



Western Cape  
Government

Provincial Treasury

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# Budget

Overview of Provincial  
Revenue and Expenditure

2021

**Western Cape Government  
Provincial Treasury**

**Budget**

**Overview of Provincial Revenue  
and Expenditure**

**2021**

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# Foreword

The 2021 Budget gives effect to our vision of “a safe Western Cape where everyone prospers”, while navigating a complex and prolonged period of economic contraction, the COVID-19 pandemic and reduced fiscal resources.

The Fiscal Strategy of the Western Cape Government has enabled it to adapt rapidly to this changing environment, through a three-phased budget approach that has deployed provincial reserves on an unparalleled scale to respond to the national disaster and healthcare crisis, and prioritise resources to support the Western Cape Recovery Plan.

In aggregate, the 2021 Budget provides for total expenditure amounting to R72.349 billion in 2021/22, R72.633 billion in 2022/23, and R72.723 billion in 2023/24.

The 2021 Budget is “a budget for hope” for all who live in the Western Cape as it continues to support the fight against COVID-19 and deliver a vaccination programme, while supporting the Western Cape Recovery Plan to drive jobs, safety and well-being for all who live in the Western Cape.

Importantly, the 2021 Budget also manages key risks and plans for the future to ensure that we continue to effectively deliver services and are able to transition to long-term fiscal and government sustainability.

I would like to thank the Provincial Cabinet, Accounting Officers and the Western Cape finance team for their valuable contributions and partnership during the budget process. I wish to also extend a word of sincere appreciation to the Provincial Treasury team for their dedication and hard work under these challenging circumstances.



**DAVID MAYNIER**  
**MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES**

**DATE:** 16 March 2021



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## Acronyms

AEPRE	Adjusted Estimates of Provincial Revenue and Expenditure
AfCFTA	Africa Continental Free Trade Agreement
APFYD	Agricultural Partnership for Youth Development
ASEZ	Atlantis Special Economic Zone
BPO	Business Process Outsourcing
CASP	Comprehensive Agriculture Support Programme
CBD	Central Business District
CIPC	Companies and Intellectual Property Commission
CKD	Central Karoo District
CoE	Compensation of Employees
COPC	Community Oriented Primary Care
COVID-19	Coronavirus
CPI	Consumer Price Index
CWD	Cape Winelands District
DEF	Data and Evidence Framework
DoA	Department of Agriculture
DCAS	Department of Cultural Affairs and Sport
DoCS	Department of Community Safety
DEDAT	Department of Economic Development and Tourism
DEA&DP	Department of Environmental Affairs and Development Planning
DoH	Department of Health
DHS	Department of Human Settlements
DLG	Department of Local Government
DoTP	Department of the Premier
DSD	Department of Social Development
DTPW	Department of Transport and Public Works
ECD	Early Childhood Development
EDP	Economic Development Partnership
EPRE	Estimates of Provincial Revenue and Expenditure
EIU	Economist Intelligence Unit
ePS	eProcurement System
EPWP	Expanded Public Works Programme

FTSF	Fiscal Transition Support Facility
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GDE	Expenditure on GDP
GFCF	Gross fixed capital formation
GRD	Garden Route District
GRPBMEA	Gender-responsive Planning, Budgeting, Monitoring, Evaluation and Auditing
G&S	Goods and Services
HIV/AIDS	Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome
HSDG	Human Settlements Development Grant
ICT	Information and Communication Technology
IPP	Independent Power Producer
IGR	Inter-governmental Relations
IDZ	Industrial Development Zone
JDMA	Joint District and Metro Approach
JOCs	Joint Operations Centres
LEAP	Law Enforcement Advancement Plan
LURITS	Learner Unit Record Information Tracking System
IMF	International Monetary Fund
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
NHI	National Health Insurance
NPI	Non-Profit Institutions
NSC	National senior certificate

OAPMII	Overview of Adjusted Provincial and Municipal Infrastructure Investment
OECD	Organisation for Economic Co-operation and Development
OD	Overberg District
OPMII	Overview of Provincial and Municipal Infrastructure Investment
OPRE	Overview of Provincial Revenue and Expenditure
PDIA	Problem Driven Iterative Adaptation
PES	Provincial Equitable Share
PFMA	Public Finance Management Act
PG MTEC	Provincial Government Medium Term Expenditure Committee
PHC	Primary Health Care
PoCA	Payments for Capital Assets
PPI	Producer Price Index
PT	Provincial Treasury
PRASA	Passenger Rail Agency of South Africa
PSP	Provincial Strategic Plan
PWDG	Province Wide Data Governance
RSEP	Regional Socio-Economic Project
SSA	Sub-Saharan Africa
SARB	South African Reserve Bank
SARS	South African Revenue Service
SAPS	South African Police Service
SBIDZ	Saldanha Bay Industrial Development Zone
SCM	Supply Chain Management
SDGs	Sustainable Development Goals
SETA	Skills Education Training Authorities
SEZ	Specific Economic Zone
SMMEs	Small, Medium, and Micro Enterprises
SOE	State owned enterprises
SRDG	Social relief distress grant
Stats SA	Statistics South Africa
STEAMAC	Science, Technology, Engineering, Arts, Mathematics, Agriculture, and coding and Cloud computing
STEM	Science, Technology, Engineering, Mathematics
STI	Sexually Transmitted Infections

T&S	Transfers and Subsidies
TB	Tuberculosis
TERS	Temporary Employee Relief Scheme
TVET	Technical Vocational Education and Training
UHC	Universal Health Coverage
UIF	Unemployment Insurance Fund
UK	United Kingdom
US	United States
VIP	Vision Inspired Priority
Wesgro	Western Cape Tourism, Trade and Investment Promotion Agency
WCD	West Coast District
WCED	Western Cape Education Department
WCG	Western Cape Government
WOSA	Whole of Society Approach
WB	World Bank
WoW!	Western Cape on Wellness



# 1

## Summary of the Budget

### In brief

- The 2021/22 Western Cape Budget and accompanying three-year expenditure framework positions the Province for a post-COVID-19 recovery. Total provincial spending of R72.349 billion is projected in 2021/22, of which R27.392 billion goes to the Department of Health and R24.460 billion to the Department of Education.
- Resources are prioritised towards a comprehensive COVID-19 programme, the Western Cape Recovery Plan, immediate fiscal risks and toward ensuring ongoing fiscal sustainability.
- The 2021 MTEF Budget sets aside approximately R2 billion for a comprehensive COVID-19 response, including an amount of R231.6 million for operational costs relating to the vaccination programme, while making additional resources available for emergency food relief and short-term employment initiatives.
- Accompanying the 2021/22 Budget is a Third Adjustments Budget for 2020/21. This Budget directs R116 million of in-year spending savings directly at the COVID-19 response.

### Introduction

The 2021/22 Western Cape Budget and 2021 Medium Term Expenditure Framework (MTEF) positions the Province for sustainable economic recovery, through:

- Protecting the health platform;
- Enabling the Western Cape Recovery Plan;
- Managing Risks; and
- Supporting ongoing long-term fiscal sustainability.

#### Objective 1: Protecting the health platform

The Budget reprioritises spending to ensure that the Provincial public health platform remains resilient, is able to respond to pressures from the COVID-19 pandemic and that there is sufficient funding for a comprehensive COVID-19 vaccination programme.



While there is no certainty about the likelihood, magnitude, timing or location of a '3<sup>rd</sup> wave', the Western Cape Government (WCG) has set aside funding to expand testing, provide personal protective equipment, inpatient beds, oxygen supply and critical care capacity at least to the extent required in the possible third wave.

*A phased vaccination programme has been adopted with approximately 5.1 million people to be vaccinated in the Province*

There has been significant progress on the design and implementation of the national vaccination strategy since the 2020 MTBPS. A phased vaccination programme has been adopted, beginning with health care workers, then vulnerable people, and finally the remaining adult population. In the Western Cape, approximately 5.1 million people will need to be vaccinated across these phases. The WCG supports the national strategy but there are several risks. The 2021 MTEF Budget addresses two particular risks, the amounts allocated to provinces for the operationalisation of the vaccination programme which is likely to be insufficient, and the likelihood that there will be insufficient vaccines to meet the demand in the Province.

Finally, the pandemic has also created significant core healthcare cost pressures. These include the reintroduction of previously de-escalated services, medical cost inflation and increased medico-legal pressures. The total cost of pandemic management, the vaccination programme and these other pressures on the health system remains uncertain and dynamic. The Budget maintains fiscal flexibility for the health platform to enable an agile response to the dynamics of the pandemic and associated cost pressures.

Further details of spending on COVID-19 and the money allocated to the comprehensive vaccination programme is provided in Chapter 3.

**Objective 2: Supporting the Western Cape Recovery Plan**

The Western Cape Recovery Plan (Recovery Plan) has four themes: the COVID-19 response, Jobs, Safety and Well-being.

**Table 1.1 Budget allocation by Recovery Plan priority areas over the 2021 MTEF**

	2021/22 R'000	2022/23 R'000	2023/24 R'000	2021 MTEF R'000
<b>COVID-19</b>	1 963 775	94 014	-	2 057 789
<b>Jobs</b>	5 685 405	5 585 787	5 809 435	17 080 627
<b>Safety</b>	888 964	915 798	547 979	2 352 741
<b>Well-being</b>	38 409 518	38 570 445	38 984 880	115 964 844

Table 1.1 summarises the budget allocations according to the four focus areas of the Recovery Plan over the 2021 MTEF. The largest spending area of the Recovery Plan is towards Well-being, which is allocated R38.410 billion in 2021/22; R38.571 billion in 2022/23; and R38.985 billion in 2023/24.

At the time of the 2020 MTBPS, a Policy-based Funding Facility supported the immediate financing requirements of the Western Cape Recovery Plan. An outline of the Recovery Plan and further details on spending alignment is provided in Chapter 3.

#### **Policy based Funding Facility**

Key allocations from the Policy-based Funding Facility in 2020/21 included R814.291 million allocated to the Western Cape Education Department (WCED) for the purpose of employing educational assistants; R61.316 million allocated to the Department of Transport and Public Works (DTPW) for the Provincial Road Maintenance Grant for job creation through road maintenance projects; R145.740 million allocated to the WCED to support small businesses by accelerating infrastructure maintenance, and R12 million allocated to the Department of Economic Development and Tourism (DEDAT) to support small businesses who were negatively impacted by the COVID-19 pandemic.

#### **Objective 3: Managing risks**

Given the ongoing COVID-19 pandemic, the constrained national fiscal framework and related impact on the provincial fiscal framework, key transversal risks were identified. These risks include – the severe COVID-19 pressures on the fiscal framework and the likely economic and social implications; personnel cost pressures that result in the inability to fill critical posts and having implications for staff well-being and burnout; insufficient infrastructure investment including ICT infrastructure that constrains service delivery; and the deterioration of local government finances and the need to enhance the Joint District and Metro Approach (JDMA).

*Key transversal risks include COVID-19 pressures, personnel cost pressures, insufficient infrastructure investment and the need to enhance the JDMA*

The 2021 MTEF Budget responds to these key transversal risks across departments by: prioritising the COVID-19 response and the vaccination programme and ensuring the implementation of the Recovery Plan; shifting provincial expenditure composition; strengthening strategic infrastructure coordination to develop a robust pipeline of well-prepared infrastructure projects and programmes for future financing; and strengthening integrated service delivery through the JDMA.

Details of the provincial infrastructure plans are provided in the accompanying *Overview of Provincial and Municipal Infrastructure Investment*.

*Strengthening fiscal sustainability requires measures to adjust the composition of provincial expenditures*

## **Objective 4: Supporting a transition to long-term fiscal sustainability**

The WCG initiated a government-wide transition to lower baseline expenditures in order to systematically respond to rising cost pressures, severe fiscal resource constraint and ongoing uncertainties over resource availability. Strengthening fiscal sustainability over the long-term requires specific measures to adjust the composition of provincial expenditures, particularly to reduce the proportion of spending on compensation of employees relative to infrastructure investment, and to rebuild Provincial Reserves that have been deployed to respond to the COVID-19 pandemic and its consequences.

The scale of the adjustment required is beyond what can be achieved by cost containment measures alone and requires new approaches to the organisation of service delivery. Departments have begun exploring sustainability strategies and service delivery models that can enhance impact and efficiencies over time. Collaboration and partnerships are central to this approach and can be established across departments, between spheres of government and with key stakeholders outside of government. The WCG will rely on the principles of the 'New Way of Work' and related tools to respond to the required adjustments.

The 2021 MTEF Budget introduces measures to support this transition through: providing fiscal stability for continuous service delivery in key programmes facing budget reductions; maintaining strong downward pressures on compensation budgets in non-core areas; rebuilding Provincial Reserves to remain resilient in the face of likely future shocks; strengthening own revenue collection; and providing upfront fiscal support to the once-off costs of programmes that introduce new service delivery models.

### **Provincial receipts**

#### **Provincial Receipts**

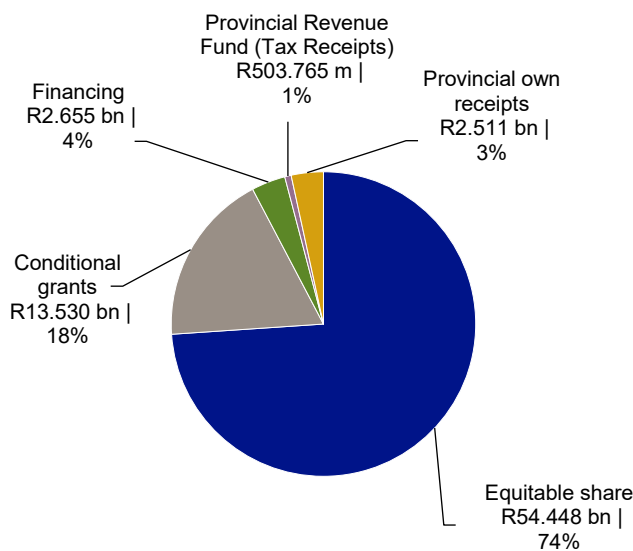
Over the 2021 MTEF, **total provincial receipts** are projected at R73.648 billion in 2021/22, R73.103 billion in 2022/23 and R73.299 billion in 2023/24. Total transfers from national government are projected to rise by an annual average growth rate of 1 per cent per year. This is significantly lower than inflation, highlighting the pressure provincial government budgets will be under.

Total provincial receipts are made up of:

- **Provincial Equitable Share (PES):** This is the largest revenue item for the WCG and accounts for 73.9 per cent or R54.448 billion of total provincial receipts for 2021/22 (Figure 1.1).
- **Conditional Grants:** These grants account for 18.4 per cent or R13.530 billion of total provincial receipts for 2021/22 and is the second largest revenue source available to fund provincial expenditure, of which the largest is allocated to the Department of Health, followed by the Department of Transport and Public Works.
- **Provincial Own Receipts:** These receipts account for 3.4 per cent or R2.511 billion of total provincial receipts in the 2021/22 Budget. Motor vehicle licence fees is the largest source of own revenue.
- **Provincial Revenue Fund (Tax Receipts):** These receipts account for 0.7 per cent or R503.765 million of total provincial receipts for 2021/22.
- **Financing:** This is the second smallest revenue share item for the WCG and accounts for 3.6 per cent or R2.655 billion of total provincial receipts for 2021/22.

*PES accounts for 73.9 per cent of total provincial receipts for 2021/22*

**Figure 1.1 Total provincial receipts, 2021/22**



## Expenditure

### Expenditure by provincial department

Total provincial expenditure in 2021/22 will be R72.349 billion, rising to R72.633 billion in 2022/23 and R72.723 billion in 2023/24 (Table 1.2).

The three largest expenditures by Vote are:

- The Department of Health, which receives R27.392 billion in 2021/22, or 37.9 per cent of total expenditures. This includes significant once off allocations for COVID-19. Over the medium term, expenditure stabilises as spending on COVID-19 reduces;
- The Department of Education, which receives R24.460 billion in 2021/22, or 33.8 per cent of total expenditures. This rises to R25.554 billion in 2022/23 and R25.929 billion in 2023/24; and
- The Department of Transport and Public Works, which receives R9.265 billion in 2021/22, or 12.8 per cent of total expenditures. This includes once-off COVID-19 related spending.

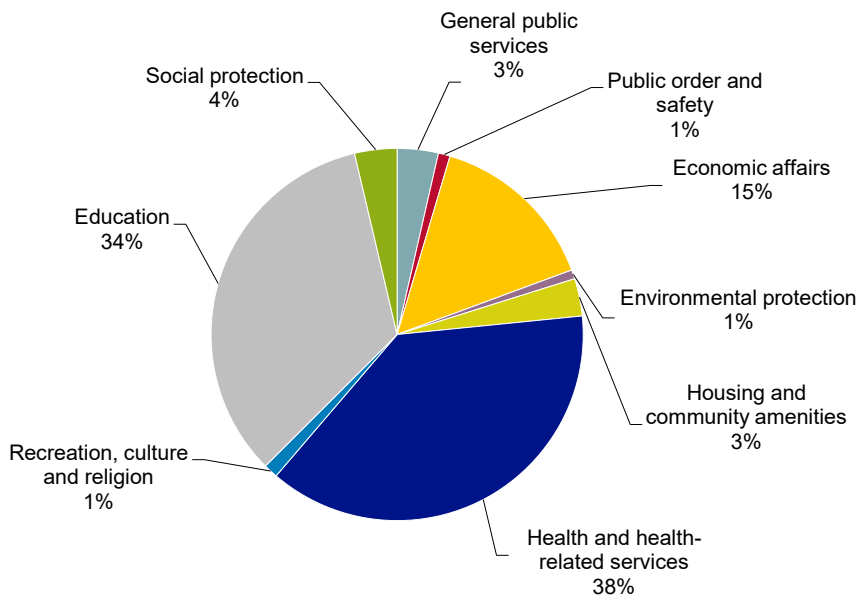
**Table 1.2 Expenditure by vote**

Vote R'000	Outcome			Main appro- priation 2020/21	Adjusted appro- priation 2020/21	Revised estimate 2020/21	Medium-term estimate					
	Audited 2017/18	Audited 2018/19	Audited 2019/20				% Change from Revised estimate		2021/22	2020/21	2022/23	2023/24
1. Department of the Premier	1 358 285	1 450 004	1 561 031	1 688 494	1 616 721	1 616 721	<b>1 748 562</b>	8.15	1 757 617	1 829 065		
2. Provincial Parliament	130 536	138 376	145 713	166 600	151 928	151 928	<b>165 859</b>	9.17	167 644	177 849		
3. Provincial Treasury	278 144	303 106	328 765	356 932	289 505	289 505	<b>319 608</b>	10.40	315 612	324 701		
4. Community Safety	295 381	335 836	464 924	804 056	784 458	784 458	<b>739 049</b>	(5.79)	770 400	372 953		
5. Education	20 566 836	22 112 434	23 446 389	25 049 668	24 564 862	24 564 862	<b>24 459 862</b>	(0.43)	25 553 786	25 929 291		
6. Health	21 496 056	23 043 593	24 773 271	26 251 518	27 213 553	27 213 553	<b>27 391 897</b>	0.66	27 318 326	26 895 087		
7. Social Development	2 104 117	2 231 480	2 431 906	2 673 141	2 692 234	2 692 234	<b>2 662 907</b>	(1.09)	2 578 555	2 683 545		
8. Human Settlements	2 682 806	2 352 331	2 683 772	2 413 233	2 426 787	2 426 787	<b>2 353 171</b>	(3.03)	2 411 827	2 496 308		
9. Environmental Affairs and Development Planning	546 028	575 512	624 869	620 847	588 532	588 532	<b>570 062</b>	(3.14)	565 907	581 872		
10. Transport and Public Works	7 503 620	7 854 308	8 547 119	8 819 297	8 575 134	8 575 134	<b>9 265 029</b>	8.05	8 635 531	8 890 538		
11. Agriculture	866 869	1 108 571	928 920	970 556	928 803	928 803	<b>909 086</b>	(2.12)	898 054	926 537		
12. Economic Development and Tourism	399 303	424 396	498 783	604 611	534 886	534 886	<b>517 807</b>	(3.19)	514 551	459 933		
13. Cultural Affairs and Sport	721 011	732 338	784 571	886 216	745 805	745 805	<b>897 510</b>	20.34	860 281	861 967		
14. Local Government	343 812	278 361	313 749	313 901	283 679	280 054	<b>348 664</b>	24.50	285 314	293 085		
<b>Total provincial payments and estimates by vote</b>	<b>59 292 804</b>	<b>62 940 646</b>	<b>67 533 782</b>	<b>71 619 070</b>	<b>71 396 887</b>	<b>71 393 262</b>	<b>72 349 073</b>	1.34	<b>72 633 405</b>	<b>72 722 731</b>		

## Expenditure by policy area

The share of spending by policy area is presented in Figure 1.2.<sup>1</sup> All health and health-related spending by all departments (mainly by the Departments of Health and Transport and Public Works), is captured under the “health and health-related spending” category, similarly for “education and education-related”, and the other categories.

**Figure 1.2 Provincial payments and estimates by policy area, 2021/22**



## Expenditure by economic classification

- Total provincial expenditure for 2021/22, inclusive of direct charges, amounts to R72.397 billion. This is an increase of 1.3 per cent from the 2020/21 Revised Estimates. The main spending categories consists of current payments (R55.423 billion), transfers and subsidies (R11.827 billion), payments for capital assets (R5.094 billion) and payments for financial assets (R5.859 million).
- Compensation of Employees:** The largest expenditure item for the WCG, personnel expenditure, accounts for **52.9 per cent or R38.317 billion** of the total 2021/22 Budget (Figure 1.3). The Province's Fiscal Strategy is centred around bringing about fiscal consolidation through the effective management of employee

*CoE is the largest expenditure item accounting for 52.9 per cent of the 2021/22 Budget*

<sup>1</sup> Departments are responsible for most of the spending in their functional areas. However, there is some overlap between departments. For example, the Department of Transport and Public Works undertakes significant education and health care spending. Details of the methodology for allocating spending to policy area is provided in the Annexure A.8.

compensation. At a national level, a wage freeze has been implemented. Provincially, personnel expenditure upper limits have been introduced. The need to further contain the wage bill requires a more comprehensive compensation strategy. Current strategies to be explored include:

- Incentivising staff eligible for retirement (staff over 60) and early retirement (staff over 55);
- Limiting overtime spend through planning and implementing stricter controls and protocols;
- Adjusting leave policies;
- Restructuring and harmonising allowance and service benefits as an inclusive package for all staff; and
- Reconsidering pay progression rules.

*The Province to continue to strengthen and reform Supply Chain Management*

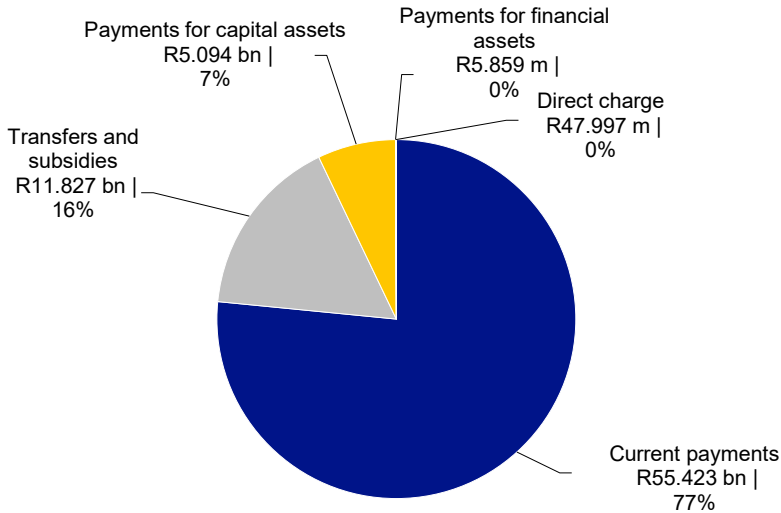
- **Goods and services** account for **23.6 per cent** of expenditure or **R17.106 billion**. The Province will continue to strengthen and reform supply chain management systems and practices and utilise expenditure reviews to enhance efficiencies and value for money in public spending. Included in the goods and services budget are:

- 18.4 per cent for payments for property maintenance, municipal and security services (G&S item: Property Payments: R3.154 billion);
- 23 per cent for purchasing Medical Supplies (R2.029 billion) and Medicine (R1.908 billion);
- 7.1 per cent for providing computer services to departments, mainly in the Department of the Premier's Centre for e-Innovation (R1.223 billion);
- 6.5 per cent for buying nutrition services at education facilities, as well as medical/nursing staff services (Agency and Outsourced Services: R1.105 billion); and
- 6.1 per cent for laboratory services, mainly by the Department of Health (R1.049 billion).

- **Transfers and subsidies:** Accounting for **16.3 per cent** or **R11.827 billion** of the total 2021/22 Budget, of which R5.130 billion or 43.4 per cent is transferred to Non-Profit Institutions (NPIs), followed by transfers to households amounting to R2.429 billion (20.5 per cent). The departments of Education (52.2 per cent) and Social Development (27.9 per cent) are the major contributors to the 2021/22 transfers to NPIs.

- Payments for capital assets:** Accounting for **7 per cent** of expenditure or **R5.094 billion**. The majority of the spending will be incurred by the Departments of Transport and Public Works (R2.980 billion), Health (R982.719 million) and Education (R958.345 million). These three departments account for R4.921 billion (or 96.6 per cent) of the total provincial capital asset allocation in 2021/22.

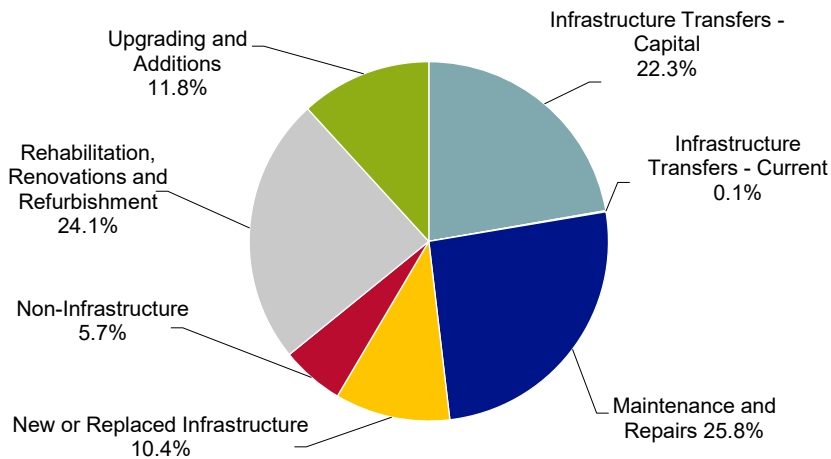
**Figure 1.3 Expenditure by economic classification, 2021/22**



**Infrastructure**

Figure 1.4 below outlines the total infrastructure investment by provincial departments over the 2021 MTEF by category of investment. The focus remains on the maintenance of the existing provincial infrastructure asset base with refurbishments and rehabilitation, maintenance and repairs accounting for 49.9 per cent of the planned infrastructure investment over the 2021 MTEF.

**Figure 1.4 Nature of Infrastructure Investment over the 2021 MTEF**





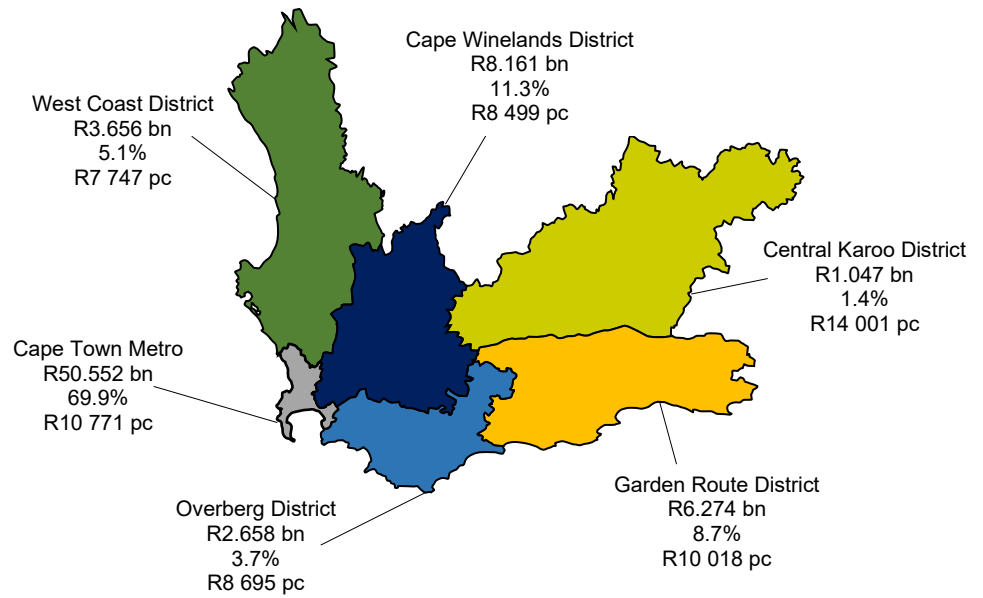
Details of the provincial infrastructure plans are provided in the accompanying *Overview of Provincial and Municipal Infrastructure Investment*.

## ■ Spatial distribution of provincial expenditure

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

Based on population dynamics and relative demand for government services, provincial departments will spend R72.349 billion in municipal spaces across the Province in 2021/22 - 69.9 per cent of the budget will be spent in the Cape Town Metro (Figure 1.5).

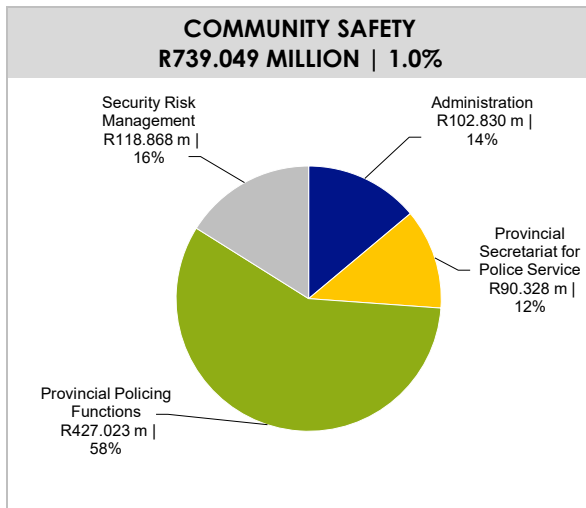
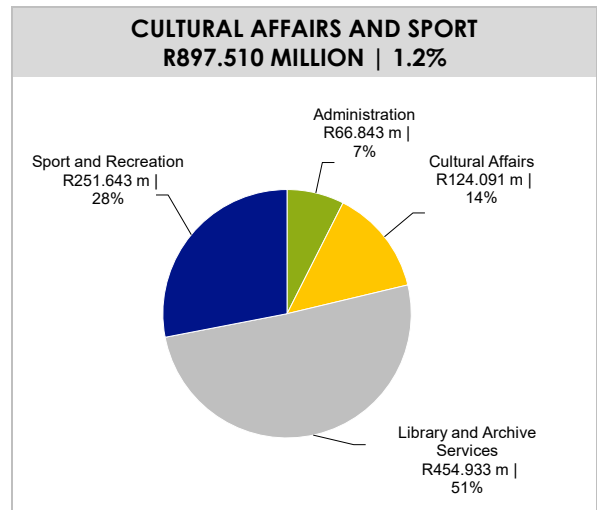
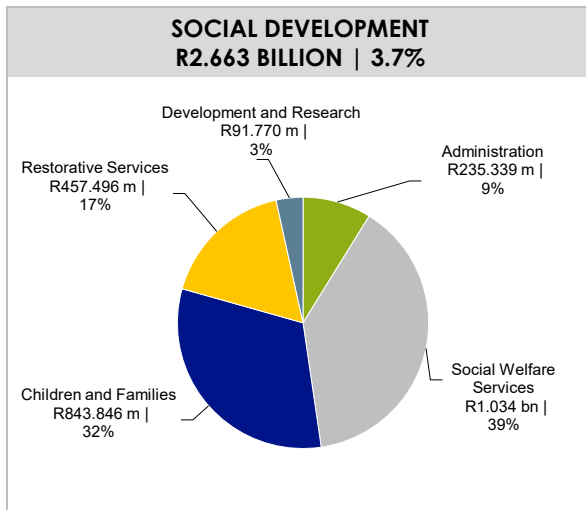
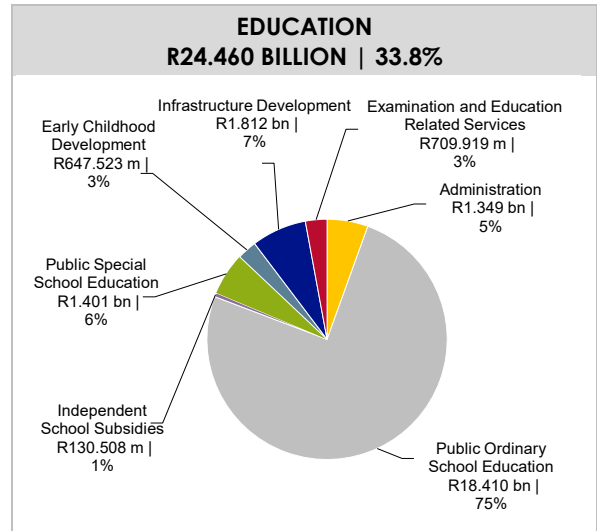
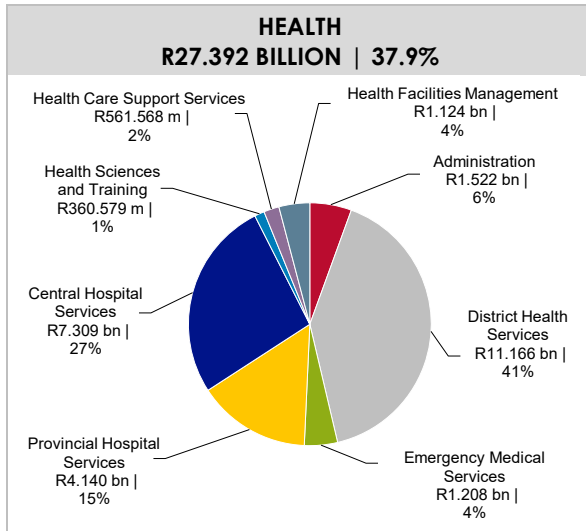
**Figure 1.5 Provincial payment percentages, Metro and Districts**



An analysis of the spatial distribution of expenditure is provided in Chapter 6.

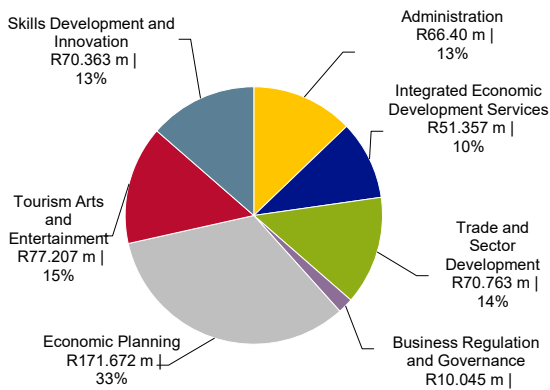
**Diagrammatic representation of sector budgets**

**Social sector budget summary, 2021/22**

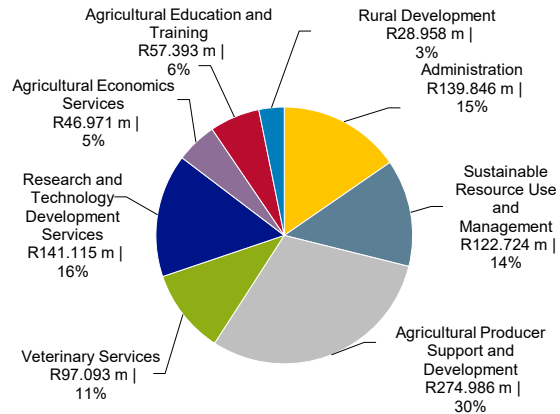


## Economic sector budget summary, 2021/22

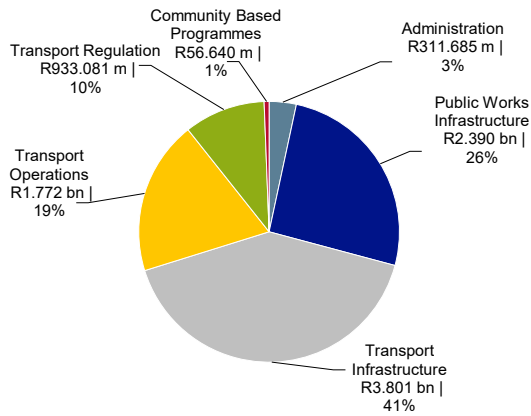
### ECONOMIC DEVELOPMENT AND TOURISM R517.807 MILLION | 0.7%



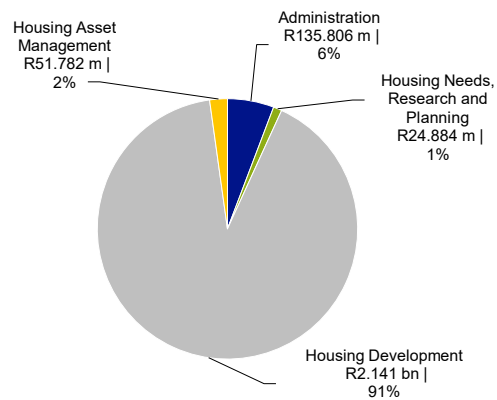
### AGRICULTURE R909.086 MILLION | 1.3%



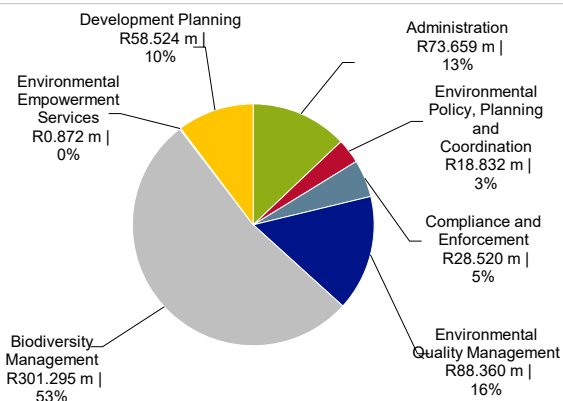
### TRANSPORT AND PUBLIC WORKS R9.265 BILLION | 12.8%



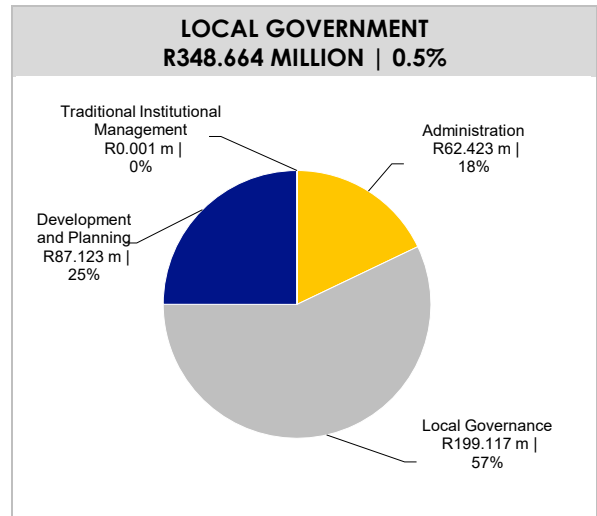
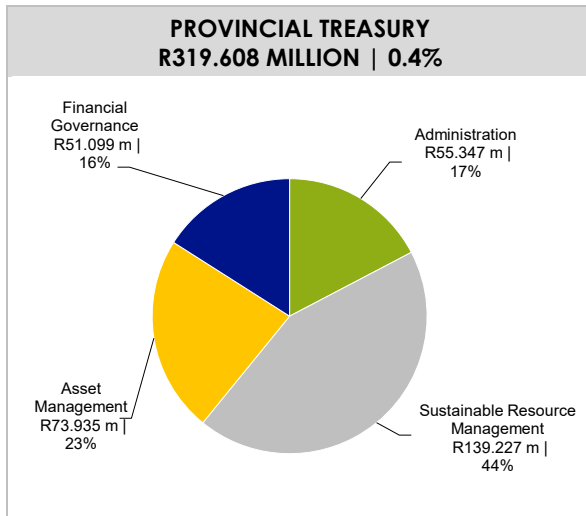
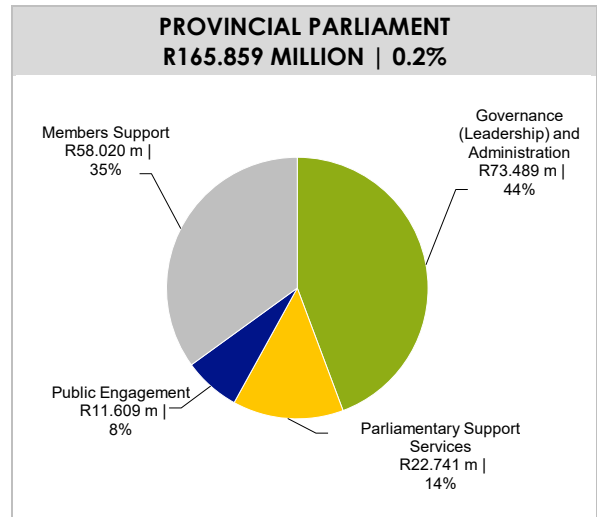
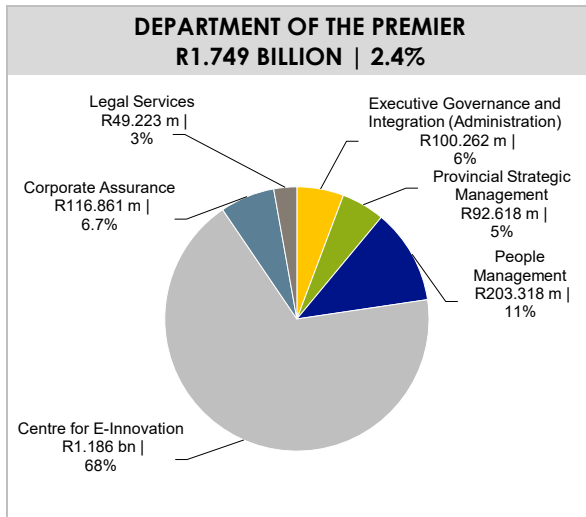
### HUMAN SETTLEMENTS R2.353 BILLION | 3.3%



### ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING R570.062 MILLION | 0.8%



## Governance and Administration sector budget summary, 2021/22





# 2

## Economic overview

### In brief

- Growth is expected to recover in 2021. The speed of a synchronised global and domestic recovery relies on progress with regards to COVID-19, which in turn relies on an effective rollout of vaccines both in South Africa and across the world. In 2021, global growth is projected to be 5.5 per cent, South African growth 3.3 per cent and Western Cape growth 4.6 per cent. The Western Cape is expected to grow faster than the rest of the country due a weaker expected performance of the national economy's Mining and Government sectors.
- COVID-19 has exacerbated existing structural challenges. Over the course of 2021, national unemployment increased to 32.5 per cent and provincial unemployment rose to 22.5 per cent. Nevertheless, there was a welcomed rebound in jobs in the fourth quarter, suggesting an economic improvement.
- Crime acts as a deterrent to economic growth. It is therefore encouraging that notable crime categories saw decreases up to the third quarter of 2020/21 in the Western Cape, including, murder (-5.9 per cent), rape (-0.4 per cent), carjacking (-9.1 per cent) and drug related crime (-32.5 per cent).

### Introduction

The COVID-19 pandemic and the associated lockdown measures have deepened existing socio-economic challenges in both South Africa and the Western Cape. The resulting hardship has underlined the need for economic policies that will structurally raise the rate of economic growth, crowd in private sector fixed investment and enable job creation.

This chapter provides an overview of the global, national and provincial economic landscape, noting the latest labour force, employment and unemployment trends on a national and provincial level. Finally, the chapter provides updated data on the provincial population, education, health and crime.

## ■ Macroeconomic Developments and outlook

### Global economic developments and outlook

*Global economy in most significant contraction since World War II*

The International Monetary Fund (IMF) projects global growth to rebound in 2021 to 5.5 per cent before levelling off to 4.2 per cent in 2022 (see Table 2.1). This follows the most significant contraction since World War II of 3.5 per cent in 2020. Global trade shows signs of a recovery.

A successful and quick global rollout of vaccines across the world will lead to a quicker growth rebound. Alternatively, a resurgence in COVID-19 infections and a renewed need for lockdowns pose a downside risk.

Advanced economies are expected to recover, growing by 4.3 per cent in 2021 and 3.1 per cent in 2022. This follows a contraction of 4.1 per cent in 2020.

Emerging market and developing economies experienced a more modest contraction of 2.4 per cent in 2020. The rebound in these economies is forecast to be stronger at an estimated 6.3 per cent in 2021 and 5.0 per cent in 2022.

The United States (US) economy expanded by 2.2 per cent in 2019. In 2020, the US became the country that recorded the most COVID-19 infections and deaths, resulting in a 3.4 per cent contraction in the economy. A COVID-19 vaccine was revealed at the conclusion of the US presidential election, which will impact positively in the prevention of the pandemic and economic growth in the US. The US passed a USD 2 trillion stimulus package in March 2020 and released a second USD 900 billion package later in the year. Due to the relative low base and the strong fiscal stimulus packages, the US economy is expected to expand by 5.1 per cent in 2021 and 2.5 per cent in 2022. The US is expected to reach pre-pandemic GDP levels by the mid-2021. US interest rates are hovering between 0 per cent and 0.25 per cent. It is expected that the Federal Reserve will persist with low interest rates for the foreseeable future.

*Euro area experienced sharp downturn of 7.2 per cent in 2020*

The Euro area also experienced a sharp economic downturn. A contraction of 7.2 per cent is expected in 2020, after an expansion of 1.3 per cent in 2019. Its economic recovery is expected to be 4.2 per cent in 2021 and 3.6 per cent in 2022. While the Euro area economies started to recover at the end of 2020, a 2<sup>nd</sup> wave of the COVID-19 pandemic again necessitated lockdowns that caused renewed damage in the economies of the area. Larger economies in the area, such as France, Italy and Spain, suffered significant

economic contractions of 9.0 per cent, 9.2 per cent and 11.1 per cent, respectively, in 2020.

The United Kingdom (UK) also suffered due to COVID-19 and the emergence of a more transmittable variant of the virus linked to the 2<sup>nd</sup> wave of infections the country experienced. The economy grew by 1.4 per cent in 2019, after which it contracted by an estimated 10 per cent in 2020. Recovery for the UK economy is forecasted to be 4.5 per cent in 2021 and 5.0 per cent in 2022. The UK is only expected to regain its pre-pandemic GDP level by the middle of 2022. Furthermore, the conclusion of the Brexit negotiations and the economic uncertainty surrounding it bring additional downside risk to the UK economy.

**Table 2.1 Global economic outlook, 2020 – 2022**

	2020e	2021f	2022f		2020e	2021f	2022f
<b>Real GDP growth</b>	<b>-3.5</b>	<b>5.5</b>	<b>4.2</b>				
<b>Advanced economies</b>	<b>-4.9</b>	<b>4.3</b>	<b>3.1</b>	<b>Emerging economies</b>	<b>-2.4</b>	<b>6.3</b>	<b>5.0</b>
US	-3.4	5.1	2.5	Brazil	-4.5	3.6	2.6
Japan	-5.1	3.1	2.4	Russia	-3.6	3.0	3.9
Eurozone	-7.2	4.2	3.6	India	-8.0	11.5	6.8
Germany	-5.4	3.5	3.1	China	2.3	8.1	5.6
France	-9.0	5.5	4.1	Sub-Saharan Africa	-2.6	3.2	3.9
UK	-10.0	4.5	5.0	Nigeria	-3.2	1.5	2.5

*e denotes estimate; f denotes forecast*

*Source: International Monetary Fund, 2021*

In 2019, China recorded an economic growth rate of 6.0 per cent, but the COVID-19 pandemic cut growth to a modest 2.3 per cent in 2020. China imposed strict measures to curb the pandemic's effect, implementing an aggressive campaign supporting COVID-19 containment and introducing expansionary monetary policy. China also focused on public investment as a response to the pandemic. The apparent success of these measures enabled the country to escape economic contraction similar to other major economies. Growth is forecasted to rebound strongly, with expected growth rates of 8.1 per cent in 2021 and 5.6 per cent in 2022. The easing of trade tensions between the US and China is also expected to partially boost China's economic growth.

*China escaped contractions similar to other major economies in 2020*

After years of record economic growth, India's economy expanded at a more subdued pace of 4.2 per cent in 2019. The country's economy contracted by 8.0 per cent in 2020 as India also suffered heavily under the COVID-19 pandemic. The country recorded the second most COVID-19 infections and had 158 483 COVID-19 mortalities by 12 March 2021. India's economy is expected to



resurge strongly with economic growth rates of 11.5 per cent for 2021 and 6.8 per cent for 2022.

The Sub-Sahara African (SSA) economy grew at a rate of 3.2 per cent in 2019. The region is expected to contract by an estimated 2.6 per cent in 2020. Oil-exporting countries, like Nigeria and Angola, also posted large contractions, due both to the pandemic and the associated lower global oil prices. SSA's economy is expected to rebound slowly, with growth rates of 3.2 per cent in 2021 and 3.9 per cent forecasted for 2022, respectively.

### South Africa's economic developments and outlook

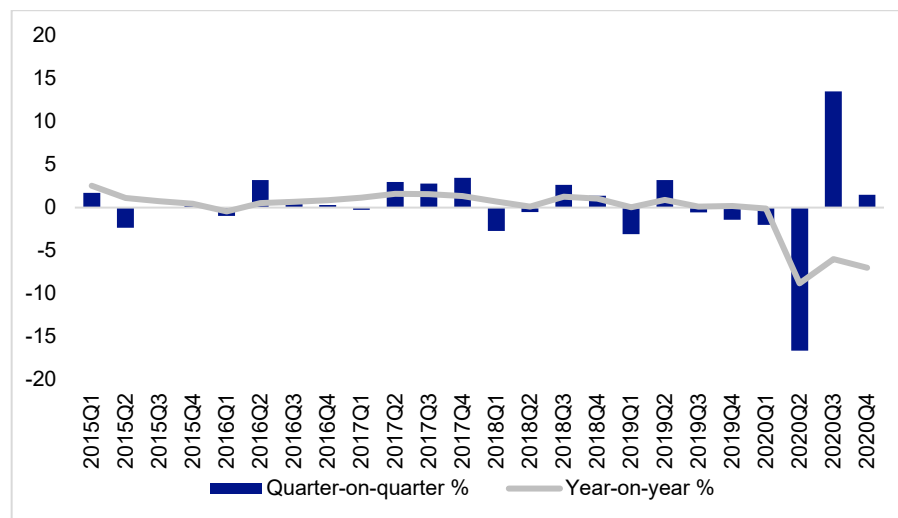
The South African economy had stagnated in the five years prior to 2020. Average economic growth was 0.8 per cent between 2015 and 2019, while population growth averaged 1.5 per cent over the same period. Consequently, GDP per capita declined consistently since 2015. The 2020 recession therefore marks the sixth consecutive year of decline in GDP per capita.

In the fourth quarter of 2020, the South African economy expanded by 6.3 per cent (quarter-on-quarter, annualised) following its relatively large third quarter rebound of 67.3 per cent. However, the national economy declined by 7 per cent in 2020, the biggest annual fall in economic activity the country has seen since at least 1946.

Although the economy recovered relatively well in the third and fourth quarters of 2020, national GDP in 2020 was at a lower level than 2013.

*The 2020 recession mark the sixth consecutive year of decline in GDP per capita*

**Figure 2.1 South African real GDP growth in market prices (2015Q1 – 2020Q4)**



Source: Stats SA, 2021

## Economic sector performance

The fourth quarter of 2020 recorded increases in economic activity across all sectors except the Mining<sup>1</sup> (-1.4 per cent) and Finance<sup>2</sup> (-0.2 per cent) sectors. Growth was mainly led by the Manufacturing (21.1 per cent), Construction (11.2 per cent) and Trade<sup>3</sup> (9.8 per cent) sectors. The largest contributors to growth were the Manufacturing (2.4 percentage points), Trade (1.3 percentage points) and Transport (0.5 percentage points) sectors, whereas the Mining (-0.1 percentage points) and Finance (-0.1 percentage points) sectors made negative contributions to growth.

The Manufacturing sector's sound fourth quarter performance was based on large subsector contributions for food and beverages; motor vehicles, parts and accessories and other transport equipment; basic iron and steel, non-ferrous metal products, metal products and machinery; and wood and wood products, paper, publishing and printing. Despite the strong surge of the Manufacturing sector in the third and fourth quarters, the medium-term outlook for the sector remains subdued due to declining productivity since 2016. South Africa continued to decline in the global competitiveness ranking from 35<sup>th</sup> in 2007 to 49<sup>th</sup> in 2016 and to 60<sup>th</sup> in 2019.

In tandem with the large slump in the South African economy in 2020, the sectors with the largest annual GDP decreases were the Construction (-20.3 per cent), Transport (-14.8 per cent), Manufacturing (-11.6 per cent) and Mining (-10.9 per cent) sectors. The Manufacturing sector (-1.4 percentage points) made the largest contribution to the annual decline, followed by the Trade (-.3 percentage points) and Transport (-1.3 percentage points) sectors.

The Agriculture<sup>4</sup> (13.1 per cent) and Government<sup>5</sup> (0.7 per cent) sectors were the only sectors to record positive growth in 2020. The positive performance of the Agriculture sector in 2020 can be attributed to a relative low base caused by negative growth rates of -4.8 per cent in 2018 and -6.9 per cent in 2019; relatively better protection against COVID-19 lockdown measures; and significant export growth in 2020 fuelled by a depreciating local currency in the first half of the year. Although most sectors were severely impacted by COVID-19 lockdown measures, other factors such as intermittent

*The largest contributors to growth were the Manufacturing, Trade and Transport sectors*

*The sectors with the largest annual GDP decreases were the Construction, Transport, Manufacturing and Mining*

<sup>1</sup> Mining and quarrying

<sup>2</sup> Finance, insurance, real estate and business services

<sup>3</sup> Wholesale and retail trade, catering and accommodation

<sup>4</sup> Agriculture, forestry and fishing

<sup>5</sup> General government

electricity shortages during the year also played a key role in the performance of especially the Manufacturing sector.

*Mining sector recorded its third consecutive annual decline in 2020*

While the Mining Sector (-10.9 per cent) recorded its third consecutive annual decline in 2020, the outlook of the Mining sector is supported by rising commodity prices which have increased from the lows of 2020 to eight- or nine-year highs in early 2021. This fuelled speculation of a possible new commodity super cycle with the green economy as the main driver of price surges in commodities such as platinum group metals.

**Table 2.2 National GDP expectations per Institution in percentage (2020 - 2022)**

Institution	2021f	2022f	Average growth (2020 - 2022)
<b>Quantec</b>	<b>4.9</b>	<b>3.1</b>	<b>0.3</b>
Euromonitor	4.0	3.7	0.2
SARB	3.5	2.4	-0.4
BER	3.1	2.8	-0.4
National Treasury	3.3	2.2	-0.5
IHS	3.3	1.8	-0.6
World bank	3.3	1.7	-0.7
OECD	3.0	2.0	-0.7
Fitch	2.7	1.7	-0.9
EIU	2.0	2.2	-0.9
IMF	2.8	1.4	-0.9
<b>Average</b>	<b>3.3</b>	<b>2.3</b>	<b>-0.5</b>

Source: Quantec; National Budget; World Economic Outlook; Global Economic Prospects; DEDAT

The outlook for the South African economy varies considerably (Table 2.2). When combined with the actual 2020 GDP results, average growth between 2020 and 2022 varies from 0.3 per cent (Quantec) to -0.9 per cent (Fitch, EIU and IMF). The average national GDP growth forecast is 3.3 per cent in 2021 and 2.3 per cent in 2022. The consensus forecast points to a -0.5 per cent average growth rate between 2020 and 2022.

*The consensus forecast points to a -0.5 per cent average growth rate between 2020 and 2022*

The most optimistic forecast was provided by Quantec. It expects South Africa's GDP growth to accelerate with 4.9 per cent in 2021 and 3.1 per cent in 2022. The Trade (1.6 percentage points) and Finance (1.4 percentage points) sectors are expected to be the primary drivers of growth in 2021. Economic recovery is dependent on many factors, most notably the course of the COVID-19 pandemic. Importantly, the baseline view relies on the absence of a '3<sup>rd</sup> wave' of COVID-19 infections and a strong recovery in international economic growth. However, a slow recovery in international demand, due to a slow vaccination process, and a potential '3<sup>rd</sup> wave' in South Africa, pose downside risks to these estimates.

## Consumption expenditure

In the fourth quarter of 2020, South Africa's expenditure on Gross Domestic Product (GDE) increased with 6.5 per cent (quarter-on-quarter, annualised) following from a third quarter rebound of 68.1 per cent.

### The economic impact of the Coronavirus on the South African economy

With approximately 120 million confirmed cases, 2.654 million confirmed deaths, and almost all countries with confirmed cases of COVID-19 thus far\*, the scale of the COVID-19 crisis is large with almost every country in the world impacted. Due to the scale of this pandemic, all developed countries were affected, with most developed economies recording sharp contractions. This has had a severe and lasting effect on global trade, which has spilled over into the South African economy. The South African economy is a small and open one, so any decrease in international trade damages South Africa's own economic growth prospects. As one example, a 1 percentage point decline in only Chinese growth leads to a 0.2 percentage point decline in South African economic growth. When other major trade partners, such as the EU and the US, report economic contractions, the damage to South Africa's economic growth is compounded.

More than this, COVID-19 had a much more direct impact on South Africa's economic growth. The first surge of COVID-19 cases and COVID-related deaths necessitated a 'hard lockdown' in April to July 2020. For most of this time, only work deemed essential was permitted, while others were encouraged to work from home. Schools were closed and children were sent home. Bans were placed on both international and domestic travel. One could only leave home for medical emergencies or to shop for food. Industries from tourism, restaurants, alcohol and tobacco were closed. This has had a significant impact on South Africa's economy, with a massive contraction in GDP recorded for the second quarter of 2020, while the number of employed persons plummeted.

*Source: World Health Organization, PwC, World Economic Forum, 2020*

*\* Information correct as on 12 March 2021*

The quarterly expenditure growth was supported by notable growth contributions in household consumption<sup>6</sup> (4.7 percentage points) and gross capital formation (GCF), (4 percentage points). Net exports (-4.5 percentage points) made a negative contribution to quarterly growth mainly as a result of large import growth (52.4 per cent). Imports of goods and services was largely driven by increases in vehicles and transport equipment; base metals and articles of base metals; and machinery and electrical equipment.

South Africa's annual GDE was -7.1 per cent in 2020 (see Table 2.3). The negative economic climate had a substantial impact on investments and inventories. GFC (-31.3 per cent), which consists of gross fixed capital formation (GFCF) and change in inventories, recorded the largest annual decrease for the year. The large decrease was due to negative GFCF (-17.5 per cent) and a relative large inventory drawdown (-R89.8 billion). In 2020, GFCF ("Investments") was at its lowest level since 2006. Expectations are that the 2019 GFCF level will only be reached by 2024.

*South Africa's annual GDE was -7.1 per cent in 2020*

<sup>6</sup> Household final consumption expenditure.

GCF (-5.9 percentage points) also made the largest contribution to the annual GDE decline followed by household consumption (-3.4 percentage points) and exports (-3 percentage points).

**Table 2.3 South African macroeconomic forecast for selected variables, 2021 - 2022**

	2020	2021f	2022f
Final household consumption expenditure	- 5.4	3.3	4.3
Government consumption expenditure	0.5	3.0	3.3
Gross fixed capital formation	- 17.5	1.6	7.7
<b>Expenditure on GDP</b>	<b>- 7.1</b>	<b>5.9</b>	<b>5.3</b>
Total exports	- 10.3	16.6	7.0
Total imports	- 16.6	19.8	13.6
<b>GDP in Market Prices</b>	<b>- 7.0</b>	<b>4.9</b>	<b>3.1</b>
<b>Inflation (annual averages)</b>	<b>3.3</b>	3.4	4.1
CPI (Headline)	3.2	3.4	4.1
PPI (Final manufactured goods)	2.3	1.8	1.7
R/US\$	16.5	16.1	17.1
R/Euro	18.8	19.2	19.9
R/Pound sterling	21.1	21.2	23.4

*f denotes forecast*

*Source: Quantec, 2021*

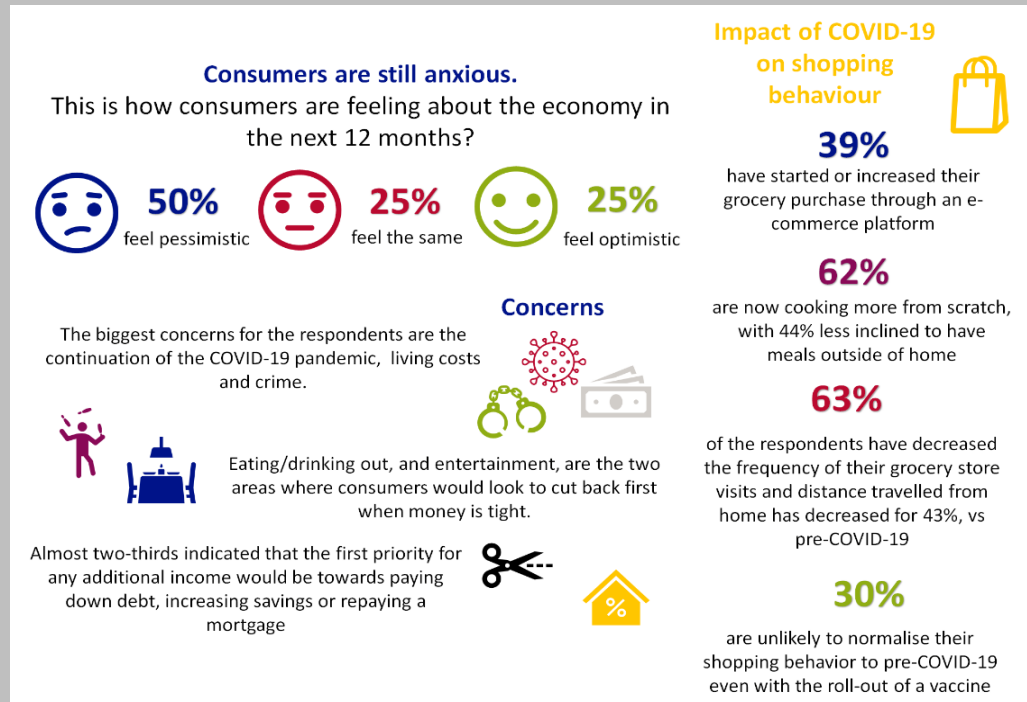
*South Africa's economic recovery will be mainly driven by GCF and household consumption in 2021*

South Africa's expected economic recovery will be mainly driven by growth contributions of GCF (3.4 percentage points) and household consumption (2.7 percentage points) whilst net exports (-1.5 percentage points) is expected to stem from growth in 2021.

Large increases for both exports (16.6 per cent) and imports (19.8 per cent) are expected as global trade resumes to normality in 2021. The African Continental Free Trade Agreement, which came into effect in 1 January 2021, promises to provide some further impetus to export growth over the medium-term. It provides an opportunity to tap into Africa's economic growth potential with 1.2 billion consumers, which has been relatively lightly affected by the COVID-19 crisis.

### KEY SOUTH AFRICAN CONSUMER INFORMATION

The Hongkong and Shanghai Banking Corporation (HSBC) released its second proprietary survey of 40 questions across over 1500 South African consumers in February 2021. HSBC's survey provides insights into the economic outlook and changes in shopping behaviour due to COVID-19. COVID-19 has changed consumer shopping behaviour, with spending likely to remain subdued.



Source: South Africa: Anatomy of the consumer, HSBC Global Research, 2021

### Exchange rate

Following a strong end to 2019, the rand was under pressure in 2020 but recovered well in the second half of the year. The rand displayed higher levels of volatility mainly due to the COVID-19 crisis. The pandemic also caused capital flight from emerging market currencies to 'safe-haven' currencies, like the US dollar and the Euro (Quantec, 2021). Higher volatility levels are expected to stabilise as the impact of the pandemic wanes, and the risk appetite for emerging market currencies picks up. However, the rand is expected to remain under pressure for the foreseeable future. From current levels of around R15.30/US\$, the rand is projected to weaken towards an average of R16.07/US\$ in 2021 and further depreciate to R17.12/US\$ by the end of 2022.

*The rand is expected to remain under pressure for the foreseeable future*

### Inflation

The South African Reserve Bank (SARB) sets an inflation target band of between 3 and 6 per cent. Inflation surprised on the downside in 2020, averaging 3.3 per cent, compared to 4.1 per cent in 2019. Most notably, food inflation was the main driver of inflationary pressure, with an annual inflation rate of 6.0 per cent. Housing rentals

continued to record a much lower inflation rate, anchoring overall inflation.

It is expected that lower inflation rates will persist over the medium-term. The latest figure for January 2020 ticked up to 3.2 per cent year-on-year, from 3.1 per cent in November 2020. Average inflation is forecast to close to the lower bound of the SARB's target at 3.4 per cent in 2021, before edging up to 4.1 per cent in 2022 (Quantec, 2021).

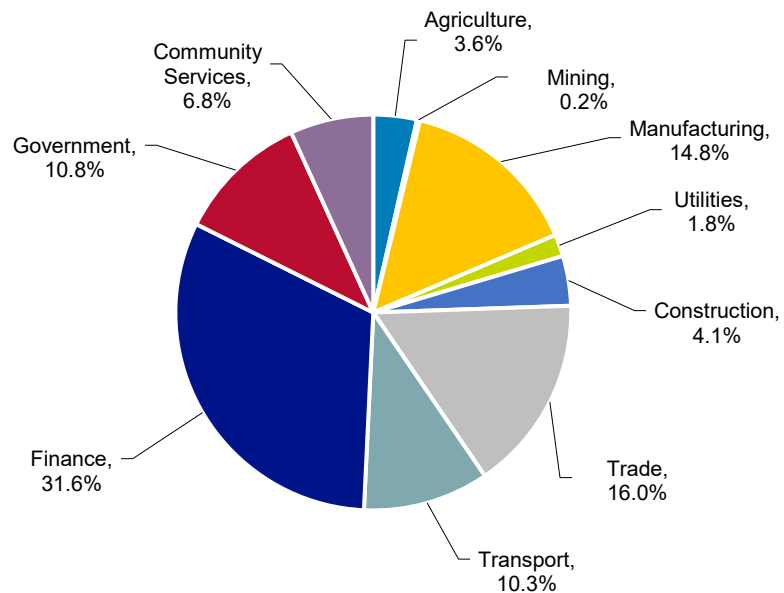
*Lower inflation rates expected to persist over the medium-term*

After the sharp cuts of 300 basis points in the repo rate in 2020, further repo rate cuts will be guided by inflation rate movements in 2021. It is unlikely that the repo rate will see any further cuts in the foreseeable future.

### Western Cape economic developments and outlook

The Western Cape economy is largely driven by the private services sector, which contributed nearly two-thirds of GDP in 2019 (see Figure 2.2). The private sector was dominated by Finance, which contributed 31.6 per cent. Notable non-service sectors are Manufacturing (14.8 per cent) and Government (10.8 per cent).

**Figure 2.2 Sector contribution of the Western Cape economy, 2019**



Source: Quantec

Between 2015 and 2019, the average economic growth in the Western Cape was only 1 per cent, substantially lower than the average growth of the preceding five years (2.8 per cent), and almost half the population growth rate of the Province over the same period. The lower growth over the last five years can mainly

*Average provincial growth rate between 2015 and 2019 almost half the population growth rate*

be attributed to a weaker underlying national economy. The Agriculture sector struggled over this period. Under the heft of a long-term drought and national policy uncertainty, the Agriculture sector GDP declined in four of the five years to record an average decline of -3.1 per cent.

In response to a persistent drought, the Agriculture sector has adopted green infrastructure on a grand scale. The 2017 Flyover project shows shade netting for orchids has increased by 290 per cent while vegetable tunnels increased with 43 per cent since the last flyover in 2013.

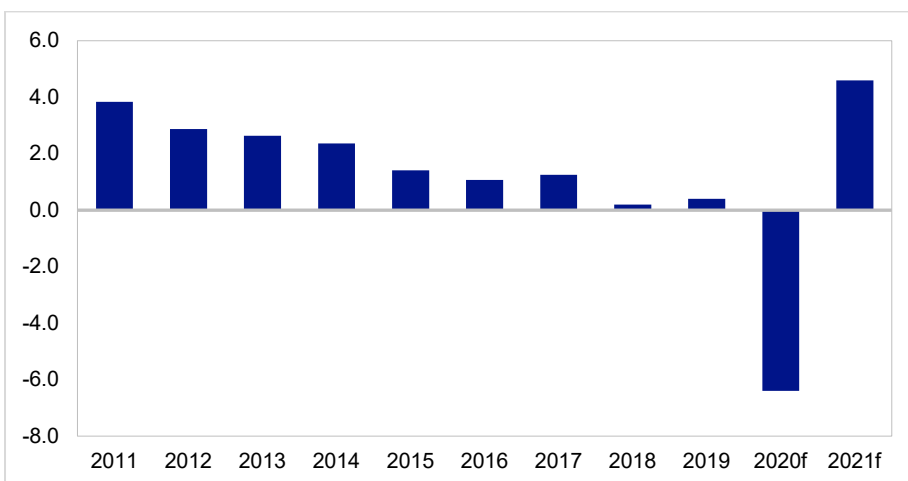
*The Agriculture sector adopted green infrastructure on a grand scale*

In addition to Agriculture, three other sectors Utilities<sup>7</sup> (-0.8 per cent), Mining (-0.4 per cent) and Construction (-0.3 per cent) also recorded negative average growth rates between 2015 and 2019. The fastest growing sector over this period was the Finance sector with an average growth of 2.3 per cent.

In 2019, the Western Cape economy was one of three provinces that recorded positive growth for the year (0.4 per cent), (see Figure 2.3). Only the Finance (2.4 per cent), Government (1.9 per cent), Personal Services<sup>8</sup> (1 per cent) and Trade (0.5 per cent) sectors recorded positive growth for the year, with Agriculture (-9.9 per cent) as the worst performing sector in 2019. The Province followed below full capacity growth of its national economy that was hampered by electricity shortages and policy uncertainty.

*The Western Cape economy was one of three provinces that recorded positive growth in 2019*

**Figure 2.3 Western Cape economic growth performance, 2011 - 2021f**



f denotes forecast

Source: Quantec, Stats SA, 2021. Provincial Treasury

<sup>7</sup> Electricity, gas and water sector

<sup>8</sup> Community, social and personal services



*The Western Cape economy is expected to contract by 6.4 per cent in 2020*

The Western Cape economy is expected to contract by 6.4 per cent in 2020 as the COVID-19 economic crisis deepens the current structural challenges in the economy (see Table 2.4). The expected contraction is mainly due to the COVID-19 lockdown measures that disrupted the Provincial economy, most notably the Tourism sector.

While the Tourism sector is relatively more prominent for the Western Cape than for other provinces in South Africa, the sector's estimated contribution to total GDP is at 2.5 per cent <sup>9</sup> almost 13 times smaller than the Finance sector and 6 times smaller than the Manufacturing sector.

All sectors except for Agriculture (18.9 per cent) and Personal services (1.1 per cent) are expected to contract in 2020, (see Table 2.4). The most significant contractions are expected in the Mining (-61.3 per cent), Construction (-22.5 per cent) and Utilities (-20.5 per cent) sectors.

The Trade (-1.5 percentage points) and Transport <sup>10</sup>(-1.4 percentage points) sectors will make the largest contribution to the expected contraction in 2020 followed by Manufacturing (-1.2 percentage points) and Finance (-1.1 percentage points) sectors.

*The Western Cape GDP is expected to surpass 2019 levels in 2022*

As lockdown restrictions ease and global economic growth and demand reignites, the Provincial growth is expected to recover at 4.6 per cent in 2021 and 3.1 per cent in 2022. The Western Cape GDP is expected to surpass 2019 levels in 2022. However, between 2020 and 2022 the expected annual average growth rate for the Western Cape is 0.4 per cent.

The 2021 recovery is expected to be led by the Trade and Finance sectors, each with an expected contribution of 1.7 percentage points to Provincial growth. All sectors except for the Construction sector (-4.8 per cent) is expected to record positive growth in 2021.

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<sup>9</sup> Source: Department of Economic Development and Tourism

<sup>10</sup> Transport, storage and communication

**Table 2.4 Western Cape economic growth forecast per sector, 2021 - 2022, and 2021 - 2025 average growth forecast**

Description	2020e	2021f	2022f	Average Growth
				2021 - 2025
Agriculture, forestry and fishing	18.9	4.1	2.2	1.9
Mining and quarrying	-61.3	41.6	7.0	11.5
Manufacturing	-8.1	3.9	1.5	1.6
Electricity, gas and water	-20.5	5.5	-0.4	1.5
Construction	-22.5	-4.8	1.6	2.4
Wholesale and retail trade; catering and accommodation	-9.3	11.3	3.0	4.4
Transport, storage and communication	-13.4	4.5	3.9	3.8
Finance, insurance, real estate and business services	-3.5	5.1	5.2	4.9
General government services	-4.5	0.5	0.6	1.0
Community, social and personal services	1.1	0.0	0.7	0.9
<b>All industries at basic prices</b>	<b>-6.4</b>	<b>4.6</b>	<b>3.1</b>	<b>3.3</b>

*e denotes estimate; f denotes forecast*

*Source: Quantec research, 2021; Provincial Treasury*

### Risks to the outlook

Various uncertainties and risks could impact South Africa and the Western Cape's economic outlook. The most notable are:

- The uncertainty in the speed and extent of global recovery from the COVID-19 pandemic. Critical factors include the effectiveness of the vaccination rollout process and risk of a 3<sup>rd</sup> wave COVID-19 outbreak.
- Load shedding and above-inflation electricity price increases remain a constant challenge in South Africa. For the immediate future, there appears to be a substantial risk of load shedding, while the scale and frequency of load shedding over the medium term remains uncertain. An above inflation electricity price increase of 15.63 per cent has been determined for 2021/22.
- The inefficiency of state-owned enterprises (SOE's) and its growing liability on the national fiscus.
- The deteriorating health of the national fiscus and increased share of debt servicing costs to total national expenditure.
- Economic policy uncertainty, resulting from issues such as expropriation of property without compensation, nationalising the SARB, and the introduction at huge expense of a national health insurance scheme.

*Risks to the national and provincial economic outlook include speed and extent of recovery from COVID-19 and load shedding*

- The structural challenges in the education system to improve South Africa's technical, mathematical and scientific capabilities.

### Swine fever risk in the Western Cape

In January 2021, the Department of Agriculture was alerted of pigs dying in Mfuleni and immediately started an investigation. African swine fever was confirmed after numerous laboratory tests were conducted. Failure to contain the disease can lead to a spill over to big commercial entities that operate throughout the Province. It is thus imperative that the outbreak be contained and eradicated at source. The area is currently quarantined with a local ban imposed on the movement and sale of pigs and pig products in an attempt to contain and prevent further spread of the disease.

The Western Cape slaughters 21 per cent of all pigs in South Africa, the second largest share of all provinces. The number of pigs slaughtered in the Province has grown from 633 000 to 698 000 or with 10 per cent between 2018 and 2020. There is currently an estimated 150 commercial pig farmers, 19 stud farmers and 400 smallholder farmers in the Western Cape. The industry is estimated to employ about 3 105 workers, comprising of about 2 300 at farm level and 805 workers in the processing and abattoir sectors. The Western Cape is also an important exporter of pork meat. Total Western Cape exports of both fresh and frozen pork meat was valued at R73 million in 2020 compared to R45 million in 2018. The Province accounted for a 21 per cent of total South African exported pork meat in 2020.

Source: Department of Agriculture

## Labour market dynamics

*The black population accounted for 99.7 per cent in the growth of the total population of working age*

The fourth quarter 2020 Quarterly Labour Force Survey published by Stats SA <sup>11</sup> indicates that more than 39.3 million people in South Africa were of working age in the fourth quarter of 2020, an annual increase of 583 000, or 1.5 per cent (see Table 2.5). The black population accounted for 99.7 per cent in the growth of the total population of working age as opposed to the white population which recorded an annual decline of 36 000. The decline in the white working age population can mainly be attributed to a relatively older demographic age structure.

South Africa's labour force declined by 889 000 or 3.8 per cent on an annual basis in the fourth quarter of 2020. The decline results from an increase in the non-economically active population, which rose by just less than 1.5 million. This suggests an increase in discouraged work seekers.

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<sup>11</sup> Statistics South Africa

## Grants

The NIDS-CRAM Wave 3 Synthesis Report found that the South African social support system is far reaching. A total of 70 per cent of South Africans live in households that receive a Government grant. Two thirds live in households that receive a Child Support Grant (CSG), Social Relief of Distress Grant of R350, or both. These statistics reflects the peak of grant coverage (October 2020) since grant top-ups for traditional grants were removed in November 2020.

An important finding was that women were under-represented in income support provided. Just under 40 per cent of the UIF/UIF-TERS beneficiaries and 37 per cent of the COVID-19 SRDG recipients in October were women (similar figures to those recorded in June). Fewer women have received the Social Relief of Distress Grant since it cannot be held concurrently with another social grant such as the Child Support Grant (CSG). Unemployed women have effectively therefore been penalised for collecting the CSG on behalf of a child as the primary caregiver.

*Source: NIDS-CRAM wave 3 synthesis report*

## National employment

Employment rebounded in the fourth quarter 2020 to 15.024 million, 2.4 per cent or 333 000 more than the third quarter 2020.

The Personal services sector contributed about half (51.1 per cent) of the total employment gains between the third and fourth quarters in 2020. In contrast, the Finance sector had lost the most employment opportunities (-123 000 or -5 per cent of jobs) during this period. Employment for sectors which typically employ a larger portion of semi- to low-skilled workers increased. Agriculture added 2 000 jobs (or 0.3 per cent), Manufacturing 31 000 jobs (2.1 per cent) and Construction 86 000 jobs (or 8 per cent). Mining recorded a decline in employment shedding 35 000 jobs (8.4 per cent).

*The Personal services sector contributed about half of the total employment gains between the third and fourth quarters in 2020*

As opposed to the resurging employment numbers, in the fourth quarter on a quarterly basis, employment numbers dwindled annually. Between the fourth quarters of 2019 and 2020, South Africa lost 1.397 million or 8.5 per cent of its employment opportunities. All sectors experienced employment losses, including the Agriculture sector (-75 000 or -8.5 per cent) which is expected to make GDP gains for the year. The largest contribution to employment losses were in the Finance (-256 000 or 18.3 per cent), Personal services (-241 000 or 17.3 per cent) and Manufacturing sectors (-230 000 or 16.5 per cent), whilst the Utilities sector (-17.2 per cent) had the highest percentage decline in employment numbers during the year.

*Nationally, the Finance sector made largest contribution to annual employment losses in 2020*

Women accounted for 54.7 per cent of all employment gains in the fourth quarter of 2020. The racial group with the relative highest employment growth in the quarter was Indians (7.2 per cent), whilst

whites (0.3 per cent) had the lowest employment growth rate over the same period.

Between the fourth quarters of 2019 and 2020, all racial groups recorded negative employment growth of which the black South African population (-9.2 per cent) experienced the largest decline and the Indian population (-2.2 per cent) the smallest decline. Over this period the black South African population accounted for 81.4 per cent of all employment losses followed by coloured (10.9 per cent), white (6.9 per cent) and Indian (0.8 per cent) populations.

### **National unemployment**

Based on a contracting economy, South Africa's unemployment rate increased to 32.5 per cent or 7.233 million in the fourth quarter of 2020 (Table 2.5). The unemployment rate increased by 10.7 per cent or 701 000 on a quarterly basis and 7.5 per cent or 507 000 on an annual basis. The black population accounted for 105.3 per cent or 534 000 of the annual unemployment growth and the white population for 3.6 per cent or 18 000 over the same period. The Indian (-16 000) and coloured (-29 000) populations recorded declines in unemployment over the same period. The unemployment declines for these two population groups were due to a decline in its labour force over the same period, signifying a decrease in the population that is able and willing to work. Men accounted for the vast majority (70.4 per cent) of annual unemployment growth in the fourth quarter of 2020.

*South Africa's unemployment rate increased to 32.5 per cent in the fourth quarter of 2020*

*Relative higher educational attainment accounted for relative lower annual employment losses*

Relative higher educational attainment (secondary education not completed and higher) accounted for relative lower annual employment losses (-6.9 per cent) as opposed to lower educational attainment cohorts (primary education completed and lower) which accounted for higher employment losses (-21.2 per cent). However, unemployment in lower educational attainment cohorts declined with 11 per cent as opposed to the 10 per cent increase in unemployment of higher educational attainment cohorts. This is likely because relative lower education cohorts left the labour force during this period.

**Table 2.5 Labour market trends for South Africa, 2019Q4 to 2020Q4**

	2019Q4	2020Q1	2020Q2	2020Q3	2020Q4	Change (2019Q4 - 2020Q4)	
						Absolute	Relative (per cent per annum)
<i>Aggregates (thousands)</i>							
Working age population	38 727	38 874	39 021	39 167	39 311	583	1.5
Employment	16 420	16 383	14 148	14 691	15 024	-1 397	-8.5
Narrow unemployment	6 726	7 070	4 295	6 533	7 233	507	7.5
Narrow labour force	23 146	23 452	18 443	21 224	22 257	-889	-3.8
Expanded unemployment	10 381	10 797	10 259	11 145	11 156	775	7.5
Expanded labour force	26 801	27 179	24 408	25 836	26 179	-622	-2.3
Non-searching unemployed	3 655	3 727	5 964	4 612	3 922	268	7.3
<i>Rates (per cent)</i>							
Employment-to-Population Ratio	42.4	42.1	36.3	37.5	38.2	-4.2	
Narrow unemployment	29.1	30.1	23.3	30.8	32.5	3.4	
Expanded unemployment	38.7	39.7	42.0	43.1	42.6	3.9	
Narrow LFPR	59.8	60.3	47.3	54.2	56.6	-3.1	
Expanded LFPR	69.2	69.9	62.5	66.0	66.6	-2.6	

Source: HS Business Solutions calculations, Stats SA

## Youth labour dynamics

During 2020, youth (age cohorts 15-34) left the labour force in relatively large numbers. In the fourth quarter of 2020, youth accounted for 42.3 per cent of the total labour force but contributed toward 88.8 per cent of the total annual labour force losses in South Africa. This means that 789 000 youths exited the labour force since the fourth quarter 2019, and were most likely to study or were discouraged to continue to seek employment opportunities.

The latest employment data reveal that the youth was disproportionately affected by annual employment losses compared to older age cohorts. In the fourth quarter 2020, the youth accounted for 33.8 per cent of total employment opportunities, but contributed toward 63.9 per cent of all employment losses during the year. In the fourth quarter 2020, the youth recorded an annual decline of 892 000 or -15 per cent of its employment opportunities, compared to annual employment losses of 505 000 or -4.8 per cent for the older age cohorts.

*The youth accounted for 33.8 per cent of total employment opportunities, but contributed toward 63.9 per cent of all employment losses during the year*

In the fourth quarter 2020, the portion of youth not in employment, education or training (NEET) in South Africa declined by 3.6 percentage points to 31 per cent. Similarly, the Western Cape

also recorded a decline in the same statistic of 1.2 percentage points to 41.8 per cent.

Unemployment among youth remains a systemic challenge in South Africa as the youth recorded a disproportionately high and growing unemployment rate in the fourth quarter of 2020. In the same quarter, youth unemployment stood at 46.1 per cent, more than double the unemployment rate for older age cohorts (22.5 per cent) and an annual increase of 4.6 percentage points.

### **Western Cape labour dynamics**

In the fourth quarter of 2020, the Western Cape's population of working age stood at 4.766 million or 12.1 per cent of South Africa's total working age population (Table 2.6). Although the working population increased on an annual basis by 80 000 or 1.7 per cent, the Province's labour force declined over the same period with 165 000 or 5.2 per cent. The decline in the labour force can be ascribed to the significant increase (245 000 or 16.3 per cent) of non-economically active population in the Province.

*The Western Cape gained 121 000 employment opportunities on a quarterly basis but lost 180 000 jobs on an annual basis*

By the fourth quarter of 2020, the Western Cape gained 121 000 or 5.5 per cent employment opportunities on a quarterly basis but lost 180 000 or 7.1 per cent jobs on an annual basis. Total employment in the Province stood at 2.338 million by the end of the quarter.

The Western Cape accounted for the largest portion (22 per cent) of all Agriculture employment opportunities in the South Africa. The sector also made the largest quarterly contribution to employment growth (33.6 per cent) in the Province. During the fourth quarter, 41 000 new employment opportunities were added to the Western Cape Agriculture sector, a quarterly increase of 29.9 per cent. However, the sector lost 58 000 employment opportunities (-24.6 per cent) on an annual basis.

In the same quarter, the Western Cape total unemployment rate increased by 1.6 percentage points or 15 000 more than the previous year to 22.5 per cent or 680 000.

**Table 2.6 Labour market trends for Western Cape, 2019Q4 to 2020Q4**

	2019Q4	2020Q1	2020Q2	2020Q3	2020Q4	Change (2019Q4 - 2020Q4)	
						Absolute	Relative (per cent per annum)
<i>Aggregates (thousands)</i>							
Working age population	4 686	4 708	4 731	4 753	4 766	80	1.7
Employment	2 518	2 501	2 179	2 216	2 338	-180	-7.1
Narrow unemployment	665	662	434	612	680	15	2.3
Narrow labour force	3 182	3 163	2 613	2 828	3 018	-165	-5.2
Expanded unemployment	801	826	819	909	855	54	6.7
Expanded labour force	3 319	3 326	2 998	3 125	3 193	-126	-3.8
Non-searching unemployed	137	163	385	297	175	39	28.3
<i>Rates (per cent)</i>							
Employment-to-population ratio	53.7	53.1	46.1	46.6	49.0	-4.7	
Narrow unemployment	20.9	20.9	16.6	21.6	22.5	1.6	
Expanded unemployment	24.1	24.8	27.3	29.1	26.8	2.6	
Narrow LFPR	67.9	67.2	55.2	59.5	63.3	-4.6	
Expanded LFPR	70.8	70.6	63.4	65.8	67.0	-3.8	

Source: HS Business Solutions calculations, Stats SA

## Socio-economic profile of the Western Cape

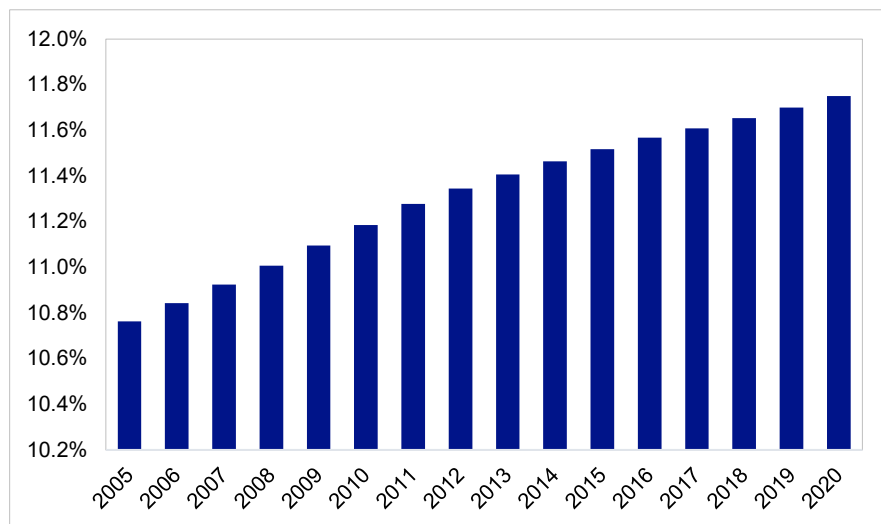
### Population

In 2020, the Western Cape population increased from 6.84 million to 6.97 million, a growth rate of 1.79 per cent. This means that 11.8 per cent of South African citizens reside in the Western Cape in 2020. Currently, most residents live in the City of Cape Town (65.7 per cent), the Cape Winelands (13.5 per cent) and the Garden Route (8.9 per cent). For the past five years, the Province's population has been increasing at a rather steady pace of just below 2 per cent. The increase in population size has mostly been attributed to in-migration from other provinces in South Africa, although an increase in life expectancy has also played a role. By 2024, it is estimated that the Province will be home to 7.465 million residents.

*In 2020, the Western Cape population increased from 6.84 million to 6.97 million, a growth rate of 1.79 per cent*



**Figure 2.4 Western Cape population as a portion of total national population**



Source: Quantec, 2021

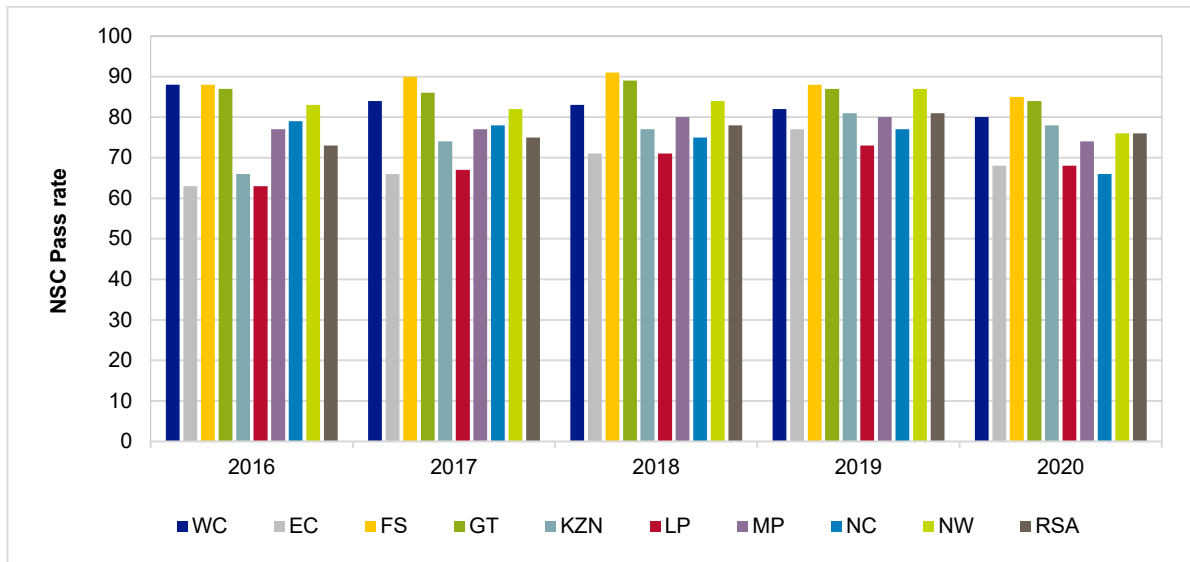
The population of the Western Cape is growing relatively faster than South Africa. As a result, the Western Cape has increased its relative share of the South African total population the past 16 years by 1 percentage point from 10.8 per cent in 2005 to 11.8 per cent in 2020 (Figure 2.4).

**Education**

The Western Cape Government (WCG) continues to prioritise improved education as a vehicle to attain improved socio-economic development. The COVID-19 pandemic however greatly impacted the 2021 academic year. The lockdowns associated with the pandemic forced public schools to close. Schools were closed in March 2020, and even when they were reopened on 1 June 2020, a staggered approach was followed. Many grades received fewer days of schooling than in previous years.

Consequently, the pass rates of the Western Cape and South Africa has declined by 2 and 5 percentage points respectively in 2020 (Figure 2.5). Without exception the matric pass rates of all provinces were lower than the previous year. The Western Cape had 51 663 candidates writing their matric finals in 2020 of which 80 per cent passed the National Senior Certificate (NSC) examination. Only two other provinces, Gauteng (84 per cent) and Free State (85 per cent), recorded higher pass rates than the Western Cape in 2020.

*Without exception the matric pass rates of all provinces were lower than the previous year*

**Figure 2.5 National Senior Certificate (Matric) Pass Rates per Province (2016 - 2020)**

Source: *Matric.co.za, 2021*

In 2020, the Western Cape had 24.1 per cent diploma passes and 11.9 per cent certificate passes. Gauteng had the highest bachelor's degree pass rate (45.1 per cent) followed by the Western Cape (43.8 per cent) and Free State (40.3 per cent).

*In 2020, the Western Cape had 24.1 per cent diploma passes and 11.9 per cent certificate passes*

The COVID-19 pandemic still brings lots of uncertainty to the 2021 academic year. Public and private schools were scheduled to reopen on 27 January 2021. Due to the 2<sup>nd</sup> wave of COVID-19 infections, the Department of Basic Education moved schools' opening date to start on Monday, 15 February. The new school calendar allows for 192 teaching days, compared with the general school year about a week less of teaching than in previous years. In contrast, private schools were allowed to open from 1 February 2021, giving these students two weeks of extra education over their public school counterparts.

## Health

The average life expectancy in the Western Cape was 68 years in 2020. Females (71 years) have a longer life expectancy than males (65.7 years) in the Province. Nationally, average life expectancy was lower at 65.6 years. The higher provincial female life expectancy is also a national occurrence where females average life expectancy (68.5 years) exceeds males (62.5 years). The leading cause of death in the Province is still diabetes mellitus, which is also a dangerous co-morbidity to have with COVID-19, followed by Ischaemic heart diseases and HIV, as shown by 2017 mortality data. The relative burden of chronic diseases is still somewhat higher for the Western Cape than other provinces.

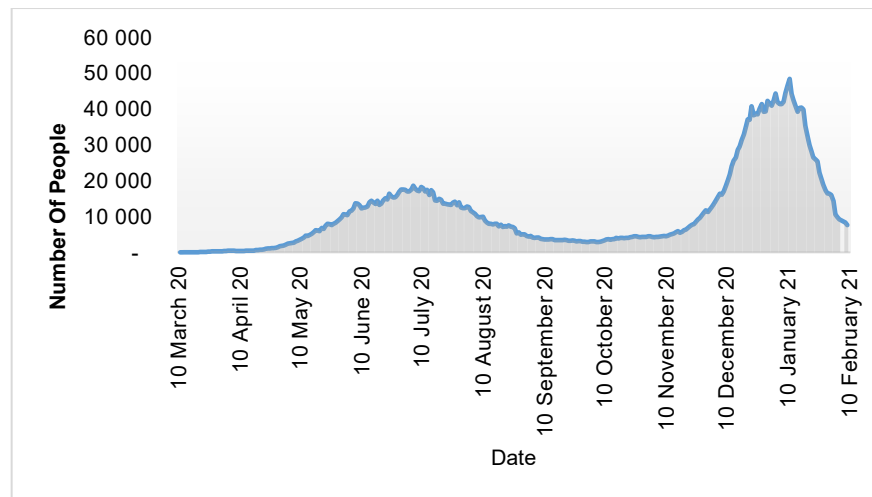
*The average life expectancy in the Western Cape was 68 years in 2020*

HIV was the third leading cause of death in the Province, as shown by 2017 mortality data. Consequently, the burden of chronic diseases is still high for the Western Cape.

*The 2<sup>nd</sup> wave of COVID-19 started in November 2020 and indicated signs of tapering off from January 2021*

The most direct impact of the COVID-19 pandemic was on the health of the Western Cape residents (see Figure 2.6). Initially, the Western Cape was seen as the hot spot of the COVID-19 outbreak. The number of reported COVID-19 cases increased dramatically from mid-May and showed signs of tapering off between July 2020 and September 2020. The 2<sup>nd</sup> wave of COVID-19 started in November 2020 and indicated signs of tapering off from January 2021. Despite the imminent rollout of the COVID-19 vaccine a 3<sup>rd</sup> wave of COVID-19 infections is likely.

**Figure 2.6 Western Cape COVID-19 Active cases**



Source: Quantec

*The Province recorded the largest share of confirmed cases per capita (3.99 per cent)*

COVID-19 statistics from 12 March 2021 indicates that the Province has recorded the third most cases (279 653), representing 18.3 per cent of the total national cases (Table 2.7). However, the Province recorded the largest share of confirmed cases per capita (3.99 per cent), followed by the Eastern Cape (2.88 per cent) and KwaZulu-Natal (2.87 per cent). The Western Cape also recorded the highest number of COVID-19 fatalities (11 337), followed by the Eastern Cape (11 321), in South Africa. Many diseases that are widely spread in the Western Cape, like diabetes, TB and HIV, are dangerous co-morbidities for COVID-19. The City of Cape Town Metro and Garden Route District Municipality were two particularly hard-hit areas in the Province.

**Table 2.7 COVID-19 confirmed cases and fatalities per province (12 March 2021)**

Province	Confirmed cases	Fatalities	Confirmed cases as share of population	Fatalities as share of population
Gauteng	408 564	9 992	2.64%	0.06%
KwaZulu-Natal	331 394	9 803	2.87%	0.09%
Western Cape	279 653	11 337	3.99%	0.16%
Eastern Cape	194 214	11 321	2.88%	0.17%
Free State	81 181	3 457	2.77%	0.12%
Mpumalanga	72 682	1 291	1.55%	0.03%
Limpopo	62 589	1 948	1.07%	0.03%
North West	61 962	1 249	1.51%	0.03%
Northern Cape	34 634	781	2.68%	0.06%

Source: COVID-19 SA.org

## Crime

Crime prevention remains one of the key priorities of the WCG. The latest crime statistics from SAPS provides data up to the third quarter 2020/21. Crime Statistics for the Western Cape from these three quarters have been impacted by both COVID-19 lockdown measures and the deployment of 500 law enforcement officers in key crime hotspot areas in the Western Cape. Similarly, drug related crime statistics declined as a result of the legalisation of cannabis for personal use since March 2019.

A crime comparison for the Western Cape between the first three quarters (April to December) of 2019/20 and 2020/21 shows encouraging results. Major crime categories which showed declines includes murder (-5.9 per cent), rape (-0.4 per cent), carjacking (-9.1 per cent) and drug related crime (-32.5 per cent). The reduction in drug related crime is particularly encouraging since the legislation of cannabis for personal use is already factored into the statistics.

The WCG deployed law enforcement officers in early 2020 in selected crime hotspot areas namely, Khayelitsha, Nyanga, Delft, Philippi and Bishop Lavis. Combined crime statistics for the five crime hotspot areas for the first three quarters of 2019/20 and 2020/21 reveals declines in murder (-7.3 per cent), rape (-10.3 per cent), and drug-related crime (-45.3 per cent). However, over the same period, the incidence of carjackings and robbery at residential premises have increased 16.3 per cent and 4.4 per cent, respectively.

Although crime has declined for most of the notable crime categories for both the Western Cape and its hotspot areas, the

*Most major crime categories in Western Cape showed declines during the first three quarters of 2020/21*

*Portion of murders in hotspot areas to the Western Cape declined marginally by 0.3 percentage points in 2020/21*

impact of the Law Enforcement Advancement Plan (LEAP) can be measured in the relative performance of the hotspot areas to the rest of the Western Cape.

The portion of murders in the hotspot areas to the Western Cape declined marginally by 0.3 percentage points from 23.6 per cent in 2019/20 to 23.3 per cent in 2020/21. The relative share of crime in the hotspot areas also declined for rape (-1.3 percentage points, robbery at residential premises (-0.2 percentage points) and drug-related crime (-2.1 percentage points). However, carjacking increased by 8.1 percentage points with 37.1 per cent of all carjacking in the Western Cape that took place in these hotspot areas.

The latest crime statistics have shown encouraging results which could be attributed to COVID-19 lockdown measures and impact made by LEAP.

## **Conclusion**

The national and Western Cape economies systemic challenges were deepened by the impact of the COVID-19 lockdown measures in the second quarter of 2020, but recovered well in the third quarter. The economic growth for South Africa and the Western Cape is expected to remain modest over the medium-term, despite a relatively strong rebound expected in 2021.

The struggling economy led to an increase in both national and provincial unemployment levels in the fourth quarter of 2020, with youth unemployment remaining a large and growing systemic challenge. Education in the Western Cape was severely disrupted by school closures as a result of COVID-19 lockdown measures resulting in a decline in both school attendance rates as well as matric pass rates. Although the 2<sup>nd</sup> wave of COVID-19 cases has subsided in the Western Cape, a 3<sup>rd</sup> wave remains a real risk. The Western Cape had the most confirmed cases of COVID-19 per capita and second most COVID-19 fatalities per capita in South Africa.

The number of crimes recorded for most of the more notable crime categories have declined in the first three quarters of 2020 compared to the same period the previous year.

The COVID-19 crisis of 2020 did much to highlight the importance of reliable service delivery. As vaccination rollouts continue across the globe, it is vital to start thinking about policies to implement programmes and projects to boost economic growth and fiscal

sustainability, provincially, nationally and across the African continent.

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# 3

## Fiscal Strategy

### In brief

- The National Government is implementing an ambitious programme of fiscal consolidation. Consequently, allocations to the Western Cape have been significantly reduced. Simultaneously, provincial own revenue have also been revised lower, largely due to economic pressures arising from the COVID-19 pandemic.
- The Western Cape fiscal envelope is now R73.648 billion in 2021/22, R73.103 billion in 2022/23 and R73.299 billion in 2023/24.
- Although fiscal resources have been reduced, spending pressures continue to grow. The Fiscal Strategy is overshadowed by ongoing expenditure on the COVID-19 pandemic, particularly the need for an effective vaccination programme and the likelihood of a potential 3<sup>rd</sup> and 4<sup>th</sup> wave of the pandemic. This is in addition to long-run increases in spending pressure in core provincial services such as education and health from a growing population.
- The Fiscal Strategy aims to balance these competing forces. The 2021 MTEF Budget sets aside approximately R2 billion for a comprehensive COVID-19 response, including an amount of R231.6 million for operational costs relating to the vaccination programme, while making additional resources available for emergency food relief.
- In response to the budgetary and service delivery risks, the Western Cape Government has made difficult budget policy trade-offs to implement the priorities of the Western Cape Recovery Plan.

### ■ Introduction

The 2021 Medium Term Expenditure Framework (MTEF) responds to the economic context outlined in Chapter 2 and the ongoing COVID-19 pandemic. It concludes the 3<sup>rd</sup> phase of the immediate fiscal response to the national state of disaster, which has enabled a dynamic repositioning of provincial resources to support public health and socio-economic relief efforts and positions the Province to support social and economic recovery. (see Box 3.1).

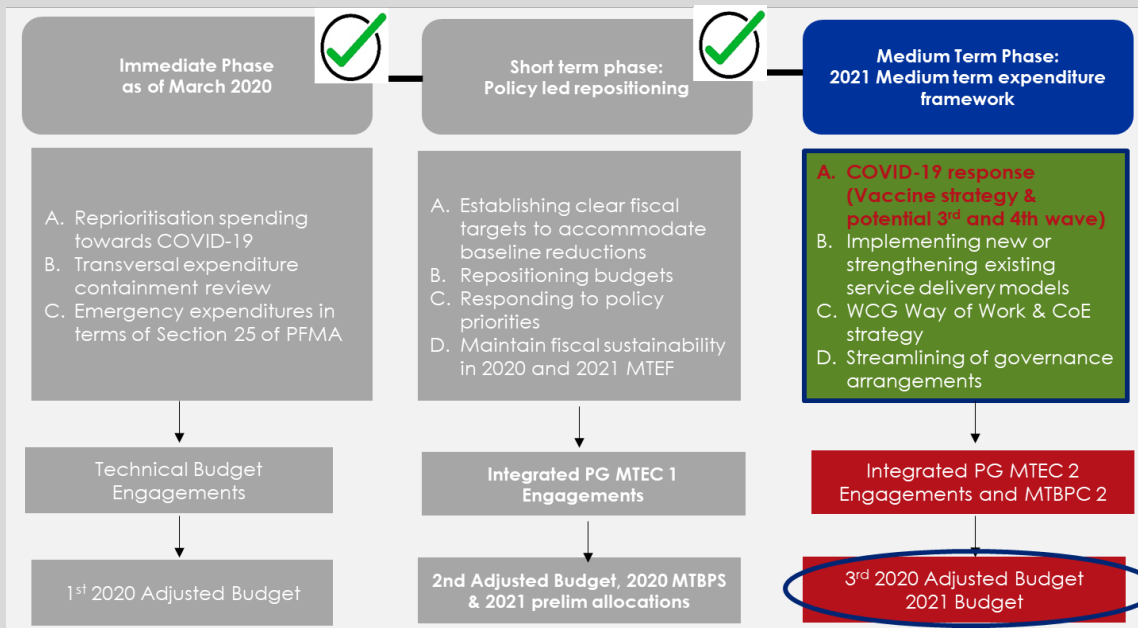


## Overview

The Fiscal Strategy of the Western Cape Government (WCG) is designed to ensure long-term fiscal sustainability through the implementation of the four fiscal and budget policy principles - Fiscal consolidation; Fiscal sustainability, Fiscal discipline, and Allocative efficiency. In turn, the Fiscal Strategy is enabled through the three fiscal and budget policy elements - Balanced budget, Expenditure management, and Revenue management.

### Box 3.1 Western Cape Government Budget Approach

In April 2020, the WCG adopted a three-phased approach to the budget process in order to ensure resources were reprioritised and deployed with the agility necessary to respond to the pandemic and its social and economic consequences. The Immediate Phase focused on the public health response through reprioritising resources and deploying available reserves. The Short-term Phase focused on policy-led repositioning towards the Western Cape Recovery Plan’s priorities of Jobs, Safety and Well-being.



The 2021 MTEF, along with the 3<sup>rd</sup> 2020 adjusted budget, represent the final phase of this approach and sets the course for recovery over the medium-term. It lays the foundation for achieving fiscal sustainability over the medium to long term. Given the complexities, uncertainties and moving variables related to the budget process and the fiscal outlook, the Medium-term Phase required difficult decisions in order to support economic and social recovery, re-introduced fiscal stability and maintains fiscal sustainability through rebuilding Provincial Reserves.

Source: Provincial Treasury

Thus, while responding to immediate pressures, the 2021 MTEF Budget also protects spending on the Western Cape's constitutionally and legally mandated functions. The 2021 MTEF Budget has four objectives:

- **Protecting the health platform**, by allowing for an agile response to the risk of a COVID-19 resurgence and the need to have an effective vaccination programme. Dealing decisively with the COVID-19 pandemic will both allow the economy to open up and support a rebound in economic growth and dramatically reduce the health effects of the pandemic;
- **Enabling the Western Cape Recovery Plan (Recovery Plan)**, by protecting jobs and stimulating employment, accelerating implementation of the Provincial Safety Plan, enhancing well-being and providing targeted social relief;
- **Managing risks**, particularly those arising from the COVID-19 pandemic, ensuring resources are available to respond to ongoing vulnerabilities in communities, and ensuring that money is set aside for other disasters, particularly environmental ones; and
- **Supporting the transition to long-term fiscal sustainability.** Measures are required to restructure the composition of Provincial Government expenditures and rebuild reserves in light of national spending reductions and the utilisation of reserves to fund the COVID-19 response. In particular, expenditure on the compensation of employees should not overwhelm spending on infrastructure or goods and services. This in turn requires the adoption of new technologies and ways of working to enhance the efficiency and effectiveness of service delivery.

*While responding to immediate pressures, the 2021 MTEF Budget protects spending on WC constitutionally and legally mandated functions*

**Figure 3.1 Western Cape Government 2021 MTEF Budget Objectives**

Protect the health platform	Support the WC Recovery Plan	Manage risks	Support transition to long term WCG sustainability
<ul style="list-style-type: none"> <li>• Enable agile resurgence response</li> <li>• Prioritise rapid and effective vaccination rollout</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Build on existing base-lines</b>, including three 2020/21 adjustment budgets and MTBPS preliminary allocations</li> <li>• Ensure direct <b>alignment</b> to policy priorities of Recovery Plan and PSP</li> <li>• Require demonstrated <b>readiness to implement</b> – coherent implementation plans (including SCM, capacity) to validate ability to spent timeously</li> <li>• Support <b>long run</b> expansion of interventions, particularly regarding infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Local government</b> <ul style="list-style-type: none"> <li>○ Vulnerable Municipalities - Early Warning System</li> <li>○ Align support to prepare for electoral transition</li> <li>○ Support clarification of functional assignments</li> <li>○ Service Delivery – SIDAFF, MERP</li> <li>○ Service Delivery Protests – Enhanced Public Participation</li> <li>○ Evidenced-based Planning – PERO, MERO, SEP-LGs</li> </ul> </li> <li>• <b>Public entities</b> governance risks: PE review</li> <li>• <b>Other disasters</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Manage fiscal stability</b> for continuous service delivery in key programmes facing budget reductions</li> <li>• <b>Enable transitions</b> to new delivery models that lower cost and/or enhance impacts</li> <li>• <b>Rebuild reserves</b> – work towards a contingency reserve in the outer years as the priority for 2021</li> <li>• Strong downward pressures on <b>CoE budgets</b></li> <li>• Review potential to strengthen <b>Own Revenue collection</b></li> </ul>

### Objective 1: Protect the health platform

The fundamental objective of the 2021 MTEF is to ensure that the Provincial public health platform remains resilient and able to respond to pressures from the COVID-19 pandemic. These pressures include the prospect of further waves of the pandemic, the rapid scaling up of the vaccination programme and the need to resume the delivery of previously de-escalated health services.

COVID-19 infection numbers have improved significantly as the '2<sup>nd</sup> wave' has abated. However, the easing of risk adjusted COVID-19 restrictions to level 1 in March 2021 raises the risk that COVID-19 infection will begin to spread again. While the vaccination programme has commenced, the global shortage of vaccines and scale of vaccination required, means that there is a limited likelihood of achieving population (herd) immunity soon enough to deter subsequent waves of the pandemic. Ongoing viral mutations and impacts on transmission and re-infection risk, underscore the need to be prepared for subsequent waves.

*No certainty about the likelihood, magnitude, timing or location of a 3<sup>rd</sup> wave*

While there is no certainty about the likelihood, magnitude, timing or location of a "3<sup>rd</sup> wave", the Department of Health has to ensure the capability to rapidly expand testing, provide personal protective equipment, inpatient beds, oxygen supply and critical care capacity at least to the extent required in the 2<sup>nd</sup> wave.

Previous waves have generated significant costs to the WCG, with each previous wave costing approximately R1 billion to R1.2 billion. National Treasury has allocated R8 billion across provinces for COVID-19 health responses.

There has been significant progress on the design and implementation of the national vaccination strategy since the 2020 MTBPS. A three - phased vaccination programme has been adopted, beginning with health care workers, then essential workers and people who are at high risk, and finally the remaining adult population. In the Western Cape, approximately 5.1 million people will need to be vaccinated across these phases.

*Significant progress has been made on the national vaccination strategy*

The National Government has undertaken to acquire vaccines and distribute them to provinces, while provincial governments will be responsible for managing the administration of vaccines to individuals. The provincial responsibilities thus include the costs associated with the administration of the vaccination programme, costs associated with the vaccine administering related supplies and the costs of service delivery. Developing and managing partnerships with private health providers, securing medical supplies and identifying facilities are further provincial responsibilities.

The WCG supports the national strategy but there are several risks. The 2021 MTEF Budget addresses two particular risks:

*WCG supports the national strategy but there are several risks*

- **Risk 1: The amount allocated to provinces for the operationalisation of the vaccination programme will be insufficient.** In the 2021/22 National Budget, the National Government allocated R156.690 million in the form of Conditional Grants for the purpose of rolling out the COVID-19 vaccination programme and R832.085 million in the form of the Provincial Equitable Share (PES) to the Western Cape Province to assist with covering the costs associated with responding to the pandemic within the health sector. However due to the extensive uncertainties related to a potential 3<sup>rd</sup> and 4<sup>th</sup> wave, the WCG has allocated an additional R150 million towards the COVID-19 vaccination programme. There is a need to maintain fiscal flexibility for the health platform to ensure an agile response to the dynamics of the resurgence of COVID-19 infections, contingency vaccine acquisition arrangements, and mitigating other cost pressures. Therefore, R800 million is also ringfenced in a COVID-19 reserve, in addition to direct allocations made to Votes.

**Risk 2: There will be insufficient vaccines to meet the demand in the Province.** There may be shortfalls in the availability of vaccines in the Province overall, or at specific points in time, depending on how rapidly National Government is able to secure adequate vaccine supply, the number of vaccines allocated to the Province relative to the eligible population in each phase, and the speed at which the provincial vaccination programme is rolled out. During the course of 2021/22, accelerating global production of vaccines is likely to make it possible for the Province and private health care providers to directly acquire vaccines. R75 million of the R150 million allocated towards the COVID-19 vaccination programme (as stated above) has immediately been provided for possible vaccine acquisition. Should there be delays with the national acquisition for whatever reason, this will be enough to acquire vaccines for approximately 500 000 people, or all those in the Western Cape over 65 years old (see Box 3.2).

### **Box 3.2 Contingency vaccine acquisition strategy**

The WCG has approved a contingency vaccine acquisition strategy in order to mitigate the risk, inherent in any complex programme of this nature, that there will be temporal or structural shortfalls in vaccine supply that will delay and disrupt overall programme progress. Direct acquisition by the Western Cape Department of Health is only possible once vaccines have been licensed for general use by health authorities and will be subject to existing medicine control and supply chain management rules and procedures.

The WCG continues to collaborate closely with National Government on the design and implementation of the vaccination programme, including on the development and refinement of the model to estimate programme costs. There are a number of complex and frequently changing variables that impact on the cost of the vaccination programme. These include:

- The efficacy and availability of two dose versus one dose vaccines. The acquisition and variable operational costs for two-dose vaccines are substantially higher than one-dose vaccines;
- The estimates of the eligible population in each phase of the vaccination programme, both as provincial aggregates and relative to national vaccine supply advisories;
- The exchange rate. The rand appreciated against the United States dollar since April 2020 but is likely to weaken against the dollar during the course of 2021;
- Storage and transport costs. Depending on the type of vaccine, these vary quite significantly. Some vaccines require storage at very low temperatures, while others expire reasonably quickly;
- The regulatory framework. Only vaccines that are approved by the relevant authorities can be provided to the general public. While regulatory approval is being fast-tracked, it is unclear right now when this is expected.

For this reason, Provincial Treasury has chosen an agile approach to potential vaccination costs. In the short-term, an amount of R231.6 million has been allocated to the Department of Health for operational costs relating to the vaccination programme. This covers the costs of all the related goods around the vaccination programme. A further R75 million has immediately been provided for possible vaccine acquisition. Should there be delays with the national acquisition for whatever reason, this will be enough to acquire vaccines for approximately 500 000 people, or all those in the Western Cape over 65 years old. If further amounts are necessary, the Department of Health can draw down on the special R800 million COVID-19 reserve that has been set aside.

*Source: Provincial Treasury*

The COVID-19 pandemic has also created significant core health-care cost pressures. These include the reintroduction of previously de-escalated services, medical cost inflation and increased medico-legal pressures. The total cost of pandemic management, the vaccination programme and these other pressures on the health system remains uncertain and dynamic. There is thus a need to maintain fiscal flexibility for the health platform to enable an agile response to the dynamics of pandemic and associated cost pressures. In 2020/21, R116.054 million was allocated in the 3<sup>rd</sup> Adjusted Budget for a comprehensive COVID-19 response while over the 2021 MTEF, a total of R2.058 billion is allocated. Of which, the largest component is R832.085 million to cover costs associated with the pandemic and for additional support for a potential 3<sup>rd</sup> and 4<sup>th</sup> waves (see Table 3.1).

COVID-19 pandemic has also created significant core health-care cost pressures

**Table 3.1 2021 MTEF Budget allocations for the COVID-19 response**

COVID-19 additions	2020/21 R'000	2021 MTEF			Total
		2021/22 R'000	2022/23 R'000	2022/24	
<b>Department of the Premier</b>		<b>25 000</b>			<b>25 000</b>
Communication in Vaccination programme		20 000			20 000
COVID-19 Humanitarian Contact Centre		5 000			5 000
<b>Department of Health</b>	<b>116 054</b>	<b>1 138 775</b>	<b>94 014</b>		<b>1 348 843</b>
COVID-19 response (PRF)	116 054				116 054
COVID-19 support (Health sector) (PES)		832 085			832 085
COVID-19 vaccination programme		150 000			150 000
COVID-19 vaccination programme (Conditional grants)		156 690	94 014		250 704
<b>Reserve: COVID-19 response (PRF)</b>		<b>800 000</b>			<b>800 000</b>
<b>Total COVID-19 additions</b>	<b>116 054</b>	<b>1 963 775</b>	<b>94 014</b>		<b>2 173 843</b>

Note: The total allocation is the sum of the 3<sup>rd</sup> adjusted budget allocation and 2021 MTEF allocation

## Objective 2: Supporting the Western Cape Recovery Plan

The WCG has developed the Western Cape Recovery Plan to support a sustained recovery over the 2021 MTEF. The four themes of the Recovery Plan include - the COVID-19 response, Jobs, Safety and Well-being. The 2021 MTEF Budget provides the fiscal resources to enable the implementation of the Recovery Plan.

This Budget builds on the existing baseline allocations made to departments in the 2020 MTEF and supplementary adjustments effected during the course of the 2020/21 financial year. The Policy-based Funding Facility supported the immediate financing requirements of the Recovery Plan, as R1.283 billion was allocated

in the 2020 Second Adjusted Budget. Only once-off funding proposals were considered for additional funding, with other initiatives funded through reprioritisation. The allocations from the Policy-based Funding Facility demonstrated the WCG commitment to creating jobs, developing safe communities, and strengthening social well-being in the Western Cape during the 2020/21 financial year.

Key allocations from National Government and the Policy-based Funding Facility in 2020/21 include R814.291 million allocated to the Western Cape Education Department (WCED) to employ educational assistants; R61.316 million allocated for the Provincial Road Maintenance Grant for job creation through road maintenance projects; R145.740 million allocated to the WCED to support small businesses by accelerating infrastructure maintenance - in particular that of school facilities which have been identified as being in a serious state of disrepair, and R12 million allocated to the Department of Economic Development and Tourism to support small businesses who were negatively impacted by the COVID-19 pandemic.

This approach ensures that all resources remain aligned to the priorities as captured in the Recovery Plan and Provincial Strategic Plan (PSP). Allocations in the 2020 MTEF enabled a rapid and integrated response to local area social vulnerabilities and support expansion of long-run growth enhancing interventions, particularly through infrastructure investment. Over the 2021 MTEF, a total of R135.398 billion has been allocated to the priorities of the Recovery Plan, of which, R17.081 billion has been allocated to the Jobs priority, R2.353 billion to the Safety priority and R115.965 billion to the Well-being priority. Further information on the Recovery Plan is provided in Chapter 5.

### **Infrastructure Project Preparation Facility**

Adequate and timely investment in infrastructure creates an essential platform for service delivery by the Provincial Government, investment by households and the productivity of businesses. Over the longer term, infrastructure investment creates a vital platform for economic growth, while in the short-term it provides both opportunities for employment and signals confidence in the future of the Province. Accelerating investment in infrastructure assets is thus a cross-cutting and essential component of the overall Recovery Plan and PSP.

Infrastructure investment is complex and resource intensive. Decisions made on scale, location and timing of investments have long-term implications for the nature of services delivered and future

operational costs. Global experience has shown that early-stage investment in the identification and preparation of infrastructure programmes and projects has long term benefits for the quality and timeliness of delivery and opens opportunities to introduce alternative sources of infrastructure financing.

The WCG will establish a bespoke Project Preparation Facility to assist departments and entities with project preparation costs of certain categories of infrastructure projects. This facility will assist to create a clear, well prepared pipeline of infrastructure projects for the Province, which is aligned to investments by other spheres of Government. Over the 2021 MTEF, R23.839 million is allocated to the first tranche of projects for preparation support. The Provincial Treasury (PT) will issue guidelines for further applications to this facility during the early part of the 2021/22 financial year. These guidelines will outline the criteria, funding modalities, stages and governance arrangements for the facility.

Alongside this, PT is continuing to evaluate options for expanding private financing for infrastructure investment. As outlined in the WC MTBPS, various options and instruments are available for debt, equity and asset-based financing. The appropriate financing structure is a function of the nature of the investment portfolio and needs of individual projects. PT will, subject to Cabinet approval, issue a discussion paper for consultation in 2021/22.

### Objective 3: Managing risks

Given the constrained national fiscal framework and related impact on the provincial fiscal framework, as well as the impact of the COVID-19 pandemic, specific transversal risks were identified (Figure 3.2). These risks include:

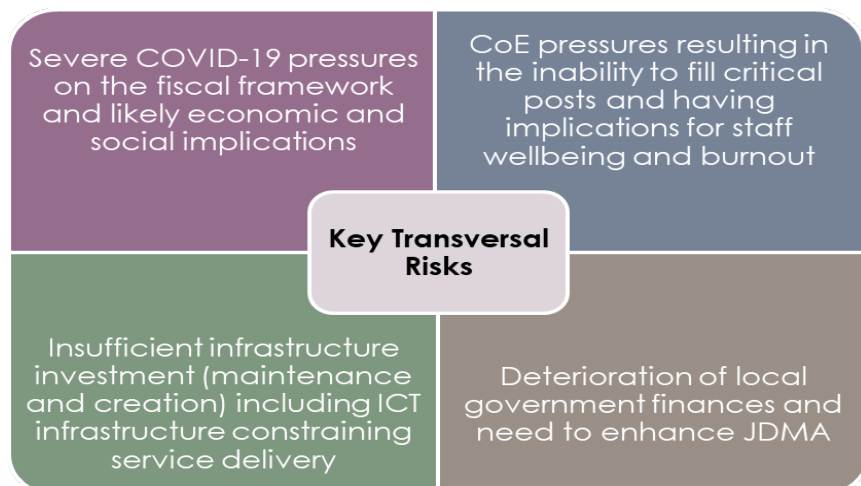
- Severe COVID-19 pressures on the fiscal framework and the likely economic and social implications:** South Africa suffered the most severe COVID-19 outbreak in Sub-Saharan Africa, which prompted strict lockdown measures and brought the economy to a standstill. The economic disruption caused by the pandemic has compounded the socio-economic challenges of unemployment, poverty and inequality in South Africa. The impact of the pandemic on unemployment has been devastating as the South African unemployment rate exceeded 30 per cent by the end of 2020, thereby impacting on the socio-economic well-being of residents. As such, the demands on the fiscus has substantially increased but with declining fiscal resources;

*Fiscal pressures have resulted in significant budgetary and service delivery risks for the WCG*



- **Compensation of Employees pressures resulting in the inability to fill critical posts and having implications for staff well-being and burnout:** The deteriorating fiscal situation, particularly rising debt service costs nationally, will be managed by fiscal consolidation measures. These measures will nationally reduce total main budget non-interest expenditure by more than R300 billion over the next three years. The largest portion of the proposed national expenditure cuts are to the wage bill. With reduced compensation budgets, the well-being of staff and service delivery are provincially at risk;
- **Insufficient infrastructure investment including ICT infrastructure constraining service delivery:** The COVID-19 pandemic and the national lockdown adversely affected the infrastructure programme and project implementation during 2020. While the risk adjusted COVID-19 restrictions lessened during the year, COVID-19 continued to negatively affect infrastructure delivery. Other factors that impeded infrastructure delivery are the business rescue processes of one of the major construction companies and community unrest. The slowdown in economic, social, and environmental infrastructure investment will put service delivery at risk; and
- **Deterioration of Local Government finances and the need to enhance the Joint District Metro Approach (JDMA):** Collections of municipal revenues have been further threatened by the economic deterioration from the COVID-19 pandemic. Municipalities face a difficult fiscal environment. Municipal revenues are recovering, but it is too early to be able to confirm when revenues would be expected to return to pre-pandemic levels. Due to the constrained municipal fiscal framework, Local Government service delivery is at risk.

**Figure 3.2 Western Cape Government key transversal risks**



The 2021 MTEF Budget responds to these transversal risks across departments by:

- **Prioritising the COVID-19 response and the vaccination programme as well as ensuring the implementation of the Western Cape Recovery Plan:** Departments will implement the four themes of the COVID-19 response, Jobs, Safety, and Well-being of the Recovery Plan. The policy priorities are reflected in departmental programmes and projects. The 2021 MTEF Budget ensures alignment between decision making and budgets to effectively enable departments to deliver on prioritised budget policy imperatives;
- **Shifting provincial expenditure composition:** The WCG aims to ensure that the composition of budgets support delivery and sustainability. Departments will develop compensation budget plans that are aligned to the delivery plans. This process will be supported by the CoE strategy developed by the Department of the Premier (DoTP) in partnership with PT. Further, departments will develop procurement plans and transfer payment plans that consider the expected value for money and align to the required impact of the service to be delivered;
- **Strengthening strategic infrastructure coordination to develop a robust pipeline of well-prepared infrastructure projects and programmes for future financing:** Departments will protect infrastructure spending or find a reasonable balance to reduce infrastructure budgets while managing the impact of infrastructure reductions on service delivery outcomes. Infrastructure spending is prioritised in a manner that will create the greatest impact and mitigate risks; and
- **Strengthening integrated service delivery through the JDMA:** Departments will continue to strengthen integration between the Province and municipalities. The integrated provincial planning and budgeting process is a key component of the JDMA. This approach will allow all spheres of Government to achieve more from the limited resources available by reducing duplications and ensuring that investments are targeted where they are most needed.

### Key Service Delivery Risks

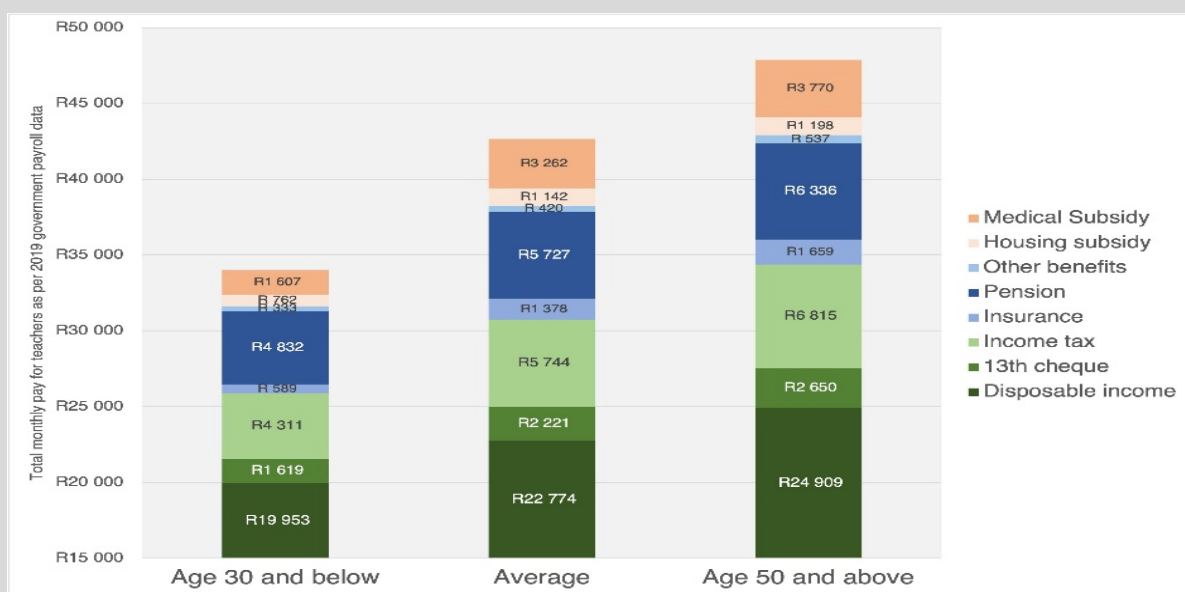
The WCG delivers critical basic services beyond the health sector. Education and social development in particular face significant service delivery pressures and risks over the medium term.

### Education

The reduced baselines over the 2021 MTEF, in support of fiscal consolidation undertaken by Government, inhibit the WCED's expansion of the teaching corps to maintain or reduce class sizes and provide sufficient education facilities, equipment and learning materials (see Box 3.3).

#### Box 3.3 Impact of rising compensation pressure on education spending

Research by Spaul, Lilenstein and Carel (2020) finds that increases in teacher salaries have outpaced increases in overall educational expenditures. In the Western Cape, this has led to a 3.2 per cent decline in real per-learner expenditure over the period 2009 to 2018. They show a marked difference in teacher salaries by age. This is linked to notch increases, which reward seniority. The average teacher earns about R42 500 per month before tax (R510 000 a year). Teachers below the age of 30 earn about R34 000 per month (R414 000 a year), while the average teacher over the age of 50 earns R47 500 a month or R570 000 a year.



Over the last decade, total expenditure on education in the Western Cape has risen from R11.956 billion to a revised estimate of R24.565 billion, increasing at an annual average rate of 9.6 per cent. However, teacher numbers have risen by 5.4 per cent while pupil numbers have risen 10.2 per cent. This has led to rising pupil-teacher ratios.

Source: Spaul, N., Lilenstein, A., & Carel, D. (2020). *The Race Between Teacher Wages and the Budget: The case of South Africa 2008-2018. Research on Socioeconomic Policy (RESEP). Stellenbosch University. Stellenbosch*

The 2020 academic year was profoundly affected by the pandemic, which will have lasting impacts on education outcomes. Departmental strategy execution was inevitably affected, particularly in relation to those outcomes dependent on imports from other countries, such as technology procurement for the expansion of smart classrooms for eLearning and the implementation of a number of key strategies including reading, Science, Technology, Engineering, Mathematics and Coding (STEAMAC).

Further pressure relates to the wellness and motivation of pupils and staff, due to the reduced ability to meet demand for no-fee support

as well as meeting the needs for feeding and other additional financial support to schools and learners. The provision of nutritious meals to learners at risk forms a critical part of the wellness priority in the Recovery Plan. Despite the risk of forced school closures, the WCED will continue to provide meals to vulnerable learners should schools be closed during the 2021 academic year due to the pandemic, just as it did in the previous year.

The WCED will also continue to support schools with their COVID-19 requirements with funding support for the maintenance of Norms and Standards, of which a percentage can be utilised for the procurement of cleaning and sanitising materials for school facilities.

The competing spending pressures faced by the WCED impacts on its ability to contribute towards providing job opportunities in the education system. Reduced compensation funding limits the ability to fill vacant positions, which will influence learner outcomes across the education system with potentially long-term impacts on educational outcomes.

In the area of in-service teacher development, the WCED has made a shift to online learning and will continue to convert its course offering to in-service teachers using a blended approach. In this way, more teachers will be reached and enabled to expand their teaching competencies and skills.

In terms of infrastructure, the WCED will focus on maintenance of existing buildings to ensure that schools remain operational and safe for learners. Additionally, the WCED will initiate planning for the building and/or the repurposing of schools in support of STEAMAC and the expansion of access to technical, vocational, agricultural and skills subjects and schools.

### *Social Development*

The unfavourable economic conditions and growing population has led to increased pressure on social development services such as support to the Early Childhood Development (ECD) sector, residential facilities for older person and residential facilities for persons with disabilities. This situation has been further exacerbated by the pandemic that has placed added pressure on resources, as focus shifted to humanitarian relief and COVID-19 related support to sectors, such as personal protection equipment (PPE) provision to residential facilities for older persons and persons with disabilities, in partnership with the NPO sector, and continued support to the ECD sector to enable ECDs to remain operational through the provision of financial support for PPE and facility sanitisation.

*Focus shifted to humanitarian relief and COVID-19 related support to sectors*

Budgetary and spending pressure facing the Department of Social Development (DSD) emanates from a broad mandate to provide statutory services and fulfil statutory obligations in terms of the Constitution, Children's Act, Prevention and Treatment for Substance Abuse Act, Older Persons Act, Child Justice Act; and services driven by other legislation such as Prevention and Combating of Trafficking in Persons Act, Domestic Violence Act and Sexual Offences and Related Matters Amendment Act.

The ailing economy and high levels of unemployment have heightened the impact of many social ills affecting Western Cape communities including the high incidence of child abuse, neglect and abandonment. The COVID-19 lockdown period and subsequent lower levels of risk adjusted COVID-19 restrictions led to increased levels of unemployment, food insecurity and hunger. This has created spending pressure related to demand for food relief and the provision of additional accommodation for homeless adults.

The pandemic has also had a psychological impact on individuals and families. There has been an increased demand for psycho-social support services to families at risk and victim support services, particularly victims of gender-based violence. A significant rise in anxiety levels, consequentially impacting on mental health, and related factors such as alcoholism are contributing factors to the rise in gender-based violence.

The reduced baselines of DSD further constrain transfer payments to non-profit organisations, which may lead to the suspension and reduction of certain programmes and projects that provide services to children, the elderly or vulnerable groups. Furthermore, reductions in compensation budgets will restrict the ability of the Department to fill critical posts and this will limit its operational capacity.

### **Budget Policy Trade-Offs**

Departments must optimally use available resources to meet their Constitutional and legal mandates, sustain existing policy commitments and respond to the priorities of the Recovery Plan. All departments have indicated that difficult trade-offs need to be made in reconciling expenditure pressures within available resources.

Various approaches to making these trade-offs are possible, and their appropriateness varies by department. These include postponing, suspending or scaling down programmes and reducing departmental targets across programmes to remain within departmental budgets, focusing on delivering more services

*In response to the budgetary and service delivery risks, departments have demonstrated budget policy trade-offs*

internally to reduce the cost of consultants, strengthening or creating new partnerships within Government and with the private sector to optimally deliver on services and streamlining certain functions across departments.

Significant further transversal opportunities to enhance efficiency and effectiveness will be explored over the 2021 MTEF. These include:

- Unlocking efficiencies in personnel expenditures and enhancing capabilities through staff productivity strategies;
- Streamlining and/or coordinating certain functions across departments and entities, for example in streamlining development planning functions and inter-departmental relationships with regard to infrastructure delivery;
- Enhancing value for money in Goods and Services through Supply Chain Management reforms;
- Reinforcing principal-agent relationships with departments that provide services to other departments and entities, and relooking at the structure of Government;
- Streamlining intergovernmental functional assignments and relations, particularly through reviewing service delivery roles in built environment functions and community services with municipalities; and
- Reviewing the system of transfers to Local Government to enhance capacity support.

### **Municipal Finances**

Municipalities face a tough fiscal environment. Collections of own revenues have been jeopardised by the economic fallout from the pandemic. There are encouraging signs that municipal revenues are recovering, but it is too early to be able to confirm when revenues would be expected to return to pre-pandemic levels (see Box 3.4).

*Municipalities face a tough fiscal environment*

While National Government provided limited relief through additional equitable share transfers in 2020/21, it has reduced the amounts previously planned to be transferred to municipalities over the 2021 MTEF. Equitable share allocations for Western Cape municipalities are 4.2 per cent lower in 2021/22 and 5.4 per cent lower in 2022/23 (compared to the 2020 Budget) and growth in 2023/24 is projected at only 0.6 per cent.

**Box 3.4 Impact of COVID-19 on Local Government finances**

The COVID-19 pandemic has had a significant effect on municipal finances. However, municipalities in the Province have responded to protect their revenues and reduce costs where possible. As a result, Local Government finances remain in good health. Some individual municipalities are however at greater risk of financial distress and the WCG is working closely with those municipalities to advise them on how to manage their risks and improve their financial situation. The hard lockdown during March to June 2020 and debt relief measures implemented by municipalities during that time had a significant impact on municipal revenue collections, especially in more rural municipalities. Sixty per cent of local municipalities in the Province saw a decline in collection rates from 2018/19 to 2019/20.

After the first six months of the 2020/21 municipal financial year, municipal revenues were only slightly below what was collected in the previous financial year. This apparent recovery from the worst impacts of the COVID-19 lockdown has however not been experienced evenly across all municipalities in the Province. Fourteen (14) municipalities under recovered on their operating revenue budget relative to their projected revenue for the period, while sixteen (16) municipalities over recovered on their operating revenue. Western Cape municipalities recovered revenue at a slightly higher rate than the aggregate for all municipalities in the country, while they appear to have also implemented measures to curtail expenditure at a slightly more aggressive rate than the rest of the country.

	Western Cape municipalities		All municipalities in South Africa	
	Original Budget for 2020/21	6 months performance (31 December 2020)	Original Budget for 2020/21	6 months performance (31 December 2020)
Revenue	R63.51 bn	51.8 %	R414.78 bn	50.7%
Operational spending	R66.95 bn	43.6%	R419.27 bn	45.8%
Capital spending	R12.94 bn	27.3%	R70.11 bn	32.7%
Debtors owing to municipalities		R13.42bn (18.8 % increase YoY)		R230.5bn (27% increase YoY)
Creditors owed by municipalities		R369.92m		R67.3bn

Underspending on capital budgets is a major cause for concern, with Western Cape municipalities having spent only R3.53 billion by the end of December 2020, well below their projected spending of R4.84 billion by that date. This is partly due to COVID-19 related delays, but also broader challenges within infrastructure supply chains.

The impact of COVID-19 on households and businesses can be seen in the rapid increase in debts owed to municipalities. This increased by 18.8 per cent in the Western Cape and by 27.0 per cent nationally compared to December 2019. Although municipal revenues have held up, with most households and businesses still able to pay for their property rates and service charges (especially wealthier customers that consume more of these services), the rise in debtors indicates a clear risk to revenues in future. Most municipalities in the Western Cape continue to ensure that their creditors are paid timeously and as a result the Province has much lower amounts outstanding to creditors than municipalities across the rest of the country. This reflects a significant strength in the financial position of Local Government in the Western Cape.

*Source: Provincial Treasury*

At the same time, municipalities face uncertainty on their two largest cost drivers, namely, wages and electricity. The current municipal wage agreement expires at the end of 2020/21 and a new agreement has yet to be negotiated. On 17 February 2021, the North Gauteng High Court ruled in Eskom's favour, ordering National Energy Regulator of South Africa (NERSA) to add R10 billion to Eskom's allowable revenue to be recovered from tariff customers in the 2021/22 financial year. NERSA calculates that this will result in a tariff increase of 15.63 per cent in the 2021/22 national financial year. However, given that the increase only comes into effect in July for municipalities, NERSA typically allows a higher percentage increase so that Eskom can recover the additional allowable revenue from municipalities over the 9 months before the national financial year end. NERSA has yet to confirm the bulk electricity cost increases for municipalities and the guideline tariff increase for municipal customers for 2021/22 municipal financial year.

As the economy reopens in the period ahead, the strength and reliability of municipal infrastructure and services will be a key part of the platform for economic growth. Without reliable roads, water and electricity few businesses can operate and grow. Borrowing against future revenues from property rates and service charges can be used to augment the funding necessary to strengthen this investment. Western Cape municipalities have already budgeted to fund a quarter of their capital spending through borrowing, and there is scope to expand this further.

The WCG is supporting municipalities with the capacity to increase their borrowing through the Sustainable Infrastructure Development and Financial Facility that has been established by the Department of Local Government (DLG). This programme is working to assist municipalities with project preparation so that they have a pipeline of bankable municipal projects that can attract investors.

Western Cape municipalities, with the support of the WCG, will leverage their record of good governance to access financing to invest in energy and infrastructure projects that will underpin the economic recovery in the Province.

### **Public Entity Review**

In the recent past, the management of public entities/government business enterprises and state-owned enterprises (SOEs) have received significant attention for the wrong reasons. Areas that specifically drew criticism was the governance of these entities, issues around accountability of the various stakeholders and the exponential growth of particular expenditure line items that outstrips related line items in Government departments.

*Public Entity Review to enhance the efficacy of entity governance and maximise value from entity operations*



As previously announced, the PT is undertaking a review of the governance practices and policies of public entities in order to strengthen governance arrangements and maximise value from entity operations. A provincial guideline for managing public entities is in its final stages of drafting. This guideline contains important chapters of governance, expenditure management and consistent and coherent reporting to ensure appropriate business decisions can be made. A broader review of the legal and regulatory framework will be completed in this financial year, for implementation after Cabinet approval is granted.

#### **Objective 4: Supporting a transition to long term fiscal sustainability**

The WCG must proactively initiate a government-wide transition to lower baseline expenditures in order to systematically respond to rising cost pressures, severe resource constraint and ongoing uncertainties over resource availability.

Strengthening fiscal sustainability over the longer-term will require specific measures to adjust the composition of provincial expenditures, particularly to reduce the proportion of spending on compensation of employees relative to infrastructure investment, and to rebuild the Provincial Reserves that have been deployed to respond to the COVID-19 pandemic and its consequences.

The scale of the adjustment required is beyond what can be achieved by cost containment measures alone and requires new approaches to the organisation of service delivery.

Departments have begun exploring sustainability strategies and service delivery models that can enhance impact and efficiencies over time. Collaboration and partnerships are central to this approach and can be established across departments, between spheres of Government and with key stakeholders outside of Government. The WCG will rely on the principles of the New Way of Work and related tools and mechanisms to support departments with these decisions. See Chapter 5 for more details on the New Way of Work.

The 2021 MTEF introduces measures to support this transition through:

- Providing fiscal stability for continuous service delivery in key programmes facing budget reductions. This is particularly important given the scale of reductions being introduced by National Government;

- Maintaining strong downward pressures on compensation budgets in non-core areas;
- Rebuilding Provincial Reserves to remain resilient in the face of likely future shocks;
- Strengthening own Revenue collection; and
- Providing upfront fiscal support to the once-off costs of programmes that introduce new service delivery models that result in lower baseline costs or enhanced development impacts.

### Fiscal Transition Support Facility

The 2021 MTEF introduces a Fiscal Transition Support Facility to enable departments to address spending pressures through proactive restructuring measures. 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. In many instances, the absence of this transitional funding prevents, delays or reduces the scale of the introduction of new approaches.

*Fiscal Transition Support Facility enables departments to address spending pressures through proactive restructuring measures*

Over the 2021 MTEF, the Facility draws down a total of R142.830 million of Provincial Reserves with R51.012 million in 2021/22, R45.600 million in 2022/23 and R46.218 million in 2023/24 (see Table 3.2). In 2021/22, an unallocated amount of R105.749 million is kept in the Provincial Reserves.

**Table 3.2 2021 MTEF Budget allocations from the Fiscal Transition Support Facility**

Description (R'000)	2021/22	2022/23	2023/24	Total
Department of the Premier: Eisenburg migration to the WCG's Corporate ICT network	10 200	7 400	7 800	25 400
Provincial Treasury: eProcurement Solution	1 462	200	418	2 080
Department of Health: Tele-Health (FTSF)		5 000	5 000	10 000
Department of Health: Home-delivery of chronic medication (FTSF)	33 000	33 000	33 000	99 000
Department of Agriculture: On-site energy storage	5 000			5 000
Department of Local Government: Archives Website (FTSF)	1 350			1 350
<b>Total</b>	<b>51 012</b>	<b>45 600</b>	<b>46 218</b>	<b>142 830</b>
Unallocated	105 749			105 749

A first tranche of initiatives that are supported over the 2021 MTEF includes digitisation of services and deepening partnerships in service delivery. A number of additional applications to the Facility is under development and will be appraised for support in the course of 2021/22.

## Supply Chain Management

The COVID-19 pandemic has highlighted the importance of effective supply chain management (SCM) systems in reducing costs, time and effort of institutions and suppliers that we do business with. The pandemic has also highlighted the importance of delivering services via digital platforms.

The PT has reprioritised existing SCM initiatives and identified new initiatives in response to the Recovery Plan. These focus on interventions that can be delivered rapidly and without significant additional resources. Many of these SCM initiatives are inherently transversal as they impact all three focus areas of the Recovery Plan as well as support longer term cost savings.

*Initiatives in SCM are inherently transversal as they impact all themes of the WC Recovery Plan*

Three core interventions remain central to the PT response to the disaster and recovery:

- An agile, responsive budget process that provides the necessary authorisations for disaster procurement in a transparent and efficient manner;
- The facilitation of disaster-related procurement across the province through the establishment of a Central Procurement Advisory Committee that ensures the integrity of provincial supply chain management and governance practices in a time of exceptional uncertainty; and
- The publication of a monthly Procurement Disclosure Report to ensure full transparency and public oversight in disaster-related procurement.

Over the long-term, the SCM strategy focuses on SCM governance, SCM capacitation and development; strategic procurement and SCM technology. The following key focus areas have been identified to accelerate, modernise and reform SCM:

- e-Procurement and technology enablement: The provincial e-Procurement Solution (ePS) supports the overall strategy to continuously improve value for money in purchasing, provide suppliers with a convenient and effective medium to do business with the Province to enhance competition, and to enable good governance by client departments and entities.
- Strengthening demand forecasting and demand management requirements for procuring entities in the supply chain, through conducting baseline commodity and regional analyses to determine capacity and capability within areas. This is supported by procurement planning toolkits to enable better and more structured procurement planning by departments

and entities that is responsive to service delivery and socio-economic needs;

- Reducing red tape and streamlining processes in SCM, whilst maintaining regulatory compliance, quality, ethical and health & safety standards. This includes working with the Department of Trade, Industry and Competition and the National Treasury to reduce regulatory compliance burdens on local suppliers and Small, Medium and Micro Enterprises (SMMEs);
- Initiating strategic procurement initiatives for goods and services that are SMME focused. This may include long term contracts, framework contracts, as well as having focus on local economic empowerment. Additional focus areas include building on current contracts, such as those for security services, and linking these to other priority projects in the Province;
- Ongoing training and capacitation to drive the enhancement of financial governance maturity and performance across provincial departments and municipalities within the Western Cape through structured support programmes for departments, municipalities and suppliers; and
- Enhanced reporting to ensure transparency and accountability through the SCM Public Disclosure reporting and performance reporting to departments to ensure continuous improvements and accountability.

### **Artificial Intelligence and Machine Learning**

The WCG faces significant challenges in meeting its rising service delivery demands and objectives with diminishing resources. This requires management to make strategic, evidence-based decisions.

Digital transformation is key to support this process. Technology is an enabler that can reduce administrative and reporting burdens, increase strategic productivity, reuse information across departments, drive cost effectiveness, and integrate data storage.

By ensuring curated, trusted and validated data is easily available for use by WCG management and staff, investing in data and analytical capabilities within departments, and building a culture that routinely values data and insights, the WCG will:

- Improve staff data literacy, engagement, and empowerment;
- Drive evidence-based, responsive and timely decisions and choices;

- Improve policy design and advice, programme and service delivery; and
- Enable economic and financial forecasting ability.

Emerging technologies such as application program interfaces, robotics and artificial intelligence are already finding application in Provincial Government operations. Each of these innovations streamlines and automates manual processes while saving time, reducing errors and quickly scaling to an organisation’s evolving needs. Data from existing legacy corporate systems such as PERSAL, LOGIS and BAS are being consolidated into a centralised Legacy Data Warehouse to facilitate access by departments to available data for decision- making purposes and to streamline reporting systems. Client focused systems are also being piloted to facilitate responsiveness to queries and progressively enable self-service opportunities.

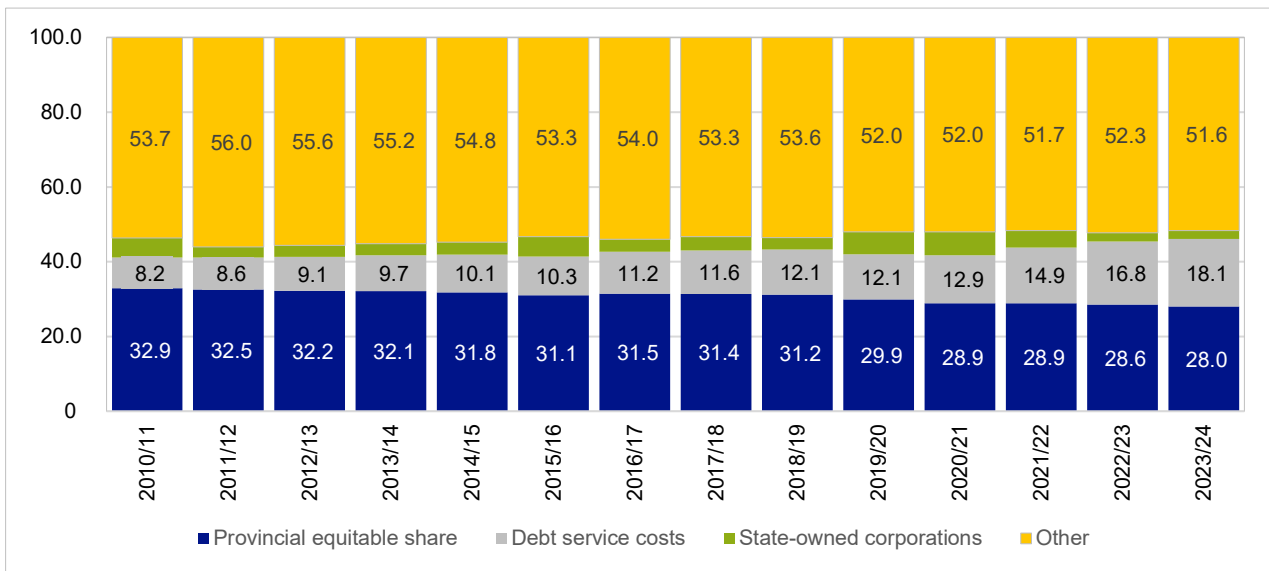
The PT will also pilot the introduction of machine learning technologies in oversight activities, based on the entire historical populations of data to build better predictive capabilities.

*Provincial Treasury will be the first Department to experience Artificial Intelligence and Machine Learning*

**Fiscal Futures**

National Government has responded to a deteriorating fiscal situation, particularly rising debt service costs, by introducing fiscal consolidation measures (Figure 3.3). These measures will reduce total main budget non-interest expenditure by more than R300 billion over the next three years. The largest portion of the proposed national expenditure cuts are to the wage bill.

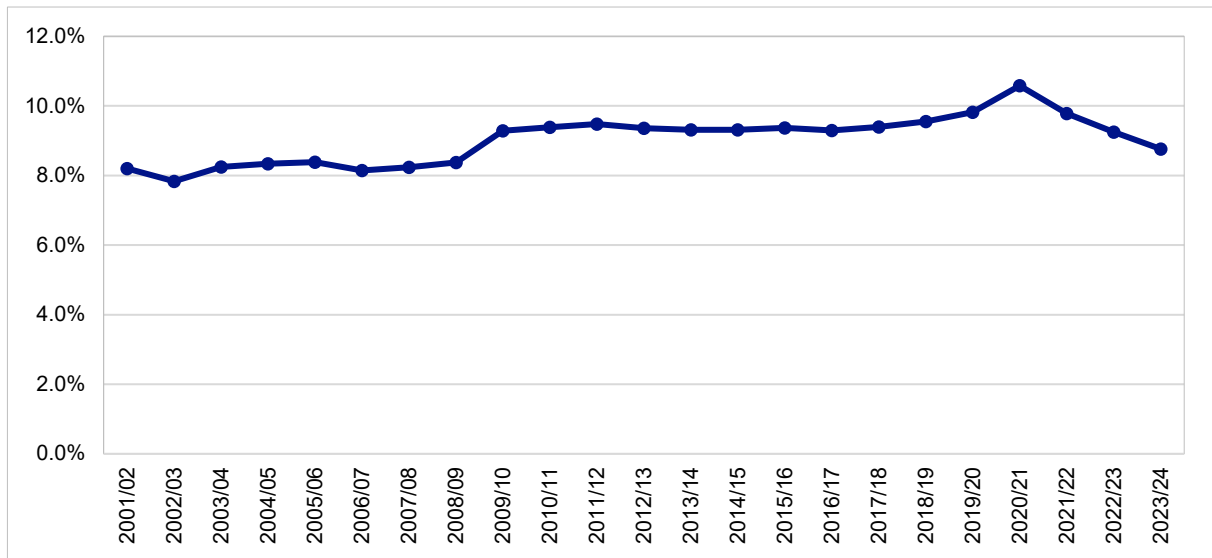
**Figure 3.3 Share of national spending, 2010/11 – 2023/24**



Source: National Treasury

These adjustments to the national fiscal framework will have a significant and direct impact on the WCG's fiscal framework. The provincial equitable share has shrunk, from 32.9 per cent of spending in 2000/01 to 28.9 per cent of spending in 2020/21. It is projected to decline further, to 28 per cent of spending in 2022/23 (Figure 3.4).

**Figure 3.4 Provincial Equitable Share as a percentage of GDP, 2001/02 – 2023/24**



Source: National Treasury

Reductions in national transfers, which are the primary source of provincial revenues, will have to be offset by deep and enduring reductions in expenditures which will require policy trade-offs within departments.

It is thus imperative that the WCG continuously analyse options available to strengthen fiscal sustainability. It is particularly important that short-term responses to diminishing resources do not undermine the longer-term development path of the Province. The WCG is thus initiating a scenario planning exercise to model 'fiscal futures' for the Province. This initiative will model fiscal scenarios beyond the 3-year expenditure framework, utilising various demographic, macroeconomic and policy scenarios and assumptions to determine their impact on public finances.

## **Conclusion**

The 2021 MTEF Budget responds to the budgetary and service delivery risks facing the Province by prioritising the COVID-19 response, including the vaccination programme, as well as enabling the implementation of the Recovery Plan to support the priorities of Jobs, Safety and Well-being. The 2021 MTEF Budget enables the reduction of compensation budgets, supports partnerships with the private sector and non-government sector, and leverages technology to improve supply chain management. It further supports an acceleration in infrastructure investment, strengthens governance of the Province's public entities and supports municipalities through a combination of direct transfers and provincial programmes that support and guide municipalities in delivering their mandates. Thus, the 2021 MTEF Budget enables the long-term fiscal sustainability through the implementation of the fiscal and budget policy principals of the WCG Fiscal Strategy.

# 4

## Budget aggregates

### In brief

- Total provincial receipts for 2021/22 amount to R73.648 billion of which the Provincial Equitable Share amounts to R54.448 billion, conditional grants amount to R13.530 billion, financing amounts to R2.655 billion, Provincial Revenue Fund (tax receipts) amount to R503.765 million and provincial own revenue amounts to R2.511 billion.
- The Western Cape's share (relative to other provinces) of the total Provincial Equitable Share increases from approximately 10.4 per cent to 10.5 per cent over the 2021 MTEF. The increased share is due to the data updates informing the Provincial Equitable Share formula reflecting faster population growth in the Western Cape relative to other provinces.
- Total provincial expenditure for 2021/22, inclusive of direct charges, amounts to R72.397 billion of which current payments amount to R55.423 billion, transfers and subsidies amount to R11.827 billion, payments for capital assets amount to R5.094 billion and payments for financial assets amount to R5.859 million.

### Introduction

This chapter demonstrates the fiscal outcome of applying the Fiscal Strategy set out in Chapter 3. The Western Cape Government (WCG) budget policy response demonstrates a strong commitment to an all-inclusive recovery, through supporting the resumption of economic activity and social services delivery, maintaining fiscal sustainability and carefully managing persistent public health and service delivery risks.

National transfers to the Province are made of the Provincial Equitable Share (PES) and Conditional Grants, which provide the bulk of revenue to meet provincial expenditure responsibilities; and account for 77.6 and 19.2 per cent respectively of available respectively funding over the 2021 MTEF.

The weighted average for the Western Cape PES increases to 10.5 per cent when compared to 2020 MTEF weighted average of 10.4 per cent. The increased share is due to the data updates informing the PES formula, and accounts for the growth in the demand for services and/or population changes encountered in the Province.

*WC PES accounts for 77.6 per cent of the total Revenue Budget over 2021 MTEF*



Provincial own receipts provide additional funding which supports provincial departments to achieve their mandates. The largest sources of own revenue collected by the Province are motor vehicle licence (MVL) fees and hospital patient fees (HPF), which together made up 85.8 per cent of own revenue in the 2021/22 financial year.

The overall fiscal envelope is constrained, with reduced ability to expand on current services. However, through the WCG's Fiscal Strategy set out in Chapter 3, it lays the foundation for sustainable service delivery, greater efficiency and improved value for money.

## Provincial receipts

### Summary

The major provincial receipts are:

- *Transfers received from National Government* in the form of the Provincial Equitable Share (PES) and conditional grants. These are projected to increase from R67.126 billion in the 2020/21 adjusted budget to R69.163 billion in 2023/24 (Table 4.1). This is an annual average growth rate of 1.0 per cent, significantly below the projected annual inflation rate of 4.2 per cent for 2021/22, 4.2 per cent for 2022/23, and 4.4 per cent for 2023/24.
- *Provincial own receipts*, which are projected to increase at an annual average growth rate of 2.6 per cent, from a 2020/21 adjusted estimate of R2.423 billion to R2.619 billion in 2023/24.
- *Provincial Financing*, inclusive of the Asset Finance Reserve and the Provincial Revenue Fund, decreased from R2.369 billion in the 2020/21 adjusted budget to R974.873 million in 2023/24.
- *Provincial Tax Receipts* (gambling taxes and liquor licence fees), increases by an Annual Average Growth Rate (AAGR) of 10 per cent, from R410.812 million in the 2020/21 adjusted budget to R541.810 million in 2023/24.
- *Provincial payments* increase at an AAGR of 0.6 per cent, from the 2020/21 adjusted budget of R71.397 to R72.723 billion in 2023/24. Current payments are the largest component of Provincial Payments, followed by Transfers and Subsidies, Payments for Capital assets and Financial assets.

**Table 4.1 Provincial receipts and payments, 2017/18 - 2023/24**

R'000	Outcome			Main appropriation 2020/21	Adjusted appropriation 2020/21	Revised estimate 2020/21	Medium-term estimate				
	Audited 2017/18	Audited 2018/19	Audited 2019/20				% Change from Revised estimate 2021/22	2020/21	2022/23	2023/24	
<b>Provincial receipts</b>											
Transfer receipts from national	56 200 292	59 636 541	64 326 768	68 398 139	67 125 888	67 125 888	67 978 397	1.27	68 387 783	69 163 369	
Equitable share	44 470 213	47 447 464	51 290 593	55 207 631	53 677 100	53 677 100	54 448 200	1.44	54 876 103	55 390 321	
Conditional grants	11 730 079	12 189 077	13 036 175	13 190 508	13 448 788	13 448 788	13 530 197	0.61	13 511 680	13 773 048	
Financing	1 956 157	1 760 566	1 924 734	1 857 830	2 368 721	2 368 721	2 654 769	12.08	1 669 356	974 873	
Asset Finance Reserve	663 852	354 049	935 339	786 604	674 730	674 730	594 211	( 11.93)	324 439	329 175	
Provincial Revenue Fund	1 292 305	1 406 517	989 395	1 071 226	1 693 991	1 693 991	2 060 558	21.64	1 344 917	645 698	
Provincial Revenue Fund (Tax receipts)	632 328	664 266	706 186	634 736	410 812	410 812	503 765	22.63	522 548	541 810	
Provincial own receipts	2 494 780	2 867 148	2 897 452	2 620 376	2 422 807	2 488 378	2 511 459	0.93	2 523 474	2 619 174	
<b>Total provincial receipts</b>	<b>61 283 557</b>	<b>64 928 521</b>	<b>69 855 140</b>	<b>73 511 081</b>	<b>72 328 228</b>	<b>72 393 799</b>	<b>73 648 390</b>	<b>1.73</b>	<b>73 103 161</b>	<b>73 299 226</b>	
<b>Provincial payments and provisions</b>											
Provincial payments	59 292 804	62 940 646	67 533 782	71 619 070	71 396 887	71 393 262	72 349 073	1.34	72 633 405	72 722 731	
Current payments	44 539 832	47 427 858	50 977 895	55 111 687	54 240 827	54 134 811	55 422 905	2.38	55 145 741	55 290 354	
Transfers and subsidies	9 909 398	10 209 298	11 082 152	11 563 925	12 529 602	12 626 032	11 826 595	( 6.33)	12 523 731	12 116 768	
Payments for capital assets	4 807 101	5 276 603	5 459 749	4 936 646	4 617 531	4 623 487	5 093 714	10.17	4 957 842	5 309 266	
Payments for financial assets	36 473	26 887	13 986	6 812	8 927	8 932	5 859	( 34.40)	6 091	6 343	
Provincial provisions	37 430	39 320	42 737	1 892 011	97 875	97 875	1 299 317	1 227.53	469 756	576 495	
Direct charge	37 430	39 320	42 737	45 357	51 748	51 748	47 997	( 7.25)	50 301	52 565	
Unforeseen and unavoidable				208 498			250 000		350 000	432 870	
Service Load Pressures				500 780							
Fiscal Stabilisation				1 084 626			105 749				
Fiscal Transition Support Facility Reserve							800 000				
Covid Response Reserve				52 750	46 127	46 127	55 652	20.65	58 323	60 947	
Acquisition of Property Reserve							25 000				
Social distress (Food relief/nutrition) Reserve							14 919		11 132	30 113	
Project Preparation Facility Reserve											
<b>Total provincial payments and provisions</b>	<b>59 330 234</b>	<b>62 979 966</b>	<b>67 576 519</b>	<b>73 511 081</b>	<b>71 494 762</b>	<b>71 491 137</b>	<b>73 648 390</b>	<b>3.02</b>	<b>73 103 161</b>	<b>73 299 226</b>	
<b>Surplus (Deficit)</b>	<b>1 953 323</b>	<b>1 948 555</b>	<b>2 278 621</b>	<b>-</b>	<b>833 466</b>	<b>902 662</b>	<b>-</b>	<b>( 100.00)</b>	<b>-</b>	<b>-</b>	
<b>Provincial Revenue Fund (Tax receipts) includes:</b>											
Casino taxes	537 498	554 192	566 340	565 028	341 104	341 104	366 532	7.45	373 330	380 333	
Horse racing taxes	58 608	74 100	98 631	34 416	34 416	34 416	99 999	190.56	110 199	120 701	
Liquor licence fees	36 222	35 974	41 215	35 292	35 292	35 292	37 233	5.50	39 020	40 776	
<b>Total Provincial Revenue Fund (Tax receipts)</b>	<b>632 328</b>	<b>664 266</b>	<b>706 186</b>	<b>634 736</b>	<b>410 812</b>	<b>410 812</b>	<b>503 764</b>	<b>22.63</b>	<b>522 549</b>	<b>541 810</b>	

## Changes to the Provincial Equitable Share

The PES formula accounts for data updates made to the components of the formula and any policy changes made to the structure of the formula resulting from a PES formula review. These data updates incorporate changes in the demographic data for each of the provinces on an annual basis. Table 4.2 summarises the data sources used to update the various components of the PES formula.

The weighting allocated to each of the components is not indicative of how much a province should allocate to a specific

area or function. Provinces, through their budget allocation procedures, determine allocations based on their own prioritisation process and specific circumstances, within the available fiscal envelope.

For the 2021 MTEF, there are no changes made to the structure of the PES formula. There are, however, data updates that result in an additional R1.675 billion being allocated to the Province (Table 4.3). The data updates are as follows:

**Table 4.2 Summary of PES data updates**

Weight	Component	Data used
48%	Education	<ul style="list-style-type: none"> <li>Mid-Year Population Estimates 2020 age cohorts (new data)</li> <li>2020 LURITS School Enrolment (new data)</li> </ul>
27%	Health	<ul style="list-style-type: none"> <li>2020 Mid-Year Population Estimates (new data)</li> <li>Insured population (2018 GHS) (old data)</li> <li>Risk adjusted index</li> <li>Patient load data (DHIS 2018/19 - 2019/20) (new data)</li> </ul>
16%	Basic	<ul style="list-style-type: none"> <li>2020 Mid-Year Population Estimates (new data)</li> </ul>
3%	Poverty	<ul style="list-style-type: none"> <li>2020 Mid-Year Population Estimates (new data)</li> <li>Income and Expenditure Survey 2010/11</li> </ul>
1%	Economic	<ul style="list-style-type: none"> <li>GDP 2018 (new data)</li> </ul>
5%	Institutional	<ul style="list-style-type: none"> <li>Not applicable - distributed equally amongst provinces (data not used)</li> </ul>

- The education component uses the school-age population (5 to 17 years – the Mid-Year Population Estimate (MYPE)), and school enrolment data (drawn from the 2020 Learner Unit Record Information and Tracking System (LURITS) data). When the change from the Census 2011 to the MYPE school-age population portion of the education component was made in 2019/20, the Budget Council endorsed that the transition be phased in over a period of three years from 2019/20 - 2021/22. From 2021/22, the MYPE data is used to update this component, and will no longer be subject to a phase-in, as the change to MYPE data from 2011 Census data has been completed. In 2018/19, changes were made to the data used to update the school enrolment portion of the education component, with the adoption of the LURITS data. The data that are used to inform the school enrolment component were fully phased in during 2020/21.

- Updates informing other components of the PES are informed by the data from the 2020 MYPE, District Health Information Services for patient load data (2018/19 – 2019/20), 2018 General Household Survey for the insured population, and the 2018 Gross Domestic Product Regional (GDPR) for economic data. The Budget Council endorsed using the 2018 General Household Survey (GHS) to update the health component for the population without medical aid, as at the time of determining the 2021 Provincial Equitable Share formula, the publication of the 2019 GHS was delayed due to the COVID-19 pandemic. The new shares across provinces will be phased in over three years. The full impact on the data updates causes the Western Cape's 2021 MTEF weighted average share to increase to 10.5 per cent from the 2020 MTEF weighted average of 10.4 per cent.

*WC PES funding increases from 10.4 per cent to 10.5 per cent over the 2021 MTEF*

**Table 4.3 Revisions to the Provincial Equitable Share**

<b>WESTERN CAPE: REVISIONS TO THE PROVINCIAL EQUITABLE SHARE (PES): 2021 MTEF - 28 October 2020</b>				
<b>R Thousands</b>	<b>2021 Medium-term expenditure framework</b>			<b>Total Revisions</b>
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	
Provincial equitable share (PES) (as per final 2020 MTEF allocation letter)	59 276 313	63 194 019	61 305 703	183 776 035
Adjustment due to new data updates in the PES formula (phased in from 2021/22 of 2020 MTEF)	403 951	425 136	846 058	1 675 145
<b>Total: Technically adjusted provincial equitable share before Adjustments to Baselines</b>	<b>59 680 264</b>	<b>63 619 155</b>	<b>62 151 761</b>	<b>185 451 180</b>
<b>Total reductions</b>	<b>(5 232 064)</b>	<b>(8 743 052)</b>	<b>(6 761 440)</b>	<b>(20 736 556)</b>
Less: Compensation of employees wage freeze reductions (2020 MTEF) (relating to 2018 Agreement)	(3 812 959)	(4 727 876)		(8 540 835)
Less: Compensation of employees fiscal consolidation reductions (2021 MTEF) (relating to new Agreement)	(1 759 641)	(3 340 690)	(5 127 925)	(10 228 256)
Less: Non-Compensation of employees fiscal consolidation reduction (2021 MTEF)	(669 780)	(894 432)	(1 633 514)	(3 197 726)
Plus: Compensation of employees reductions reversal	178 231	219 946		398 177
Plus: COVID-19 Support (Health Sector)	832 085			832 085
2021 MTEF PES Percentages (new data updates (phased in))	10.4%	10.5%	10.5%	
<b>Total: Preliminary Provincial Equitable Share for 2021 MTEF</b>	<b>54 448 200</b>	<b>54 876 103</b>	<b>55 390 321</b>	<b>164 714 624</b>
<b>Net reduction to baseline</b>	<b>(4 828 113)</b>	<b>(8 317 916)</b>	<b>(5 915 382)</b>	<b>(19 061 411)</b>

#### *Reductions to the Provincial Equitable Share*

Relative to the 2020 Budget, the PES will be reduced by R5.232 billion in 2021/22, R8.743 billion in 2022/23 and R6.761 billion in 2023/24; aggregating to a total of R20.737 billion over the 2021 MTEF. These reductions to planned spending levels over the medium term have

been made to account for the freezing of public sector wages (R8.541 billion over the 2021 MTEF), compensation-related fiscal consolidation reductions (R10.228 billion over the 2021 MTEF) and non-compensation related fiscal consolidated reductions (R3.198 billion over the 2021 MTEF) announced in the National 2020 MTBPS.

### *Additions to and specific allocations within the Provincial Equitable Share*

Additions of R398.177 million to the PES have been made to account for the reversal on the reductions in compensation that were previously imposed on the PES as part of the 2020 MTBPS, which are now accordingly reflected in reductions to conditional grants having a compensation component. The specific reductions to the compensation component of the various conditional grants are discussed under the Conditional Grants section.

For 2021/22, R832.085 million has been added to the PES to assist provinces to cover the costs associated with responding to the COVID-19 pandemic within the health sector.

*Net reduction on PES of R19.061 billion over the 2021 MTEF*

The net effect of these adjustments amounts to R19.061 billion over the 2021 MTEF.

Included in the PES over the 2021 MTEF, are allocations for the following specific priorities:

- R70.845 million for Food Relief which includes the additional allocation of R25 million in 2021/22;
- R18.440 million for HIV Prevention Programmes (Social and Behaviour Change Programmes);
- R15.700 million for Infrastructure Development Improvement Programme Shift;
- R32.446 for Municipal Interventions;
- R32.811 million for the Sanitary Dignity Project;
- R49.528 million for the Social Worker Conditional Grant Shift; and
- R65.704 million for Social Worker addition.

### **Conditional grants**

Conditional grant allocations in the Western Cape are indicative of shifts and adjustments in some grants and include allocations for conditional grants that have been merged. The implemented

changes to conditional grants have been done in response to the constrained fiscal and economic environment.

In line with the wage freeze and other compensation-related fiscal consolidation reductions imposed on PES, conditional grants with a compensation component have also been reduced. This amounts to R317.146 million in 2021/22 and R386.822 million in 2022/23. Imposing reductions on the compensation components of the conditional grants, helps preserve the integrity of the underlying programmes funded by the grants and promotes equal treatment with other public-sector wages in terms of the public-sector wage freeze.

*Compensation components in conditional grants have been reduced*

Changes to conditional grant allocations are also aimed at promoting fiscal consolidation and making resources available to allow for the rollout of vaccines in the Province.

Sizable resources have been allocated to the COVID-19 component of the HIV, TB, Malaria and Community Outreach Grant to cover the costs associated with vaccine rollout.

Funding has moreover been reprioritised towards financing the appointment of medical interns over the 2021 MTEF.

Total allocations for conditional grants amount to R40.815 billion over the 2021 MTEF, with allocations of R13.530 billion in 2021/22, R13.512 billion in 2022/23, and R13.773 billion in 2023/24 (Table 4.4).

*WC conditional grant allocations amount to R40.815 billion over the 2021 MTEF*

**Table 4.4 Provincial conditional grant allocations, 2017/18- 2023/24**

Vote and grant R'000	Outcome			Main appropriation 2020/21	Adjusted appropriation 2020/21	Revised estimate 2020/21	Medium-term estimate		
	Audited 2017/18	Audited 2018/19	Audited 2019/20				2021/22	2022/23	2023/24
<b>Vote 4: Community Safety</b>	3 328	7 957	3 920	4 961	4 961	4 961	<b>3 863</b>		
Social Sector EPWP Incentive Grant for Provinces	3 328	7 957	3 920	4 961	4 961	4 961	<b>3 863</b>		
<b>Vote 5: Education</b>	1 556 193	1 488 697	1 596 401	1 610 176	1 454 407	1 454 407	<b>1 695 465</b>	<b>1 662 876</b>	<b>1 735 202</b>
Education Infrastructure Grant	1 149 111	1 021 731	1 127 600	1 091 162	931 721	931 721	<b>1 158 098</b>	1 129 934	1 180 389
Maths, Science and Technology Grant	30 217	29 682	28 015	35 479	37 786	37 786	<b>36 347</b>	37 184	38 135
HIV and AIDS (Life Skills Education) Grant	17 710	22 043	21 800	19 878	15 076	15 076	<b>20 368</b>	17 719	18 071
Learners with Profound Intellectual Disabilities Grant	11 401	25 521	23 952	28 499	31 319	31 319	<b>28 553</b>	29 216	31 069
National School Nutrition Programme Grant	337 363	357 097	375 515	412 548	415 895	415 895	<b>434 387</b>	448 823	467 538
Social Sector EPWP Incentive Grant for Provinces	8 242	30 402	17 034	20 016	20 016	20 016	<b>15 527</b>		
Expanded Public Works Programme Integrated Grant for Provinces	2 149	2 221	2 485	2 594	2 594	2 594	<b>2 185</b>		

**Table 4.4 Summary of conditional grants by vote and grant (continued)**

Vote and grant R'000	Outcome			Main appropriation 2020/21	Adjusted appropriation 2020/21	Revised estimate 2020/21	Medium-term estimate		
	Audited 2017/18	Audited 2018/19	Audited 2019/20				2021/22	2022/23	2023/24
<b>Vote 6: Health</b>	5 447 079	5 896 230	6 549 845	6 907 928	7 481 342	7 481 342	<b>6 971 459</b>	7 051 748	7 039 864
National Tertiary Services Grant	2 876 410	3 049 130	3 221 651	3 426 618	3 396 608	3 396 608	<b>3 272 981</b>	3 318 681	3 332 007
Health Facility Revitalisation Grant	567 389	717 226	812 626	698 793	698 793	698 793	<b>724 865</b>	742 492	819 190
Human Resources and Training Grant	542 700	574 177	779 596	881 370	869 856	869 856	<b>795 929</b>	818 062	805 331
of which:									
<i>Statutory Human Resources Component</i>			173 262	245 023	245 023	245 023	<b>266 199</b>	275 583	287 216
<i>Training and Development Component</i>	542 700	574 177	606 334	636 347	624 833	624 833	<b>529 730</b>	542 479	518 115
National Health Insurance Grant			19 510	19 480	19 480	19 480	<b>17 779</b>	17 933	17 939
Comprehensive HIV, AIDS and TB Grant	1 454 773	1 531 535	1 685 517	1 867 472	2 429 118	2 429 118	<b>2 147 742</b>	2 154 580	2 065 397
of which:									
<i>Community Outreach Services Component</i>		96 769	126 392	179 583	178 106	178 106	<b>186 830</b>	194 913	195 662
<i>Presidential Employment Initiative (PEI): Community Outreach Services Component</i>					29 148	29 148			
<i>Comprehensive HIV, AIDS Component</i>			1 485 031	1 599 596	1 550 034	1 550 034	<b>1 701 235</b>	1 759 314	1 763 115
<i>Tuberculosis Component</i>			74 094	66 458	65 911	65 911	<b>65 696</b>	68 086	68 266
<i>Human Papillomavirus Vaccine Component</i>		19 599	15 404	21 835	21 835	21 835	<b>21 584</b>	22 044	22 102
<i>COVID-19 component</i>					584 084	584 084	<b>156 690</b>	94 014	
<i>Mental Health Services Component</i>							<b>15 707</b>	16 209	16 252
Social Sector EPWP Incentive Grant for Provinces	3 334	2 447	13 495	12 195	12 195	12 195	<b>10 122</b>		
Expanded Public Works Programme Integrated Grant for Provinces	2 473	2 116	2 046	2 000	2 000	2 000	<b>2 041</b>		
Provincial Disaster Relief Grant					53 292	53 292			
<b>Vote 7: Social Development</b>	44 437	51 709	40 476	87 152	140 219	140 219	<b>107 556</b>	101 631	105 943
Early Childhood Development Grant	18 770	38 312	40 476	87 152	140 219	140 219	<b>102 273</b>	101 631	105 943
of which:									
<i>Subsidy Component</i>	18 198	30 925		78 802	131 869	131 869	<b>89 523</b>	99 789	104 023
<i>Maintenance Component</i>	572	7 968		8 350	8 350	8 350	<b>12 750</b>	1 842	1 920
Social Worker Employment Grant	9 729	11 912							
Social Sector EPWP Incentive Grant for Provinces	15 938	1 485					<b>5 283</b>		
<b>Vote 8: Human Settlements</b>	2 330 132	2 072 278	2 326 616	1 978 034	1 928 894	1 928 894	<b>2 035 376</b>	2 113 056	2 207 509
Human Settlements Development Grant	2 326 758	2 018 903	2 172 110	1 907 551	1 855 286	1 855 286	<b>1 575 285</b>	1 628 418	1 701 511
Expanded Public Works Programme Integrated Grant for Provinces	3 374	3 014	2 986	2 531	2 531	2 531	<b>2 662</b>		
Title Deeds Restoration Grant		50 361	64 410	67 952	200	200			
Provincial Emergency Housing Grant			87 110		70 877	70 877			
Informal Settlements Upgrading Partnership Grant for Provinces							<b>457 429</b>	484 638	505 998

Vote and grant R'000	Outcome			Main appropriation 2020/21	Adjusted appropriation 2020/21	Revised estimate 2020/21	Medium-term estimate		
	Audited 2017/18	Audited 2018/19	Audited 2019/20				2021/22	2022/23	2023/24
<b>Vote 9: Environmental Affairs and Development Planning</b>	4 385	3 991	3 717	3 678	3 678	3 678	3 704		
Expanded Public Works Programme Integrated Grant for Provinces	4 385	3 991	3 717	3 678	3 678	3 678	3 704		
<b>Vote 10: Transport and Public Works</b>	1 879 462	1 972 824	2 058 702	2 150 948	2 050 610	2 050 610	2 245 545	2 120 283	2 219 614
Provincial Roads Maintenance Grant	940 089	1 007 414	1 040 051	1 067 344	967 006	967 006	1 099 046	992 470	1 042 094
Expanded Public Works Programme Integrated Grant for Provinces	16 452	12 586	12 469	10 008	10 008	10 008	13 855		
Public Transport Operations Grant	922 921	952 824	1 006 182	1 073 596	1 073 596	1 073 596	1 132 644	1 127 813	1 177 520
<b>Vote 11: Agriculture</b>	236 363	457 326	206 294	169 138	164 021	164 021	182 152	184 222	187 311
Land Care Programme Grant: Poverty Relief and Infrastructure Development	4 380	46 678	5 096	5 045	4 985	4 985	5 451	5 532	5 680
Disaster relief grant					25 000	25 000			
Comprehensive Agricultural Support Programme (CASP) Grant	134 572	314 832	151 683	111 555	89 301	89 301	116 753	119 697	121 652
Disaster Management Grant: Agriculture	40 000	38 000							
Ilima/Letsema Projects Grant	55 349	55 662	47 437	50 464	42 661	42 661	57 721	58 993	59 979
Expanded Public Works Programme Integrated Grant for Provinces	2 062	2 154	2 078	2 074	2 074	2 074	2 227		
<b>Vote 13: Cultural Affairs and Sport</b>	228 700	238 065	250 204	278 493	220 656	220 656	285 077	277 864	277 605
Mass Participation and Sport Development Grant	52 702	52 828	56 063	83 491	60 354	60 354	88 884	87 762	84 274
Community Library Services Grant	171 264	176 624	186 763	186 126	151 426	151 426	188 862	190 102	193 331
Expanded Public Works Programme Integrated Grant for Provinces	3 238	3 057	2 909	3 098	3 098	3 098	3 099		
Social Sector EPWP Incentive Grant for Provinces	1 496	5 556	4 469	5 778	5 778	5 778	4 232		
<b>Total Conditional grants</b>	11 730 079	12 189 077	13 036 175	13 190 508	13 448 788	13 448 788	13 530 197	13 511 680	13 773 048

## Individual grants

### Health

#### Health Facility Revitalisation Grant

This grant has been revised to account for a reversal of funds that were previously provisionally reprioritised from the conditional grant. After the tabling of the National MTBPS in October 2020, R845 million was provisionally reprioritised from this grant nationally, to provide for the funding of the COVID-19 vaccine. These funds were however shifted back to the Health Facility Revitalisation Grant, and the national Department of Health has since then submitted revised allocations over the 2021 MTEF, amounting to an additional R29.247 million for the Western Cape.



An amount of R129.0 million was also approved for two Budget Facility for Infrastructure (BFI) projects in the Western Cape. The two BFI projects were assessed and evaluated, and funding was approved for the construction of the Klipfontein and Tygerberg Regional Hospitals. The allocations were accordingly added to the Health Facility Revitalisation Grant allocations for the 2021 MTEF.

#### *HIV, TB, Malaria and Community Outreach Grant*

Nationally R2.4 billion was added to the COVID-19 component of this grant in order to rollout the COVID-19 vaccine programme where R1.5 billion is allocated in 2021/22 and R900 million is allocated in 2022/23. Funding was also allocated to the national Department of Health to purchase and distribute the vaccine. Provinces will, from the funding allocated through the COVID-19 component, be partially supported to finance the costs associated with the operational rollout of the vaccine programme, inclusive of service delivery costs and vaccine administering related supplies. For the Western Cape, the COVID-19 component amounts to R156.690 million in 2021/22 and R94.014 million in 2022/23.

#### *Statutory Human Resources Training Development Grant*

The Statutory Human Resources Training and Development Grant has been amended to the Human Resources and Training Grant, with the Training and Development component renamed to the Training component, and where the Statutory Human Resources component remaining unchanged. Funding has been reprioritised to the Statutory Human Resources in the Human Resources and Training Grant to finance the appointment of medical interns. Over the 2021 MTEF, R150 million was reprioritised from the Training component to the Statutory Human Resources component for all provinces.

### **Transport**

#### *Provincial Roads Maintenance Grant*

The incentive component of the grant for 2021/22 will be allocated to provinces in terms of the main formula, since the National Department of Transport was not able to provide the necessary data to properly calculate the incentive portion. However, the National Treasury in conjunction with the national Department of Transport, will in the next budget cycle ensure that the required data is available to calculate the incentive portion of the 2022/23 allocation.

## Provincial Own Receipts

'Own receipts' are collected by provincial departments through their daily operations as a supplementary source of revenue to support service delivery mandates. Provincial departments have been empowered by section 228 of the Constitution to collect customs duties, user charges and specific narrow-based taxes as own receipts. Own receipts do not include broad-based taxes collected by the national government, such as company and personal taxes.

Own receipts comprise less than 4.0 per cent of the total revenue envelope of the Province, but are still an important financing component of service delivery.

Total own revenue is projected to increase at an AAGR of 2.6 per cent, from R2.423 billion in the 2020/21 adjusted budget to R2.619 billion in 2023/24 (Table 4.5).

MVL fees and HPF are the largest components of total own receipts and contribute 73.8 per cent and 12.1 cent respectively to the own receipts budget of the Province in the 2020/21 adjusted budget; and 74.1 per cent and 11.7 per cent in the 2021/22 budget, respectively.

Gambling taxes and liquor licence fees are also collected within the Province but are no longer classified as 'own receipts' according to a ruling made by the Auditor-General of South Africa (AGSA). Previously these revenue sources were collected by entities and transferred to their responsible departments where these collections were recorded as own receipts and subsequently transferred into the Provincial Revenue Fund (PRF). Effectively, the Provincial Treasury and the Department of Community Safety now act as conduits for receiving gambling taxes and liquor licence fees and routing it into the PRF.

The own revenue budget for provincial departments is presented below for the period 2017/18 to 2023/24. The departments of Health, and Transport and Public Works (DTPW) are the largest contributors to own receipts in the Province, where they contribute R396.817 million and R1.977 billion in the 2021/22 financial year.

*WC own receipts comprise less than 4.0 per cent of total Revenue Budget over the 2021 MTEF*

**Table 4.5 Provincial own receipts by vote, 2017/18 - 2023/24**

Vote R'000	Outcome			Main appro- piation 2020/21	Adjusted appro- piation 2020/21	Revised estimate 2020/21	Medium-term estimate			
	Audited 2017/18	Audited 2018/19	Audited 2019/20				% Change from Revised estimate			2023/24
1. Department of the Premier	4 080	1 955	3 573	2 002	1 602	1 602	1 602		1 712	1 789
2. Provincial Parliament	944	409	607	821	821	1 045	75	(92.82)	78	82
3. Provincial Treasury	8 766	6 785	6 071	73	73	17 723	76	(99.57)	80	84
4. Community Safety	390	554	268	469	292	292	302	3.42	328	343
5. Education	30 714	23 755	31 928	24 710	24 710	24 710	25 171	1.87	25 693	26 849
6. Health	571 574	677 391	686 092	509 884	396 817	396 817	396 817		396 817	396 817
7. Social Development	2 521	1 380	1 443	1 192	1 192	1 192	1 192		1 258	1 315
8. Human Settlements	92 011	255 557	130 404	66 845	66 845	114 487	70 521	(38.40)	73 906	77 232
9. Environmental Affairs and Development Planning	3 702	2 848	3 128	2 742	2 742	2 742	2 783	1.50	2 917	3 048
10. Transport and Public Works	1 722 214	1 835 444	1 967 085	1 976 870	1 896 870	1 896 870	1 976 870	4.22	1 982 887	2 072 117
11. Agriculture	48 480	53 356	51 219	31 419	28 543	28 543	33 147	16.13	34 738	36 301
12. Economic Development and Tourism	4 424	1 144	2 026	351	1 373	1 373	371	(72.98)	388	405
13. Cultural Affairs and Sport	3 900	3 789	9 303	2 889	818	818	2 423	196.21	2 558	2 673
14. Local Government	1 060	2 781	4 305	109	109	164	109	(33.54)	114	119
<b>Total provincial own receipts</b>	<b>2 494 780</b>	<b>2 867 148</b>	<b>2 897 452</b>	<b>2 620 376</b>	<b>2 422 807</b>	<b>2 488 378</b>	<b>2 511 459</b>	<b>0.93</b>	<b>2 523 474</b>	<b>2 619 174</b>

## Provincial Own Revenue

### Motor vehicle licence fees

MVL fees are the main source of revenue for the DPTW and are collected by municipalities on behalf of the Department.

*WC Motor vehicle licence fees will not be increased from 1 April 2021*

The DPTW has been annually increasing MVL fees by inflation plus a small margin to raise funding for the maintenance of roads, and other traffic-related services. MVL fees will however not be increased in 2021/22, as the Province aims to minimise the burden on the economy which has already been adversely affected by the COVID-19 pandemic.

MVL fees are projected to grow at an AAGR of 3.0 per cent, from R1.787 billion in the 2020/21 adjusted budget to R1.951 billion in 2023/24. Growth in the MVL fees budget is affected mainly by an expected increase in the Western Cape motor vehicle population and future increases in tariffs.

*Hospital patient fees*

The HPF revenue estimates have been revised downwards from a 2020/21 main budget of R414.369 million to an adjusted budget of R294.351 million and is projected to remain at that level over the 2021 MTEF.

*Hospital patient fees projected to remain stagnant over 2021 MTEF*

The COVID-19 pandemic has continued to have a negative effect on revenues raised from HPF, as there are ongoing delays in payments received from the Road Accident Fund (RAF) and decreases in submissions from medical aids as patients postpone elective surgeries.

*Casino and Horse racing taxes*

The Gambling industry has been severely affected by the restrictions on gambling during the national lockdown and COVID-19 risk adjusted strategy. Revenue collected from casino and horse racing taxes amounts to R466.531 million in 2021/22, R483.529 million in 2022/23 and R501.034 million in 2023/24.

Gambling taxes, revenue collected from limited pay-out machines, horse racing taxes, and other forms of gambling are collected together with annual licence and registration fees by the Western Cape Gambling and Racing Board (WCGRB). Gambling and horse racing taxes are reported as Provincial Revenue Fund: Tax receipts.

*Liquor licence fees*

The Western Cape Liquor Authority (WCLA) is responsible for the oversight and administration of the liquor industry and contributes towards the reduction of alcohol harms in the Province. The WCLA, together with the Department of Community Safety have been increasing liquor licence fees annually to enable the WCLA to expand on the scope of its mandate of oversight and alcohol harms reduction.

Liquor licence fees are projected to increase at an AAGR of 4.9 per cent, from R35.292 million in the 2020/21 adjusted budget to R40.776 million in 2023/24.

**Financing and Reserves**

Internal financing from provincial reserves held by the Province allows for flexibility in the event of downward adjustments to the PES and conditional grants and allow provincial departments to more effectively respond to service load pressures, and unforeseen and unavoidable expenditures.

*A total draw down of reserves over the 2021 MTEF amount to R142.830 million*

The importance of these reserves was highlighted in the response to COVID-19 in 2020/21. The WCG was able to rapidly draw down additional resources, through emergency expenditure authorisations and subsequent supplementary budgets, to ensure an effective, integrated public health response and to provide vulnerable households and communities with relief. Altogether, a significant draw down of the reserves was effected, amounting to R142.830 million over the 2021 MTEF.

The pandemic is not over, and the long road to recovery lies ahead. Additional demands continue to be placed on reserves, particularly to support the health platform and to smoothen service load pressures resulting from the reduction in national transfers. Financing from provincial reserves that has been appropriated in the 2021 MTEF amounts to R2.655 billion in 2021/22, R1.669 billion in 2022/23, and R974.873 million in 2023/24. This includes:

- A provision for Unforeseen and Unavoidable Expenditure of R250 million in 2021/22, R350 million in 2022/23 and R432.870 million in 2023/24 in order to provide funding for unexpected events that need an immediate response and funding i.e. in the case of flooding or fires; and
- A provision of R800 million in 2021/22 for immediate requirements to respond to further waves of COVID-19 infections

*Included in the reserves is provision of Fiscal Transition Support Facility to departments*

Other needs provided for in the reserves include the provision of the Fiscal Transition Support Facility to departments introducing programmes that will enhance efficiencies and lower costs of service delivery, and the capacity to provide further responses to social pressures emanating from COVID-19, particularly related to nutritional needs in vulnerable communities.

Restoring provincial reserves is an important and strategic fiscal priority for the Province going forward. The high levels of uncertainty related to economic, social, fiscal and public health conditions going forward underline the value of maintaining adequate reserves.

## **■ Provincial expenditure**

*Provincial spending amounts to R72.397 billion in 2021/22*

Provincial spending in 2021/22, inclusive of direct charges, amounts to R72.397 billion, and represents an increase of 1.3 per cent or R952.060 million on the previous financial year (Table 4.6).

Most of the spending occurs under current payments, amounting to R55.423 billion, which comprises of Compensation of Employees (CoE) (R38.317 billion) and Goods and Services (G&S) (R17.106 billion).

The WCG plans to transfer R11.827 billion in the 2021/22 financial year to other institutions in support of delivering on its core mandate, of which the bulk being transferred to Non-Profit Institutions amounting to R5.130 billion.

Spending on Payments for capital assets, amounts to R5.094 billion in 2021/22. Planned spending on capital infrastructure found under Buildings and other fixed structures amounts to R4.052 billion.

Further detail on planned spending over the 2021 MTEF pertaining to the major spending categories, i.e. CoE, G&S, Transfers and subsidies (T&S) and Payment for Capital Assets (POCA), are discussed below.

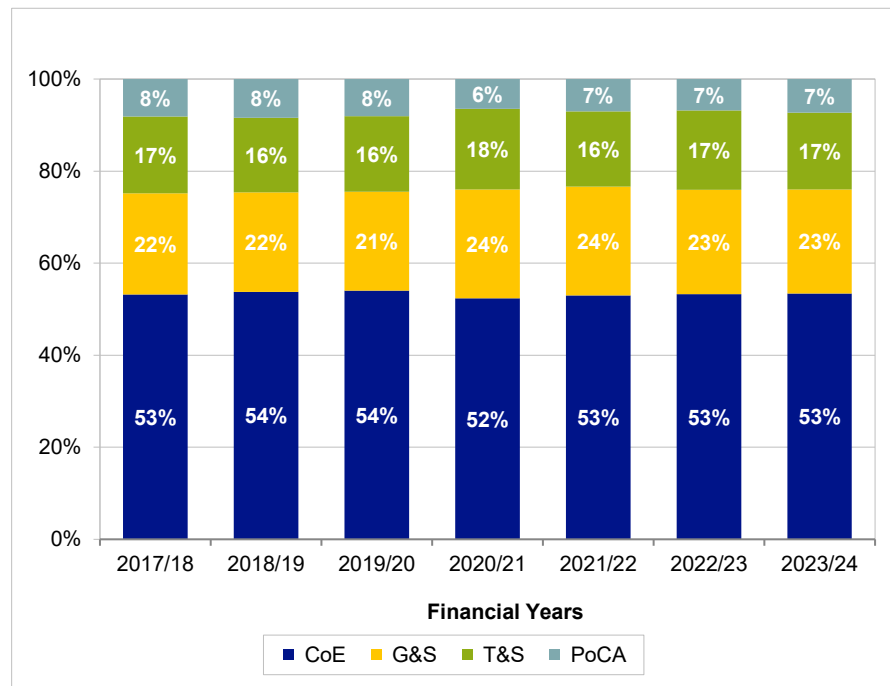
**Table 4.6 Provincial payments and estimates by economic classification, 2017/18 – 2023/24**

Economic classification R'000	Outcome			Main appro- priation 2020/21	Adjusted appro- priation 2020/21	Revised estimate 2020/21	Medium-term estimate			
	Audited 2017/18	Audited 2018/19	Audited 2019/20				% Change from Revised estimate			2023/24
<b>Current payments</b>	44 539 832	47 427 858	50 977 895	55 111 687	54 240 827	54 134 811	<b>55 422 905</b>	2.38	55 145 741	55 290 354
Compensation of employees	31 507 071	33 826 231	36 492 827	39 548 329	37 396 516	37 383 328	<b>38 316 966</b>	2.50	38 709 575	38 848 627
Goods and services	13 032 742	13 601 443	14 484 981	15 563 223	16 844 168	16 751 340	<b>17 105 804</b>	2.12	16 436 053	16 441 593
Interest and rent on land	19	184	87	135	143	143	<b>135</b>	(5.59)	113	134
<b>Transfers and subsidies to</b>	9 909 398	10 209 298	11 082 152	11 563 925	12 529 602	12 626 032	<b>11 826 595</b>	(6.33)	12 523 731	12 116 768
Provinces and municipalities	1 756 543	1 742 892	2 092 978	2 413 268	2 407 300	2 413 802	<b>2 395 594</b>	(0.75)	2 351 205	1 974 881
Departmental agencies and accounts	475 675	534 969	673 071	618 759	595 452	595 461	<b>594 371</b>	(0.18)	594 063	582 459
Higher education institutions	10 950	12 509	10 500	11 600	11 730	11 730		(100.00)		
Foreign governments and international organisations	312	395		295	295	295	<b>312</b>	5.76	330	346
Public corporations and private enterprises	1 185 642	1 436 303	1 222 970	1 218 675	1 306 430	1 307 430	<b>1 277 715</b>	(2.27)	1 279 379	1 334 244
Non-profit institutions	3 821 303	4 165 933	4 453 941	4 842 652	5 742 160	5 759 347	<b>5 129 783</b>	(10.93)	5 508 213	5 529 824
Households	2 658 973	2 316 297	2 628 692	2 458 676	2 466 235	2 537 967	<b>2 428 820</b>	(4.30)	2 790 541	2 695 014
<b>Payments for capital assets</b>	4 807 101	5 276 603	5 459 749	4 936 646	4 617 531	4 623 487	<b>5 093 714</b>	10.17	4 957 842	5 309 266
Buildings and other fixed structures	3 928 545	4 192 182	4 343 608	4 009 871	3 476 055	3 475 937	<b>4 051 674</b>	16.56	4 043 161	4 383 538
Machinery and equipment	814 805	1 022 369	992 183	888 392	1 072 486	1 077 687	<b>985 112</b>	(8.59)	857 193	870 353
Biological assets										
Land and subsoil assets	26 110	32 957	28 214	8 200	14 823	14 823	<b>8 650</b>	(41.64)	9 000	9 350
Software and other intangible assets	37 641	29 095	95 744	30 183	54 167	55 040	<b>48 278</b>	(12.29)	48 488	46 025
<b>Payments for financial assets</b>	36 473	26 887	13 986	6 812	8 927	8 932	<b>5 859</b>	(34.40)	6 091	6 343
<b>Total economic classification</b>	59 292 804	62 940 646	67 533 782	71 619 070	71 396 887	71 393 262	<b>72 349 073</b>	1.34	72 633 405	72 722 731
Direct charge	37 430	39 320	42 737	45 357	51 748	51 748	<b>47 997</b>	(7.25)	50 301	52 564
<b>Total economic classification (including direct charge)</b>	59 330 234	62 979 966	67 576 519	71 664 427	71 448 635	71 445 010	<b>72 397 070</b>	1.33	72 683 706	72 775 295
Of Which:										
Transfers to Municipalities	1 752 545	1 737 597	2 088 278	2 408 885	2 402 916	2 409 418	2 390 073		2 345 464	1 968 910
<i>% of total transfers and subsidies</i>	17.69	17.02	18.84	20.83	19.18	19.08	20.21		18.73	16.25

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.

As demonstrated in Figure 4.1, CoE and G&S are the major spending items within the provincial budget representing a share of 53 per cent and 24 per cent of the 2021/22 financial year, respectively. The remaining budget is spent on T&S at 16 per cent, and POCA at 7 per cent.

**Figure 4.1 Percentage share of economic classification to total provincial budget, 2017/18 – 2023/24**



## ■ Compensation of Employees

CoE constitutes the biggest share of the Province's 2021/22 budget at 53 per cent and remains constant over the 2021 MTEF. This is testament to the Province's strategy to maintain fiscal sustainability and fiscal discipline by containing the wage bill.

The budget strategy is centred around bringing about fiscal consolidation through the effective management and curtailing of the biggest spending item. Contributing to the success in achieving this, was the introduction, and continued implementation of personnel expenditure upper limits.

For the 2021 MTEF, included in the upper limits is provision for critical posts to ensure the fulfilment of departments' service delivery mandates. This has prompted the need for departments to establish departmental CoE committees in determining, amongst others, whether the recruitment of vacancies meets the criteria of being a critical post. It is envisaged that the establishment of these committees plays an integral part in effectively curtailing headcount growth.

*Continued implementation of personnel expenditure upper limits over 2021 MTEF*

The doing away of performance bonuses over the 2021 MTEF was another mechanism used in curbing the wage bill. However, alternative non-monetary performance rewards for the Western Cape public service are being pursued to maintain workforce morale.

The Province, in partnership with various stakeholders, are also in the process of exploring further CoE reduction strategies, while at the same time ensuring that personnel numbers are tailored to departmental goals in line with the overall personnel upper limits. Current strategies that are being explored include:

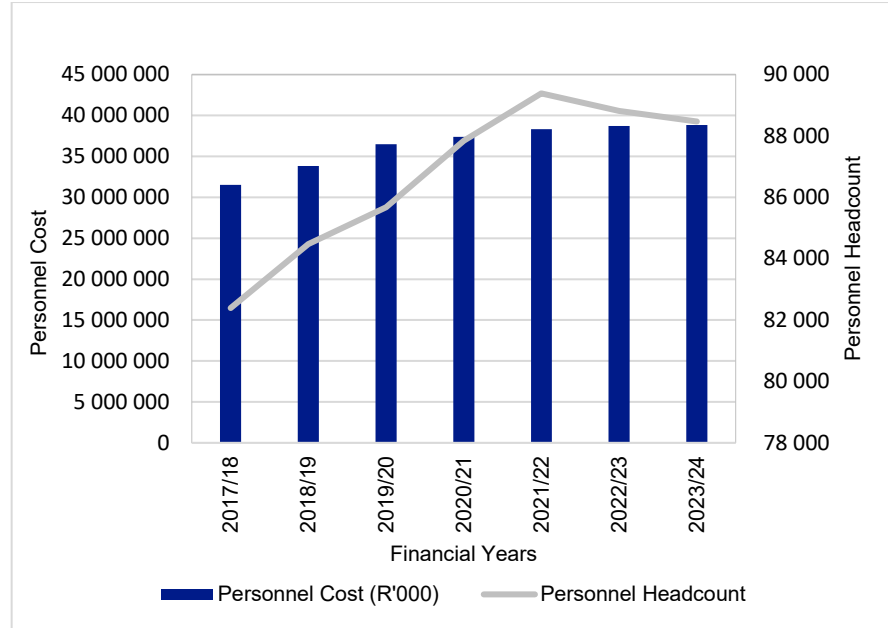
- Incentivising staff eligible for early retirement and retirement;
- Limiting overtime spend through planning and implementing stricter controls and protocols;
- Adjusting leave policies;
- Restructuring and harmonising allowance and service benefits as an inclusive package for all staff; and
- Reconsidering pay progression rules.

As highlighted in National Treasury's 2021 Budget Review, CoE was also identified as one of the fastest-growing spending items rising to levels that had become unaffordable and deemed as the main expenditure risk to the sustainability of public finances. To this end, in an attempt to bring about sustainable levels to public finances, no annual cost-of-living adjustment up until 2023/24 has been planned, with the exception of a housing allowance and medical aid allowance increase at Consumer Price Index (CPI) and Medical Price Index (MPI) respectively. As a result, the 2021 CoE budget is reduced when compared to the 2020 MTEF, which accordingly aligns to what has been communicated in Chapter 3: Fiscal Strategy, in support of strengthening fiscal sustainability, and will be achieved through the development of departments' compensation budget plans that are adequately aligned to their respective delivery plans.

*No annual cost-of-living adjustment up until 2023/24*



**Figure 4.2 Western Cape Government personnel data, 2017/18 – 2023/24**



The Province's CoE budget increases on average by 1.3 per cent over the 2021 MTEF. This is indicative of the fact that no salary adjustments have been provided for, together with the Province limiting the growth in personnel headcounts.

*Average headcount growth of 0.1 per cent over the 2021 MTEF*

Headcount over the 2021 MTEF reflects an average growth of 0.1 per cent equivalent to a net growth of 295 personnel. In 2021/22, the cost of employing the WCG's 89 328 personnel, will amount to R38.359 billion, seeing a proposed increase in headcount of 1 453 personnel compared to 2020/21 financial year (Table 4.7).

The headcount increase in 2021/22 financial year is mainly found within the frontline services departments of Education, Health, Social Development, and Transport and Public Works. Notably, over the outer years of the 2021 MTEF, it is anticipated that the headcount will decline with 1 158 personnel mainly observed within Health. This can largely be attributed to the discontinuation of the additional contracted nursing staff appointments and anticipated appointments in 2020/21 and 2021/22 respectively, in response to the COVID-19 pandemic and the vaccination programme.

For 2021/22, Education's projected growth of 500 posts includes the provision of educators and related professionals, with the aim of mitigating the exacerbating learner/teacher ratio in the classroom, stemming from the annual increase in learner numbers.

Health projects to increase its headcount by 412 in 2021/22 in support of the healthcare system particularly to respond to the COVID-19 pandemic and the vaccination programme.



## Goods and services

The 2020/21 financial year marked a significant impact on G&S expenditure due to departments' response to the COVID-19 pandemic. When the 2020/21 revised estimate is compared to the 2019/20 audited outcome for G&S a 15.6 per cent or R2.266 billion increase in expenditure is observed.

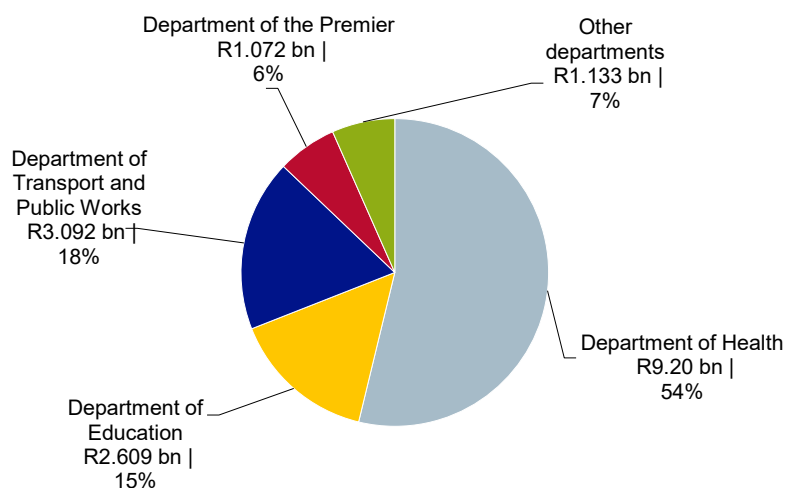
The bulk of the increase in G&S is linked to COVID-19 response activities within the Department of Health accounting for approximately 70 per cent of the R2.7 billion COVID-19 expenditure in 2020/21. Most of this spending was on G&S and includes personal protective equipment (PPE), laboratory costs, field hospitals, oxygen, patient and staff transport, as well as other medical and surgical supplies/ consumables.

*G&S receives a budget allocation of R17.106 billion in 2021/22*

The 2021/22 budget for G&S amounts to R17.106 billion or 23 per cent of the total Provincial budget. This represents a 2.1 per cent increase from the R16.751 billion in the previous year. The CPI inflation of 4.2 per cent for 2021/22 and 2022/23 and 4.4 per cent for 2022/23 was assumed in the budget process over the 2021 MTEF. However, departments were not always able to provide for the full CPI increase on G&S due to their budgets growing less than CPI.

Of the R17.106 billion G&S budget (Figure 4.3), 93.4 per cent is allocated to the following four (4) departments: Department of Health (R9.2 billion); Department of Transport and Public Works (R3.092 billion); Western Cape Education Department (WCED) (R2.609 billion); and Department of the Premier (R1.072 billion).

**Figure 4.3 Percentage share of Goods and Services per department - 2021/22**



Within these departments provision for G&S budget includes:

- 18.4 per cent for payments for property maintenance municipal and security services (G&S item: Property Payments: R3.154 billion);
- 23 per cent for purchasing Medical Supplies (R2.029 billion) and Medicine (R1.908 billion); 7.1 per cent for providing computer services to departments mainly in the Department of the Premier's Centre for E-Innovation (Ce-I) (R1.223 billion);
- 6.5 per cent for buying nutrition services at education facilities as well as medical/ nursing staff services (Agency and Outsourced Services: R1.105 billion); and
- 6.1 per cent for laboratory services mainly by the Department of Health (R1.049 billion).

On a continued path to achieve greater efficiency in public spending the Province will identify expenditure reviews to achieve efficiency and value for money.

## **Transfers and subsidies**

In the 2021/22 financial year T&S planned spending amounts to R11.827 billion, of which R5.130 billion or 43.4 per cent is transferred to Non-Profit Institutions (NPIs). When comparing year-on year spending, transfers and subsidies in 2021/22 decreases by R799.437 million or 6.3 per cent, compared to the previous financial year. The reduction is largely as a result of a once-off allocation of R814.291 million made to the WCED in the previous financial year for employing education assistants at schools in respect of the Presidential Employment Programme.

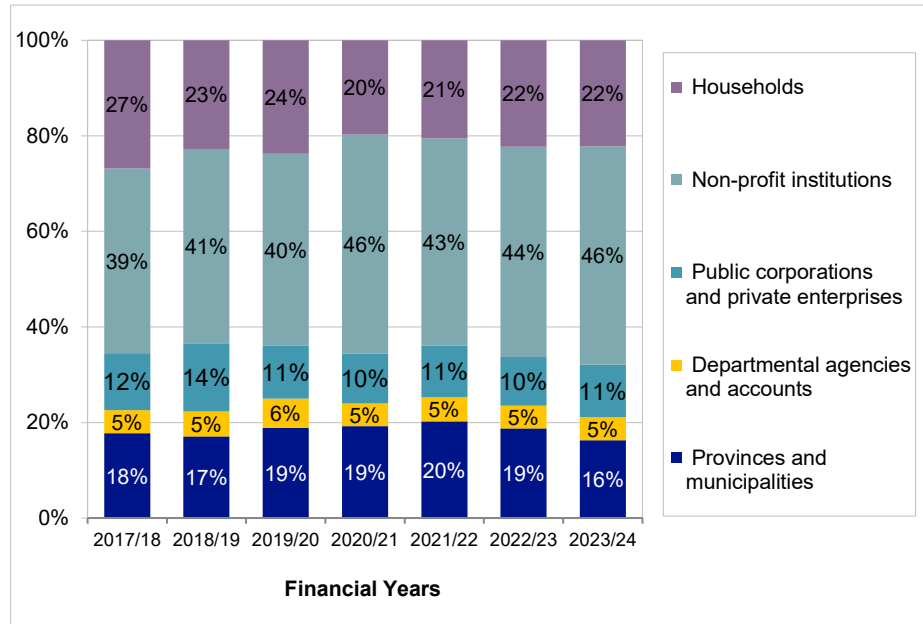
*Transfers and Subsidies amounts to R11.827 billion in 2021/22*

Departments with the biggest share of the 2021/22 transfers to NPIs are Education with a 52.2 per cent share and Social Development with 27.9 per cent. The WCED will transfer R2.675 billion in the 2021/22 financial year to schools in respect of the norms and standards allocations. These transfers are made to schools as prescribed and governed by the South African Schools Act.

The Department of Social Development will transfer R1.430 billion in 2021/22 to fund various NPI programmes. When compared to the previous year, the 2021/22 allocation decreases by R104.255 million or 6.8 per cent, due to the once-off allocations made in 2020/21 for food relief programmes in response to the COVID-19 pandemic and to the Early Childhood Development Grant.

The various NPI programmes are linked to the Western Cape Recovery plan themes of Well-being and Safety, which are an extension of WCG's Vision Inspired Priority (VIP) 1: Safe and Cohesive Communities, and VIP 3: Empowering People.

**Figure 4.4 Provincial transfers and subsidies: Percentage share per item, 2017/18 – 2023/24**



Total transfers to households amount to R2.429 billion and constitute 20.5 per cent of the total transfers and subsidies allocation in 2021/22 (Figure 4.4). The main contributor to the transfers to households' budget, is the Human Settlements Development Grant (HSDG). This grant funds housing developments in the Province, of which an amount of R1.511 billion has been allocated to households.

Transfers to provinces and municipalities amount to R2.396 billion and account for 20.3 per cent of the total transfers allocation in 2021/22. These transfers are made to municipalities with various conditions, with the details to be found in the *Provincial Gazette* tabled alongside the 2021 Budget. The total transfers made to municipalities amounts to R2.390 billion, constituting 99.8 per cent of the total transfers to provinces and municipalities in 2021/22; while transfers to provinces accounts for R5.521 million or 0.2 per cent.

## ■ Transfers to public entities

The main principle of the WCG Fiscal Strategy of fiscal consolidation and reducing the wage bill, also applies to the Western Cape public entities. Transfers to provincial public entities and government business enterprises account for 6.2 per cent of all transfers made by the Province.

An amount of R728.819 million will be transferred to the provincial public entities and provincial government business enterprises in 2021/22 from various provincial departments, as reflected in Table 4.8. This represents a decrease of R35.849 million (4.7 per cent) from the 2020/21 revised estimate of R764.668 million. The reduction is mainly due to the once-off allocations made to Casidra for the Provincial Disaster Grant, funding to support food security in the Province, and the upgrading of irrigation infrastructure for smallholders.

Allocations to the WCGRB increases by an amount of R2.628 million in 2021/22. This increase makes provision for budget software relating to further development of the License Automation Project. Furthermore, legal fees are planned to increase based on the number of cases the Board is currently citing. The budget for the awareness programmes is increased, as the Board plans to spend more on media campaigns.

*R728.819 million  
transferred to provincial  
public entities and  
provincial government  
business enterprises in  
2021/22*

**Table 4.8 Summary of departmental transfers to public entities and business enterprises by transferring vote, 2017/18 - 2023/24**

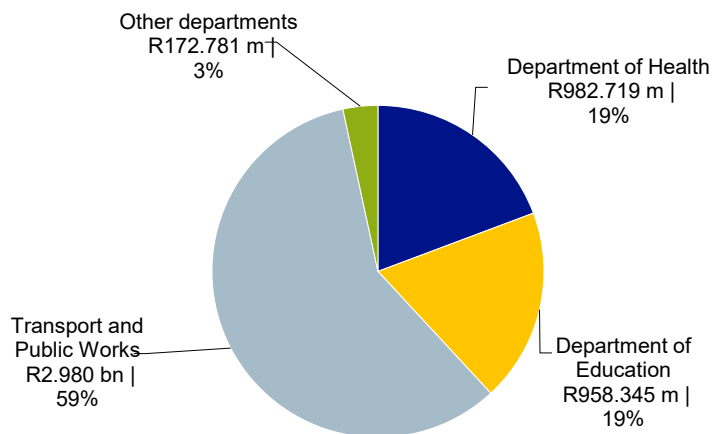
Public entities (transferring vote) R'000	Outcome			Main appro- priation 2020/21	Adjusted appro- priation 2020/21	Revised estimate 2020/21	Medium-term estimate		
	Audited 2017/18	Audited 2018/19	Audited 2019/20				2021/22	2022/23	2023/24
<b>Major Public Entity</b>									
South African Broadcasting Corporation Limited (Various Votes)	117	164	248	261	251	259	380	386	397
<b>National Public Entities</b>									
SETA	12 396	15 103	16 053	16 808	16 808	16 808	17 518	18 374	18 263
Vote 5: Education	7 268	9 400	9 927	10 403	10 403	10 403	10 902	11 414	11 414
Vote 6: Health	5 128	5 703	6 126	6 405	6 405	6 405	6 616	6 960	6 849
South African Revenue Services									
Vote 11: Agriculture	4	39	454	50	50	50			
National Agricultural Marketing Council									
Vote 11: Agriculture		500		550					
National Empowerment Fund									
Vote 12: Economic Development and Tourism	2 000	5 000	10 000						
Artscape									
Vote 13: Cultural Affairs and Sport	173	175	175	183	200	200	196	204	204
<b>Provincial Government Business Enterprises</b>									
Casidra SOC Ltd	259 079	475 470	206 979	127 367	180 014	181 014	138 571	143 293	150 224
Vote 11: Agriculture	259 079	475 470	206 979	127 367	180 014	181 014	138 571	143 293	150 224
<b>Western Cape Public Entities</b>									
Western Cape Cultural Commission									
Vote 13: Cultural Affairs and Sport	1 183	1 506	524	561	2 149	2 149	600	624	624
Western Cape Gambling and Racing Board									
Vote 3: Provincial Treasury	19 707	26 864	37 663	27 744	27 744	27 744	30 372	31 902	33 372
Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro)	77 962	95 350	132 752	180 206	153 724	153 724	167 398	162 195	170 668
Vote 1: Department of the Premier				5 000	5 000	5 000			
Vote 11: Agriculture	1 287	2 951	2 500	2 500	2 500	2 500	2 500	2 502	2 500
Vote 12: Economic Development and Tourism	76 675	92 399	130 252	172 706	146 224	146 224	164 898	159 693	168 168
Western Cape Language Committee									
Vote 13: Cultural Affairs and Sport	221	247	258	279	240	240	279	290	290
Western Cape Liquor Authority									
Vote 4: Community Safety	38 370	42 702	42 108	42 277	42 277	42 277	44 144	45 688	47 698
Western Cape Nature Conservation Board	274 050	290 531	314 474	302 187	297 087	297 087	288 757	287 622	305 522
Vote 9: Environmental Affairs and Development Planning	274 050	290 531	314 474	302 187	297 087	297 087	288 757	287 622	305 522
Western Cape Saldanha Bay IDZ Licencing Company (SOC) Ltd									
Vote 12: Economic Development and Tourism	48 155	55 632	74 187	42 566	42 566	42 566	40 054	41 977	
<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	1 611	2 236	1 844	1 002	550	550	550	572	572
<b>Total</b>	<b>735 028</b>	<b>1 011 519</b>	<b>837 719</b>	<b>742 041</b>	<b>763 660</b>	<b>764 668</b>	<b>728 819</b>	<b>733 127</b>	<b>727 834</b>

## ■ Payments for capital assets

For 2021/22, provincial departments aim to spend R5.094 billion on Payments for capital assets. Most of the spending will be incurred by Transport and Public Works (R2.980 billion), Health (R982.719 million) and Education (R958.345 million). These three departments account for R4.921 billion (or 96.6 per cent) of the total provincial capital asset allocation in 2021/22 (Figure 4.5).

*Provision for payments for capital assets amounts to R5.094 billion for 2021/22*

**Figure 4.5 Percentage share of Payments for Capital Assets per department - 2021/22**



Payments for capital assets mainly includes provision for infrastructure projects (under Buildings and other fixed structures) and buying Machinery and equipment.

Infrastructure expenditure is discussed in a separate publication, namely, the 2021 Overview of Provincial and Municipal Infrastructure Investment (2021 OPMII). The category, Machinery and Equipment mainly makes provision for medical, transport, construction and maintenance equipment. For 2021/22, the Province intends spending 19.3 per cent or R985.112 million of the total Payments for capital assets on Machinery and equipment.



## Nature of infrastructure investment

Table 4.9 outlines the total infrastructure investment by provincial departments over the 2021 MTEF by category of investment, including investment made in virtual and catalytic infrastructure, agricultural infrastructure (including Ecological infrastructure) and in energy (Green Economy).

**Table 4.9 Summary of infrastructure payments and estimates by category (including Virtual, catalytic agricultural infrastructure and green economy)**

Category R'000	Outcome			Main appro- priation 2020/21	Adjusted appro- priation 2020/21	Revised estimate 2020/21	Medium-term estimate			
	Audited 2017/18	Audited 2018/19	Audited 2019/20				% Change from Revised estimate	2021/22	2020/21	2022/23
<b>Existing infrastructure assets</b>	4 878 067	5 199 644	5 629 691	5 703 155	5 214 438	5 208 315	<b>5 900 455</b>	13.29	5 386 923	5 449 559
Maintenance and repairs	1 877 021	1 975 534	2 152 904	2 320 603	2 148 659	2 144 890	<b>2 408 878</b>	12.31	2 297 953	2 292 444
Upgrades and additions	840 688	1 036 617	812 172	895 744	950 887	948 533	<b>1 011 621</b>	6.65	1 098 204	1 091 641
Refurbishment and rehabilitation	2 160 358	2 187 493	2 664 615	2 486 808	2 114 892	2 114 892	<b>2 479 956</b>	17.26	1 990 766	2 065 474
<b>New infrastructure assets</b>	924 698	979 478	839 457	593 570	413 591	415 711	<b>582 297</b>	40.07	980 113	1 252 995
<b>Infrastructure transfers</b>	2 397 488	1 868 771	2 393 149	2 162 983	2 105 729	2 108 879	<b>2 058 355</b>	(2.40)	2 170 109	1 847 064
Current	41 078	10 492	10 133	12 350	12 350	12 350	<b>16 750</b>	35.63	5 842	5 920
Capital	2 356 410	1 858 279	2 383 016	2 150 633	2 093 379	2 096 529	<b>2 041 605</b>	(2.62)	2 164 267	1 841 144
<b>Infrastructure payments for financial assets</b>										
<b>Infrastructure leases</b>										
<b>Non Infrastructure</b>	387 705	601 153	823 727	434 470	1 024 070	1 024 923	<b>534 553</b>	(47.84)	293 096	709 942
Total Provincial infrastructure payments and estimates by category	8 587 958	8 649 046	9 686 024	8 894 178	8 757 828	8 757 828	<b>9 075 660</b>	3.63	8 830 241	9 259 560

### Maintenance and repairs

Infrastructure maintenance will prolong the lifespan and derive maximum value from WCG assets. Funding for maintenance and repairs over the 2021 MTEF accounts for R6.999 billion of the total infrastructure budget, with the largest share investment directed to maintaining roads infrastructure.

### Upgrades and additions

Upgrades and additions account for R3.201 billion of the total infrastructure budget over the 2021 MTEF, of which Transport and Public Works is allocated R1.619 billion, followed by Education (R1.214 billion) and Health (R324.579 million).

### Refurbishment and rehabilitation

An amount of R6.536 billion of the total infrastructure budget over the 2021 MTEF is assigned to rehabilitation, renovations and refurbishments. Within this category, the largest share is towards Transport and Public Works (R5.903 billion), followed by Health (R633.437 million).

**New infrastructure assets**

An amount of R2.815 billion over the 2021 MTEF infrastructure budget is allocated towards new infrastructure assets. Within this category; the largest share over the 2021 MTEF is allocated towards Education (R1.940 billion), followed by Health (R498.205 million) and Transport and Public Works (R349 million).

**Non-Infrastructure**

An amount of R1.538 billion of the total infrastructure budget over the 2021 MTEF is assigned to non-infrastructure, which amongst other, provides for human resources capacity in Education and Health, and for Human Settlements to support the implementation of approved provincial housing.

**Conclusion**

The national economic and fiscal environment has significantly deteriorated with little room to strengthen tax revenue collection, while national debt has reached unsustainable levels. A large part of the Western Cape's budget approach to formulating the 2021 MTEF Budget was informed by a province-wide review of how Western Cape Government can conduct operations and render service in a way that optimises efficiency.

In order to bounce back from the weaker economic and fiscal environment, the WCG will, through the continued implementation of the WCG Fiscal Strategy and the implementation of the Western Cape Recovery Plan, pursue to ensure a responsive, credible, and sustainable Budget to mitigate the economic and fiscal risks, and ensure that the budget policy priorities are implemented to respond to both the economic and socio-economic environment over the 2021 MTEF.



# 5

## Budget policy priorities and spending plans

### In brief

- The COVID-19 pandemic has resulted in significant new expenditure pressures, particularly for the Department of Health. Additional allocations have been made to support the health system's response to COVID-19 and the COVID-19 vaccination programme.
- The Western Cape Recovery Plan was developed as a response to the impact of COVID-19. The Plan has four themes: COVID-19 Recovery, Jobs, Safety, and Well-being.
- The pandemic has also required the Western Cape Government to be more responsive, agile and innovative. Provincial departments have introduced innovations and found productive ways to collaborate in responding to the COVID-19 pandemic and implement the Recovery Plan through their mandated functions.
- The 2021 MTEF budget gives effect to the 2019 – 2024 Provincial Strategic Plan, as well as the Western Cape Recovery Plan.

### Introduction

The COVID-19 pandemic has had profound effects on the socio-economic well-being of residents in the Western Cape. The Western Cape Government (WCG) is implementing the Western Cape Recovery Plan (Recovery Plan) as an urgent, whole-of-society response to this, in order to support job retention and creation, foster safe communities, and promote the well-being of all the residents of the Western Cape. The Recovery Plan builds on the considerable learnings from COVID-19 and prioritises interventions within the current 2019 – 2024 Provincial Strategic Plan (PSP). The 2021 provincial Budget and related budget policy priorities and spending plans give effect to the 2019 - 2024 PSP and supports the Recovery Plan.

The 2021 Medium Term Expenditure Framework (MTEF) budget is developed within a constrained economic and fiscal environment, with significant expenditure pressures related to the pandemic, amidst a diminishing resource envelope, pre-existing pressures in other critical services, and significant uncertainties and risks.

This chapter sets out the WCG's budget response to its policy priorities as contained in the Western Cape 2020 Medium Term Budget Policy Statement.

## **The 2021 Provincial Budget**

Table 5.1 summarises the WCG provincial payments and estimates by policy area. The fourteen Votes are responsible for most of the spending in their areas. However, there is some overlap between departments. For example, the Department of Transport and Public Works (DTPW) undertakes significant education and health care spending. In Figure 1.2, the share of spending by policy area is presented<sup>1</sup>.

All health and health-related spending by all departments (mainly by the Departments of Health and Transport and Public Works), is captured under the "health and health-related spending" category, similarly for "education and education-related", and the other categories. For this reason, health and education spending is larger than in the departmental breakdown. This approach more accurately captures spending by provincial function.

In 2021/22, the largest two spending areas are Health (R27.392 billion, or 37.9 per cent of total spending) and Education (R24.460 billion, or 33.8 per cent of total spending), followed by Economic Affairs (R10.692 billion, or 14.8 per cent of total spending).

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<sup>1</sup> Details of the methodology for allocating spending to policy area is provided in the Annexure A. 8.

**Table 5.1 Summary of provincial payments and estimates by policy area, 2017/18 – 2023/24**

Policy Area R'000	Outcome			Main appro- priation 2020/21	Adjusted appro- priation 2020/21	Revised estimate 2020/21	Medium-term estimate			
	Audited 2017/18	Audited 2018/19	Audited 2019/20				Change from Revised estimate 2020/21	2022/23	2023/24	
General public services	2 110 777	2 169 847	2 349 258	2 525 927	2 341 833	2 338 208	2 582 693	10.46	2 526 187	2 624 700
Public order and safety	295 381	335 836	464 924	804 056	784 458	784 458	739 049	(5.79)	770 400	372 953
Economic affairs	8 769 792	9 387 275	9 974 822	10 394 464	10 038 823	10 038 823	10 691 922	6.51	10 048 136	10 277 008
Environmental protection	546 028	575 512	624 869	620 847	588 532	588 532	570 062	(3.14)	565 907	581 872
Housing and community amenities	2 682 806	2 352 331	2 683 772	2 413 233	2 426 787	2 426 787	2 353 171	(3.03)	2 411 827	2 496 308
Health	21 496 056	23 043 593	24 773 271	26 251 518	27 213 553	27 213 553	27 391 897	0.66	27 318 326	26 895 087
Recreation, culture and religion	721 011	732 338	784 571	886 216	745 805	745 805	897 510	20.34	860 281	861 967
Education	20 566 836	22 112 434	23 446 389	25 049 668	24 564 862	24 564 862	24 459 862	(0.43)	25 553 786	25 929 291
Social protection	2 104 117	2 231 480	2 431 906	2 673 141	2 692 234	2 692 234	2 662 907	(1.09)	2 578 555	2 683 545
<b>Total payments and estimates by policy area</b>	<b>59 292 804</b>	<b>62 940 646</b>	<b>67 533 782</b>	<b>71 619 070</b>	<b>71 396 887</b>	<b>71 393 262</b>	<b>72 349 073</b>	<b>1.34</b>	<b>72 633 405</b>	<b>72 722 731</b>

Table 5.2 summarises the budget allocations according to the four focus areas of the Recovery Plan over the 2021 MTEF. The largest spending area of the Recovery Plan is towards Well-being, which is allocated R38.410 billion in 2021/22; R38.570 billion 2022/23; and R38.984 billion in 2023/24.

**Table 5.2 Budget allocation by Recovery Plan priority areas over the 2021 MTEF**

	2021/22 R'000	2022/23 R'000	2023/24 R'000	2021 MTEF R'000
<b>COVID-19</b>	1 963 775	94 014	-	2 057 789
<b>Jobs</b>	5 685 405	5 585 787	5 809 435	17 080 627
<b>Safety</b>	888 964	915 798	547 979	2 352 741
<b>Well-being</b>	38 409 518	38 570 445	38 984 880	115 964 844

## Global and national policy context

At a global level, the 2030 Agenda for Global Sustainable Development provides the policy context for countries to create a more sustainable future for all. This is articulated through seventeen Sustainable Development Goals (SDGs)<sup>2</sup>.

<sup>2</sup> The **Sustainable Development Goals** or Global Goals are 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.

*Provincial policy priorities aligned to global and national long-term strategic imperatives*

The vision for Africa is articulated by the African Union's Agenda 2063, which envisages an integrated, prosperous, democratic, peaceful, people-driven Africa that has a strong cultural identity and is an international dynamic force.

South Africa's National Development Plan (NDP) 2030 sets a road map to eliminate poverty and reduce inequality in the country by 2030. The Medium-Term Strategic Framework (MTSF) 2019 – 2024 provides the implementation plan and monitoring framework.

In the face of the significant impact of COVID-19 on the economy, the national government formulated a national Economic Recovery Plan. It has seven components:

- Stabilise the macro-economic environment;
- Support the tourism sector;
- Ensure energy security;
- Continue to drive industrialisation;
- Expand public employment programmes;
- Invest in infrastructure;
- Support green economy interventions; and
- Achieve food security.

## **Provincial policy context and medium-term budget policy priorities**

*WCG recovery focuses on COVID-19 recovery, job creation, Well-being and safety*

On a provincial level, the 2019 – 2024 PSP remains the guiding document for the growth and development of the Western Cape. It outlines the priorities of the WCG in the form of five Vision-Inspired Priorities (VIPs), namely: (1) Safe and Cohesive Communities; (2) Growth and Jobs; (3) Empowering People; (4) Mobility and Spatial Transformation; and (5) Innovation and Culture.

COVID-19 has exacerbated the challenges confronting the Province. Taking into account the National Recovery Plan, the WCG has developed a Recovery Plan for the Western Cape, which provides a clear plan for COVID-19 recovery. This is built on four themes:

*Provincial policy priorities are articulated through its 5 VIPs, forming the basis of the WCG Recovery Plan*

- **COVID-19 recovery:** The pandemic is still with us; existing health measures must continue, new ones must be implemented as the pandemic evolves and vaccinations are rolled out at scale, whilst we must also deal with the secondary impacts of COVID-19 on the delivery of health services.

- **Jobs:** The economic impact of COVID-19 has been severe. We can only recover if our economy grows and our citizens generate income.
- **Safety:** This is the over-arching theme for the PSP, and it is equally relevant going forward. It is inextricably linked with Well-being, as Safety cannot be achieved if basic human needs are not met.
- **Well-being:** Government must ensure that the basic human needs of our residents are realised, as guaranteed in the Constitution.

The Recovery Plan is strongly linked to the 2019 - 2024 PSP, as the PSP was used as the foundation to set the new path of recovery for the Western Cape over the medium-term. The PSP articulates the 5 'Vision-Inspired Priorities' (VIPs), while the Recovery Plan delves deeper into the priority areas and takes into account the important learnings from earlier responses to the COVID-19 pandemic.

At the centre of these four themes is *dignity*. Dignity places the residents of the Western Cape at the centre of everything that government does, what it delivers and how it is delivered, in order to uphold the dignity of every individual, household, and community. This is illustrated in Figure 5.1.

**Figure 5.1 The focal areas of the Recovery Plan**



Source: Western Cape Department of the Premier

The Recovery Plan uses a life course approach to identify the phases in each person's life and the basic needs that they require (Figure 5.2). When compared with the 2019 – 2024 PSP, the life course in the Recovery Plan is extended to older persons to ensure all citizens are covered. In line with the rationale of the 2019 – 2024 PSP, it is critical to intervene at the earliest stages of someone's life right through to 25 years old. This is because intervening at the critical early stages from conception to 25 years will have a positive

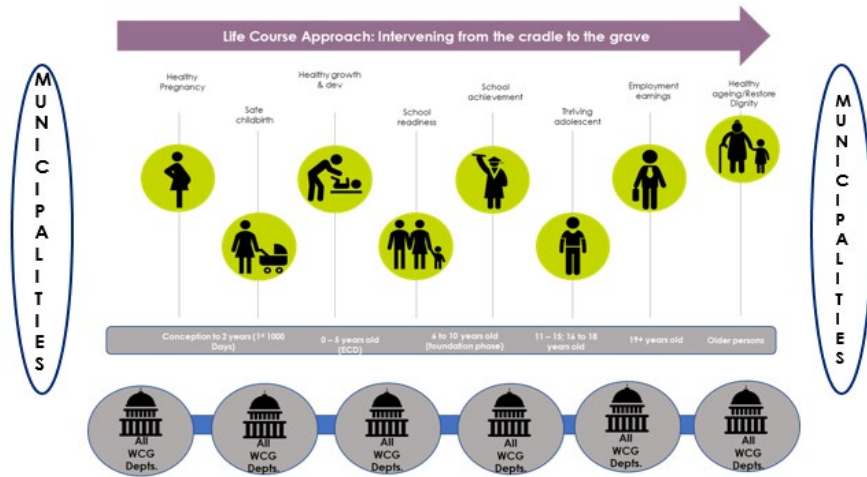
*The WCG Recovery Plan follows a life course approach – intervening at each stage of a person's life*



cumulative effect throughout the person’s life and across generations.

Each of these stages is considered in the Recovery Plan and is depicted in the diagram below:

**Figure 5.2 Life course approach of the Western Cape Recovery Plan**



Note: Adapted from WHO Nurturing Care Framework  
 Source: Western Cape Department of the Premier

## Theme 1: COVID-19 Recovery

At the onset of the COVID-19 pandemic, the Western Cape experienced a sharp increase in case numbers – earlier than the rest of the country. This increased exponentially from mid-April 2020, with the first peak in case numbers being reached at the end of June 2020. Daily case numbers then decreased to a low in mid-September 2020, with the test positivity rate dropping to below 10 per cent. The 2<sup>nd</sup> wave of cases started in mid-October 2020 and was more severe than the 1<sup>st</sup> wave, resulting in more than 5 000 confirmed COVID-19 deaths up to 28 January 2021 in the Western Cape. As at 12 March 2021, the total number of active cases stood at 2 799. Beyond the profound human cost, the Province is still recovering from the social and economic impacts of the 1<sup>st</sup> and 2<sup>nd</sup> waves of the pandemic.

The risk of a possible resurgence over the next 6 to 24 months remains. The detection of a more transmissible COVID-19 variant (known as 501Y.V2) in December 2020 indicates that the virus is continuing to mutate, and makes it likely that there will be subsequent waves of the pandemic until the population is vaccinated and population-level (herd) immunity is achieved.

The impact across the public health system has been severe. The response to COVID-19 was prioritised and required significant and sustained effort. As a result, non-COVID-19 health services had to be de-escalated, including other immunisations, TB testing, elective surgeries and the treatment of mental illnesses. The various levels of lockdown and the de-escalation of non-COVID-19 services have also impacted access by patients to routine services across the public health platform.

*The impact of COVID-19 has had a severe impact on the public health system*

### **Scaling up health platform capacity to manage COVID-19 disease**

The Primary Health Care (PHC) platform continues to be a key element of the COVID-19 response. PHC includes screening and educating communities about the virus and enabling protective behaviours by providing hand sanitiser and masks where necessary. The PHC platform will continue to ensure appropriate access to adequate COVID-19 testing capacity for all symptomatic patients and appropriate triaging and advice for self-management of most patients with confirmed COVID-19 infections.

*The WCG continues to provide adequate COVID-19 related services*

Lessons learnt from the 1<sup>st</sup> and 2<sup>nd</sup> waves will be vital to counter subsequent waves of infections. In preparation, the Department of Health (DoH) will ensure that testing, inpatient beds, oxygen supply and critical care capacity is expanded to at least what was required in the 2<sup>nd</sup> wave. The flexibility in the public health system's inpatient capacity to accommodate a 3<sup>rd</sup> and possible 4<sup>th</sup> wave of the pandemic relies heavily on the availability of intermediate care beds. The intermediate care capacity created for the 2<sup>nd</sup> wave will thus, as a minimum, be kept available for subsequent waves. Over the 2021 MTEF, funding towards the Brackengate field hospital will continue. This facility plays a pivotal role in the direct management of COVID-19 and indirectly creates the potential for acute hospitals to re-introduce a full package of healthcare services.

The DoH has allocated R332 million in 2021/22, of which R175 million is allocated to Brackengate and R19 million is allocated to Sonstraal hospitals respectively, towards intermediate care delivery, which ensures that the health system has the necessary capacity to manage future waves in the Province. The remaining R138 million is allocated to the district, regional and central hospitals across the platform. The operational costs are largely associated with compensation of employees to extend the contracts of the health workers who served the department during the 2<sup>nd</sup> wave, given the persistent pressures on the health platform related to the pandemic.

*The Province remains prepared to fight against COVID-19 – R832 million has been earmarked in 2021/22 for COVID-19 related cost pressures*

A key learning from the 1<sup>st</sup> wave of COVID-19 was the targeted management of high-risk patients, especially the elderly and patients with co-morbidities such as diabetes. A dedicated tele-medicine intervention team managed diabetic patients according to a risk-stratified approach. This approach yielded a significant reduction in mortality and has now been institutionalised across the entire Province. To ensure the Province remains prepared and can continue to respond to COVID-19, the DoH receives an additional allocation of R832.085 million in the 2021/22 financial year, in response to the DoH's COVID-19 cost pressures, such as, the ability to expand testing, provide personal protection equipment, oxygen supply, critical care capacity, inpatient bed supply and relevant human resources.

The pandemic is expected to have long-term consequences on the health care system. In particular, delays in providing much needed care and defaulting on treatment regimens can have devastating implications for clinical outcomes, with the likely consequence being an increased demand for care.

*Implementing surveillance strategies to help understand infection risk and detecting resurgence*

Surveillance enables a better, evidence-based understanding of infection risk and likelihood of a resurgence and ensures that the health system responds efficiently. In this regard R250 million has been allocated for COVID-19 Polymerase Chain Reaction (PCR) and antigen testing in 2021/22, including sero-prevalence and sero-epidemiology surveys<sup>3</sup>. The key objectives of surveillance for COVID-19 include:

- Enabling rapid detection, isolation, testing, and management of cases;
- Guiding implementation and adjustment of targeted control measures, while enabling safe resumption of economic and social activities;
- Detecting and containing outbreaks among vulnerable populations;
- Evaluating the impact of the pandemic on health care systems and society;
- Monitoring longer term epidemiologic trends and evolution of the COVID-19 virus; and

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<sup>3</sup> **Sero-prevalence and sero-epidemiology** testing is conducted to determine the proportion of and places where previous infections have occurred.

- Contributing to the understanding of the co-circulation of SARS-CoV-2 virus, influenza and other respiratory viruses, and other pathogens.

### **Testing, quarantine and isolation**

Testing criteria varied at different points in the pandemic, ranging from testing only those coming to hospitals to testing all those with symptoms. With the approval of both laboratory-based and point-of-care antibody tests, it has become possible to obtain information about the level of SARS-CoV-2 infection across the population. The DoH will continue to refine its contact tracing capability in line with fluctuating demands of the pandemic and to detect super spreader situations. Sub-district teams play a central role, providing support on the ground and interventions that enable self-management.

*Continued focus on contact tracing capability and the detection of super spreader situations*

All positive cases must be isolated, and all contacts of a confirmed case must quarantine in order to contain the spread of the virus. The provincial government will continue to provide quarantine and isolation accommodation for those who cannot do this at home. Quarantine and Isolation (Q&I) is a recognised and effective containment strategy during epidemics and is a key component in the fight against the COVID-19 pandemic.

The Western Cape Q&I Strategy will continue to be implemented in an integrated manner between the Departments of Transport and Public Works (DTPW) and DoH for the duration of the pandemic. Q&I facilities have been established across the Province to enable the health response to the pandemic, while the provision of the Red-Dot transportation service, in partnership with the taxi industry, ensures that essential hospital staff and patients can safely reach health facilities when required. The DTPW is allocated R200 million in 2021/22 to continue the provision of Q&I facilities and the Red-Dot transportation service.

*R200 million in 2021/22 has been allocated towards the provision of Q&I services across the Province*

### **COVID-19 Vaccine rollout**

A central priority of the WCG will be the rollout of a COVID-19 vaccine programme during 2021 and beyond. This will include the implementation of a service delivery and distribution model that will ensure cold chain management and adequate human resources, and a vaccine awareness campaign to provide accurate information about the safety and efficacy of vaccines. Currently, the National Government has taken the responsibility to order and purchase vaccines for the people of South Africa, based on global supply constraints and competition and the need to still both

*The efficient and effective rollout of the COVID-19 vaccination programme is a key priority for the WCG*

licence and manage the importation of vaccines. In 2020/21, the WCG has adopted a contingency vaccine acquisition plan to ensure that there is an adequate supply of safe, and approved vaccinations, to ensure that the people of this Province are vaccinated. Vaccine acquisition will remain subject to necessary licencing requirements, medical import controls and supply chain management prescripts. The plan complements national provision and prepares the Province for likely future expansion in the availability of vaccines at a global level.

*R231.6 million has been allocated in 2021/22 for the implementation of the COVID-19 vaccination programme*

As part of the WCG's COVID-19 strategy to mitigate and contain the spread of COVID-19, the DoH plans to rollout vaccinations to approximately 5.1 million people in the Western Cape. The vaccine rollout will follow a three-phased approach. Phase one targets health workers in the public and private sectors. Phase two targets essential workers, those living in congregate settings, adults 60 years and older and other high-risk adults (18 - 59 years with comorbidities). Phase 3 targets all lower risk adults. The DoH has been allocated an additional R231.6 million in the 2021/22 financial year, for operational costs relating the implementation of the COVID-19 vaccination programme. A further R75 million has immediately been allocated for possible vaccine acquisition. Should delays transpire with the national acquisition of vaccines, this will be enough to acquire vaccines for approximately 500 000 people, or all those in the Western Cape over 65 years old. Significant uncertainties over cost parameters and timing remain, and an additional R800 million has been earmarked in provincial reserves to support the DoH's COVID-19 response should this be required.

#### **Western Cape Government COVID 19 Vaccination Programme**

- The Department of Health has designed a vaccination plan which includes pre-registration and accreditation processes; registration process for eligible vaccine recipients; appointment scheduling process; vaccine administration process; a supported discharge process in case of Adverse Event Following Immunisation (AEFI); and post-vaccination follow-up reminding recipients to return for their second dose.
- The Province plans to have 378 vaccination sites in the public and 41 in the private sector, with distribution per district. 3 637 vaccinators are registered and 1 612 have completed the relevant training.
- The initial estimate is that at least 2.1 million vaccinations will need to take place in 2021/22, in Phase 1 and 2. Operational costs (i.e. as opposed to acquisition costs per dose) are estimated at R108.29 per vaccination.
- The WCG has adopted a contingency vaccination plan to ensure vaccines are procured and secured for the people of the Western Cape.

### **Enabling safer choices**

The ability to contain the virus relies heavily on personal protective behaviours such as physical distancing, mask wearing, hand and surface hygiene, and respiratory etiquette.

“COVID-fatigue” and the lowering of lockdown levels puts the Province at risk of resurgence as adherence to personal protective behaviours reduces. This requires a strong social marketing strategy that promotes and enables necessary behaviours so that society and the economy can move forward; thus, the provincial tagline is to “Stay Safe. Move Forward”. Each provincial department and municipality will continue with social marketing campaigns to educate and enable people to make safer choices. As the lead communicator for the Province, the Department of the Premier (DotP), receives an additional allocation of R20 million in 2021/22 made towards communication and research in Vaccination Campaigning.

*Social marketing campaigns will continue to educate and enable people to make safer choices*

The “three Cs” of crowded places, close contact settings and confined enclosed spaces, are indicators of likely super spreader social situations and central to the Province’s “making safer choices” campaign. Agility will remain a key feature of the on-going communications response, which is enabled by maintaining strong links with health teams and local government enforcement agencies. The following specific target audiences have been identified:

- Users of public transport;
- Young adults between 18 and 30 (nudging younger adults to consider “safer socialising” choices);
- Specific risk venues, such as bars and restaurants, in preparation for the return of tourists; and
- Key stakeholders (Clinic committees and Facility Boards).

The behaviour change strategy will also require a strong element of regulation and enforcement, which is co-ordinated by the Department of Local Government (DLG) via the Joint Operations Centres (JOCs) located in the Provincial and District Disaster Management Centres. The emergence of the COVID-19 pandemic in the Province accelerated the implementation of the Joint District and Metro Approach (JDMA) in partnership with other provincial departments and municipalities. This included the coordination of the hotspot strategy via the JDMA as a platform for the implementation of the provincial response to the pandemic.

## Humanitarian Relief

Across South Africa, 18 per cent of adults and 16 per cent of children reported going hungry in a survey<sup>4</sup> conducted in November/December 2020. These hunger levels were higher than July/August 2020 hunger levels and indicates that the pandemic continues to disproportionately affect the poorest households. This has implications for long-term child health outcomes, which have been shown to be linked to nutritional status.

*R25 million has been allocated to fund food relief efforts for those who need it the most*

As a response by the WCG, the Department of Social Development (DSD) has focussed on the provision of humanitarian relief including the coordination and distribution of food parcels. The Department receives an additional allocation of R25 million in 2021/22 to fund food relief efforts. Further humanitarian efforts include, increasing subsidised meals at existing Centres and Community Nutrition Development Centres and feeding sites, as well as the expansion of feeding programmes at community soup kitchens over the 2021 MTEF.

## Employee Health and Wellness

*Employee health and wellness is a priority for the WCG*

COVID-19 has had a profound impact on the mental and physical health of all people, including WCG employees. In particular, employees of the DoH, such as nurses, doctors and facility clerical staff who are at the frontline of responding to the COVID-19 pandemic, have experienced significant levels of mental and physical exhaustion. As at the 14 March 2021, 8 834 health workers contracted the virus with 123 deaths. As part of the DoH's recovery strategy, supporting its employees through a process of healing to deal with trauma will be a priority going forward. In this regard, the Department receives an allocation of R5 million in the 2021/22 financial year, for support interventions toward strengthening staff health and wellness.

Employees in other departments, such as traffic officers, have also worked on the frontline response. The WCG's Employee Health and Wellness Programme (EHWP) includes interventions to address health and wellness impacts across the provincial government. There are three components to the service available to employees: preventive interventions, supportive interventions like psychological first aid for those employees who are symptomatic, and appropriate treatment and referral as required. The WCG is committed to

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<sup>4</sup> NIDS-CRAM - Nic Spull and others, NIDS-CRAM Synthesis Reports for Wave 2 (September 2020) and Wave 3 (February 2021).

ensuring there is adequate support for employees who are struggling with the impact of the COVID-19 epidemic.

## ■ Theme 2: Jobs

The "Growth and Jobs" Priority as set out in the 2019 - 2024 PSP, gives attention to the structural reasons for low growth in the Province. The impact of COVID-19 is expected to be deep and long-lasting, requiring all stakeholders to address the underlying reasons for low growth, while at the same time implementing short-term initiatives that will tackle some of the worst impacts of COVID-19. The plan for this priority focuses on increasing investment, building and maintaining infrastructure, reducing red tape, growing exports, creating jobs through skills development, destination marketing, protecting the Province's natural resource base, and building the Province's resource resilience.

*To stimulate job creation - focus will be placed on addressing the underlying reasons for low growth*

### Enhancing the Ease of Doing Business

Attention to the "ease of doing business" has become a cornerstone of economic growth strategies due to its ability to unlock growth potential through the removal of constraints to growth opportunities and job creation. It is therefore critical that the potential of the regional economy is unleashed through addressing the constraints to doing business in the Province. The Department of Economic Development and Tourism (DEDAT) will focus on developing and implementing systemic solutions for economic challenges and binding constraints, including:

*Addressing the systemic constraints to economic growth through Ease of Doing Business interventions*

- Providing Red Tape Reduction support for municipalities;
- Improving the efficiency of government procedures and administrative systems; and
- Providing clear policy direction and accelerating required legislative reform.

In this regard, the DEDAT is allocated an amount of R46.973 million over the 2021 MTEF towards Ease of Doing business interventions that will address the regulatory blockages experienced by existing businesses and new investors in the Province.

### Boosting investment and exports

The WCG continues to work towards being the most competitive region in Africa, and a leading investment destination. Efforts to promote investment and retain businesses will be made through removing obstacles to investment and attracting investment through catalytic infrastructure. These initiatives will aim to:

*The WCG continues to work towards being the most competitive regional economy in Africa*



- Enhance international and national positioning of the Western Cape region;
- Implement the investment facilitation and retention strategy;
- Promote trade in key destination markets (i.e. rest of Africa);
- Increase productivity growth and product complexity in the regional economy;
- Support tourism;
- Support Agribusiness; and
- Support growth opportunities in sectors like Agriculture and SMMEs, including support to the township economy.

*The WCG continues to implement trade and investment promotion activities to propel economic growth*

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. The DEDAT, through Wesgro, places particular focus on stimulating the promotion of trade and investment activities within the Western Cape. Over the 2021 MTEF, R367.657 million is allocated to Wesgro to scale up trade and investment promotion initiatives that will propel investment, economic growth and job creation in the Province, with a focus on promoting and growing the Province's export markets, and destination marketing.

The Western Cape's two special economic zones, the Saldanha Bay Industrial Development Zone (SBIDZ) and the Atlantis Special Economic Zone (ASEZ), are key catalytic infrastructure investments. They aim to attract investment and improve the competitiveness of the economy through the Oil and Gas and Marine Engineering Sector and the manufacturing of green technologies and related services, respectively. In 2021/22 and 2022/2 financial year, the SBIDZ receives an earmarked allocation of R82.031 million towards the operational cost of the Entity as it transitions to self-sustainability and the ASEZ receives an earmarked allocation of R117.475 million over the 2021 MTEF.

In further supporting export growth opportunities in the Province, the Department of Agriculture (DoA) receives an allocation of R6.090 million over the 2021 MTEF toward table grape market development in China via the South African Table Grape Industry.

## Accelerating Infrastructure investment

Investment in infrastructure is a catalyst for economic growth. Short run benefits include jobs associated with investment activities, while longer run benefits are derived from the greater productivity and competitiveness of economic activities that use infrastructure platforms. Even social infrastructure, such as buildings for school and clinics, are critical to providing the education and health services that enhance the long run growth potential of the economy.

*Continued focus on infrastructure-driven growth as an enabler for growth*

In response to the WCG's infrastructure-driven strategy, over the 2021 MTEF, a substantial investment amounting to R29.096 billion is made towards infrastructure programmes of the WCG, which will focus on infrastructure maintenance and the construction of dams, roads, and education, health, and general building facilities. Municipalities in the Western Cape invest in and maintain critical infrastructure networks, such as roads, stormwater networks, water, sanitation and electricity distribution networks. Enhancing the rate of municipal infrastructure spending will unlock growth, benefiting the construction industry and its supply chain.

The Western Cape's infrastructure initiatives aim to:

- Identify and guide the planning and execution of major public infrastructure interventions;
- Support municipal infrastructure implementation and spending, particularly on labour-intensive projects;
- Identify key infrastructure gaps; and
- Mobilise and direct new infrastructure investments, e.g. ecological infrastructure investment.

Maintaining the existing road infrastructure across the Province at the prescribed standards remain critical for supporting economic and social mobility, linking people to jobs, education, health care and recreational activities. The DTPW is allocated R11.259 billion over the 2021 MTEF, toward road infrastructure construction and maintenance identified through the Roads Asset Management Plan and Asset Management Systems. A further R6.497 billion over the 2021 MTEF is set aside to continue the construction and maintenance of education, health and general provincial building facilities. Included in this allocation is earmarked funding of R60.982 million for the provision of an integrated and more -cost-effective approach to the design, construction, life cycle and facility management processes for all WCG owned properties.

*Maintaining existing infrastructure across the Province is key to support economic growth and social mobility*

In supporting the infrastructure strategy of the Province, in 2021/22 the DoA will be installing solar storage capacity at the Elsenburg research farm to complement its existing photovoltaic solar panel system. To this end, an allocation of R10 million has been made, of which R5 million is allocated from the Fiscal Transition Support facility. The Fiscal Transition Support Facility was established to provide fiscal support for the once-off, upfront costs of investment in new service delivery approaches and technology that will achieve long-term savings and improved outcomes over time. Further detail and allocations made from the Facility is outlined in Chapter 3.

Safeguarding and leveraging the provincial immovable asset portfolio remains vital in support of Government's socio-economic objectives. Further detail on projects are contained in the Overview of Provincial and Municipal Infrastructure Investment, 2021 (OPMII).

### Scaling up work opportunities

*Addressing high unemployment levels through multifaceted skills development initiatives and opportunities*

The WCG aims to address the whole-of-economy skills needs and enable the development of competitive skills as a response to persistently high unemployment levels, which have been exacerbated by the pandemic. Over the 2021 MTEF, the WCG will increase opportunities for finding employment in the private sector through increasing skills programmes, access to skills opportunities and facilitating the placement of people into work opportunities. It will do so through the following initiatives:

- Increasing internships and skills programmes;
- Improving access to skills opportunities and workplace opportunities;
- Improving the skills ecosystem; and
- Placing people into public sector work opportunities, e.g. Expanded Public Works Programmes (EPWP).

Significant investments to support these initiatives are made over the 2021 MTEF, including:

- R123.706 million is allocated to DEDAT for the coordination, facilitation and implementation of skills development initiatives within the Province.
- R98.788 million is allocated to DEDAT for Skills Development in the Business Process Outsourcing (BPO) and technology sectors. This will enable candidates to participate in a 12-month training and internship programme to obtain the necessary skills to enter the labour market.

*R98.788 million is earmarked over the 2021 MTEF for skills development initiatives in the BPO sector*

- R29 million in 2021/22, R37 million in 2021/22 and R38.665 million in 2022/23 is allocated to the DoA for the expansion of alien vegetation clearing along river catchment areas by using EPWP employment methodologies.
- R47.608 million is allocated to the DTPW to continue the provision of technical support and facilitate provincial coordination and monitoring of EPWP activities amongst all implementing bodies. Work opportunities will also continue to be created through the construction and maintenance programmes of the Department.
- R134.696 million is allocated to the DTPW to amongst other matters, implement the Empowerment Impact Assessment (EmplA) Tool. This informs the design and construction process of specific departmental projects that are in excess of R5 million and measures the actual impact on historically disadvantaged individuals. This reflects the importance attached to the creation of work opportunities and economic empowerment through infrastructure provision.
- In response to vulnerable communities that may face periods of elevated distress, the DLG is allocated an additional R50 million in 2021/22 to coordinate conditional transfers to municipalities for the implementation of municipal public employment programmes within identified local areas.

## **Economic resilience**

The WCG has placed considerable emphasis on sustainability since the release of the “Green is Smart” strategy. This has placed the Province in a leading role in driving sustainable and resilient recovery post COVID-19. This programme will focus on creating energy and water resilience and security in order to contribute to sustainable production and to support job creation. It aims to:

*The WCG to play a leading role in driving sustainable and resilient economy*

- Diversify the regional energy mix and reduce energy intensity by promoting the natural gas sector and promoting and enabling solar PV installations and energy efficiency by businesses and households;
- Implement initiatives that support the Green Economy;
- Promote climate change resilience;
- Build water resilience; and
- Deal with waste management, including diversion from landfill.

*R48 million is earmarked toward the Municipal Energy Resilience project*

Over the 2021 MTEF, the WCG will work towards diversifying the regional energy mix and reducing energy intensity, supporting Green Economy initiatives, developing ecological infrastructure that addresses climate control, and supporting municipalities, agricultural enterprises and other businesses through technical, regulatory and financial knowledge development, sharing and partnerships. In support of the Province's green economy strategy, the DEDAT has been allocated an earmarked allocation of R48.800 million in 2021/22 and 2022/23, and a further R20 million has been placed in reserve in 2023/24. These allocations are specifically toward the Municipal Energy Resilience project to provide support to municipalities in purchasing energy from Independent Power Producers.

*Supporting the protection of the Province's natural assets and natural habitats*

The WCG will continue to support the protection of the Province's natural resources, and to improve the resilience of human communities, natural habitats and the economy as a whole. In response to current and future impacts of climate change, the Department of Environmental Affairs and Development Planning (DEA&DP), through CapeNature, implements local-level mitigation and strategic adaptation measures. These include disaster risk reduction and response plans, and protecting and restoring ecological infrastructure such as wetlands, riparian corridors and coastal corridors. To this end, over the 2021 MTEF, the DEA&DP allocates an amount of R881.901 million to CapeNature for the management of specific land areas and related conservation activities, to build a sound scientific base for the effective management of natural resources, and biodiversity conservation decision-making.

*Support provided to municipalities and SMMEs within the waste economy space*

The DEA&DP is also involved in supporting waste entrepreneurs in the Province. The Department provides support initiatives which has been expanded to include the development of a Waste Services Procurement Guide for municipalities to capacitate them on how to procure waste services in a manner that supports Local Economic Development (LED), and the growth and development of small and micro waste entrepreneurs. The Department facilitates support for SMME's and waste pickers in the recycling sector during this very challenging COVID-19 pandemic period with a view of empowering entrepreneurs to transition into the formal economy. The Department is allocated an amount of R66.680 million towards supporting waste management initiatives in the Province.

In addition, the DoA receives allocations of R5 million in 2021/22, R6.7 million in 2022/23 and R7.002 million in 2023/24 towards canal maintenance in the Matzikama region. This provides for maintenance on the canal system of the Clanwilliam dam via the

Lower Oliphants River Water Users Association (LORWUA). The Department also receives allocations of R11 million in 2021/22, R15.0 million in 2022/23 and R15.675 million in 2023/24 for the implementation of river protection structures such as groynes and weirs. These structures are designed to control floods, combat erosion and rehabilitate riverbanks.

### **Theme 3: Safety**

The initial lockdown and subsequent restrictions have resulted in lower crime rates, but it is expected that significant job losses and disruptions in learning and other activities will lead to an increase in crime in the medium- and long-term. The reasons for the decrease in crime are likely related to people not leaving their homes (which led to fewer opportunities to commit crime), the alcohol ban, and people's fear, unwillingness, or inability to report crime to the police. There is an increased risk of youth violence due to a decrease in economic opportunities. Disruptions have also elevated mental health challenges due to stress and anxiety in the household and increases the risk of domestic violence. In the longer term, the increased malnutrition of children during the pandemic increases the risk of their violent behaviour as adults due to nutrient deficiencies affecting healthy brain development.

*Significant job losses during the COVID-19 lockdown can increase crime levels over the medium to long term*

### **Our approach to increasing safety**

Strengthening the multiple protective factors for violence requires the adoption of a life-course approach, as outlined earlier in this chapter. This includes the acknowledgement that exposure to violence as a child increases the likelihood of committing or being the victim of violence as adults. Learnings from the response to COVID-19 are informing the provincial approach to safety. This includes an even greater emphasis on evidence-based strategy and data-led implementation. A new emphasis will be placed on area-based planning and implementation over the 2021 MTEF.

*Greater emphasis placed on evidence-based and data-led implementation, and area-based planning and implementation*

As the lead department in the provincial safety priority, the Department of Community Safety (DoCS) receives allocations of R739.049 million in 2021/22, R770.400 million in 2022/23 and R372.953 million in 2023/24 for law enforcement and violence prevention initiatives over the 2021 MTEF.

Over the 2021 MTEF, the DoCS will focus on the implementation of area-based planning. Area-based planning teams consisting of representatives from provincial departments, staff of City of Cape Town and members of South African Police Service (SAPS) have been established in identified priority areas. External partners will also be included such as the Institute for Security Studies (ISS) and

*Area-based teams consists of officials from the WCG, CoCT, and members from SAPS*

the Economic Development Partnership (EDP). In this regard, an allocation of R2.9 million over the 2021 MTEF is made toward the DoCS to resource area-based teams and partners with Wi-Fi communication. Furthermore, an allocation of R1.8 million over the 2021 MTEF is made toward the development and implementation of a Communication Safety strategy using the area-based team methodology.

### **Immediate interventions**

The DSD is upscaling Gender Based Violence (GBV) services, through the establishment of 6 new shelters, in response to these challenges. The upscaling of GBV services will also further strengthen after-hours response with 30 additional GBV social worker posts. Over the 2021 MTEF, The Department will also scale up victim support services to avoid secondary victimisation; facilitate the development of a dedicated GBV strategy to empower women socially and economically; and continue work to change social and cultural norms on GBV.

Additional funding of R10 million in 2021/22 and R7.500 million in 2022/23 has been allocated to the DSD, to respond to the increased demand for psycho-social support services for families at risk and victim support services, particularly victims of gender-based violence.

The WCG has committed to making the Province a safe place for its residents and tourists. To address some of the urgent safety needs of communities in the meantime, the following programmes are in the process of implementation:

- Appointment of 1 000 youth Safety Ambassadors;
- Placement of 600 Expanded Public Works Programme youth in jobs in the high-crime areas in which they live;
- Training and placement of 120 peace officers at six municipalities;
- Establishment of a Rural Safety Desk;
- Up-scaling services to survivors of gender-based violence;
- Establishment of a Highway Patrol to monitor and apprehend flows of illicit goods;
- Tourism Safety; and
- Deployment of an additional 500 law enforcement advancement programme (LEAP) officials in high-crime areas.

*Implementing Gender Based Violence services remains a key priority for the WCG*

*Urgent safety needs of communities being addressed*

Many of the intermediate safety interventions have been extended over the 2021 MTEF. This includes safety ambassadors, the EPWP employment creation, highway patrols, LEAP and Tourism safety.

### Focus areas, 2021 and beyond

International evidence identifies eight focus areas for intervention of what works in reducing interpersonal violence. These will inform the choice of interventions. The WCG's safety interventions will rely heavily on strong intersectoral collaboration and coordination through a whole-of-government and whole-of-society approach. These interventions are:

*WCG safety interventions require strong intersectoral collaboration and coordination through a whole-of-government approach*

- Developing safe, stable and nurturing relationships between children and their parents and caregivers;
- Strengthening education and develop life skills;
- Reducing the availability and harmful use of alcohol;
- Reducing access to firearms and knives;
- Creating safe spaces through urban design;
- Empowering women socially and economically;
- Changing social and cultural norms that support violence; and
- Ensuring that victim support services are effective.

In partnership with the City of Cape Town, the DoCS receives additional allocations toward the training, placement and deployment of LEAP, or 'Boots on the ground' officials of R350 million in 2021/22, and R400 million in 2022/23. The next 500 Officers will be appointed as from 1 May 2021. The expansion of LEAP in 2021/22 will focus on the following key crime areas; Mfuleni, Harare, Gugulethu, Kraaifontein and Mitchells Plain.

The DoCS also receives support for safety interventions that complement LEAP, including:

- Additional allocations of R5.665 million in 2021/22, R5.710 million in 2022/23 and R6.025 million in 2023/24 toward the professionalisation of Neighbourhood Watches (NHWs) through accreditation and resource assistance;
- R4.629 million in 2021/22, R4.852 million in 2022/23 and R5.070 million in 2023/24 towards the Community Stabilisation Unit, where citizens are trained to assist the SAPS with extra "feet on the ground" and "eyes and ears" in communities;

*2021 MTEF allocations made towards professional NHWs and a community stabilisation unit*



*The safety ambassadors programme to enhance safety in school environment*

- R20 million in 2021/22 for the recruitment and appointment of Safety Ambassadors to implement various violence prevention initiatives across the Province. The Safety Ambassadors Programme is an integrated intervention to create a number of work and skills development opportunities for young people, women and persons with disabilities while simultaneously assisting communities to deal with socio-economic challenges post COVID-19;
- Additional allocations of R7.336 million in 2021/22, R7.688 million in 2022/23 and R8.034 million in 2023/24 toward the expansion of Chrysalis Academy activities. This includes training for School Safety Ambassadors on personal mastery, leadership and peace building, through the appointment of Expanded Public Works Programme (EPWP) interns. The initiative is focussed on high-risk youth in police precincts with the highest murder rates, and includes an outdoor adventure leadership programme;
- R7.623 million in 2021/22, R7.623 million in 2022/23 and R8.455 million in 2023/24 for the establishment and support of K9 units at various municipalities; and
- R10 million in 2021/22, R10.480 million in 2022/23 and R10.952 million in 2023/24 toward job creation through safety initiatives via EPWP.

*Improving road safety and targeting trafficking associated with the illicit economy*

The DTPW is a key contributor to Safety. Allocations to support key initiatives of the DTPW over the 2021 MTEF include:

- R142.200 million toward the establishment of a Highway Patrol and Interception Unit to improve road safety and target trafficking associated with the illicit economy and the development of the specialised skills and technology required by provincial traffic services that is fully integrated into operations and linked to the Integrated Transport Hub (ITH).
- R164.647 million to the ITH to increase the effectiveness of planning, regulation, enforcement, monitoring and management of transport across the Province through smart use of information.

Other initiatives across the WCG will continue to support the safety plan. These include District Safety Plans and safe transport infrastructure-focused initiatives that are aimed at increasing safety on roads and public transport spaces, including work on the Central Railway Line in Cape Town, as well as the Safely Home campaign.

The DLG will be conducting risk and vulnerability assessments to determine communities at risk and develop risk reduction strategies

as part of the safety priority. These are aimed at advocacy for and the institutionalisation of disaster risk reduction practices,

In addition, the DEDAT, in partnership with the City of Cape Town implements tourism safety initiatives in and around the Metro – at the major tourist attractions around the City. The Department is allocated earmarked funding of R17.480 million for tourism safety initiatives, which include reducing crime affecting tourists, improving safety at tourist attractions and for tourism businesses such as tour operators, venues and guides, and improving the tourism brand of the region.

*Tourism safety initiatives have been prioritised over the 2021 MTEF*

## ■ Theme 4: Well-being

COVID-19 has had a devastating impact on public health, education, and social outcomes in the Province. The promotion of Well-being involves the protection of fundamental human rights, the progressive realisation of socio-economic rights, and the creation of a sense of belonging.

### Healthcare

The health sector has been severely impacted by COVID-19, most notably the direct impact on the ability of the health system to deal with routine health care services such as HIV treatment, TB testing and treatment, immunisations, and chronic disease control (such as diabetes) while responding to the pandemic. To this end, the DoH is allocated a total of R81.605 billion over the 2021 MTEF for the provision of health care services in the Western Cape. The re-introduction of low risk/high impact services, such as immunisations, TB case detection and treatment, HIV testing and treatment, and mental health counselling and treatment, has been prioritised.

While continuing to play a leading role in the WCG response to the pandemic, the DoH will invest significantly in the development of its district health services, in particular the re-design of the PHC and general specialist components of the care continuum. This is critical if the provincial health care system is to shift from being cure focused to wellness focus.

While the DoH has been hit hard by the pandemic and severe pressure has been experienced at the frontline, the Department has developed innovative strategies and interventions to help address and mitigate risks that add to the pressure which COVID-19 brings. The following two specific innovations that are supported from the Fiscal Transition Support Facility allocations over the 2021 MTEF are:

*Taking services to the people – R66 million is allocated over the 2021 MTEF for the home delivery of chronic medication*

- R66 million for the continuation of the home-delivery of chronic medication. This was a “game changer” during the first wave of COVID-19, keeping chronic patients from congregate settings while maintaining treatment. The approach has been institutionalised as part of a comprehensive strategy to optimise chronic disease management; and
- R5 million in 2022/23 and 2023/34 for the provision of Tele-Health Services, which has extended the reach and speed of medical consultations, while lowering costs.

### **Strong foundations**

Research shows that children who benefit from essential First 1000 Days outcomes (such as child and maternal support, attachment and care, and infant stimulation) can earn up to 20 per cent more as adults versus their counterparts and are more likely to have healthy families themselves. The first 1000 days initiative remains a key priority for the WCG over the 2021 MTEF, with focus placed on nutrition, responsive caregiving and opportunities for early learning. Specific activities include conducting a baseline stunting survey, a parent/caregiver package of support, and a series of interventions to support early childhood development initiatives, in local communities.

*The DSD is allocated R7.925 over the 2021 MTEF to provide social and welfare services in the WC*

The DSD provides much needed services to the most vulnerable within the Province. The Department provides access to quality Early Childhood Development (ECD) initiatives, including feeding programmes, while ensuring evidence-based care and services are provided to vulnerable families through family care and support services. The DSD receives a total of R7.925 billion over the 2021 MTEF to provide much needed social development and welfare services to assist and empower the most vulnerable in communities.

The ECD sector has been severely impacted by the pandemic. Compounding existing challenges, the data show that the ECD sector was operating at just a quarter of the pre-crisis level a month after they could reopen (mid-July/August 2020). Only 15 per cent of children aged 0-6 were attending ECD programmes between mid-July and mid-August compared to 47 per cent in 2018.

*Providing support to ECDs in order to reopen safely*

The DSD has provided essential support to ECD centres in order to reopen, including the provision of Personal Protective Equipment and cleaning materials. By January 2021 a total of 3 801 ECDs in the Province have re-opened, although a further 170 remain closed.

Many children in the Province remain unable to access ECD centres. It has been reported<sup>5</sup> that 68 per cent of people living with young children in South Africa could not afford to pay fees in November/December 2020. The DSD will ramp up ECD services and the DotP will lead a strategic engagement with the ECD sector to optimise delivery partnerships to ensure that every child in need of the service has access to it. Further, the DotP receives an additional R1.5 million in 2021/22 to support the delivery of ECD initiatives across the Province.

The Western Cape Education Department (WCED) plays a critical role in ensuring that all children receive quality education. The Department is allocated a total of R75.943 billion over the 2021 MTEF to ensure quality education is provided for all learners at all schools across the Province.

Literacy and numeracy testing of grade 3 learners conducted by the WCED indicates that children are not adequately prepared for school and that the school system is not always able to address the effects of early deprivation. In response, the WCED's budget allocation over the 2021 MTEF, relating to the delivery of ECD at Grade R level receives R647.523 million in 2021/22; R663.526 million in 2022/23; and R691.044 million in 2023/24. Furthermore, over the 2021 MTEF, there will be a significant focus on ECD, and partnerships with municipalities will be strengthened in this regard.

Nationally, school attendance improved as schools reopened during the course of 2020. In July 2020, only 37 per cent of children across the country were attending school. This increased to 98 per cent in November 2020. However, most schools put in place a rotational schedule, and therefore most children only attended school every other day. The extent of learning losses due to this staggered system is not yet known. The pandemic has highlighted the need to expand the delivery of online learning so that all schools can effectively deliver online teaching and all learners can easily access online learning. The pandemic has underscored the urgency of expanding the technology adoption and strengthen school leadership to accelerate the reduction of the inequality gap. The rollout of broadband connectivity and equipment to schools will deliver greater impact when classrooms are equipped to access internet and inter-connectivity as an integral part of e-Learning. Over the 2021 MTEF, the budget allocation towards e-Learning amounts to R247.535 million in 2021/22; R257.388 million in 2022/23; and R268.062 million in 2023/24.

*Providing online teaching for learners in the WC*

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<sup>5</sup> NIDS-CRAM - Nic Spaull and others, NIDS-CRAM Synthesis Reports for Wave 2 (September 2020) and Wave 3 (February 2021).

To further improve the retention rate of learners, the WCED will embark on a strategy to increase the technical, agricultural, vocational and skills offerings at schools and expand access to schools with these subject offerings. This continued initiative forms part of Programme 2: Public Ordinary School Education which receives an allocation of R18.410 million in 2021/22; R19.405 million in 2022/23; and R19.584 million in 2023/24 over the 2021 MTEF.

*Continued focus placed on the improvement in learner performance in systemic diagnostic testing*

Furthermore, the education initiatives that align to the 2019 – 2024 PSP VIP 3: Empowering People, is concerted effort on the improvement in learner performance in Grade 3, 6, 9 and 12 in terms of Systemic Diagnostic Assessment in mathematics and language. This outcome forms part of Programme 7: Examination and Education Related Services and is allocated a budget of R709.919 million in 2021/22; R726.443 million in 2022/23; and R744.634 million in 2023/24.

The mortality statistics in the Western Cape have drawn attention to the high incidence of food-related non-communicable disease (NCD) co-morbidities, namely diabetes and high blood pressure. This is often the result of inadequate or unhealthy diets. Nutrition security has been a longstanding and growing problem. In addition to creating jobs and raising incomes, there is a need to improve the access of low-income households to nutritious food. Improving the nutrition of children increases their educational potential and reduces behavioural and psycho-social problems and chronic health conditions. The WCED provides a School Feeding Programme through the National School Nutrition Programme conditional grant, which amounts to R428.739 million in 2021/22; R450.176 million in 2022/23; and R470.434 million in 2023/24.

*The provision of school feeding scheme will continue over the 2021 MTEF*

In adults, chronic health conditions increase the pressure on the resources of the health system as well as the lost productive capacities of people who are absent from work, or work less effectively, due to NCD-related illness. For these reasons, the issue of food security has gained prominence in the Well-being priority. The DSD, as part of their mandate and intervention, enables the provision of food supplies to community kitchens, as a further form of food relief provided within vulnerable communities. To address food insecurity, two earmarked allocations has been exclusively allocated to the DSD to strengthen food relief measures and alleviate social distress, amounts to R39.60 million in 2021/22; R15.286 million in 2022/23; and R15.959 million in 2023/24.

*Social relief interventions for the most vulnerable*

Similarly, the issue of homelessness has emerged strongly through the COVID-19 crisis and highlighted the urgent need to provide homelessness assistance across the Province. While homelessness was not highlighted as a specific intervention in the previous

2014 - 2019 PSP, the Well-being theme has elevated this priority due to the growing need in the Province because of COVID-19. Various studies suggest that homelessness has negative effects on public health and social systems and that reintegration into more permanent housing solutions can assist to improve socio-economic outcomes in society. The DSD's interventions include the expansion of shelter spaces for homeless adults and the reintegration of homeless adults.

Evidence has shown that programmes aimed at encouraging safe, stable and nurturing relationships between children and their parents or caregivers have been found to work in preventing child maltreatment and reducing childhood aggression and youth violence. The DSD will foster nurturing relationships between children and their parents or caregivers, of which services included as part of this mandate is the provision of parent and caregiver education and training programmes. The programme within the DSD, providing comprehensive child and family care and support services to communities, receives budget allocations over the 2021 MTEF of R843.846 million in 2021/22; R799.950 million in 2022/23; and R845.145 million in 2023/24.

### **Individual and Socio-emotional Well-being**

COVID-19 has highlighted that a combination of soft skills (such as a growth mindset, self-regulation, social awareness and relational skills) are as critical as the hard skills of literacy and numeracy. Over the 2021 MTEF, efforts towards elevating social-emotional learning and psycho-social skills to build the resilience for our most disadvantaged learners will continue. The Growth Mindset intervention forms part of the Transform to Perform Strategy of the WCED. Social and emotional learning, for example, has played a significant role in contexts where violence and conflict exist and where children and youth are disproportionately affected.

*Social and emotional learning plays a significant role in the education system*

The WCG will continue to prioritise the provision of opportunities for youth both in the employment and after-school space. Engaging with youth-at risk is especially important, and this connects with the violence prevention component of the Safety priority. Youth who are engaged in unhealthy and risky behaviours, are said to have few educational and economic opportunities, and become disconnected from productive society as a result. The After-School programmes provided through the Department of Cultural Affairs and Sport (DCAS) are offered to school-going learners through the MOD centres in 181 schools, the 143 Neighbourhoods School sites, the 68 YearBeyond sites and the 30 Scoutings in schools sites. The After-School programme will continue to build a movement of extended education, centred around learners from no and low fee

schools across the Province. The budget allocations towards the After-School Programme over the 2021 MTEF, amount to R55.894 million in 2021/22, R58.577 million in 2022/23, and R61.154 million in 2023/24.

The DCAS receives a total of R2.620 billion over the 2021 MTEF. DCAS is the lead department for youth development initiatives, as well as implementing initiatives to support the heritage and cultural upliftment of the Province. Over the 2021 MTEF, the DCAS will provide wraparound support for youth which will bring about youth employment for 75 youth and learner engagement for 750 learners in 2021/22. A further intervention is the Youth in-service: YearBeyond, which will provide 946 opportunities in 2021/22. The total budget over the 2021 MTEF prioritised for Provincial Youth Services is R56.076 million.

### **Physical Well-being**

The WCG will continue to promote physical, and psycho-social support in order to ensure that residents have the physical Well-being to live a life filled with dignity.

Over the 2021 MTEF period, the Department of Human Settlements (DHS) will be providing more opportunities for people to live in better locations and to improve the places where people live. In this regard, the Department will target Priority Housing Development Areas (PHDAs), which will be used for high density, mixed-use, mixed-income, and mixed-tenure developments.

Many people continue to live in low-income formal and informal settlements, due to the rapid growth in demand for housing, particularly in urban areas. The Department will continue to upgrade informal settlements, so that citizens can wait for a housing opportunity with dignity. The Department will continue institutionalising the principles of the Living Cape: A Human Settlement Framework amongst its key citizens. The Framework seeks to improve human settlement integration, delivery and address governance barriers over time. It further acknowledges that the provision of human settlements does not only reside with a single department but with the collective commitment and support of a range of stakeholders that must embrace a multi-sectoral approach. These principles will be realised by adopting an area-based planning approach, which will ensure that all typologies of areas contribute to the development of integrated human settlement opportunities. This approach will focus on the complexity of the settlement, the scale, spatial alignment of investments, and a holistic market approach.

*Providing opportunities for people to live in better locations and to improve the places where people live*

The Department will explore several initiatives over the 2021 MTEF period to provide innovative solutions to human settlement delivery challenges. This includes providing robust shelter using sustainable building technologies (SBT) for emergency housing and increasing densities to 3-4 story walk ups. In addition, the Department will finalise and implement the First Green Policy, which will support the use of SBT in human settlement projects and provide procurement guidance. The Department will also install packaged infrastructure plants, based on sustainable infrastructure models, in areas where bulk infrastructure is inadequate or delayed. The Department has also entered into a Memorandum of Agreement (MOU) with the Garden Route District (GRD) Municipality that will assist Category B municipalities within GRD with their housing challenges, including the provision of much needed infrastructure to unlock the value of municipal land.

*Innovative solutions to human settlement delivery*

Furthermore, the Department will introduce a web-based housing demand database where beneficiaries can view their status and update their information from their cell phones. As such, the DHS is allocated R7.261 billion over the 2021 MTEF with R2.353 billion in 2021/22, R2.412 billion in 2022/23, and R2.496 billion in 2023/24. Of which, the Department is allocated an additional R125.0 million over the 2021 MTEF with R55.0 million in 2021/22, R40.0 million in 2022/23 and R30.0 million in 2023/24 for the review of the service delivery model to enhance the sustainability of the delivery of human settlements opportunities.

Public transport is central to the economy and daily lived experience of the residents of the Western Cape. Building on the success of the Red-Dot transportation service and in response to the urgent need for improved public transport and contribution toward economic recovery, job creation safety and dignity, the DTPW has designed a Blue-Dot transportation service. An allocation of R150 million is made in 2021/22 to fund the pilot phase of the approach through leveraging technology and incentivising behaviour change to ensure a safe and efficient taxi service.

The DLG is allocated R13.228 million over the 2021 MTEF to utilise Thusong centres as safe spaces for after school care. This includes Homework Hubs, E-centres, Youth Centres and After-school Care Programmes and the implementation of safety awareness and youth empowerment programmes. The lack of social infrastructure in communities contributes to youth delinquency, school drop-outs and other social ills, the provision of safe spaces and programmes to engage youth constructively increases their productivity and growth into responsive young citizens.

*Providing Thusong centres as safe spaces for after school care*



*Continued implementation of socio-economic and urban upgrading programmes*

The DEA&DP will continue to implement the Regional Socio-Economic Project (RSEP) that contributes towards the physical Well-being of the residents. This project aims to reinforce the WCG's role in providing municipal support to address socio-economic challenges. Over the 2021 MTEF, the Department is allocated R11.858 million in 2021/22; R12.196 million in 2022/23; and R12.742 million in 2023/24 for the implementation and enhancement of RSEP programmes to interact with stakeholders and empower communities to partner with government in implementing socio-economic and urban upgrading programmes.

In addition, the DEA&DP, through CapeNature implements disaster prevention initiatives to protect the physical well-being of residents as well as to protect the Province's natural assets. To support the Department with these initiatives over the 2021 MTEF, the Department is allocated R10.440 million in 2021/22; R10.848 million in 2022/23; and R11.325 million in 2023/24 toward disaster prevention measures such as the management of wildfires, floods and other risks.

## **Enablers**

*Ensuring that residents of the WC and the Province's natural assets are protected from natural disasters*

The WCG has been faced with enormous challenges under COVID-19 and could not have responded effectively if it had not done so with agility and innovation. This has provided impetus for a review of how the WCG delivers services in order to reduce the costs, time and effort of residents and organisations when accessing government services.

## **Closer collaboration**

*Collaboration between all levels of government, the private sector and civil society*

Before COVID-19 arrived in the Western Cape, the WCG had been building a strong system of collaboration through the JDMA. This approach brings together the three spheres of government at the metro, district, and local levels. During the pandemic, the District Coordinating Forums and their supporting Technical Forums were bolstered by the participation of additional national and provincial officials, and in the Cape Town Metro, COVID-19 hotspot teams were established.

This culminated in an unprecedented level of co-planning and co-budgeting between the WCG and municipalities. These relationships quickly expanded to include active collaboration between all levels of government, the private sector and civil society, which has been essential to the Western Cape's effective response to COVID-19. This collaboration will be further embedded

through establishing the linkages between national and provincial programmes and their implementation within municipal areas.

The Provincial Treasury (PT) has identified four strategic priorities over the 2021 MTEF that are critical enablers for the Recovery Plan. These strategic priorities are efficient infrastructure investment, effective local governance, strategic supply chain management, and integrated provincial governance. The PT is pursuing these priorities through focussed efforts to integrate talent management, embed applied knowledge management practices and digital transformation. As such, the PT is allocated R959.921 million over 2021 MTEF with R319.608 million in 2021/22, R315.612 million in 2022/23, and R324.701 million in 2023/24. This includes support to ongoing supply chain management reforms, and the initial introduction of artificial intelligence and machine-based learning capabilities.

*Focus is placed on ensuring efficient infrastructure investment, effective local governance, strategic supply chain management, and integrated provincial governance*

## **Deeper citizen engagement through an area-based approach**

Households, communities and businesses in the Western Cape are under increasing pressure and the WCG will be challenged to meet their needs with fewer resources at hand. Access to government services is important for the Well-being and dignity of citizens. Poor access to government services, particularly in rural areas, continues to be a challenge.

The WCG will build on the relationships and collaborations that have been developed with citizens, civil society, and businesses around the provision of humanitarian relief in response to COVID-19. The humanitarian crisis is far from over and these partnerships will be critical to provide ongoing relief to vulnerable citizens and communities.

The DLG will continue to play a significant role in creating opportunities for citizens to access government services and information. However, the limits to government resources will require clear communication about what government can and cannot do and engagement with communities about what they see as the priorities and how they can work with the WCG to address them. This requires a different way of deciding on, designing, and implementing service delivery.

*Creating opportunities for easier access to government services and information*

## **Data and evidence must guide us**

Data and evidence have been key to inform strategic and operational decision-making during the COVID-19 pandemic. The

rationale for the decisions and the data supporting them have been regularly communicated to the public and have increased public trust in government's response. Going forward, the value in better using data and evidence to make decisions to solve complex social problems has been acknowledged.

The WCG will use all its data and information capacities to inform and guide the strategy, planning and implementation into the future. The Provincial Data Office in the DotP is an important provincial resource to be used in this regard.

*Development of an automated Hotspot Monitoring and Reporting system*

The DLG, in collaboration with the DotP, is responsible for the spatial mapping and development of profiles that underpin the Hotspot Plans developed as part of the disaster response. An automated Hotspot Monitoring and Reporting system is being developed to generate coherent data trends and analysis for insights to ensure that the WCG has the latest, accurate information relating to COVID-19.

## **Driving innovation**

A number of innovative delivery mechanisms emerged in the wake of COVID-19. In the health care sector, this was exemplified by home delivery of medicines, optimising appointment systems, enhancing Community-Oriented Primary Care capacity, introducing telemedicine, and engaging digitally in new ways with residents.

The WCG values innovation and is increasingly open to new ideas and creative solutions to development challenges. Over the 2021 MTEF the WCG will continue to:

- Be citizen-centric, creative thinkers who view challenges and opportunities from all possible perspectives;
- Generate new ideas and implement dynamic service options that improve services.
- Value employees who question existing practices with the aim of renewing, rejuvenating, and improving them, or even doing away with unworkable or outdated practices; and
- Embrace new technologies and seek ways to apply them in a way that improves service delivery.

*Driving innovation in the Province, and engaging digitally in new ways with service beneficiaries*

With the prospect of having significantly fewer resources, it will be imperative to develop new service delivery models that improve delivery to our residents while at the same time reducing the resources required. This will include a renewed focus on allocative efficiency and strategic purchasing. To support the drive for

innovation, the PT is allocated an additional R5.4 million over the 2021 MTEF with R1.8 million in each financial year toward expenditure reviews to conduct budget policy research that will inform sustainable and responsive budget allocations over future MTEFs.

To support the development of innovative interventions that will drive citizen-centric service delivery and support innovative methodologies aimed at solving strategic and complex problems, the DotP receives R59 million over the 2021 MTEF.

## **New capabilities and a “new normal” culture**

Globally, the novelty and magnitude of COVID-19 has led government to rapidly implement new policies and programmes. Overall, COVID-19 has allowed governments to be agile and to learn, fail, and adapt quickly.

In the Western Cape as well, the COVID-19 period has underscored the importance of the “New Norm culture” programme, which aims to shift the culture of the WCG to one that is more adaptive, stimulates innovation, harnesses data intelligence, and promotes continuous learning and a caring approach.

The pandemic has forced society to change from the old way to the new way of doing things. As a result of the pandemic and limited fiscal resources, the WCG has had to review how services will be provided going forward. Over the 2021 MTEF, the New Way of Work will be explored focussing on:

- Intergovernmental collaboration for service delivery;
- Deeper citizen engagement through an area-based approach;
- Data and evidence to guide decision making;
- Innovation to improve service delivery.

The New way of Work requires the WCG to critically review the capability required to achieve its strategic and operational priorities and perform its mandated functions. The staff of the WCG are its core implementing capacity, and this requires the WCG to continuously assess the capabilities it requires relative to those it has, and how optimally staff are utilised.

## **Digitisation**

The COVID-19 pandemic has highlighted the importance of delivering services via digital platforms and to continue our

*Revision of the way of Work  
post COVID-19*

operations using digital technologies. Service users increasingly demand remote access to services, with no or limited face-to-face interactions. Achieving this will require departments to collaborate with other departments or spheres of government to enable end-to-end services to the citizen, thereby saving the citizen from having to physically go from one Department to another. However, in order to achieve this level of automation it is necessary to review and re-design service delivery processes and value chains.

The implementation of Broadband and public Wi-Fi initiatives will continue over the 2021 MTEF. Its rollout is intended to ensure that provincial and local government as well as our citizens can harness the full benefits of having a robust and world-class Broadband infrastructure. Over the 2021 MTEF, approximately R1.5 billion is earmarked to continue the existing Broadband programme and strengthen the broadband services delivered in the Western Cape, as well as to provide municipalities in the Western Cape with access to broadband.

*Implementation of a e-Procurement Solution - an electronic sourcing solution for the Province*

In line with the digitisation focus of the Province, the PT is allocated an additional R2.080 million from the Fiscal Transition Support Facility over the 2021 MTEF for the e-Procurement Solution which is an electronic sourcing solution for the enablement of commodity sourcing strategies for the Province.

The DCAS is allocated an amount of R1.350 million in 2021/22 from the Fiscal Transition Support Facility, specifically for the implementation of a new Archives Website to enable researchers to access archival records online. A dedicated website will empower the public to conduct online research from anywhere in the world, thereby reducing and in some cases eliminating the need for accessing the original master record.

## **Infrastructure pipeline and preparation**

As part of the WCG's infrastructure-driven strategy, over the 2021 MTEF, a significant investment totalling R29.096 billion is made towards the construction and maintenance of health and education facilities, the construction and maintenance provincial road network, construction and maintenance of public works infrastructure, rehabilitation and maintenance of ecological infrastructure, and implementation of human settlements projects in the Western Cape.

The WCG established the Project Preparation Facility (PPF) to assist departments and entities with project preparation costs and to create a well-prepared pipeline of infrastructure projects in the Province. Allocations from the PPF have been made to the DTPW

amounting to R23.839 million over the 2021 MTEF for precinct planning, enablement and mixed-use development projects.

The WCG's infrastructure strategy supports spatially targeted investment to help the Western Cape transition towards achieving the desired social, economic and spatial outcomes in a spatially just, fair, equitable and transparent manner. Furthermore, it mobilises Provincial infrastructure spending for achieving integrated service delivery amidst growing demands brought on by the economy, limited fiscal resources, rapid urbanisation and an ever-growing population.

The 2021 Western Cape Overview of Provincial and Municipal Infrastructure Investment (OPMII) further outlines the detail for infrastructure delivery in the Province for the 2021 MTEF.

## **Conclusion**

The WCG remains dedicated to providing quality services to the people of the Province. COVID-19 has brought about many challenges for the provincial economy and specifically the Health sector. The fiscal environment also remains constrained, and now more must be done with less, while maintaining a high standard of service delivery.

The Province has, however, shown resilience through these tough economic times. The WCG's integrated policy planning and budgetary processes have ensured that a sustainable fiscal path is maintained, while allocating sufficient resources towards provincial policy priorities as contained in the 2019 – 2024 PSP as well as the Recovery Plan. The citizens of this Province remain at the centre of service delivery, and this is clearly articulated through the Western Cape's 2021 main budget.



# 6

## Spatial distribution of provincial expenditure

### In brief

- Based on population dynamics and relative demand for government services, provincial departments will collectively spend R72.349 billion in municipal spaces across the Province in 2021/22 - 69.9 per cent of the budget will be spent in the Cape Town Metro.
- Provincial departments will transfer R3.570 billion of conditional funding to municipalities in 2021/22, of which the City of Cape Town receives R1.924 billion (53.9 per cent), while the local and district municipalities receive R1.507 billion (42.2 per cent) and R24.689 million (0.7 per cent), respectively.
- The Social sector departments account for 80.9 per cent; the Economic sector accounts for 15.6 per cent, while the Governance and Administration sector accounts for 3.6 per cent in 2021/22 of the total Western Cape Government spending in 2021/22.

### Introduction

This Chapter provides an overview of how the Western Cape Government (WCG) will spend its 2021 MTEF budget across the demarcated municipal areas of the Province. It shows the aggregated budgets of the WCG sector departments and entities and how the planned allocations will be spent in the metro, district and local municipalities.

Together with the Estimates of Provincial Revenue and Expenditure (EPRE) and the Overview of Provincial and Municipal Infrastructure Investment (OPMII) publications, this Chapter provides valuable data to inform integrated planning and budgeting between the WCG and municipalities. While financial resources do remain under pressure amidst a constrained fiscal environment, improved cooperation between these two spheres of government will enhance public value to improve the lives of residents in the Western Cape.



Future publications will also endeavour to include the efforts and resource investment of national departments and entities operating within the Western Cape.

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

As highlighted in Table 6.1, the WCG will spend R72.349 billion in 2021/22, R72.633 billion in 2022/23 and R72.723 billion in 2023/24 across the 30 municipalities in the Province.

**Table 6.1 Provincial payments and estimates by the Cape Metro, district and local municipalities**

Municipalities R'000	Outcome			Main appro- priation 2020/21	Adjusted appro- priation 2020/21	Revised estimate 2020/21	Medium-term estimate			
	Audited 2017/18	Audited 2018/19	Audited 2019/20				% Change from Revised estimate			
							2021/22	2020/21	2022/23	2023/24
<b>Cape Town Metro</b>	41 181 142	42 530 706	46 593 796	50 182 049	50 340 926	50 346 069	<b>50 551 756</b>	0.41	50 574 956	50 634 354
<b>West Coast Municipalities</b>	3 242 327	3 644 263	3 718 051	3 594 767	3 491 066	3 487 320	<b>3 656 433</b>	4.85	3 589 292	3 525 532
Matzikama	312 925	385 790	455 720	428 800	447 302	447 183	<b>471 561</b>	5.45	483 645	485 266
Cederberg	411 968	425 616	525 455	498 358	573 782	572 765	<b>522 707</b>	(8.74)	538 898	542 264
Bergrivier	461 376	358 879	423 440	412 844	423 187	422 779	<b>340 208</b>	(19.53)	347 255	350 329
Saldanha Bay	769 166	934 383	822 552	779 906	685 435	683 674	<b>664 373</b>	(2.82)	678 641	639 508
Swartland	729 940	881 018	937 866	851 720	823 850	823 409	<b>913 425</b>	10.93	935 206	964 406
Across wards and municipal projects	556 952	658 577	553 018	623 139	537 510	537 510	<b>744 159</b>	38.45	605 647	543 759
<b>Cape Winelands Municipalities</b>	7 049 933	7 939 261	7 916 464	8 140 508	8 023 496	8 024 332	<b>8 161 360</b>	1.71	8 278 596	8 513 739
Witzenberg	653 083	744 404	667 537	678 539	665 980	666 033	<b>702 473</b>	5.47	705 401	702 310
Drakenstein	1 734 345	2 377 675	2 249 676	2 289 855	2 279 969	2 225 622	<b>2 140 859</b>	(3.81)	2 186 566	2 196 281
Stellenbosch	1 640 160	1 627 394	1 590 690	1 850 464	1 756 920	1 811 846	<b>1 480 761</b>	(18.27)	1 478 653	1 571 026
Breede Valley	1 573 666	1 641 013	1 738 404	1 815 994	1 855 127	1 855 038	<b>1 777 825</b>	(4.16)	1 829 213	1 837 132
Langeberg	924 397	924 159	964 180	951 690	889 693	889 986	<b>711 249</b>	(20.08)	732 786	735 277
Across wards and municipal projects	524 282	624 616	705 977	553 966	575 807	575 807	<b>1 348 193</b>	134.14	1 345 977	1 471 713
<b>Overberg Municipalities</b>	2 010 820	2 175 665	2 526 161	2 654 869	2 501 258	2 499 517	<b>2 658 414</b>	6.36	2 839 923	2 696 778
Theewaterskloof	727 659	700 773	887 001	829 538	871 927	871 774	<b>806 500</b>	(7.49)	829 886	835 869
Overstrand	487 194	441 538	691 690	617 423	660 160	658 463	<b>581 700</b>	(11.66)	591 352	595 628
Cape Agulhas	213 729	338 545	270 161	393 752	287 375	287 522	<b>283 872</b>	(1.27)	291 005	292 651
Swellendam	213 816	322 715	267 484	436 373	301 467	301 429	<b>269 958</b>	(10.44)	278 437	280 501
Across wards and municipal projects	368 422	372 094	409 825	377 783	380 329	380 329	<b>716 384</b>	88.36	849 243	692 129
<b>Garden Route Municipalities</b>	5 071 865	5 744 071	5 905 525	6 019 197	6 009 495	6 005 545	<b>6 273 814</b>	4.47	6 322 432	6 349 212
Kannaland	152 661	189 928	193 123	183 826	188 294	184 651	<b>190 135</b>	2.97	194 306	195 039
Hessequa	343 877	294 510	316 518	320 248	314 789	314 758	<b>323 165</b>	2.67	331 550	331 722
Mossel Bay	590 442	708 467	854 935	735 375	738 529	738 614	<b>700 426</b>	(5.17)	713 521	714 047
George	1 744 457	2 122 088	2 142 722	2 206 570	2 246 149	2 246 011	<b>2 209 623</b>	(1.62)	2 223 506	2 231 026
Oudtshoorn	836 635	984 788	877 188	872 930	852 188	852 095	<b>810 377</b>	(4.90)	836 003	845 754
Bitou	217 376	260 313	246 135	243 618	237 813	237 774	<b>242 232</b>	1.87	249 421	251 187
Knysna	488 148	516 122	512 074	494 554	491 313	491 222	<b>503 282</b>	2.46	514 231	517 582
Across wards and municipal projects	698 269	667 855	762 830	962 076	940 420	940 420	<b>1 294 574</b>	37.66	1 259 894	1 262 855
<b>Central Karoo Municipalities</b>	736 717	906 680	873 785	1 023 680	1 026 646	1 026 479	<b>1 047 296</b>	2.03	990 968	964 657
Laingsburg	65 415	63 100	101 607	85 635	93 139	93 118	<b>84 407</b>	(9.35)	82 612	84 871
Prince Albert	105 033	138 237	94 413	113 306	123 193	123 262	<b>104 660</b>	(15.09)	106 334	106 654
Beaufort West	424 739	528 826	543 165	569 252	584 997	584 782	<b>542 751</b>	(7.19)	559 085	559 748
Across wards and municipal projects	141 530	176 517	134 600	255 487	225 317	225 317	<b>315 478</b>	40.02	242 937	213 384
Unallocated				4 000	4 000	4 000		(100.00)	37 238	38 459
<b>Total provincial expenditure by district and local municipality</b>	<b>59 292 804</b>	<b>62 940 646</b>	<b>67 533 782</b>	<b>71 619 070</b>	<b>71 396 887</b>	<b>71 393 262</b>	<b>72 349 073</b>	1.34	72 633 405	72 722 731

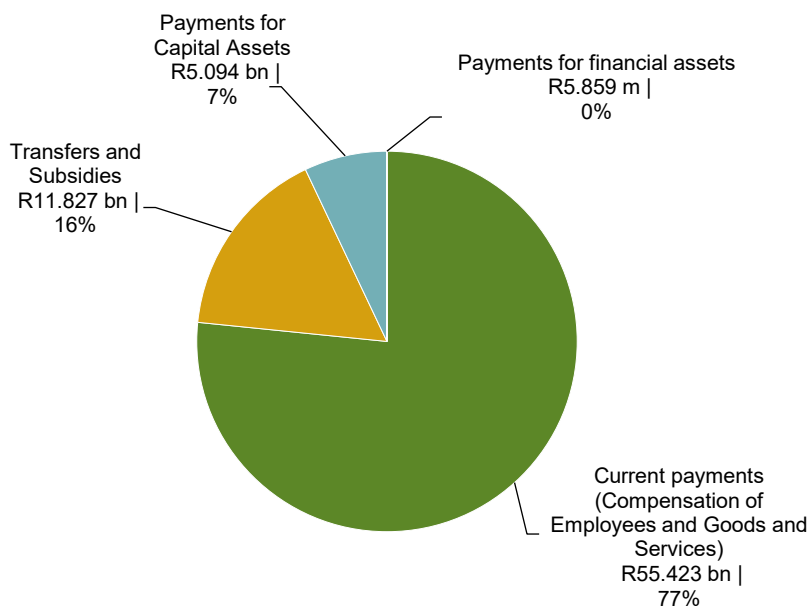
Note: Unallocated means not yet allocated to a specific district.

The 2021/22 provincial expenditure distribution in the Cape Metro and districts is as follows: Cape Metro (R50.552 billion); Cape Winelands (R8.161 billion); Garden Route (R6.274 billion); West Coast (R3.656 billion); Overberg (R2.658 billion) and Central Karoo (R1.047 billion).

Provincial expenditures, from an economic classification perspective, are disaggregated into many categories, which include Current Payments, Transfer Payments and Subsidies, Payment for Financial Assets and Payment for Capital Assets.

Figure 6.1 shows the economic classification of the 2021/22 provincial budget to be spent in municipalities: R55.423 billion or 76.6 per cent will be spent on the payment of salaries and the procurement of goods and services, while approximately R5.094 billion or 7.0 per cent on capital assets for social infrastructure delivery (schools, hospitals and other amenities) will be added to municipal infrastructure in a particular region. Transfers and subsidies will amount to R11.827 billion or 16.0 per cent. Transfers and subsidies will amount to R11.827 billion or 16.0 per cent.

**Figure 6.1 Payments by Economic Classification, 2021/22**



Provincial budget spend in many of the municipalities include a combination of these expenditures and even though the investment may not be 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 benefits local communities.

**Figure 6.2 Provincial budget allocation at district level (R' billion and per capita)**

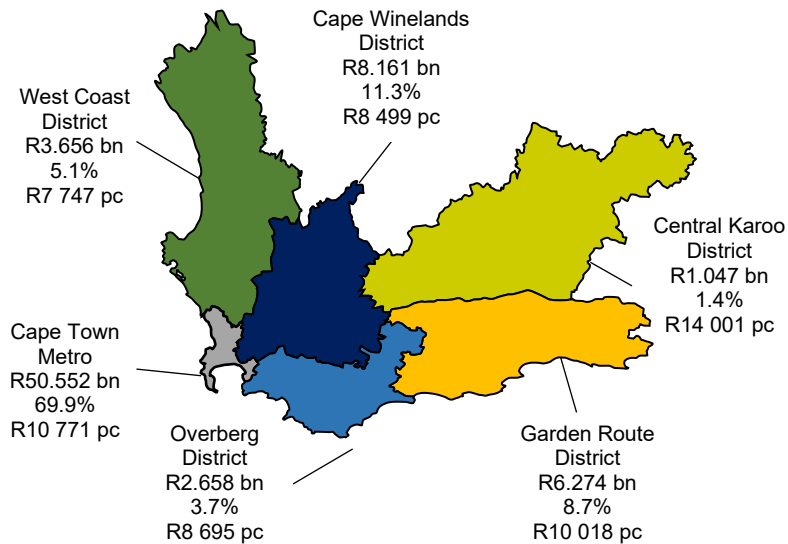


Figure 6.2 displays the spatial distribution of the 2021/22 budget across the Cape Metro and the five districts of the Western Cape.

Determinants of the allocation to municipalities are influenced by the priorities and implementation pipelines established over time, the spatial distribution of the population, socio-economic challenges and the location of sourced service providers.

The average per capita spending across the different regions amount to R10 144 based on 7 132 433 people residing in the Western Cape. The Central Karoo District receives the highest per capita spending at R14 001, while the West Coast District receives the lowest per capita spending at R7 747. The details are discussed below.

### Cape Winelands District

The Cape Winelands District (CWD) is the largest regional economy outside of the Cape Metro in the Western Cape and is home to approximately 13.5 per cent of the Western Cape's citizens. The District's population is expected to grow at an average annual rate of 1.7 per cent, increasing from an estimated 960 292 people in 2021 to 1 009 822 in 2024.

The aggregate 2021/22 provincial budget for the CWD amounts to R8.161 billion to accommodate the increased population growth, in-migration, and the subsequent demand for government services. The District accounts for 15.1 per cent of all provincial expenditure in the Economic sector, 11.0 per cent in the Social sector, and 1.7 per cent in the Governance and Administration sector. The Breede Valley municipal area will receive the highest provincial

*Total provincial expenditure within the Cape Winelands District will amount to R8.161 billion in 2021/22*

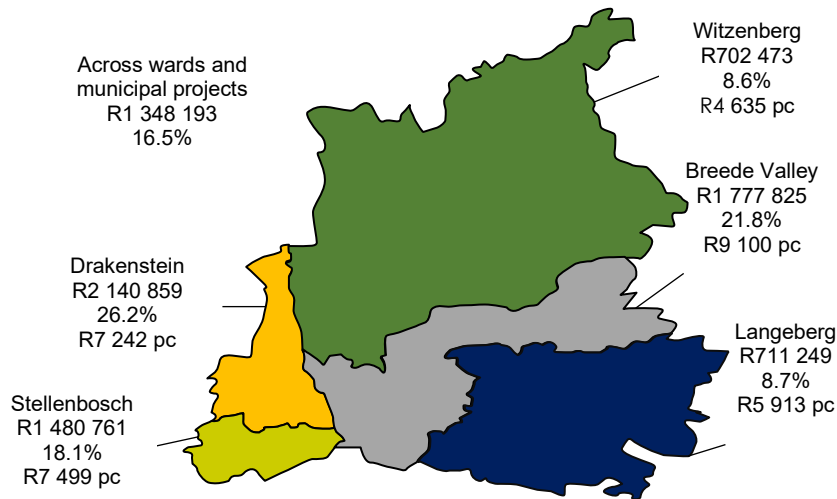
expenditure per capita (R9 100), while Witzenberg will receive the lowest provincial expenditure per capita (R4 635) in 2021/22.

Total provincial expenditure in the District will amount to R8 499 per capita of which R6 679, R1 775 and R45 per capita will be spent in the Social, Economic and Governance and Administration sectors, respectively.

Figure 6.3 illustrates that within the CWD, the Drakenstein municipal area will be the largest recipient of the 2021/22 provincial budget (26.2 per cent), followed by Breede Valley (21.8 per cent) and Stellenbosch (18.1 per cent). Total provincial transfers to Drakenstein will in 2021/22 amount to R117.656 million.

Apart from Witzenberg, provincial budget allocations for 2021/22 decrease across all municipal areas in the CWD.

**Figure 6.3 Cape Winelands District: 2021/22 Provincial budget distribution local municipal areas (R'000)**



### Garden Route District

The Garden Route District (GRD) is the third largest economy of the Western Cape, serving the south eastern parts of the Western Cape, spilling over into the Klein Karoo. Although the District is the second most populated municipal area in the Western Cape (outside of the Cape Metro), it is expected to have the second lowest average annual population growth in the Province between 2020 and 2024 (0.8 per cent).

The aggregate provincial budget for the GRD amounts to R6.274 billion (8.7 per cent) of the provincial budget in 2021/22. After the Central Karoo District (R14 001) and Cape Metro (R10 771), the District will receive the third largest per capita provincial expenditure (R10 018) in the Province, of which R8 231 will be spent in the Social

*Total provincial expenditure within the Garden Route District will amount to R6.274 billion in 2021/22*

*George receives the largest provincial expenditure per capita in the Garden Route District*

sector and R1761 in the Economic sector in 2021/22. Per capita expenditure in the Governance and Administration sector will in turn amount to R25.

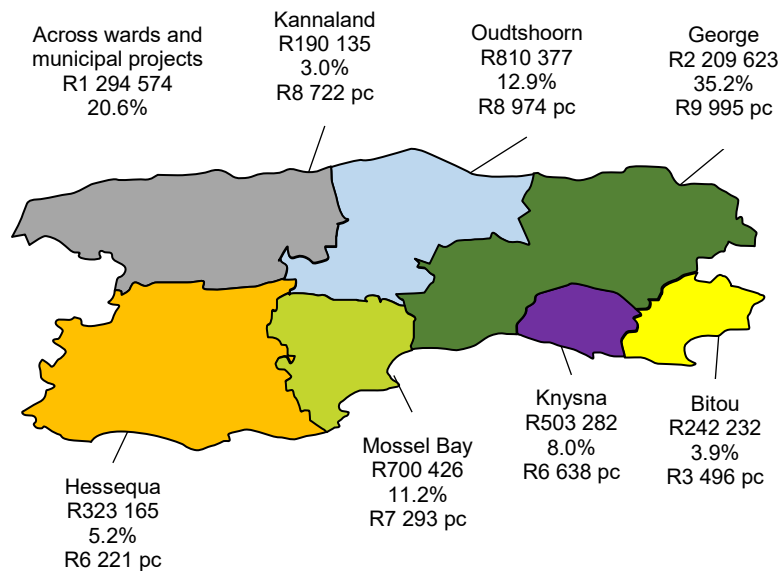
The George municipal area will receive the highest provincial expenditure per capita (R9 995), whereas Bitou receives the lowest (R3 496) in 2021/22 (Figure 6.4).

Total provincial infrastructure expenditure in the GRD will in 2021/22 amount to R1.053 billion of which 54.3 per cent will be spent on roads and public works, and 41.0 per cent on the development of human settlements across the District.

The 2021/22 budget will provide for notable shifts in provincial spending when compared to the 2020/21 Revised Estimates. Allocations were reduced in Mossel Bay (5.2 per cent), George (1.6 per cent) and Oudtshoorn (4.9 per cent), but increased in Kannaland (3.0 per cent), Hessequa (2.7 per cent), Bitou (1.9 per cent) and Knysna (2.5 per cent). Overall, allocations towards the municipalities of the GRD increase by 4.5 per cent.

Notable provincial transfers for 2021/22 include R7.870 million towards Mossel Bay and R8.460 million towards George from the Department of Transport and Public Works for financial assistance to maintain and construct road transport infrastructure; R160.587 million to George for expansions to the George Integrated Public Transport Network and R9.384 million from the Department of Cultural Affairs and Sport towards Bitou to invest in library services.

**Figure 6.4 Garden Route District: 2021/22 Provincial budget distribution in local municipal areas (R'000)**



### West Coast District

The West Coast District's (WCD) population is expected to grow at an average annual rate of 1.7 per cent between 2021 and 2014, which is slightly lower than that of the Western Cape at 1.8 per cent across the same period.

Provincial departments will spend R3.656 billion (or 5.1 per cent) of the 2021/22 provincial budget in the WCD. Within the District, Swartland (25.0 per cent) and Saldanha Bay (18.2 per cent) local municipal areas are allocated the largest share of the 2021/22 provincial budget. Bergrivier will receive the smallest allocation (9.3 per cent).

*Total provincial expenditure within the West Coast District will amount to R3.656 billion in 2021/22*

**Figure 6.5 West Coast District: 2021/22 Provincial budget in local municipal areas (R'000)**

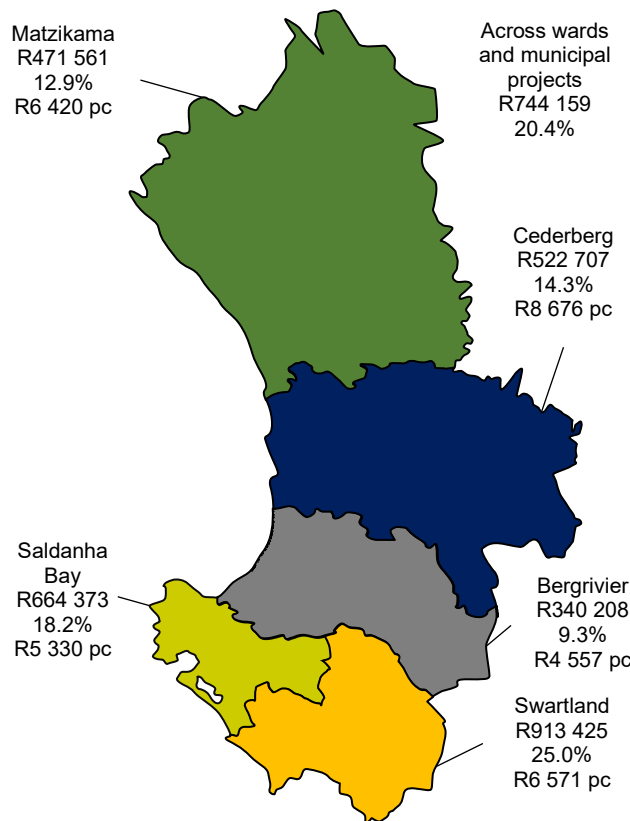


Figure 6.5 above illustrates that the District will receive the lowest provincial expenditure per capita (R7 747) in the Western Cape. Cederberg receives the largest provincial expenditure per capita (R8 676), whereas Bergrivier will receive the lowest provincial expenditure per capita (R4 557). Overall, per capita expenditure in the Social sector will amount to R6 683, while spend in the Economic sector will be R1 043 per capita.

*Cederberg receives the largest provincial expenditure per capita in the West Coast District*

The total provincial infrastructure expenditure in the WCD is R525.404 million in 2021/22, of which R260.0 million (49.5 per cent) will be spent on road infrastructure and public works, and R128.0 million (24.4 per cent) on human settlements in the region.

A significant share (20.4 per cent) of the provincial spending within the WCD spans across wards and municipalities. This is mainly due to the extent of regional operations, projects and programmes of the Departments of Health (R203.111 million), Transport and Public Works (R381.481 million) and Social Development (R156.772 million).

Consideration of the provincial expenditure shifts in the WCD between the 2020/21 Revised Estimates and the 2021/22 Main Appropriation reveals a net overall increase of 4.9 per cent. Across this reference period, allocations in the Bergrivier (19.5 per cent) and Cederberg (8.7 per cent) municipal areas decrease notably while it increases sharply by 10.9 per cent in Swartland.

### **Overberg District**

The Overberg District (OD) currently has a population size of 305 754 people in 2021, which is estimated to expand to 322 372 by 2024. This equates to an average annual growth rate of 1.8 per cent. Amongst the various districts, the OD has the second smallest population in the Western Cape.

The WCG will spend R2.658 billion or 3.7 per cent of the 2021/22 provincial budget in the OD. The largest share of the budget is directed towards Theewaterskloof (R806.500 million or 30.3 per cent) while Swellendam will receive the smallest share (R269.958 million or 10.2 per cent).

The OD will receive the third largest provincial expenditure per capita (R8 695) in the Province which includes, expenditure of R7 066 in the Social sector, R1 591 in the Economic sector and R38 in the Governance and Administration Sector.

As depicted in Figure 6.6, Cape Agulhas receives the largest provincial expenditure per capita (R8 006), whereas Overstrand will receive the lowest (R5 375). Provincial transfers to the Cape Agulhas Municipality over the 2021 MTEF include R43.970 million from the Human Settlements Development Grant and R20.453 million from the Library Services Grant.

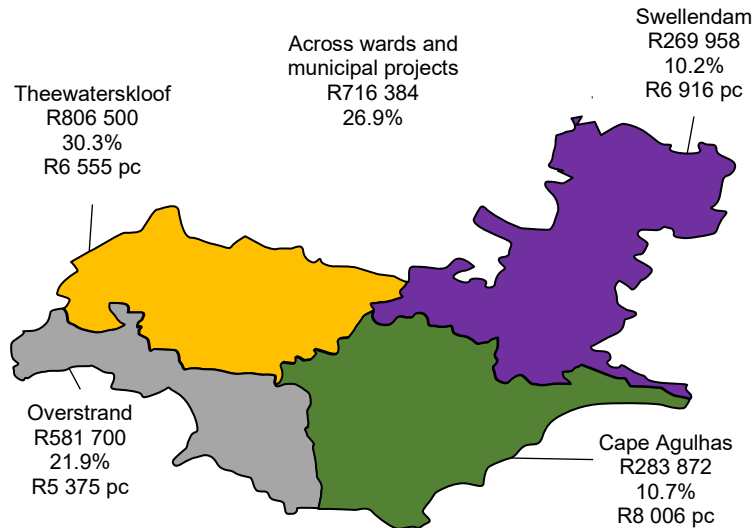
The total provincial expenditure on infrastructure in the region for 2021/22 will be R600.181 million, of which R355.132 million (59.2 per cent) will be spent on transport and public works and R190.549 million (31.0 per cent) on human settlements.

*Total provincial expenditure within the Overberg District will amount to R2.658 billion in 2021/22*

*Cape Agulhas receives the largest provincial expenditure per capita in the Overberg District*

Overall, provincial expenditure decreases across all local municipal areas in the OD in 2021/22 compared to the 2020/21 Revised Estimates. Expenditure on projects across the various wards and municipal boundaries do however increase considerably by 88.4 per cent, which ultimately results in a net 6.4 per cent increase in provincial expenditure in the OD in 2021/22.

**Figure 6.6 Overberg District: 2021/22 Provincial budget in local municipal areas (R'000)**



### Central Karoo District

The CKD is the least populated district in the Western Cape with 74 802 people in 2021. This total is expected to grow marginally by 0.1 per cent (average annual growth) towards 2024.

Provincial departments will spend an amount of R1.047 billion (1.4 per cent) of the total 2021/22 provincial budget in the CKD. Given its relatively small size, the CKD will subsequently receive the largest provincial expenditure per capita in the Province (R14 001). This per capita amount will mostly be split between the Social (R10 497) and Economic (R3 358) sectors.

*Total provincial expenditure within the Central Karoo District will amount to R1.047 billion in 2021/22*

As illustrated in Figure 6.7, Beaufort West is the local municipality with the highest provincial expenditure in the District at R10 650 per capita, while Prince Albert will receive the lowest provincial expenditure at R7 170 per capita in 2021/22. None of the local municipalities exceeds the District provincial expenditure per capita due to the substantial portion of provincial expenditure that cuts across municipal boundaries (30.1 per cent). This is mainly due to the extent of regional operations, projects and programmes of

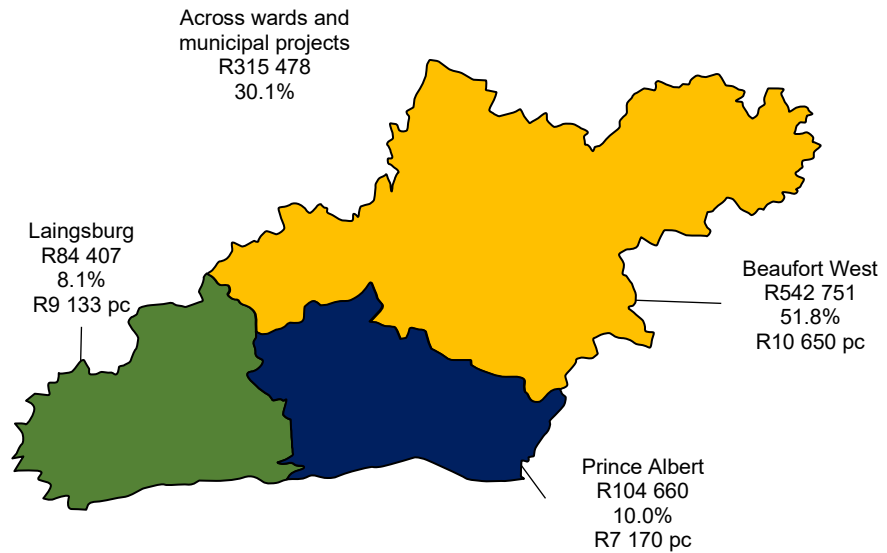


Departments of Health (R92.102 million), and Transport and Public Works (R174.781 million).

Total provincial infrastructure expenditure for the region will amount to R157.940 million in 2021/22, of which the majority (R151 million or 95.6 per cent) will be spent on road transport and public works.

The bulk of provincial spending within the District (51.8 per cent) will occur in Beaufort West, the region's capital and largest town in terms of its economic and demographic profile, followed by Prince Albert (10.0 per cent) and Laingsburg (8.1 per cent).

**Figure 6.7 Central Karoo District: 2021/22 Provincial budget in local municipal areas (R'000)**



### ■ Provincial payments and estimates per sector by district and local municipalities

Table 6.2 provides a breakdown of provincial spending according to the three functional government sectors i.e. the Economic, Social and Governance and Administration sectors at a district level.

**Table 6.2 Summary of provincial payments and estimates per sector by district and local municipality**

Cluster estimates R'000	Outcome						Medium-term estimate			
	Audited	Audited	Audited	Main	Adjusted	Revised	% Change from Revised estimate			
	2017/18	2018/19	2019/20	appropriation 2020/21	appropriation 2020/21	estimate 2020/21	2021/22	2020/21	2022/23	2023/24
<b>Economic Sector</b>	9 315 820	9 962 787	10 599 691	11 015 311	10 627 355	10 627 355	<b>11 261 984</b>	5.97	10 608 043	10 852 380
Cape Town Metro	5 570 198	5 072 790	6 492 394	7 077 196	7 007 879	7 007 879	<b>7 224 326</b>	3.09	6 770 843	7 060 881
West Coast District	765 623	931 018	776 504	442 291	429 795	429 795	<b>492 226</b>	14.53	348 325	261 022
Cape Winelands District	1 661 625	2 176 321	1 723 702	1 704 681	1 616 684	1 616 684	<b>1 704 769</b>	5.45	1 635 825	1 845 438
Overberg District	284 632	337 038	451 737	573 580	385 692	385 692	<b>486 327</b>	26.09	615 471	460 047
Garden Route District	886 183	1 208 193	992 522	922 224	904 810	904 810	<b>1 103 115</b>	21.92	1 012 372	1 026 961
Central Karoo	147 559	237 427	162 832	295 339	282 495	282 495	<b>251 221</b>	( 11.07)	225 207	198 031
<b>Social Sector</b>	47 866 207	50 808 012	54 584 833	58 073 832	58 423 699	58 423 699	<b>58 504 396</b>	0.14	59 461 937	59 207 192
Cape Town Metro	33 597 421	35 403 211	37 869 894	40 675 612	41 066 482	41 068 506	<b>40 835 726</b>	( 0.57)	41 356 270	41 031 610
West Coast District	2 463 131	2 701 691	2 929 039	3 138 611	3 052 791	3 052 164	<b>3 154 480</b>	3.35	3 232 762	3 256 188
Cape Winelands District	5 340 296	5 715 690	6 149 396	6 384 666	6 369 628	6 370 464	<b>6 413 603</b>	0.68	6 601 217	6 623 982
Overberg District	1 716 481	1 828 121	2 062 564	2 071 889	2 105 621	2 103 880	<b>2 160 465</b>	2.69	2 214 731	2 226 298
Garden Route District	4 170 900	4 503 140	4 893 034	5 083 656	5 090 520	5 090 195	<b>5 154 914</b>	1.27	5 296 581	5 308 238
Central Karoo	577 978	656 159	680 906	719 398	738 657	738 490	<b>785 208</b>	6.33	760 376	760 876
<b>Governance and Administration Sector</b>	2 110 777	2 169 847	2 349 258	2 525 927	2 341 833	2 338 208	<b>2 582 693</b>	10.46	2 526 187	2 624 700
Cape Town Metro	2 013 523	2 054 705	2 231 508	2 429 241	2 266 565	2 269 684	<b>2 491 704</b>	9.78	2 447 843	2 541 863
West Coast District	13 573	11 554	12 508	13 865	8 480	5 361	<b>9 727</b>	81.44	8 205	8 322
Cape Winelands District	48 012	47 250	43 366	51 161	37 184	37 184	<b>42 988</b>	15.61	41 554	44 319
Overberg District	9 707	10 506	11 860	9 400	9 945	9 945	<b>11 622</b>	16.86	9 721	10 433
Garden Route District	14 782	32 738	19 969	13 317	14 165	10 540	<b>15 785</b>	49.76	13 479	14 013
Central Karoo	11 180	13 094	30 047	8 943	5 494	5 494	<b>10 867</b>	97.80	5 385	5 750
<b>Unallocated</b>				4 000	4 000	4 000		( 100.00)	37 238	38 459
<b>Total payments and estimates per sector</b>	59 292 804	62 940 646	67 533 782	71 619 070	71 396 887	71 393 262	<b>72 349 073</b>	1.34	72 633 405	72 722 731

Note: Unallocated not yet allocated to a specific district.

Provincial expenditure towards the various municipal areas will in 2021/22 mostly be concentrated within the Social sector (R58.504 billion or 80.9 per cent). Expenditure towards the Economic sector will in turn amount to R11.262 billion (15.6 per cent), while R2.583 billion (3.6 per cent) will be directed towards the Governance and Administration sector.

Provincial expenditure in both the Economic and Social sectors are mostly correlated to the relative size of the population at metro and district level to match the proportionate demand for services. The largest expenditure allocations for 2021/22 has accordingly been made towards the Cape Metro (65.7 per cent of the total WC population in 2021), Cape Winelands (13.5 per cent) and Garden Route (8.9 per cent).

Within the Economic sector, the Cape Metro will receive 64.1 per cent of provincial spending, followed by the Cape Winelands (15.1 per cent) and Garden Route (9.8 per cent) Districts in 2021/22. Expenditure within the Economic sector will increase by 6.0 per cent between the 2020/21 Revised Estimate and 2021/22.

*The Social sector accounts for the largest share of the 2021/22 provincial budget*

*The Cape Metro received the largest share of provincial expenditure within the Economic Sector*

The largest percentage increase within the Economic sector can be attributed to the Overberg District, increasing by 26.1 per cent.

Similar to the Economic sector, the Cape Metro will also receive the largest portion (69.8 per cent) of the Social sector spending. This allocation is followed by the Cape Winelands (11.0 per cent) and Garden Route (8.8 per cent) Districts in 2021/22.

Population size is less of a determining factor when allocating expenditure towards the Governance and Administration sector, as expenditure towards this sector will almost in its entirety be directed towards the Cape Metro (96.5 per cent) in 2021/22.

Expenditure allocations towards the Economic, and Governance and Administration sectors as part of the 2021/22 main appropriation will increase by 6.0 and 10.5 per cent respectively when compared to the 2020/21 Revised Estimate. Allocations towards the Social Sector will remain mostly unchanged with an increase of 0.1 per cent. The contribution to the increase in provincial spending growth incorporates both the growth and relative size of the budget. It measures the impact of the budget change of the metro or district on the functional sector. The Cape Metro contribution to growth in the 2021/22 budget from the 2020/21 Revised Estimate is 32.7 per cent for the Economic sector and 90.8 per cent for the Governance and Administration sector. The Cape Metro allocation for Social services declines notably which off-sets the increase in expenditure to the West Coast (126.8 per cent), Garden Route (80.2 per cent) and Overberg (70.1 per cent) districts.

## Provincial transfers to local government

**Table 6.3 Summary of provincial transfers to local government by category**

Vote transfers R'000	Outcome			Main approp- riation 2020/21	Adjusted approp- riation 2020/21	Revised estimate 2020/21	Medium-term estimate % Change from Revised estimate			
	Audited 2017/18	Audited 2018/19	Audited 2019/20				2021/22	2020/21	2022/23	2023/24
Category A: Metropolitan	1 060 728	1 063 716	1 329 760	1 503 855	1 424 736	1 424 737	<b>1 923 958</b>	35.04	1 524 555	1 132 180
Category B: Local municipalities	1 308 295	1 527 155	1 833 705	1 502 920	1 528 346	1 524 721	<b>1 507 263</b>	( 1.14)	1 281 497	997 559
Category C: District municipalities	16 047	30 744	17 755	16 013	18 984	18 994	<b>24 689</b>	29.98	20 041	19 763
Unallocated				45 473	75 277	75 277	<b>114 280</b>	51.81	96 687	99 731
<b>Total departmental transfers to local government</b>	<b>2 385 070</b>	<b>2 621 615</b>	<b>3 181 220</b>	<b>3 068 261</b>	<b>3 047 343</b>	<b>3 043 729</b>	<b>3 570 190</b>	17.30	2 922 780	2 249 233

Note: Unallocated not yet allocated to a specific district.

Table 6.3 reflects on direct transfer payments to be made from the WCG across the 2021 MTEF to the three municipal categories allowed for by the Local Government Municipal Structures Act (Act 117 of 1998). The number of municipalities per category for the Western Cape are briefly as follows:

- Category A: City of Cape Town
- Category B: 24 Local municipalities
- Category C: 5 district municipalities

The majority of the 2021/22 allocation will be directed towards the City of Cape Town (Category A), with total expenditure amounting to R1.924 billion (53.9 per cent). Expenditure towards local and district municipalities will be R1.507 billion (42.2 per cent) and R24.689 million (0.7 per cent) respectively.

*Category A municipalities will receive transfers to the value of R1.924 billion in 2021/22*

The total provincial transfers to municipalities in 2021/22 increases by a notable 17.3 per cent from R3.044 billion in the 2020/21 Revised Estimate. Looking forward, transfers will decrease towards 2022/23 (-18.1 per cent) and 2023/24 (-23.0 per cent). The national fiscus is under pressure and grant allocations towards municipalities will also be impacted. Municipalities will therefore have to become self-sufficient/reliant as far as the funding of capital expansions are concerned. It is for this reason that local authorities need to strengthen their own-revenue generating capacity in order to proactively seek alternative funding for infrastructure developments, in particular those that can further stimulate economic growth and job creation, and ultimately improve the lives of all citizens under its jurisdiction.

In 2021/22, transfers to the Category A municipality (the City of Cape Town) will increase by 35.0 per cent to R1.924 billion from the 2020/21 Revised Estimate of R1.425 billion.

Transfers to the City of Cape Town over the 2021 MTEF include R750 million for the recruitment, training and deployment of law enforcement officers to serve in the Law Enforcement Advancement Plan. An allocation of R23.701 million over the 2021 MTEF will also be made to the City to establish and support a functional K9 unit. These allocations align well to the City of Cape Town's Safe City strategic focus area.

*Transfers to the City of Cape Town includes contributions towards Law Enforcement*

To render comprehensive personal primary health care services, the City of Cape Town will receive transfers amounting to R1.088 billion over the 2021 MTEF. The Department of Health (Vote 6) will furthermore transfer R6.664 million to the City of Cape Town in 2021/22 (R20.576 million over the MTEF) to render direct and indirect

services to address malnutrition. Additionally, to enable the health sector to develop and implement an effective response to HIV/AIDS, TB and STIs, the City of Cape Town will receive R920.558 million over the 2021 MTEF.

Through the Human Settlements Development Grant, the City of Cape Town will receive transfers of R1.468 billion over the 2021 MTEF for the creation of sustainable human settlements that enables an improved quality of household life and enable a resilient, sustainable, quality and inclusive living environment. These allocations will contribute towards giving effect to the City of Cape Town's transit-orientated development approach - to roll out new formal housing development on land located close to prominent public transport routes, economic opportunities as well as government services and public amenities.

The City of Cape Town will also receive provincial transfers from the Department of Transport and Public Works (Vote 10) over the 2021 MTEF linked to persons with special needs (R30 million), rail safety (R59 million) from the Department of Economic Development and Tourism, and the Tourism Safety Law Enforcement Unit Project (R17.480 million).

*Category B municipalities will receive transfers to the value of R1.507 billion in 2021/22*

Conversely, the allocation to Category B municipalities decreases ever so slightly by 1.1 per cent from the 2020/21 Revised Estimate of R1.525 billion to R1.507 billion in 2021/22. Included in the R3.786 billion transfers to Category B municipalities over the 2021 MTEF is the Human Settlements Development Grant, which will contribute to sustainable human settlements in Category B municipalities with allocations of R2.557 billion over the 2021 MTEF.

Provincial transfers towards the establishment of K9 dog units to improve overall safety and security will also benefit the Swartland and Overstrand municipalities, who will respectively receive R8.660 million and R7.260 million from the Department of Community Safety (Vote 4) across the MTEF.

To financially support municipalities with the maintenance and construction of proclaimed municipal main roads, Category B municipalities will receive provincial transfers of R126.024 million over the 2021 MTEF.

The Department of Cultural Affairs and Sport (Vote 13) strongly support the expansion of library services as improved access to information translates to economic, social and cultural advancement. Category B municipalities will to this extent receive R396.397 million across the 2021 MTEF to transform urban and rural library infrastructure (Community Library Services Grant). Included in

the provincial transfers to Category B municipalities is an allocation of R251.327 million over the 2021 MTEF to enhance public libraries in the most vulnerable municipalities.

Transfer allocations towards Category C municipalities increase significantly (30.0 per cent) between 2020/21 (Revised Estimate) (R19.0 million) and 2021/22 (R24.689 million), and continue to increase towards 2022/23 (R35.041 million; 41.9 per cent increase). Allocations do however remain relatively stagnant in 2023/24 (2.1 per cent increase).

*Category C municipalities will receive transfers to the value of R25.689 million in 2021/22*

Included in the transfers to Category C municipalities is the Safety Initiative Implementation - Whole of Society Approach (WoSA), which will enable a resilient, sustainable and quality living environment through the operationalisation of a Safety Plan. Allocations of R2.323 million will be made to each of the district municipalities over the 2021 MTEF.

Certain areas of the Western Cape are still susceptible to drought-related risks, most notably the arid Central Karoo District. The Department of Local Government will contribute R2.850 million towards the Central Karoo District Municipality in 2021/22 to develop municipal water infrastructure in order to augment their current water across the District. An amount of R23.462 million in drought-support transfers will remain unallocated to be applied as the need arise. It is evident that in the aftermath of the drought and the ongoing impact of COVID-19, municipalities require ongoing support to strengthen their disaster management capacity

A sizeable portion (R114.8 million; 3.2 per cent) of the transfers to local government will in 2020/21 be reserved as unallocated for municipal support initiatives by Provincial Treasury and the Department of Local Government. These allocations will be determined in the 2020 Adjusted Estimates.

Examples of these unallocated transfers in 2021/22 include the following:

- Western Cape Financial Management Support Grant: R10.880 million to provide financial assistance to municipalities to improve overall financial governance within municipalities.
- Western Cape Financial Management Capacity Building Grant: R7.5 million to develop the municipal financial capacity strategies to enable the attraction, development and retention of financial human capacity. All municipalities will benefit from the grant.

## **Conclusion**

Communities across the Western Cape face a magnitude of social and economic challenges and competing priorities, which cannot all be addressed through government intervention. It is for this reason that the WCG ascribes to an evidenced-based approach towards planning and budgeting to ensure the fair, equitable and sustainable distribution of financial resources, which remain limited given the current constrained economic and fiscal environment.

The purpose of this Chapter was not to merely depict the manner in which the provincial budget is spent amongst the various districts based on geographical and population sizes. Rather, the information provided bears testimony to a well-considered process, whereby the WCG, through its ongoing commitment towards integrated and evidence-based planning and budgeting, direct funding to communities in dire need of social redress (access to basic services and poverty alleviation), as well as areas favourable with development potential through infrastructure spend as a catalyst for growth.

# Annexures

Annexure A: Additional tables





## Annexure A

## Additional tables

Table A.1 Conditional grants: Information relating to Chapter 4

Vote and grant R'000	2017/18			2018/19			2019/20			2020/21			Medium-term estimate			
	Main appropriation	Adjusted appropriation	Audited outcome	Main appropriation	Adjusted appropriation	Audited outcome	Main appropriation	Adjusted appropriation	Audited outcome	Main appropriation	Adjusted appropriation	Revised estimate	2021/22	2022/23	2023/24	
<b>Vote 4: Community Safety</b>	3 328	3 328	3 328	7 957	7 957	7 957	3 920	3 920	3 920	4 961	4 961	4 961	<b>3 863</b>			
Social Sector EPWP Incentive Grant for Provinces	3 328	3 328	3 328	7 957	7 957	7 957	3 920	3 920	3 920	4 961	4 961	4 961	<b>3 863</b>			
<b>Vote 5: Education</b>	1 503 461	1 558 992	1 556 193	1 489 816	1 517 457	1 488 697	1 596 533	1 625 293	1 596 401	1 610 176	1 454 407	1 454 407	<b>1 695 465</b>	1 662 876	1 735 202	
Education Infrastructure Grant	1 093 580	1 149 111	1 149 111	1 021 076	1 046 905	1 021 731	1 109 331	1 134 505	1 127 600	1 091 162	931 721	931 721	<b>1 158 098</b>	1 129 934	1 180 389	
Maths, Science and Technology Grant	30 217	30 217	30 217	32 583	32 583	29 682	34 416	37 317	28 015	35 479	37 786	37 786	<b>36 347</b>	37 184	38 135	
Dinaledi Schools Grant																
Technical Secondary Schools HIV and AIDS (Life Skills Education) Grant	20 028	20 028	17 710	20 704	22 043	22 043	21 800	21 800	21 800	19 878	15 076	15 076	<b>20 368</b>	17 719	18 071	
Learners with Profound Intellectual Disabilities Grant	11 874	11 874	11 401	25 733	26 206	25 521	26 198	26 883	23 952	28 499	31 319	31 319	<b>28 553</b>	29 216	31 069	
National School Nutrition Programme Grant	337 370	337 370	337 363	357 097	357 097	357 097	385 202	385 202	375 515	412 548	415 895	415 895	<b>434 387</b>	448 823	467 538	
Social Sector EPWP Incentive Grant for Provinces	8 243	8 243	8 242	30 402	30 402	30 402	17 101	17 101	17 034	20 016	20 016	20 016	<b>15 527</b>			
Expanded Public Works Occupational Specific	2 149	2 149	2 149	2 221	2 221	2 221	2 485	2 485	2 485	2 594	2 594	2 594	<b>2 185</b>			
<b>Vote 6: Health</b>	5 485 476	5 485 476	5 447 079	5 857 987	5 896 384	5 896 230	6 497 650	6 538 034	6 549 845	6 907 928	7 481 342	7 481 342	<b>6 971 459</b>	7 051 748	7 039 864	
National Tertiary Services Grant	2 876 410	2 876 410	2 876 410	3 049 284	3 049 284	3 049 130	3 221 651	3 221 651	3 221 651	3 426 618	3 396 608	3 396 608	<b>3 272 981</b>	3 318 681	3 332 007	
Health Facility Revitalisation	605 786	605 786	567 389	678 829	717 226	717 226	812 626	812 626	812 626	698 793	698 793	698 793	<b>724 865</b>	742 492	819 190	
Human Resources and Training Grant	542 700	542 700	542 700	574 177	574 177	574 177	741 618	767 785	779 596	881 370	869 856	869 856	<b>795 929</b>	818 062	805 331	
of which:																
Statutory Human Resources Component							135 284	161 451	173 262	245 023	245 023	245 023	<b>266 199</b>	275 583	287 216	
Training and Development Component	542 700	542 700	542 700	574 177	574 177	574 177	606 334	606 334	606 334	636 347	624 833	624 833	<b>529 730</b>	542 479	518 115	
National Health Insurance Grant								19 510	19 510	19 480	19 480	19 480	<b>17 779</b>	17 933	17 939	
Comprehensive HIV, AIDS and TB Grant	1 454 773	1 454 773	1 454 773	1 531 535	1 531 535	1 531 535	1 685 517	1 685 517	1 685 517	1 867 472	2 429 118	2 429 118	<b>2 147 742</b>	2 154 580	2 065 397	
of which:																
Community Outreach Services Component				96 769	96 769	96 769	112 766	126 392	126 392	179 583	178 106	178 106	<b>186 830</b>	194 913	195 662	
Presidential Employment Comprehensive HIV, AIDS Component							1 509 757	1 485 031	1 485 031	1 599 596	29 148	29 148	<b>1 701 235</b>	1 759 314	1 763 115	
Tuberculosis Component							62 994	74 094	74 094	66 458	65 911	65 911	<b>65 696</b>	68 086	68 266	
Human Papillomavirus Vaccine Component				19 599	19 599	19 599	20 697	15 404	15 404	21 835	21 835	21 835	<b>21 584</b>	22 044	22 102	
COVID-19 component											584 084	584 084	<b>156 690</b>	94 014		
Mental Health Services													<b>15 707</b>	16 209	16 252	
Social Sector EPWP Incentive Grant for Provinces	3 334	3 334	3 334	2 447	2 447	2 447	13 495	13 495	13 495	12 195	12 195	12 195	<b>10 122</b>			
Expanded Public Works Programme Integrated Grant for Provinces	2 473	2 473	2 473	2 116	2 116	2 116	2 046	2 046	2 046	2 000	2 000	2 000	<b>2 041</b>			
Provincial Disaster Relief Grant											53 292	53 292				
<b>Vote 7: Social Development</b>	47 069	47 069	44 437	53 345	53 345	51 709	40 479	40 479	40 476	87 152	140 219	140 219	<b>107 556</b>	101 631	105 943	
Early Childhood Development	19 150	19 150	18 770	38 893	38 893	38 312	40 479	40 479	40 476	87 152	140 219	140 219	<b>102 273</b>	101 631	105 943	
of which:																
Subsidy Component	18 578	18 578	18 198	30 925	30 925	30 925	32 655	32 655		78 802	131 869	131 869	<b>89 523</b>	99 789	104 023	
Maintenance Component	572	572	572	7 968	7 968	7 968	7 824	7 824		8 350	8 350	8 350	<b>12 750</b>	1 842	1 920	
Social Worker Employment Grant	11 981	11 981	9 729	12 967	12 967	11 912										
Social Sector EPWP Incentive Grant for Provinces	15 938	15 938	15 938	1 485	1 485	1 485							<b>5 283</b>			
<b>Vote 8: Human Settlements</b>	2 230 132	2 330 132	2 330 132	2 072 151	2 156 051	2 072 278	2 141 006	2 326 694	2 326 616	1 978 034	1 928 894	1 928 894	<b>2 035 376</b>	2 113 056	2 207 509	
Human Settlements Development Grant	2 226 758	2 326 758	2 326 758	2 018 776	2 018 903	2 018 903	2 073 610	2 172 110	2 172 110	1 907 551	1 855 286	1 855 286	<b>1 575 285</b>	1 628 418	1 701 511	
of which:																
Informal Settlements Upgrading Partnership Component																
Expanded Public Works Programme Integrated Grant for Title Deeds Restoration Grant	3 374	3 374	3 374	3 014	3 014	3 014	2 986	2 986	2 986	2 531	2 531	2 531	<b>2 662</b>			
Provincial Emergency Housing Grant				50 361	50 361	50 361	64 410	64 410	64 410	67 952	200	200				
Informal Settlements Upgrading Partnership Grant for Provinces					83 773			87 188	87 110		70 877	70 877		<b>457 429</b>	484 638	505 998

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

Vote and grant R'000	2017/18			2018/19			2019/20			2020/21			Medium-term estimate		
	Main appropriation	Adjusted appropriation	Audited outcome	Main appropriation	Adjusted appropriation	Audited outcome	Main appropriation	Adjusted appropriation	Audited outcome	Main appropriation	Adjusted appropriation	Revised estimate	2021/22	2022/23	2023/24
<b>Vote 9: Environmental Affairs and Development Planning</b>	4 385	4 385	4 385	3 991	3 991	3 991	3 717	3 717	3 717	3 678	3 678	3 678	<b>3 704</b>		
Expanded Public Works Programme Integrated Grant for Provinces	4 385	4 385	4 385	3 991	3 991	3 991	3 717	3 717	3 717	3 678	3 678	3 678	<b>3 704</b>		
<b>Vote 10: Transport and Public Works</b>	1 879 462	1 879 462	1 879 462	1 972 824	1 972 824	1 972 824	2 058 702	2 058 702	2 058 702	2 150 948	2 050 610	2 050 610	<b>2 245 545</b>	2 120 283	2 219 614
Provincial Roads Maintenance Grant	940 089	940 089	940 089	1 007 414	1 007 414	1 007 414	1 040 051	1 040 051	1 040 051	1 067 344	967 006	967 006	<b>1 099 046</b>	992 470	1 042 094
Expanded Public Works Programme Integrated Grant for Public Transport Operations Grant	16 452	16 452	16 452	12 586	12 586	12 586	12 469	12 469	12 469	10 008	10 008	10 008	<b>13 855</b>		
	922 921	922 921	922 921	952 824	952 824	952 824	1 006 182	1 006 182	1 006 182	1 073 596	1 073 596	1 073 596	<b>1 132 644</b>	1 127 813	1 177 520
<b>Vote 11: Agriculture</b>	197 988	237 988	236 363	207 543	458 748	457 326	216 373	208 494	206 294	169 138	164 021	164 021	<b>182 152</b>	184 222	187 311
Land Care Programme Grant: Poverty Relief and Infrastructure Development	4 380	4 380	4 380	4 778	46 678	46 678	5 255	5 255	5 096	5 045	4 985	4 985	<b>5 451</b>	5 532	5 680
Disaster relief grant											25 000	25 000			
Comprehensive Agricultural Support Programme (CASAP) Grant	136 197	136 197	134 572	144 949	316 254	314 832	150 261	151 683	151 683	111 555	89 301	89 301	<b>116 753</b>	119 697	121 652
Disaster Management Grant: Agriculture		40 000	40 000		38 000	38 000									
Ilima/Letsema Projects Grant	55 349	55 349	55 349	55 662	55 662	55 662	58 779	49 478	47 437	50 464	42 661	42 661	<b>57 721</b>	58 993	59 979
Expanded Public Works Programme Integrated Grant for Provinces	2 062	2 062	2 062	2 154	2 154	2 154	2 078	2 078	2 078	2 074	2 074	2 074	<b>2 227</b>		
<b>Vote 13: Cultural Affairs and Sport</b>	228 704	228 704	228 700	238 077	238 077	238 065	250 204	250 204	250 204	278 493	220 656	220 656	<b>285 077</b>	277 864	277 605
Mass Participation and Sport Development Grant	52 707	52 707	52 702	52 843	52 843	52 828	56 064	56 064	56 063	83 491	60 354	60 354	<b>88 884</b>	87 762	84 274
Community Library Services	171 264	171 264	171 264	176 624	176 624	176 624	186 763	186 763	186 763	186 126	151 426	151 426	<b>188 862</b>	190 102	193 331
Expanded Public Works Programme Integrated Grant for Provinces	3 237	3 237	3 238	3 054	3 054	3 057	2 909	2 909	2 909	3 098	3 098	3 098	<b>3 099</b>		
Social Sector EPWP Incentive Grant for Provinces	1 496	1 496	1 496	5 556	5 556	5 556	4 468	4 468	4 469	5 778	5 778	5 778	<b>4 232</b>		
<b>Total Conditional grants</b>	<b>11 580 005</b>	<b>11 775 536</b>	<b>11 730 079</b>	<b>11 903 691</b>	<b>12 304 834</b>	<b>12 189 077</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>13 448 788</b>	<b>13 530 197</b>	<b>13 511 680</b>	<b>13 773 048</b>

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

Receipts R'000	Outcome			Main appro- piation 2020/21	Adjusted appro- piation 2020/21	Revised estimate 2020/21	Medium-term estimate			
	Audited 2017/18	Audited 2018/19	Audited 2019/20				Change from Revised estimate 2020/21	2021/22	2022/23	2023/24
<b>Tax receipts</b>	1 572 067	1 684 941	1 804 408	1 867 454	1 787 454	1 787 454	<b>1 861 437</b>	4.14	1 861 914	1 951 144
Casino taxes										
Horse racing taxes										
Other taxes (Liquor licence fees)										
Motor vehicle licences	1 572 067	1 684 941	1 804 408	1 867 454	1 787 454	1 787 454	<b>1 861 437</b>	4.14	1 861 914	1 951 144
<b>Sales of goods and services other than capital</b>	643 527	685 835	754 222	618 219	498 219	498 257	<b>510 902</b>	2.54	519 878	522 503
Sales of goods and services produced by department (excluding capital assets)	641 934	682 714	752 348	617 319	497 496	497 533	<b>510 093</b>	2.52	519 049	521 655
Sales by market establishments	94 054	87 745	89 848	83 605	84 556	84 578	<b>89 511</b>	5.83	93 605	93 706
Administrative fees	45 660	45 402	67 944	34 200	31 898	31 897	<b>34 019</b>	6.65	36 388	36 488
Agricultural activities										
Inspection fees	1 146	1 143	1 177	1 464	219	219	<b>219</b>		219	219
Licences or permits	37 369	32 971	58 615	27 752	27 752	27 752	<b>29 253</b>	5.41	31 629	31 729
Registration	1 542	4 583	44	33	33	33	<b>34</b>	3.03	27	27
Request for information	5 564	6 705	8 108	4 951	3 894	3 893	<b>4 513</b>	15.93	4 513	4 513
Other	39									
Other sales	502 220	549 567	594 556	499 514	381 042	381 058	<b>386 563</b>	1.44	389 056	391 461
<i>of which</i>										
Academic services: Registration, tuition & examination fees	9 965	3 034	10 851	10 693	9 093	9 093	<b>10 755</b>	18.28	11 236	11 390
Boarding services	17 617	12 993	16 848	15 762	13 124	13 124	<b>14 342</b>	9.28	14 600	14 600
Commission on insurance	15 835	16 644	17 514	16 603	18 077	18 101	<b>18 620</b>	2.87	19 182	19 713
External examinations										
Health services										
Hospital fees	410 851	452 026	494 856	414 369	294 351	294 351	<b>294 351</b>		294 351	294 351
Laboratory services	2 119	8	2 217	1 856	1 856	1 856	<b>1 958</b>	5.49	2 046	2 430
Lost library books										
Miscellaneous capital receipts										
Parking		13	9							
Rental of buildings, equipment and other services	216	64	248	50	50	50	<b>53</b>	5.50	55	55
Sales of goods	14 486		12 369	12 900	12 900	12 900	<b>13 610</b>	5.50	14 263	15 059
Sales of agricultural products										
Sport gatherings										
Subsidised motor transport		260	83	523	523	523	<b>552</b>	5.54	552	552
Tender documentation	37	132	39	42	42	42	<b>44</b>	4.76	46	46
Trading account										
Tuition fees	240	285	293	206	361	361	<b>361</b>		361	361
Vehicle repair service	16 145	11 027	19 812	14 030	12 406	12 406	<b>14 090</b>	13.57	14 453	14 940
Services rendered	284	178	231	144	119	119	<b>121</b>	1.68	124	127
Photocopies and Replacement:										
Security cards										
Other	1 891	39 171	4 935	1 359	1 359	1 351	<b>1 412</b>	4.48	1 483	1 524
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	1 593	3 121	1 874	900	723	724	<b>809</b>	11.74	829	848

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

Receipts R'000	Outcome			Main appro- piation 2020/21	Adjusted appro- piation 2020/21	Revised estimate 2020/21	Medium-term estimate			
	Audited 2017/18	Audited 2018/19	Audited 2019/20				% Change from Revised estimate		2021/22	2022/23
<b>Transfers received from</b>	87 988	112 269	95 668	36 821	37 875	37 874	<b>36 071</b>	(4.76)	36 071	36 071
Other governmental units	532	7 174	1 000	750	750	750		(100.00)		
Higher education institutions	32 468	34 229	35 631	36 070	36 102	36 102	<b>36 070</b>	(0.09)	36 070	36 070
Foreign governments										
International organisations	51 938	70 816	55 136							
Public corporations and private enterprises	3 000		3 901							
Households and non-profit institutions	50	50		1	1 023	1 022	<b>1</b>	(99.90)	1	1
<b>Fines, penalties and forfeits</b>	6 000	7 025	8 039	4 111	3 611	3 611	<b>3 782</b>	4.74	3 594	3 679
<b>Interest, dividends and rent on land</b>	52 736	14 266	14 495	4 049	3 797	5 365	<b>4 199</b>	(21.73)	4 322	4 403
Interest	52 665	14 266	14 477	3 777	3 525	5 093	<b>3 912</b>	(23.19)	4 021	4 102
Dividends	6		18							
Rent on land	65			272	272	272	<b>287</b>	5.51	301	301
<b>Sales of capital assets</b>	846	6 905	659			8		(100.00)		
Land and subsoil assets	475		29							
Other capital assets	371	6 905	630			8		(100.00)		
<b>Financial transactions in assets and liabilities</b>	131 616	355 907	219 961	89 722	91 851	155 809	<b>95 068</b>	(38.98)	97 695	101 374
Arrear wages income										
Loan repayments	17 106	91 142	12 014	21 489	21 489	21 489	<b>22 671</b>	5.50	23 759	23 759
Recovery of previous year's expenditure	77 822	233 515	186 853	56 921	61 015	113 073	<b>63 586</b>	(43.77)	65 903	69 356
Staff debt	15 894	12 338	8 125	7 511	6 213	6 213	<b>5 487</b>	(11.69)	5 046	5 228
Stale cheques										
Unallocated credits	8 079	3 407	2 617	2 281	1 745	1 750	<b>1 976</b>	12.91	2 003	2 029
Cash surpluses	6 260	25	8	1	1	11 853	<b>1</b>	(99.99)	1	1
Other	6 455	15 480	10 344	1 519	1 388	1 431	<b>1 347</b>	(5.87)	983	1 001
<b>Total departmental receipts</b>	<b>2 494 780</b>	<b>2 867 148</b>	<b>2 897 452</b>	<b>2 620 376</b>	<b>2 422 807</b>	<b>2 488 378</b>	<b>2 511 459</b>	0.93	2 523 474	2 619 174

**Table A.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 4**

Economic classification R'000	Outcome			Medium-term estimate						
	Audited 2017/18	Audited 2018/19	Audited 2019/20	Main appropriation 2020/21	Adjusted appropriation 2020/21	Revised estimate 2020/21	% Change from Revised estimate			
							2021/22	2020/21	2022/23	2023/24
<b>Current payments</b>	44 539 832	47 427 858	50 977 895	55 111 687	54 240 827	54 134 811	<b>55 422 905</b>	2.38	55 145 741	55 290 354
Compensation of employees	31 507 071	33 826 231	36 492 827	39 548 329	37 396 516	37 383 328	<b>38 316 966</b>	2.50	38 709 575	38 848 627
Salaries and wages	27 630 722	29 694 613	32 052 628	34 667 936	32 585 111	32 562 592	<b>33 525 698</b>	2.96	33 781 894	33 856 470
Social contributions	3 876 349	4 131 618	4 440 199	4 880 393	4 811 405	4 820 736	<b>4 791 268</b>	(0.61)	4 927 681	4 992 157
Goods and services	13 032 742	13 601 443	14 484 981	15 563 223	16 844 168	16 751 340	<b>17 105 804</b>	2.12	16 436 053	16 441 593
<i>Of which</i>										
Administrative fees	340 704	363 694	399 807	380 792	378 584	378 387	<b>380 033</b>	0.44	379 539	360 683
Advertising	97 552	97 993	91 508	107 784	110 880	111 247	<b>109 850</b>	(1.26)	102 724	102 099
Minor Assets	84 008	79 213	93 489	116 975	131 483	131 549	<b>97 512</b>	(25.87)	106 051	121 071
Audit cost: External	90 293	87 945	89 879	100 992	96 880	98 455	<b>100 861</b>	2.44	102 881	103 851
Bursaries: Employees	19 197	20 912	25 670	27 745	25 500	25 490	<b>26 084</b>	2.33	27 051	27 288
Catering: Departmental activities	38 238	42 727	44 584	47 114	33 548	31 432	<b>32 017</b>	1.86	31 855	32 898
Communication (G&S)	104 139	98 363	91 222	110 470	104 323	104 492	<b>109 136</b>	4.44	113 915	114 306
Computer services	809 717	927 379	1 068 317	1 071 179	1 126 820	1 123 146	<b>1 222 932</b>	8.88	1 252 315	1 314 867
Consultants and professional services: Business and advisory services	623 549	657 888	720 351	969 948	921 096	900 603	<b>919 390</b>	2.09	817 695	770 774
Infrastructure and planning	168 627	196 205	269 466	129 476	106 371	156 827	<b>111 202</b>	(29.09)	117 132	102 838
Laboratory services	658 037	705 889	768 894	774 267	958 941	958 941	<b>1 049 078</b>	9.40	836 014	825 997
Scientific and technological services										
Legal costs	41 376	67 723	62 051	68 120	66 345	67 488	<b>69 917</b>	3.60	71 367	69 279
Contractors	1 038 636	1 038 853	1 051 320	1 190 854	1 233 039	1 233 256	<b>1 258 017</b>	2.01	1 312 746	1 329 849
Agency and support/outourced services	993 262	1 060 682	1 084 850	1 081 380	1 058 214	1 067 828	<b>1 105 424</b>	3.52	1 068 063	1 083 280
Entertainment	660	806	648	1 434	734	716	<b>1 102</b>	53.91	1 110	1 124
Fleet services (including government motor transport)	314 093	327 167	341 716	375 899	349 042	349 858	<b>368 325</b>	5.28	388 015	388 164
Housing										
Inventory: Clothing material and accessories	1 503	1 226	3 385	4 247	2 222	2 087	<b>3 181</b>	52.42	2 573	2 610
Inventory: Farming supplies										
Inventory: Food and food supplies	51 981	55 881	56 237	61 112	61 862	61 862	<b>66 535</b>	7.55	71 568	70 506
Inventory: Learner and teacher support material	191 313	142 117	163 863	193 334	171 546	176 204	<b>177 104</b>	0.51	184 652	192 737
Inventory: Materials and supplies	15 068	11 664	11 726	12 678	7 628	7 674	<b>14 141</b>	84.27	13 096	9 614
Inventory: Medical supplies	1 465 841	1 526 635	1 670 081	1 721 355	2 108 869	2 108 869	<b>2 028 849</b>	(3.79)	1 929 942	1 896 918
Inventory: Medicine	1 459 321	1 471 997	1 587 469	1 669 652	1 695 649	1 695 649	<b>1 908 383</b>	12.55	1 964 465	1 945 156
Medsas inventory interface										
Inventory: Other supplies	477 692	425 326	369 570	290 896	329 449	315 596	<b>305 229</b>	(3.28)	317 837	330 542
Consumable supplies	514 688	520 852	551 211	607 807	1 287 704	1 275 821	<b>696 645</b>	(45.40)	671 546	668 752
Consumable: Stationery, printing and office supplies	140 801	147 082	153 181	163 732	159 242	161 674	<b>163 954</b>	1.41	170 011	170 979
Operating leases	267 363	280 215	315 278	331 055	466 199	471 156	<b>394 410</b>	(16.29)	362 183	367 576
Property payments	2 299 865	2 425 375	2 554 839	3 052 420	2 951 800	2 848 077	<b>3 154 311</b>	10.75	3 111 673	3 114 136
Transport provided: Departmental activity	276 013	317 499	332 772	353 925	284 243	280 546	<b>515 788</b>	83.85	380 093	396 525
Travel and subsistence	189 594	205 829	213 772	242 188	198 401	191 345	<b>214 067</b>	11.87	215 013	218 585
Training and development	112 543	135 349	139 727	142 446	113 499	111 715	<b>127 554</b>	14.18	133 763	132 664
Operating payments	106 850	110 528	106 858	111 748	112 534	112 759	<b>125 221</b>	11.05	129 375	126 329
Venues and facilities	16 754	23 213	21 847	20 959	157 281	156 547	<b>216 928</b>	38.57	16 552	16 723
Rental and hiring	23 464	27 216	29 393	29 240	34 240	34 044	<b>32 624</b>	(4.17)	33 238	32 873
Interest and rent on land	19	184	87	135	143	143	<b>135</b>	(5.59)	113	134
Interest (Incl. interest on finance leases)	19	30			8	8		(100.00)		
Rent on land		154	87	135	135	135	<b>135</b>		113	134

**Table A.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 4 (continued)**

Economic classification R'000	Outcome			Main appro- piation 2020/21	Adjusted appro- piation 2020/21	Revised estimate 2020/21	Medium-term estimate			
	Audited 2017/18	Audited 2018/19	Audited 2019/20				% Change from Revised estimate 2020/21	2021/22	2022/23	2023/24
<b>Transfers and subsidies to (Current)</b>	7 293 270	8 010 892	8 620 581	9 300 032	10 359 444	10 385 141	<b>9 673 330</b>	(6.85)	10 316 657	9 826 013
Provinces and municipalities	1 595 316	1 633 273	2 001 354	2 286 621	2 270 992	2 277 494	<b>2 318 582</b>	1.80	2 312 664	1 926 937
Provinces	3 998	5 295	4 700	4 383	4 384	4 384	<b>5 521</b>	25.94	5 741	5 971
Provincial Revenue Funds										
Provincial agencies and funds	3 998	5 295	4 700	4 383	4 384	4 384	<b>5 521</b>	25.94	5 741	5 971
Municipalities	1 591 318	1 627 978	1 996 654	2 282 238	2 266 608	2 273 110	<b>2 313 061</b>	1.76	2 306 923	1 920 966
Municipal bank accounts	1 582 973	1 606 416	1 844 277	1 828 225	1 820 052	1 826 553	<b>1 895 214</b>	3.76	1 876 273	1 889 706
Municipal agencies and funds	8 345	21 562	152 377	454 013	446 556	446 557	<b>417 847</b>	(6.43)	430 650	31 260
Departmental agencies and accounts	447 849	497 297	625 513	583 223	559 916	559 925	<b>554 794</b>	(0.92)	552 586	539 157
Social security funds	329	282	432	299	411	411	<b>200</b>	(51.34)	200	200
Departmental agencies (non-business entities)	447 520	497 015	625 081	582 924	559 505	559 514	<b>554 594</b>	(0.88)	552 386	538 957
Western Cape Gambling and Racing Board	19 707	26 864	37 663	27 744	27 744	27 744	<b>30 372</b>	9.47	31 902	33 372
Environmental Commissioner										
Western Cape Nature Conservation Board	246 224	252 859	266 916	266 651	261 551	261 551	<b>249 180</b>	(4.73)	246 145	262 220
Destination Marketing Organisation										
Western Cape Trade and Investment Promotion Agency	77 962	95 350	132 752	180 206	153 724	153 724	<b>167 398</b>	8.90	162 195	170 668
Western Cape Cultural Commission	1 183	1 506	524	561	2 149	2 149	<b>600</b>	(72.08)	624	624
Western Cape Liquor Board	38 370	42 706	42 108	42 277	42 277	42 277	<b>44 144</b>	4.42	45 688	47 698
Western Cape Language Committee	221	247	258	279	240	240	<b>279</b>	16.25	290	290
Artscape	173	175	175	183	200	200	<b>196</b>	(2.00)	204	204
Western Cape Heritage	1 611	2 236	1 844	1 002	550	550	<b>550</b>		572	572
Sector Education and Training	12 396	15 103	16 053	16 809	16 808	16 809	<b>17 456</b>	3.85	18 255	18 641
Government Motor Trading Account										
Saldanha Bay IDZ Licencing Company SOC Limited	48 155	55 632	74 187	42 566	42 566	42 566	<b>40 054</b>	(5.90)	41 977	
Other	1 518	4 337	52 601	4 646	11 696	11 704	<b>4 365</b>	(62.71)	4 534	4 668
Higher education institutions	950	2 300	500	1 600	1 730	1 730		(100.00)		
Foreign governments and international organisations	312	395		295	295	295	<b>312</b>	5.76	330	346
Public corporations and private enterprises	1 185 642	1 436 303	1 222 970	1 218 675	1 306 430	1 307 430	<b>1 277 715</b>	(2.27)	1 279 379	1 334 244
Public corporations	259 066	475 470	206 979	127 777	180 014	181 014	<b>138 571</b>	(23.45)	143 293	150 224
Subsidies on products and production (pc)	77 574	26 951								
Other transfers to public corporations	181 492	448 519	206 979	127 777	180 014	181 014	<b>138 571</b>	(23.45)	143 293	150 224
Private enterprises	926 576	960 833	1 015 991	1 090 898	1 126 416	1 126 416	<b>1 139 144</b>	1.13	1 136 086	1 184 020
Subsidies on products and production (pe)										
Other transfers to private enterprises	926 576	960 833	1 015 991	1 090 898	1 126 416	1 126 416	<b>1 139 144</b>	1.13	1 136 086	1 184 020
Non-profit institutions	3 686 082	4 102 659	4 386 949	4 742 652	5 720 160	5 734 197	<b>5 039 783</b>	(12.11)	5 428 213	5 469 824
Households	377 119	338 665	383 295	466 966	499 921	504 070	<b>482 144</b>	(4.35)	743 485	555 505
Social benefits	157 537	153 577	206 894	188 467	203 899	195 273	<b>196 611</b>	0.69	202 941	207 189
Other transfers to households	219 582	185 088	176 401	278 499	296 022	308 797	<b>285 533</b>	(7.53)	540 544	348 316

**Table A.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 4 (continued)**

Economic classification R'000	Outcome			Main appro- piation 2020/21	Adjusted appro- piation 2020/21	Revised estimate 2020/21	Medium-term estimate % Change from Revised estimate			
	Audited 2017/18	Audited 2018/19	Audited 2019/20				2021/22	2020/21	2022/23	2023/24
<b>Transfers and subsidies to (Capital)</b>	2 616 128	2 198 406	2 461 571	2 263 893	2 170 158	2 240 891	<b>2 153 265</b>	(3.91)	2 207 074	2 290 755
Provinces and municipalities	161 227	109 619	91 624	126 647	136 308	136 308	<b>77 012</b>	(43.50)	38 541	47 944
Provinces										
Provincial Revenue Funds										
Provincial agencies and funds										
Municipalities	161 227	109 619	91 624	126 647	136 308	136 308	<b>77 012</b>	(43.50)	38 541	47 944
Municipal bank accounts	161 227	109 619	91 624	126 647	136 308	136 308	<b>77 012</b>	(43.50)	38 541	47 944
Municipal agencies and funds										
Departmental agencies and accounts	27 826	37 672	47 558	35 536	35 536	35 536	<b>39 577</b>	11.37	41 477	43 302
Social security funds										
Departmental agencies (non-business entities)	27 826	37 672	47 558	35 536	35 536	35 536	<b>39 577</b>	11.37	41 477	43 302
Western Cape Gambling and Racing Board										
Environmental Commissioner										
Western Cape Nature Conservation Board	27 826	37 672	47 558	35 536	35 536	35 536	<b>39 577</b>	11.37	41 477	43 302
Destination Marketing Organisation										
Western Cape Trade and Investment Promotion Agency										
Western Cape Cultural Commission										
Western Cape Liquor Board										
Western Cape Language Committee										
Artscape										
Western Cape Heritage										
Sector Education and Training										
Government Motor Trading Account										
Saldanha Bay IDZ Licencing Company SOC Limited										
Other										
Higher education institutions	10 000	10 209	10 000	10 000	10 000	10 000		(100.00)		
Foreign governments and international organisations										
Public corporations and private enterprises										
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	135 221	63 274	66 992	100 000	22 000	25 150	<b>90 000</b>	257.85	80 000	60 000
Households	2 281 854	1 977 632	2 245 397	1 991 710	1 966 314	2 033 897	<b>1 946 676</b>	(4.29)	2 047 056	2 139 509
Social benefits										
Other transfers to households	2 281 854	1 977 632	2 245 397	1 991 710	1 966 314	2 033 897	<b>1 946 676</b>	(4.29)	2 047 056	2 139 509



**Table A.3 Details of provincial payments and estimates by economic classification: Information relating to Chapter 4 (continued)**

Economic classification R'000	Outcome			Main appropriation 2020/21	Adjusted appropriation 2020/21	Revised estimate 2020/21	Medium-term estimate			
	Audited 2017/18	Audited 2018/19	Audited 2019/20				% Change from Revised estimate 2020/21	2021/22	2022/23	2023/24
<b>Transfers and subsidies to (Total)</b>	9 909 398	10 209 298	11 082 152	11 563 925	12 529 602	12 626 032	<b>11 826 595</b>	(6.33)	12 523 731	12 116 768
Provinces and municipalities	1 756 543	1 742 892	2 092 978	2 413 268	2 407 300	2 413 802	<b>2 395 594</b>	(0.75)	2 351 205	1 974 881
Provinces	3 998	5 295	4 700	4 383	4 384	4 384	<b>5 521</b>	25.94	5 741	5 971
Provincial Revenue Funds										
Provincial agencies and funds	3 998	5 295	4 700	4 383	4 384	4 384	<b>5 521</b>	25.94	5 741	5 971
Municipalities	1 752 545	1 737 597	2 088 278	2 408 885	2 402 916	2 409 418	<b>2 390 073</b>	(0.80)	2 345 464	1 968 910
Municipal bank accounts	1 744 200	1 716 035	1 935 901	1 954 872	1 956 360	1 962 861	<b>1 972 226</b>	0.48	1 914 814	1 937 650
Municipal agencies and funds	8 345	21 562	152 377	454 013	446 556	446 557	<b>417 847</b>	(6.43)	430 650	31 260
Departmental agencies and accounts	475 675	534 969	673 071	618 759	595 452	595 461	<b>594 371</b>	(0.18)	594 063	582 459
Social security funds	329	282	432	299	411	411	<b>200</b>	(51.34)	200	200
Departmental agencies (non-business entities)	475 346	534 687	672 639	618 460	595 041	595 050	<b>594 171</b>	(0.15)	593 863	582 259
Western Cape Gambling and Racing Board	19 707	26 864	37 663	27 744	27 744	27 744	<b>30 372</b>	9.47	31 902	33 372
Environmental Commissioner										
Western Cape Nature Conservation Board	274 050	290 531	314 474	302 187	297 087	297 087	<b>288 757</b>	(2.80)	287 622	305 522
Destination Marketing Organisation										
Western Cape Trade and Investment Promotion Agency	77 962	95 350	132 752	180 206	153 724	153 724	<b>167 398</b>	8.90	162 195	170 668
Western Cape Cultural Commission	1 183	1 506	524	561	2 149	2 149	<b>600</b>	(72.08)	624	624
Western Cape Liquor Board	38 370	42 706	42 108	42 277	42 277	42 277	<b>44 144</b>	4.42	45 688	47 698
Western Cape Language Committee	221	247	258	279	240	240	<b>279</b>	16.25	290	290
Artscape	173	175	175	183	200	200	<b>196</b>	(2.00)	204	204
Western Cape Heritage	1 611	2 236	1 844	1 002	550	550	<b>550</b>		572	572
Sector Education and Training	12 396	15 103	16 053	16 809	16 808	16 809	<b>17 456</b>	3.85	18 255	18 641
Government Motor Trading Account										
Saldanha Bay IDZ Licencing Company SOC Limited	48 155	55 632	74 187	42 566	42 566	42 566	<b>40 054</b>	(5.90)	41 977	
Other	1 518	4 337	52 601	4 646	11 696	11 704	<b>4 365</b>	(62.71)	4 534	4 668
Higher education institutions	10 950	12 509	10 500	11 600	11 730	11 730		(100.00)		
Foreign governments and international organisations	312	395		295	295	295	<b>312</b>	5.76	330	346
Public corporations and private enterprises	1 185 642	1 436 303	1 222 970	1 218 675	1 306 430	1 307 430	<b>1 277 715</b>	(2.27)	1 279 379	1 334 244
Public corporations	259 066	475 470	206 979	127 777	180 014	181 014	<b>138 571</b>	(23.45)	143 293	150 224
Subsidies on products and production (pc)	77 574	26 951								
Other transfers to public corporations	181 492	448 519	206 979	127 777	180 014	181 014	<b>138 571</b>	(23.45)	143 293	150 224
Private enterprises	926 576	960 833	1 015 991	1 090 898	1 126 416	1 126 416	<b>1 139 144</b>	1.13	1 136 086	1 184 020
Subsidies on products and production (pe)										
Other transfers to private enterprises	926 576	960 833	1 015 991	1 090 898	1 126 416	1 126 416	<b>1 139 144</b>	1.13	1 136 086	1 184 020
Non-profit institutions	3 821 303	4 165 933	4 453 941	4 842 652	5 742 160	5 759 347	<b>5 129 783</b>	(10.93)	5 508 213	5 529 824
Households	2 658 973	2 316 297	2 628 692	2 458 676	2 466 235	2 537 967	<b>2 428 820</b>	(4.30)	2 790 541	2 695 014
Social benefits	157 537	153 577	206 894	188 467	203 899	195 273	<b>196 611</b>	0.69	202 941	207 189
Other transfers to households	2 501 436	2 162 720	2 421 798	2 270 209	2 262 336	2 342 694	<b>2 232 209</b>	(4.72)	2 587 600	2 487 825
<b>Payments for capital assets</b>	4 807 101	5 276 603	5 459 749	4 936 646	4 617 531	4 623 487	<b>5 093 714</b>	10.17	4 957 842	5 309 266
Buildings and other fixed structures	3 928 545	4 192 182	4 343 608	4 009 871	3 476 055	3 475 937	<b>4 051 674</b>	16.56	4 043 161	4 383 538
Buildings	1 187 467	1 190 842	1 255 367	1 063 950	915 326	917 499	<b>1 016 232</b>	10.76	1 298 384	1 600 488
Other fixed structures	2 741 078	3 001 340	3 088 241	2 945 921	2 560 729	2 558 438	<b>3 035 442</b>	18.64	2 744 777	2 783 050
Machinery and equipment	814 805	1 022 369	992 183	888 392	1 072 486	1 077 687	<b>985 112</b>	(8.59)	857 193	870 353
Transport equipment	390 281	373 329	386 356	372 894	374 903	378 156	<b>413 973</b>	9.47	432 610	435 279
Other machinery and equipment	424 524	649 040	605 827	515 498	697 583	699 531	<b>571 139</b>	(18.35)	424 583	435 074
Heritage assets										
Specialised military assets										
Biological assets										
Land and sub-soil assets	26 110	32 957	28 214	8 200	14 823	14 823	<b>8 650</b>	(41.64)	9 000	9 350
Software and other intangible assets	37 641	29 095	95 744	30 183	54 167	55 040	<b>48 278</b>	(12.29)	48 488	46 025
<i>Of which: "Capitalised Goods and services" included in Payments for capital assets</i>										
<b>Payments for financial assets</b>	36 473	26 887	13 986	6 812	8 927	8 932	<b>5 859</b>	(34.40)	6 091	6 343
<b>Total economic classification</b>	59 292 804	62 940 646	67 533 782	71 619 070	71 396 887	71 393 262	<b>72 349 073</b>	1.34	72 633 405	72 722 731

Table A.4 Summary of provincial payments on training by vote: Relating to Chapter 4

Vote R'000	Outcome			Main appro- pria- tion 2020/21	Adjusted appro- pria- tion 2020/21	Revised estimate 2020/21	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2017/18	2018/19	2019/20				2021/22	2020/21	2022/23	2023/24
1. Department of the Premier	8 127	4 306	4 960	5 788	3 706	2 706	2 908	7.46	2 884	3 034
2. Provincial Parliament	818	364	843	846	830	830	888	6.99	933	1 000
3. Provincial Treasury	1 430	1 869	1 502	2 900	1 026	1 026	2 681	161.31	2 777	2 802
4. Community Safety	3 240	2 681	2 041	3 713	1 879	1 788	2 630	47.09	2 632	2 676
5. Education	196 697	202 777	174 123	153 492	131 717	131 717	143 461	8.92	147 652	149 537
6. Health	339 984	347 138	358 471	399 968	385 706	385 706	396 789	2.87	395 803	395 446
7. Social Development	4 925	1 743	4 178	2 375	1 372	1 372	2 484	81.05	2 600	2 715
8. Human Settlements	1 690	1 669	1 021	1 478	1 478	553	1 138	105.79	1 226	1 278
9. Environmental Affairs and Development Planning	2 308	2 429	2 096	1 890	301	301	1 985	559.47	1 955	2 030
10. Transport and Public Works	23 460	31 509	34 086	31 876	31 876	31 876	32 827	2.98	34 448	34 448
11. Agriculture	10 704	8 168	10 311	21 008	18 842	18 842	9 390	( 50.16)	8 469	9 428
12. Economic Development and Tourism	2 864	2 105	2 164	2 669	1 611	1 611	1 839	14.15	1 850	1 872
13. Cultural Affairs and Sport	3 103	2 310	3 062	3 250	779	779	2 884	270.22	2 961	2 960
14. Local Government	1 252	1 245	815	858	1 101	1 101	1 235	12.17	1 269	1 289
<b>Total provincial payments on training</b>	<b>600 602</b>	<b>610 313</b>	<b>599 673</b>	<b>632 111</b>	<b>582 224</b>	<b>580 208</b>	<b>603 139</b>	<b>3.95</b>	<b>607 459</b>	<b>610 515</b>

**Table A.5 Information on training: Relating to Chapter 4**

Description	Outcome			Main appropriation 2020/21	Adjusted appropriation 2020/21	Revised estimate 2020/21	Medium-term estimate			
	Audited 2017/18	Audited 2018/19	Audited 2019/20				% Change from Revised estimate			
	2017/18	2018/19	2019/20	2020/21	2020/21	2020/21	2021/22	2020/21	2022/23	2023/24
Number of staff	82 423	84 509	85 712	87 513	87 875	87 875	<b>89 328</b>	1.65	88 634	88 170
Number of personnel trained	44 976	51 462	59 751	51 648	51 459	51 111	<b>60 280</b>	17.94	62 270	62 299
<i>of which</i>										
Male	14 019	16 694	24 986	17 071	16 985	16 807	<b>24 057</b>	43.14	24 943	24 959
Female	30 957	34 768	34 765	34 577	34 474	34 304	<b>36 223</b>	5.59	37 327	37 340
Number of training opportunities	36 746	31 923	34 997	35 613	34 746	34 190	<b>34 597</b>	1.19	34 793	34 811
<i>of which</i>										
Tertiary	917	1 025	1 335	1 171	1 127	1 074	<b>1 097</b>	2.14	1 119	1 124
Workshops	984	1 055	850	896	789	795	<b>759</b>	(4.53)	798	799
Seminars	138	236	241	248	235	211	<b>233</b>	10.43	251	257
Other	34 708	29 607	32 571	33 298	32 595	32 110	<b>32 508</b>	1.24	32 625	32 631
Number of bursaries offered	2 555	2 459	2 291	2 124	2 124	2 106	<b>2 138</b>	1.52	2 186	2 186
Number of interns appointed	972	1 378	1 904	1 620	1 611	1 584	<b>1 517</b>	(4.23)	1 545	1 550
Number of learnerships appointed	208	2 420	287	299	299	299	<b>281</b>	(6.02)	281	281
Number of days spent on training	16 822	16 700	16 925	17 990	15 879	14 506	<b>14 971</b>	3.21	15 605	15 631

**Table A.6 Transfers to local government by category and municipality: Information relating to Chapter 6**

Municipalities R'000	Outcome			Main appro- priation 2020/21	Adjusted appro- priation 2020/21	Revised estimate 2020/21	Medium-term estimate			
	Audited 2017/18	Audited 2018/19	Audited 2019/20				% Change from Revised estimate			
							2021/22	2020/21	2022/23	2023/24
<b>Category A</b>	1 060 728	1 063 716	1 329 760	1 503 855	1 424 736	1 424 737	<b>1 923 958</b>	35.04	1 524 555	1 132 180
City of Cape Town	1 060 728	1 063 716	1 329 760	1 503 855	1 424 736	1 424 737	<b>1 923 958</b>	35.04	1 524 555	1 132 180
<b>Category B</b>	1 308 295	1 527 155	1 833 705	1 502 920	1 528 346	1 524 721	<b>1 507 263</b>	(1.14)	1 281 497	997 559
Matzikama	28 831	35 441	37 742	27 958	13 580	13 580	<b>53 115</b>	291.13	19 624	19 045
Cederberg	16 935	64 405	31 045	18 666	19 615	19 615	<b>25 423</b>	29.61	25 263	11 855
Bergrivier	8 151	12 938	21 914	13 985	13 845	13 845	<b>10 012</b>	(27.69)	34 267	7 674
Saldanha Bay	57 134	66 631	45 114	51 503	50 184	50 184	<b>32 037</b>	(36.16)	46 848	78 874
Swartland	68 868	68 896	74 190	67 096	67 733	67 733	<b>56 750</b>	(16.22)	60 728	49 963
Witzenberg	45 146	40 290	48 502	53 618	39 814	39 814	<b>62 907</b>	58.00	29 404	12 592
Drakenstein	123 005	176 942	140 041	172 519	150 071	150 071	<b>117 656</b>	(21.60)	51 976	18 666
Stellenbosch	41 389	76 301	105 759	78 230	48 273	48 273	<b>73 169</b>	51.57	65 807	33 481
Breede Valley	101 849	121 583	119 698	98 525	83 989	83 989	<b>123 477</b>	47.02	45 008	30 645
Langeberg	53 460	54 075	27 929	19 567	22 495	22 495	<b>13 787</b>	(38.71)	44 608	10 296
Theewaterskloof	70 644	56 585	78 294	56 295	71 303	71 303	<b>75 126</b>	5.36	55 550	60 322
Overstrand	86 595	50 996	126 341	101 427	92 218	92 218	<b>126 131</b>	36.77	81 633	32 597
Cape Agulhas	46 734	44 472	68 077	39 799	43 398	43 398	<b>12 812</b>	(70.48)	22 208	31 854
Swellendam	11 062	16 371	25 474	19 817	31 745	31 745	<b>20 837</b>	(34.36)	29 931	25 397
Kannaland	19 023	11 528	19 494	7 412	11 666	8 041	<b>9 730</b>	21.00	20 335	3 569
Hessequa	20 768	14 608	12 538	22 412	28 268	28 268	<b>45 343</b>	60.40	71 867	53 423
Mossel Bay	20 842	44 454	131 482	126 523	206 075	206 075	<b>230 974</b>	12.08	98 853	43 167
George	194 834	212 128	428 707	327 000	341 674	341 674	<b>280 471</b>	(17.91)	280 950	306 397
Oudtshoorn	62 327	63 930	46 627	51 750	44 819	44 819	<b>20 269</b>	(54.78)	51 473	24 994
Bitou	57 327	97 919	64 410	53 047	53 712	53 712	<b>45 931</b>	(14.49)	66 223	75 797
Knysna	82 652	87 796	82 442	66 950	69 261	69 261	<b>57 570</b>	(16.88)	67 027	53 061
Laingsburg	10 531	5 930	10 575	5 964	6 264	6 264	<b>2 458</b>	(60.76)	1 735	1 762
Prince Albert	24 015	16 545	16 137	9 215	8 743	8 743	<b>3 522</b>	(59.72)	1 980	1 859
Beaufort West	56 173	86 391	71 173	13 642	9 601	9 601	<b>7 756</b>	(19.22)	8 199	10 269
<b>Category C</b>	16 047	30 744	17 755	16 013	18 984	18 994	<b>24 689</b>	29.98	20 041	19 763
West Coast District Municipality	3 125	3 445	2 891	3 058	3 457	3 457	<b>2 649</b>	(23.37)	3 332	2 423
Cape Winelands District Municipality	2 560	3 212	4 014	3 476	3 475	3 475	<b>3 549</b>	2.13	3 411	3 323
Overberg District Municipality	2 161	5 359	2 686	3 329	3 329	3 339	<b>2 670</b>	(20.04)	2 528	2 442
Garden Route District Municipality	4 450	15 673	5 800	3 400	5 973	5 973	<b>8 473</b>	41.86	8 335	9 228
Central Karoo District Municipality	3 751	3 055	2 364	2 750	2 750	2 750	<b>7 348</b>	167.20	2 435	2 347
<b>Unallocated</b> <sup>Note 1</sup>				45 473	75 277	75 277	<b>114 280</b>	51.81	96 687	99 731
<b>Total transfers to local government</b>	2 385 070	2 621 615	3 181 220	3 068 261	3 047 343	3 043 729	<b>3 570 190</b>	17.30	2 922 780	2 249 233
<b>Funds retained by the Department of Human Settlements (not included in the transfers to local government)</b>	1 063 940	693 752	727 087	792 157	852 587	852 587	<b>177 963</b>	(79.13)	861 652	1 242 168

**Table A.6 Transfers to local government by category and municipality: Information relating to Chapter 6 (continued)**

Note 1 <b>Unallocated</b>		<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
		<b>Allocation</b>	<b>Allocation</b>	<b>Allocation</b>
		<b>(R'000)</b>	<b>(R'000)</b>	<b>(R'000)</b>
Western Cape Financial Management Support Grant	The allocations 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. The municipal-specific allocations will be made in the 2021/22 Adjusted Estimates Budget.	10 880	11 359	11 870
Western Cape Municipal Financial Recovery Services Grant	The allocations 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. The municipal-specific allocations will be made in the 2021/22 Adjusted Estimates Budget.	2 179	2 331	2 569
Western Cape Financial Management Capacity Building Grant	The municipal specific allocations will be published in the relevant budget year.		7 500	7 500
Regional Socio-Economic Projects (RSEP) – municipal projects	All project selections have not been finalised for the 2022/23, (R6 million) and 2023/24, (R6.5 million) financial years. Municipalities will be selected and amounts allocated based on the performance and readiness of municipalities to implement projects/further projects.		6 000	6 500
Financial assistance to municipalities for maintenance and construction of transport infrastructure	The distribution of the outer year's allocations is 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.		15 000	16 000
Community Library Services Grant	The two outer years unallocated allocations still need to be finalised as the national Community Library Services Grant allocation was reduced.		24 189	24 600
Municipal Library Support	This is a new earmarked allocation for the 2021/22 financial year. The time of finalising the 2021/22 main budget, the amount could not be broken down on Municipality level due to the finalisation of internal processes.	38 500		
Development of Sport and Recreation facilities	The two outer years unallocated amounts are dependent on the final agreement between the Department and the Netball sports federation on how the funds are to be allocated for the Hosting of the Netball World Cup 2023.		7 049	7 359
Municipal Electrical Master Plan Grant	The allocations in the outer years will be 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.		1 600	1 736
Municipal Drought Relief Grant	The allocations in the outer years will be 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.  The unallocated portion for 2021/22 will be considered during the 2021 Adjusted Estimates process.	5 451	7 072	10 939

Note 1 <b>Unallocated</b>		<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
		<b>Allocation</b>	<b>Allocation</b>	<b>Allocation</b>
		<b>(R'000)</b>	<b>(R'000)</b>	<b>(R'000)</b>
Municipal Service Delivery and Capacity Building Grant	The allocations in the outer years will be 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. The unallocated portion for 2021/22 will be considered during the 2021 Adjusted Estimates process.	4 753	9 178	5 011
Western Cape Municipal Interventions Grant	The allocations in the outer years will be 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. The unallocated portion for 2021/22 will be considered during the 2021 Adjusted Estimates process.	2 517	5 409	5 647
The Department of Local Government (Vote 14) has earmarked an amount of R50 million for the Small Scale Economic Grant which forms part of a targeted public employment programme. The strategic goal is to coordinate and ensure the implementation of targeted, short-term public employment programmes for communities identified as being in distress, through conditional transfers to local municipalities in the Western Cape. The criteria informing the framework for this grant, including conditions, outputs and indicative allocations per municipality will be finalised and gazetted before funds from the grant are transferred.		50 000		
<b>Total</b>		<b>114 280</b>	<b>96 687</b>	<b>99 731</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	Community Safety	4.1 Administration 4.2 Civilian Oversight 4.3 Provincial Policing Functions 4.4 Security Risk Management	
			Economic Affairs	General Economic	Economic Development and Tourism
	Transport and Public Works				10.2 Public Works Infrastructure
	Agriculture				Agriculture
11.2 Sustainable Resource Management					
11.3 Farmer Support and Development					
11.4 Veterinary Services					
11.5 Research and Technology Development Services					
11.6 Agricultural Economics Services					
11.7 Structured Agricultural Education and Training					
11.8 Rural Development					
Transport	Transport and Public Works	10.1 Administration			
		10.3 Transport Infrastructure			
		10.4 Transport Operations			
		10.5 Transport Regulation			
Communication	Economic Development and Tourism	12.6 Tourism Arts and Entertainment			

**Table A.7 Payments: Summary by policy area (continued)**

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 Empowerment Services
			9.7 Development Planning
Housing and Community Amenities	Housing Development	Human Settlements	8.1 Administration
			8.2 Housing Needs, Research and Planning
			8.3 Housing Development
			8.4 Housing Asset Management
Health	Health n.e.c	Health	6.1 Administration
	Outpatient Service		6.2 District Health Services
	R & D Health (CS)		6.6 Health Sciences and Training
	Hospital Services		6.3 Emergency Medical Services
			6.4 Provincial Hospital Services
			6.5 Central Hospital Services
			6.7 Health Care Support Services
	6.8 Health Facilities Management		
Recreation Culture and Religion	Recreational and Sporting Services	Cultural Affairs and Sport	13.4 Sport and Recreation
	Cultural Services	Cultural Affairs and Sport	13.1 Administration
			13.2 Cultural Affairs
13.3 Library and 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 Independent School Subsidies
	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			
5.7 Examination and Education Related Services			
Social Protection	Social Security Services	Social Development	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**

GFS function R'000	Outcome			Main appro- p-riation 2020/21	Adjusted appro- p-riation 2020/21	Revised estimate 2020/21	Medium-term estimate		
	Audited 2017/18	Audited 2018/19	Audited 2019/20				2021/22	2022/23	2023/24
<b>FUNCTION - GENERAL PUBLIC SERVICES</b>									
<b>Category - Legislative</b>									
Department of the Premier (Programme 1.1)	101 449	112 196	105 659	110 844	96 200	96 200	<b>100 262</b>	99 939	101 953
Provincial Parliament (Vote 2)	130 536	138 376	145 713	166 600	151 928	151 928	<b>165 859</b>	167 644	177 849
<b>Total for Category - Legislative</b>	<b>231 985</b>	<b>250 572</b>	<b>251 372</b>	<b>277 444</b>	<b>248 128</b>	<b>248 128</b>	<b>266 121</b>	267 583	279 802
<b>Category - Financial and fiscal affairs</b>									
Department of Provincial Treasury (Vote 3)	278 144	303 106	328 765	356 932	289 505	289 505	<b>319 608</b>	315 612	324 701
<b>Total for Category - Financial and fiscal affairs</b>	<b>278 144</b>	<b>303 106</b>	<b>328 765</b>	<b>356 932</b>	<b>289 505</b>	<b>289 505</b>	<b>319 608</b>	315 612	324 701
<b>Category - General services</b>									
Department of the Premier (Programme 1.2 to 1.6)	1 256 836	1 337 808	1 455 372	1 577 650	1 520 521	1 520 521	<b>1 648 300</b>	1 657 678	1 727 112
Department of Local Government (Vote 14)	343 812	278 361	313 749	313 901	283 679	280 054	<b>348 664</b>	285 314	293 085
<b>Total for Category - General services</b>	<b>1 600 648</b>	<b>1 616 169</b>	<b>1 769 121</b>	<b>1 891 551</b>	<b>1 804 200</b>	<b>1 800 575</b>	<b>1 996 964</b>	1 942 992	2 020 197
<b>TOTAL FOR FUNCTION - GENERAL PUBLIC SERVICES</b>	<b>2 110 777</b>	<b>2 169 847</b>	<b>2 349 258</b>	<b>2 525 927</b>	<b>2 341 833</b>	<b>2 338 208</b>	<b>2 582 693</b>	2 526 187	2 624 700
<b>FUNCTION - PUBLIC ORDER AND SAFETY</b>									
<b>Category - Police services</b>									
Department of Community Safety (Vote 4)	295 381	335 836	464 924	804 056	784 458	784 458	<b>739 049</b>	770 400	372 953
<b>Total for Category - Police services</b>	<b>295 381</b>	<b>335 836</b>	<b>464 924</b>	<b>804 056</b>	<b>784 458</b>	<b>784 458</b>	<b>739 049</b>	770 400	372 953
<b>TOTAL FOR FUNCTION - PUBLIC ORDER AND SAFETY</b>	<b>295 381</b>	<b>335 836</b>	<b>464 924</b>	<b>804 056</b>	<b>784 458</b>	<b>784 458</b>	<b>739 049</b>	770 400	372 953
<b>FUNCTION - ECONOMIC AFFAIRS</b>									
<b>Category - General economic affairs</b>									
Department of Economic Development and Tourism (Vote 12 excluding 12.6)	345 906	365 057	440 635	508 997	457 304	457 304	<b>440 600</b>	434 924	377 416
Department of Transport and Public Works (Programme 10.2)	1 842 558	1 910 819	2 146 723	2 189 118	2 391 525	2 391 525	<b>2 390 289</b>	2 137 751	2 179 716
<b>TOTAL FOR FUNCTION - General economic affairs</b>	<b>2 188 464</b>	<b>2 275 876</b>	<b>2 587 358</b>	<b>2 698 115</b>	<b>2 848 829</b>	<b>2 848 829</b>	<b>2 830 889</b>	2 572 675	2 557 132

Table A.8 Details of provincial payments and estimates by policy area (continued)

GFS function R'000	Outcome			Main appro- piation 2020/21	Adjusted appro- piation 2020/21	Revised estimate 2020/21	Medium-term estimate		
	Audited 2017/18	Audited 2018/19	Audited 2019/20				2021/22	2022/23	2023/24
<b>Category - Agriculture</b>									
Department of Agriculture (Vote 11)	866 869	1 108 571	928 920	970 556	928 803	928 803	909 086	898 054	926 537
<b>Total for Category - Agriculture</b>	866 869	1 108 571	928 920	970 556	928 803	928 803	909 086	898 054	926 537
<b>Category - Transport</b>									
Department of Transport and Public Works (Programmes 10.1, 10.3 to 10.6)	5 661 062	5 943 489	6 400 396	6 630 179	6 183 609	6 183 609	6 874 740	6 497 780	6 710 822
<b>Total for Category - Transport</b>	5 661 062	5 943 489	6 400 396	6 630 179	6 183 609	6 183 609	6 874 740	6 497 780	6 710 822
<b>Category - Communication</b>									
Department of Economic Development and Tourism (Programme 12.6)	53 397	59 339	58 148	95 614	77 582	77 582	77 207	79 627	82 517
<b>Total for Category - Communication</b>	53 397	59 339	58 148	95 614	77 582	77 582	77 207	79 627	82 517
<b>TOTAL FOR FUNCTION - ECONOMIC AFFAIRS</b>	8 769 792	9 387 275	9 974 822	10 394 464	10 038 823	10 038 823	10 691 922	10 048 136	10 277 008
<b>FUNCTION - ENVIRONMENTAL PROTECTION</b>									
<b>Category - Environmental protection</b>									
Department of Environmental Affairs and Development Planning (Vote 9)	546 028	575 512	624 869	620 847	588 532	588 532	570 062	565 907	581 872
<b>Total for Category - Environmental protection</b>	546 028	575 512	624 869	620 847	588 532	588 532	570 062	565 907	581 872
<b>TOTAL FOR FUNCTION - ENVIRONMENTAL PROTECTION</b>	546 028	575 512	624 869	620 847	588 532	588 532	570 062	565 907	581 872
<b>FUNCTION - HOUSING AND COMMUNITY AMENITIES</b>									
<b>Category - Housing Development</b>									
Department of Human Settlements (Vote 8)	2 682 806	2 352 331	2 683 772	2 413 233	2 426 787	2 426 787	2 353 171	2 411 827	2 496 308
<b>Total for Category - Housing Development</b>	2 682 806	2 352 331	2 683 772	2 413 233	2 426 787	2 426 787	2 353 171	2 411 827	2 496 308
<b>TOTAL FOR FUNCTION - HOUSING AND COMMUNITY AMENITIES</b>	2 682 806	2 352 331	2 683 772	2 413 233	2 426 787	2 426 787	2 353 171	2 411 827	2 496 308

**Table A.8 Details of provincial payments and estimates by policy area (continued)**

GFS function R'000	Outcome			Main appro- piation 2020/21	Adjusted appro- piation 2020/21	Revised estimate 2020/21	Medium-term estimate		
	Audited 2017/18	Audited 2018/19	Audited 2019/20				2021/22	2022/23	2023/24
<b>FUNCTION - HEALTH</b>									
<b>Category - Health n.e.c.</b>									
Department of Health (Programme 6.1)	720 112	766 106	760 260	916 397	1 282 376	1 282 376	1 521 880	1 226 246	1 014 166
<b>Total for Category - Health n.e.c.</b>	720 112	766 106	760 260	916 397	1 282 376	1 282 376	1 521 880	1 226 246	1 014 166
<b>Category - Outpatient service</b>									
Department of Health Services (Programme 6.2)	8 737 909	9 328 752	10 103 687	10 605 453	11 373 932	11 373 932	11 166 018	11 097 188	10 912 718
<b>Total for Category - Outpatient service</b>	8 737 909	9 328 752	10 103 687	10 605 453	11 373 932	11 373 932	11 166 018	11 097 188	10 912 718
<b>Category - R &amp; D Health (CS)</b>									
Department of Health Services (Programme 6.6)	317 453	321 643	330 869	364 888	357 152	357 152	360 579	359 459	359 403
<b>Total for Category - R &amp; D Health (CS)</b>	317 453	321 643	330 869	364 888	357 152	357 152	360 579	359 459	359 403
<b>Category - Hospital services</b>									
Department of Health Services (Programmes 6.3 to 6.8, excluding 6.6)	11 720 582	12 627 092	13 578 455	14 364 780	14 200 093	14 200 093	14 343 420	14 635 433	14 608 800
<b>Total for Category - Hospital services</b>	11 720 582	12 627 092	13 578 455	14 364 780	14 200 093	14 200 093	14 343 420	14 635 433	14 608 800
<b>TOTAL FOR FUNCTION - HEALTH</b>	21 496 056	23 043 593	24 773 271	26 251 518	27 213 553	27 213 553	27 391 897	27 318 326	26 895 087
<b>FUNCTION - RECREATION CULTURE AND RELIGION</b>									
<b>Category - Recreation and sporting services</b>									
Department of Cultural Affairs and Sport (Programme 13.4)	182 955	183 226	205 461	260 234	205 248	205 248	251 643	247 994	238 235
<b>Total for Category - Recreation and sporting services</b>	182 955	183 226	205 461	260 234	205 248	205 248	251 643	247 994	238 235
<b>Category - Cultural services</b>									
Department of Cultural Affairs and Sport (Programmes 13.1 to 13.3)	538 056	549 112	579 110	625 982	540 557	540 557	645 867	612 287	623 732
<b>Total for Category - Cultural services</b>	538 056	549 112	579 110	625 982	540 557	540 557	645 867	612 287	623 732
<b>TOTAL FOR FUNCTION - RECREATION CULTURE AND RELIGION</b>	721 011	732 338	784 571	886 216	745 805	745 805	897 510	860 281	861 967

Table A.8 Details of provincial payments and estimates by policy area (continued)

GFS function R'000	Outcome			Main appro- piation 2020/21	Adjusted appro- piation 2020/21	Revised estimate 2020/21	Medium-term estimate		
	Audited 2017/18	Audited 2018/19	Audited 2019/20				2021/22	2022/23	2023/24
<b>FUNCTION - EDUCATION</b>									
<b>Category - Pre-primary and primary education</b>									
Department of Education (Programme 5.2.1 and 5.5)	9 840 060	10 638 295	11 419 805	11 975 777	11 486 260	11 486 260	<b>11 686 680</b>	12 299 175	12 433 977
<b>Total for Category - Pre-primary and primary education</b>	9 840 060	10 638 295	11 419 805	11 975 777	11 486 260	11 486 260	<b>11 686 680</b>	12 299 175	12 433 977
<b>Category - Secondary education</b>									
Department of Education (Programme 5.2.2)	5 422 619	5 790 389	6 128 484	7 075 726	6 486 994	6 486 994	<b>6 811 896</b>	7 198 953	7 248 864
<b>Total for Category - Secondary education</b>	5 422 619	5 790 389	6 128 484	7 075 726	6 486 994	6 486 994	<b>6 811 896</b>	7 198 953	7 248 864
<b>Category - Subsidiary service to education</b>									
Department of Education (Programme 5.3)	106 912	113 179	118 537	125 247	125 247	125 247	<b>130 508</b>	135 989	141 973
<b>Total for Category - Subsidiary service to education</b>	106 912	113 179	118 537	125 247	125 247	125 247	<b>130 508</b>	135 989	141 973
<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)	5 197 245	5 570 571	5 779 563	5 872 918	6 466 361	6 466 361	<b>5 830 778</b>	5 919 669	6 104 477
<b>Total for Category - Education not definable by level</b>	5 197 245	5 570 571	5 779 563	5 872 918	6 466 361	6 466 361	<b>5 830 778</b>	5 919 669	6 104 477
<b>TOTAL FOR FUNCTION - EDUCATION</b>	20 566 836	22 112 434	23 446 389	25 049 668	24 564 862	24 564 862	<b>24 459 862</b>	25 553 786	25 929 291
<b>FUNCTION - SOCIAL PROTECTION</b>									
<b>Category - Social security services</b>									
Social Development (Vote 7)	2 104 117	2 231 480	2 431 906	2 673 141	2 692 234	2 692 234	<b>2 662 907</b>	2 578 555	2 683 545
<b>Total for Category - Social security services</b>	2 104 117	2 231 480	2 431 906	2 673 141	2 692 234	2 692 234	<b>2 662 907</b>	2 578 555	2 683 545
<b>TOTAL FOR FUNCTION - SOCIAL DEVELOPMENT</b>	2 104 117	2 231 480	2 431 906	2 673 141	2 692 234	2 692 234	<b>2 662 907</b>	2 578 555	2 683 545
<b>TOTAL: BY FUNCTION</b>	59 292 804	62 940 646	67 533 782	71 619 070	71 396 887	71 393 262	<b>72 349 073</b>	72 633 405	72 722 731

**Table A.9 Summary of Expanded Public Works Programme (EPWP) payments and estimates**

Provincial department R'000	Outcome			Main appro- priation 2020/21	Adjusted appro- priation 2020/21	Revised estimate 2020/21	Medium-term estimate				
	Audited 2017/18	Audited 2018/19	Audited 2019/20				Change from Revised estimate 2021/22	2020/21	2022/23	2023/24	
1. Department of the Premier											
2. Provincial Parliament											
3. Provincial Treasury											
4. Community Safety	11 702	11 903	23 548	18 358	18 358	18 358	<b>38 840</b>	111.57	13 185	14 305	
5. Education	122 970	122 825	109 465	103 949	111 541	111 541	<b>99 290</b>	( 10.98)	85 005	88 745	
6. Health	134 849	145 866	165 210	172 139	168 546	168 546	<b>166 785</b>	( 1.04)	156 941	159 330	
7. Social Development	20 105	7 796	13 311		10 000	10 000	<b>12 083</b>	20.83			
8. Human Settlements	3 374	3 014	2 986	2 531	2 531	2 531	<b>2 662</b>	5.18			
9. Environmental Affairs and Development Planning	25 754	25 180	28 570	28 516	28 516	28 516	<b>29 652</b>	3.98	26 961	28 147	
10. Transport and Public Works	2 206 066	2 191 562	1 055 520	1 080 352	1 080 352	1 080 352	<b>950 296</b>	( 12.04)	995 614	995 614	
11. Agriculture	2 062	2 154	2 078	2 074	2 074	2 074	<b>2 227</b>	7.38			
12. Economic Development and Tourism											
13. Cultural Affairs and Sport	17 993	21 644	28 141	30 397	30 397	30 397	<b>29 651</b>	( 2.45)	23 530	23 530	
14. Local Government											
<b>Total EPWP</b>	<b>2 544 875</b>	<b>2 531 944</b>	<b>1 428 829</b>	<b>1 438 316</b>	<b>1 452 315</b>	<b>1 452 315</b>	<b>1 331 486</b>	<b>( 8.32)</b>	<b>1 301 236</b>	<b>1 309 671</b>	
<b>Financed from:</b>											
Equitable share	1 538 314	1 447 544	323 588	302 039	316 038	316 038	<b>329 245</b>	4.18	308 622	317 057	
Conditional Grants	1 006 561	1 084 400	1 105 241	1 136 277	1 136 277	1 136 277	<b>1 002 241</b>	( 11.80)	992 614	992 614	
Other											
<b>Total EPWP</b>	<b>2 544 875</b>	<b>2 531 944</b>	<b>1 428 829</b>	<b>1 438 316</b>	<b>1 452 315</b>	<b>1 452 315</b>	<b>1 331 486</b>	<b>( 8.32)</b>	<b>1 301 236</b>	<b>1 309 671</b>	

Note: The figures provided for Transport and Public Works are estimates.

# Glossary

<b>Baseline</b>	The initial allocations used during the budget process, derived from the previous year's forward estimates.
<b>Basic prices</b>	The measure of Gross Domestic Product that does not take into account the value of taxes levied and subsidies received on production.
<b>BIZ Portal</b>	A platform developed by the Companies and Intellectual Property Commission (CIPC) to offer company registration and related services in a simple seamless digital way which is completely paperless. It was developed in response to the quest for improving the ease of doing business in South Africa, specifically, starting a business.
<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>Credit rating</b>	An indicator of the risk of default by a borrower or the riskiness of a financial instrument. Credit ratings generally fit into three broad risk categories: minimal or low, moderate and high. These categories indicate the extent of a borrower's capacity to meet their financial obligations or the probability that the value of a financial instrument will be realised. Investments rated as high risk are considered sub-investment grade (or "junk").
<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>Consumer price inflation (CPI)</b>	The main measure of inflation, charting the price movements of a basket of consumer goods and services.

<b>Core Inflation</b>	An inflation measure which excludes transitory or temporary price volatility as in the case of some commodities.
<b>Cost of living adjustment</b>	An increase in income that keeps up with the cost of living.
<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>Equitable share</b>	The allocation of revenue to the national, provincial and local spheres of government as required by the Constitution.
<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>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>Headline Inflation</b>	The main measure of inflation, charting the price movements of a basket of consumer goods and services.

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<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>Labour force</b>	Number of employed and unemployed individuals of working age.
<b>Medical Price Index (MPI)</b>	The medical care component of the Consumer Price Index.
<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>Mid-Year Population Estimate</b>	A method of estimating the population increase.
<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>Provincial own receipts</b>	Refers to taxes/fees and/or user charges, which a provincial department receives.
<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>Sero-prevalence and sero-epidemiology</b>	Testing which is conducted to determine the proportion of and places where previous infections have occurred.
<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.

**Transform to Perform (T2P)**

A strategy aimed at promoting a values-driven organisation to positively impact on the motivation levels and mindset of officials, teachers and learners in the Western Cape education system to drive improved performance.

**Western Cape Recovery Plan**

A provincial strategy that prioritise the four themes of a COVID-19 response, Jobs, Safety and Well-being.

**Wage bill**

The total amount of money that the public sector pays to its employees.

**Western Cape Fiscal Strategy**

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.

**Working age population**

Individuals aged between 15 and 65.

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