhood Development Grant	40 479	40 479	40 476	87 152	140 219	135 152	102 273	121 506	111 215	95 866	95 866	95 866	<b>100 076</b>	114 719	141 394
of which:															
Subsidy Component	32 655	32 655	32 652	78 802	131 869	126 802	89 523	108 756	98 465	82 536	82 536	82 536	<b>86 038</b>	108 008	134 593
Maintenance Component	7 824	7 824	7 824	8 350	8 350	8 350	12 750	12 750	12 750	13 330	13 330	13 330	<b>14 038</b>	6 711	6 801
<b>Vote 6: Health and Wellness</b>	6 497 650	6 538 034	6 549 845	6 907 928	7 481 342	7 481 342	6 971 459	6 990 040	6 933 540	7 421 385	7 469 244	7 469 244	<b>7 199 357</b>	7 392 517	7 723 702
National Tertiary Services Grant	3 221 651	3 221 651	3 221 651	3 426 618	3 396 608	3 396 608	3 272 981	3 272 981	3 272 981	3 401 057	3 401 057	3 401 057	<b>3 332 007</b>	3 481 646	3 637 624
Health Facility Revitalisation Grant	812 626	812 626	812 626	698 793	698 793	698 793	724 865	714 865	658 365	796 590	853 090	853 090	<b>883 298</b>	830 223	867 417
Human Resources and Training Grant	741 618	767 785	779 596	881 370	869 856	869 856	795 929	801 376	801 376	899 442	899 442	899 442	<b>887 123</b>	903 926	944 422
of which:															
Statutory Human Resources Component	135 284	161 451	173 262	245 023	245 023	245 023	266 199	271 646	271 646	356 963	356 963	356 963	<b>369 008</b>	362 548	378 790
Training Component	606 334	606 334	606 334	636 347	624 833	624 833	529 730	529 730	529 730	542 479	542 479	542 479	<b>518 115</b>	541 378	565 632
National Health Insurance Grant		19 510	19 510	19 480	19 480	19 480	17 779	17 779	17 779	43 605	34 964	34 964	<b>36 225</b>	35 551	37 144
District Health Programmes Grant	1 685 517	1 685 517	1 685 517	1 867 472	2 429 118	2 429 118	2 147 742	2 170 876	2 170 876	2 268 294	2 268 294	2 268 294	<b>2 049 145</b>	2 141 171	2 237 095
of which:															
District Health Component										415 431	415 431	415 431	<b>217 764</b>	227 544	237 738
Community Outreach Services Component	112 766	126 392	126 392	179 583	178 106	178 106	186 830	186 830	186 830						
Presidential Employment Initiative (PEI): Community Outreach Services Component					29 148	29 148									
Comprehensive HIV, AIDS Component	1 509 757	1 485 031	1 485 031	1 599 596	1 550 034	1 550 034	1 701 235	1 701 235	1 701 235	1 852 863	1 852 863	1 852 863	<b>1 831 381</b>	1 913 627	1 999 357
Tuberculosis Component	62 994	74 094	74 094	66 458	65 911	65 911	65 696	65 696	65 696						
Human Papillomavirus Vaccine Component	20 697	15 404	15 404	21 835	21 835	21 835	21 584	21 584	21 584						
COVID-19 component					584 084	584 084	156 690	156 690	156 690						
Oncology								20 000	20 000						
Mental Health Services Component							15 707	18 841	18 841						
Social Sector EPWP Incentive Grant for Provinces	13 495	13 495	13 495	12 195	12 195	12 195	10 122	10 122	10 122	10 291	10 291	10 291	<b>9 404</b>		
Expanded Public Works Programme Integrated Grant for Provinces	2 046	2 046	2 046	2 000	2 000	2 000	2 041	2 041	2 041	2 106	2 106	2 106	<b>2 155</b>		
Provincial Disaster Relief Grant					53 292	53 292									
<b>Vote 7: Social Development</b>							5 283	5 283	5 283	4 978	4 978	4 978	<b>4 899</b>		
Social Sector EPWP Incentive Grant for Provinces							5 283	5 283	5 283	4 978	4 978	4 978	<b>4 899</b>		
<b>Vote 8: Mobility</b>	1 008 182	1 006 182	1 006 182	1 073 596	1 073 596	1 073 596	1 132 644	1 132 644	1 132 644	1 127 813	1 127 813	1 127 813	<b>1 177 519</b>	1 230 401	1 285 523
Public Transport Operations Grant	1 008 182	1 006 182	1 006 182	1 073 596	1 073 596	1 073 596	1 132 644	1 132 644	1 132 644	1 127 813	1 127 813	1 127 813	<b>1 177 519</b>	1 230 401	1 285 523

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

Vote and grant R'000	2019/20			2020/21			2021/22			2022/23			Medium-term estimate		
	Main appro- piation	Adjusted appro- piation	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	2023/24	2024/25	2024/25
<b>Vote 9: Environmental Affairs and Development Planning</b>	3 717	3 717	3 717	3 678	3 678	3 678	3 704	3 704	3 704	4 468	4 468	4 468	<b>4 482</b>		
Expanded Public Works Programme Integrated Grant for Provinces	3 717	3 717	3 717	3 678	3 678	3 678	3 704	3 704	3 704	4 468	4 468	4 468	<b>4 482</b>		
<b>Vote 10: Infrastructure</b>	3 193 526	3 379 214	3 379 136	3 055 386	2 905 908	2 865 829	3 148 277	3 191 673	3 155 620	3 089 716	3 094 912	3 094 912	<b>3 639 649</b>	3 365 894	3 516 686
Provincial Roads Maintenance Grant	1 040 051	1 040 051	1 040 051	1 067 344	967 006	967 006	1 099 046	1 142 442	1 142 442	960 309	960 309	960 309	<b>1 425 471</b>	1 059 248	1 106 702
Expanded Public Works Programme Integrated Grant for Provinces (Public Works)	12 469	12 469	12 469	10 008	10 008	10 008	13 855	13 855	13 855	13 373	13 373	13 373	<b>3 687</b>		
Human Settlements Development Grant	2 073 610	2 172 110	2 172 110	1 907 551	1 855 286	1 886 007	1 575 285	1 575 285	1 575 150	1 628 418	1 628 418	1 628 418	<b>1 701 511</b>	1 777 924	1 857 575
Informal Settlements Upgrading Partnership Grant for Provinces							457 429	457 429	421 511	484 638	489 834	489 834	<b>505 998</b>	528 722	552 409
Expanded Public Works Programme Integrated Grant for Provinces (Human Settlements)	2 986	2 986	2 986	2 531	2 531	2 531	2 662	2 662	2 662	2 978	2 978	2 978	<b>2 982</b>		
Provincial Emergency Housing Grant		87 188	87 110		70 877	77									
Title Deeds Restoration Grant	64 410	64 410	64 410	67 952	200	200									
<b>Vote 11: Agriculture</b>	216 373	208 494	206 294	169 138	164 021	164 018	182 152	182 152	178 880	188 786	188 786	188 786	<b>189 729</b>	196 334	205 130
Land Care Programme Grant: Poverty Relief and Infrastructure Development	5 255	5 255	5 096	5 045	4 985	4 985	5 451	5 451	5 451	5 532	5 532	5 532	<b>5 680</b>	6 546	6 839
Disaster relief grant					25 000	25 000									
Comprehensive Agricultural Support Programme (CASP) Grant	150 261	151 683	151 683	111 555	89 301	89 301	116 753	116 753	113 481	122 087	122 087	122 087	<b>121 653</b>	127 116	132 811
Ilima/Letsema Projects Grant	58 779	49 478	47 437	50 464	42 661	42 658	57 721	57 721	57 721	58 993	58 993	58 993	<b>59 979</b>	62 672	65 480
Expanded Public Works Programme Integrated Grant for Provinces	2 078	2 078	2 078	2 074	2 074	2 074	2 227	2 227	2 227	2 174	2 174	2 174	<b>2 417</b>		
<b>Vote 13: Cultural Affairs and Sport</b>	250 204	250 204	250 204	278 493	220 656	220 656	285 077	285 077	285 077	288 755	288 755	288 755	<b>263 496</b>	266 533	278 512
Mass Participation and Sport Development Grant	56 064	56 064	56 063	83 491	60 354	60 354	88 884	88 884	88 884	91 221	91 221	91 221	<b>62 516</b>	65 364	68 332
Community Library Services Grant	186 763	186 763	186 763	186 126	151 426	151 426	188 862	188 862	188 862	190 102	190 102	190 102	<b>193 331</b>	201 169	210 180
Expanded Public Works Programme Integrated Grant for Provinces	2 909	2 909	2 909	3 098	3 098	3 098	3 099	3 099	3 099	3 099	3 099	3 099	<b>2 956</b>		
Social Sector EPWP Incentive Grant for Provinces	4 468	4 468	4 469	5 778	5 778	5 778	4 232	4 232	4 232	4 333	4 333	4 333	<b>4 693</b>		
<b>Total Conditional grants</b>	<b>12 808 584</b>	<b>13 055 537</b>	<b>13 036 175</b>	<b>13 190 508</b>	<b>13 448 788</b>	<b>13 356 751</b>	<b>13 530 197</b>	<b>13 637 073</b>	<b>13 514 644</b>	<b>14 015 674</b>	<b>14 200 504</b>	<b>14 200 504</b>	<b>14 474 132</b>	<b>14 408 235</b>	<b>15 078 927</b>

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

Receipts R'000	Outcome			Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	Medium-term estimate %			
	Audited 2019/20	Audited 2020/21	Audited 2021/22				Change from Revised estimate 2022/23	2023/24	2024/25	2025/26
<b>Tax receipts</b>	2 510 594	2 370 931	2 696 814	2 384 463	2 480 363	2 480 363	3 020 851	21.79	3 157 068	3 299 167
Provincial Revenue Fund (Tax receipts)										
Casino taxes	566 340	243 070	405 279	373 330	373 330	373 330	499 652	33.84	463 210	463 618
Horse racing taxes	98 631	212 822	350 870	110 199	110 198	110 198	443 088	302.08	522 345	566 645
Other taxes (Liquor licence fees)	41 215	39 713	44 034	39 020	39 020	39 020	49 093	25.81	51 307	53 616
Motor vehicle licences	1 804 408	1 875 326	1 896 631	1 861 914	1 957 815	1 957 815	2 029 018	3.64	2 120 206	2 215 288
<b>Total Departmental Own Receipts</b>	1 094 583	749 261	785 467	589 560	603 522	681 279	600 798	(11.81)	627 324	655 073
<b>Sales of goods and services other than capital assets</b>	755 761	508 006	575 034	542 724	541 686	539 873	543 502	0.67	567 925	593 393
Sales of goods and services produced by department (excl. capital assets)	753 887	507 232	572 764	541 515	540 477	538 683	541 733	0.57	566 077	591 464
Sales of goods and services produced by department (excl. capital assets)	90 413	68 776	115 471	93 833	93 833	93 722	94 093	0.40	98 189	102 588
Sales by market establishments	67 943	43 072	43 421	37 193	37 193	36 982	39 907	7.91	41 844	43 735
Inspection fees	1 177	201	245	229	229	229	1 000	336.68	1 045	1 092
Licences or permits	58 636	37 329	36 720	31 649	31 649	31 427	31 374	(0.17)	32 928	34 420
Registration	25	25	25	27	27	27	27		28	29
Request for information	8 105	5 517	6 431	5 288	5 288	5 289	7 506	41.92	7 843	8 194
Other sales	595 531	395 384	413 872	410 489	409 451	407 979	407 733	(0.06)	426 044	445 142
Academic services: Registration, tuition & examination fees	10 851	16 387	15 713	11 744	11 744	11 744	12 819	9.15	13 395	13 994
Boarding services	16 848	14 429	14 952	14 068	14 068	14 068	12 061	(14.27)	12 602	13 167
Commission on insurance	17 514	17 966	17 964	19 508	19 508	19 623	19 133	(2.50)	19 992	20 890
Hospital fees	494 856	299 883	313 321	312 925	312 925	312 925	312 925		326 975	341 624
Laboratory services	2 235	3 054	3 336	2 046	2 046	2 046	2 310	12.90	2 414	2 522
Miscellaneous capital receipts	150									
Parking	9	(3)	20							
Rental of buildings, equipment and other	248	117	116	100	100	100	55	(45.00)	58	61
Sales of goods	13 984	15 628	15 034	16 325	16 325	16 332	13 322	(18.43)	13 921	14 546
Sales of agricultural	12 369	11 991	17 421	16 217	16 217	14 606	15 559	6.52	15 533	16 237
Tender documentation	236	137	144	592	592	592	81	(86.32)	83	87
Vehicle repair service	293	308	32	35	35	35	124	254.29	130	135
Services rendered	20 770	13 543	13 161	14 880	13 883	13 883	17 070	22.96	18 567	19 399
Photocopies and faxes	233	214	704	566	525	525	750	42.86	783	818
Other	4 935	1 730	1 954	1 483	1 483	1 500	1 524		1 591	1 662
Sales of scrap, waste, arms and other used current goods (excl. capital assets)	1 874	774	2 270	1 209	1 209	1 190	1 769	48.66	1 848	1 929



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

Receipts R'000	Outcome			Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	Medium-term estimate %			
	Audited 2019/20	Audited 2020/21	Audited 2021/22				Change from Revised estimate 2022/23	2023/24	2024/25	2025/26
<b>Transfers received from</b>	95 668	37 691	16 847	16 694	17 130	17 129	<b>16 194</b>	(5.46)	16 921	17 679
Other governmental units	1 000	1 200	694							
Higher education institutions	35 631	36 459	16 123	16 693	16 693	16 693	<b>16 193</b>	(3.00)	16 920	17 678
International organisations	55 136									
Public corporations and private enterprises	3 901	32			436	436		(100.00)		
Households and non-profit institutions			30	1	1		<b>1</b>		1	1
<b>Fines, penalties and forfeits</b>	8 039	5 026	9 137	3 594	5 439	5 542	<b>3 697</b>	(33.29)	3 832	4 005
<b>Interest, dividends and rent on land</b>	14 495	10 793	12 776	5 658	14 583	15 975	<b>12 908</b>	(19.20)	13 043	13 271
Interest	14 477	7 808	12 489	5 658	14 583	15 975	<b>12 908</b>	(19.20)	13 043	13 271
Dividends	18	763								
Rent on land		2 222	287							
<b>Sales of capital assets</b>	659	16 062	11 360	5	160	720	<b>155</b>	(78.47)	155	155
Land and subsoil assets	29	7 433	5 456							
Other capital assets	630	8 629	5 904	5	160	720	<b>155</b>	(78.47)	155	155
<b>Financial transactions in assets and liabilities</b>	219 961	171 683	160 313	20 885	24 524	102 040	<b>24 342</b>	(76.14)	25 448	26 569
Loan repayments	12 014	7 464	14 168							
Recovery of previous year's expenditure	185 815	140 755	100 570	12 550	12 550	84 090	<b>14 251</b>	(83.05)	14 900	15 545
Staff debt	8 125	3 268	16 546	5 669	5 669	6 001	<b>5 835</b>	(2.77)	6 100	6 377
Unallocated credits	2 617	1 869	1 743	1 719	1 719	7 027	<b>3 542</b>	(49.59)	3 701	3 866
Cash surpluses	120	11 887	6	1	1	2	<b>1</b>	(50.00)	1	1
Other	11 270	6 440	27 280	946	4 585	4 920	<b>713</b>	(85.51)	746	780
<b>Total departmental receipts</b>	<b>3 605 177</b>	<b>3 120 192</b>	<b>3 482 281</b>	<b>2 974 023</b>	<b>3 083 885</b>	<b>3 161 642</b>	<b>3 621 649</b>	14.55	3 784 392	3 954 240

**Table A.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 5**

Economic classification R'000	Outcome						Medium-term estimate			
	Audited 2019/20	Audited 2020/21	Audited 2021/22	Main appro-riation 2022/23	Adjusted appro-riation 2022/23	Revised estimate 2022/23	% Change from Revised estimate			
							2023/24	2022/23	2024/25	2025/26
<b>Current payments</b>	50 985 751	53 384 982	56 433 586	58 856 283	58 880 839	58 877 460	<b>59 642 262</b>	1.30	60 470 686	61 771 200
Compensation of employees	36 492 839	37 164 215	39 451 982	40 976 847	41 171 066	41 046 815	<b>41 305 259</b>	0.63	41 876 311	42 404 024
Salaries and wages	32 052 639	32 554 783	34 685 656	36 036 507	36 204 864	36 073 139	<b>36 233 156</b>	0.44	36 671 230	37 045 409
Social contributions	4 440 200	4 609 432	4 766 327	4 940 340	4 966 202	4 973 676	<b>5 072 103</b>	1.98	5 205 081	5 358 615
Goods and services	14 492 825	16 220 663	16 981 517	17 879 301	17 709 638	17 830 509	<b>18 336 868</b>	2.84	18 594 248	19 367 037
<i>Of which</i>										
Administrative fees	399 808	388 677	410 939	389 489	429 764	428 258	<b>389 924</b>	(8.95)	410 692	429 247
Advertising	91 507	81 835	93 410	123 618	135 715	136 541	<b>128 488</b>	(5.90)	129 038	123 537
Minor Assets	93 502	102 619	77 041	103 978	106 720	95 621	<b>111 298</b>	16.39	119 287	125 522
Audit cost: External	89 877	82 420	105 513	102 805	105 301	103 657	<b>111 393</b>	7.46	113 654	118 431
Bursaries: Employees	25 670	22 799	23 202	26 748	26 104	26 322	<b>27 181</b>	3.26	27 802	29 077
Catering: Departmental activities	44 585	34 283	30 349	29 113	41 846	42 600	<b>60 650</b>	42.37	63 576	66 007
Communication (G&S)	91 223	98 886	101 587	114 901	107 163	94 922	<b>113 320</b>	19.38	117 595	122 801
Computer services	1 068 317	1 192 748	1 406 553	1 355 255	1 363 557	1 382 838	<b>1 464 287</b>	5.89	1 414 531	1 405 112
Consultants and professional services: Business and advisory services	720 352	751 260	842 074	856 318	937 529	929 037	<b>983 174</b>	5.83	972 278	1 011 813
Infrastructure and planning	277 290	255 770	477 746	327 732	297 137	316 688	<b>206 764</b>	(34.71)	221 789	187 428
Laboratory services	768 894	927 201	1 154 826	1 044 558	936 923	930 648	<b>903 984</b>	(2.87)	959 437	1 006 354
Legal costs	62 051	52 811	62 064	70 666	75 715	75 909	<b>62 544</b>	(17.61)	65 733	69 865
Contractors	1 051 320	1 267 150	1 225 064	1 336 469	1 349 758	1 344 795	<b>1 433 355</b>	6.59	1 417 884	1 482 700
Agency and support / outsourced services	1 084 850	1 185 396	1 296 756	1 157 751	1 323 898	1 327 147	<b>1 333 591</b>	0.49	1 371 399	1 438 496
Entertainment	648	141	302	1 148	1 033	892	<b>1 097</b>	22.98	1 102	1 128
Fleet services (including government motor transport)	341 717	289 303	365 288	386 994	399 746	414 970	<b>427 709</b>	3.07	449 435	469 242
Housing										
Inventory: Clothing material and accessories	3 385	1 194	2 929	2 252	2 973	2 982	<b>2 240</b>	(24.88)	2 327	2 438
Inventory: Food and food supplies	56 237	63 061	70 593	68 413	66 623	71 729	<b>71 064</b>	(0.93)	75 568	80 388
Inventory: Learner and teacher support material	163 863	92 317	149 343	233 972	257 452	270 368	<b>251 755</b>	(6.88)	263 015	274 921
Inventory: Materials and supplies	11 726	14 648	14 437	19 388	15 906	15 650	<b>16 274</b>	3.99	17 050	17 883
Inventory: Medical supplies	1 670 081	2 023 102	2 030 158	2 131 031	1 950 175	2 005 720	<b>1 976 828</b>	(1.44)	2 106 203	2 241 072
Inventory: Medicine	1 587 469	1 800 646	1 762 680	1 876 983	1 899 252	1 869 303	<b>1 949 336</b>	4.28	2 068 338	2 215 175
Medsas inventory interface						38		(100.00)		
Inventory: Other supplies	369 570	224 082	306 206	520 646	469 571	462 428	<b>457 202</b>	(1.13)	406 707	425 878
Consumable supplies	551 212	1 179 641	719 056	730 316	724 402	815 323	<b>788 576</b>	(3.28)	827 259	874 833
Consumable: Stationery, printing and office supplies	153 182	133 750	157 468	167 697	172 825	184 655	<b>179 956</b>	(2.54)	188 090	196 663
Operating leases	315 278	472 853	343 145	361 642	347 505	337 015	<b>356 019</b>	5.64	366 935	382 497
Property payments	2 554 839	2 814 760	2 839 142	3 389 030	3 141 462	3 141 986	<b>3 473 212</b>	10.54	3 318 010	3 412 899
Transport provided: Departmental activity	332 772	267 617	530 444	457 128	492 240	483 649	<b>421 487</b>	(12.85)	439 435	459 737
Travel and subsistence	213 773	129 578	122 605	180 281	200 166	188 022	<b>270 604</b>	43.92	289 185	295 760
Training and development	139 727	61 677	101 463	148 767	151 273	145 224	<b>181 778</b>	25.17	182 180	203 637
Operating payments	106 859	81 725	82 214	113 207	118 448	120 809	<b>114 623</b>	(5.12)	118 633	122 994
Venues and facilities	21 848	89 390	38 354	17 819	25 498	26 573	<b>29 190</b>	9.85	30 369	31 861
Rental and hiring	29 393	37 323	38 569	33 186	35 958	38 190	<b>37 965</b>	(0.59)	39 712	41 641
Interest and rent on land	87	104	87	135	135	136	<b>135</b>	(0.74)	127	139
Interest (Incl. interest on finance leases)		8	2			1	<b>2</b>	100.00	2	2
Rent on land	87	96	85	135	135	135	<b>133</b>	(1.48)	125	137

**Table A.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 5 (continued)**

Economic classification R'000	Outcome						Medium-term estimate % Change from Revised estimate			
	Audited 2019/20	Audited 2020/21	Audited 2021/22	Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	2023/24	2022/23	2024/25	2025/26
<b>Transfers and subsidies to (Current)</b>	8 429 884	10 222 448	9 692 848	10 341 057	10 483 853	10 455 048	<b>10 882 298</b>	4.09	10 419 472	11 214 005
Provinces and municipalities	1 818 607	2 057 362	1 967 771	2 131 099	2 273 224	2 273 225	<b>2 252 635</b>	(0.91)	2 247 127	2 326 511
Provinces	4 700	2 428	6 985	7 027	7 029	7 029	<b>7 527</b>		8 027	9 351
Provincial Revenue Funds		1								
Provincial agencies and funds	4 700	2 427	6 985	7 027	7 029	7 029	<b>7 527</b>	7.08	8 027	9 351
Municipalities	1 813 907	2 054 934	1 960 786	2 124 072	2 266 195	2 266 196	<b>2 245 108</b>	(0.93)	2 239 100	2 317 160
Municipal bank accounts	1 661 530	1 608 778	1 748 258	1 690 649	1 832 772	1 832 772	<b>1 865 753</b>	1.80	1 857 696	1 933 330
Municipal agencies and funds	152 377	446 156	212 528	433 423	433 423	433 424	<b>379 355</b>	(12.47)	381 404	383 830
Departmental agencies and accounts	578 835	571 165	566 088	560 696	559 315	559 303	<b>557 892</b>	(0.25)	584 088	609 244
Social security funds	432	159	684	170	361	361		(100.00)		
Departmental agencies (non-business entities)	578 403	571 006	565 404	560 526	558 954	558 942	<b>557 892</b>	(0.19)	584 088	609 244
South African Broadcasting Corporation (SABC)	767	1 074	960	1 199	1 206	1 215	<b>1 009</b>	(16.95)	1 039	1 079
Western Cape Gambling and Racing Board	37 663	27 744	26 256	27 000	25 076	25 076	<b>26 862</b>	7.12	24 586	25 685
Atlantis Special Economic Zone Company	31 487	29 161	44 387	39 182	39 182	39 182	<b>40 906</b>	4.40	42 743	44 658
Western Cape Nature Conservation Board	266 916	261 551	247 180	250 613	250 613	250 613	<b>264 940</b>	5.72	269 994	282 090
Agricultural Research Council				1 000	1 000	1 000		(100.00)		
Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro)	101 265	124 563	123 011	129 686	127 686	127 686	<b>128 962</b>	1.00	142 310	148 388
Western Cape Cultural Commission	524	2 149	1 100	627	627	627	<b>655</b>	4.47	665	691
Western Cape Liquor Authority	42 108	51 377	59 472	45 688	47 915	47 914	<b>56 015</b>	16.91	58 540	61 173
Western Cape Language Committee	258	240	279	290	290	290	<b>303</b>	4.48	313	338
Artscape	175	200	196	204	254	254	<b>213</b>	(16.14)	215	230
Western Cape Heritage	1 844	550	1 898	1 537	1 537	1 537	<b>1 621</b>	5.47	1 673	1 807
Sector Education and Training Authority (SETA)	18 597	19 626	20 235	21 107	21 179	21 159	<b>22 398</b>	5.86	23 427	24 504
Government Motor Trading Account		1 872								
Saldanha Bay IDZ licencing Company (SOC) Ltd	74 187	42 566	40 054	41 977	41 977	41 977	<b>12 700</b>	(69.75)	18 150	18 150
Other	2 612	8 333	376	416	412	412	<b>1 308</b>	217.48	433	451
Higher education institutions	500	1 500	1 194	190	190	190	<b>201</b>	5.79	198	202
Foreign governments and international organisations	289	311	292	338	338	338	<b>356</b>	5.33	357	375
Public corporations and private enterprises	1 222 970	1 338 721	1 293 014	1 284 683	1 262 150	1 314 212	<b>1 359 040</b>	3.41	1 414 968	1 480 989
Public corporations	216 411	214 205	154 715	188 582	178 964	180 964	<b>142 859</b>	(21.06)	144 067	152 338
Subsidies on products and production (pc)										
Other transfers to public corporations	216 411	214 205	154 715	188 582	178 964	180 964	<b>142 859</b>	(21.06)	144 067	152 338
Private enterprises	1 006 559	1 124 516	1 138 299	1 096 101	1 083 186	1 133 248	<b>1 216 181</b>	7.32	1 270 901	1 328 651
Other transfers to private enterprises	1 006 559	1 124 516	1 138 299	1 096 101	1 083 186	1 133 248	<b>1 216 181</b>	7.32	1 270 901	1 328 651
Non-profit institutions	4 426 859	5 760 797	5 366 151	5 674 588	5 783 862	5 720 628	<b>6 098 629</b>	6.61	5 681 105	6 261 196
Households	381 824	492 592	498 338	689 463	604 774	587 152	<b>613 545</b>	4.50	491 629	535 488
Social benefits	206 822	188 344	233 554	211 020	228 605	217 687	<b>213 529</b>	(1.91)	220 714	230 871
Other transfers to households	175 002	304 248	264 784	478 443	376 169	369 465	<b>400 016</b>	8.27	270 915	304 617

**Table A.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 5 (continued)**

Economic classification R'000	Outcome			Main appro- piation 2022/23	Adjusted appro- piation 2022/23	Revised estimate 2022/23	Medium-term estimate % Change from Revised estimate			
	Audited 2019/20	Audited 2020/21	Audited 2021/22				2023/24	2022/23	2024/25	2025/26
<b>Transfers and subsidies to (Capital)</b>	2 644 445	2 401 293	2 412 088	2 419 485	2 457 227	2 457 227	<b>2 609 906</b>	6.21	2 589 573	2 669 920
Provinces and municipalities	221 371	276 057	291 207	200 059	311 816	311 816	<b>285 892</b>	(8.31)	261 729	277 438
Provinces										
Provincial Revenue Funds										
Provincial agencies and funds										
Municipalities	221 371	276 057	291 207	200 059	311 816	311 816	<b>285 892</b>	(8.31)	261 729	277 438
Municipal bank accounts	221 371	276 057	291 207	200 059	311 816	311 816	<b>285 892</b>	(8.31)	261 729	277 438
Departmental agencies and accounts	47 558	35 536	39 577	41 477	41 477	41 477	<b>41 802</b>	0.78	40 186	41 986
Departmental agencies (non-business entities)	47 558	35 536	39 577	41 477	41 477	41 477	<b>41 802</b>	0.78	40 186	41 986
South African Broadcasting Corporation (SABC)										
Western Cape Gambling and Racing Board										
Atlantis Special Economic Zone Company										
Hospital Trading Account: Karl Bremer										
National Home Builders Registration Council (NHBRC)										
Western Cape Nature Conservation Board	47 558	35 536	39 577	41 477	41 477	41 477	<b>41 802</b>	0.78	40 186	41 986
South African National Roads Agency Limited										
Agricultural Research Council										
Destination Marketing Organisation										
Western Cape Tourism, Trade and Investment Promotion Agency										
Western Cape Cultural Commission										
Western Cape Liquor Authority										
Western Cape Language Committee										
Artscape										
Western Cape Heritage										
Sector Education and Training Authority (SETA)										
Government Motor Trading Account										
Council for Scientific and Industrial Research (CSIR)										
Saldanha Bay IDZ licencing Company (SOC) Ltd										
Other										
Higher education institutions	10 000	10 000								
Foreign governments and international organisations										
Public corporations and private Public corporations										
Subsidies on products and production (pc)										
Other transfers to public corporations										
Private enterprises										
Subsidies on products and production (pe)										
Other transfers to private enterprises										
Non-profit institutions	66 992	49 582	144 606	150 000	30 000	30 000	<b>30 000</b>		30 000	30 000
Households	2 298 524	2 030 118	1 936 698	2 027 949	2 073 934	2 073 934	<b>2 252 212</b>	8.60	2 257 658	2 320 496
Social benefits										
Other transfers to households	2 298 524	2 030 118	1 936 698	2 027 949	2 073 934	2 073 934	<b>2 252 212</b>	8.60	2 257 658	2 320 496

**Table A.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 5 (continued)**

Economic classification R'000	Outcome			Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	Medium-term estimate			
	Audited 2019/20	Audited 2020/21	Audited 2021/22				% Change from Revised estimate 2022/23	2023/24	2024/25	2025/26
<b>Transfers and subsidies to (Total)</b>	11 074 329	12 623 741	12 104 936	12 760 542	12 941 080	12 912 275	<b>13 492 204</b>	4.49	13 009 045	13 883 925
Provinces and municipalities	2 039 978	2 333 419	2 258 978	2 331 158	2 585 040	2 585 041	<b>2 538 527</b>	(1.80)	2 508 856	2 603 949
Provinces	4 700	2 428	6 985	7 027	7 029	7 029	<b>7 527</b>	7.08	8 027	9 351
Provincial Revenue Funds		1								
Provincial agencies and funds	4 700	2 427	6 985	7 027	7 029	7 029	<b>7 527</b>	7.08	8 027	9 351
Municipalities	2 035 278	2 330 991	2 251 993	2 324 131	2 578 011	2 578 012	<b>2 531 000</b>	(1.82)	2 500 829	2 594 598
Municipal bank accounts	1 882 901	1 884 835	2 039 465	1 890 708	2 144 588	2 144 588	<b>2 151 645</b>	0.33	2 119 425	2 210 768
Municipal agencies and funds	152 377	446 156	212 528	433 423	433 423	433 424	<b>379 355</b>	(12.47)	381 404	383 830
Departmental agencies and accounts	626 393	606 701	605 665	602 173	600 792	600 780	<b>599 694</b>	(0.18)	624 274	651 230
Social security funds	432	159	684	170	361	361		(100.00)		
Departmental agencies and accounts	625 961	606 542	604 981	602 003	600 431	600 419	<b>599 694</b>	(0.12)	624 274	651 230
South African Broadcasting Corporation (SABC)	767	1 074	960	1 199	1 206	1 215	<b>1 009</b>	(16.95)	1 039	1 079
Western Cape Gambling and Racing Board	37 663	27 744	26 256	27 000	25 076	25 076	<b>26 862</b>	7.12	24 586	25 685
Atlantis Special Economic Zone Company	31 487	29 161	44 387	39 182	39 182	39 182	<b>40 906</b>	4.40	42 743	44 658
Western Cape Nature Conservation Board	314 474	297 087	286 757	292 090	292 090	292 090	<b>306 742</b>	5.02	310 180	324 076
Agricultural Research Council				1 000	1 000	1 000		(100.00)		
Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro)	101 265	124 563	123 011	129 686	127 686	127 686	<b>128 962</b>	1.00	142 310	148 388
Western Cape Cultural Commission	524	2 149	1 100	627	627	627	<b>655</b>	4.47	665	691
Western Cape Liquor Authority	42 108	51 377	59 472	45 688	47 915	47 914	<b>56 015</b>	16.91	58 540	61 173
Western Cape Language Committee	258	240	279	290	290	290	<b>303</b>	4.48	313	338
Artscape	175	200	196	204	254	254	<b>213</b>	(16.14)	215	230
Western Cape Heritage	1 844	550	1 898	1 537	1 537	1 537	<b>1 621</b>	5.47	1 673	1 807
Sector Education and Training Authority (SETA)	18 597	19 626	20 235	21 107	21 179	21 159	<b>22 398</b>	5.86	23 427	24 504
Government Motor Trading Account		1 872								
Saldanha Bay IDZ licencing Company (SOC) Ltd	74 187	42 566	40 054	41 977	41 977	41 977	<b>12 700</b>	(69.75)	18 150	18 150
Other	2 612	8 333	376	416	412	412	<b>1 308</b>	217.48	433	451
Higher education institutions	10 500	11 500	1 194	190	190	190	<b>201</b>	5.79	198	202
Foreign governments and international organisations	289	311	292	338	338	338	<b>356</b>	5.33	357	375
Public corporations and private enterprises	1 222 970	1 338 721	1 293 014	1 284 683	1 262 150	1 314 212	<b>1 359 040</b>	3.41	1 414 968	1 480 989
Public corporations	216 411	214 205	154 715	188 582	178 964	180 964	<b>142 859</b>	(21.06)	144 067	152 338
Other transfers to public corporations	216 411	214 205	154 715	188 582	178 964	180 964	<b>142 859</b>	(21.06)	144 067	152 338
Public corporations and private enterprises	1 006 559	1 124 516	1 138 299	1 096 101	1 083 186	1 133 248	<b>1 216 181</b>	7.32	1 270 901	1 328 651
Other transfers to private enterprises	1 006 559	1 124 516	1 138 299	1 096 101	1 083 186	1 133 248	<b>1 216 181</b>	7.32	1 270 901	1 328 651
Non-profit institutions	4 493 851	5 810 379	5 510 757	5 824 588	5 813 862	5 750 628	<b>6 128 629</b>	6.57	5 711 105	6 291 196
Households	2 680 348	2 522 710	2 435 036	2 717 412	2 678 708	2 661 086	<b>2 865 757</b>	7.69	2 749 287	2 855 984
Social benefits	206 822	188 344	233 554	211 020	228 605	217 687	<b>213 529</b>	(1.91)	220 714	230 871
Other transfers to households	2 473 526	2 334 366	2 201 482	2 506 392	2 450 103	2 443 399	<b>2 652 228</b>	8.55	2 528 573	2 625 113
<b>Payments for capital assets</b>	5 459 751	4 301 709	4 708 322	5 710 425	6 198 287	6 207 833	<b>7 178 987</b>	15.64	6 639 329	6 210 721
Buildings and other fixed structures	4 343 608	3 053 037	3 443 105	4 566 126	4 804 776	4 743 656	<b>5 960 587</b>	25.65	5 553 272	4 889 350
Buildings	1 255 367	853 590	704 238	990 337	993 942	932 895	<b>2 150 989</b>	130.57	2 144 623	1 866 136
Other fixed structures	3 088 241	2 199 447	2 738 867	3 575 789	3 810 834	3 810 761	<b>3 809 598</b>	(0.03)	3 408 649	3 023 214
Machinery and equipment	992 185	1 160 910	1 150 749	1 074 510	1 282 490	1 356 168	<b>1 161 140</b>	(14.38)	1 026 256	1 259 374
Transport equipment	386 357	474 020	432 026	443 569	449 379	464 806	<b>559 571</b>	20.39	553 347	579 215
Other machinery and equipment	605 828	686 890	718 724	630 941	833 111	891 362	<b>601 569</b>	(32.51)	472 909	680 159
Land and sub-soil assets	28 214	6 085	10 513	9 000	22 823	22 823	<b>9 350</b>	(59.03)	10 000	10 500
Software and other intangible assets	95 744	81 677	103 955	60 789	88 198	85 186	<b>47 910</b>	(43.76)	49 801	51 497
<b>Payments for financial assets</b>	13 986	14 961	18 802	5 553	7 545	17 158	<b>5 823</b>	(66.06)	6 139	6 421
<b>Total economic classification</b>	67 533 817	70 325 393	73 265 645	77 332 803	78 027 751	78 014 726	<b>80 319 276</b>	2.95	80 125 199	81 872 267

**Table A.4 Summary of provincial payments on training by vote: Relating to Chapter 5**

Vote R'000	Outcome						Medium-term estimate			
	Audited 2019/20	Audited 2020/21	Audited 2021/22	Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	% Change from Revised estimate 2023/24	2022/23	2024/25	2025/26
1. Department of the Premier	4 960	5 638	3 008	2 634	2 634	2 634	4 651	76.58	4 654	3 787
2. Provincial Parliament	843	700	1 123	933	1 375	1 375	834	( 39.35)	899	976
3. Provincial Treasury	1 502	899	1 768	2 772	2 455	2 474	1 753	( 29.14)	1 816	1 832
4. Police Oversight and Community Safety	2 041	1 744	2 326	2 439	2 439	3 042	2 433	( 20.02)	2 522	2 617
5. Education	174 123	131 717	139 421	199 886	199 886	199 886	255 342	27.74	269 516	283 650
6. Health and Wellness	358 471	327 592	363 115	439 300	450 648	439 013	443 972	1.13	442 552	459 361
7. Social Development	4 178	216	1 066	2 600	2 038	2 038	3 697	81.40	3 083	3 226
8. Mobility	8 109	3 463	5 151	6 665	6 665	6 665	6 625	( 0.60)	6 750	7 053
9. Environmental Affairs and Development Planning	2 096	334	621	788	788	691	1 237	79.02	1 212	1 292
10. Infrastructure	34 356	29 295	33 150	35 548	36 851	36 851	43 986	19.36	38 147	46 813
11. Agriculture	10 311	18 842	9 029	10 753	10 419	10 605	11 825	11.50	12 195	12 463
12. Economic Development and Tourism	27 896	4 821	3 213	7 554	7 694	7 694	854	( 88.90)	884	885
13. Cultural Affairs and Sport	3 062	3 024	4 145	5 121	5 468	5 468	4 132	( 24.43)	4 160	4 346
14. Local Government	815	1 101	877	1 289	976	976	1 289	32.07	1 339	1 397
<b>Total provincial payments on training</b>	<b>632 763</b>	<b>529 386</b>	<b>568 013</b>	<b>718 282</b>	<b>730 336</b>	<b>719 412</b>	<b>782 630</b>	<b>8.79</b>	<b>789 729</b>	<b>829 698</b>

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

Description	Outcome						Medium-term estimate			
	Audited	Audited	Audited	Main	Adjusted	Revised	% Change from Revised estimate			
	2019/20	2020/21	2021/22	2022/23	2022/23	2022/23	2023/24	2022/23	2024/25	2025/26
Number of staff	85 712	86 969	89 004	92 714	90 221	90 209	<b>93 118</b>	3.22	93 099	93 163
Number of personnel trained	59 751	51 074	60 557	62 448	62 741	62 746	<b>64 732</b>	3.17	67 820	70 839
<i>of which</i>										
Male	24 986	16 796	24 163	25 083	25 221	25 203	<b>26 106</b>	3.58	27 355	28 568
Female	34 765	34 278	36 394	37 365	37 520	37 543	<b>38 626</b>	2.88	40 465	42 271
Number of training opportunities	34 997	34 139	35 837	35 151	36 345	36 439	<b>36 600</b>	0.44	38 206	39 830
<i>of which</i>										
Tertiary	1 335	1 068	1 111	1 134	1 120	1 119	<b>1 142</b>	2.06	1 193	1 247
Workshops	850	787	1 049	808	1 058	902	<b>919</b>	1.88	948	983
Seminars	241	240	302	278	322	325	<b>348</b>	7.08	358	373
Other	32 571	32 044	33 375	32 931	33 845	34 093	<b>34 191</b>	0.29	35 707	37 227
Number of bursaries offered	2 291	2 095	2 123	2 202	2 246	2 249	<b>2 267</b>	0.80	2 291	2 317
Number of interns appointed	1 904	1 552	1 474	1 340	2 169	2 176	<b>2 229</b>	2.44	2 308	2 339
Number of learnerships appointed	287	299	281	281	246	246	<b>279</b>	13.41	281	283
Number of days spent on training	16 925	14 379	17 353	16 291	19 628	19 628	<b>20 135</b>	2.58	21 053	21 935

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

Outcome							Medium-term estimate				
				Main	Adjusted		% Change				
Municipalities	Audited	Audited	Audited	appro-	appro-	Revised	from				
R'000	2019/20	2020/21	2021/22	priation	priation	estimate	Revised				
				2022/23	2022/23	2022/23	estimate	2023/24	2022/23	2024/25	2025/26
Category A	1 242 572	1 420 810	1 208 984	1 504 773	1 500 656	1 500 657		1 448 395	(3.48)	1 485 774	1 540 323
City of Cape Town	1 242 572	1 420 810	1 208 984	1 504 773	1 500 656	1 500 657		1 448 395	(3.48)	1 485 774	1 540 323
Category B	1 833 705	1 523 095	1 731 865	1 048 568	1 352 949	1 352 949		1 328 509	(1.81)	1 361 842	1 699 850
Matzikama	37 742	13 580	73 113	35 068	74 897	74 897		27 773	(62.92)	22 864	30 252
Cederberg	31 045	19 615	34 596	31 145	49 885	49 885		13 735	(72.47)	14 224	52 314
Bergrivier	21 914	13 845	13 822	17 463	15 465	15 465		47 411	206.57	15 037	81 920
Saldanha Bay	45 114	45 059	34 971	37 032	47 352	47 352		53 986	14.01	95 928	203 703
Swartland	73 924	67 733	64 696	77 612	73 855	73 855		78 851	6.76	86 907	133 280
Witzenberg	48 502	39 813	63 203	26 915	22 590	22 590		40 638	79.89	14 083	17 432
Drakenstein	140 041	150 071	103 653	69 705	61 457	61 457		91 304	48.57	53 230	96 536
Stellenbosch	105 759	48 273	89 926	52 701	51 884	51 884		55 429	6.83	57 200	90 909
Breede Valley	119 698	83 989	129 999	19 559	22 309	22 309		18 551	(16.85)	17 704	25 576
Langeberg	27 929	23 295	25 782	32 080	36 622	36 622		31 345	(14.41)	34 399	27 943
Theewaterskloof	78 294	71 303	61 079	40 347	93 271	93 271		60 514	(35.12)	102 439	136 915
Overstrand	126 341	92 218	150 361	125 741	137 741	137 741		129 409	(6.05)	108 800	116 549
Cape Agulhas	68 077	44 198	21 785	10 904	29 728	29 728		14 131	(52.47)	33 653	34 421
Swellendam	25 474	32 445	49 018	41 800	83 232	83 232		71 464	(14.14)	64 644	42 567
Kannaland	19 494	8 041	6 251	5 243	5 224	5 224		24 038	360.15	3 606	19 709
Hessequa	12 538	28 868	65 949	46 172	50 302	50 302		44 891	(10.76)	38 315	45 771
Mossel Bay	131 482	206 075	187 164	100 199	88 936	88 936		128 031	43.96	60 175	101 635
George	428 973	341 674	375 395	195 621	274 834	274 834		257 594	(6.27)	310 469	258 978
Oudtshoorn	46 627	44 819	37 313	10 595	25 636	25 636		37 656	46.89	16 926	24 236
Bitou	64 410	53 712	55 442	28 031	31 171	31 171		41 251	32.34	136 716	103 205
Knysna	82 442	69 861	71 100	32 635	60 478	60 478		45 348	(25.02)	50 980	42 018
Laingsburg	10 575	6 264	3 478	1 739	3 099	3 099		3 621	16.84	6 435	2 017
Prince Albert	16 137	8 743	4 813	2 203	4 078	4 078		3 327	(18.42)	5 311	2 354
Beaufort West	71 173	9 601	8 956	8 058	8 903	8 903		8 211	(7.77)	11 797	9 610
Category C	17 755	18 704	36 406	12 064	25 920	25 920		23 433	(9.59)	16 691	17 008
West Coast District Municipality	2 891	3 457	5 589	2 396	5 796	5 796		3 062	(47.17)	2 198	2 247
Cape Winelands District Municipality	4 014	3 175	5 569	1 575	3 625	3 625		5 636	55.48	3 137	3 229
Overberg District Municipality	2 686	3 349	5 201	1 593	5 349	5 349		2 654	(50.38)	2 214	2 266
Garden Route District Municipality	5 800	5 973	12 773	6 500	9 500	9 500		11 041	16.22	8 061	8 153
Central Karoo District Municipality	2 364	2 750	7 274		1 650	1 650		1 040	(36.97)	1 081	1 113
Unallocated <sup>Note 1</sup>				32 988	2 410	2 410		59 371		132 980	146 252
Total transfers to local government	3 094 032	2 962 609	2 977 255	2 598 393	2 881 935	2 881 936		2 859 708	(0.77)	2 997 287	3 403 433
Funds retained by the Department of Human Settlements (not included in the transfers to local government)	727 087	781 710	708 616	1 169 835	1 082 430	1 082 430		1 257 757	16.20	1 081 724	844 074



**Table A.6 Transfers to local government by category and municipality: Information relating to Chapter 6 (continued)**

<b>Vote</b>	<b>Note 1 Unallocated</b>		<b>2023/24 Allocation (R'000)</b>	<b>2024/25 Allocation (R'000)</b>	<b>2025/26 Allocation (R'000)</b>
Vote 3	Western Cape Financial Management Capability Grant	The unallocated amount over the 2023/24 MTREF allocations to specific municipalities will be based on the outcomes and recommendations of the Strategic Integrated Municipal Engagement (SIME), Technical Integrated Municipal Engagements (TIME) and Local Government Medium Term Expenditure Committee (LG MTEC) processes.	5 833	19 260	20 123
	Western Cape Municipal Financial Recovery Services Grant		2 000	2 000	2 000
Vote 9	Regional Socio-Economic Projects (RSEP) Programme - Municipal Projects	The unallocated allocations for 2024/25 and 2025/26 financial years to specific municipalities will be selected, and amounts allocated based on the performance and readiness of municipalities to implement projects/further projects.		18 200	18 500
Vote 10	Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	The unallocated allocations for the 2024/25 and 2025/26 financial years are dependent on the 20% co-funding by the relevant municipalities. As this has not yet been finalised, provided for in the municipal budgets and approved, it cannot be gazette in the provincial gazette and transferred.		18 000	19 000
Vote 13	Development of sport and recreation facilities	The allocations for the 2024/25, (R2.171 million) and 2025/26, (R2.269 million) financial years are dependent on municipalities submitting Business Plans. As the Business Plans for the outer years have not been submitted, these amounts cannot be gazetted and transferred.		2 171	2 269
Vote 14	Municipal Service Delivery and Capacity Building Grant	The unallocated amounts over the 2023/24 MTREF will be allocated based on the outcomes and recommendations of the annual Intergovernmental engagements, monitoring and consultation processes with municipalities. These include Local Government Medium Term Expenditure Committee, Technical Integrated Municipal Engagements, Integrated Development Planning Indaba and Back to Basic meetings.	3 603	6 668	7 475
	Western Cape Municipal Interventions Grant		5 647	5 901	6 165
	Municipal Energy Resilience Grant		8 476	13 522	18 681
	Municipal Water Resilience Grant		31 312	39 683	40 116
	Fire Service Capacity Building Grant	The unallocated amounts for 2023/24 MTREF will be allocated based on the outcomes and recommendations of the annual Intergovernmental engagements, monitoring and consultation processes with Municipalities.	2 500	7 575	11 923
<b>Total</b>			<b>59 371</b>	<b>132 980</b>	<b>146 252</b>

**Table A.7 Payments: Summary by policy area**

GFS function	Category	Department	Programme			
General public services	Legislative	Department of the Premier	1.1	Executive Governance and Integration (Administration)		
		Provincial Parliament	2.1	Governance (Leadership) and Administration		
			2.2	Parliamentary Support Services		
			2.3	Public Engagement		
	2.4		Members Support			
	Financial and Fiscal Affairs	Provincial Treasury	3.1	Administration		
			3.2	Sustainable Resource Management		
			3.3	Asset Management		
			3.4	Financial Governance		
	General Services	Department of the Premier	1.2	Provincial Strategic Management		
			1.3	People Management		
			1.4	Centre for e-Innovation (Corporate Services Centre)		
			1.5	Corporate Assurance (Corporate Services Centre)		
			1.6	Legal Services		
			Local Government	14.1	Administration	
		14.2		Local Governance		
			14.3	Development and Planning		
	14.4		Traditional Institutional Management			
	Public Order and Safety		Police Services	Police Oversight and Community Safety	4.1	Administration
					4.2	Provincial Secretariat for Police Service
4.3		Provincial Policing Functions				
4.4		Security Risk Management				
Economic Affairs	General Economic	Economic Development and Tourism	12.1	Administration		
			12.2	Integrated Economic Development Services		
			12.3	Trade and Sector Development		
			12.4	Business Regulation and Governance		
			12.5	Economic Planning		
			12.7	Skills Development and Innovation		
			Infrastructure	10.2	Public Works Infrastructure	
				Agriculture	Agriculture	11.1
	11.2	Sustainable Resource Use and Management				
	11.3	Agricultural Producer Support and Development				
	11.4	Veterinary Services				
	11.5	Research and Technology Development Services				
	11.6	Agricultural Economics Services				
	11.7	Agricultural Education and Training				
	11.8	Rural Development				
	Transport	Infrastructure	10.1	Administration		
			10.3	Transport Infrastructure		
			10.5	Community Based Programmes		
		Mobility	8.1	Administration		
			8.2	Transport Operations		
			8.3	Transport Regulation		
	Communication	Economic Development and Tourism	12.6	Tourism Arts and Entertainment		

**Table A.8 Details of provincial payments and estimates by policy area**

GFS function	Category	Department	Programme	
Environmental Protection	Environmental Protection	Environmental Affairs and Development Planning	9.1	Administration
			9.2	Environmental Policy, Planning and Coordination
			9.3	Compliance and Enforcement
			9.4	Environmental Quality Management
			9.5	Biodiversity Management
			9.6	Environmental Empow erment Services
			9.7	Development Planning
Housing and Community Amenities	Housing Development	Infrastructure	10.4.1	Administration
			10.4.2	Housing Needs, Research and Planning
			10.4.3	Housing Development
			10.4.4	Housing Asset Management
Health	Health n.e.c	Health and Wellness	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 Archive Services
Education	Pre-primary and Primary Education	Education	5.2.1	Public Primary Level
	Secondary Education		5.5	Early Childhood Development
			5.2.2	Public Secondary Level
			Subsidiary Service to Education	5.3
	Education not definable		5.1	Administration
			5.2.3	Human Resource Development
			5.2.4	Conditional grants
			5.4	Public Special School Education
			5.6	Infrastructure Development
Social Protection	Social Security Services	Social Development	5.7	Examination and Education Related Services
			7.1	Administration
			7.2	Social Welfare Services
			7.3	Children and Families
			7.4	Restorative Services
	7.5	Development and Research		

**Table A.8 Details of provincial payments and estimates by policy area (policy area)**

GFS function R'000	Outcome			Main appro- piation 2022/23	Adjusted appro- piation 2022/23	Revised estimate 2022/23	Medium-term estimate		
	Audited 2019/20	Audited 2020/21	Audited 2021/22				2023/24	2024/25	2025/26
<b>FUNCTION - GENERAL PUBLIC SERVICES</b>									
<b>Category - Legislative</b>									
Department of the Premier (Programme 1.1)	105 659	94 648	97 803	103 000	106 358	106 358	<b>101 936</b>	102 021	108 163
Provincial Parliament (Vote 2)	145 748	143 036	157 429	176 502	187 175	187 175	<b>187 678</b>	194 081	195 747
<b>Total for Category - Legislative</b>	<b>251 407</b>	<b>237 684</b>	<b>255 232</b>	<b>279 502</b>	<b>293 533</b>	<b>293 533</b>	<b>289 614</b>	296 102	303 910
<b>Category - Financial and fiscal affairs</b>									
Department of Provincial Treasury (Vote 3)	328 765	277 393	289 998	321 610	318 820	318 820	<b>340 674</b>	342 882	349 004
<b>Total for Category - Financial and fiscal affairs</b>	<b>328 765</b>	<b>277 393</b>	<b>289 998</b>	<b>321 610</b>	<b>318 820</b>	<b>318 820</b>	<b>340 674</b>	342 882	349 004
<b>Category - General services</b>									
Department of the Premier (Programme 1.2 to 1.6)	1 455 372	1 515 480	1 604 700	1 722 280	1 698 924	1 698 924	<b>1 945 167</b>	1 824 115	1 830 487
Department of Local Government (Vote 14)	313 749	279 141	330 471	309 301	388 912	385 426	<b>369 866</b>	372 831	385 647
<b>Total for Category - General services</b>	<b>1 769 121</b>	<b>1 794 621</b>	<b>1 935 171</b>	<b>2 031 581</b>	<b>2 087 836</b>	<b>2 084 350</b>	<b>2 315 033</b>	2 196 946	2 216 134
<b>TOTAL FOR FUNCTION - GENERAL PUBLIC SERVICES</b>	<b>2 349 293</b>	<b>2 309 698</b>	<b>2 480 401</b>	<b>2 632 693</b>	<b>2 700 189</b>	<b>2 696 703</b>	<b>2 945 321</b>	2 835 930	2 869 048
<b>FUNCTION - PUBLIC ORDER AND SAFETY</b>									
<b>Category - Police services</b>									
Department of Police Oversight & Community Safety (Vote 4)	464 924	773 295	550 671	776 125	775 821	775 821	<b>745 160</b>	762 399	754 765
<b>Total for Category - Police services</b>	<b>464 924</b>	<b>773 295</b>	<b>550 671</b>	<b>776 125</b>	<b>775 821</b>	<b>775 821</b>	<b>745 160</b>	762 399	754 765
<b>TOTAL FOR FUNCTION - PUBLIC ORDER AND SAFETY</b>	<b>464 924</b>	<b>773 295</b>	<b>550 671</b>	<b>776 125</b>	<b>775 821</b>	<b>775 821</b>	<b>745 160</b>	762 399	754 765
<b>FUNCTION - ECONOMIC AFFAIRS</b>									
<b>Category - General economic affairs</b>									
Department of Economic Development and Tourism (Vote 12 excluding 12.6)	440 635	454 133	419 235	440 673	438 515	438 289	<b>438 394</b>	441 504	446 726
Department of Transport and Public Works (Programme 10.2)	2 146 723	2 309 446	2 389 412	2 194 091	2 275 897	2 275 897	<b>2 296 667</b>	2 407 210	2 441 270
<b>TOTAL FOR FUNCTION - General economic affairs</b>	<b>2 587 358</b>	<b>2 763 579</b>	<b>2 808 647</b>	<b>2 634 764</b>	<b>2 714 412</b>	<b>2 714 186</b>	<b>2 735 061</b>	2 848 714	2 887 996

**Table A.8 Details of provincial payments and estimates by policy area (continued)**

GFS function R'000	Outcome			Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	Medium-term estimate		
	Audited 2019/20	Audited 2020/21	Audited 2021/22				2023/24	2024/25	2025/26
<b>Category - Agriculture</b>									
Department of Agriculture (Vote 11)	928 920	917 856	892 787	969 218	992 695	992 695	960 165	980 018	1 016 995
<b>Total for Category - Agriculture</b>	928 920	917 856	892 787	969 218	992 695	992 695	960 165	980 018	1 016 995
<b>Category - Transport</b>									
Department of Mobility (Programmes 8.1 to 8.3)	2 559 931	2 834 624	3 095 111	2 769 268	3 007 652	3 007 652	2 953 180	3 016 664	3 144 936
Department of Infrastructure (Programmes 10.1, 10.3 & 10.5)	3 955 619	3 415 235	3 703 654	4 265 575	4 276 156	4 278 946	4 976 853	4 722 403	4 465 636
<b>Total for Category - Transport</b>	6 515 550	6 249 859	6 798 765	7 034 843	7 283 808	7 286 598	7 930 033	7 739 067	7 610 572
<b>Category - Communication</b>									
Department of Economic Development and Tourism (Programme 12.6)	58 148	76 578	74 161	74 125	71 515	71 741	74 393	78 315	81 700
<b>Total for Category - Communication</b>	58 148	76 578	74 161	74 125	71 515	71 741	74 393	78 315	81 700
<b>TOTAL FOR FUNCTION - ECONOMIC AFFAIRS</b>	10 089 976	10 007 872	10 574 360	10 712 950	11 062 430	11 065 220	11 699 652	11 646 114	11 597 263
<b>FUNCTION - ENVIRONMENTAL PROTECTION</b>									
<b>Category - Environmental protection</b>									
Department of Environmental Affairs and Development Planning (Vote 9)	624 869	583 751	561 667	568 586	575 592	575 592	606 302	615 619	640 533
<b>Total for Category - Environmental protection</b>	624 869	583 751	561 667	568 586	575 592	575 592	606 302	615 619	640 533
<b>TOTAL FOR FUNCTION - ENVIRONMENTAL PROTECTION</b>	624 869	583 751	561 667	568 586	575 592	575 592	606 302	615 619	640 533
<b>FUNCTION - HOUSING AND COMMUNITY AMENITIES</b>									
<b>Category - Housing Development</b>									
Department of Infrastructure (Vote 10) (Human Settlements Programme)	2 568 618	2 264 499	2 231 571	2 292 269	2 349 227	2 346 437	2 613 569	2 531 421	2 617 557
<b>Total for Category - Housing Development</b>	2 568 618	2 264 499	2 231 571	2 292 269	2 349 227	2 346 437	2 613 569	2 531 421	2 617 557
<b>TOTAL FOR FUNCTION - HOUSING AND COMMUNITY AMENITIES</b>	2 568 618	2 264 499	2 231 571	2 292 269	2 349 227	2 346 437	2 613 569	2 531 421	2 617 557

**Table A.8** Details of provincial payments and estimates by policy area (continued)

SFS function R'000	Outcome			Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	Medium-term estimate		
	Audited 2019/20	Audited 2020/21	Audited 2021/22				2023/24	2024/25	2025/26
<b>FUNCTION - HEALTH</b>									
<b>Category - Health n.e.c.</b>									
Department of Health (Programme 6.1)	760 260	1 183 351	1 414 302	1 419 217	1 113 140	1 107 698	1 043 673	942 345	985 474
<b>Total for Category - Health &amp; Wellness</b>	760 260	1 183 351	1 414 302	1 419 217	1 113 140	1 107 698	1 043 673	942 345	985 474
<b>Category - Outpatient service</b>									
Department of Health & Wellness (Programme 6.2)	10 103 687	11 384 719	11 641 741	11 982 435	12 049 482	12 042 753	11 764 375	12 117 177	12 541 460
<b>Total for Category - Outpatient service</b>	10 103 687	11 384 719	11 641 741	11 982 435	12 049 482	12 042 753	11 764 375	12 117 177	12 541 460
<b>Category - R &amp; D Health (CS)</b>									
Department of Health & Wellness (Programme 6.6)	330 869	317 814	343 840	397 932	412 895	407 612	404 624	401 527	416 866
<b>Total for Category - R &amp; D Health (CS)</b>	330 869	317 814	343 840	397 932	412 895	407 612	404 624	401 527	416 866
<b>Category - Hospital services</b>									
Department of Health & Wellness (Programmes 6.3 to 6.8, excluding 6.6)	13 578 455	14 077 656	14 516 371	15 294 747	15 519 516	15 527 431	15 591 893	15 912 432	16 412 806
<b>Total for Category - Hospital services</b>	13 578 455	14 077 656	14 516 371	15 294 747	15 519 516	15 527 431	15 591 893	15 912 432	16 412 806
<b>TOTAL FOR FUNCTION - HEALTH</b>	24 773 271	26 963 540	27 916 254	29 094 331	29 095 033	29 085 494	28 804 565	29 373 481	30 356 606
<b>FUNCTION - RECREATION CULTURE AND RELIGION</b>									
<b>Category - Recreation and sporting services</b>									
Department of Cultural Affairs and Sport (Programme 13.4)	205 461	203 632	261 735	292 467	294 328	294 328	251 714	254 050	266 373
<b>Total for Category - Recreation and sporting services</b>	205 461	203 632	261 735	292 467	294 328	294 328	251 714	254 050	266 373
<b>Category - Cultural services</b>									
Department of Cultural Affairs and Sport (Programmes 13.1 to 13.3)	579 110	531 822	627 442	645 446	644 139	644 139	643 815	654 685	677 655
<b>Total for Category - Cultural services</b>	579 110	531 822	627 442	645 446	644 139	644 139	643 815	654 685	677 655
<b>TOTAL FOR FUNCTION - RECREATION CULTURE AND RELIGION</b>	784 571	735 454	889 177	937 913	938 467	938 467	895 529	908 735	944 028

**Table A.8** Details of provincial payments and estimates by policy area (continued)

GFS function R'000	Outcome			Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	Medium-term estimate		
	Audited 2019/20	Audited 2020/21	Audited 2021/22				2023/24	2024/25	2025/26
<b>FUNCTION - EDUCATION</b>									
<b>Category - Pre-primary and primary education</b>									
Department of Education (Programme 5.2.1 and 5.5)	11 759 833	12 318 527	12 685 687	12 823 371	12 792 884	12 792 884	13 324 919	13 421 981	13 859 446
<b>Total for Category - Pre-primary and primary education</b>	11 759 833	12 318 527	12 685 687	12 823 371	12 792 884	12 792 884	13 324 919	13 421 981	13 859 446
<b>Category - Secondary education</b>									
Department of Education (Programme 5.2.2)	6 128 484	6 286 217	6 721 279	7 376 827	7 484 568	7 484 568	7 728 866	7 959 778	8 160 672
<b>Total for Category - Secondary education</b>	6 128 484	6 286 217	6 721 279	7 376 827	7 484 568	7 484 568	7 728 866	7 959 778	8 160 672
<b>Category - Subsidiary service to education</b>									
Department of Education (Programme 5.3)	118 537	126 126	130 508	144 989	144 989	144 989	152 384	159 394	166 726
<b>Total for Category - Subsidiary service to education</b>	118 537	126 126	130 508	144 989	144 989	144 989	152 384	159 394	166 726
<b>Category - Education not definable by level</b>									
Department of Education (Programmes 5.1, 5.2.3, 5.2.4, 5.4, 5.6 and 5.7)	5 787 387	5 715 539	6 214 706	7 687 414	7 743 475	7 743 475	8 342 197	7 407 110	7 303 938
<b>Total for Category - Education not definable by level</b>	5 787 387	5 715 539	6 214 706	7 687 414	7 743 475	7 743 475	8 342 197	7 407 110	7 303 938
<b>TOTAL FOR FUNCTION - EDUCATION</b>	23 794 241	24 446 409	25 752 180	28 032 601	28 165 916	28 165 916	29 548 366	28 948 263	29 490 782
<b>FUNCTION - SOCIAL PROTECTION</b>									
<b>Category - Social security services</b>									
Social Development (Vote 7)	2 084 054	2 240 875	2 309 364	2 285 335	2 365 076	2 365 076	2 460 812	2 503 237	2 601 685
<b>Total for Category - Social security services</b>	2 084 054	2 240 875	2 309 364	2 285 335	2 365 076	2 365 076	2 460 812	2 503 237	2 601 685
<b>TOTAL FOR FUNCTION - SOCIAL DEVELOPMENT</b>	2 084 054	2 240 875	2 309 364	2 285 335	2 365 076	2 365 076	2 460 812	2 503 237	2 601 685
<b>TOTAL: BY FUNCTION</b>	67 533 817	70 325 393	73 265 645	77 332 803	78 027 751	78 014 726	80 319 276	80 125 199	81 872 267

**Table A.9 Summary of Expanded Public Works Programme (EPWP) payments and estimates**

Provincial department R'000	Outcome			Main appro- priation 2022/23	Adjusted appro- priation 2022/23	Revised estimate 2022/23	Medium-term estimate			
	Audited 2019/20	Audited 2020/21	Audited 2021/22				Change from Revised estimate 2023/24	2022/23	2024/25	2025/26
1. Department of the Premier										
2. Provincial Parliament										
3. Provincial Treasury										
4. Police Oversight and Community Safety	23 548	18 358	38 840	26 126	34 514	34 514	<b>28 425</b>	( 17.64)	20 365	20 536
5. Education	109 465	111 541	99 290	96 635	96 635	96 635	<b>100 655</b>	4.16	89 780	93 910
6. Health and Wellness	165 210	146 008	160 672	179 410	187 641	186 841	<b>179 194</b>	( 4.09)	166 484	173 942
7. Social Development	13 311	10 000	12 083	4 978	4 978	4 978	<b>4 899</b>	( 1.59)		
8. Mobility										
9. Environmental Affairs and Development Planning	28 570	28 516	28 468	31 429	31 429	31 429	<b>32 629</b>	3.82	29 411	30 729
10. Infrastructure	13 455	12 539	16 517	16 351	16 351	16 351	<b>6 669</b>	( 59.21)		
11. Agriculture	2 078	2 074	2 227	2 174	2 174	2 174	<b>2 417</b>	11.18		
12. Economic Development and Tourism										
13. Cultural Affairs and Sport	28 142	30 397	29 651	14 577	14 577	14 577	<b>21 871</b>	50.04	14 917	15 585
<b>Total EPWP</b>	<b>383 779</b>	<b>359 433</b>	<b>387 748</b>	<b>371 680</b>	<b>388 299</b>	<b>387 499</b>	<b>376 759</b>	( 2.77)	320 957	334 702
<b>Financed from:</b>										
Equitable share	320 588	290 500	318 948	313 228	329 847	329 047	<b>327 958</b>	( 0.33)	320 957	334 702
Conditional Grants	63 190	68 933	68 800	58 452	58 452	58 452	<b>48 801</b>	( 16.51)		
<b>Total EPWP</b>	<b>383 778</b>	<b>359 433</b>	<b>387 748</b>	<b>371 680</b>	<b>388 299</b>	<b>387 499</b>	<b>376 759</b>	( 2.77)	320 957	334 702



# Glossary

<b>Baseline</b>	The initial allocations used during the budget process, derived from the previous year's forward estimates.
<b>Budget Facility for Infrastructure (BFI)</b>	A facility that supports the execution of national priority projects by establishing specialised structures, procedures and criteria for committing fiscal resources to public infrastructure spending.
<b>Budget Policy</b>	The means by which government directs and adjusts its overall and differentiated levels of spending in order to foster and influence a nation's economy and social welfare.
<b>Burden of disease</b>	Refers to the nature and drivers of the causes of mortality and morbidity.
<b>Business Process Outsourcing</b>	A subset of outsourcing that involves the contracting of the operations and responsibilities of a specific business process to a third-party service provider.
<b>Cardiff Model</b>	A multi-agency approach to violence prevention that relies on the strategic use of information from health and law enforcement organizations to improve policing and community violence prevention programs.
<b>Catalytic infrastructure</b>	The construction of physical infrastructure, which is necessary to unlock development and create long-term employment.
<b>Citizen-centric Culture</b>	Refers to governments forming a two-way, collaborative relationship with the citizens and designing services with their needs in mind.
<b>Climate Change</b>	A long-term shift in global or regional climate patterns attributed directly or indirectly to human activity.
<b>Conditional Grants</b>	Allocations of money from one sphere of government to another, conditional on certain services being delivered or on compliance with specified requirements.
<b>Cost of living adjustment</b>	An increase in income that keeps up with the cost of living.
<b>Crime Hotspot</b>	A place of significant activity, danger, or violence.

<b>Diagnostic related group</b>	A diagnosis-related group (DRG) is a patient categorisation system that regulates prospective payment to hospitals and promotes cost containment initiatives.
<b>District Development Model</b>	The District Development Model consists of a process by which joint and collaborative planning is undertaken at local, district and metropolitan by all three spheres of governance resulting in a single strategically focused One Plan for each of the 44 districts and 8 metropolitan geographic spaces in the country, wherein the district is seen as the 'landing strip'.
<b>Early Childhood Development</b>	Services geared toward the physical, psychological, cognitive, and social development of a child from birth through to school-going age.
<b>Ease of Doing Business</b>	A measurement of how conducive the regulatory environment is for business operations.
<b>E-learning</b>	A learning system based on formalised teaching but with the help of electronic resources.
<b>Equitable Resource Allocation</b>	It is an initiative that aims to allocate funds to the primary health platform at a geographical basis applying a risk-adjusted capitation index and output data.
<b>Equitable share</b>	The allocation of revenue to the national, provincial and local spheres of government as required by the Constitution.
<b>Eurozone</b>	Officially called the euro area, is a monetary union of 19 European Union (EU) member states that have adopted the euro (€) as their common currency and sole legal tender.
<b>Expanded unemployment</b>	Persons between the ages of 15 and 64 willing to work but not actively seeking employment.
<b>Expenditure Reviews</b>	A process to uses a stringent approach that scrutinises programme effectiveness and realises greater value for public money.

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<b>Financial Management Capability Grant</b>	To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).
<b>Financial year</b>	The 12 months according to which companies and organisations budget and account.
<b>Fiscal consolidation</b>	Concrete policies aimed at reducing government deficits and debt accumulation.
<b>Fiscal framework</b>	A framework for integrating fiscal policy and budgeting over the medium term by linking a system of aggregate fiscal forecasting to a disciplined process of maintaining detailed medium term budget estimates by ministries reflecting existing government policies.
<b>Fiscal policy</b>	Policy on taxation, spending and borrowing by government.
<b>Fiscal Transition Support Facility</b>	The Facility provides fiscal support for the once-off, upfront costs of investment in new service delivery approach and technology that will achieve long-term savings and improved outcomes over time.
<b>GDP Baseline</b>	The GDP level used as a fixed point of reference from which GDP growth is calculated.
<b>Gender Responsive Budgeting (GRB)</b>	A budget or expenditure arrangement which is structured in a manner that ensures that women and men benefit equitably from financial resources.
<b>Gender-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing (GRPBMEA)</b>	The GRPBMEA framework is aimed at ensuring better outcomes for women and girls and more tangible gender impacts in South Africa.
<b>Global Risks Perception Survey (GRPS)</b>	The World Economic Forum's source of original risks data, harnessing the expertise of the Forum's extensive network of academic, business, government, civil society, and thought leaders.
<b>Green economy</b>	An economy that aims at reducing environmental risks and ecological scarcities, and that aims for sustainable development without degrading the environment.

<b>Gross Domestic Product (GDP)</b>	A measure of the total national output, income and expenditure in the economy. GDP per head is the simplest overall measure of welfare, although it does not take account of the distribution of income, nor of goods and services produced outside the market economy.
<b>Industrial development zone</b>	Designated sites linked to an international air or sea port, supported by incentives to encourage investment in export-oriented manufacturing and job creation.
<b>Inflation</b>	An increase in the general level of prices.
<b>Joint District &amp; Metro Approach (JDMA)</b>	The JDMA envisages the three spheres of government (national, provincial and local) to converge, using inter-governmental engagements, to develop similar Western Cape strategic, developmental and planning priorities with aligned budgets to accelerate service delivery.
<b>Labour force</b>	Number of employed and unemployed individuals of working age.
<b>Learning Loss</b>	Refers to any specific or general loss of knowledge and skills or to reversals in academic progress, most commonly due to extended gaps or discontinuities in a student's education.
<b>Medium Term Budget Policy Statement (MTBPS)</b>	A government policy statement which communicates the policy goals of government.
<b>Medium term expenditure framework (MTEF)</b>	The three-year spending plans of national and provincial governments published at the time of the Budget.
<b>Medium Term Strategic Framework (MTSF)</b>	Government's strategic plan for the five-year electoral term.
<b>Mid-Year Population Estimate</b>	A method of estimating the population increase.
<b>Mass Opportunity and Development (MOD) Centres</b>	The MOD Centres of the MOD Programme offer learners exposure to recreation, sport, arts and culture taught through a structured curriculum and lesson plans which also focuses on life skills development.

<b>Municipal Energy Resilience (MER) initiative</b>	Aims to help municipalities to take advantage of the new energy regulations, which may include municipalities purchasing energy directly from Independent Power Producers (IPPs)
<b>Narrow unemployment rate</b>	Rate of unemployment that does not take into account the discouraged employment seekers from the labour force.
<b>National budget</b>	The projected revenue and expenditure that flow through the National Revenue Fund. It does not include spending by provinces or local government from their own revenues.
<b>National Development Plan (NDP)</b>	A planning framework prepared by the National Planning Commission that aims to eliminate poverty and reduce inequality by 2030.
<b>Presidential Youth Employment Initiative</b>	A mass public employment intervention, that is used as the channel to address poverty alleviation; skilling of youth; reduction of youth unemployment; and creation of social values.
<b>Project Preparation Facility</b>	A bespoke Project Preparation Facility (PPF) established by Provincial Treasury to assist departments with project preparation costs of certain categories of infrastructure projects to improve project preparation.
<b>Provincial own receipts</b>	Refers to taxes/fees and/or user charges, which a provincial department receives.
<b>Provincial Spatial Development Framework</b>	It is a Long-term, forward planning document that spatially indicates the long-term growth & development path of the municipalities. It co-ordinates the spatial implications of all strategic sectors of a municipality and gives physical effect to the vision, goals and objectives of the municipal IDP while informing land use management
<b>Public entities</b>	Companies, agencies, funds and accounts that are fully or partly owned by government or public authorities and are regulated by law.
<b>Recession</b>	Decline of Gross Domestic Product for two or more consecutive quarters.

<b>Sustainable Development Goals</b>	A collection of 17 interlinked global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The SDGs were set in 2015 by the United Nations General Assembly and are intended to be achieved by the year 2030.
<b>Wage bill</b>	The total amount of money that the public sector pays to its employees.
<b>Western Cape Climate Change Response Strategy: Vision 2050</b>	Describes a climate future that the Western Cape province will strive towards.
<b>Western Cape Fiscal Strategy</b>	A strategy that informs the formulation of a risk responsive provincial Budget that optimises service delivery outcomes informed by the core provincial mandates and priorities.
<b>Western Cape Recovery Plan</b>	A provincial strategy that prioritise the four themes of a COVID-19 response, Jobs, Safety and Well-being.
<b>Western Cape Violence Prevention Unit</b>	Responsible for identifying and designing interventions to reduce violence in communities across the province and will leverage an all-of-society approach to implementing these initiatives.
<b>Whole-of-Government Approach</b>	Refers to the joint activities performed by diverse ministries, public administrations and public agencies in order to provide a common solution to particular problems or issues.
<b>Whole-of-Society Approach</b>	A whole-of-society approach mobilises the resources, knowledge, creativity, and concerns of all role players in government, the private sector, and civil society to drive socio-economic development and address policy challenges.
<b>Working age population</b>	Individuals aged between 15 and 65.

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