



Western Cape  
Government

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Provincial Treasury

# Budget

## Overview of Provincial Revenue and Expenditure

### **2022**

**Western Cape Government  
Provincial Treasury**

**Budget**

**Overview of Provincial Revenue  
and Expenditure**

**2022**

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# Foreword

The 2022 Western Cape Budget comes at a time of escalating geopolitical risks, a national economy that is still recovering from the impact of COVID-19 and deepening socio-economic and environmental challenges. Within this context the Western Cape Government has made bold and swift budget policy decisions to support the development of a responsive budget that enables the Western Cape to "push forward".

Guided by the Western Cape's Fiscal Strategy, the 2022 Budget protects basic services, unlocks allocative efficiency, enhances productive efficiency and enables long-run fiscal sustainability. To give effect to these principles, the 2022 Budget:

- Sustains the fight against the COVID-19 pandemic, including the successful rollout of the vaccination programme;
- Supports the recovery plan priorities of Jobs, Safety and Wellbeing;
- Protects frontline services, including education, health and social development;
- Rebalances the composition of expenditure by increasing spending on infrastructure;
- Supports effective local governance;
- Significantly improves the efficiency of expenditure by driving value for money in procurement;
- Mitigates risks including drought, fire and flooding; and
- Ensures long-term fiscal sustainability through replenishing provincial reserves.

I would like to thank the Provincial Cabinet, Accounting Officers and the Western Cape finance team for their valuable contributions and continued commitment to the budget process. I wish to also extend a sincere word of appreciation to the Provincial Treasury team for their diligence, dedication and hard work.



**DAVID MAYNIER**

**MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES**

**DATE:** 14 March 2022

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## Acronyms

AAGR	Annual Average Growth Rate
ABT	Area-Based Teams
AEPRE	Adjusted Estimates of Provincial Revenue and Expenditure
AfCFTA	Africa Continental Free Trade Agreement
AFR	Asset Finance Reserve
AGSA	Auditor-General of South Africa
APFYD	Agricultural Partnership for Youth Development
ASEZ	Atlantis Special Economic Zone
BPO	Business Process Outsourcing
CAPS	Curriculum and Assessment Policy Statement
CASP	Comprehensive Agriculture Support Programme
CBD	Central Business District
CE-I	Centre for e-Innovation
CIPC	Companies and Intellectual Property Commission
CKD	Central Karoo District
CNDC	Community Nutrition Distribution Centre
CoE	Compensation of Employees
COPC	Community Oriented Primary Care
COVID-19	Coronavirus 2019
CPF	Community Policing Forum
CPI	Consumer Price Index
CWD	Cape Winelands District
DCAS	Department of Cultural Affairs and Sport
DDM	District Development Model
DEA&DP	Department of Environmental Affairs and Development Planning
DEDAT	Department of Economic Development and Tourism
DEF	Data and Evidence Framework
DHS	Department of Human Settlements
DLG	Department of Local Government
DoA	Department of Agriculture
DoCS	Department of Community Safety
DoH	Department of Health

DoP	Department of the Premier
DSD	Department of Social Development
DTPW	Department of Transport and Public Works
DWYPD	Department of Women, Youth and Persons with Disabilities
ECD	Early Childhood Development
EDP	Economic Development Partnership
EIU	Economist Intelligence Unit
EoDB	Ease of Doing Business
EPRE	Estimates of Provincial Revenue and Expenditure
ePS	eProcurement System
EPWP	Expanded Public Works Programme
ERRP	Economic Reconstruction and Recovery Plan
FTE	Full Time Equivalent
FTSF	Fiscal Transition Support Facility
G&S	Goods and Services
GBV	Gender-Based Violence
GDE	Expenditure on GDP
GDP	Gross Domestic Product
GFCF	Gross fixed capital formation
GRB	Gender Responsive Budgeting
GRD	Garden Route District
GRPBMEA	Gender-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing
GRPBMEA	Gender-responsive Planning, Budgeting, Monitoring, Evaluation and Auditing
HIV/AIDS	Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome
HSDG	Human Settlements Development Grant
ICIP	Integrated Councillor Induction Programme
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IDZ	Industrial Development Zone
IGR	Inter-governmental Relations
IMF	International Monetary Fund

IPC	infection Prevention and Control
IPP	Independent Power Producer
ISUPG	Informal Settlements Upgrading Partnerships Grant
JDMA	Joint District and Metro Approach
JOCs	Joint Operations Centres
LEAP	Law Enforcement Advancement Plan
LOWUA	Lower Olifants Water Users Association
LURITS	Learner Unit Record Information Tracking System
Mbps	Megabits per second
MER	Municipal Energy Resilience
MERO	Municipal Economic Review and Outlook
MOD	Mass Participation, Opportunity and Access, Development and Growth
MTBPC	Medium Term Budget Policy Committee
MTBPS	Medium Term Budget Policy Statement
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
MVL	Motor Vehicle Licence
NCCAS	National Climate Change Adaptation Strategy
NCCRP	National Climate Change Response Policy
NDP	National Development Plan
NEET	Not in employment, education or training
NGO	Non-Governmental Organisation
NHI	National Health Insurance
NHW	Neighbourhood Watch
NPI	Non-Profit Institution
NPO	Non-profit organisation
NSC	National senior certificate
NT	National Treasury
OAPMII	Overview of Adjusted Provincial and Municipal Infrastructure Investment
OD	Overberg District
OECD	Organisation for Economic Co-operation and Development
OPMII	Overview of Provincial and Municipal Infrastructure Investment
OPRE	Overview of Provincial Revenue and Expenditure
PAY	Premier's Advancement of Youth

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
PPF	Project Preparation Facility
PPI	Producer Price Index
PRASA	Passenger Rail Agency of South Africa
PRF	Provincial Revenue Fund
PSP	Provincial Strategic Plan
PT	Provincial Treasury
PWDG	Province Wide Data Governance
RAF	Road Accident Fund
RSEP	Regional Socio-Economic Project
SALGA	South African Local Government Association
SAPS	South African Police Service
SARB	South African Reserve Bank
SARS	South African Revenue 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
SoEOR	State of the Environment Outlook Report
SoNA	State of the Nation Address
SoPA	State of the Province Address
SRDG	Social relief distress grant
SSA	Sub-Saharan Africa
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
UPFS	Uniform Patient Fees Schedule
US	United States
VIP	Vision Inspired Priority
WB	World Bank
WCD	West Coast District
WCED	Western Cape Education Department
WCG	Western Cape Government
WCGRB	Western Cape Gambling and Racing Board
WCLA	Western Cape Liquor Authority
WEF	World Economic Forum
Wesgro	Western Cape Tourism, Trade and Investment Promotion Agency
WOSA	Whole of Society Approach
WoW!	Western Cape on Wellness

# 1

## Summary of the Budget

### In brief

- The 2022/23 Western Cape Budget is set against a time of heightened global political and economic risk. It focuses on the Western Cape Recovery Plan priorities of Jobs, Safety and Wellbeing, while supporting a transition out of the COVID-19 pandemic.
- The fiscal consolidation path of national government means that allocations to provinces are shrinking in real terms, making expenditure management critical. Expenditure management will be achieved through a compensation strategy aimed at containing spending on personnel; fiscal transition support through a dedicated facility to help the transition of service delivery toward more efficient and effective models; and supply chain management reform that focuses on achieving value for money and supply chain efficiency.
- The Budget proposes total spending in 2022/23 of R77.332 billion. The three largest expenditures by functional area in 2022/23 are health which receives R29.094 billion, education which receives R28.032 billion and economic affairs which receives R10.590 billion.
- The budget policy priorities set out for this budget include continuing the response to COVID-19 such as the vaccination campaign, prioritising support to initiatives that enable Job creation such as investment and skills development, additional investment into the provincial safety strategy which includes area-based teams and the advancement of law enforcement, and prioritising expenditure on wellbeing , such as maintaining support to Thusong centres sport facilities and strengthening psycho-social support services.

### Introduction

The 2022/23 Western Cape Budget and 2022 Medium Term Expenditure Framework (MTEF) supports a social and economic recovery for the Western Cape. The focus remains on Jobs, Safety and Wellbeing, while supporting a transition out of the COVID-19 pandemic. Over the 2022 MTEF, R992.517 million is allocated towards managing the COVID-19 response, R19.619 billion is allocated to create and sustain jobs, R4.448 billion is allocated to foster safe communities and R111.397 billion is allocated to promote the wellbeing of the residents in the Western Cape.

### Economic Overview

Global growth is expected to decelerate from a post-COVID bounce. The reasons include reduced fiscal and monetary policy support, persistent supply bottlenecks and global geopolitical risk,



particularly the Russian invasion of the Ukraine (see box). Supply chain disruptions and rising energy prices will lead to higher and more broad-based inflation than expected.

The International Monetary Fund (IMF) expects global growth to ease from 5.9 per cent in 2021 to 4.4 per cent in 2022 and 3.8 per cent in 2023. Advanced economies have proven resilient, gradually returning to their pre-pandemic output levels. In contrast, emerging market and developing economies remain substantially below the pre-pandemic trend. A rise in commodity prices has benefitted developing countries as it helped stabilise industrial activity.

In 2021, South Africa's economy grew by 4.9 per cent. The recovery was underpinned by the gradual reopening of the national and global economy and bounce-back from the 6.4 per cent contraction in 2020. The significant growth of the Agriculture sector (8.3 per cent) can be attributed to bumper yields, and higher agricultural commodity prices, particularly in the grains and oilseeds industries.

The economic outlook for South Africa in 2022 and 2023 remains subdued with growth forecasts of 1.9 per cent in 2022 and 1.9 per cent in 2023. The dampened growth outlook is a result of structural growth impediments such as unreliable and increasingly expensive electricity; financial and operational weakness of State-Owned Enterprises; high crime levels; rigid labour legislation; and deteriorating infrastructure. Rising inflation promises rising interest rates, further burdening economic growth, and escalating national debt servicing costs which will crowd out frontline service delivery.

South Africa's unemployment rate increased by 0.5 percentage points to a record 34.9 per cent. The expanded unemployment rate, which includes discouraged workers, was 46.6 per cent in the same quarter.

The Western Cape economy is still in the process of recovering from the recession that commenced in the second quarter of 2020. In the third quarter of 2021, the estimated GDP for the Western Cape contracted by 1.5 per cent and is expected to expand by 4.3 per cent in 2021. Western Cape international tourism has made substantial progress to recovery, although not yet fully recovered from the COVID-19 lockdown measures implemented in late March 2020. By November 2021, Cape Town International Airport recorded 33 043 foreign visitors or 35 per cent of visitors for the same month in 2019.



# BUDGET POLICY PRIORITIES



## 01 COVID - 19

- Epidemic surveillance
- Agile & responsive health
- Addressing backlogs in other health services
- Vaccination rollout & communication campaign
- Mainstream the management of COVID - 19

## 02 JOBS



- Ease of doing business**
- Municipal Ease of doing business
  - Small, medium and micro-enterprises Regulatory Review
  - Addressing port inefficiencies

- Investment**
- Export Advancement Programme
  - Tourism marketing companies
  - Saldanha Bay Industrial Development Zone & Atlantis Special Economic Zone

- Work opportunities & skills**
- Internships & skills programmes
  - Presidential employment initiatives
  - YearBeyond Programme

- Economic Resilience**
- Municipal Energy Resilience Initiative
  - Alien vegetation clearing
  - Provincial Disaster Relief management

- Infrastructure**
- Development & maintenance of public infrastructure
  - Sustainable Infrastructure Development and Finance Facility
  - 5 catalytic mega hospital infrastructure projects



## 03 SAFETY

- Violence Prevention
- Support Neighbourhood Watches
- Chrysalis Academy
- Review of the WC Liquor Act
- Area-Based Teams
- Law Enforcement Advancement Plan programme

## 04 WELLBEING



- Socio-emotional & physical wellbeing**
- Blended learning
  - Psycho-social support programmes

- Meeting Basic Needs & Protecting Human Rights**
- Food Relief
  - Reintegration services for homeless adults
  - Victim empowerment shelters
  - Social housing projects

- Strong Foundations**
- Foundation phase reading & numeracy
  - Early Childhood Development
  - Focus on numeracy & literacy in the foundation phase

- Building social cohesion**
- Thusong Programme
  - Providing communities with public libraries, sport facilities & arts & culture facilities

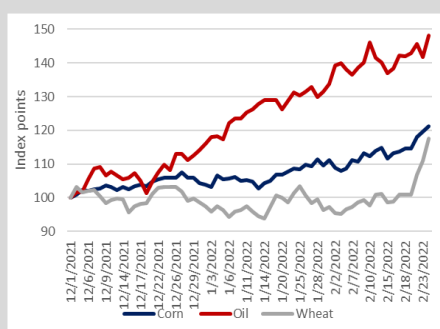
### Impact of the Russian invasion of Ukraine on the Western Cape

Oil (red) and gas (green) pipelines to Europe by volume



<https://www.nationalgeographic.org/photo/europe-map/>

Oil, Corn and wheat prices, Jan 2021 to end February 2022



In late February 2022, Russia invaded Ukraine. The invasion has already had an impact on the global, South African and Western Cape economies. The impact the conflict will be felt on two fronts: An increase in global commodity prices and trade disruptions. For South Africa and the Western Cape, the impact of global commodity prices will have more serious implications than trade disruptions. The extent of these will depend on the length of the conflict.

Russia is a key supplier of energy to the world economy. Europe relies on Russia for about a quarter of its oil supplies, while China is the largest single importer of Russian oil. Oil supply disruptions may lead to oil prices hovering around USD 110 in the second quarter of 2022. (JP Morgan Chase & Co). Rising oil prices and inflation will lead to higher interest rates. Investors are bound to revert to safe haven assets such as bonds, the Swiss franc and gold.

Russia and Ukraine are also meaningful contributors to the global food chain, accounting for at least 30 per cent of the world’s wheat exports, 20 per cent of maize exports and 80 per cent of sunflower oil exports. Wheat prices have risen to the highest level since 2008. A rise in the price of important food commodities remains a key risk.

#### Impact on the South African economy

If, as is likely, the prices of the commodities that South Africa imports (mainly oil) rise faster than those that South Africa exports (gold, iron, etc.) then this will lead to a negative terms of trade shock for South Africa. This will dampen economic growth and lead to inflation.

Russia accounts for only 0.3 per cent of South African exports and 0.7 per cent of South African imports, meaning there is likely to be a limited national impact on total trade. However, certain niche industries are highly dependent on Russian exports and could be more severely impacted. In 2021, 6.4 per cent of South Africa’s total orange exports were destined for Russia.

Over the last decade, 56 per cent of South Africa’s total wheat consumption was imported, while 35.7 per cent of South Africa’s total wheat imports came from Russia. The Russian-Ukraine conflict therefore holds serious food security risks to South Africa.

#### Impact on the Western Cape

The Western Cape accounts for 50 per cent of South Africa’s wheat production. Higher global wheat prices will benefit local farmers but will have negative implications on food security. Rising agricultural input costs such as oil, and fertilizer could lead to food inflation in other commodities. That said, R3.580 billion, or 2.1 per cent of Western Cape exports, go to Russia and are at risk. Of this, R3.021 billion is the edible fruit and nuts category, accounting for 6.6 per cent of all exports to the world. While the Western Cape does not import energy or oil from Russia, the Province imports 68.5 per cent of all its fertilizer from Russia (Phosphorous, Nitrogen and Potassium are abundant in Russia). Disruptions to fertilizer supply may have knock-on effects on agricultural production.

South African exports to Russia	Contribution to total exports per item
<b>Total exports to Russia</b>	<b>0.3%</b>
Furskins and artificial fur; manufactures thereof	5.2%
Edible fruit and nuts; peel of citrus fruit or melons	5.2%
Preparations of vegetables, fruit, nuts or other parts of plants	2.7%
Beverages, spirits and vinegar	0.9%
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	0.7%

South Africa's imports from Russia	Contribution to total imports per item
<b>Total imports from Russia</b>	<b>0.7%</b>
Copper and articles thereof	19.4%
Lead and articles thereof	18.3%
Fertilisers	14.8%
Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) pc	8.8%
Fish and crustaceans, molluscs and other aquatic invertebrates	7.6%

Western Cape exports to Russia	Contribution to total exports per item
<b>Total exports to Russia</b>	<b>2.1%</b>
Edible fruit and nuts; peel of citrus fruit or melons	6.6%
Preparations of vegetables, fruit, nuts or other parts of plants	3.9%
Albuminoidal substances; modified starches; glues; enzymes	2.0%
Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	1.7%
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	1.4%

Western Cape imports from Russia	Contribution to total imports per item
<b>Total imports from Russia</b>	<b>0.7%</b>
Fertilisers	68.5%
Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	12.7%
Fish and crustaceans, molluscs and other aquatic invertebrates	9.1%
Paper and paperboard; articles of paper pulp, of paper or of paperboard	3.1%
Aircraft, spacecraft, and parts thereof	1.8%

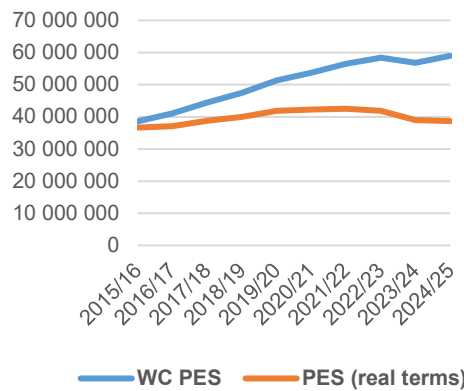
Source: *The Economic Times*, *Nasdaq*, *IOL news*, *Bloomberg*, *Quantec*, *Department of Agriculture, Land reform & Rural Development*

### Fiscal Strategy

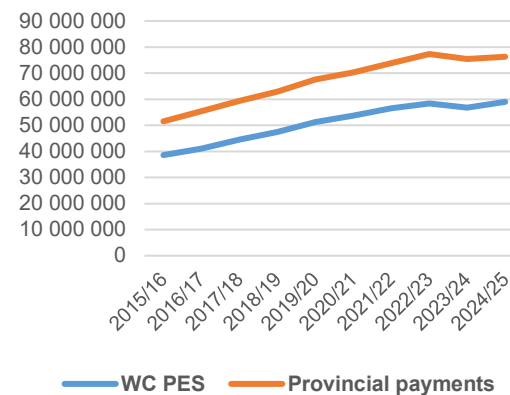
National government is continuing a path of fiscal consolidation focused on narrowing the national budget deficit. This will lead to transfers to provinces shrinking in real terms over the MTEF. This has required the Western Cape Government (WCG) to significantly reprioritise resources and look at new ways of financing service delivery pressures.

In addition to the fiscal risks posed by a slowing economy, further risks include calls for a permanent increase in social protection that exceeds available resources; pressures from the public-service wage bill; and continued requests for financial support from financially distressed state-owned companies. Supporting economic recovery, reducing fiscal debt, and stabilising debt will be prioritised over the MTEF.

**Figure 1.1** Total Provincial Equitable Share (PES) provincial payments, 2015/16 to 2024/25



**Figure 1.2** Total Provincial Equitable share (PES) provincial payments, 2015/16 to 2024/25



Source: Provincial Treasury

The WCG's Fiscal Strategy provides the framework for financial decision making, and is guided by four key principles as part of the budget process that have guided the allocation of resources over the 2022 MTEF, these principles include:

**Figure 1.3 Key principles of the provincial fiscal strategy**



The WCG's Fiscal Strategy over the 2022 MTEF includes cross-cutting commitments that are essential to control expenditure while improving strategic allocation of resources toward achieving the desired policy outcomes. Managing budgetary and service delivery risks effectively in the current constrained fiscal envelope is also an essential component of this fiscal strategy.

The key transversal commitments in implementing the provincial fiscal strategy are depicted in Figure 1.4.

**Figure 1.4 Key transversal instruments of the Provincial Fiscal Strategy**



### ● **Approach to Compensation of Employees**

People are the WCG's greatest resource, and therefore any strategy envisaged for implementation cannot be done without the support of its workforce as well as ensuring they are engaged and fully understand the impact of the strategy. Although, the WCG needs to think about Compensation of Employees (CoE) cost containment measures over the longer term, it is also vital to retain those employees with the right skills and competencies to drive the growth and success of the WCG. The CoE strategy over the 2022 MTEF remains, to manage CoE spend through the placing of upper limits and actual headcount management. All departments were required to develop bespoke CoE's strategies in finalising their 2022 MTEF budgets.

### ● **Infrastructure investment and development**



Photo: Rehabilitation of TR02802 between Hermanus & Stanford (Overstrand Municipality), OPMII 2021.

A key focus of this budget is infrastructure. The short-term benefits of an expanding infrastructure investment programme will include jobs associated with investment activities, while longer term benefits come from greater productivity and competitiveness.

The world-class provincial roads network supports economic growth through mobility. This Budget sets aside an additional R870 million allocated in the outer years of the 2022 MTEF, to smooth out the road infrastructure build, reduce the backlog and provide certainty of funding. In total, R7.037 billion is allocated to the roads budget over the MTEF.

In education, increasing in learner numbers require appropriate and additional accommodation. This budget adds R737.825 million over the 2022 MTEF to help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in education including district and circuit accommodation; enhance capacity to deliver infrastructure in education; address damage to infrastructure; and address achievements of targets set out in the minimum norms and standards for school infrastructure. This brings the total education infrastructure budget to R11.200 billion over the MTEF.

Detailed information on the Province's infrastructure plans is contained in an accompanying publication, the *Overview of Provincial and Municipal Infrastructure Investment, 2022*.

- **Fiscal Transition Support Facility (FTSF):** the FTSF was established 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 approaches and technology that will achieve long-term savings and improved outcomes over time. Over the 2022 MTEF, R52.794 million is allocated from the FTSF, to the Department of the Premier (R18.200 million), Provincial Treasury (R2.118 million), Department of Health (R76 million), Department of Social Development (R 10 million) and the Department of Cultural Affairs and Sport (R16.476 million) to support the implementation of specific departmental interventions that will achieve long term savings for the department and improve outcomes over the medium to long term. .
- **Expenditure reviews:** A major risk to the South African economy over the last decade has been, rising government expenditure without corresponding growth in economic output, productivity or efficiency. Over the medium term, the WCG will continue to use spending reviews as a tool to implement zero-based budgeting as outlined in the *National Treasury's Framework for Achieving Spending Efficiency in a Fiscally Constrained Environment*. The Provincial Treasury will be working with provincial departments to assess the efficiency, effectiveness and performance of selected programmes, such as roads infrastructure, youth and skills development
- **Supply Chain Management reform:** the WCG's Supply Chain Management (SCM) reform strategy has and will continue to play a critical role in sustaining financial capability maturity, drive value for money, and strengthening compliance with governance requirements in the Province.

### **Budget Policy Priorities and Spending Plans**

The WCG citizen-centric service delivery will be promoted by means of improved coordination and prioritisation of interventions related to the Recovery Plan key themes: COVID-19 Recovery, Jobs, Safety, and Wellbeing. This will be achieved through the alignment of departmental plans and budgets to prioritise projects and interventions linked to policy priorities and sustainable management of provincial risks, while demonstrating value for money.

## The Social Wage

A core component of the WCG budget is the “social wage” defined as public goods and services provided by the government toward steadily improving the living conditions of citizens. It gives effect to a key budget objective of the WCG by protecting key frontline services, and accounts for 82 per cent of total expenditure over the medium term, with healthcare and education making up the bulk of the expenditure.

**Table 1.1 Provincial social wage package, 2022 MTEF**

Policy area R'000	Medium-term estimate		
	2022/23	2023/24	2024/25
Health	27 329 557	26 686 683	27 199 615
Education	26 701 734	26 350 329	26 649 472
Social protection	2 212 024	2 234 859	2 293 246
Housing and community amenities	2 411 827	2 494 037	2 565 023
Recreation, culture and religion	870 546	855 724	884 194
Public order and safety	770 304	719 392	728 699
Local Government	302 232	297 600	299 124
<b>Total payments and estimates by policy area</b>	<b>60 598 224</b>	<b>59 638 624</b>	<b>60 619 373</b>

Note: Policy area expenditure estimates are aligned to the Government Financial Statistics (GFS) categories.

Over the ten years access to services has improved, but financial sustainability has declined significantly due to the impact of the COVID-19 pandemic. This budget aims to preserve pro-poor interventions such as the nutrition programme, of which the National School Nutrition Programme is allocated a preliminary amount of R488.823 million for 2022/23; the learner transport programme; and fee exemptions at fee paying schools. The Province expects that the number of learners benefitting from the “no fee policy” will increase from 674 222 in 2022/23 to 708 294 in 2024/25.

The Province will continue to provide healthcare services to the uninsured population in the wake of the COVID-19 pandemic. More than 33 000 employees are employed in the healthcare sector, of which 65 per cent are health professionals. These health professionals are divided across 591 service points, which include 467 primary healthcare service points, 53 hospitals and 49 Emergency Medical Service (EMS) stations. Over the 2022 MTEF, R71.400 billion will be spent on primary healthcare and district health, emergency medical services, and provincial and central hospital services, providing equitable access to all healthcare facilities across the Province.



The WCG will continue to provide social protection services through various programmes to the most vulnerable people in the Province. The expansion of services to vulnerable groups such as youth at risk, persons with disabilities, victims of gender-based violence and older persons will be delivered by social work professionals. Over the 2022 MTEF, the Province has an annual target of 876 social workers to be employed. Support will be provided to Non-governmental organisation (NGOs) in the form of transfers and subsidies and funding for capacity building and technical support.

The Province will continue to expand access to adequate housing for those in need using a range of programmes that supports both home ownership and affordable rental opportunities. The Province expects to provide in excess of 30 000 housing opportunities and upgrade more than 60 informal settlements over the 2022 MTEF.

The WCG will continue to run a number of After School Programmes. The afterschool interventions include the Mass Opportunity and Development (MOD) Centres in 181 schools, the Neighbouring School programme in 134 sites, and 204 YearBeyond sites. Public libraries are also a key programme that not only provide access to books and spaces to convene for particularly vulnerable communities, but provide a safe learning and / or creative space and computer and internet access. Over the 2022 MTEF, the Province intends to increase the number of library service points from 375 in 2022/23 to 377 in 2024/25.

The Province will continue to prioritise safety. The Law Enforcement Advancement Plan (LEAP) is the most significant crime reduction programme in the Province. The LEAP programme aims to train and deploy additional law enforcement officers in the Province to address crime hotspots.

Post the local government elections, the WCG will continue to support municipalities to work with stakeholders within communities to explore sustainable ways of improving the living conditions and quality of life of those living in poverty. Poverty reduction through the implementation of the Thusong and the Community Development Worker programmes will focus on improving citizens' access to government services and information, thereby promoting opportunities to improve living conditions.

### **COVID-19 Response**

- Managing the COVID-19 resurgence and an agile health platform response.
- A Province-wide COVID-19 Vaccination Communication Campaign supported by research to inform appropriate messaging.

## Jobs

- *Ease of Doing Business (EoDB)*: Addressing port inefficiencies, Setting up an EoDB Municipal Fund, and Providing SMME Regulatory Review.
- *Investment*: Export Advancement Programme (EAP) to develop export competence and mentoring export-ready companies, facilitating domestic and international tourism marketing campaigns, and the key catalytic infrastructure investments coordinated through the Saldanha Bay Industrial Development Zone (SBIDZ) and the Atlantis Special Economic Zone (ASEZ).
- *Work opportunities and skills*: Provision for internships and skills programmes, and continuation of the Presidential Employment Initiative.
- *Infrastructure*: Development and maintenance of public infrastructure, and the establishment of the Sustainable Infrastructure Development and Finance Facility (SIDAFF) to support and assist municipalities with project preparation for a pipeline of bankable catalytic infrastructure projects.
- *Economic Resilience*: Municipal Energy Resilience Initiative, Alien vegetation clearing, and Provincial disaster management.

## Safety

- A public health approach on violence prevention will be undertaken through the establishment of the Western Cape Violence Prevention Unit.
- A safety coordinated approach through Area-Based Teams which comprises of community-based stakeholders, such as the South African Police Service, the Western Cape Department of Health, the City of Cape Town, the Department of Community Safety, Neighbourhood Watches and Community Policing Forums.
- Continuation of the Law Enforcement Advancement Plan (LEAP) programme.

## Wellbeing

- *Strong Foundations*: Focus on numeracy and literacy in the foundation phase, and support to Early Childhood Development.
- *Socio-emotional and physical wellbeing*: Maintaining reasonable teacher: learner ratios in classrooms, focused efforts

to promote blended learning, and strengthening psycho-social support.

- *Meeting Basic Needs and Protecting Human Rights:* Food relief programmes, Reintegration services to homeless adults, Victim empowerment shelters, and Social housing projects.
- *Building Social cohesion:* Providing communities access to Thusong Centres, public libraries, sport facilities, and arts and culture facilities.

As expressed in the World Economic Forum's (WEF's) Global Risks Report 2022, climate risks dominate global concerns. The South African Climate Change Bill, which will facilitate South Africa's transition to a greener economy, compels businesses to reduce greenhouse gas emissions that accelerate climate change. The provincial response to climate change will be facilitated through stakeholder engagements, sector planning processes, and associated projects.

To enable improved public service, further attention will be directed to deepening governance to ensure that robust processes and systems are in place to deal with an ever changing, ever demanding environment. In addition, over the 2022 MTEF, all provincial departments are committed to innovating and implementing its citizen engagement initiatives specific to their service delivery mandates.

## ■ Provincial Receipts

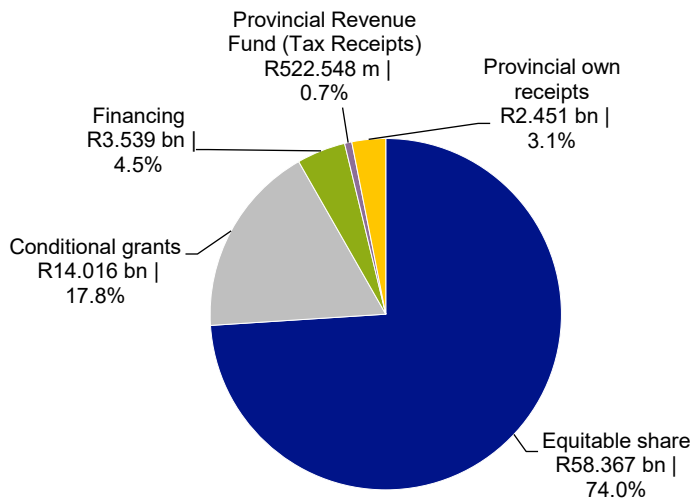
Over the 2022 MTEF, **total provincial receipts** are projected at R78.896 billion. In 2022/23, R76.233 billion in 2023/24 and R78.521 billion in 2024/25.

Total provincial receipts are made up of:

- Provincial Equitable Share (PES): This is the largest contributor to the provincial revenue and accounts for 74.0 per cent or R58.367 billion of total provincial receipts for 2022/23 (Figure 1.1)
- Conditional Grants: These account for 17.8 per cent or R14.016 billion of total provincial receipts for 2022/23 and is the second largest source of revenue for the Province.
- Provincial Own Receipts: These receipts account for 3.1 per cent of total provincial receipts in 2022/23, or R2.451 billion.

- Provincial Revenue Fund (Tax receipts): These receipts account for 0.7 per cent or R522.548 million of total provincial receipts in 2022/23.
- Financing: This contributed 4.5 per cent or R3.538 billion of total provincial receipts in 2022/23.

**Figure 1.5 Total provincial receipts, 2022/23**



## Expenditure

### Expenditure by provincial department

Total provincial expenditure in 2022/23 will be R77.332 billion. Expenditure for 2023/24 is projected to decline to R75.419 billion and R76.245 billion in 2024/25. (Table 1.2). The three largest expenditures by Vote are:

- The Department of Health, which receives R29.094 billion in 2022/23 or 37.6 per cent of total expenditures.
- The Department of Education which receives R28.033 billion in 2022/23 or 36.2 per cent of total expenditures, and
- The Department of Transport and Public Works which receives R9.106 billion in 2022/23 or 11.8 per cent of total expenditures.

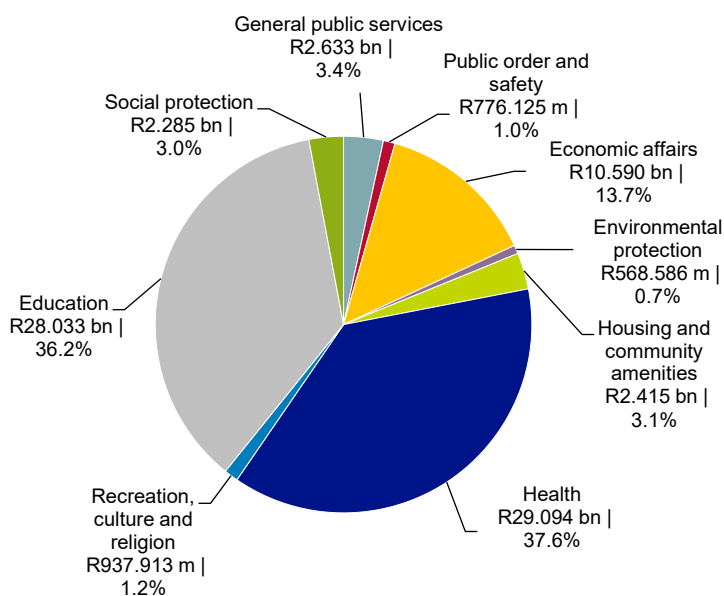
**Table 1.2 Expenditure by vote**

Vote R'000	Outcome			Medium-term estimate						
	Audited 2018/19	Audited 2019/20	Audited 2020/21	Main appropriation 2021/22	Adjusted appropriation 2021/22	Revised estimate 2021/22	% Change from Revised estimate			
							2022/23	2021/22	2023/24	2024/25
1. Department of the Premier	1 450 004	1 561 031	1 610 128	1 748 562	1 745 012	1 745 012	1 825 280	4.60	1 899 180	1 693 778
2. Provincial Parliament	138 376	145 748	143 036	165 859	169 711	169 711	176 502	4.00	179 513	190 802
3. Provincial Treasury	303 106	328 765	277 393	319 608	307 602	302 199	321 610	6.42	324 217	329 382
4. Community Safety	335 836	464 924	773 295	739 049	559 307	559 307	776 125	38.77	720 225	728 699
5. Education	22 427 766	23 794 241	24 446 409	24 869 113	25 819 739	25 819 739	28 032 601	8.57	28 006 088	27 810 778
6. Health	23 043 593	24 773 271	26 963 540	27 391 897	28 190 163	28 190 163	29 094 331	3.21	27 156 393	27 781 176
7. Social Development	1 916 148	2 084 054	2 240 875	2 253 656	2 294 540	2 294 540	2 285 335	(0.40)	2 277 442	2 340 016
8. Human Settlements	2 352 331	2 683 772	2 380 607	2 353 171	2 410 259	2 410 259	2 414 805	0.19	2 418 756	2 516 343
9. Environmental Affairs and Development Planning	575 512	624 869	583 751	570 062	565 417	565 417	568 586	0.56	574 055	589 355
10. Transport and Public Works	7 854 308	8 547 119	8 443 197	9 265 029	9 169 510	9 169 510	9 106 398	(0.69)	9 311 257	9 653 730
11. Agriculture	1 108 571	928 920	917 856	909 086	910 889	910 889	969 218	6.40	932 334	950 654
12. Economic Development and Tourism	424 396	498 783	530 711	517 807	499 899	499 899	514 798	2.98	452 364	467 519
13. Cultural Affairs and Sport	732 338	784 571	735 454	897 510	900 109	899 997	937 913	4.21	862 816	889 508
14. Local Government	278 361	313 749	279 141	348 664	342 646	342 481	309 301	(9.69)	304 682	303 221
<b>Total provincial payments and estimates by vote</b>	<b>62 940 646</b>	<b>67 533 817</b>	<b>70 325 393</b>	<b>72 349 073</b>	<b>73 884 803</b>	<b>73 879 123</b>	<b>77 332 803</b>	<b>4.67</b>	<b>75 419 322</b>	<b>76 244 961</b>

**Expenditure by policy area**

The proportions of expenditure by policy are presented in Figure 1.6. These areas include all spending by departments related to each policy area.

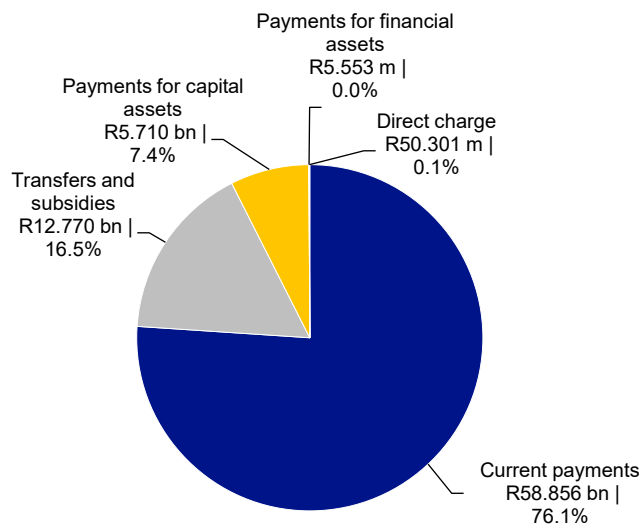
**Figure 1.6 Provincial payments and estimates by policy area, 2022/23**



## Expenditure by economic classification

- Total provincial expenditure for 2022/23 inclusive of direct charges amounts to R77.383 billion. The spending categories consist of current payments (R58.856 billion), transfers and subsidies (R12.761 billion), payment for capital assets (R5.710 billion), payments for financial assets (R5.553 million) and direct charges (R50.301 million).
- **Compensation of Employees:** the largest expenditure item for the WCG, personnel expenditure accounts for 53.0 per cent or R40.977 billion of the total budget in 2022/23. The provincial strategy over the 2022 MTEF remains to manage CoE spend through CoE ceilings/upper limits and headcount management.
- **Goods and services** accounts for 23.1 per cent or R17.879 billion over in 2022/23. The Province will use key levers such as SCM reform and expenditure reviews to ensure that there is effective and efficient procurement and value creating by public spending.
- **Transfers and Subsidies** account for 16.5 per cent of the 2022/23 budget, or R12.761 billion.
- **Payment for capital assets** accounted for 7.4 per cent of the provincial budget in 2022/23, or R5.710 billion.

**Figure 1.7 Expenditure by economic classification, 2022/23**



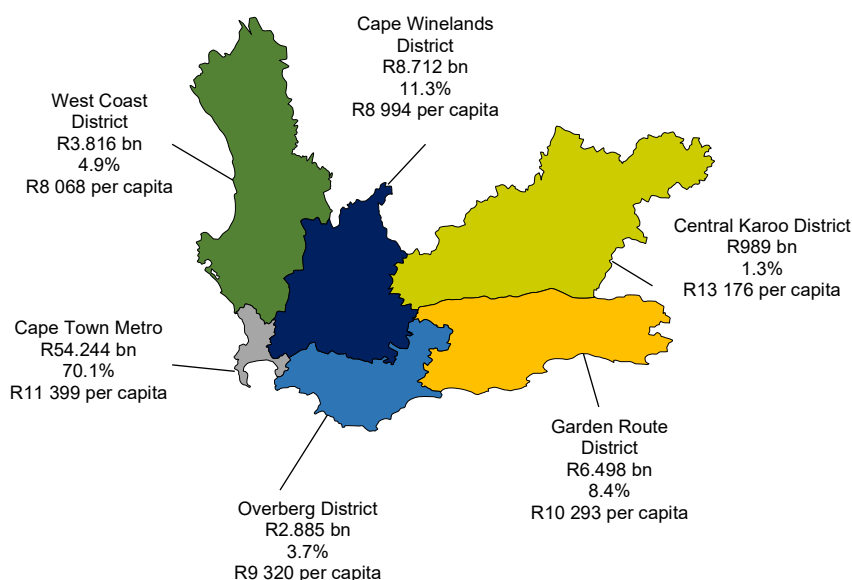
## Spatial distribution of provincial expenditure

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

Collectively, provincial departments will spend R77.333 billion across the various municipalities in the Province in 2022/23, up 4.7 per cent from 2021/22. Provincial population annual average growth is predicted to be 1.4 per cent over the next four years

The provincial expenditure distribution per region is as follows: City of Cape Town (R54.244 billion or 70.1 per cent); Cape Winelands (R8.712 billion or 11.3 per cent ); Garden Route (R6.498 billion or 8.4%); West Coast (R3.816 billion or 4.9 per cent); Overberg (R2.885 billion or 3.7 per cent ); and the Central Karoo (R989.056 million or 1.3 per cent) Of the distribution to regions, R58.856 billion or 76.1 per cent will be spent on the payment of salaries and the procurement of goods and services. Transfers and subsidies will amount to R12.761 billion (16.5 per cent), payments for capital assets is R5.710 billion (7.4 per cent) and payment for financial assets is R5.553 million.

**Figure 1.8 Provincial payment percentages, Metro and Districts**

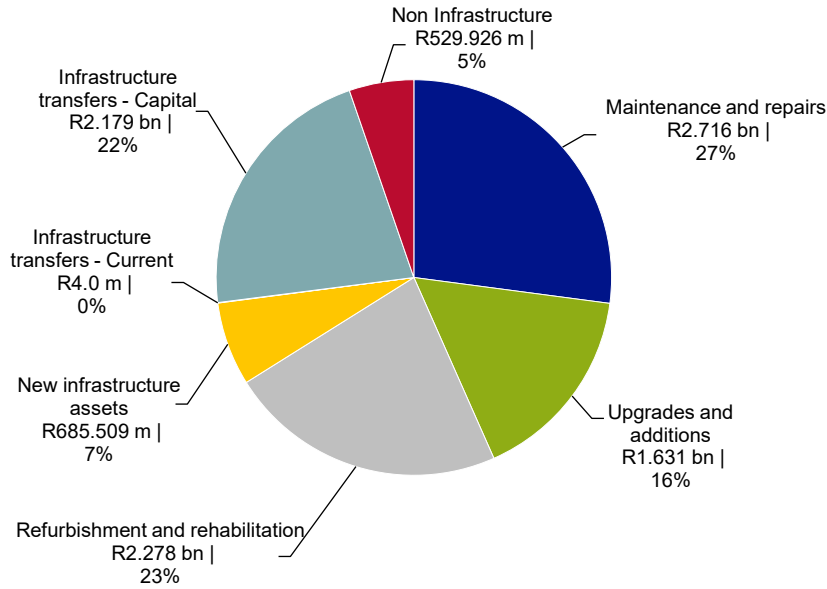


### Infrastructure

Figure 1.9 outlines the total infrastructure expenditure by type or nature of investment. The largest portion of total departmental investments into infrastructure is spent on the maintenance and repairs of infrastructure, accounting for 27 per cent or R2.716 billion in 2022/23. 23 per cent or R2.278 billion will be spent on the refurbishment and rehabilitation of infrastructure, while 22 per cent or R2.179 billion will be spent on transfers for infrastructure in 2022/23.

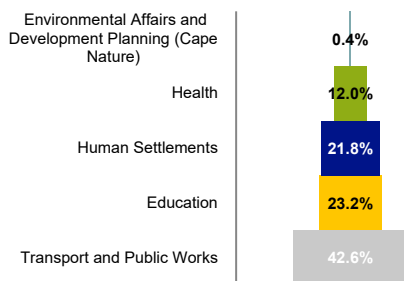
New infrastructure assets and upgrades and additions to existing infrastructure will be allocated R685.509 million (7 per cent) and R1.631 billion (16 per cent) in 2022/23.

**Figure 1.9 Nature of Infrastructure Investment for 2022/23 MTEF**

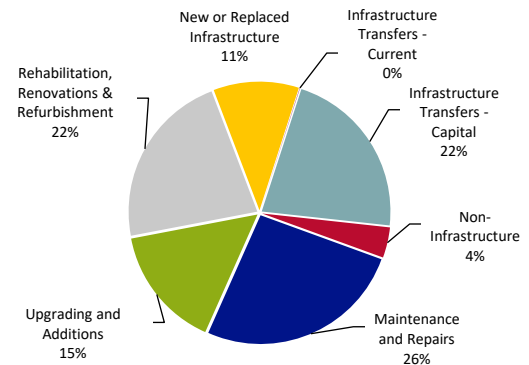


## Spatial Distribution of Provincial Infrastructure Budget Fact Sheet for the MTEF Period 2022/23 – 2024/25

**WC Figure 1 Departmental MTEF Infrastructure Budgets (% of MTEF Total)**



**WC Figure 2 Nature of Infrastructure Investment (% of MTEF Total)**

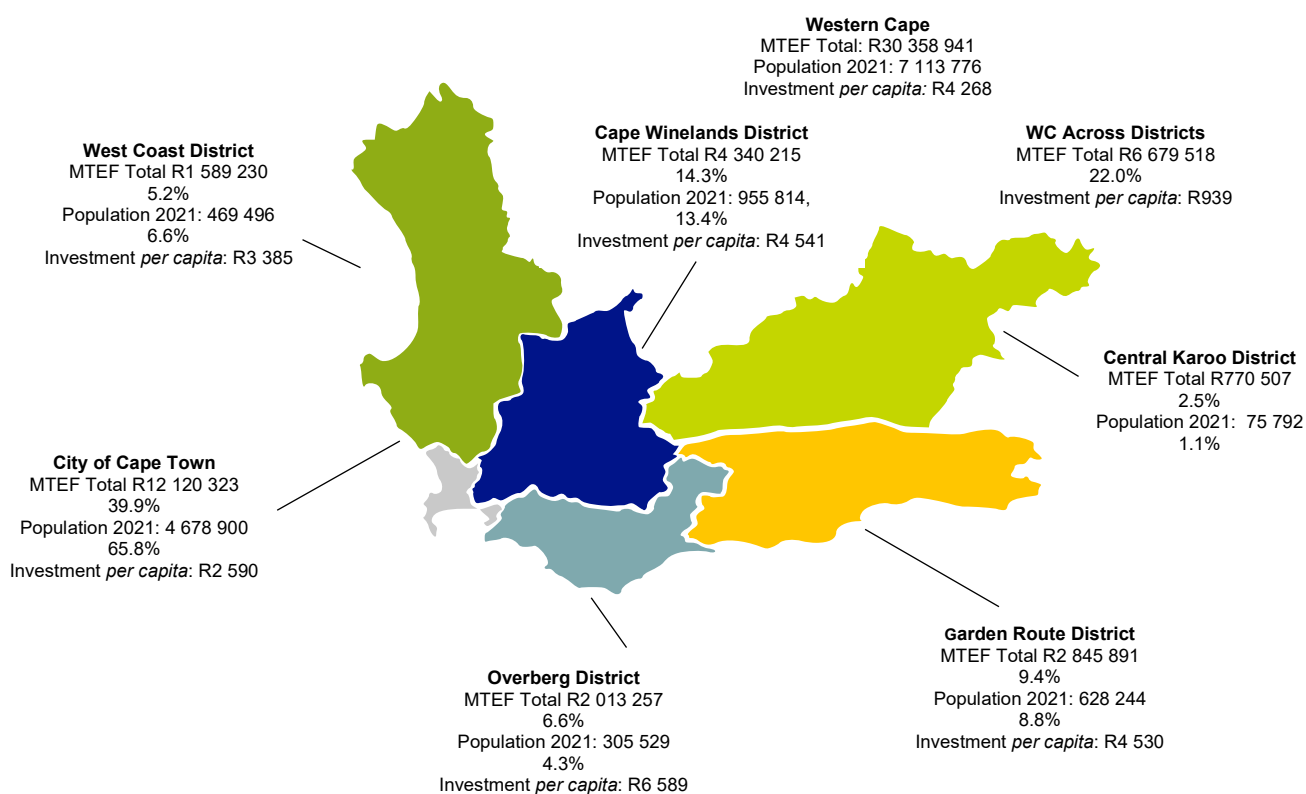




**WC Table 1 Total Departmental MTEF Infrastructure Budget and Number of Projects**

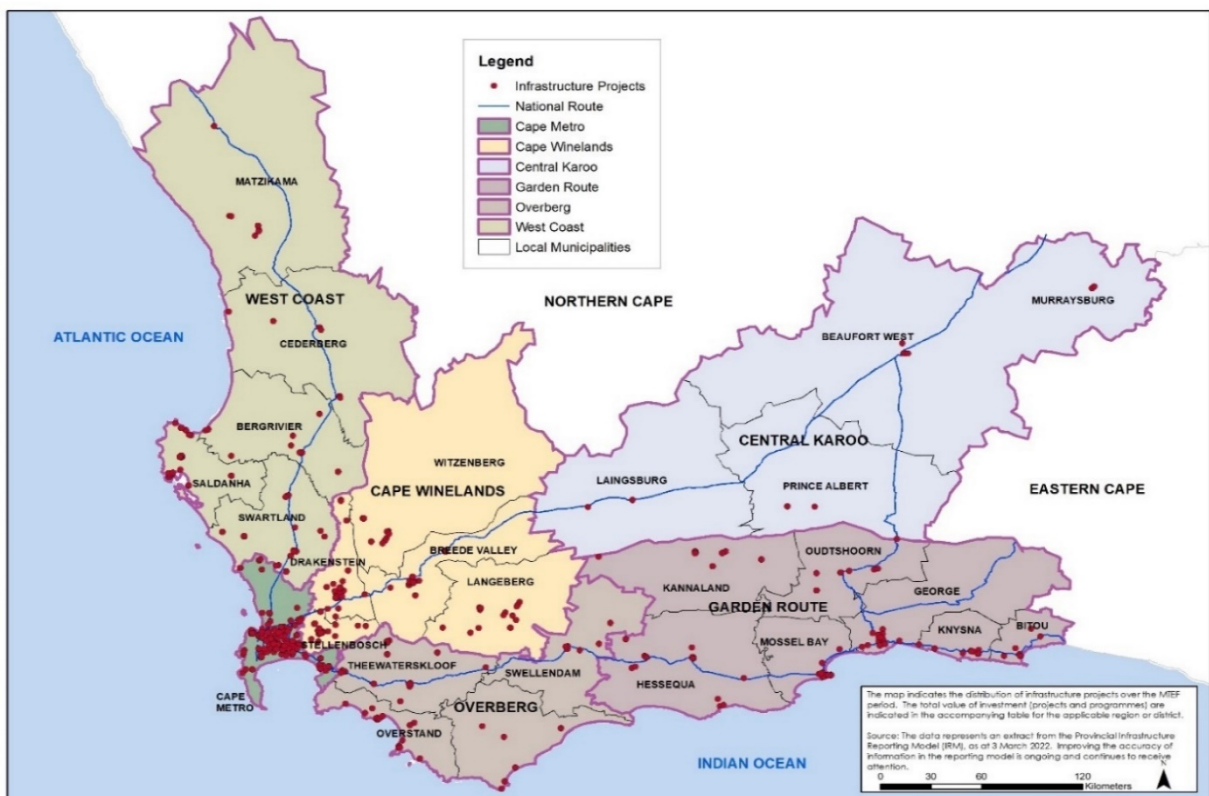
Department	No of Projects	2022/23 MTEF (R'000)	2023/24 MTEF (R'000)	2024/25 MTEF (R'000)	MTEF Total (R'000)
Transport and Public Works	163	4 135 946	4 309 619	4 472 869	12 918 434
Education	89	2 553 194	2 195 305	2 288 292	7 036 791
Human Settlements	243	2 116 034	2 207 509	2 306 646	6 630 189
Health	338	1 176 593	1 214 973	1 258 496	3 650 062
Environmental Affairs and Development Planning (Cape Nature)	18	41 477	41 802	40 186	123 465
Social Development	-	-	-	-	-
<b>Total</b>	<b>851</b>	<b>10 023 244</b>	<b>9 969 208</b>	<b>10 366 489</b>	<b>30 358 941</b>

**WC Map 1 Spatial Distribution of Planned Infrastructure Expenditure in the Western Cape - MTEF Total (R'000)**



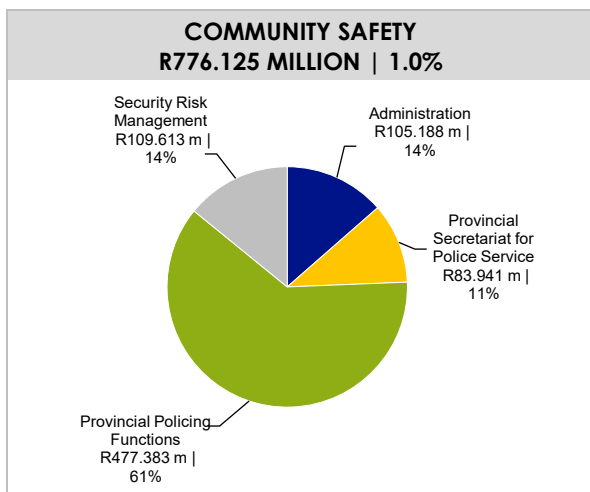
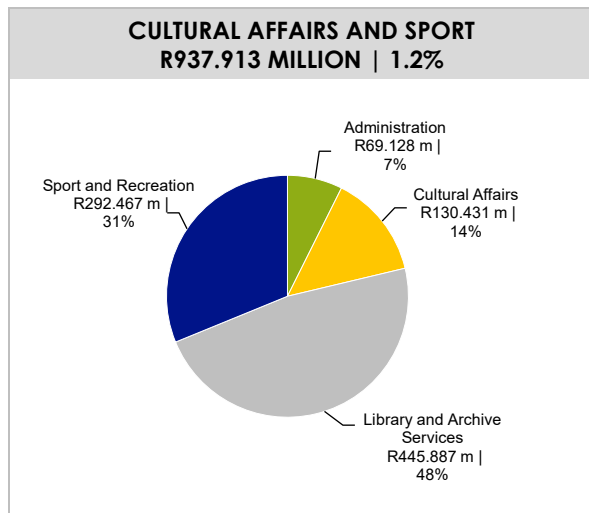
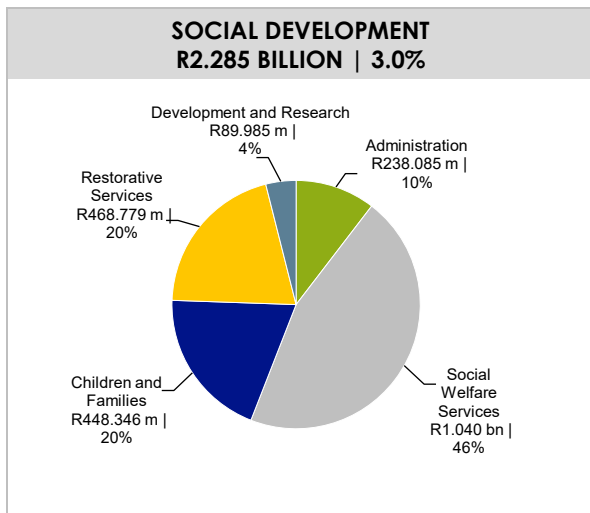
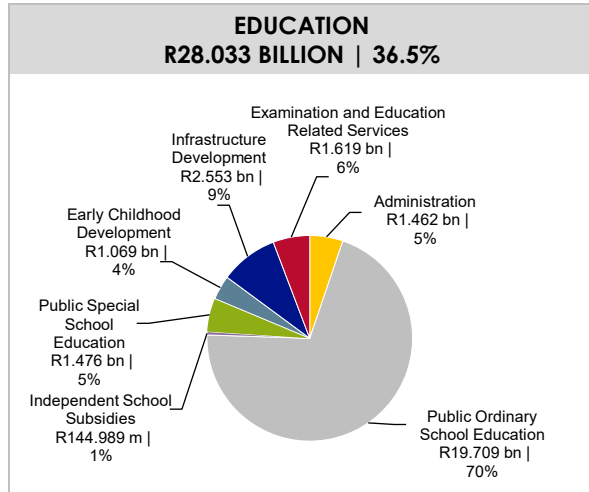
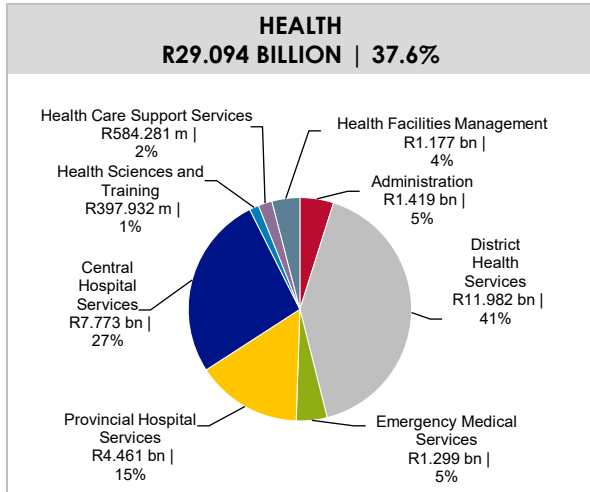
**WC Table 2 Top 10 Infrastructure Projects/Programmes in the Province**

<i>Department</i>	<i>Project/Programme Name</i>	<i>Nature of Investment</i>	<i>Total Estimated Project Cost (R'000)</i>	<i>MTEF Total (R'000)</i>
Education	Preventative Maintenance - EIG	Maintenance and Repairs	3 115 897	1 238 404
Transport and Public Works	Maintenance - Cape Town	Maintenance and Repairs	2 644 891	1 057 581
Education	Preventative Maintenance - ES	Maintenance and Repairs	1 321 319	926 877
Transport and Public Works	Scheduled Maintenance	Maintenance and Repairs	1 686 439	611 795
Human Settlements	3467-02 - Penhill Greenfields Development (2519 units) IRDP	Infrastructure Transfers - Capital	744 580	543 122
Human Settlements	Welmoed (Penhill) UISP	Infrastructure Transfers - Capital	324 256	404 284
Education	Emergency Maintenance ES	Maintenance and Repairs	758 610	400 000
Education	Classroom Projects (Expansion classrooms) No. 2 (ES)	Upgrading and Additions	403 203	395 000
Transport and Public Works	C1159 Extended R300 Freeway	New or Replaced Infrastructure	420 000	391 000
Transport and Public Works	C1000 Hermanus -Gansbaai	Rehabilitation, Renovations & Refurbishment	378 685	360 000

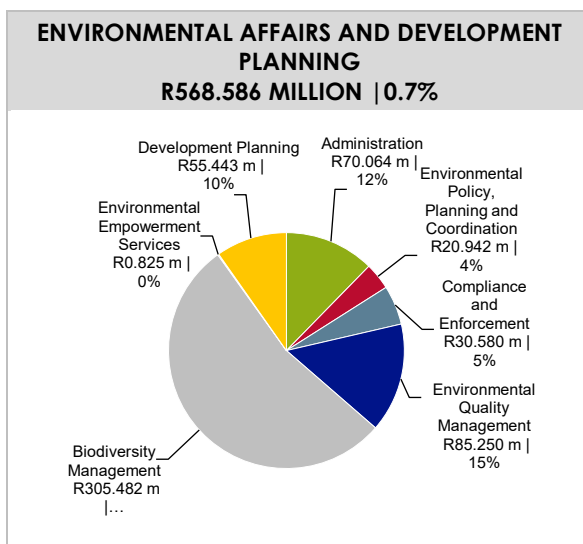
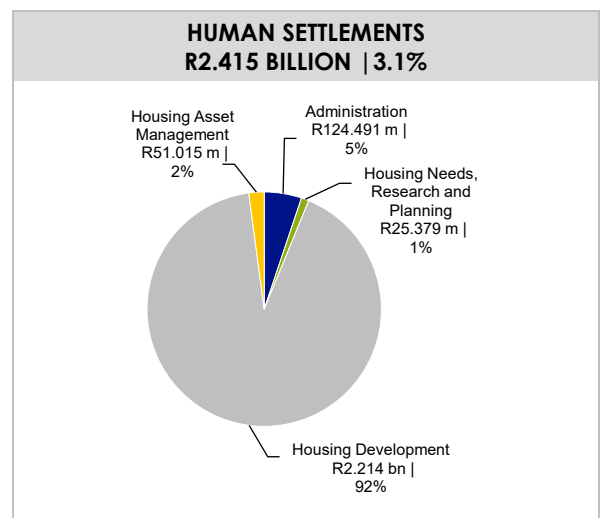
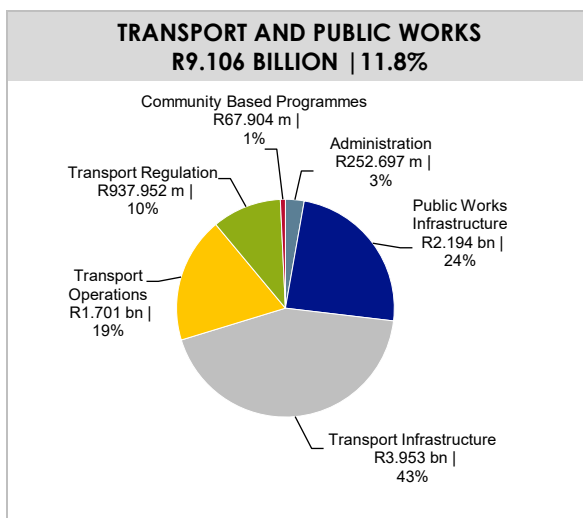
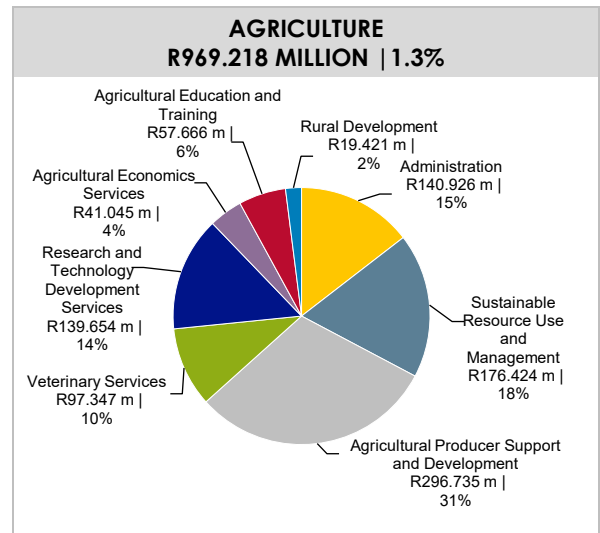
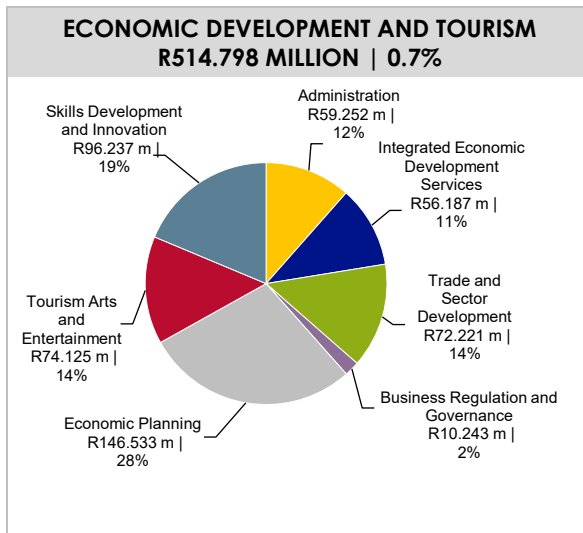
**WC Map 2 Regional Distribution of Infrastructure Projects over the MTEF**

## Diagrammatic representation of sector budgets

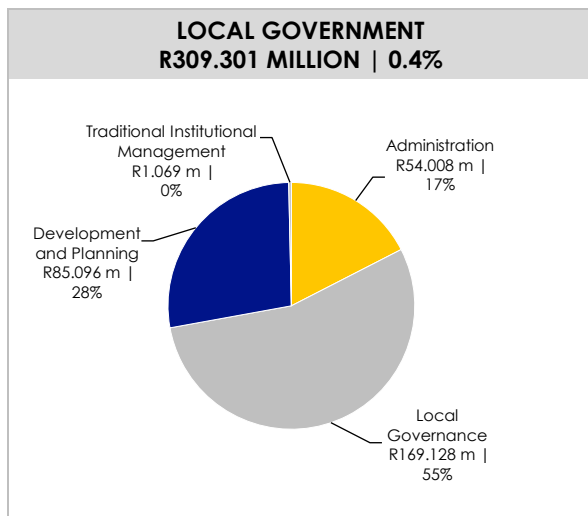
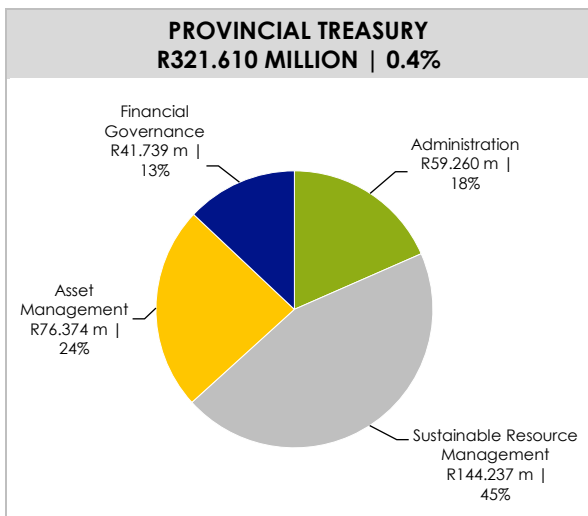
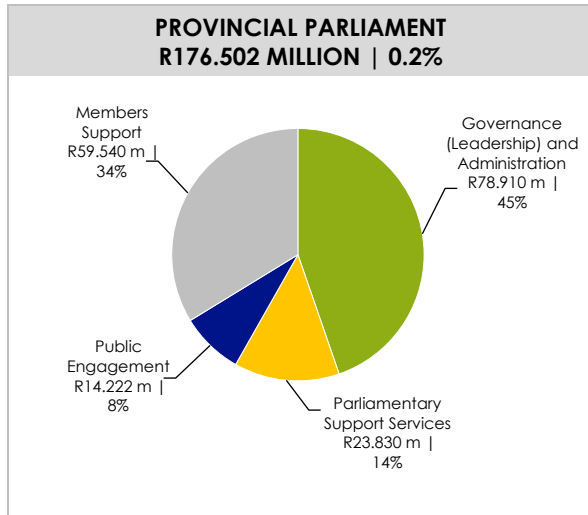
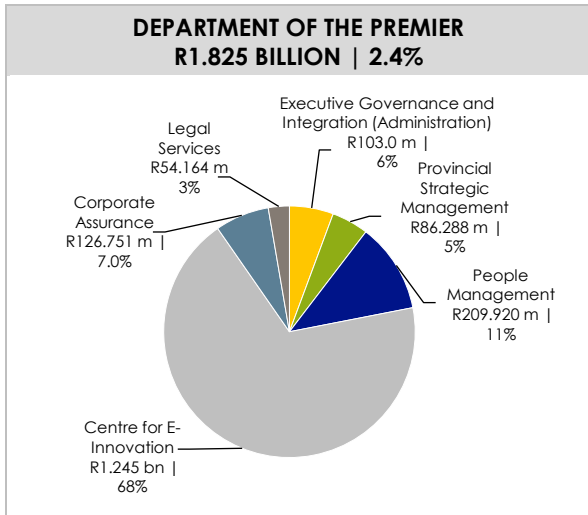
### Social sector budget summary, 2022/23



## Economic sector budget summary, 2022/23



## Governance and Administration sector budget summary, 2022/23



# 2

## Economic overview

- Global growth is expected to decelerate in 2022, albeit from a record post COVID-19 bounce back. The deceleration is due to increased geopolitical risks, particularly the outbreak of war between Russia and the Ukraine, reduced fiscal and monetary policy support, rising energy prices, lingering supply chain bottlenecks, the continued risk of new COVID-19 variants and rising global inflation.
- The national and provincial economies are challenged by record high unemployment rates; increasingly expensive and unreliable electricity; geo-political risks; limited fiscal space to support the economy and maintain social services, possible additional COVID-19 waves and subsequent lockdown measures.
- Growth for South Africa is expected to moderate to 1.9 per cent in 2022 and 2023, whereas the Western Cape is projected to expand by 2.0 per cent in 2022 and 1.9 per cent in 2023. The national (34.9 per cent) and provincial (25.3 per cent) unemployment rate has reached an all-time high in the third quarter of 2021.
- By 8 March 2022, 2.768 million of the Western Cape population has been vaccinated with at least one dose, or 55.6 per cent of the total adult population.

### ■ Introduction

The global economy finds itself in a weaker position than expected in 2022. The new year was ushered in by rising caseloads of the Omicron COVID-19 variant renewed mobility restrictions and escalating geo-political tensions. As the Omicron variant lost momentum, a number of countries, such as the United Kingdom (UK), have since relaxed COVID-19 lockdown measures considerably. Supply chain disruptions, coupled with rising energy prices, fuelled higher and more broad-based inflation than expected, particularly in emerging market and developing economies and the United States (US).

Supply chain disruptions led to sparse retail shelves; delays in production processes; and surging prices in consumer goods, components and raw materials. Critical shortages were experienced in products such as semiconductors also known as microchips, which in turn affected the production of cars, computers, microwaves and other electronic equipment.

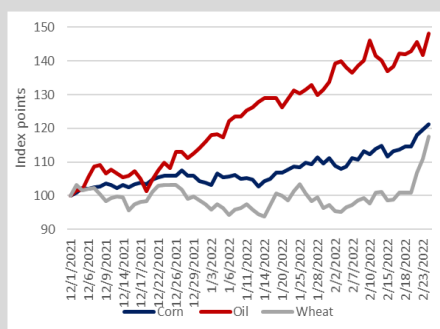
### Impact of the Russian invasion of Ukraine on the Western Cape

Oil (red) and gas (green) pipelines to Europe by volume



<https://www.nationalgeographic.org/photo/europe-map/>

Oil, Corn and wheat prices, Jan 2021 to end February 2022



In late February 2022, Russia invaded Ukraine. The invasion has already had an impact on the global, South African and Western Cape economies. The impact the conflict will be felt on two fronts: An increase in global commodity prices and trade disruptions. For South Africa and the Western Cape, the impact of global commodity prices will have more serious implications than trade disruptions. The extent of these will depend on the length of the conflict.

Russia is a key supplier of energy to the world economy. Europe relies on Russia for about a quarter of its oil supplies, while China is the largest single importer of Russian oil. Oil supply disruptions may lead to oil prices hovering around USD 110 in the second quarter of 2022. (JP Morgan Chase & Co). Rising oil prices and inflation will lead to higher interest rates. Investors are bound to revert to safe haven assets such as bonds, the Swiss franc and gold.

Russia and Ukraine are also meaningful contributors to the global food chain, accounting for at least 30 per cent of the world’s wheat exports, 20 per cent of maize exports and 80 per cent of sunflower oil exports. Wheat prices have risen to the highest level since 2008. A rise in the price of important food commodities remains a key risk.

#### Impact on the South African economy

If, as is likely, the prices of the commodities that South Africa imports (mainly oil) rise faster than those that South Africa exports (gold, iron, etc.) then this will lead to a negative terms of trade shock for South Africa. This will dampen economic growth and lead to inflation.

Russia accounts for only 0.3 per cent of South African exports and 0.7 per cent of South African imports, meaning there is likely to be a limited national impact on total trade. However, certain niche industries are highly dependent on Russian exports and could be more severely impacted. In 2021, 6.4 per cent of South Africa’s total orange exports were destined for Russia.

Over the last decade, 56 per cent of South Africa’s total wheat consumption was imported, while 35.7 per cent of South Africa’s total wheat imports came from Russia. The Russian-Ukraine conflict therefore holds serious food security risks to South Africa.

#### Impact on the Western Cape

The Western Cape accounts for 50 per cent of South Africa’s wheat production. Higher global wheat prices will benefit local farmers but will have negative implications on food security. Rising agricultural input costs such as oil, and fertilizer could lead to food inflation in other commodities. That said, R3.580 billion, or 2.1 per cent of Western Cape exports, go to Russia and are at risk. Of this, R3.021 billion is the edible fruit and nuts category, accounting for 6.6 per cent of all exports to the world. While the Western Cape does not import energy or oil from Russia, the Province imports 68.5 per cent of all its fertilizer from Russia (Phosphorous, Nitrogen and Potassium are abundant in Russia). Disruptions to fertilizer supply may have knock-on effects on agricultural production.

South African exports to Russia	Contribution to total exports per item
<b>Total exports to Russia</b>	<b>0.3%</b>
Furskins and artificial fur; manufactures thereof	5.2%
Edible fruit and nuts; peel of citrus fruit or melons	5.2%
Preparations of vegetables, fruit, nuts or other parts of plants	2.7%
Beverages, spirits and vinegar	0.9%
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	0.7%

South Africa's imports from Russia	Contribution to total imports per item
<b>Total imports from Russia</b>	<b>0.7%</b>
Copper and articles thereof	19.4%
Lead and articles thereof	18.3%
Fertilisers	14.8%
Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper	8.8%
Fish and crustaceans, molluscs and other aquatic invertebrates	7.6%

Western Cape exports to Russia	Contribution to total exports per item
<b>Total exports to Russia</b>	<b>2.1%</b>
Edible fruit and nuts; peel of citrus fruit or melons	6.6%
Preparations of vegetables, fruit, nuts or other parts of plants	3.9%
Albuminoid substances; modified starches; glues; enzymes	2.0%
Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring matter; paints and varnishes; putty and other mastics; inks	1.7%
Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	1.4%

Western Cape imports from Russia	Contribution to total imports per item
<b>Total imports from Russia</b>	<b>0.7%</b>
Fertilisers	68.5%
Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	12.7%
Fish and crustaceans, molluscs and other aquatic invertebrates	9.1%
Paper and paperboard; articles of paper pulp, of paper or of paperboard	3.1%
Aircraft, spacecraft, and parts thereof	1.8%

Source: *The Economic Times*, *Nasdaq*, *IOL news*, *Bloomberg*, *Quantec*, *Department of Agriculture, Land reform & Rural Development*

Problems in the Chinese real estate sector, caused by a slump in the Chinese property market, could spill over to the US. A slowdown in China's housing market could ultimately lead to unemployment, a drop in Chinese stocks and deflation, which could spread through global trade channels as China cuts its purchases of goods from other countries. Liquidity problems in the Chinese real estate sector continue to escalate and pose financial and social instability risk to the world's second largest economy. The Chinese property market is estimated to account for 30 per cent of output once flow-on effects are taken into account.

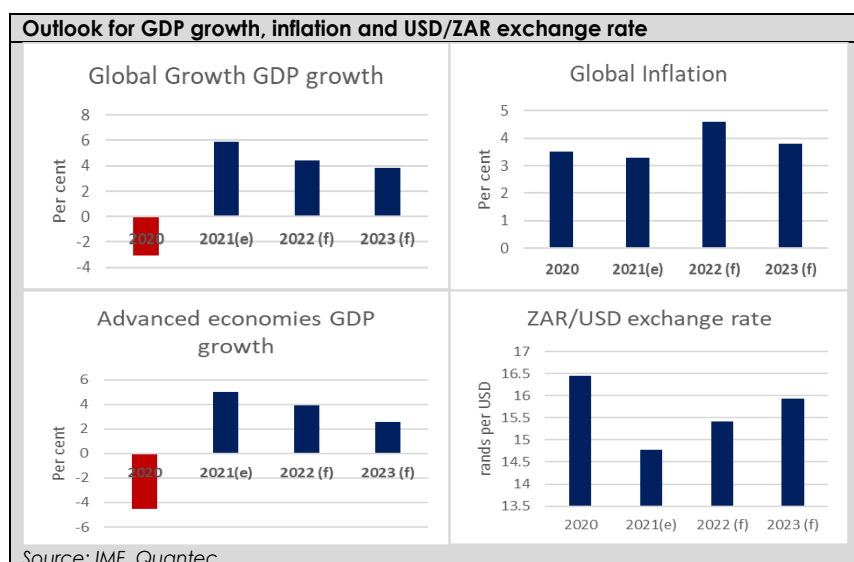
## Macroeconomic developments and outlook

### Global economic developments and outlook

Global growth is expected to decelerate from a post-COVID-19 bounce, due to reduced fiscal and monetary policy support, persistent supply bottlenecks and global geopolitical risk, particularly the outbreak of war between Russia and Ukraine (see textbox). Global inflation is expected to rise significantly. The International Monetary Fund (IMF) expects global growth to ease from 5.9 per cent in 2021 to 4.4 per cent in 2022 and to 3.8 per cent in 2023.

*Global inflation is expected to rise significantly*







Advanced economies have proved resilient, gradually returning to their pre-pandemic output levels, while emerging market and developing economies remain substantially below the pre-pandemic trend. This increased divergence in recovery has led to widening income inequality within and across countries. Growth in advanced economies is expected to slow to 3.9 per cent in 2022 and 2.6 per cent in 2023. This follows a strong expected rebound of 5.0 per cent in 2021 from the 2020 recession.





Output growth for emerging market and developing economies is projected higher than that of advanced economies at 4.8 per cent for 2022 and 4.7 per cent for 2023. Growth is still below the pre-COVID-19 level despite a strong rebound from the 2.0 per cent contraction in 2020 to 6.5 per cent growth in 2021. Industrial production and new export orders for manufactured goods in emerging market and developing countries have decelerated, reflecting moderating export demand and lingering supply bottlenecks. A rise in commodity prices has benefitted developing countries as it helped stabilise industrial activity.

**Table 2.1 Global economic outlook, 2021 – 2023**

	Share of Western Cape		GDP growth forecasts		
	Exports, 2021	Tourism, Nov 2021	2021 (e)	2022	2023
<b>Global Economy</b>	100.0%	100.0%	5.9%	4.4%	3.8%
<b>Advanced economies</b>	48.1%	72.8%	5.0%	3.9%	2.6%
<b>Emerging market and developing economies</b>	52.1%	27.2%	6.5%	4.8%	4.7%
<b>United States</b> 	10.2%	8.5%	5.6%	4.0%	2.6%
<b>Netherlands</b> 	8.6%	7.8%	4.5%	3.3%	2.1%
<b>United Kingdom</b> 	7.5%	11.4%	7.2%	4.7%	2.3%
<b>Namibia</b> 	6.6%	4.2%	1.2%	2.4%	1.5%
<b>China</b> 	6.1%	0.1%	8.1%	4.8%	5.2%
<b>Germany</b> 	3.1%	23.7%	2.7%	3.8%	2.5%

Source: Quantec, IMF WEO January 2022, World Bank, GEF January 2022.

*The US is experiencing its highest inflation in forty years*

The US economy experienced a strong rebound of 5.6 per cent in 2021 from the economy's worst contraction since 1946 of 3.4 per cent in 2020. The strong recovery, aided by legislative responses to the crisis and substantial fiscal support, resulted in the creation of 6.4 million jobs in 2021 and pushed the US GDP closer to the pre-COVID-19 trend. The US is experiencing its highest inflation in forty years, and the tightening labour market that has applied upward pressure to wages has contributed to this hike. In response to high inflation and an overheating economy, the Federal Reserve is planning to raise interest rates during the course of 2022.

In the Netherlands, the economy likely cooled in the fourth quarter of 2021 amid tough restrictions due to the emergence the new Omicron variant. The economy is expected to grow at 4.5 per cent in 2021. The government has announced in late January 2022 that COVID-19 restrictions will be eased, allowing non-essential shops and services to reopen. This bodes well for economic activity

ahead with growth expectations of 3.3 per cent in 2022 and 2.1 per cent in 2023.

The UK has recorded its strongest economic expansion since World War II in 2021. However, the UK economy has faced several challenges, including worker shortages, energy crisis, supply chain disruptions, the impact of the new post-Brexit rules, and surging inflation. More than 13 per cent of businesses in the UK reported worker shortages since October 2021, and when businesses with fewer than ten workers are excluded, the portion increases to 34 per cent (Office of National Statistics, 2022). The UK economy is expected to grow at 4.7 per cent in 2022 and 2.3 per cent in 2023.

Economic growth in China is expected to accelerate to 8.1 per cent in 2021 and remains strong, although decelerating to 4.8 per cent in 2022 and 5.2 per cent in 2023. The projected deceleration in China's growth is driven by, amongst other factors, mobility restrictions in efforts to contain COVID-19, supply chain disruptions, the energy crunch and regulatory curbs on the financial and property sectors, which have strained consumer spending as well as residential investment. The property sector remains a risk to economic growth despite the government's infrastructure investment and accelerated access to credit for homeowners and creditworthy developers.

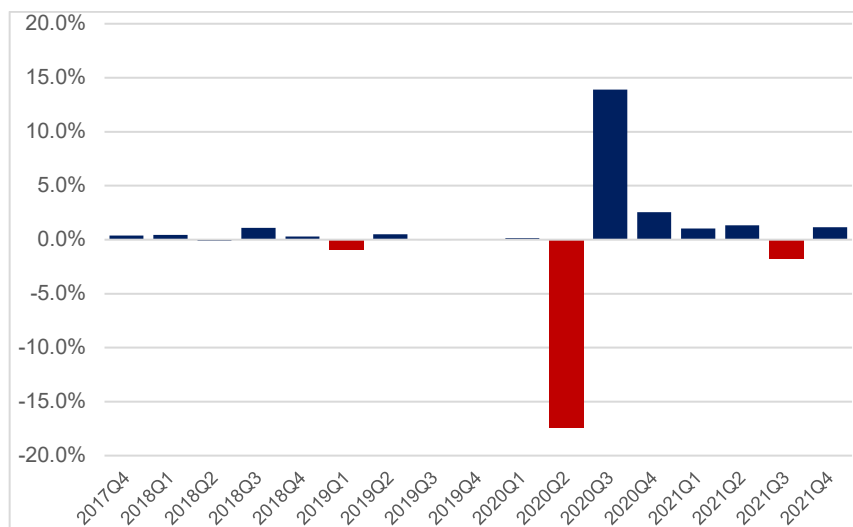
Germany's post-pandemic economic recovery was disrupted by supply chain bottlenecks, high energy costs and the emergence of the Omicron variant. However, the Bundesbank expects production supply bottlenecks to be resolved by the end of 2022 which will boost exports in the export-reliant economy. Germany is expected to grow by 3.8 per cent in 2022 and 2.5 per cent in 2023.

Namibia is anticipated to expand by 1.2 per cent in 2021. The fiscal deficit and public debt levels are expected to remain elevated as the government implements its ambitious economic recovery program of NAD 8.1 billion and limits fiscal injections required for infrastructure and human capital investment. The country faces substantial risks and challenges in the short to medium term. A continuation in the COVID-19 pandemic will lead to a slower than anticipated revival of critical sectors such as tourism, agriculture, and trade. Namibia is expected to grow at 2.4 per cent in 2022 and 1.5 per cent in 2023.

### South Africa's economic developments and outlook

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

**Figure 2.1 South African real GDP growth in market prices, 2017Q4 – 2021Q4**



Source: Stats SA, 2022

The South African economy expanded by 1.2% in the fourth quarter of 2021

In the fourth quarter of 2021, the South African economy expanded by 1.2 per cent, after recording a contraction of 1.7 per cent in the previous quarter, (see Figure 2.1). The fourth quarter expansion was hampered by travel bans prior to South Africa's summer holiday season due to a wave of Omicron-variant infections, as well as surging fuel prices, but supported by significant growth in the Agriculture sector.

In the fourth quarter of 2021, the South African GDP (R4.504 trillion) was comparable to the third quarter of 2017 (R4.507 trillion) and 1.8 per cent smaller than economic activity recorded in the last quarter prior to the implementation of COVID-19 lockdown measures, (first quarter of 2020).

### Economic sector performance

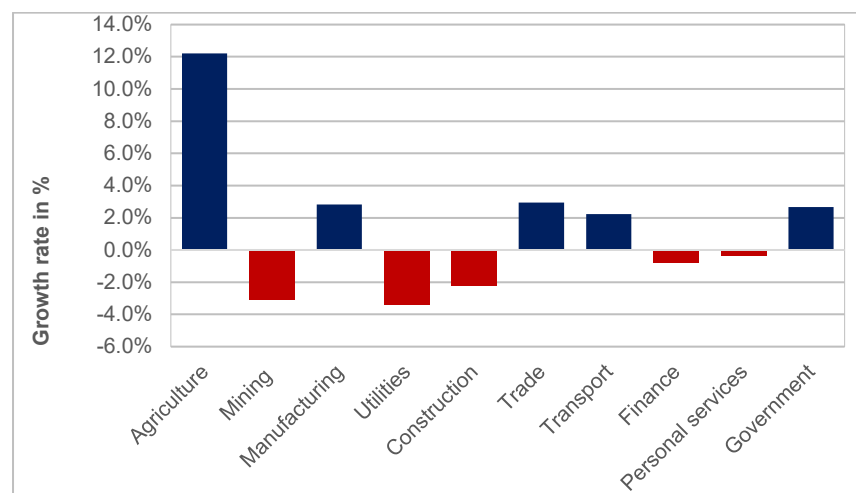
The Agriculture sector (12.2 per cent) was the best performing sector in the fourth quarter of 2021, mainly due to an increased production of animal products and a low baseline of the third quarter.

Five sectors posted contractions in economic output during the fourth quarter of 2021, with the most notable contractions recorded for the Mining, Utilities and Construction sectors, (see Figure 2.2).

*The Agriculture sector was the best performing sector in the fourth quarter of 2021*

The contraction in the Mining sector (-3.1 per cent) was due to declines in mining production in November (-3.3 per cent) and December (-5.4 per cent) 2021, mainly affected by impact of the Omicron variant and associated lockdowns globally. The largest contribution to the December production decline was made by gold (-2.4 percentage points), iron ore (-1.0 percentage points), manganese (-1.1 percentage points) and coal (-1.9 percentage points).

**Figure 2.2 South African GDP growth per sector, 2021-Q4**

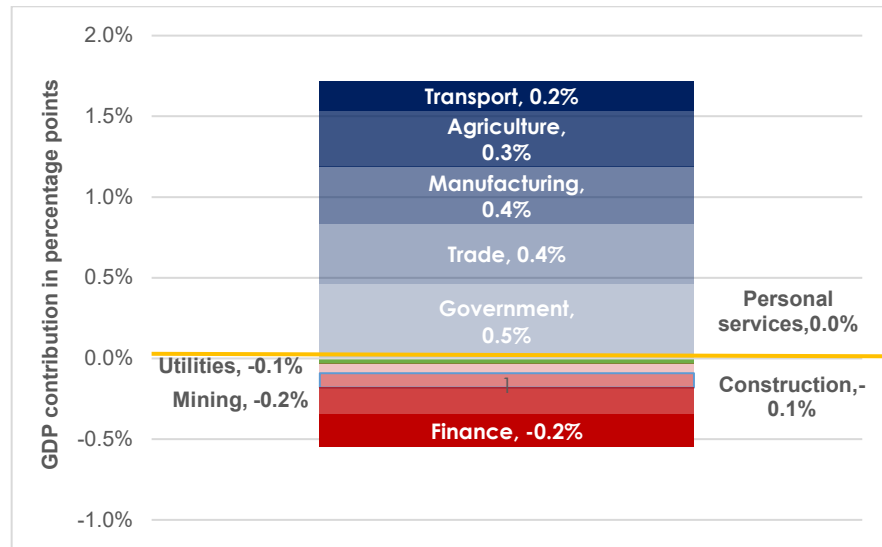


Source: Quantec

The quarterly decline in the Utilities sector (-3.4 per cent) can be attributed to stage 4 loadshedding implemented from late October 2021 partially due to suspected sabotage to coal conveyers. Generated electricity declined by 3.8 per cent in October 2021. In the fourth quarter of 2021, the Construction sector (-2.2 per cent) recorded its third consecutive quarterly contraction. The emergence of the Omicron variant and the subsequent tightening of travel restrictions hindered demand and investor confidence in the short term, thereby affecting investments in the leisure and hospitality and retail sectors.

The Government sector made the most significant contribution of 0.5 percentage points to national growth in the fourth quarter of 2021, followed by the Trade (0.4 percentage points), Manufacturing (0.4 percentage points) and Agriculture (0.3 percentage points) sectors, (see Figure 2.3).

**Figure 2.3 South African growth contribution per sector, 2021 Q4**



Source: Quantec

The quarterly expansion of the national economy was dampened by the growth contributions of mainly the Finance (-0.2 percentage points); Mining (-0.2 percentage points) and Utility (-0.1 percentage points) sectors.

The final quarterly contribution to the 2021 recovery culminated in an GDP expansion of 4.9 per cent for the year. The recovery was fuelled by the gradual reopening of the national and global economy and a low economic baseline as a result of the 6.4 per cent contraction in 2020.

All sectors, except for the Construction sector (-1.9 per cent) expanded in 2021. The Construction sector was hampered by construction site disruptions, rising input costs, and travel restrictions which affected investments in the leisure, hospitality and retail sectors.

The significant growth of the Agriculture sector (8.3 per cent) can be attributed to bumper yields, and higher agricultural commodity prices, particularly in the grains and oilseeds industries. The sector benefited from a growing demand for agricultural products, specifically oilseeds in China and India.

The Mining sector showed resilience and expanded by 11.2 per cent in 2021 after two consecutive contractions in 2019 and 2020. Platinum Group Metals contributed (5.3 percentage points) most to Mining sector expansion thanks to a commodity pricing boom in the first half of 2021.

The SA economy expanded by 4.9% in 2021

## The National outlook

The economic outlook for South Africa in 2022 and 2023 remains subdued with growth forecasts of 1.9 per cent in 2022 and 1.9 per cent in 2023, (IHS markets), (see Table 2.2).

*The South African economic outlook remains subdued*

The dampened growth outlook is a result of structural growth impediments such as unreliable and increasingly expensive electricity; financial and operational weakness of State-Owned Enterprises; high crime levels; rigid labour legislation; and deteriorating infrastructure. South Africa has also entered a period of rising inflation and hence the prospect of rising interest rates places an additional burden on economic growth, while escalating debt servicing costs of the national fiscus could crowd out frontline service delivery.

**Table 2.2 National GDP expectations per sector, 2022-2023**

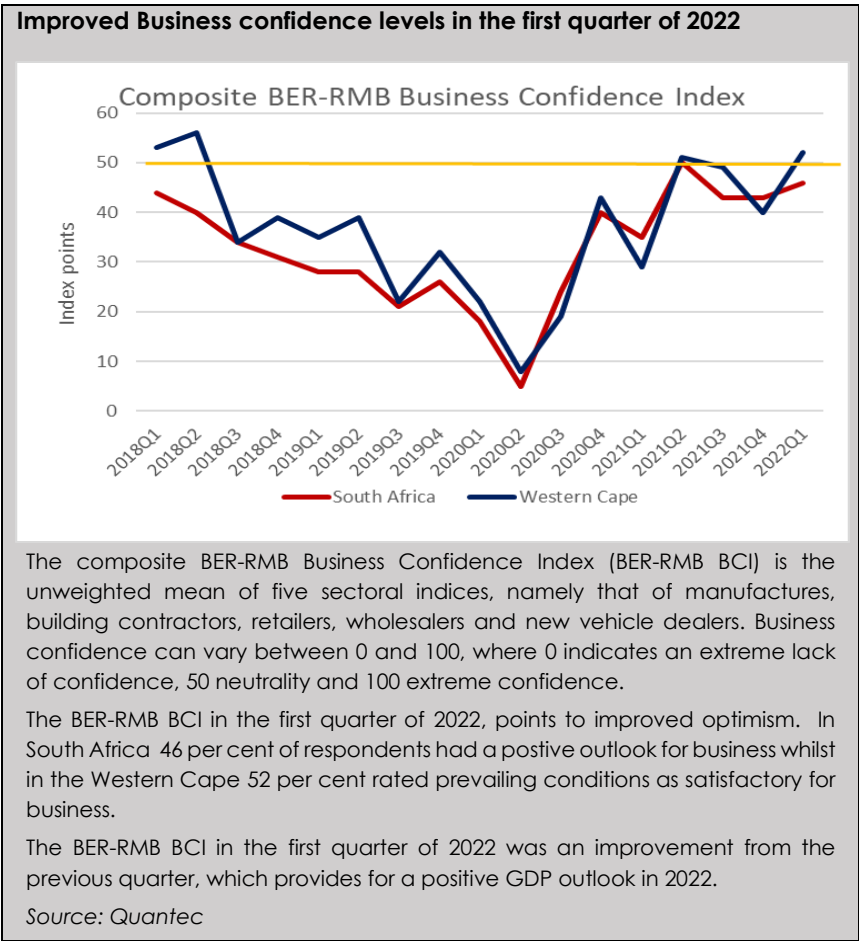
Sector	2022 (f)	2023 (f)	Average (2022 - 2023)
Agriculture	-2.8%	-0.5%	-1.6%
Mining	1.5%	1.4%	1.4%
Manufacturing	2.2%	1.5%	1.9%
Electricity	2.7%	1.9%	2.3%
Construction	3.7%	2.8%	3.2%
Trade	2.2%	2.2%	2.2%
Transport	2.1%	2.5%	2.3%
Finance	3.3%	2.7%	3.0%
Community services <sup>1</sup>	0.2%	0.8%	0.5%
<b>GDP at Market prices</b>	<b>1.9%</b>	<b>1.9%</b>	<b>1.9%</b>

<sup>1</sup> Includes Personal services and Government sectors

Source: IHS markets

Positive growth is expected for all sectors, except for the Agriculture sector in 2022 and 2023. The sector's expected contraction is based on a relative high baseline due a 13.4 per cent and 8.3 expansion in 2020 and 2021 respectively; the impact of the Russian-Ukraine invasion on fertilizer and fuel costs (South Africa imports 14.7 per cent of its fertilizer from Russia); and lingering infrastructure challenges (ports, rail lines and electricity).

The Construction sector (3.7 per cent) is expected to bounce back in 2022. The positive outlook is supported by increased private and public investments to reconstruct infrastructure that was damaged in the July 2021 civil unrest that erupted in the Gauteng and KwaZulu-Natal provinces, as well as the increase in the total number of building plans passed in the first 10 months of 2021.



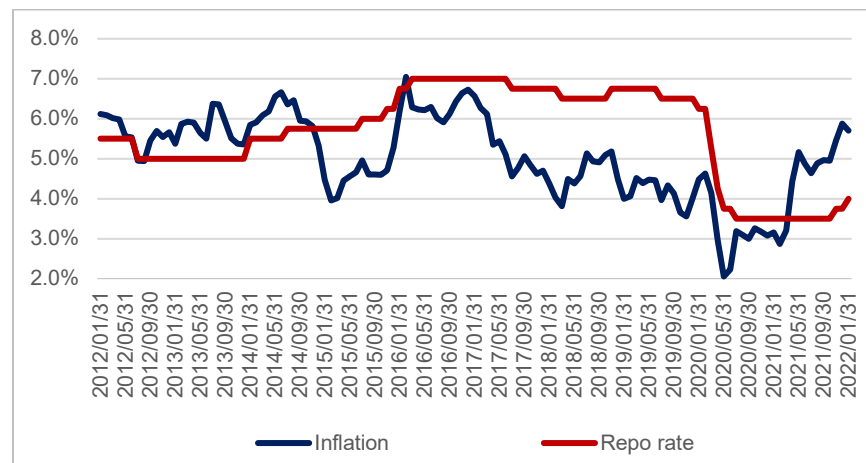
**Inflation**

*Inflationary pressure mainly driven on the supply side*

South Africa experienced rising inflation pressures since May 2020 with subsequent repo rate increases of 25 basis points in November 2021 and January 2022. Inflationary pressure in South Africa is mainly driven on the supply side. Significant price increases in fuel and electricity, municipal rates and taxes and other regulatory price hikes inevitably lead to increased production costs, thereby driving inflation.

The South African Reserve Bank (SARB) increased the repo rate to 4.0 per cent after hitting a historic low of 3.5 per cent at the peak of COVID-19 restrictions in 2020, (see Figure 2.4). The decision to increase the repo rate is mainly because the inflation rate has reached the top of the inflation targeting band. The SARB sets an inflation target band of between 3 and 6 per cent. Inflation is expected to be 4.9 per cent on average for 2022 and 4.5 per cent for 2023, (Monetary Policy Committee statement on 27 January 2022).

**Figure 2.4 South African core inflation and repo rate, January 2012 - January 2022**



Source: Quantec

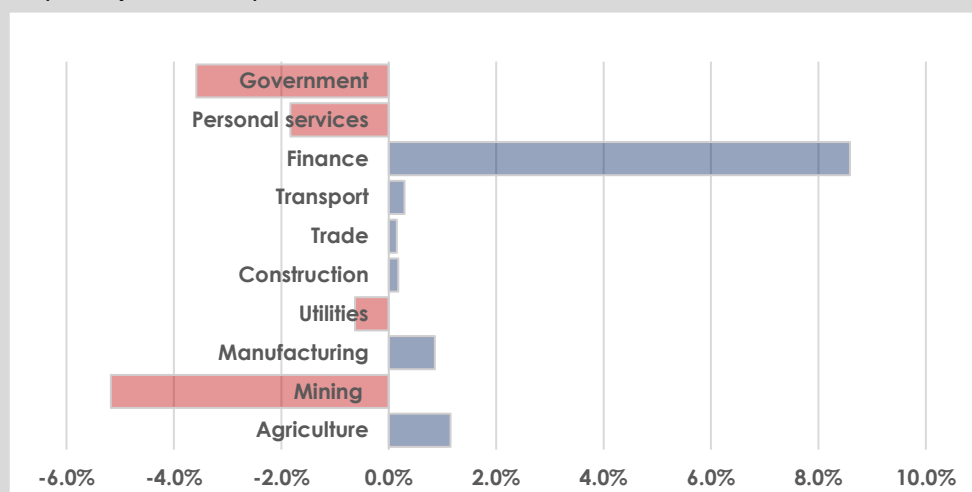
## Western Cape economic developments and outlook

The Western Cape economy is largely following the underlying trends of the national economy and is mostly subjected to the same economic challenges and impediments.

### Structural differences between the South African and Western Cape economies.

The structural differences between the national and provincial economies are illustrated in the figure below where the differences in relative contribution of each sector is illustrated.

**Difference in the relative contribution of each sector between the Western Cape and South Africa, (third quarter 2021).**



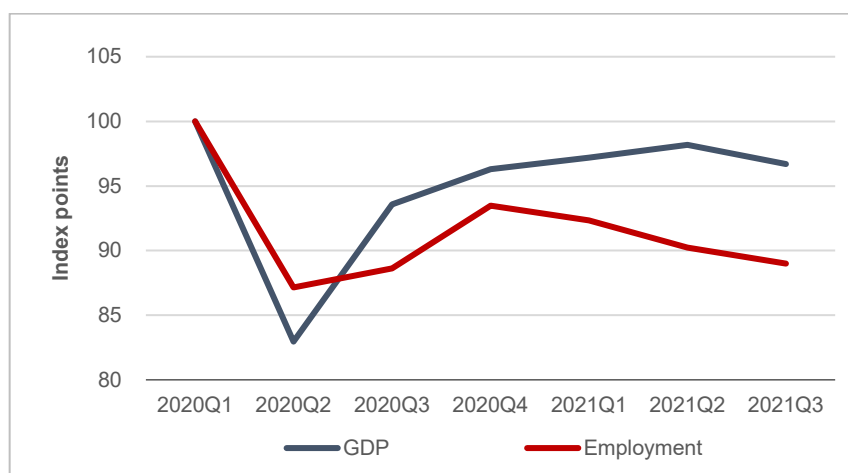
In the Western Cape economy the Finance, Agriculture and Manufacturing sectors are notably relatively larger than in the South African economy, whilst the Government, Mining and Personal services makes a relative larger contribution to South Africa than in the Western Cape. Growth in the GDP of Finance, Agriculture and Manufacturing is therefore of greater significance to the provincial economy than to the national economy.

Source: Quantec



The Western Cape economy has not yet fully recovered from the recession that commenced in the second quarter of 2020. In the third quarter of 2021, the estimated GDP for the Western Cape contracted by 1.5 per cent. In the same quarter, economic activity in the Province was at 96.7 per cent of GDP levels in the first quarter of 2020, the quarter prior to when COVID-19 lockdown measures were first implemented, (see Figure 2.5).

**Figure 2.5 Western Cape cumulative growth in GDP and employment, 2020Q1 - 2021Q3**



Source: Quantec

Since the recovery commenced in the third quarter of 2020, the expected employment recovery lagged behind economic growth in the Western Cape. The lagged recovery for employment levels points to certainty required from businesses that the economic recovery is strong enough to allow businesses in taking additional risk. In the third quarter of 2021, employment was at 89 per cent of the first quarter 2020 employment levels. Employment levels also lagged economic growth at a national level.

**Western Cape economic sector performance**

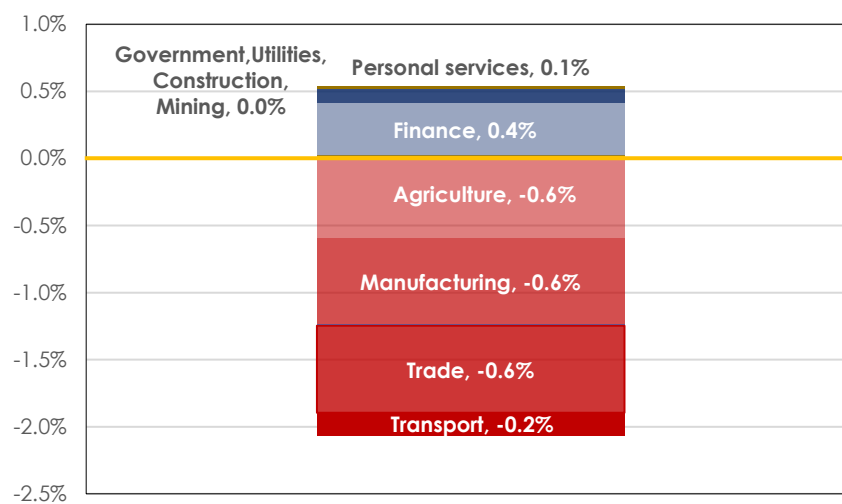
In the third quarter of 2021, the Western Cape's estimated GDP per sector replicated the national economy. The Agriculture sector (-13.6 per cent) is estimated to have contracted the most followed by the Trade (-5.0 per cent) and Manufacturing (-4.7 per cent) sectors. The third quarter contractions were dampened by positive growth in the Mining (1.8 per cent), Finance (1.2 per cent), Utilities (1.0 per cent); Personal Services (0.7 per cent) and Government (0.4 per cent) sectors. The Western Cape was subjected to tighter lockdowns, loadshedding, fuel price increases and supply constraints during the third quarter.

*The Agriculture sector is estimated to have contracted the most in the third quarter of 2021*

In response to the third COVID-19 wave, the South African government implemented tight lockdowns from 28 June 2021 to 13 September 2021. These lockdowns included a ban on travel, alcohol sales and social gatherings. Global supply chain shortages emerged in mid-July 2021 mainly caused by a shortage in labour, key components and raw materials. Shortages emerged in electronics, semiconductors chips, meat, medicines and household products. In the third quarter of 2021, Petrol (unleaded 95) increased with 5.4 per cent while (Diesel 50 ppm) increased by 17.4 per cent in South Africa.

In the third quarter of 2021, the Agriculture (-0.6 per cent), Manufacturing (-0.6 per cent) and Trade (-0.6 per cent) sectors made equal contributions to the overall contraction in the Western Cape, while the Finance sector (0.4 per cent) made a notable positive growth contribution in the same quarter.

**Figure 2.6 Western Cape relative growth contribution per sector, 2021Q3**



Source: Quantec

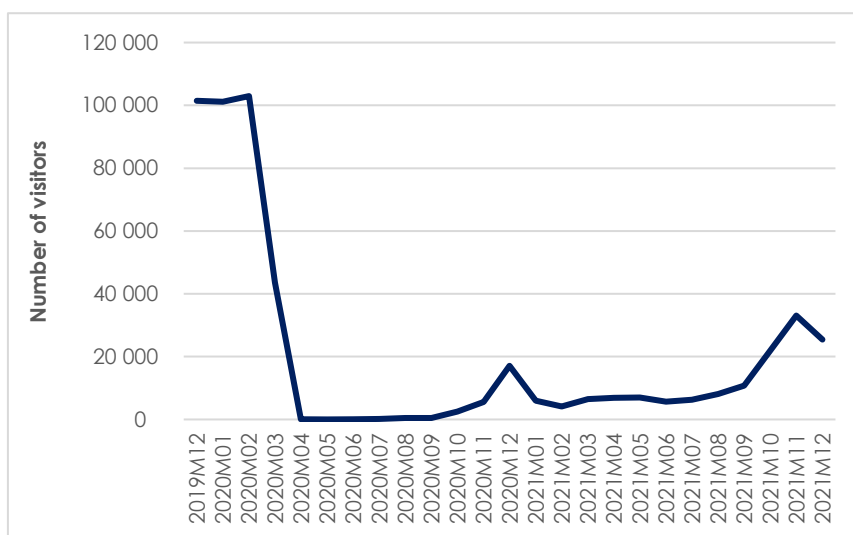
At sector level, recovery from the 2020 recession is mixed. By the third quarter of 2021, the Mining (107.2 per cent), Personal services (103.9 per cent), Utilities (101.2 per cent) and Government (100.4 per cent) exceeded first quarter 2020 levels. In contrast, the Construction (81.6 per cent), Transport (91.5 per cent) and Manufacturing (91.4 per cent) sectors have the lowest recovery rate to date.

*Western Cape international tourism not yet fully recovered*

### Western Cape tourism

Western Cape international tourism has not yet fully recovered from the COVID-19 lockdown measures implemented in late March 2020. By December 2021, Cape Town International Airport recorded 25 455 foreign visitors or 25.1 per cent of visitors for the same month in 2019, (see Figure 2.8). The UK (17.2 per cent) accounted for most of the foreign visitors in December 2021, followed by the Germany (14.4 per cent), the US (12.7 per cent) and the Netherlands (11.3 per cent). The decline in foreign arrivals from the previous month was due to the implementation of COVID-19 travel restrictions.

**Figure 2.7 Number of foreign tourists via Cape Town International Airport, (December 2019 - 2021)**



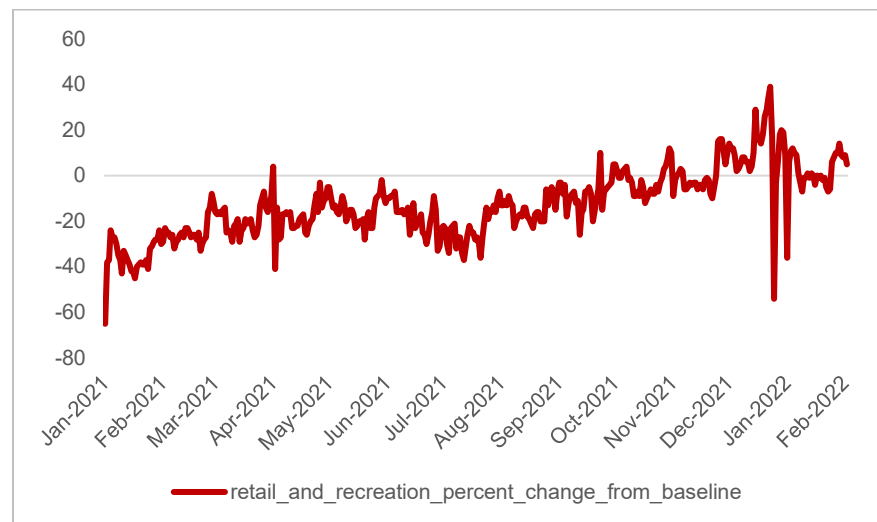
Source: Quantec

### Economic outlook for the Western Cape

*Western Cape economic recovery will strongly rely on its services sector*

The expanding national economy accompanied by the reopening of global trade and tourism will provide the Western Cape economy with a strong platform to continue its recovery from the 2020 recession. The recovery of the Western Cape economy will strongly rely on its services sector which contributes almost 80 per cent of its GDP. Retail and recreation mobility data in the Western Cape shows an increase in economic activity since January 2021. The increase in economic activity points to a relative strong economic recovery expected in 2021, (see Figure 2.8).

**Figure 2.8 Google Mobility data, retail and recreation in the Western Cape**



Source: Google

The Western Cape economy is expected to expand by 4.3 per cent in 2021. The expansion will be supported by strong growth contributions from Finance (1.7 percentage points), Trade (0.9 percentage points) and Manufacturing (0.6 percentage points) sectors.

*Western Cape economy is expected to expand by 4.3 per cent in 2021*

The Mining (16.4 per cent), Trade (6.5 per cent), Agriculture (6.5 per cent), and Finance (4.8 per cent) sectors are expected to record significant growth rates, while the Construction (-0.6 per cent) sector is expected to contract in 2021, (see Table 2.3). The Construction sector's expected contraction in 2021 largely due to the tightening of travel restrictions that weighed in on demand and investor confidence in the short term, thereby affecting investments in the leisure, hospitality and retail sectors.

**Table 2.3 Western Cape economic outlook, 2021 - 2023**

Sector	2021 (e)	2022	2023	Average (2021-2023)
Agriculture	6.5%	-2.7%	-0.2%	1.2%
Mining	16.4%	3.5%	1.9%	7.3%
Manufacturing	4.5%	1.9%	1.5%	2.6%
Electricity	4.5%	2.2%	1.5%	2.7%
Construction	-0.6%	3.9%	3.2%	2.2%
Trade	6.5%	2.2%	2.1%	3.6%
Transport	4.6%	2.1%	2.4%	3.1%
Finance	4.8%	3.0%	2.5%	3.4%
Community Service	1.5%	0.2%	0.8%	0.8%
<b>GDP at Basic price</b>	<b>4.2%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>2.7%</b>
<b>GDP at Market Price</b>	<b>4.3%</b>	<b>2.0%</b>	<b>1.9%</b>	<b>2.7%</b>

Source: IHS markets

The Western Cape economy is expected to expand moderately by 2.0 per cent in 2022 and 1.9 per cent in 2023, (IHS markets). Pent-up demand, will drive robust expansions in the Mining (3.5 per cent) and Finance (3.0 per cent) sectors, whilst growth in the Construction (3.9 per cent) sector will be supported by a low baseline and government push toward infrastructure expenditure. The GDP baseline of the Construction sector is estimated to be 0.6 per cent lower in 2021 than in 2020, which provides for additional growth potential in 2022.

The Agriculture sector (-2.7 per cent) is expected to contract in 2022 based on rising fertilizer and fuel costs, accompanied with insufficient rail and port infrastructure as well as a relative high baseline thanks to rapid growth the past two years. The Russian-Ukraine conflict and subsequent sanctions could lead to further price increases in fertilizer. In 2021, 68.7 per cent of total fertilizer imports into the Province came from Russia.

### Risks to the outlook

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

- The continued threat that variants and waves of COVID-19 and associated lockdown measures pose for the health of the population and economic wellbeing.
- Continued unstable and increasing cost of electricity supply and the impact it will have on business confidence, thereby hampering economic growth and employment creation.
- Structurally low growth in GDP; below potential tax revenue; increased government debt levels and debt servicing costs;

and increased burden of non-profitable SOE's, that will place further pressure on the national fiscus.

- Persistently high unemployment and widening inequalities with an associated increase in demand for social welfare services and potential for renewed large scale social unrest.
- The Russia-Ukraine conflict has begun to impact global economies and politics. The conflict is in part driving the rise in global oil prices, inflation, interest rates and price of food commodities such as wheat.

## ■ Labour market dynamics

In the third quarter 2021, more than 39.7 million people in South Africa were of working age, an annual increase of 578 000 or 1.5 per cent. Of the working-age population, 55.2 per cent were economically active (part of the labour force). The working-age population grew by 2.2 per cent compared to the first quarter of 2020 (pre-COVID-19).

However, in the third quarter of 2021, South Africa's labour force<sup>1</sup> declined by 6.5 per cent or 1.527 million people compared to the first quarter of 2020. Assuming that the vast majority that left the labour market became or were unemployed, the decline in the labour force has drastically reduced the narrow unemployment rate by as much as 4.2 percentage points in South Africa.

*In the third quarter of 2021, South Africa's labour force declined by 6.5 per cent compared to the first quarter of 2020*

### National employment

South Africa is still battling to recover lost employment opportunities linked to the COVID-19 lockdown measures. In the third quarter of 2021, employment in South Africa declined by 660 000.

The third quarter employment decline was the third consecutive decline, which left South Africa with 2.1 million fewer people employed than in the first quarter of 2020 (prior to COVID-19 lockdown measures). With the exception of the Finance sector (138 000) all sectors shed employment opportunities during the third quarter of 2021 of which the Trade sector (-309 424) accounted for the largest employment losses.

<sup>1</sup> The narrow labour force refers to a collective group of people available for employment and actively seeking employment.

South Africa had 12.8% fewer employment opportunities in the 3<sup>rd</sup> quarter of 2021 than the first quarter of 2020

No sector has yet surpassed the employment levels of the first quarter of 2020. Among the sectors with the largest employment deficits were the Mining (-20.9 per cent), Manufacturing (-17.8 per cent) and Utilities (-17.3 per cent) sectors, whilst the Transport (-3.1 per cent), Agriculture (-4.1 per cent) and Transport (-5.2 per cent) sectors are currently the closest to full recovery, (see Table 2.4).

Women, black and coloured population groups remain vulnerable in the labour market. Women accounted for 51.5 per cent of all employment losses since the start of the COVID-19 pandemic. Between the first quarters of 2020 (pre-COVID) and the third quarter of 2021, all racial groups employment numbers contracted, of which the coloured South African population (-16.5 per cent) experienced the largest decline and the white population (-6.2 per cent) the smallest decline. Over this period, the black population accounted for 77.1 per cent of all employment losses, followed by the coloured (13.1 per cent) and white (5.5 per cent) populations.

**Table 2.4 Labour market trends for South Africa, 2020Q1 – 2021Q3**

	2020Q1	2021Q2	2021Q3	Change 2020Q1 (pre-COVID) - 2021Q3	
				Absolute	Relative (Per cent)
<b>Working-age population</b>	<b>38 874</b>	<b>39 599</b>	<b>39 745</b>	<b>871</b>	<b>2.2</b>
<b>Narrow Labour Force</b>	<b>23 452</b>	<b>22 768</b>	<b>21 925</b>	<b>-1 527</b>	<b>-6.5</b>
<b>Employed</b>	<b>16 383</b>	<b>14 942</b>	<b>14 282</b>	<b>-2 101</b>	<b>-12.8</b>
Agriculture	865	862	829	-35	-4.1
Mining	436	398	345	-91	-20.9
Manufacturing	1 706	1 415	1 402	-304	-17.8
Utilities	116	118	96	-20	-17.3
Construction	1 343	1 222	1 157	-186	-13.8
Trade	3 320	3 087	2 778	-542	-16.3
Transport	995	969	964	-30	-3.1
Finance	2 517	2 248	2 386	-131	-5.2
Community and Social Services	3 759	3 401	3 191	-568	-15.1
Private Households	1 316	1 194	1 130	-186	-14.1
<b>Narrow Unemployed</b>	<b>7 070</b>	<b>7 826</b>	<b>7 643</b>	<b>574</b>	<b>8.1</b>
<b>Expanded Unemployed</b>	<b>10 797</b>	<b>11 923</b>	<b>12 484</b>	<b>1 687</b>	<b>15.6</b>
<b>Not Economically Active</b>	<b>15 422</b>	<b>16 832</b>	<b>17 820</b>	<b>2 398</b>	<b>15.5</b>
<b>Rates (per cent)</b>					
Narrow Unemployment rate	30.1	34.4	34.9	4.7 percentage points	
Expanded Unemployment rate	39.7	44.4	46.6	6.9 percentage points	
Absorption rate	42.1	37.7	35.9	-6.2 percentage points	
Labour force participation rate	60.3	57.5	55.2	-5.2 percentage points	

Source: HS Business Solutions calculations, Stats SA

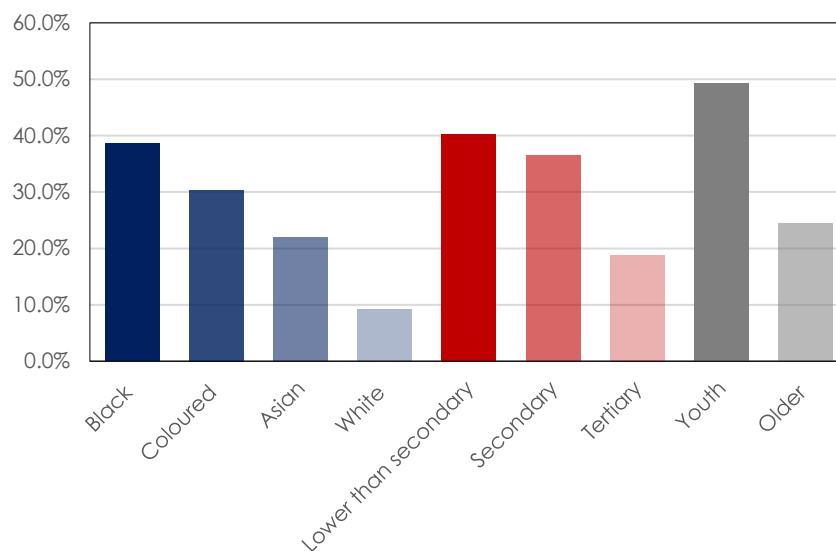
## National unemployment

Since COVID-19 lockdowns were first implemented in March 2020, the state of South Africa's unemployment challenge has deteriorated to critical levels. In the third quarter of 2021, the number of unemployed individuals in South Africa declined by 183 000 to 7.6 million. Despite the decline in the number of unemployed individuals, the unemployment rate increased by 0.5 percentage points to a record 34.9 per cent due the large decline in the labour force (-842 000) in the same quarter. When discounting for individuals not actively seeking employment, the expanded unemployment rate was 46.6 per cent in the same quarter.

*South African unemployment rate increased to record level in the third quarter of 2021*

Unemployment is more prevalent among the black population, however the black population group was least affected by unemployment growth since the first quarter of 2020. Between the first quarter of 2020 and the third quarter of 2021 unemployment increased the most amongst Asians (56.5 per cent), followed by coloured (15.1 per cent), white (7.9 per cent) and black (6.9 per cent) populations. In the third quarter of 2021, unemployment rate among the black population (38.6 per cent) was the highest, followed by the coloured (30.3 per cent), Asian (22 per cent) and white (9.2 per cent) populations, (see Figure 2.9).

**Figure 2.9 Unemployment rate among race, education and age cohorts in South Africa, 2021 Q3.**



Source: StatsSA

In the third quarter of 2021, unemployment among the Tertiary education cohort (18.8 per cent) was the lowest, followed by the Secondary (39.3 per cent) and Lower than secondary (40.2 per cent) education cohorts, (see Figure 2.9). However, unemployment growth was most severe among the Tertiary

*Unemployment growth most severe among the Tertiary education cohort*



education cohort (18.2 per cent) followed by the Secondary (15.5 per cent) and Lower than secondary (2.1 per cent) education cohorts.

### **Youth labour dynamics**

Since the start of COVID-19 lockdown measures in South Africa, the youth (age cohorts 15 - 34) left the labour force at disproportionate levels. In the third quarter of 2021, youth accounted for 42.0 per cent of the total labour force, yet contributed toward 75.6 per cent of the total labour force losses in South Africa since the first quarter of 2020. Over 1.1 million youths exited the labour force between the first quarter of 2020 (pre-COVID) and the third quarter of 2021.

The latest labour force data revealed that 55.3 per cent of youth were not economically active in the third quarter of 2021, while 46.0 per cent were not in employment, education or training (NEET). The portion of youth not in employment, education or training increased by 11.1 per cent from the first quarter of 2020.

*Since the first quarter of 2020, the youth was disproportionately affected by employment losses*

Since the first quarter of 2020, the youth was disproportionately affected by employment losses. In the third quarter of 2021, the youth accounted for 32.7 per cent of total employment opportunities but contributed toward 58.0 per cent of all employment losses since the first quarter of 2020. Over the same period, the youth cohort lost 1.2 million or 20.7 per cent in employment opportunities, compared to employment losses of 881 000 or 8.4 per cent for the older age cohorts.

Unemployment among youth remains a systemic challenge in South Africa. The youth unemployment rate stood at 49.3 per cent, more than double the unemployment rate for older age cohorts (24.4 per cent) and an increase of 6.1 percentage points between the first quarter of 2020 and the third quarter of 2021, (see Figure 2.9).

Similar trends were observed for the Western Cape. The youth unemployment rate in the third quarter of 2021 for the province was 36.8 per cent, 6.9 percentage points higher compared to the first quarter of 2020. About 44.9 per cent of youth in the Western Cape were not economically active in the third quarter of 2021, whilst youth in the Western Cape not in employment, education and training (NEET) increased by 4.9 per cent in the third quarter of 2021 and by 15.1 per cent since the first quarter of 2020.

### **Western Cape labour dynamics**

The Western Cape labour force has been severely affected by the COVID-19 lockdown measures implemented since the start of the

second quarter of 2020. A larger portion of the working age population left the labour force, while employment numbers are yet to recover from pre-pandemic levels.

### **Labour force**

In the third quarter of 2021, more than 4.8 million people in the Western Cape were of working age of which 46.0 per cent were economically active. Since the first quarter of 2020, the working-age population grew by 2.8 per cent. However, despite the increase in the population able to work, the population willing to work (labour force) declined by 4.5 per cent.

### **Provincial employment**

In the third quarter of 2021, the Western Cape lost 30 956 employment opportunities of which the Trade (-52 437), Personal Services (-23 744) and Private households (-17 450) made significant contributions. Substantial employment gains were reported in the same quarter for the Finance (34 891), Manufacturing (17 347), Agriculture (12 302), and Transport (8 377) sectors, (see Table 2.5).

**Table 2.5 Labour market trends for Western Cape, 2020Q1 – 2021Q3**

	2020Q1	2021Q2	2021Q3	Change 2020Q1 (pre-COVID) - 2021Q3	
				Absolute	Relative (per cent)
<b>Working-age population</b>	<b>4 708</b>	<b>4 818</b>	<b>4 839</b>	<b>130</b>	<b>2.8</b>
<b>Narrow Labour force</b>	<b>3 163</b>	<b>3 040</b>	<b>3 019</b>	<b>(144)</b>	<b>(4.5)</b>
<b>Employed</b>	<b>2 501</b>	<b>2 256</b>	<b>2 225</b>	<b>(275)</b>	<b>(11.0)</b>
Agriculture	255	185	197	(58)	(22.6)
Mining	2	3	4	2	82.7
Manufacturing	309	265	283	(26)	(8.4)
Utilities	6	5	5	(1)	(19.0)
Construction	188	198	192	4	2.3
Trade	483	423	370	(113)	(23.4)
Transport	169	139	147	(22)	(12.8)
Finance	422	447	481	59	14.0
Community and Social Services	521	441	417	(104)	(20.0)
Private Households	145	146	128	(17)	(11.7)
<b>Narrow Unemployed</b>	<b>662</b>	<b>784</b>	<b>794</b>	<b>132</b>	<b>19.9</b>
<b>Expanded Unemployed</b>	<b>826</b>	<b>925</b>	<b>966</b>	<b>140</b>	<b>17.0</b>
<b>Not Economically Active</b>	<b>1 545</b>	<b>1 778</b>	<b>1 819</b>	<b>274</b>	<b>17.7</b>
<b>Rates (%)</b>					
Narrow Unemployment rate	20.9	25.8	26.3	5.4 percentage points	
Expanded Unemployment rate	24.8	29.1	30.3	5.4 percentage points	
Absorption rate	53.1	46.8	46.0	-7.1 percentage points	
Labour force participation rate	67.2	63.1	62.4	-4.8 percentage points	

Source: HS Business Solutions calculations, Stats SA

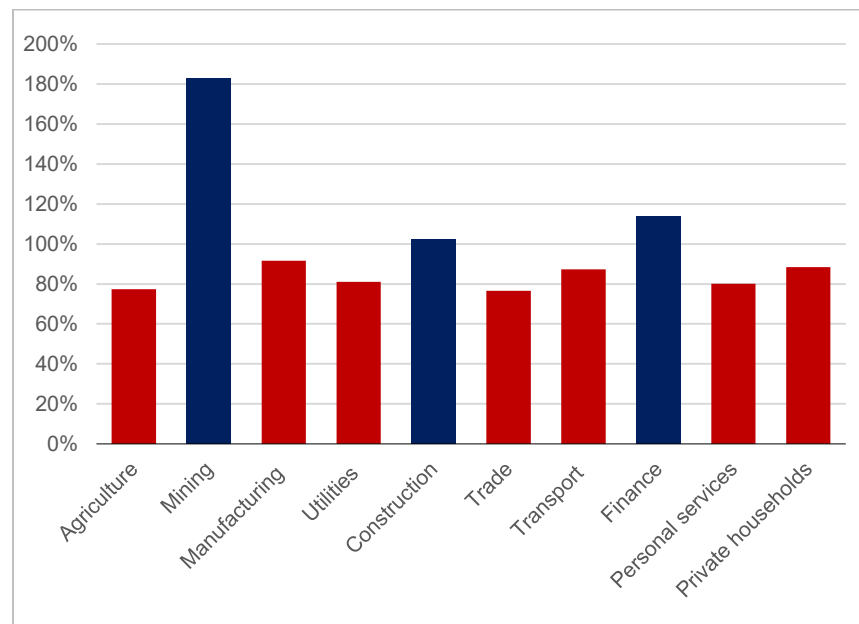
*Between the 1<sup>st</sup> quarter of 2020 and the 3<sup>rd</sup> quarter of 2021, the Western Cape lost 275 000 or 11.0 per cent in employment opportunities*

Between the first quarter of 2020 and the third quarter of 2021, the Western Cape lost 275 000 or 11.0 per cent in employment opportunities. All sectors, with the exception of the Mining (2 028), Construction (4 403) and Finance (59 143) sectors, were at lower employment levels in the third quarter of 2021 than the first quarter of 2020.

The largest contribution to total employment losses came from the Trade (41.0 per cent), Personal services (37.8 per cent) and Agriculture (20.9 per cent) sectors.

By the end of the third quarter of 2021, only three sectors (Mining, Finance and Construction) surpassed its first quarter of 2020 employment levels whilst the Agriculture (77.4 per cent), Trade (76.6 per cent) and Personal services (80 per cent) sectors recorded the most significant employment backlogs, (see Figure 2.10).

**Figure 2.10 Employment recovery per sector in the Western Cape, 2020Q1 - 2021Q3.**



Source: Quantec

### Provincial unemployment

By the third quarter of 2021, the unemployment rate in the Western Cape was 26.3 per cent, an increase of 10 000 unemployed people or 0.5 percentage points from the previous quarter.

Between the first quarter of 2020 and third quarter of 2021, the number of unemployed individuals in the Province increased by 132 000 or 19.9 per cent, reaching a total number of 794 000 unemployed individuals in the third quarter of 2021. Over the same period, the unemployment rate increased in all nine provinces.

By the third quarter of 2021, the Western Cape had both the lowest narrow (26.3 per cent) and expanded (30.3 per cent) unemployment rate compared to the other provinces in South Africa.

## Socio-economic profile of the Western Cape

### Population

The South African population in 2021 was estimated at 60.1 million, an increase of 604 281 (1.1 per cent change) from the 2020 estimates. More than half of South Africa's population live in Gauteng, KwaZulu-Natal and the Western Cape.

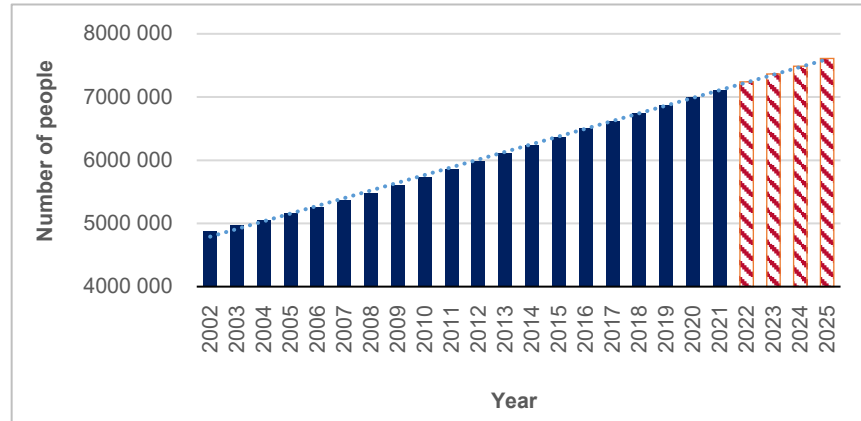
Over 11 per cent of the national population resides in the Western Cape, with the majority located in the City of Cape Town (65.8 per cent), followed by Cape Winelands (13.4 per cent) and

the Garden Route (8.8 per cent). Between 2020 and 2021, the Western Cape population increased from 7.0 million to 7.1 million residents, a growth rate of 1.4 per cent.

For the past two decades, the Western Cape's population has been increasing at a steady pace of 2.0 per cent per annum.

*The Western Cape's population has been increasing at a steady pace of 2.0 per cent per annum*

**Figure 2.11 Western Cape population 2002 - 2025**



Source: Quantec, 2022

Births and in-migration are the main drivers of population growth in South Africa. For the period 2016–2021, Western Cape are estimated to experience an inflow of approximately 470 657 migrants. By 2025, it is estimated that 7.6 million individuals will reside in the Province, an increase of 7.0 per cent from 2021.

**Inequality**

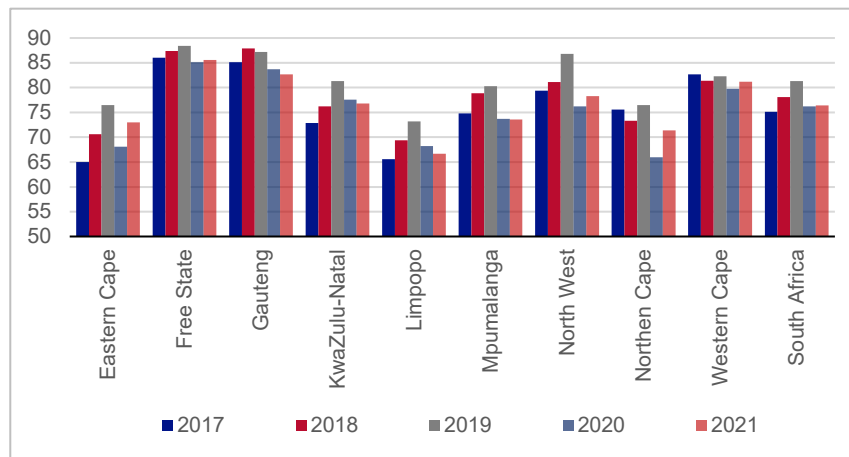
The 2020 recession and subsequent employment losses increased income inequality in the Western Cape. The Gini coefficient, a measure of income inequality increased from 0.61 in 2015 to 0.63 in 2020. Income inequality amongst the black population (0.58) was the highest followed by the coloured (0.56), Asian (0.49) and white (0.42) populations.

**Education**

In 2021, a total of 897 490 candidates enrolled for the National Senior Certificate (NSC) examinations in South Africa. The largest class to date to sit for the NSC examinations since its inception in 2008.

The Western Cape has managed to get its National Senior Certificate (NSC) matric pass rate back to pre-pandemic levels, achieving an 81.2 per cent pass rate in 2021. This is an improvement of 1.3 percentage points from 2020 results, when for the first time since 2010, the Province's pass rate slipped to 79.9 per cent.

**Figure 2.12 Comparison of National Senior Certificate pass rates per province, 2017-2021**



Source: Department of Basic Education, 2021

In 2021, the Western Cape had the third highest matric pass rate in South Africa, after Gauteng and the Free State. However, in the same year the Province achieved its highest Bachelor pass rate ever and had the top Bachelor pass rate in the country at 45.3 per cent.

*In 2021 the Western Cape had the top Bachelor pass rate in the country*

**Table 2.6 NSC performance by type of qualification, 2021**

	Bachelor (Per cent)	Diploma (Per cent)	Higher Certificate (Per cent)	NSC Pass Rate (Per cent)
Eastern Cape	34.3	24.5	14.2	73.0
Free State	39.9	30.9	14.8	85.6
Gauteng	43.8	26.8	12.1	82.7
KwaZulu-Natal	37.1	25.3	14.4	76.8
Limpopo	26.7	22.4	17.6	66.7
Mpumalanga	31.5	25.4	16.7	73.6
North West	33.8	26.3	18.2	78.3
Northern Cape	30.3	24.5	16.6	71.4
Western Cape	45.3	23.6	12.3	81.2
<b>South Africa</b>	<b>36.4</b>	<b>25.2</b>	<b>14.8</b>	<b>76.4</b>

Source: Department of Basic Education, 2021

Two districts in the Western Cape made the top 10 in the country, Metro North Education District (ranked fifth place with a pass rate of 86.2 per cent) and Eden and Central Karoo Education District (ranked tenth place with a pass rate of 84.4 per cent).

Systemic tests conducted in October 2021 shows the devastating impact of COVID-19 lockdown measures on education, (see Table 2.7). Pass rates and averages declined for Grade 3, 6 and 9's in both mathematics and languages when compared to 2019 results. Tests could not take place in 2020.

*Systemic tests conducted in October 2021 shows the devastating impact of COVID-19 lockdown measures on education*

**Table 2.7 Systemic test comparison, 2019 - 2021**

<b>Grade 3</b>				
<b>Year</b>	<b>Mathematics</b>		<b>Language</b>	
	<b>Pass</b>	<b>Ave %</b>	<b>Pass %</b>	<b>Ave %</b>
2019	58.1	54.5	44.9	44.2
2021	44.3	46.7	36.9	38.9
Difference	-13.8	-7.8	-8	-5.3
<b>Grade 6</b>				
<b>Year</b>	<b>Mathematics</b>		<b>Language</b>	
	<b>Pass</b>	<b>Ave %</b>	<b>Pass %</b>	<b>Ave %</b>
2019	44.4	48.2	42.8	45.6
2021	37.3	44.5	39.4	42.7
Difference	-7.1	-3.7	-3.4	-2.9
<b>Grade 9</b>				
<b>Year</b>	<b>Mathematics</b>		<b>Language</b>	
	<b>Pass</b>	<b>Ave %</b>	<b>Pass %</b>	<b>Ave %</b>
2019	22.7	38.1	53.6	51.9
2021	21.6	30.5	50.1	48.9
Difference	-1.1	-7.6	-3.5	-3

Source: Western Cape Department of Education

The greatest learning losses can be seen in the foundation phases. Younger learners lack the same self-discipline, maturity or structure of older learners to cope with rotating timetables and learning at home. The Western Cape lost 155 school days in 2020 and 2021 due to school closures and rotating timetables.

## Health

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

The increase in life expectancy will place a larger strain on the health system since the prevalence of the high-risk factors of non-communicable diseases (hypertension, diabetes, and cardiovascular diseases) increases with age, in addition to being among the top co-morbidities contributing to COVID-19 mortalities.

The leading causes of death in the Western Cape, as shown by the 2018 mortality data, is diabetes mellitus, followed by ischaemic heart diseases, cardiovascular diseases, HIV, chronic lower respiratory diseases and TB. Over the past two years the Department of Health had to significantly de-escalate non-COVID-19 health services to accommodate the demands of the pandemic, which had a negative impact on the already problematic health-seeking behaviours of the resident population in the Province. HIV testing and TB management services decreased significantly during the hard lockdown. However, these

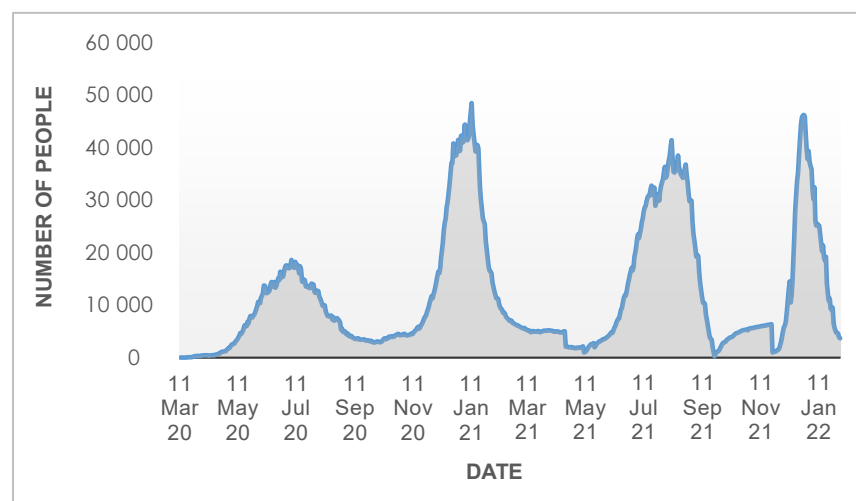
services are increasing again as the severity of the COVID-19 pandemic subsides.

The latest COVID-19 variant (Omicron) was identified by South African scientists on 24 November 2021. The new variant resulted in the fourth wave of increased infections since the start of the COVID-19 pandemic. The Omicron variant is associated with milder symptoms and relatively fewer hospitalisations.

As of 8 March 2022, the Western Cape had 647 754 cumulative confirmed COVID-19 cases, of which 5 627 was active cases. A total of 20 855 deaths had been registered, representing 21.8 per cent of national COVID-19 mortalities. Figure 2.13 shows that the Western Cape exited the fourth wave of COVID-19.

*As of 8 March 2022, the Western Cape had 647 754 cumulative confirmed COVID-19 cases, of which 5 627 was active cases*

**Figure 2.13 Western Cape COVID-19 Active cases**



Source: Quantec, 2021

The Western Cape breached the 50 per cent mark of adults in the province being vaccinated with at least one dose. As of 8 March 2022, 2.768 million of the Western Cape population has been vaccinated with at least one dose, 55.6 per cent of the total adult population. Compared to the other provinces, the Western Cape has vaccinated the second largest portion of its adult population, after the Free State (57.3 per cent).

## Crime

Crime affects everyone in society in one way or another. Crime can alter personal behaviour; break down social associations; disrupts social order; hinder community collaboration and trust; and create economic costs for the individual and nation.

In the third quarter of 2021/22, the total number of contact crimes in the Western Cape increased by 20.9 per cent from the previous

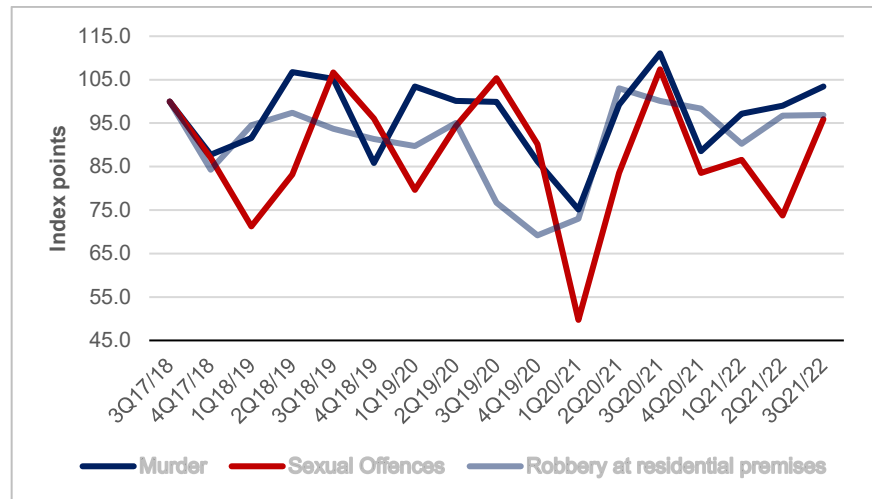


*In the third quarter of 2021/22, the total number of contact crimes in the Western Cape increased by 20.9% from the previous quarter*

quarter, whilst the number of sexual offences increased by 30.0 per cent over the same period.

Figure 2.14 shows that sexual offences tend to increase between October and December each year. Increased alcohol abuse over the festive seasons could possibly explain this phenomenon. In the third quarter of 2021/22 sexual offences in crime hotspot areas<sup>2</sup> increased by 37.6 per cent from the previous quarter but declined by 19.7 per cent in the same quarter a year ago. In the first quarter of 2020/21, sexual offences declined dramatically by 44.9 per cent from the previous quarter. In the same quarter, an alcohol ban was introduced as part of the COVID-19 lockdown measurements.

**Figure 2.14 Cumulative growth of major crime categories in the Western Cape, 2016/17 Q3 - 2021/22 Q3**



Source: SAPS

In the third quarter of 2021/22, 1 056 murders were reported in the Western Cape, an increase of 4.5 per cent from the previous quarter and 6.9 per cent less for the same quarter a year ago. In crime hotspot areas, murders increased by 0.4 per cent from the previous quarter, while declining substantially by 31.6 per cent in the same quarter a year ago.

In the third quarter of 2021/22, Robbery at residential premises increased by 0.1 per cent to 707 reported cases. Unlike Murders (-12.8 per cent) and Sexual offences (-44.9 per cent), Robbery at residential premises increased by 5.5 per cent during the first quarter of 2020/21 when the most severe COVID-19 lockdowns were implemented.

<sup>2</sup> Hotspot areas includes Kraaifontein, Delft, Philippi-east, Philippi, Nyanga, Khayelitsha, Bishop Lavis and Harare,

## ■ Conclusion

Globally, economic recovery is expected to taper down due to supply bottlenecks, escalating inflation, and higher expected interest rates. The possible disruption on the world economy due to the Russian-Ukraine conflict and subsequent sanctions imposed on Russia, will impact on energy prices and global inflation.

In South Africa, a continued surge in commodity prices could benefit mining exports and economic growth although the prospect of increasingly expensive and unreliable electricity and limited fiscal space will constrain the national economy to below potential growth over the medium-term. A record high national unemployment rate, which disproportionately affects the youth, lower educated and black population, remains a key challenge to the Country.

The Western Cape economy has not yet fully recovered from the 2020 recession, while unemployment remains at stubbornly high levels. Employment in the Finance, Construction and Mining sectors have recovered and exceeds pre-pandemic levels. In December 2021, international tourism arrivals to the Western Cape were a little less than a third of tourism levels two years ago.

Although the Western Cape improved its overall matric pass rate in 2021 from the previous year and achieved its highest Bachelor pass rate ever, systemic tests in 2021 revealed notable learning losses among grade 3, 6 and 9 learners. The ageing and growing population will place additional pressure on health services in the long-run, while continued progress is made in vaccinating the adult population against COVID-19. Crime levels for serious crimes improved when compared to the same quarter a year ago, most notably in hotspot areas.

The outlook of the Western Cape economy is challenged by high unemployment, global economic and geo-political risks; possible additional COVID-19 waves and subsequent lockdown measures; increased pressure on social services; education losses due to COVID-19; and structurally slow growth prospects of the national economy.

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# 3

## Provincial Fiscal Strategy

### In brief

- The 2022 Medium Term Expenditure Framework (MTEF) is being crafted amidst a constrained fiscal and economic environment, with budgetary and service delivery pressures increasing as a result of the COVID-19 pandemic.
- The national government is continuing a path of fiscal consolidation focused on narrowing the national budget deficit. The effect is that transfers to provinces are expected to shrink in real terms over the MTEF.
- Significant risks remain including slow global and domestic economic growth; rising global and domestic inflation; intensified geo-political conflict in Europe; calls for a permanent increase in social protection that exceeds available resources; pressures from the public-service wage bill; and continued requests for financial support from financially distressed state-owned companies.
- Supporting economic recovery, reducing fiscal debt, and stabilising debt will be prioritised over the MTEF.
- The Western Cape Government's fiscal response strategy is guided by four principles: (1) protecting basic services outcomes (2) unlocking allocative efficiency; (3) enhancing productive efficiency, and (4) enabling long-run fiscal sustainability.

### Introduction

The Province's fiscal and budget policy takes into account the context outlined in Chapter 2. Over the 2022 MTEF, the Western Cape Government (WCG) Fiscal Strategy supports managing the impact of the national fiscal environment on the provincial fiscal environment, while supporting growth and recovery. In addition, the accompanying WCG budget process unpacks how the budget policy priorities and spending plans are identified. Key to this process, is the WCG Fiscal Strategy principles, which are about, protecting basic services, unlocking allocative efficiency, enhancing productive efficiency and enabling long-run fiscal sustainability. The WCG Fiscal Strategy supports the Western Cape Recovery Plan, which is geared towards ensuring that priorities and interventions are prioritised to support growth, create and sustain jobs, foster safe and healthy communities, and promote the wellbeing of all the residents in the Western Cape.

## National Fiscal Context

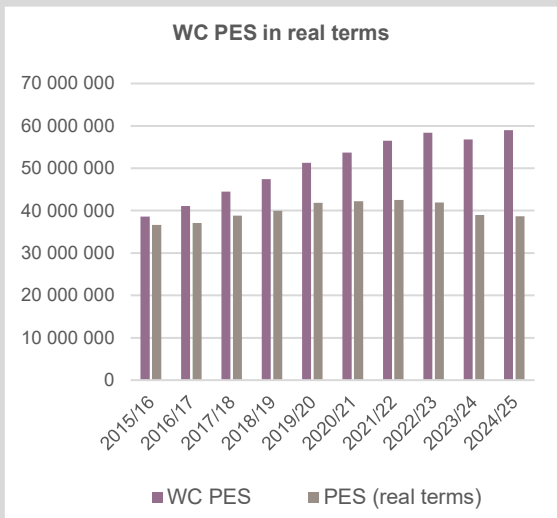
Gross tax revenue is now R61.7 billion higher than projections tabled in November 2021

The National medium term fiscal policy is focused on reducing the budget deficit and stabilising the debt-to-GDP ratio, while national budget revenue remains very buoyant due to rising a commodity prices. Relative to the 2021 National Medium Term Budget Policy Statement (MTBPS), gross national tax revenue for 2021/22 is R61.7 billion above projections due to improvements in corporate and personal income taxes, value-added tax, fuel levies, customs duties and specific excise duties. Over the 2022 MTEF, tax revenue projections are higher than the 2021 National MTBPS estimates by R71 billion in 2022/23, R86.3 billion in 2023/24 and R92.4 billion in 2024/25. The higher-than-expected revenue collection will be used to fund pressing priorities, to narrow the budget deficit and to reduce the borrowing requirement of government. A primary budget surplus - where revenue is higher than non-interest spending - is expected to be realised by 2023/24.

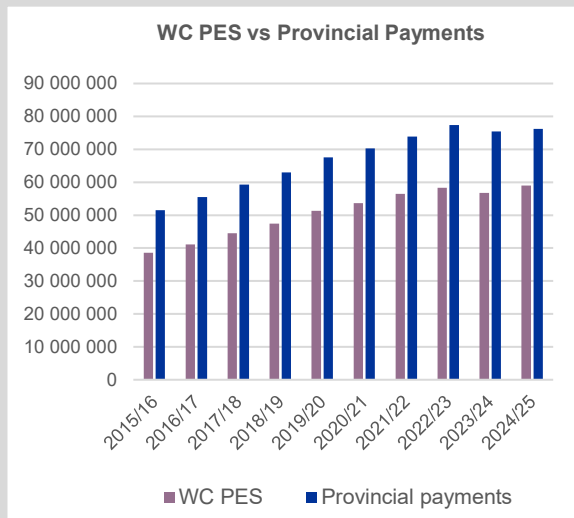
### Impact of national fiscal context on the provincial fiscal context

Over the past number of years, the process of fiscal consolidation has reduced the Provincial Equitable Share (PES) in real terms, while provincial payments are significantly higher than PES over the same period (depicted in the Figures 3.1 and 3.2). Compensation of Employees (CoE), the largest provincial spending item and remains a fiscal risk especially in the 2023/24 financial year. Above inflation increases in CoE crowds out the ability to spend on key policy areas such as Infrastructure. This has required the WCG to significantly reprioritise resources and look at new ways of financing service delivery pressures.

**Figure 3.1 Total Provincial Equitable Share (PES) in real terms, 2015/16 to 2024/25**



**Figure 3.2 Total Provincial Equitable Share (PES) vs provincial payments (spending), 2015/16 to 2024/25**



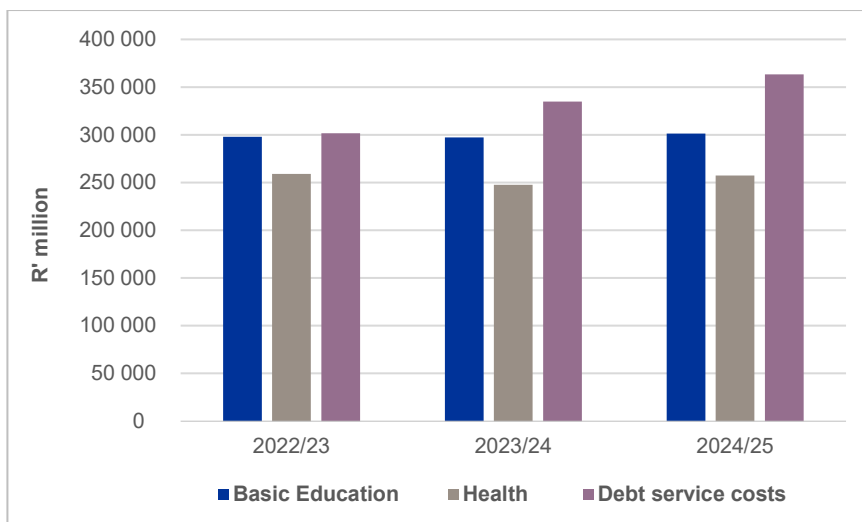
Source: Provincial Treasury

The consolidated national budget has grown at an average annual increase of 8.6 per cent from R712.8 billion in 2008/09 to R2.08 trillion in 2021/22. This growth was mainly driven by rising public-service wages and debt-service costs. Government debt is expected to stabilise at 75.1 per cent of GDP by 2024/25, which is 3 percentage points lower than projections made when the 2021 National MTBPS was tabled. The borrowing requirement is expected to decrease by R135.8 billion this year and a total of R131.5 billion over the next two years.

*Government debt is expected to stabilise at 75.1 per cent of GDP by 2024/25*

Over the 2022 MTEF, national government will focus on supporting core functions of government, such as social services, supporting youth employment, creation of short-term jobs under the presidential employment initiative, addressing key imbalances in public finances, reducing debt and debt-service costs. It is expected that debt servicing costs will average R330 billion annually over the medium term - these costs are higher than spending on basic education and health (see Figure 3.3). Supporting economic recovery, reducing fiscal deficit, and stabilising debt will be prioritised over the MTEF.

**Figure 3.3 Consolidated government expenditure by function**



Source: National Treasury

### National fiscal risks

The National Treasury has identified a deterioration in GDP growth as the biggest risk to the recovery in the public finances. Higher-than-expected global inflation could lead to higher global interest rates, affecting debt-service costs and the exchange rate. Higher inflation will increase the cost of delivering government services and likely lead to increasing wage demands over time.

Other noteworthy risks include:

*Public service CoE growth rate requires additional fiscal measures*

- A new round of public service wage agreements could require additional fiscal resources.
- Additional spending pressures from new spending programmes or the realisation of contingent liabilities, such as guarantees to state-owned companies, independent power producers and public-private partnerships, and provisions for multilateral institutions.
- Additional debt financing could increase refinancing risk and result in higher associated costs. It is expected that government's debt redemptions over the next five years will average about R150 billion per year.

*State Owned Enterprises remains a significant risk to the national fiscus*

- Due to the weak financial position of several state-owned companies, which rely on government support to operate, remains a significant risk to the fiscus.

#### **International Monetary Fund, 2021 Article IV Consultation with South Africa**

The International Monetary Fund (IMF) released the outcome of its 2021 Article IV Consultation for South Africa in February 2022. Part of the surveillance function, as prescribed in the IMF's Articles of Agreement, requires that the IMF has consultations with each member country at least once a year to conduct economic and financial assessments of government policies and provide policy recommendations. The IMF projects the fiscal deficit to continue to narrow from pandemic-related levels but remains significantly larger than before the pandemic in the medium term. Recovering revenue and phasing out of COVID-19-related measures are the main factors underlying the projected improvement in the 2022 deficit. The IMF expects that further deficit reduction is expected in the next two years, as revenue gradually returns to pre-COVID-19 levels and the primary expenditure-to-GDP ratio falls somewhat with further withdrawal of exceptional measures and some slowdown of compensation increases.

However, over the medium term, the IMF projects that the growing interest bill and demands from SOEs and public servants will keep the fiscal deficit high. Financing of the fiscal deficit is set to come mainly from domestic sources of shorter maturities than in the past. The IMF expects the debt ratio to rise without stabilising. The medium term fiscal consolidation plan faces expenditure pressures that would push the deficit beyond the National Treasury's projections. These pressures relate to the wage bill, SOEs and grants, where the IMF see projections subject to risks. On the other hand, the National Treasury's allowance for capital expenditures, generous by historical standards, could be under-executed, offsetting in part such pressures but further worsening the composition of expenditure.

The IMF expects that the fiscal consolidation effort will need to be largely expenditure-based while protecting well-targeted social spending and investment. An evenly spread and permanent adjustment of 4.5 percentage points of GDP over the next three years would be needed if accompanied by the implementation of structural reforms to boost growth. On compensation, the IMF advised below-inflation Cost-of-Living Adjustment (CoLAs), reform of allowances and pay progression, and the introduction of an evidence-based approach to pay-setting to achieve overall cost savings of 2 per cent of GDP. Savings of 1.5 per cent of GDP could be achieved by limiting SOE operating costs so that transfers from National Treasury could be reduced. The 1 per cent of GDP adjustment could come from improving expenditure efficiency and limiting tertiary education subsidies to only vulnerable households. The IMF recommends that government should also exercise caution with its social assistance program, by fully offsetting any increases with credible cuts in other budget areas.

*Source: International Monetary Fund, 2022*



## Provincial Fiscal Strategy

The WCG's Fiscal Strategy is guided by four key principles to fiscal decision-making as part of the budget process<sup>1</sup>, that have guided the allocation of resources over the 2022 MTEF, these principles include:

**Figure 3.4 Key principles of the provincial fiscal strategy**



- Protect basic services outcomes:** The WCG has core mandates to deliver basic social services in areas as diverse as healthcare, basic education, community development, integrated human settlements, and social development. These functions are core elements of the Western Cape Recovery Plan and often contain mandatory expenditure obligations. The budget prioritises those basic services aligned to the recovery plan. Frontline services such as health, education, human settlements and social development were provided the necessary financial support to assist with addressing the increase in demand for services within those sector - refer to Chapter 4's wellbeing section for more detail.
- Unlock allocative efficiency:** Budget repositioning and trade-offs between programmes are required to maximise the outcomes and impacts of spending. This principle means that existing plans and budgets should be repositioned to respond to the change in the service delivery context, immediate and impending risks, and government priorities. Due to the constrained fiscal resources, departments had to reprioritise priorities within their baselines or reposition their plans and budgets to meet their service delivery requirements in line with their mandates. Additional revenue from public entities were not to be used to increase spending plans outside of the current fiscal framework and had to be surrendered to the provincial revenue fund.

<sup>1</sup> The 2022 budget process and budget policy priorities are further outlined in Chapter 4: Budget policy priorities and spending plans.

- **Enhance productive efficiency:** Maintaining or expanding service delivery outputs within a narrowing fiscal envelope requires a renewed focus on productive efficiency, rather than purely cost containment, through re-evaluating the mix of inputs across major expenditure items such as compensation, goods and services, transfer payments and infrastructure investment and renewal. All programmes should demonstrate clear evidence of development impact and value for money. The duplication of functions and activities across government should be reduced through improved coordination and functional reassignment. Innovative and alternative methods to deliver services should be explored, including deepening partnerships with non-governmental agencies. New service delivery models that lower baseline costs, enhance impacts or introduce innovative service delivery solutions. During the budget process, departments were allowed to apply to the Provincial Treasury's Fiscal Transition Support Facility support long term sustainability through enabling a transition to new delivery models that lower baseline cost and/or enhance impacts and identifies innovative service delivery solutions at facility level.
- **Enable long-run fiscal sustainability:** Proactive management of risks is necessary to protect the long-term fiscal sustainability of the Province. All public institutions should adhere to the fiscal consolidation framework in order to support this, and: (i) use existing resources to respond to all risks through the introduction of proactive or pre-emptive mitigation measures; (ii) apply a sustainable CoE management strategy guided by provincial directives and National Treasury Guidelines for the Costing and Budgeting for CoE; and (iii) advance opportunities to generate additional revenues, including reviewing existing charges and exploring new revenue sources. In addition, reserves will be rebuilt in the outer years of the 2022 MTEF, to maintain a sustainable fiscal base for the WCG.

To give effect to these principles, the 2022 Budget:

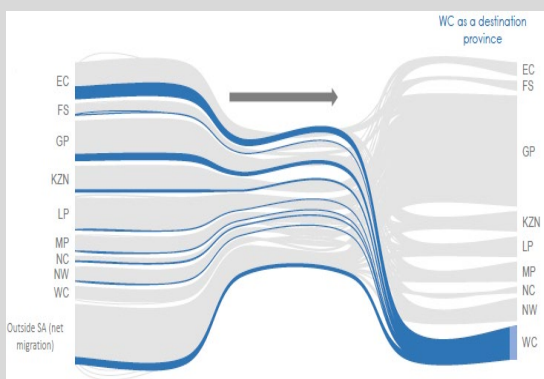
- Sustains the fight against the COVID-19 pandemic, including the successful rollout of the vaccination programme;
- Supports the recovery plan priorities of Jobs, Safety and Wellbeing;
- Protects frontline services, including education, health and social development;
- Rebalances the composition of expenditure by increasing spending on infrastructure;
- Supports effective local governance;
- Significantly improves the efficiency of expenditure by driving value for money in procurement;
- Mitigates risks including drought, fire and flooding; and
- Ensures long-term fiscal sustainability replenishing provincial reserves.

### Evidence-based policy making

Annually, as part of the lead up to the main budget, the Provincial Treasury releases the Provincial Economic Review and Outlook (PERO), which provides critical research evidence that informs budget policy making in the Province.

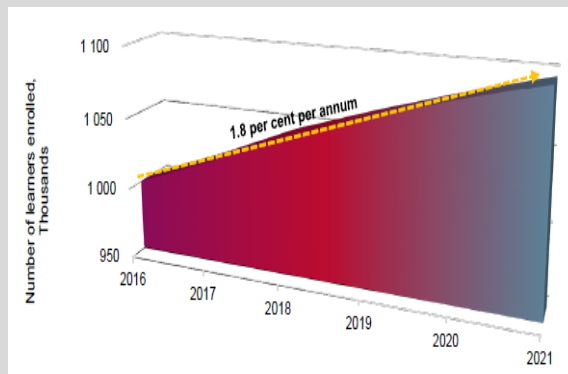
The 2021 PERO highlights a number of important trends that will shape the Western Cape over the next number of years. Most notable is the substantial net inward migration into the Province. Over the past five years, the Provincial Treasury estimates that net migration has been 470 657 people (see Figure 3.5). The highest growth rates on a district level is located in the Cape Metropolitan and Overberg regions, increasing by 2% in 2020 and is forecast to grow by 1.6% in 2021 respectively. While the Cape Winelands region grew by 1.8% in 2020 and is forecast to increase by 1.4% in 2021. The rapid population growth has brought with it significant service delivery pressures. These are most notable in education and health, two core service delivery areas. Learner growth has risen 1.8% per year over the past six year, and is expected to continue to grow over the next number of years (see Figure 3.6).

**Figure 3.5 Net migration into the Western Cape, 2016 - 2021**



Source: Provincial Treasury

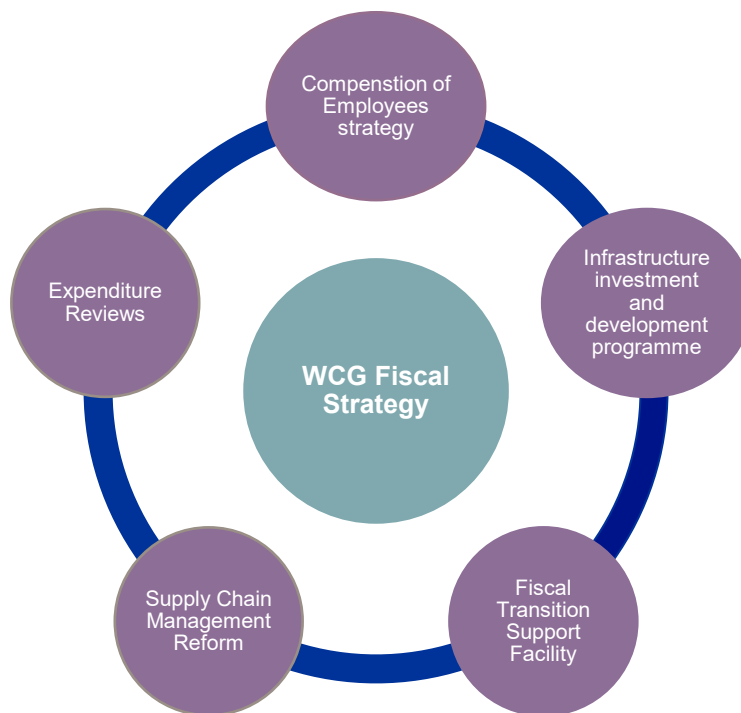
**Figure 3.6 Number of learners enrolled in the Western Cape, 2016 - 2021**



## ■ Implementing the Western Cape Government Fiscal Strategy

The 2022 MTEF fiscal strategy includes transversal commitments that are essential to drive effective delivery towards achieving the four key principles mentioned above, while ensuring key budgetary and service delivery risks are managed effectively. The key transversal instruments in implementing the fiscal strategy are depicted in Figure 3.7.

**Figure 3.7** Key transversal instruments of the Provincial Fiscal Strategy



### Compensation of Employees Strategy

People are the WCG's greatest resource, and therefore any strategy envisaged for implementation cannot be done without the support of its workforce as well as ensuring they are engaged and fully understand the impact of the strategy. Although, the WCG needs to think about CoE cost containment measures in the longer term, it is also vital to retain those employees with the right skills and competencies to drive the growth and success of the WCG.

To this end, the broader parameters of the CoE strategy had to ensure that it responds to the WCG Fiscal Strategy and provincial policy imperatives of the Province; identify areas of headcount growth or headcount reduction; and determine the optimal balance between support and line functions.

*The WCG CoE strategy continues to manage CoE spend through CoE ceilings/upper limits and managing headcounts*

Furthermore, the CoE strategy over the 2022 MTEF will remain to manage CoE spend through the placing of upper limits and actual headcount management. All departments were required to develop bespoke CoE strategies in finalising their 2022 MTEF budgets.

The overall and departmental CoE strategy has also been underpinned by, amongst others, the following broad focus areas:

- Institutional review – This principle includes offsetting the creation of a new post against an equal valued post. Reviewing and correcting the high unfunded vacancy rate impacting negatively on the design logic of organisational structures to ensure sustainable service delivery.
- Headcount management - areas of headcount growth or headcount reduction needed to be identified. In cases of headcount growth, a replacement rate of 1 per cent could only be allowed if substantiated by the policy imperatives of the Province together with obtaining Executive endorsement. The absorption of excess staff should be prioritised as a first option. As for headcount reduction, this is to be achieved through natural attrition, retirement, contract terminations, redeployment of staff over the medium term and abolishing of non-critical posts.

Furthermore, departmental CoE plans also considered the downward management of overtime and the payment of the pension liabilities/ penalties as incentive for early retirement.

The budget assumptions on CoE took into consideration pay progression of 1.5 per cent, housing allowance increase equivalent to the Consumer Price Index (CPI) and medical aid allowance increase as determined by the medical price index, which is estimated at CPI plus 4 per cent. For the 2022/23 financial year, departments continue making provision for the non-pensionable cash allowance in terms of the 2021 wage agreement.

It is envisaged that these principles and parameters will ensure that the CoE is focussed on ensuring a sustainable wage bill within the WCG.

### **Infrastructure investment and development programme**

Boosting the investment in infrastructure is regarded as a key intervention, given the important role it plays in stimulating the Western Cape economy. Short term benefits of infrastructure investment include jobs associated with investment activities, while longer term benefits are derived from the greater productivity and

*Infrastructure investment is an important lever for job creation and economic recovery*

competitiveness of economic activities that use infrastructure platforms.

- *Streamlining governance through reforms:* The WCG is in the process to align the Western Cape Infrastructure Delivery Management System to the Framework for Infrastructure Delivery and Procurement Management as issued by National Treasury. This reform should assist departments to accelerate infrastructure delivery. The intention is to repeal the WC Provincial Treasury instruction 16B – i.e., supply chain management for the delivery and maintenance of infrastructure<sup>2</sup>. The WCG is looking forward to the reviewed public-private regulation that, according to National Treasury's 2021 MTBPS, which will be implemented during 2022.
- *Improving programme and project preparation:* The Provincial Treasury established a bespoke Project Preparation Facility (PPF) to assist departments with project preparation costs of certain categories of infrastructure projects to improve project preparation. Allocations to departments over the 2022 MTEF from the PPF are indicated in Table 3.1 below.

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<sup>2</sup> For further information – refer to the 2022 Overview of Provincial and Municipal Infrastructure Investment (OPMI) – Alignment of the WCG infrastructure documentation to the regulatory framework.

**Table 3.1 Projects funded from the Project Preparation Facility**

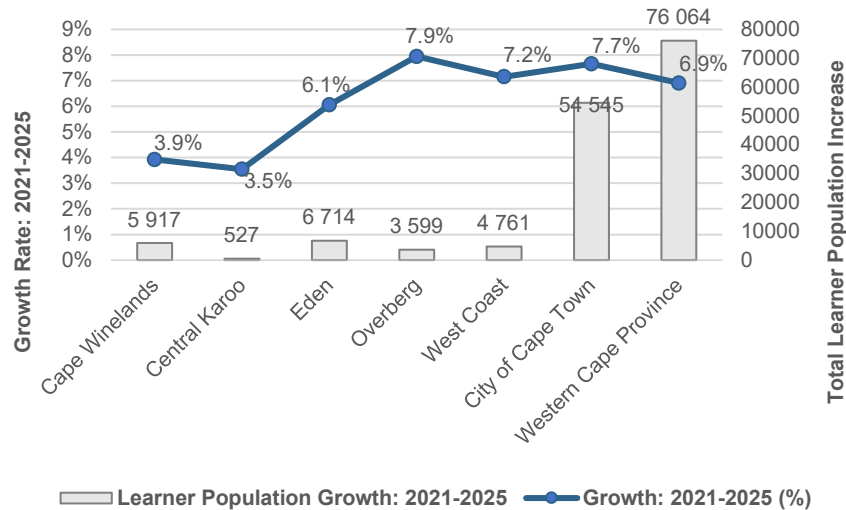
Description (R'000)	2022/23	2023/24	2024/25	Total
Department of Transport and Public Works: Stikland North	1 700	960	700	3 360
Department of Transport and Public Works: Oude Molen	700	1 200		1 900
Department of Transport and Public Works: Leeuwenhof	700	850	888	2 438
Department of Transport and Public Works: Leeuloop	3 000	3 000		6 000
Department of Transport and Public Works: Prestwich	2 130			2 130
Department of Transport and Public Works: Belhar Relocation Development Project	1 500			1 500
Department of Transport and Public Works: Caledon Office Block	2 350	4 269	2 792	9 411
Department of Transport and Public Works: Enablement: Planning, environmental and heritage legislative requirements	16 000	18 000	18 000	52 000
Department of Cultural Affairs and Sport: Cango Caves PPP: The feasibility study for the future management of the Cango Caves with the aim of increasing revenue generation to ensure future sustainability	1 000			1 000
Department of Cultural Affairs and Sport: Cango Caves PPP: A project preparation costing study needs to be done to determine the amount of funding required for the short, medium and long term maintenance of the Cango Caves and surrounding infrastructure.	500			500
Department of Cultural Affairs and Sport: Cultural Facility: Feasibility study for a potential PPP for Melkbos Oppiesee and Schoemanspoort to transform these facilities to a level which will allow private use in addition to our current public usage model.	1 500			1 500
Department of Local Government: New Municipal Financing Model Sustainable Infrastructure Development and Finance Facility (SIDAFF) project management support)	3 000	3 000		6 000
<b>Total</b>	<b>34 080</b>	<b>31 279</b>	<b>22 380</b>	<b>87 739</b>

- Additional allocations: Provincial roads infrastructure is regarded as a key priority, while also considering social infrastructure as these sectors experience the effects of the annual population increases directly. Within the education sector, the increase in learner numbers is regarded as a high priority, therefore appropriate and additional accommodation is required to address overcrowded classrooms in the Province. Over the 2022 MTEF, a total of R18.237 billion is allocated towards roads and education infrastructure, with an additional allocation of R1.608 billion:
  - Roads: a total of R7.037 billion is allocated, with an additional R870 million allocated in the outer years of the 2022 MTEF, to smooth out the road infrastructure build, reduce the backlog and provide certainty of funding over the MTEF.
  - Education: a total of R11.200 billion, with an additional R737.825 million over the 2022 MTEF to help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in education including district and circuit accommodation; enhance capacity to deliver infrastructure in education; address damage to



infrastructure; and address achievements of targets set out in the minimum norms and standards for school infrastructure.

**Figure 3.8 Learner population growth projections by area, 2021 to 2025**



Source: Provincial Treasury

The Provincial Treasury has prepared a background paper on “Unlocking private-sector financing for infrastructure”. This document will be finalised during 2022 and will guide the WCG on options to explore private-sector funding for infrastructure.

### Fiscal Transition Support Facility

The 2021 MTEF introduced the Fiscal Transition Support Facility (FTSF) to enable departments to address spending pressures through proactive restructuring measures. The Facility provides 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. Allocations made from the FTSF was based on five key principles, namely: responsive to key risks or priorities, evidence of innovation, quantifiable evidence that these are once-off, achieve either long term savings or improvements in outcomes, and readiness to implement. Allocations to departments over the 2022 MTEF from the FTSF are indicated in Table 3.2.

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

**Table 3.2 2022 MTEF Budget allocations from the Fiscal Transition Support Facility**

Description (R'000)	2022/23	2023/24	2024/25	Total
Vote 1: Strategic communication review	3 000			3 000
Vote 1: Elsenburg migration to the WCG's Corporate ICT network (existing)	7 400	7 800		15 200
Vote 3: SCM reform - to drive value for money	1 500			1 500
Vote 3: eProcurement Solution (existing)	200	418		618
Vote 8: Removing 2021 Fiscal Transition Funding	(40 000)	(30 000)		(70 000)
Vote 6: Tele-Health (FTSF) (existing)	5 000	5 000		10 000
Vote 6: Department of Health: Home-delivery of chronic medication (FTSF) (existing)	33 000	33 000		66 000
Vote 7: Digitising the Non-profit organisation management systems (NPOMS)	1 000	1 000	1 000	3 000
Vote 7: Development of a Mobile Client Service System to support Social Workers to deliver more efficient services.	1 000	1 000	1 000	3 000
Vote 7: Enable Mobile connectivity	2 000	2 000		4 000
Vote 13: Virtual & Digital Services in Western Cape Provincial Archives	16 476			16 476
<b>Total</b>	<b>30 576</b>	<b>20 218</b>	<b>2 000</b>	<b>52 794</b>

Over the 2022 MTEF, R52.794 million is allocated from the FSTF, to the Department of the Premier (R18.200 million), Provincial Treasury (R2.118 million), Department of Health (R76 million), Department of Social Development (R 10 million) and the Department of Cultural Affairs and Sport (R16.476 million). These allocations support the implementation of specific departmental interventions that will achieve long term savings for the department and improve outcomes over the medium to long term.

### Expenditure Reviews

A major risk to the South African economy over the last decade has been that of rising government expenditure without corresponding growth in economic output, productivity or efficiency. Over the medium term, the WCG will continue to use spending reviews as a tool to implement zero-based budgeting as outlined in the National Treasury's *Framework for Achieving Spending Efficiency in a Fiscally Constrained Environment*, which was tabled in May 2021. This approach will shift the budget process from incremental baseline funding towards a more stringent approach that scrutinizes programme effectiveness and realises greater value for public money.

*Conducting spending reviews as a tool to achieve spending efficiencies in a fiscally constrained environment*

Over the 2022 MTEF, the Provincial Treasury will be working with departments to assess the efficiency, effectiveness and performance of selected programmes. During the 2021/22 financial year, the following spending reviews were piloted:

- The learner transport programme in the Western Cape Education Department (WCED);
- Commuted overtime in the Department of Health;
- Transfers to non-profit institutions that provide foster care services in the Department of Social Development;
- Skills programmes and projects for youth in Business Process Outsourcing in the Department of Economic Development and Tourism; and
- Broadband in the Department of the Premier.

Spending reviews over the 2022 MTEF will cover areas such as roads infrastructure, youth and skills development.

#### Key findings from expenditure reviews conducted in 2021/22 financial year

- **Broadband:** given the significant real decline in the cost of internet connectivity over the last decade, the review of Broadband 2.0 and related specifications should factor in effective in-contract comparative pricing evaluation to ensure that costs remain competitive and in line with market trends. The State Information Technology Agency (SITA) is currently conducting a benchmarking analysis - this will interrogate and ascertain further cost savings measures that could materialise. To obtain greater value from the Broadband project, it is recommended that the Department of the Premier:
  - Facilitate and manage the consultation with all stakeholders (user WCG departments and municipalities) to identify their needs to fully scope the required Broadband service in terms of the Broadband 2.0 contract.
  - Distinguish the services to be provided by SITA and structure how this is managed and tracked; and
  - Determine whether the SITA service charges are fair, based on the services provided.
- **Skills programmes and projects for youth in Business Process Outsourcing (BPO):** this Project addresses youth unemployment by placing beneficiaries in a job, where they receive on-the-job training (up to 12 months) and are placed (up to 70%) in full-time positions within the BPO and Information and Communication Technology (ICT) sector/s. The review uncovered that the cost over the 5 years of the BPO project is R15 333 per beneficiary per year, while an EPWP job costs R61 498 per year, thus for every R1 million spend on the project, 45 jobs will be created in the BPO sector versus 16 jobs in EPWP.
  - It is recommended that extensive improvements are required within the management reporting structure for the Project to address variations and gaps, such as an integrated project management tool and reporting on the placement of learners for all the skills projects.
- **Transfers to non-profit institutions (NPIs) that provide foster care services, specifically Childcare and protection NPIs and the cost structure of alternative care Child and Youth Care Centres (CYCCs):** there is gradual shift in focus of government transfers from CYCCs toward home-based care that is anticipated to yield a more sustainable cost structure and better outcomes for children in the long term. The current costing model for foster care reinforces the CYCC model of alternative residential services and care for children. It is recommended:

- the Department can achieve better outcomes for children and create savings and efficiencies in delivery of childcare and protection services, by gradually shifting financial allocations toward family support and early interventions for children at risk.

- More funds should be dedicated to social workers to improve early prevention measures that support families before children have to be removed from their homes. A practical way to accomplish this would be to expand parent education programmes, including a monitoring component where a social worker will monitor the home environment.

- **Commuted overtime:** this policy was enacted to supply the health department with increased capacity, by allowing fixed overtime for medical staff, to address the demand for care at specific health care facilities. The actual hours worked could not be compared to what is permissible per grouping (staff grouped according to fixed overtime hours), due to limited information that was available at the time of the analysis. Medical staff with the same rank description were more or less in the same grouping which in most cases tends to be 16 fixed hours paid commuted overtime allowance. Hence there is no scope to improve on increasing the number of hours worked for medical staff, because most of the medical staff fall in the highest overtime bracket. Finally, there were no opportunities for savings identified. It is recommended that:

Actual hours worked by medical staff is compared with permissible hours (commuted overtime contract) through further investigation and analysis.

- **Learner transport:** This policy was created in response to the identified need for learners challenged in exercising their basic right to access education especially those learners residing in remote and rural geographic areas that are left to walk long distances, in some cases deemed unsafe, to attend the nearest suitable public school and/or sometimes also due to the lack of and high cost of public transport. This programme/ policy, as implemented by the WCED makes provision for bus transportation of learners to public ordinary schools in the Western Cape who reside five kilometers or further from the nearest appropriate school. The programme has been running since 2011 with approximately 60 000 learners on more than 500 routes benefiting from the programme in the province. The preliminary findings revealed the following:

- that some of the routes are expensive as they are not run at full capacity.
- a possible review to be done on the kilometer rates charged in attempt to achieve efficiencies.
- that a potential savings could arise in cases where WCED is currently being billed for the total distance covered of a route and total number of learners transported for routes in excess of 100 kilometers containing various pick up and drop off points.
- in addition to this, was the lack of standardised expenditure and performance monitoring and reporting systems to foster improved data analytics and efficiency analysis.

Source: Provincial Treasury

## Supply Chain Management Reform

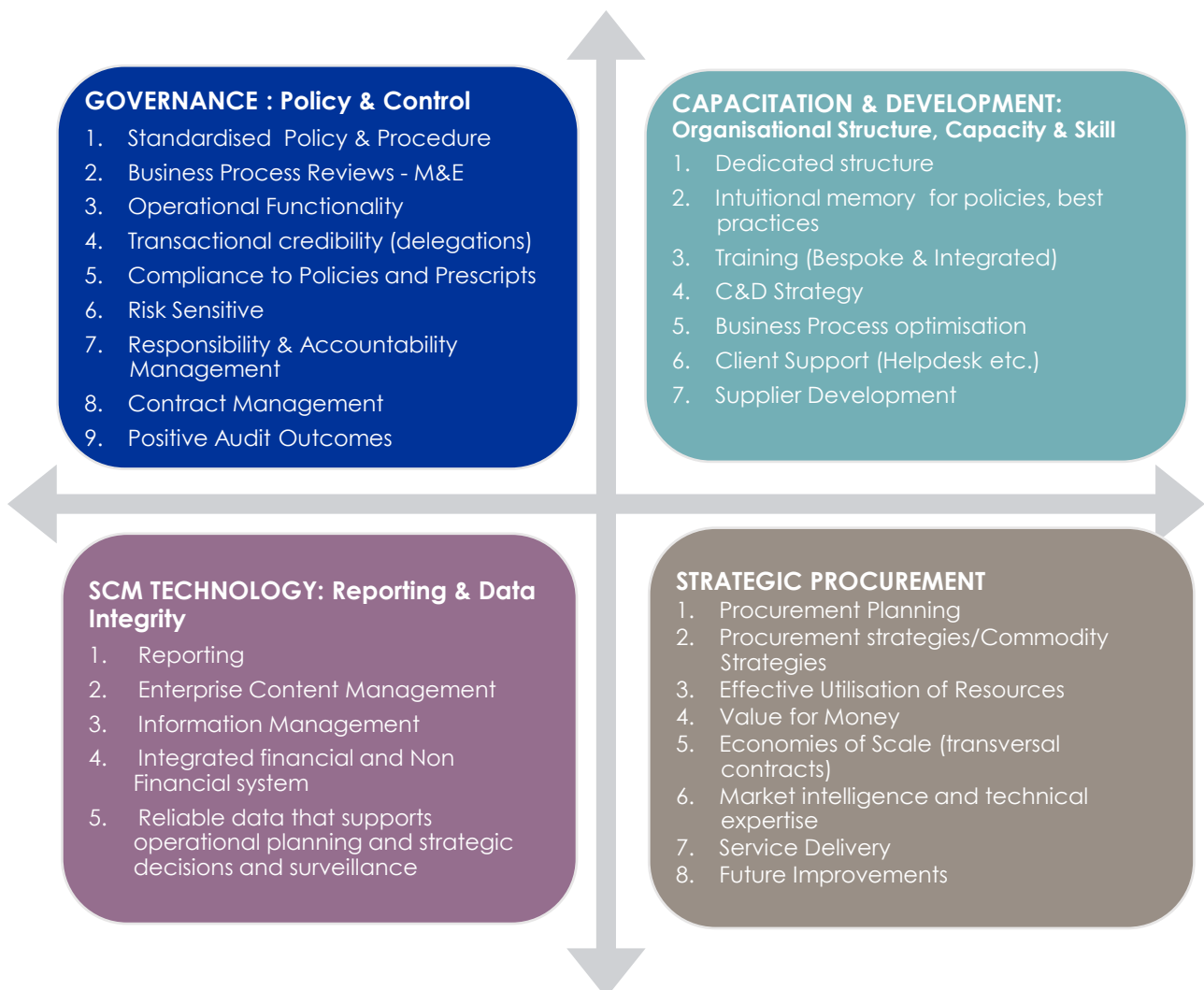
*Initiatives in SCM are inherently transversal as they impact all themes of the WC Recovery Plan*

The primary function of public procurement is procuring goods and providing services and infrastructure on the best possible terms to fulfil government's mandate. Purchasing and procurement by the Province must enable progress on provincial priorities from the Recovery Plan, of Jobs, Safety and Wellbeing, which includes the preservation and creation of private sector jobs. In support of Vision-Inspired Priority 5 from the Western Cape Provincial Strategic Plan, the WCG's Supply Chain Management (SCM) reform strategy has played a critical role in sustaining financial capability maturity

and strengthening compliance with governance requirements in the Province.

Key priorities for the WCG are to: maintain a resilient SCM governance platform focused on continuous service delivery improvement; leveraging data for analysis and transparency; and enhancing the ease of doing business with WCG procurement by reducing red tape and improving access to procurement opportunities. Planned performance over the MTEF is underpinned by the WCG supply chain management strategy that supports all procurement initiatives over the last 15 years, through a four-pronged approach that focuses on SCM governance, SCM capacitation and development; strategic procurement and SCM technology as depicted in Figure 3.9.

**Figure 3.9 WCG Supply Chain Management Strategy Reform**



Source: Provincial Treasury

The SCM Strategy is the result of an in-depth review that identified weaknesses and implemented improvements within the Province's SCM and is supported by the Provincial Treasury Instructions issued in terms of Section 18 of the Public Finance Management Act (No. 1 of 1999) and the Blueprint Accounting Officer's System.

The following key focus areas have been identified to accelerate, modernise and reform SCM and to enable specific focus areas with regard to the SCM strategy:

- **e-Procurement and Technology Enablement:** the e-Procurement Solution (ePS), is in line with Government's overall strategy to achieve continuing improvement in value for money, enhance competitiveness of suppliers, and provide business communities with a convenient and effective platform. Additional technology support will focus on enhancement to an automated Procurement Planning Toolkit; and the enhancement of data processing and business intelligence capability to provide insight into provincial procurement and thereby improving value for money in purchasing.

The WCG will incrementally increase transparency in procurement through disclosing further procurement information to the public, building on available datasets and information-processing capabilities to afford greater transparency and value for money in provincial procurement through;

- **SCM Procurement Disclosure Reporting:** Refine procurement to progressively to include:
  - All Goods and Services of WCG;
  - Construction Procurement; and
  - Procurement outcomes in terms of objectives outlined in Section 217(2) of the Constitution.
- **Strategic Sourcing and Transversal Contracting:** Implementation of alternative strategic sourcing initiative/s that leverage on economies of scale, value chain, and job creation opportunities. Critical to fulfilling this intervention, requires a full-scale portfolio analysis of all procurement spend to identify strategic sourcing initiatives that support value for money in purchasing.
- **Continuously improve on the range of services provided at the Procurement Client Centre** for all our clients which is supported by the helpdesk functions and Programmes of Support for departments, municipalities and suppliers. PT will continue leading and supporting excellence in good governance

practices and optimal performance culminating in improved service delivery and public value creation.

## ■ Conclusion

The 2022 Budget further provides the framework on how the WCG will protect basic services, unlock allocative efficiency, enhance productive efficiency and enable long-run fiscal sustainability, in the current uncertain environment, further supporting key policy and operational risks, and enhancing service delivery through supporting growth, enabling an environment for job creation and sustaining jobs, fostering safe and healthy communities, and promoting the wellbeing of all the residents in the Western Cape.

# 4

## Budget policy priorities and spending plans

### In brief

- The 2022 Budget focuses on implementing the Western Cape Recovery Plan priorities of: Jobs, Safety, and Wellbeing, while maintaining our response to COVID-19.
- The budget policy priorities will support economic growth and job creation; strengthen law enforcement and social protection; and ensure human dignity by protecting human rights and supporting mental wellbeing.
- The Western Cape Government will continue its efforts to foster innovation that supports the implementation of the Western Cape Recovery Plan and strengthening the citizen-centric culture.

### Introduction

The budget policy priorities over the 2022 Medium Term Expenditure Framework (MTEF) supports policy interventions outlined in the Western Cape Recovery Plan, which includes, to create and sustain jobs, foster safe and healthy communities, promote the wellbeing of all the residents in the Western Cape, and sustain the fight against the ongoing COVID-19 pandemic.

Providing services within a constrained fiscal environment requires the Western Cape Government (WCG) to strengthen public service and administration to improve coordination, foster innovation and strengthen the culture of public service that focuses on making tangible impacts on the lives of all residents of the Province.



### Summary of spending by priority area

The 2022/23 Budget equates to an aggregate of R77.333 billion, increasing by R3.454 billion or 4.7 per cent when compared to the 2021/22 revised estimate. The largest year-on-year increase is observed against the priority area, Education (R2.213 billion or 8.6 per cent), and is mainly due to the increased funding towards public ordinary school resources, and infrastructure development at schools.

The decline in social protection is a result of the reprioritisation of the social welfare budget due to the shrinking fiscal envelope. The reprioritising of funds toward Non-Profit Organisations that are facing financial difficulty, and the function shift of Early Childhood Development from the Department of Social Development to the Department of Education are also key factors in the decline of expenditure on social protection.

The rate of delivery of human settlements opportunities will slow down. The impact of the COVID-19 pandemic, and the subsequent deteriorated economic and fiscal environment, resulted in government responding to the crisis through fiscal consolidation and by reprioritising budgets towards the COVID-19 response. As a consequence, the Human Settlements Development Grant saw a significant decrease in the grant allocation for the delivery of human settlements opportunities.

Contributing to the low growth observed in Economic Affairs, given the constrained fiscal environment, the Department of Economic Development and Tourism is focused on reducing priorities to fund. Further noting, the Saldanha Bay Industrial Development Zone funding comes to an end as the entity becomes financially self-sustainable. Transport and Public Works received reduced allocations when compared to 2021/22 due to quarantine and isolation facilities funded in response to COVID-19 that is not continuing over the 2022 MTEF, as well as reduced allocations towards the Blue Dot programme.

The growth of public order and safety in 2022/23 is a result of additional funding being transferred to the City of Cape Town for the support of the Law Enforcement Advancement Programme (LEAP). Additionally, the establishment of law enforcement reaction units in the Swartland and Overberg municipalities, including increased funding toward the support for K9 units in various municipalities were also factors in the rise of expenditure of public order and safety.

Environmental protection reflects a slower increase in 2022/23 due to the Department of Environmental Affairs and Development Planning receiving allocations towards salary adjustments and waste management interventions.

Health reflects a decrease in 2022/23, and is largely due to the COVID-19 funding reductions in the outer years of the MTEF.

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

**Table 4.1 Summary of provincial payments and estimates by priority area, 2018/19 – 2024/25**

Policy area R'000	Outcome						Medium-term estimate				% Change from Revised estimate				
	Audited 2018/19	Audited 2019/20	Audited 2020/21	Main appro- piation 2021/22	Adjusted appro- piation 2021/22	Revised estimate 2021/22	2022/23	2023/24	2024/25	2021/22					
												Medium-term estimate			
Social protection	1 916 148	2 084 054	2 240 875	2 253 656	2 294 540	2 294 540	2 285 335	2 277 442	2 340 016	( 0.40)					
Housing and community amenities	2 352 331	2 683 772	2 380 607	2 353 171	2 410 259	2 410 259	2 414 805	2 418 756	2 516 343	0.19					
Economic affairs	9 387 275	9 974 822	9 891 764	10 691 922	10 580 298	10 580 298	10 590 414	10 695 955	11 071 903	0.10					
Education	22 427 766	23 794 241	24 446 409	24 869 113	25 819 739	25 819 739	28 032 601	28 006 088	27 810 778	8.57					
Public order and safety	335 836	464 924	773 295	739 049	559 307	559 307	776 125	720 225	728 699	38.77					
Environmental protection	575 512	624 869	583 751	570 062	565 417	565 417	568 586	574 055	589 355	0.56					
Health	23 043 593	24 773 271	26 963 540	27 391 897	28 190 163	28 190 163	29 094 331	27 156 393	27 781 176	3.21					
Recreation, culture and religion	732 338	784 571	735 454	897 510	900 109	899 997	937 913	862 816	889 508	4.21					
General public services	2 169 847	2 349 293	2 309 698	2 582 693	2 564 971	2 559 403	2 632 693	2 707 592	2 517 183	2.86					
<b>Total payments and estimates by policy area</b>	<b>62 940 646</b>	<b>67 533 817</b>	<b>70 325 393</b>	<b>72 349 073</b>	<b>73 884 803</b>	<b>73 879 123</b>	<b>77 332 803</b>	<b>75 419 322</b>	<b>76 244 961</b>	<b>4.67</b>					

### 2022 Budget Process

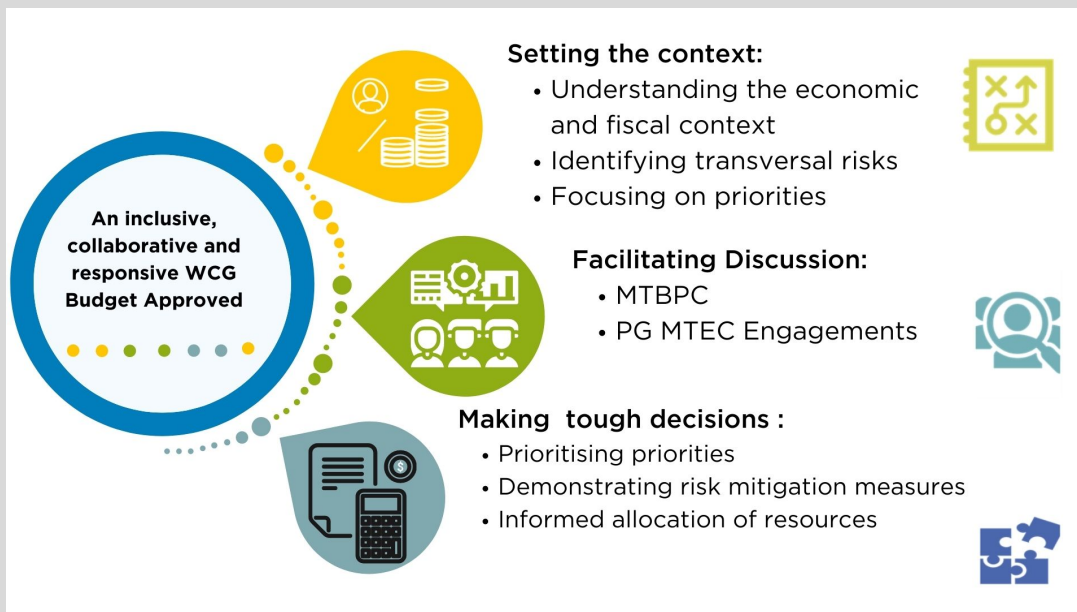
The 2022 Budget Process is centered around the MTBPC and the departmental specific Provincial Government Medium Term Expenditure Committee (PG MTEC) engagements. These are integral to the broader integrated policy, planning, budgeting and implementation cycle of the WCG, and consider the policy context and planning process aligned to the 2019 - 2024 Provincial Strategic Plan (PSP), Western Cape Recovery Plan, as well as the Strategic Plans and Annual Performance Plans of Departments. These engagements therefore aid in translating departmental plans and effectively aligning the provincial budget to address the medium to long term priorities and risks. The Western Cape Government's (WCG's) budget approach is comprised of three phases:

- Budget preparation:** This commenced with the annual provincial budget and governance engagements, that were held in conjunction with officials from national departments and the National Treasury, and the Cabinet Bosberaad held in August 2021. These engagements set the policy context for the 2022 planning and budget process. The Medium Term Budget Policy Committee 1 (MTBPC 1) engagements set the framework for the departmental PG MTEC 1 Technical and ministerial PG MTEC 1 discussions that focused on managing risks within the existing budget envelope and identifying areas for budget policy prioritisation. In preparation and as part of the MTBPC engagements, municipalities were engaged on how provincial programmes and initiatives will impact geographically across the Province.

- Medium Term Budget Policy Statement (MTBPS) and Adjustments Budget:** The 2021 MTBPS outlined the risks identified for the 2022 MTEF, while the 2021 Adjusted Budget responded to in-year pressures and risks, supported policy priorities and prepared the WCG for the 2022 MTEF. Provincial departments outlined their medium to long term plans and the principles and strategy applied to key budgetary decisions in responding to service delivery pressures. The PG MTEC 1 engagements placed emphasis on the critical strategic and policy matters emanating from the MTBPC and PG MTEC Technical departmental engagements that needed to be prioritised from a budgetary perspective over the 2022 MTEF.
- Main Budget:** The MTBPC 2, PG MTEC 2 technical and Ministerial engagements form part of this final phase of the budget process and informed the finalisation of the 2022 MTEF. This required careful consideration to ensure that limited financial resources are allocated efficiently and necessitated difficult decisions to support economic and social recovery, while maintaining fiscal sustainability.

As an outcome of the WCG three-phased budget approach and process, the departmental plans and budget submissions aim to ensure the prioritisation and alignment of projects linked to policy priorities and sustainable management of provincial risks, while demonstrating value for money efficiencies. Departments demonstrated key fiscal and non-fiscal measures to mitigate risks at national, provincial and a departmental level, which informed decision-making on key projects/interventions to prioritise and where improvements in delivery processes/ expenditure composition can be achieved.

**Figure 4.1 2022 Budget Approach**



## Managing Risks

The WCG has aligned the provincial approach to risk management as part of the institutionalised Enterprise Risk Management (ERM) process. The ERM methodology identifies and assesses risks by likelihood and impact based on a pre-defined matrix. It requires the identification of mitigation measures (or controls) that can include, but are not limited to, changes to policy commitments and service delivery models. ERM enables a more citizen-centric approach during the identification of risks, while ensuring that the causes and

impacts of risks are considered and assessed from a citizen perspective.

Provincial departments are required to manage risks within existing baselines through proactive mitigation mechanisms.

### Medium term global risks

All provincial departments are facing pressure to respond to the elevated service delivery demands, while remaining responsive to significant uncertainties and risks. The provincial budget process therefore prioritised the need to respond to these demands and risks, by making tough policy decisions given the limited available fiscal resources.

The World Economic Forum's (WEF's) Global Risks Report 2022 identified the key risks facing the world as it enters the third year of the COVID-19 pandemic. Climate risks dominate global concerns, while within the top 5 medium term risks, societal divides and livelihood crises are prominently featured, affecting mental health deterioration. Disasters and crises, such as the COVID-19 pandemic, can take a devastating toll on people's livelihoods, as it increases people's socio-economic vulnerability and seriously impact their ability to recover, which in turn affects their ability to cope with future shocks and stresses.

*Climate risks, societal divides and livelihood crises are ranked as one of the most severe global concerns*

As outlined in Chapter 2, the Russia-Ukraine crisis will result in the dampening of the economic growth of the Province, should the prices of goods that the Western Cape imports from Russia increase at a faster rate than the goods exported from the Province. While the Western Cape does not import energy or oil from Russia, in 2021, the Province imported 68.5 per cent of all its fertilizer from Russia. Disruptions to fertilizer supply may have knock-on effects on agricultural production.

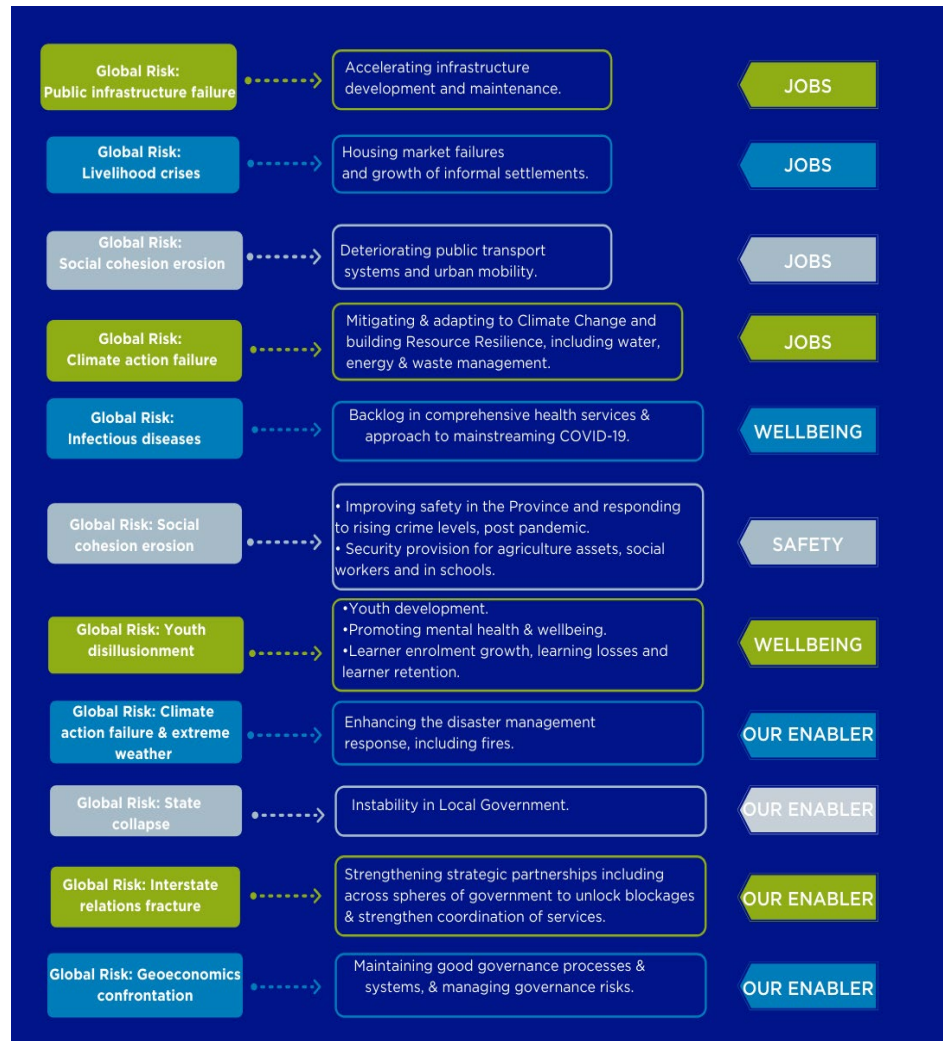
The conflict has impacted on the price of food commodities such as wheat, which poses a key risk, as South Africa is reliant on wheat imports. The Western Cape contributes 50 per cent of total wheat production in South Africa. Although higher global wheat prices will benefit local farmers, this will have negative repercussions on food security in South Africa.

Furthermore, the rights of Ukrainian citizens are being violated and threatening peace in Europe and the rest of the world, as millions are fleeing the country, while financial panic is emerging worldwide.

### Provincial risks to prioritise

The WCG has identified key transversal risks related to its strategic priorities and links these to Global Risks, as demonstrated in Figure 4.2 below.

**Figure 4.2 Provincial Risks and linkage to Global Risks**



The 2022 MTEF Budget responds to these risks by:

- Mainstreaming the management of COVID-19 and addressing health backlogs;
- Driving infrastructure delivery in roads, public transport and educational infrastructure; and supporting the development of a high-quality infrastructure investment pipeline through the Project Preparation Facility (PPF) that supports provincial departments, entities and municipalities with project preparation costs of certain categories of infrastructure projects.
- Prioritising the immediate focus areas in the Western Cape Education sector: Online and blended learning, Foundation Phase learning, and Wellbeing and psycho-social support. This is to

strengthen and expand learning opportunities for enhanced performance, and promote innovative adaptability and preparedness for the changing context.

- Supporting the implementation of the Western Cape Recovery Plan priorities of: Jobs, Safety and Wellbeing, while maintaining our response to COVID-19;
- Applying a sustainable Compensation of Employees management strategy through a differentiated approach across departments that constrains the growth in personnel headcounts to those areas directly aligned with the policy imperatives of the Executive;
- Strategically managing risks through the Fiscal Transition Support Facility (FTSF) that provides fiscal support for once-off, upfront costs of investment in or implementation of new service delivery approaches and technologies that can achieve long-term savings and improved outcomes over time; and
- Strengthening integrated service delivery through the Joint District and Metro Approach.

## **National and provincial policy context**

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

The President, as part of his 2022 State of the Nation Address (SONA), communicated the national government's commitment to build on the foundation of the Economic Reconstruction and Recovery Plan (ERRP), which remains the key national programme to rebuild the economy.

The new consensus expressed at 2022 SONA recognises that the State must create an environment in which the private sector can invest and unleash the dynamism of the economy. The key task of government is to create the conditions that will enable the private sector to emerge, to grow, to access new markets, to create new products, and to hire more employees. Furthermore, focus remains on the priorities identified in the 2021 SONA last year: overcoming the COVID-19 pandemic, massive rollout of infrastructure, a substantial increase in local production, an employment stimulus to create jobs and support livelihoods, and the rapid expansion of our energy generation capacity.

*Continued commitment  
by National Government  
to accelerate the ERRP*

*Continued focus by WCG on COVID-19 recovery, Jobs, Wellbeing and Safety*

Taking into account the National Economic Reconstruction and Recovery Plan, the WCG has developed a Recovery Plan for the Western Cape, which provides a clear plan for the recovery of our Province and the economy. The Western Cape Recovery Plan is built on four priority themes:

- **COVID-19 recovery:** As the COVID-19 pandemic recedes, the focus is on its secondary impacts and on reducing backlogs in meeting demand for health services;
- **Jobs:** The economic impact of the pandemic has been severe. That is why the single biggest priority in the year ahead must be to create an environment that facilitates private sector investment and to invest in catalytic infrastructure projects that will help create jobs in an inclusive way;
- **Wellbeing:** Government must ensure that the basic human needs of our citizens are realised, as guaranteed in the Constitution; and
- **Safety:** This is the over-arching priority for the Provincial Strategic Plan, and it is equally relevant going forward. It is inextricably linked with Wellbeing and Jobs, as Safety cannot be achieved if basic human needs are not met and people do not have a stable form of income.

In our response as a government and to be effective, the social compact demonstrated above needs to include every citizen and every part of our society.

## ■ Medium term budget policy priorities

The medium term budget policy priorities aim to support the social and economic development of the Western Cape, unlocking value from the WCG established platform of good governance in order to drive effective service delivery. In doing so, resources have been accordingly allocated to priorities where maximum impact on the lives of residents of the Province can be achieved. The 2022 Budget approach and objectives, have guided decision-making on the allocation of resources, based on key budget principles. This has enabled government to align spending with budget policy priorities and address provincial risks, to support the Province's readiness to reopen and recover.

Figure 4.3 provides an illustration of the key WCG priority interventions to give effect to the Western Cape Recovery Plan, with the objective of supporting and sustaining the creation of job opportunities, fostering safe and healthy communities, and promoting the wellbeing of all the residents in the Western Cape.

Figure 4.3 2022 MTEF Budget Policy Priorities





## ■ Priority 1: COVID-19 Response

The emergence of new COVID-19 variants could prolong the pandemic and induce renewed economic disruptions. There is a risk that public finances may come under additional strain if there is a surge in pandemic-related spending requirements.

The 2022 MTEF continues to prioritise the WCG's COVID-19 response and mainstreams the management of COVID-19 and the vaccination rollout and communication campaign; while also addressing the accumulated backlogs in the provision of other health services while re-introducing comprehensive healthcare services.

### **Managing the COVID-19 resurgence and an agile health platform response**

As of 8 March 2022, the Western Cape recorded 662 017 COVID-19 cases, of which 635 535 people have recovered and 20 855 people have died as a result of the virus, whilst there are 5 627 active cases. In terms of vaccinations, 55.60 per cent of the Western Cape adult population has been vaccinated with at least 1 dose, while 49.92 per cent of adults have been fully vaccinated.

The Western Cape exited the 4<sup>th</sup> wave in late January 2022, although has seen a slower decline in cases in comparison with earlier waves. Health professionals continue to urge everyone to vaccinate, wear a mask, avoid enclosed spaces and gather outdoors, to continue to contain the spread of COVID-19. The emerging evidence on the Omicron variant indicates a lower prevalence of severe cases for hospitalisation and deaths, mainly due to the effect of vaccination and previous infections, as well as evidence of reduced severity.

The Department of Health's strategy in managing COVID-19 resurgence over the 2022 MTEF is three-fold: surveillance, an agile and responsive health platform, and the vaccination programme.

Effective surveillance allows for rapid detection, testing, appropriate escalation, and management of high-risk cases within a mitigation paradigm. Epidemic surveillance of hospital pressures such as 7-day moving average of hospital admissions and the percentage increase in oxygen use are indicators of resurgence. Genomic surveillance is used to identify new variants that could possibly drive a new wave. An agile and responsive health platform requires the ability to expand and contract in line with the demand of health care. This means that at times of high COVID-19 demand, other health services will have to be scaled down; this is particularly true in the case of hospital bed availability. This agility is enabled not only

*The Province is advocating for an agile and responsive health platform informed by effective surveillance*

by flexible infrastructural arrangements, but also evidence-informed and data-led decision-making.

Transitional care capacity is key to relieving the pressure on acute hospital facilities, when necessary, while effective infection prevention and control (IPC) measures assist in managing the risk of transmission. Finally, a strategy for vaccination that promotes equity, improves the uptake of the vaccine and targets those which is essential to social and economic recoveries and the mitigation of the negative effects of COVID-19 on the health system. The biggest defence mechanism remains vaccination, especially for those 50 years and older. Renewed social mobilisation efforts and a Whole of Society Approach will continue to be a priority of the Province, in an effort to generate increased targeted demand for unvaccinated persons and the take up of boosters for vaccinated persons. Over the 2022 MTEF, the Department of Health is allocated an additional R777.043 million in 2022/23, R358.259 million in 2023/24 and R497.735 million in 2024/25 to continue to fund their response to the COVID-19 pandemic and to reduce the impact of budget reductions on essential medical goods and services.

*Additional allocation of R1.633 billion over the MTEF towards the Province's response to COVID-19 and essential medical goods and services*

### COVID-19 Vaccination Communication

The WCG will continue to promote the safety and necessity of the COVID-19 vaccination for personal and public health. Misinformation is one of the key contributors linked to vaccine hesitancy, however WCG is committed to changing this narrative through educating the public on the safety of the vaccine. COVID-19 communication campaigns will be informed by data and evidence that is collected to better understand the reasons behind citizens' hesitancy; thereby communicating the appropriate messaging to increase vaccine acceptance and improve societal trust.

To further support the Province-wide COVID-19 vaccination communication campaign, R17 million is allocated in 2022/23, with the aim to improve vaccination rates, supported by research to inform appropriate messaging and engagement with the residents of the Western Cape.

*R17 million allocated in 2022/23 for the COVID-19 vaccination communication campaign*

## ■ Priority 2: Jobs

The Western Cape Recovery Plan's Jobs priority seeks to make the Province an investment destination of choice to enable economic growth, which leads to increased job opportunities. The WCG will continue to support economic recovery and address some of the fundamental challenges to economic growth and job creation.

## Infrastructure

### Boosting WCG Infrastructure Investment over the 2022 MTEF

One of the key priorities emanating from the 2022 Budget Process is the creation of jobs in support of the Recovery Plan. Boosting investment in infrastructure is a key intervention, including the need to cater for learner growth, and given the important role of roads in the Western Cape economy, the investment in roads infrastructure is regarded as a priority. Total allocation for investment in infrastructure over the 2022 MTEF amount to R30.359 billion, including additional allocations of R1.729 billion, include the following key sectors:

- Roads: An additional R870 million in the outer years of the 2022 MTEF, in addition to the R337 million that was reprogrammed in the 2021 Adjustments Budget.
- Education: An additional R737.825 million over the 2022 MTEF, in addition to the R490 million that was reprogrammed in the 2021 Adjustments Budget.
- Human Settlements: Additional R60 million allocated in the outer two year of the 2022 MTEF towards the Belhar development project.

The additional allocations to Votes, include specific allocations from the Project Preparation Facility (PPF), amounting to R87.739 million over the 2022 MTEF, as illustrated in Chapter 3.

Source: *Western Cape Provincial Treasury*

Investment in infrastructure is a catalyst and enabler for economic growth.

Over the 2022 MTEF, a substantial investment amounting to R30.406 billion is directed to focus on infrastructure maintenance and the construction of dams, roads, classrooms, clinics, and building other facilities. Detail of the infrastructure maintenance and construction projects will be found in the 2022 Western Cape Overview of Provincial and Municipal Infrastructure and Investment publication.

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

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

Health infrastructure improves access to quality and essential hospital services, and positively contributes to the local economy by creating job opportunities. The Department of Health will continue to maintain 321 health care facilities across the province, while 5 catalytic mega hospital infrastructure projects will be implemented over the 2022 MTEF. These projects include: Klipfontein Regional Hospital, Belhar-Tygerberg Regional Hospital, Parow-Tygerberg Central Hospital, Helderberg Regional Hospital, and Malmesbury-Swartland Hospital. The Department of Health is allocated R1.177 billion in 2022/23, R1.215 billion in 2023/24, and R1.258 billion in 2024/25, to support the implementation of these health infrastructure projects and maintenance work.

The Western Cape Education Department (WCED) has significant historical infrastructure and maintenance backlogs that continue to impact on quality education for all learners. School infrastructure relating to maintenance and repairs equates to R1.029 billion in 2022/23, R919 million in 2023/24 and R899 million in 2024/25.

With the increase in enrolments in the Province, the emphasis on new schools and additional classrooms will receive priority attention. The challenges related to attaining sites for new schools inhibit efforts to increase spending on new build. The roll-out of new mobile classrooms and/or mobile schools has been considered a quick solution but perpetuates the strain placed on the existing asset portfolio. In an effort to also assist with overcrowding and learner placement, the budget allocates R825 million over the MTEF towards additional classrooms in the form of the expansion classrooms and mobile classrooms to address overcrowding in schools.

Investment in Broadband internet connectivity expands important government services to ensure that residents are connected, informed and receive important social services. The WCG Broadband roll-out project is currently in phase 2, with the aim to upgrade all 1 910 sites to a minimum of 100 Mbps by 30 September 2022. Phase 3 of the project will upgrade minimum speeds to 1 Gbps from 1 October 2022. Over the 2022 MTEF, R1.377 billion will be invested for the continued rollout of Broadband connectivity at WCG facilities across the Province, and R53 million is allocated for the continued rollout of Wi-Fi hotspots across municipalities which enables citizens' access to the internet.

The Department of Agriculture, in partnership with the Lower Olifants Water Users Association (LORWUA), will continue to support preventative maintenance of aged concrete lined canals serving all agricultural irrigation, various industries and domestic water supply to municipal towns in the Matzikama Municipality. An allocation of R21.004 million is made over the 2022 MTEF to support canal maintenance. The expansion of water infrastructure has the potential to expand agricultural production and create thousands of new permanent private sector jobs in rural areas. In this regard the Department of Agriculture has appointed a service provider to conduct a feasibility study to increase the yield and water allocation from the Buffeljags Dam.

Municipalities in the Western Cape also invest in and maintain critical infrastructure networks. These include roads, stormwater networks, water, sanitation and electricity distribution networks. Encouraging and improving the rate of municipal infrastructure spending will unlock growth, benefiting the construction industry and its supply chain.

The Department of Local Government plays a significant role in designing a holistic approach to Infrastructure Management and Service Delivery by municipalities, through facilitating the alignment between planning and infrastructure delivery, with the intent to ensure equal access to services. The Department is allocated a total of R90.158 million over the 2022 MTEF for Municipal Infrastructure relating to initiatives which include: providing technical advisory services and assistance to municipalities; developing the fifteen-year Western Cape Integrated Drought and Water Response Plan to secure water resilience in the Province; providing water augmentation support to municipalities; and monitoring the implementation of grant funded infrastructure programmes.

The Department of Local Government also leads the Sustainable Infrastructure Development and Finance Facility (SIDAFF) that was established to support and assist municipalities with project preparation of a pipeline of bankable catalytic infrastructure projects that can attract private finance. These catalytic projects will unlock economic and socio-economic development opportunities in selected secondary cities in the Province. Over the 2022 MTEF, the Department is allocated an additional R6 million from the Project Preparation Facility to fund the dedicated project management support required to ensure the successful rollout of the SIDAFF programme.

### **Ease of Doing Business**

Business Confidence is critical to encourage investment and growth. One of the core priorities of the Department of Economic Development and Tourism (DEDAT) is making it easier for businesses to do business in the Province, thereby improving business confidence. The Western Cape aims to be the leading province that is making it easier to do business. The potential of the regional economy can be unleashed through addressing these constraints. DEDAT will focus on developing and implementing systemic solutions for economic challenges and binding constraints, including:

- Establishing a Municipal Ease of Doing Business (EoDB) Fund to support municipalities in increasing its own capacity to deliver business-facing government services leading to cost savings and benefits for both business and government;
- Reviewing the regulatory environment for Small and Medium-sized Enterprises to address outdated and inhibiting regulations, thereby creating a business-friendly environment for start-up and growth; and

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

- Addressing port inefficiencies in the Port of Cape Town. The Port of Cape Town is a critical gateway for imports and more importantly exports, including manufactured and agricultural products in the Province. The Port's efficiency and capacity has deteriorated over time, with some shipping lines even bypassing the Port at times. DEDAT has made three key recommendations to improve the efficiency of the Port: the development of a truck booking system, the use of night shifts, and improved real time communications between transporters and terminal shift managers. A Port EoDB Task Team was established to project manage identified priorities for improving efficiency. Engagements with Transnet and the transport industry are underway to find sustainable solutions to currently low levels of port performance.

In this regard, the DEDAT is allocated an amount of R67.432 million over the 2022 MTEF towards EoDB interventions that will address the regulatory blockages experienced by existing businesses and new investors in the Province.

## Investment

The WCG aspires to being the most competitive region in Africa, and a prominent investment destination. The Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro) is the official investment and trade promotion agency for Cape Town and the Western Cape. Over the 2022 MTEF, R387.924 million is allocated to Wesgro to scale up trade and investment promotion initiatives that will drive investment, economic growth and job creation in the Province, with a focus on promoting and growing the Province's export markets, and destination marketing, and tourism.

Efforts to promote investment and retain businesses will be made through removing impediments to investment and attracting investment through catalytic infrastructure. These initiatives include:

- Prioritising Wesgro's Business Growth Services team to support domestic investment & expansion;
- Increased efforts regarding the global position of the Western Cape (branding);
- Outward investment missions to key target markets; and
- Domestic and international tourism marketing campaigns.

The Western Cape's two special economic zones, i.e., 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

*WCG will continue to focus on improving the competitiveness of the regional economy*

the economy through maritime fabrication, repair industries and related support services, and the manufacturing of green technologies and related services. In the 2022/23 financial year, the SBIDZ receives an allocation of R41.977 million towards the operational cost of the Entity as it transitions to self-sustainability; and the ASEZ receives an allocation of R122.831 million over the 2022 MTEF.

The ASEZ was gazetted by the National Minister of Finance as a Schedule 3D public enterprise on 20 December 2021. It has already attracted R142 million in investment, sustained 30 jobs, and created 50 job opportunities since the start of the 2021/22 financial year.

### **Work opportunities and skills**

The WCG will enable the development of competitive skills, particularly among young people, as a response to persistently high unemployment levels, which have been exacerbated by the pandemic. Over the 2022 MTEF, the WCG will increase opportunities for finding employment in the private sector through increasing skills training programmes, addressing the mismatch between skills demanded and supplied, providing access to skills development opportunities and facilitating the placement of people into work opportunities.

Significant investments to support workplace and skills interventions are made over the 2022 MTEF, including allocation to DEDAT of: R288.148 million for the coordination, facilitation and implementation of skills development initiatives, and R103.291 million 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 be placed permanently in the job market.

Furthermore, DEDAT's Work and Skills programme incentivises companies to offer experiential work opportunities to unemployed youth. This work placement programme allows youth to gain experience first-hand, develop technical skills and gain softer skills such as teamwork and interpersonal skills that will make them more rounded and attractive candidate for any employer. A work placement allows young people to work with experienced people in their chosen career and provides personal insight into what the job entails and industry dynamics. This kind of direct and specialist knowledge will often set them apart from other candidates looking for a job.

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

The WCED will fully support and implement the Presidential Youth Employment Initiative with the employment of suitable persons into support positions at schools. An emphasis will be placed on those schools most in need of this type of additional assistance. The Department has a total allocation of R663.908 million in 2022/23, and R530.927 million allocated in 2023/24.

The WCG further provides youth with access to their first work experience through the Premier's Advancement of Youth (PAY) Programme, as well as the YearBeyond Programme; which provides meaningful work experience and personal development opportunities to ensure they are ready for the world of work and receive a pathway and progression support.

The Department of Cultural Affairs and Sport (DCAS) is responsible for the provincial youth service programme. This is being modelled on the YearBeyond Programme, which provides 1 000 opportunities to youth each year, along with extensive leadership training and pathways into employment. Pre-COVID, 82 per cent of the cohort of volunteers had transitioned into employment or studies, although during COVID this has dropped to 76 per cent. As the lead Department in the Youth workstream within the Wellbeing Recovery Plan priority, an amount of R15 million will be allocated in 2022/23 to upscale the YearBeyond programme to create additional first work opportunities for more than 3 000 young people in the Province, in respect of 18 to 25 year old NEETS.

*The YearBeyond programme is allocated R15 million in 2022/23 to create more than 3 000 first work opportunities for 18 to 25 year old NEETS*

The Department of Cultural Affairs and Sport was allocated R13.363 million for a pilot Christmas Holiday Programme in early December 2021. The plan was to engage 7 747 learners and to provide opportunities for 651 youth through the 44 selected partners. A total of 38 127 learners were supported via the programme. These learners were each given a nutritious meal and provided with safe, fun activities and life skills. The model of leveraging existing organisations worked well as the programme only carried a small overhead which was capped at a 20 per cent contribution towards management, administration, infrastructure and related costs, making the programme very efficient. The 2021 pilot highlighted the need for a Christmas break holiday programme and is recommended that the programme be repeated in 2022/23 with some key changes to further improve the impact of the programme.

The Department of Agriculture will facilitate employment and skills development by offering internship opportunities to matrics, students and graduates over the 2022 MTEF. Bursaries will also be awarded to resource-poor students, with a focus on students from designated groups. The Young Professional Persons programme will specifically support masters degree students.



The Elsenburg Agricultural Training Institute will continue to provide accredited education and training programmes to participants in the agricultural sector, with an allocation of R141.876 million over the 2022 MTEF. The Institute facilitates a Bachelor of Agriculture (B Agric) degree, a Certificate in Horse Mastership and Preliminary Riding Instruction, a Diploma in Agriculture and a Higher Certificate in Agriculture.

The Department of Agriculture is committed to skills development that enables successful land reform. The Department will continue to implement the commodity approach strategy toward the commercialisation of land reform farmers, which incorporates private sector mentorship and ensuring access to markets through ten commodity organisations. An allocation of R899.968 million is made over the 2022 MTEF toward supporting land reform in the Province.

*Just over 50 per cent of the R5.107 billion HSDG will be spent on SMMEs*

Over the 2022 MTEF, the Department of Human Settlements will spend just over 50 per cent of the R5.107 billion Human Settlements Development Grant (HSDG) on Small, Medium and Micro Enterprises (SMMEs) with a particular focus on designated groups. The Department will facilitate 1 200 employment opportunities on construction projects to be implemented in line with EPWP principles. In addition, the Department will train 250 young people within the built environment. Furthermore, a target of 140 individuals over 35 years of age will be trained to re-skill as a means to minimise the effects of joblessness. The Department will maintain 4 000 job opportunities within the human settlements value chain.

In terms of current performance, all WCG EPWP projects provided a total of 85 974 provincial work opportunities to date in 2021/22, while a total of 20 336 full time equivalent (FTE) jobs were enabled. As part of the programme to fast-track existing infrastructure builds which are already at an advanced stage, the Department of Transport and Public Works created 614 work opportunities.

### **Economic resilience**

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

The WCG has focused considerable efforts and resources to tackle climate change and sustainability. The aim is to strengthen the Western Cape's energy, waste and water security thus contributing towards a sustainable future while stimulating growth in jobs. This improvement in resource resilience will support the competitiveness and resilience of the whole economy and consequently attract investment into the green economy. The objectives include:

- Diversifying the regional energy mix and improving energy resilience;

- Implementing initiatives that support the Green Economy, such as promoting and enabling the Municipal Energy Resilience (MER) initiative;
- Promoting climate change resilience;
- Building water resilience; and
- Dealing with waste management, including diversion from landfills.

The purpose of the DEDAT's MER initiative includes project development support across the implementation phases of electricity and energy planning; electricity network capacity analyses; procurement, contracting, tariff mechanisms; project delivery pre-feasibility and feasibility studies; financial planning; and capacity building, amongst others. This is to implement lower carbon energy projects in municipalities across the Province, for municipalities and businesses, to generate, procure and sell energy, including but not limited to municipalities transacting directly with Independent Power Producers (IPPs). From an economic growth perspective, the MER initiative will reduce business costs, build business confidence, attract investment, and manage climate change response risks and opportunities. From a municipal financial sustainability perspective, the MER initiative will mitigate potential revenue losses through the development of alternative/revised revenue models. From a low carbon pathway perspective, the MER initiative will reduce the greenhouse gas emissions of the Province, which will support the WCG's 2050 Emissions Pathway commitment and the Western Cape Climate Change Response Strategy.

A successful Request for Information for the MER initiative has been issued, which has solicited information from more than 100 potential energy generation projects. This information has informed five potential pioneering projects based on Solar PV and wind energy. A roadmap to implement these projects has been extensively defined through technical, financial and legal analysis. Under the MER programme, four pioneering projects were proposed at four candidate municipalities and one pioneering project was proposed as a multi-jurisdictional utility. To further support the Province's Green Economy strategy, the DEDAT is allocated R36 million over the 2022 MTEF.

*Climate change interventions is a key priority that the Province is striving towards*

The current state of the environment indicates that there are pressures on natural systems within the region which are unsustainable. Declining trends reported in the State of the Environment Outlook Report (SoEOR) clearly align with two of the top WEF's global risks, namely: extreme weather events and water crises.

The Department of Environmental Affairs and Development Planning (DEADP), as the lead Department in promoting the Province's Climate Change Response, is allocated an amount of R5.590 million in 2022/23, R5.724 million in 2023/24, and R5.812 million in 2024/25 in support of the implementation of the provincial climate change strategy. The Climate Change Response Implementation Plan will identify key indicators to track and evaluate progress on actual climate change mitigation and resilience building impacts. These indicators will inform departmental and sectoral strategic planning.

In response to the current and future impacts of climate change and associated disaster risks in the Province, the Department of Local Government is allocated R148.733 million over the 2022 MTEF to ensure effective and efficient disaster management mechanisms at both the provincial and local level. The Department is allocated an additional R5.313 million in 2022/23 to upgrade and replace audio-visual infrastructure at the Western Cape Disaster Management Centre. This will provide high quality displays of critical, real-time information during major events or disasters.

To improve disaster preparedness related to fire incidents in the Province, the Department is allocated a total of R43.816 million over the 2022 MTEF, for effective fire management in the Province. This includes the provision of aerial firefighting and ground support provided during fire seasons. An additional R6 million is allocated over the 2022 MTEF towards the Fire Strategy of the Department and to strengthen the capacity in Fire and Rescue Services. Other disaster management interventions of the Department of Local Government include conducting risk and vulnerability assessments to determine communities at risk and to develop risk reduction strategies; the implementation of area-based hazard awareness campaigns; and training programmes to improve fire and life safety and to improve emergency response capability.

In support of farmers in pockets of dry areas in the Western Cape, a Provincial Disaster Relief Grant allocation of R48.1 million in 2022/23 is made toward the Department of Agriculture to provide drought support through a livestock feeding schemes in the Garden Route, Overberg, Matzikama, Central Karoo and Ceres regions.

The Western Cape has the highest level of invasive alien vegetation, which is considered as one of the largest threats to ecosystem functioning and water. The Department of Agriculture will continue to play an important role in maintaining ecological integrity and conserve water resources through the removal of alien vegetation. An earmarked allocation of R115.990 million over the 2022 MTEF is made toward the preservation of ecological infrastructure through alien vegetation clearing. The Smart-Agri Plan is a Western Cape strategy to develop and implement climate-resilient agriculture plans and policies. The Department of Agriculture will continue to implement the Smart-Agri Plan as a “road map” for the sector to progress toward a more productive and sustainable future. Projects within the plan include alien vegetation clearing, integrated catchment management and climate-smart agriculture extension services.

The Department of Transport and Public Works (DTPW) has embarked on a number of climate change initiatives. These include:

- The installation of rooftop solar photovoltaic (PV) systems at 18 government-owned properties. An additional eight sites are under consideration for the continued implementation of solar PV programme;
- The DTPW recognises the need to reduce car use in favour of more sustainable, inclusive, efficient and environmentally friendly public transport and Non-Motorised Transport. A Climate Change Transport Response Strategy is being developed; and
- The Government Motor Transport (GMT) Entity will play its role in combating climate change and reducing the environmental footprint of its operations. The measures include the rollout of the electric vehicle strategy; and increasing the segment in the fleet of vehicles with smaller engine capacities and automatic transmission.

The WCG will continue to promote equitable and sustainable use of ecosystem goods and services to contribute to economic development, by managing biodiversity, and its components, processes, habitats, and functions. The agency responsible for biodiversity management in the Province, CapeNature, will continue to manage 16 Nature Reserve complexes, comprising a total of 659 792 ha (hectares), which includes 42 739.31 ha of Marine Protected Areas. The CapeNature Protected Area Estate, totals 976 639.98 ha, including CapeNature-managed protected areas and formal stewardship sites supported by CapeNature. To support the agency with the management of biodiversity and nature conservation, an amount of R904.530 million is allocated over the 2022 MTEF. In addition, the Department of Environmental Affairs and

*Supporting and protecting the Province's natural assets and natural habitats*

Development Planning (DEADP) will continue to implement biodiversity and coastal management initiatives and provide support to municipalities through integrating biodiversity ecological infrastructure priorities and coastal ecological infrastructure priorities into Integrated Development Plans (IDPs). In this regard R19.649 million is allocated over the 2022 MTEF.

Solid waste is the next looming crisis facing the Western Cape and has been added to the provincial risk register. Over the 2022 MTEF, the DEADP, as the lead Department, will ensure that the relevant legislation, policies, norms, standards, guidelines and action plans on pollution and waste management are implemented. Further strategies that will be implemented include support to Waste SMMEs through the Waste Picker Support programme and the Waste-preneur project where a municipal waste management services guide will be developed, and capacity building of SMMEs will be conducted on how to transact with municipalities.

The Department has also embarked on a project to deal with illegal dumping of waste which consists of webinars, execution of blitz operations and the development of a strategy on illegal dumping. In support of these interventions, the Department is allocated an amount of R126.049 million over the 2022 MTEF. There is risk to the current waste landfill sites, as they are reaching full capacity. In response, to identify new landfill sites within municipalities, the Department receives an additional allocation of R753 000 over the 2022 MTEF to conduct topographical surveys, which will determine the available airspace (i.e., landfill capacity) of selected municipal waste disposal facilities across the Province.

### **Climate Change Response**

#### **National Climate Change Adaptation Strategy Republic of South Africa**

The National Climate Change Adaptation Strategy (NCCAS) provides a common vision of climate change adaptation and climate resilience for the country, and outlines priority areas for achieving this vision. The NCCAS is divided into sets of strategic objectives, strategic interventions and strategic outcomes with associated actions. The document is directed not only at national government departments, but speaks to South African society as a whole, including the key relevant sectoral institutions, provincial governments and municipalities, and non-governmental entities including the private sector, the research community and civil society.

The National Climate Change Response Policy (NCCRP) prioritises the following adaptation-related sectors: water, agriculture and commercial forestry, health, biodiversity and ecosystems, human settlements (urban, rural and coastal), and disaster risk reduction and management. The NCCAS goes beyond these sectors to include transportation and infrastructure, energy, mining, oceans and coastal management. It should however be noted that the NCCAS is a national strategy and as such does not go into detail of how adaptation will take place in the many sectors impacted by climate change

### Provincial response

The Western Cape Department of Environmental Affairs and Development Planning is currently working on drafting a climate change response strategy for the province, called Vision 2050: A vision for a resilient Western Cape. The Western Cape Climate Change Response Strategy: Vision 2050 describes a climate future that the province will strive towards. The strategy is centred around four guiding objectives, that will define the direction of climate change responses, with relevant targets and actions. These actions will further evolve and be developed through stakeholder engagements, sector planning processes, and associated projects such as an envisaged 2050 Emissions Pathway exercise. A full implementation plan will follow once the Strategy has been finalised.

The goal and vision of reducing Co<sup>2</sup> emissions and bringing those emissions down to net zero is the main linkage between the international, national, and provincial strategies, as this one of the main factors that is increasing the average global temperatures. The provincial government has signed the Paris agreement and participates in forums at this level. Reducing Co<sup>2</sup> emissions is one of the major focus areas in the international and national space. The Province has started implementing “green related projects” that may have a direct and indirect impact on the reduction to Co<sup>2</sup> emissions, such as Department of Transport and Public works with the implementing of green tech and green infrastructure builds. Other projects included the Municipal Economic Resilience (MER) project that is intended to support municipalities to generate their own power through green tech/solar power.

*Source: Department of Environmental Affairs, Western Cape Department of Environmental Affairs and Development Planning*

## Priority 3: Safety

The Western Cape's Recovery Plan acknowledges that safety requires a whole of society and life-course approach that combines law enforcement and violence prevention by addressing risk factors for violence through a public health approach.

### Our approach to increasing safety

The Western Cape Safety Plan will be achieved through a focus on increasing law enforcement presence where and when crime happens, and through strengthening society's resilience to crime at several levels: in families, in the school environment, amongst youth at risk, as a result of the harms caused by substance abuse and alcohol abuse, through increased safety in public spaces and by strengthening social cohesiveness and connectedness. The WCG's contribution towards safety interventions equates to R4.448 billion over the 2022 MTEF.

## Safety enablers

The whole-of-government approach harnesses the entire government to participate and contribute to safety. Additionally, through partnerships with the private sector and communities, the whole-of-society approach entails the involvement of community-based organisations, government departments, and public entities, where public health, law enforcement, infrastructure and urban design, safety ambassadors, crime prevention interventions and community liaisons combine to produce an optimal response to crime for each community.

*A safety coordinated approach through the Area-Based Teams and the Province's Safety and Security Network*

Key enablers of the Safety Plan include better data and evidence to track trends and make decisions to better coordinate responses to local challenges in high-risk crime 'hotspot' areas. The Cardiff Model for crime prevention on which the Province's Area-Based Teams (ABT) approach is based, necessitates the collaboration between a wide range of stakeholders for the purpose of sharing information about where crime happens, the typology of incidents, driving factors and other risks. This data-led approach to law enforcement allows the deployment of officers in identified crime hotspots at the relevant times when most crimes happen.

ABTs are comprised of community-based stakeholders who are involved in safety initiatives in the community. These public sector and civil society partners collaborate at the community level to establish bespoke approaches to combatting crime and the drivers of crime in each community. Each ABT includes an ABT community liaison who helps to coordinate the various activities of ABT members in each community, as well as to raise awareness of the ABT in the community. Currently ABTs are established in each of the 16 priority crime areas, or 'crime hotspots' in the Province.

Stakeholders in the ABT strategy include national, provincial and local actors, including community based civil society organisations. The Department of Community Safety has been allocated R84.669 million in 2022/23, R84.114 million in 2023/24, and R87.888 million in 2024/25 towards the following activities:

- Coordination of data collation and sharing, including the development of reporting tools and dashboards which enable efficient decision making about immediate crime interventions.
- Training and appointment of ABT liaison officers in 16 ABT areas to focus on relationship building between stakeholders.
- Coordination of the 16 ABTs that have been established in Cape Town Metro, Swartland, Theewaterskloof, Witzenberg, George and Beaufort West regions.

The stakeholders of the ABT approach also make up the Province's Safety and Security Network, and they include the South African Police Service (SAPS), the Western Cape Department of Health (DoH), the City of Cape Town, the Department of Community Safety, Neighbourhood Watches (NHWs) and Community Policing Forums (CPFs). To this end, SAPS provides crime incident data from their precincts, DoH provides injury and incident data from local hospitals, and the City of Cape Town provides additional law enforcement officers, who are deployed to 'hotspots' based on the intelligence created through analysing the various data. Various other actors such as NHWs and CPFs are critical to this network as they contribute invaluable insights into the drivers of crime in their communities.

The WCG's approach to support the safety priority of the Province, will include a public health approach based on the Cardiff Model on violence prevention. In this regard, the Department of Health receives an additional allocation for the establishment of the Western Cape Violence Prevention Unit, amounting to R10.000 million in 2022/23, R15.000 million in 2023/24, and R18.000 million in 2024/25.

### Law enforcement

Part of the ABT initiative is empowering stakeholders to make a meaningful contribution within the context of the safety and security network. The LEAP programme harnesses the intelligence produced by the ABT network to improve the impact of the Province's "boots on the ground" strategy to increase visible and active law enforcement in crime hotspot areas. The LEAP programme has currently trained and deployed 1 056 officers, and receives R400 million in 2022/23, R350 million in 203/24, and R350 million in 2024/25 to fund officer salaries, equipment, vehicles and other operational necessities.

*The Province's LEAP programme is allocated R1.1 billion over the MTEF*

To support Neighbourhood Watches (NHWs) within the context of the ABT safety and security network, NHWs has received an allocation of R5.71 million in 2022/23, R6.025 million in 2023/24, and R6.295 million in 2024/25. Activities funded over the MTEF include:

- Training and professionalisation of NHWs;
- Equipment including smart devices; and
- Accreditation of registered NHWs.



### **Safety social clusters**

The Department of Social Development will continue to prioritise family reunification services. These services are aimed at ensuring that children and adults are provided with counselling and psychosocial support towards preventing families from separating. In support of mediation, prevention and early interventions to families at risk of being separated, R95.473 million is allocated in 2022/23, R119.314 million in 2023/24 and R124.681 million in 2024/25.

Safety Partnerships will continue to be strengthened through the strategic partnership agreement with the Chrysalis Academy. The Academy provides resilience building support and capacity building, to vulnerable youth in the Western Cape. The programme aims to counteract the on-going inequality and poverty in communities as well as the high unemployment rate and high crime rate. It does this by providing youth with a three-month residential training programme. Funding allocated for the Academy within the Department of Community Safety is R17.551 million in 2022/23, R17.205 million in 2023/24, and R17.977 million in 2024/25.

Additionally, the Province has an additional allocation earmarked for the expansion of the Chrysalis Academy which is one of the key priorities in the Safety Plan, hence the Department of Community Safety will increase its support to the Academy to increase its reach to more youth at risk. The additional funding allocated for the expansion is R7.688 in 2022/23, R8.034 million in 2023/24 and R8.395 million in 2024/25.

The Province will continue to lead and direct a task team with the purpose of reviewing the Western Cape Liquor Act and its Regulations to address alcohol-related harms and improving the regulatory efficiency of the Western Cape Liquor Authority. These amendments are to take forward public health-based alcohol harms reduction strategies and interventions that are targeted and efficient to reduce alcohol related harms in the Province, while minimising the impact on the economy and any unintended consequences.

### **Urban design**

Over the 2022 MTEF, the Department of Human Settlements will continue to contribute to Safety interventions through urban designs and ensure safety features, such as court yards, parks, and adequate street lighting incorporated in the specification in the delivery of human settlements. The Louwville project in Saldanha Bay Municipality, displays safety elements where the road design improves visibility onto the open space areas, thereby increasing levels of awareness through passive surveillance. Furthermore, the

layout promotes a quality interface between the development and the adjacent watercourse to strengthen its legibility. An additional project contributing to safety elements is the Maitland Metro project in Cape Town, which is being rejuvenated into a thriving integrated mixed-use precinct, predominantly through the development of inclusionary housing opportunities. The activated street frontages, landscaped public spaces, communal recreational spaces, and a variety of tenant offerings will ensure the precinct is lively, embraced, and sustainable.

The WCG will continue to implement the Regional Special Economic Projects (RSEP) programme over the 2022 MTEF, which have already resulted in over 100 projects across 12 municipalities in poor communities, such as creating trading stalls at taxi ranks, creating tar-surfaced netball courts, providing playparks, upgrading soccer and rugby fields, and extension of Thusong centres, amongst others. RSEP is a multi-dimensional initiative aimed at providing integrated, dignified, and safe facilities and pedestrian routes benefitting disadvantaged communities and individuals, including women and children. This upcoming financial year, Swellendam and Hessequa municipalities will also benefit from the RSEP programme. This programme is essential to continue spatial transformation, improve quality of life in communities, especially priority groups through urban, social and spatial upgrading, help municipalities to build safe and sustainable neighbourhoods, and to utilise public-owned land strategically to facilitate urban revitalisation, transformation and community upliftment through inter-governmental and inter-sectoral coordination. In support of the continued implementation of the RSEP program, an amount of R38.252 million is allocated over the 2022 MTEF.

*Continued implementation of RSEP to facilitate community upliftment – R38.252 million allocated over the MTEF*

In an effort to enhancing the disaster management response, including fires, an additional R50.440 million is allocated to the DTPW over the 2022 MTEF, for the Occupational Health and Safety accelerated fire portfolio. The Department has conducted a review of the provincial general infrastructure portfolio, specifically in relation to fire and security costs.

When looking at the progress on current performance in the implementation of Safety interventions, by Quarter 3 of 2021/22, the DTPW branded 30 high performance vehicles and equipped them with in-vehicle technology. They were deployed to various traffic centres as part of the festive season plan. DTPW has also appointed 115 new traffic officials to improve traffic safety. In addition, 11 7874 Traffic Law Enforcement operations were conducted up to Quarter 3 of 2021/22. In focusing on drivers of crime, the Western Cape Liquor Authority (WCLA) was able to conduct 100 enforcement operations with other law enforcement agencies,

resulting in a 500 per cent achievement rate against their respective target. This was possible due to the appointment of the additional 24 Junior Inspectors.

## ■ Priority 4: Wellbeing

*Wellbeing focuses on protecting human rights and building social cohesion*

The Western Cape Recovery Plan's Wellbeing priority elevates certain priorities in the 2019 - 2024 Provincial Strategic Plan VIP 3: Empowering People, and adds interventions to ensure human dignity in order to respond to the socio-economic consequences of the COVID-19 pandemic. The pandemic exacerbated food insecurity and increased homelessness which threaten the most basic needs of vulnerable communities.

### Strong foundations

One of the Department of Health's commitments over the 2022 MTEF, is to prioritise upscaling and escalating non-COVID-19 related comprehensive health care services which was deprioritised as a mechanism to managing the pandemic. These services relate to maternal health services, obstetrics and gynaecology, elective surgeries, childhood immunisations, testing and treatment of HIV and TB, amongst others. Over the MTEF, R29.094 billion is allocated in 2022/23, R27.156 billion in 2023/23 and R27.781 billion in 2024/25 towards the implementation of the Department's health care strategy for the Province.

In addition to increased support to the health platform, the Department of Health receives an additional allocation of R18.094 million in 2022/23, R19.665 million in 2023/24, and R20.550 million in 2024/25 to effectively transfer 10 Primary Health Care Services facilities, from the City of Cape Town to the WCG Department of Health.

*Strong foundations through supporting ECD – R3.282 billion allocated over the MTEF*

Early Childhood Development (ECD) is a comprehensive approach aimed to protect the rights of children from birth to seven years of age, and develop their full cognitive, emotional, social and physical potential. By 2030, the strategic development goal is to ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.

During the 2022/23 financial year, the WCED will implement the full function shift of ECD from the Department of Social Development. During the transition period, WCED has committed to maintain the same service delivery standard as was offered, and to this end, R1.054 billion, R1.090 billion, and R1.138 billion is allocated towards ECD over each year of the 2022 MTEF. The key focus areas over the

2022/23 period will include: providing start-up ECD Resource Packs to identified schools with new ECD classrooms; registering new independent sites for Grade R and assessing public ordinary and independent sites for suitability to offer Grade R; support the provision of Curriculum and Assessment Policy Statement (CAPS) training to all novice Grade R practitioners; and supporting the provision of transport to Grade R learners in rural areas.

A key priority of the WCED over the 2022 MTEF, will be numeracy and literacy in the foundation phase, and is premised on the understanding that mastering these two learning areas early in a child's schooling career lays the path for future success. With the focus on the foundation phase of learning, additional support, especially for reading have been made. In particular the WCED will focus on ensuring that all learners in the phase have graded readers, that Early Grade Reading Assessments are conducted in all schools and that advocacy for reading will include programmes which focus on parental assistance in this endeavour.

### **Socio-emotional and physical wellbeing**

Part of ensuring that quality education is delivered to learners in the Province, hinges on maintaining reasonable teacher: learner ratios in classrooms. Therefore, over the 2022 MTEF, the Department has been allocated an additional R2.573 billion to employ additional teachers and relieve other pressures related to increasing learner numbers, including school infrastructure and learning materials. The Department expects to manage the teacher: learner ratio at an average of around 1:33 over the 2022 MTEF.

*Supporting the schooling ecosystem and prioritising mental wellbeing*

Psycho-emotional strength and resilience of learners and personnel will continue to be supported by the Department of Education, through the development of a holistic approach to psycho-emotional support so that character building qualities are developed. The Department's Transform to Perform (T2P) Strategy will continue to be a critical element of psycho-emotional support, aimed to enhance learner resilience and hope, as well as teachers' understanding of their post COVID-19 role in motivating and inspiring learners, while building a sense of belonging and support.

Furthermore, the WCG has put in place measures to ensure that quality mental health support is available to support staff affected by the pressures and demands of the pandemic, through the Employee Health and Wellness Service. Over the 2022 MTEF, R10.222 million is allocated in this regard.

*Focus of WCG is on ensuring access to basic needs and fulfilling fundamental rights*

## Meeting basic needs and protecting human rights

Education is the surest path out of poverty and an improved overall quality of life. Over the 2022 MTEF, the Department will focus its efforts on making up for the lost teaching and learning time experienced in 2020 and 2021 as a result of COVID-19 related school closures and rationing. The extent of COVID-19 on learner performance was revealed and confirmed in the Western Cape 2021 Systemic Tests conducted in October 2021, which provides an independent analysis of learning losses suffered by the learners in our Province.

As most schools return to full-time contact learning in 2022, the Department has identified blended learning, foundation phase reading and numeracy, and psycho-social support as its policy priority areas over the medium term. The Department is currently refining the details of its blended learning service delivery model; however, it is clear that ICT will play an even more critical role in the delivery of education going forward. To date, 1 290 schools have broadband connectivity, 1 316 schools have computer labs, and there are 9 992 smart classrooms. To maintain and improve this, the Department is allocated R1.049 billion towards e-Learning over the MTEF.

To support the provision of public ordinary education from Grades 1 to 12, specific focus areas of the Department will include implementing and monitoring the implementation of the e-Learning Strategy; reviewing and revising curriculum management strategies; improving the monitoring and oversight of school administration to improve basic school functionality; and providing the necessary training and support in areas where curriculum and assessment changes occur.

The general wellbeing of learners and staff will remain an area of focus in the foreseeable future, and as such the Department of Education will over the 2022 MTEF provide a basket of social support mechanisms weighted in favour of schools with learners who are the most vulnerable in the current socio-economic climate. These mechanisms include providing subsidised transport, nutritious meals to learners at risk, no fee schools in poor communities, and high security perimeter fencing.

The WCED provides nutritious meals to learners attending schools in vulnerable areas, as well as learners attending the after-school Mass Opportunity and Development (MOD) Centres. To continue school feeding over the 2022 MTEF, the Department is allocated R451.289 million in 2022/23, R467.538 million in 2023/24, and R488.535 million in 2024/25 through the National School Nutrition

Grant. The Department is also allocated R195.202 million over the MTEF earmarked for feeding schemes at MOD Centres.

The Department of Agriculture will continue its One Home One Garden initiative to help establish vegetable gardens and chicken coops as a means to assist households producing enough food to meet basic household food security needs throughout the year. The initiative will be implemented among households, schools and communities in the Western Cape. An allocation of R66.162 million over the 2022 MTEF is made toward food security in poorer communities.

The Department of Social Development will continue to provide reintegration services to homeless adults who were separated from their families. These services include the continued funding of 33 shelters in the 2022/23 financial year, following the expansion of six shelters during the 2021/22 financial year. These homeless shelters offer accommodation, counselling services and life skills programmes to assist homeless adults with reintegration into their communities of origin. The Department aims to subsidize 2 500 beds per year. Over the 2022 MTEF, allocations in support of these services equate to R95.473 million in 2022/23, R119.341 million in 2023/24, and R124.681 million in 2024/25.

As part of the WCG's commitment to maintaining social welfare services in the Province, despite the eroding fiscal framework, the Department of Social Development is allocated R210.571 million in 2022/23, R215.829 million in 2023/24, and R232.060 million in 2024/25 for the provision of childcare and protection services.

*R658.460 million allocated towards the provision of childcare and protection services*

Victim empowerment is a key budget priority for the Province over the 2022 MTEF, and therefore receives an allocation of R67.608 million in 2022/23, R63.906 million in 2023/24, and R66.661 million in 2024/25. This includes funding of victim empowerment shelters, and allocations of R18.723 million, R19.547 million and R20.424 million respectively over the 2022 MTEF, in respect of interventions specifically for violence against women. Further support to the provision of shelters for victims of gender-based violence is allocated R6.738 million in 2022/23, R7.035 million in 2023/24, and R7.351 million in 2024/25.

Provision of services to persons with disabilities is a statutory mandate, and hence one of the key priorities for the Department of Social Development. Allocations in this regard equate to R191.733 million in 2022/23, R192.948 million in 2023/24, and R201.534 million in 2024/25. In addition, the Department's special project to provide free sanitary products for girls in schools is going into its third year. In 2021/22, over 96 000 girls in schools accessed free sanitary products. In 2022/23, R10.911 million is allocated,

*R103.686 million  
earmarked for NPO's  
over the MTEF*

R11.391 million in 2023/34, and R11.903 million in 2024/25 towards the continuation of the Sanitary Dignity Campaign.

Non-profit organisations (NPOs) are critical partners to government when it comes to delivering social welfare services. Increasing funding to NPOs is therefore a key lever for the Province to use toward ensuring the maintenance of critical services, such as special care for persons with disabilities and child protection. To this end, the Department of Social Development has earmarked an additional R21.333 million for transfers to NPOs in 2022/23, R37.583 million in 2023/24, and R44.770 million in 2024/25.

The provision of food relief has been an important intervention, particularly in the context of the impact of COVID-19 on the economy. The WCG will continue to support community nutrition distribution centres (CNDCs) through an earmarked allocation of R15.286 million in 2022/23, R15.959 million in 2023/24, and R16.675 million in 2024/25.

### Gender Responsive Budgeting

Gender Responsive Budgeting (GRB) practices in planning and budgeting are being embedded as part of the broader budget process. This is specifically in the South African context, in order to improve the economic and social environment for women in particular. Despite notable advances in gender equality and women's empowerment since the inception of democracy in South Africa, most women and girls still suffer from multi-dimensional poverty, inequality and discrimination based on gender and multiple social problems such as gender-based violence.

The National Department of Women has developed a draft framework on Gender-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing which is aimed at ensuring better outcomes for women and girls, as well as more tangible gender impacts in South Africa. This approach goes beyond budgetary allocations that are related to gender while not requiring a new approach to budgeting. What this framework calls for instead is the explicit inclusion of gender issues into existing institutional operational and strategic frameworks (DWYPD, 2018).

The GRB roadmap sets a 3-phase timeline to be implemented from pilot phase in 2021/22) and full implementation by 2026. This phase includes the capacitation of departments to be able to implement and adapt the GRB framework within the main principles and features of gender responsive budgeting. These include:

- The development of departmental "Gender Budget Statements" and the integration of this tool into the general auditing framework in the public sector via the Auditor-General of South Africa (AGSA);
- The development of gender related performance indicators;
- The development of a 'tagging' system for gender programmes and policies in the budget; and
- The development of a 'gender impact assessment' mechanism and reporting framework.

Key interventions that will be undertaken by WCG departments toward the meaningful implementation of GRB include:

- The inclusion of gender priorities in the departmental Annual Performance Plans;
- The collection of disaggregated data on gender impacts achieved at a departmental level; and
- Capacity building of individuals within departments to be able to lead on gender priorities.

While departments already contribute to women empowerment, the goal of GRB is for each department to be able to produce a separate women's specific budget, which funds gender specific departmental programmes by 2026.

Currently, progress on the implementation of GRB has been achieved through the implementation of dedicated programmes. For example, the Department of Social Development has allocated R33.395 million over the 2022 MTEF for the implementation of the Sanitary Dignity Programme, which provides free sanitary products to over 90 000 girls in schools.

*Source: Provincial Treasury*

The Department of Human Settlements is allocated R5.107 billion over the 2022 MTEF through the Human Settlements Development Grant (HSDG) to deliver on its policy objectives of integrated human settlements; land release programme and the development of serviced sites; and the delivery of affordable housing. By shifting from housing to integrated human settlements, the Department will align human settlement investments with the Growth Potential of Towns Study; Provincial and Municipal Spatial Development Frameworks; and the Priority Housing Development Areas. These areas aim to promote spatial efficiencies and spatial justice, while making provision for integrated settlements with access to socio-economic facilities.

Further, the Department of Human Settlements is allocated R1.519 billion over the 2022 MTEF through the Informal Settlements Upgrading Partnerships Grant (ISUPG) to ensure that informal settlements have access to basic services such as water and sanitation. In the upgrading of informal settlements, the Department will ensure that social compacts with communities are included and further strive for the establishment of community structures, which will assist with the community-based planning of upgrading initiatives.

The Department partners with the DTPW on provincial social housing projects, such as the Conradie Better Living Exemplar Model programme, and the Founders Garden Artscape Precinct development. The Department is also allocated an additional R60 million over the 2022 MTEF for the planning work, bulk infrastructure, internal services and top structures for the Belhar housing development. Furthermore, the Department is allocated an additional once-off allocation of R72 million in 2022/23 for the credible and sustainable delivery of the human settlements programmes.



## Building social cohesion and service

*Supporting social networks that connect people from different backgrounds*

Public spaces and a sense of community are key components to building cohesive communities. The Department of Cultural Affairs and Sport (DCAS) provides communities with libraries, sport facilities, as well as arts and culture facilities; thereby building the social fabric of communities through engagement in culture, arts, sports and recreation.

Public libraries provide a safe space for children after school and for community members, while library services provided in correctional services centres can facilitate rehabilitation and reducing repeat offending, thus contributing to safety and reducing social ills. The WCG is committed to providing access to library services across the Province and to support this, R1.251 billion is allocated over the 2022 MTEF towards procurement of books and other library materials. Most of the small rural library centres are provided with free internet through the Rural Library Connectivity Project. In many of these communities it is the only internet access available. Furthermore, to ensure blind and visually-impaired people across the Province have access to reading material free of charge, the WCG, in collaboration with the South African Library for the Blind, has rolled out 28 Mini Libraries for the Blind, spread across rural areas. The WCG will maintain and support 372 library service points across the Province.

Archive services provide citizens with an opportunity to learn about who they are, their genealogical information, historical events, estate documents, death notices, marriage, birth and death registers and thus have a better sense of belonging and cohesion. The Archive service is allocated R133.085 million over the 2022 MTEF.

The Thusong Programme, which includes outreaches, service centres and satellite centres, is aimed at bringing access to government services and information for citizens. Over the last 4 years, the Thusong Programme supported small scale economic activities through the Thusong Service Centres. Similarly, a concerted effort has been made to increase the footprint and number of Thusong Service Centres through a Satellite Establishment Programme, therefore contributing to the improved wellbeing of citizens. Over the 2022 MTEF, Thusong centres will also be utilised as safe spaces for after school care.

## An enabling public service

The COVID-19 pandemic and the constrained fiscal environment have provided impetus for a review of how the WCG delivers services in a way that allows for better prioritisation, improves coordination and impact, and reduces the costs, time and effort of residents and institutions when accessing government services. A focus on Innovation and Culture supports the implementation of the Western Cape Recovery Plan in a way that places the citizen at the centre of service delivery.

*Public services are delivered in an accessible, innovative, and citizen-centric way*

To enable improved public service delivery, the strategic roles of the Departments of the Premier, Provincial Treasury and Local Government, are crucial to promoting strategy execution to progress towards a recovered Western Cape where everyone prospers.

### Integrated service delivery

The Integrated Service Delivery approach acknowledges that limited integration across the spheres of government and external partners is often cited as one of the causes of the slow pace of service delivery and leads to duplication or wastage of limited resources. This focus area aims to synchronize key processes within the WCG and strengthen joint planning, coordination, collaboration and coherence across WCG departments, municipalities and national organs of state.

The adoption of the Joint District and Metro Approach (JDMA) has strengthened collaboration and the interface between the three spheres of government and other stakeholders at the metro and district levels. Improved collaboration yielded positive outcomes in several districts and this approach has proven to be versatile and has effectively supported the management of the COVID-19 pandemic. The WCG will continue to utilise the JDMA approach to drive collaboration.

### Approach to Local Government

#### **Planning for the next 5-year Integrated Development Plans**

The Local Government: Municipal Systems Act (Act No. 32 of 2000) requires that each municipal council must adopt an Integrated Development Plan (IDP) within a prescribed period following the start of its elected term. The municipal planning and budget cycle commences at least 10 months prior to the start of the new financial year (by August each year). The delays in the municipal elections which took place on 1 November 2022, thus impacted negatively on municipalities' ability to prepare adequately for the tabling and

adoption of their new IDP by March and June 2022 respectively. As a consequence, 50 per cent of municipalities in the Western Cape have opted to adopt the previous council's IDP for another financial year based on a survey conducted by the Department of Local Government in November - December 2021.

In addition to supporting the planning processes of municipalities, further support is provided through an Integrated Councillor Induction Programme (ICIP), which commenced on 29 November 2021; aimed at ensuring that elected councillors are capacitated with the required skills to implement legislation that is applicable to local government; key municipal processes and developmental local government and service delivery, and values to fulfil their leadership and oversight roles in municipalities effectively and efficiently. The Provincial Treasury presented the financial management module at these sessions which are held in-person, at district level, with representatives of the respective local municipalities in attendance.

### **Audit outcomes**

Municipalities are accountable for their own governance and financial management decisions. However, when decisions lead to financial distress or malfunction in service delivery, then the Province provides the guardrail in the system, preventing further deterioration. The Provincial Treasury and the Department of Local Government work together to closely monitor and provide support to municipalities. If municipalities fall below the thresholds of financial distress defined in Chapter 13 of the Municipal Financial Management Act (No. 56 of 2003), then the Provincial Cabinet is committed to intervene, as they have done in Beaufort West. In February 2022 the Minister of Finance and Economic Opportunities approved a Financial Recovery Plan prepared by the national Municipal Financial Recovery Service. The plan sets out actions that the Municipality must implement to achieve a financial turnaround and restore its financial health over the next three years. The Province will monitor and support the implementation of the plan, and if the municipality fails to implement the required actions, the Province will intervene further. The WCG is committed to support local municipalities to ensure there is good governance to ensure effective and effective delivery of basic services.

### Conditional Grants Review

The Western Cape Provincial Treasury embarked on study to review the efficacy of the conditional grants in the Western Cape Province. The research focus was geared towards the conditional grants and transfers allocated to municipalities by Provincial Government, which account for a relatively small proportion of the local government fiscal framework, with the bulk of local government revenues being raised by the municipalities themselves.

Conditional Grants is a ring-fenced fiscal distribution system across provinces and municipalities with the condition that the funds be used for a particular purpose. It is however acknowledged that municipalities receive transfers from both National and Provincial Government via an inter-governmental transfer system. The Provincial Government of the Western Cape, in terms of section 154(1) of the Constitution of the Republic of South Africa, 1996, must support and strengthen the capacity of local government in the province, to manage their own affairs, to exercise their powers and to perform their functions.

To support municipal service delivery, the allocation of conditional grants and agency payments from provincial government to local government (inter-governmental transfer) supplements the municipal fiscal framework. Municipalities face limited scope for economic diversification and revenue enhancement options, which place pressure on service delivery and infrastructure investment. There is a recognition that municipalities generally face the challenge of increasing expenditure expectations and obligations, whilst experiencing consolidation and a constrained fiscal environment. These allocations also take into consideration the increasing demands made by communities for improved municipal service delivery.

An overview of the Conditional Grants and Transfers environment reflects, that nine of the 14 Provincial Departments make transfers to local government either via a transfer payment or a conditional grant. In the 2019/20 financial year, R2.7 billion was transferred to municipalities. There are multiple small grants to municipalities with different monitoring approaches. Prior to 2019/20, the departments responsible for largest allocations to municipalities entailed Department of Human Settlements, Department of Health and Department of Cultural Affairs and Sport. However, in the 2019/20 financial year, with the introduction of the LEAP program, the Department of Community Safety is becoming one of the largest transferring departments.

*Source: Provincial Treasury*

### Governance transformation

The approach to governance transformation in the Western Cape will focus on strengthening and maintaining oversight and monitoring, reinforcing governance and accountability, setting and steering strategic direction, and improving policy, planning and business process optimisation with the intent to purify our motives.

Governance transformation denotes a shift in pursuing governance for the sake of compliance to governance that makes a difference in people's lives. The approach to Governance transformation ensures reliable and integrated systems; process optimisation and innovation; optimising assurance and oversight; culture interventions that encourage growth, change and innovation; and enhancing legally empowered actions and decisions. A key initiative of governance transformation is the institutionalisation of Combined Assurance across departments and a support role with Provincial Treasury to municipalities. A process is also underway to review the legislation and policy space impacting planning and business process optimisation.

Over the 2022 MTEF the Provincial Treasury is allocated R975.209 million to implement four strategic priorities 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 Department is pursuing these priorities through focused efforts to integrate talent management, embed applied knowledge management practices and digital transformation. The overarching objective is to foster long-term fiscal sustainability, which is focused on fiscal consolidation while supporting growth, job creation and social protection. To support and execute Supply Chain Management (SCM) reform, the Provincial Treasury is allocated an additional R9.000 million over the 2022 MTEF, and a further once-off allocation of R1.500 million in 2022/23 for SCM reform to drive value for money.

The participation of citizens in decisions or actions that affect them is an essential element of good local governance. A diagnostic assessment conducted by the Department of Local Government on the effectiveness of the ward committee system in the Province, revealed a lack of active citizenry in enhancing participatory democracy. With the view of strengthening the citizen interface in local government, the Department is allocated R17.574 million over the 2022 MTEF to strengthen public participation and citizen focused interventions.

The Department of Local Government plays a pivotal role for a smooth transition during and post the Local Government Election process and will continue to provide support to municipalities to address governance challenges experienced and provide the necessary guidance and support to new councillors in the execution of their roles and responsibilities. The Department developed a Local Government Election Support Strategy, which includes capacitating and training of new councillors; undertaking assessments of the appointment of senior managers in municipalities; supporting the establishment of ward committees; supporting the development of Integrated Development Plans for the new planning cycle; and providing ongoing advice, legal support and other interpretations.

The Department is allocated a total of R38.260 million over the 2022 MTEF to capacitate municipalities to deliver effective services. Furthermore, an additional R30 million is allocated over the MTEF to the departments of Local Government and the Premier to provide for capacity building and support to municipalities in the execution of their roles and responsibilities during the transition period post the 2021 Local Government Elections.

During the 2021/22 financial year, several assessments into the allegations of fraud, corruption and maladministration were conducted by the Department of Local Government and where applicable, municipal disciplinary processes commenced, and criminal cases opened based on findings and recommendations. With a view to strengthen its capacity to deal with allegations over the 2022 MTEF, the Department is allocated R8.968 million to strengthen the forensic investigation unit to exclusively deal with these allegations.

### Deepening Governance

Ensuring that there are robust processes and systems to deal with an ever changing, ever demanding environment requires the WCG to continually strive to do better, in a more efficient and effective manner, through ensuring good governance. The WCG's focus remains on "governance for results" to attain maximum citizen impact, placing citizens at the centre of its operations. It is imperative that the WCG continually strive to seek the shortest distance between two points, but always looking in the rearview mirror to maintain the rule of law. This means, at a macro level, the WCG strives to:

- Lead, identify and support the enhancement and institutionalisation of financial governance practices that can be shared across the public sector; and
- Lead and support excellence in good governance practices and optimal performance, culminating in improved service delivery and public value creation.

Underpinning the above is a continual focus on emphasising ethical and effective leadership.

Strengthening knowledge management practices to integrate policy analysis, budgeting and reporting, and linking strategies to performance objectives to improve value, i.e. citizen impact, include:

- Enabling innovation, based on an understanding of citizen and client needs and experiences, by developing a culture of seeking feedback and collaboration with clients, the public and non-governmental business and labour organisations;
- Integrating capacity development initiatives to empower a corps of competent, committed and high-performance public-sector officials;
- Strengthening digital systems to enable informed problem identification and resolution and generate further operational efficiencies; and
- A renewed focus on listening to what it is our citizens require of us and directing all our attention into getting results.

This requires an integrated government approach that supports joint planning and collective impact, in an identified geographic space or a specific policy area or strategic issue, between all three spheres of Government and between all the organs of state within each sphere. It requires a significant cultural shift away from risk aversion, silos in mandates, fragmentation policy development and service delivery. This approach acknowledges the complexity and interconnectedness of policy issues and therefore provides a holistic approach to planning, budgeting and implementation.

Key partners in the successful implementation of the above approach are departments and municipalities within the Western Cape, National Treasury (NT), the Auditor-General of South Africa (AGSA), the South African Local Government Association (SALGA), National Parliament and Provincial Parliament, assurance providers and other relevant stakeholders. Getting this right will result in true collaborative and combined assurance, in doing the right thing for the benefit of the citizens.

*Source: Provincial Treasury*

## Talent and staff development

This enabler seeks to attract and retain the talent required to develop on the WCG mandates, strategies and policies. Development of a Talent and Retention Strategy and implementation plans for the Future-fit strategy and reconfiguration of the Provincial Training Institute are key outcomes for this focus area.

There is an intensifying war for talent globally and locally due to inter alia shifting demographics (aging population in developed countries; young population; shifting skills demands; and talent mobility resulting from a redefined concept of organisational commitment/loyalty). The WCG must respond to this challenge, by being innovative to the regulatory limitations while also exploiting the opportunities and benefits of Public Sector employment, with the implementation of a Talent Retention Strategy with career and succession planning frameworks. In the drive to be responsive and proactive in terms of skills development in the WCG, the modernisation of the Provincial Training Institute as a provincial learning and innovation centre that will continue to provide transversal learning programmes as well as provide an Innovation facilitation hub to stimulate innovative solutions to service delivery challenges is envisaged. It will also provide for the identification of future skills, and new training methodologies and mechanisms in partnership with key stakeholders

*Modernisation of the Provincial Training Institute as a provincial learning and innovation centre*

## Innovation for impact

The WCG Innovation for Impact Strategic Framework was developed, which lays the foundation to identify potential areas of innovation, facilitate linkages to useful partnerships and develop a partnering model, and promoting the dissemination of learnings across the WCG and its partners through capacity-building, networking, supporting, and showcasing. As the Lead Department, the Department of the Premier, is prioritising building the internal capacity of WCG employees to continuously innovate. The focus of innovation is citizens and therefore innovation must have meaningful impact on the service delivery environment to the benefit of citizens.

Key interventions within this domain include innovative initiatives such as the establishment of a central innovation hub to coordinate efforts at the Provincial Training Institute; facilitating creative problem-solving methodologies held in WCG departments and municipalities; preparing evidence-based policy briefs generated in WCG departments and municipalities. To support the development

of innovative initiatives, which includes achieving results for our citizens, R62.948 million is allocated over the 2022 MTEF.

Enhancements and developments to the e-Procurement System and Procurement Planning Toolkit will receive further attention over the medium-term, to improve on current measures in pace and to attain value for money purchasing in the Province. In this regard, R12.823 million is allocated across the 2022 MTEF.

Furthermore, an innovative platform has been developed which serves as a one-stop portal for all farmers, researchers, private and non-governmental agencies interested in smart agricultural practices. The Cape Farm Mapper website supports green farming practices, balancing farming and conservation needs, resource efficiency and waste minimisation in the Western Cape.

### Citizen-centric culture

This focus area aims to change the WCG culture and mindset to meet the demands of new ways of working, through fostering employee awareness and enablement, change management capabilities, and leadership excellence in the organisation.

The strategy aims to create conditions where employees can explore alternative ways of doing things, create the spaces for engagement and allow for experimentation with new ideas. The WCG is prioritising the internal capacity building of staff to continuously innovate. The focus of innovation is citizens, and therefore innovation must have meaningful impact on the service delivery.

*A New Norm culture aims to build on adaptability, innovation, collaboration, and data intelligence*

#### Citizen engagement

Effective citizen engagement requires relevant and appropriate platforms for citizens to engage on the matters that concern them most. In many instances this is at a local level, such as in a particular community, schools or clinics. It requires opportunities for constructive engagement between citizens and service providers on the usefulness and quality of services that are being provided by Government. Municipalities also play a critical role in engaging with citizens, and efforts to enhance citizen engagement must be closely coordinated between spheres of government.

In addition, for a number of years, the WCG has been using a “Whole-of-Society Approach” (WoSA) to run collaborative initiatives across the Province. WoSA is an evidence-led, collaborative management model, with a specific focus on working together across national, provincial, and local government; and between government and other sectors of society to impact meaningfully on the lives of residents in a specific geographical area. Mainstreaming the WoSA to improve governance for delivery and implementation continues to drive maximum citizen impact and public value.

Over the 2022 MTEF, all provincial departments are committed to innovating and implementing its citizen engagement initiatives specific to their service delivery mandates, while considering the WCG stance on citizen engagement.



### Alternative forms of Citizen Engagement

There are different forms of citizen engagement and participation, including voting, referendums, municipality or community assembly, public presentations, public exhibitions and public discussions. These forms of participation might be called traditional methods. The concept of Social Accountability has no universally agreed upon definition, but rather several personal interpretations. One definition is: “the broad range of actions and mechanisms beyond voting which citizens can use to hold the state to account, as well as actions on the part of government, civil society, media and other societal actors that promote or facilitate these efforts.” (Malena and McNeil 2010:1).

Although voting, choice, and participation in service delivery are potentially important channels for improving accountability, two related categories of social accountability interventions that are increasingly being incorporated into government programs are information interventions and grievance redress mechanisms. Both involve efforts to inform citizens and provide them with opportunities to use information to influence service delivery. Information interventions involve project and policy measures ranging from simple information provision, such as right-to-information legislation, information campaigns, and report cards, to more active steps, such as scorecards and social audits, that engage citizens to use information to influence providers. Grievance redress mechanisms, also known as complaints-handling mechanisms, are formal channels for citizens to demand their rights, complain, and provide feedback to providers and policy makers about service delivery.

*Source: Provincial Treasury*

### Transversal Foresight

This enabler aims to exemplify anticipatory governance by means of applying strategic foresight that entails structured exploration of multiple futures. This will enable WCG to seize new opportunities and challenges that could emerge in the future; stimulate policy innovation to address these opportunities and challenges; and stress-testing existing or proposed strategies against a range of future scenarios. Key focus areas will entail conducting an audit of what has been done within the WCG environment and identifying key lessons learned for further strengthening and institutionalising; building capacity and capabilities within WCG to perform strategic foresight; and identifying policy areas to apply strategic foresight.

The successful application and embedding of transversal and strategic foresight will produce a prepared WCG for different plausible futures, and related opportunities and challenges.

### Digital transformation

The WCG's Centre for e-Innovation (Ce-I), through the WCG's Digital Transformation Plan (DTP), will drive the integration, optimisation and transformation of the WCG Service Delivery ecosystem. The DTP encompasses the Technology and Information capacities of the WCG's Institutional Review Programme, which together with transforming the People, Processes and Funds Capacities, aim to optimise the WCG's service delivery ecosystem. Blended learning will focus on availing electronic teaching and learning resources on the Education Library and Information Service (EDULIS), with the intention of improving the reading ability of

*Digitising public services for improved efficiency*

learners and incrementally moving to an online reading platform and e-library.

In order to achieve the goals and objectives of the Digital Transformation Plan, Ce-I will have to maintain and enhance an enabling environment for innovation. This includes enhancing the WCG broadband network, strengthening our information security posture, refresh ageing infrastructure, create platforms for rapid applications development, enhance citizens' digital communications platforms, and maintaining the internal messaging, communications and collaboration environments.

Critical technology and systems are being developed within the WCG. An innovative system to facilitate applications for abnormal load permits has been developed in the DTPW, where the process will be entirely web-based. The eMerge Asset Information Management System has also been developed, which has been designed to ensure the creation of a robust information base, with property management and management reporting systems that support decision making.

The Department of Human Settlements has implemented ICT systems which facilitates interface with the citizenry. Such systems include but not limited to the Housing App which provides the citizenry with an opportunity to apply for housing opportunities online. The Western Cape Demand Database provides the citizenry with a platform to register their application.

The increased dependence on ICT in the province has led to the increased risk of security breaches and targeted cybercrimes. In order to provide a high level of protection on the information and data assets, WCG is making further investments in specialised security technologies to further strengthen the security posture and safeguard the ICT infrastructure, data and information systems against unauthorized access and data loss. In this regard, R240.616 million is allocated to manage Cyber Security Services and infrastructure refresh.

## **Conclusion**

The medium term budget policy priorities reflect the WCG's commitment to ensuring the dignity of every citizen, through the continued delivery of quality and impactful services in an innovative and agile manner. The COVID-19 pandemic has demonstrated our ability as a government to enhance our responsiveness to best meet the needs of the people we serve.

The WCG's integrated policy planning and budgetary processes have ensured that a sustainable fiscal path is maintained, while allocating sufficient resources towards the Western Cape Recovery Plan priorities of Jobs, Safety and Wellbeing, with the public service being enabled to ensure an effective future of service delivery. The citizens of this Province remain at the centre of service delivery, and this is articulated through the Western Cape's 2022 main budget.

# 5

## Budget aggregates

### In brief

- Total provincial receipts for 2022/23 amount to R78.896 billion of which the Provincial Equitable Share amounts to R58.367 billion, Conditional Grants amount to R14.016 billion, Financing amounts to R3.539 billion, Provincial tax receipts amount to R522.548 million and Provincial own revenue amount to R2.451 billion.
- The most recent revisions to the Provincial Equitable Share have involved the health component with the incorporation of a newly designed risk-adjusted index to inform the health risk profile of each province. These changes have resulted in reductions to the Western Cape's share and will be phased in over the 2022 MTEF.
- Total provincial expenditure for 2022/23, inclusive of Direct Charges, amounts to R77.383 billion of which Current payments amount to R58.856 billion, Transfers and subsidies amount to R12.761 billion, Payments for capital assets amount to R5.710 billion and Payments for financial assets amount to R5.553 million.

### ■ Introduction

National transfers include the Provincial Equitable Share and Conditional grants and accounts for 92.6 per cent of total provincial receipts. The most recent revisions to the Provincial Equitable Share formula involved the health component and were related to the health risk profile of each province. These changes have resulted in a reduction to the Western Cape's share and will be phased in over the 2022 Medium Term Expenditure Framework. Provincial reserves held by the Western Cape Government enables the reduction to be managed in a manner that will limit the impact on service delivery.

Compensation of employees is the largest cost driver for the Western Cape Government and accounts for 53 per cent of provincial payments (including Direct Charges). Containing the wage bill and headcount over the medium term will be guided by the Western Cape Compensation of Employees Strategy. The Goods and services budget mainly reflects the increasing demand for health services, including the ongoing response to the COVID-19 pandemic, while Transfers and subsidies reflect transfers to Non-Profit Institutions for the delivery of social goods and services, as well as to municipalities.

## ■ Provincial receipts

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 R70.104 billion in the 2021/22 revised estimate to R73.385 billion in 2024/25. This represents an annual average growth rate (AAGR) of 1.6 per cent, which is below the projected annual inflation rate of 4.2 per cent for 2022/23, 4.4 per cent for 2023/24, and 4.5 per cent for 2024/25.
- Provincial own receipts, which are projected to increase at an AAGR of 1.6 per cent, from the 2021/22 revised estimate of R2.542 billion to R2.658 billion in 2024/25.
- Provincial financing, inclusive of the Asset Finance Reserve (AFR) and the Provincial Revenue Fund (PRF), which decreased from R2.983 billion in the 2021/22 revised estimate to R1.912 billion in 2024/25.
- Provincial tax receipts (gambling taxes and liquor licence fees) increases by an AAGR of 4.0 per cent from R503.765 million in the 2021/22 revised estimate to R566.137 million in 2024/25.
- Provincial payments increase at an AAGR of 1.1 per cent, from the 2021/22 revised estimate of R73.879 billion to R76.245 billion in 2024/25. Current payments are the largest component of provincial payments, followed by Transfers and subsidies, Payments for capital assets and Financial assets.

*Over the 2022 MTEF, PES accounts for 74.5 per cent of total Provincial receipts*

Table 5.1 Provincial receipts and payments, 2018/19 - 2024/25

R'000	Outcome			Medium-term estimate						
	Actual 2018/19	Actual 2019/20	Actual 2020/21	Main appro- piation 2021/22	Adjusted appro- piation 2021/22	Revised estimate 2021/22	2022/23	% Change from Revised estimate 2021/22	2023/24	2024/25
<b>Provincial receipts</b>										
Transfer receipts from national	59 636 541	64 326 768	67 125 888	67 978 397	70 104 477	70 104 477	<b>72 383 121</b>	3.25	70 613 976	73 385 054
Equitable share	47 447 464	51 290 593	53 677 100	54 448 200	56 467 404	56 467 404	<b>58 367 447</b>	3.36	56 810 292	58 991 251
Conditional grants	12 189 077	13 036 175	13 448 788	13 530 197	13 637 073	13 637 073	<b>14 015 674</b>	2.78	13 803 684	14 393 803
Provincial Revenue Fund (Tax receipts)	664 266	706 186	495 605	503 765	503 765	503 765	<b>522 548</b>	3.73	541 810	566 137
Provincial own receipts	2 867 148	2 897 452	2 624 586	2 511 459	2 517 381	2 542 194	<b>2 451 474</b>	(3.57)	2 543 892	2 658 073
<b>Total provincial receipts</b>	<b>63 167 955</b>	<b>67 930 406</b>	<b>70 246 079</b>	<b>70 993 621</b>	<b>73 125 623</b>	<b>73 150 436</b>	<b>75 357 143</b>	3.02	73 699 678	76 609 264
<b>Provincial payments and provisions</b>										
Provincial payments	62 940 646	67 533 817	70 325 393	72 349 073	73 884 803	73 879 123	<b>77 332 803</b>	4.67	75 419 322	76 244 961
Current payments	47 427 858	50 977 930	53 376 636	55 422 905	56 795 022	56 726 755	<b>58 856 285</b>	3.75	56 703 896	57 466 064
Transfers and subsidies	10 209 298	11 082 152	12 632 090	11 826 595	12 253 989	12 305 163	<b>12 760 541</b>	3.70	12 900 137	12 725 564
Payments for capital assets	5 276 603	5 459 749	4 301 707	5 093 714	4 827 238	4 830 505	<b>5 710 424</b>	18.22	5 809 500	6 047 236
Payments for financial assets	26 887	13 986	14 960	5 859	8 554	16 700	<b>5 553</b>	(66.75)	5 789	6 097
Provincial provisions	39 320	42 737	47 104	1 299 317	1 253 777	1 253 777	<b>1 563 302</b>	24.69	814 162	2 276 028
Direct charge	39 320	42 737	47 104	47 997	47 997	47 997	<b>50 301</b>	4.80	52 564	54 925
Unforeseen and unavoidable				250 000	250 000	250 000	<b>430 998</b>	72.40	550 651	338 629
Wage agreement: Cash Gratuity (PES Reserve)							<b>823 680</b>	100.00		
CPI increase on COE (PES Reserve)										1 818 791
Stabilisation reserve									150 000	
COVID Response Reserve				800 000	800 000	800 000	<b>200 000</b>	(75.00)		
Acquisition of Property Reserve				55 652	10 112	10 112	<b>58 323</b>	476.77	60 947	63 684
Fiscal Transition Support Facility Reserve				105 749	105 749	105 749		(100.00)		
Social distress (Food relief/nutrition) Reserve				25 000	25 000	25 000		(100.00)		
Project Preparation Facility Reserve				14 919	14 919	14 919		(100.00)		
<b>Total provincial payments and provisions</b>	<b>62 979 966</b>	<b>67 576 554</b>	<b>70 372 497</b>	<b>73 648 390</b>	<b>75 138 580</b>	<b>75 132 900</b>	<b>78 896 105</b>	5.01	76 233 484	78 520 989
<b>Surplus/(Deficit) (before financing)</b>	<b>187 989</b>	<b>353 852</b>	<b>(126 418)</b>	<b>(2 654 769)</b>	<b>(2 012 957)</b>	<b>(1 982 464)</b>	<b>(3 538 962)</b>	78.51	<b>(2 533 806)</b>	<b>(1 911 725)</b>
<b>Financing</b>	<b>1 760 566</b>	<b>1 924 734</b>	<b>2 336 955</b>	<b>2 654 769</b>	<b>2 982 616</b>	<b>2 982 616</b>	<b>3 538 962</b>	18.65	<b>2 533 806</b>	<b>1 911 725</b>
Asset Finance Reserve	354 049	935 339	674 730	594 211	432 211	432 211	<b>1 198 942</b>	177.40	764 564	783 335
Provincial Revenue Fund	1 406 517	989 395	1 662 225	2 060 558	2 550 405	2 550 405	<b>2 340 020</b>	(8.25)	1 769 242	1 128 390
<b>Nett Surplus/Deficit (after financing)</b>	<b>1 948 555</b>	<b>2 278 586</b>	<b>2 210 537</b>	<b>-</b>	<b>969 659</b>	<b>1 000 152</b>	<b>-</b>	(100.00)	<b>-</b>	<b>-</b>
<b>Provincial Revenue Fund (Tax receipts) includes:</b>										
Casino taxes	554 192	566 340	243 070	366 532	366 532	366 532	<b>373 330</b>	1.85	380 333	397 410
Horse racing taxes	74 100	98 631	212 822	100 000	100 000	100 000	<b>110 198</b>	10.20	120 701	126 120
Liquor licence fees	35 974	41 215	39 713	37 233	37 233	37 233	<b>39 020</b>	4.80	40 776	42 607
<b>Total Provincial Revenue Fund (Tax receipts)</b>	<b>664 266</b>	<b>706 186</b>	<b>495 605</b>	<b>503 765</b>	<b>503 765</b>	<b>503 765</b>	<b>522 548</b>	3.73	541 810	566 137

## Intergovernmental fiscal system

South Africa's intergovernmental fiscal transfer system is based on a revenue-sharing model, acknowledging that the different spheres of government have different revenue raising abilities and responsibilities. Section 214(1) of the Constitution requires that the nationally raised revenue be divided equitably between national government, the nine provinces and 257 municipalities. Furthermore, the Constitution requires that when allocating available resources across the three spheres of government, the following 10 factors are considered:

- National Interests and the division of resources;
- Provision for debt costs;
- National government needs and interests;
- Provincial and local government basic services;
- Fiscal capacity and efficiency;
- Development needs;
- Economic disparities;
- Obligations in terms of national legislation;
- Predictability and stability; and
- Flexibility in responding to emergencies;

Due to limited revenue-raising abilities, provinces receive most of their funding through national transfers. Provinces are allocated 41.4 per cent of nationally raised revenue over the medium term, increasing from 40.6 per cent in 2021/22. In addition to equitable share funding, Conditional Grants assist provinces in funding their mandates. Combined, these transfers account for 92.6 per cent of total provincial receipts.

Since the 2021 National Medium Term Budget Policy Statement, direct transfers to provinces over the medium term have been increased by R58.4 billion (R53 billion through the PES and R5.4 billion added to direct Conditional Grants), in order to address various spending pressures. This translates into the provincial share of nationally raised revenue growing by an annual average of 1.4 per cent over the medium term, comprised by a 1.0 per cent growth in equitable share transfers and 3.3 per cent growth in Conditional Grants.

These increases see national transfers to provinces increase from R661.2 billion in 2021/22 to R682.5 billion in 2022/23, before declining to R667.3 billion in 2023/24 and increase to R690.2 billion in 2024/25.

Funding received through the PES is the single largest source of available provincial funding, accounting for 74.5 per cent of the Western Cape total provincial receipts or 80.5 per cent of national transfers over the 2022 MTEF. Although this funding source is unconditional, the manoeuvrability of provinces in prioritising their allocations is reduced by committed expenditure on the Compensation of employees (CoE), which accounts for approximately 52.5 per cent of spending in the Western Cape. Further limiting provincial expenditure space is that the growth in remuneration levels is determined at the national level through centralised wage bargaining.

### **Provincial equitable share**

The components which make up the PES formula are aligned to provinces core service delivery mandates and represents a proxy for the relative demand for government services, mainly in education, health and social services. The weighting allocated to each of the components is not indicative of how much a province should allocate to a specific area or function. Rather, provinces through their budget allocation procedures, determine allocations based on their own prioritisation process and specific circumstances, within the available fiscal envelope.

### **Annual technical data updates impact on the PES**

The PES formula is subjected to annual data updates to reflect changes to provincial population numbers and the demand for services. Table 5.2 summarises the data sources used to update the various components of the PES formula.



**Table 5.2 Summary of Provincial Equitable Share (PES) data updates**

Weight	Component	Data used
48%	Education	<ul style="list-style-type: none"> <li>Mid-Year Population Estimates 2021 age cohorts (5 – 17) (new data)</li> <li>2021 preliminary data LURITS School Enrolment (Grade R – 12) (new data)</li> </ul>
27%	Health	<ul style="list-style-type: none"> <li>Separate Population Data set from StatsSA used to inform mid-year population estimates and not 2021 mid-year population estimates (new data)</li> <li>(Medically Insured population (2019 GHS) (old data)</li> <li>Risk adjusted index (new formula)</li> <li>Patient load data (DHIS 2018/19 - 2019/20) (old data)</li> </ul>
16%	Basic	<ul style="list-style-type: none"> <li>Separate Population Data set from StatsSA used to inform mid-year population estimates and not 2021 mid-year population estimates (new data)</li> </ul>
3%	Poverty	<ul style="list-style-type: none"> <li>Separate Population Data set from StatsSA used to inform mid-year population estimates and not 2021 mid-year population estimates (new data)</li> <li>Income and Expenditure Survey 2010/11 (old data)</li> </ul>
1%	Economic	<ul style="list-style-type: none"> <li>GDPR 2019 (new data)</li> </ul>
5%	Institutional	<ul style="list-style-type: none"> <li>Not applicable - distributed equally amongst provinces (data not used)</li> </ul>

In addition to the annual data updates, the formula continues to be subject to review and revision. The most recent revisions have involved the health component with the incorporation of a newly designed risk-adjusted index to inform the health risk profile of each province. These changes have resulted in reductions to Gauteng and the Western Cape's share and will be phased in over the 2022 MTEF period. The net effect of the annual technical data updates to each of the components together with the introduction of a new health risk-adjusted index is summarised in Table 5.3.

**Table 5.3 Full impact of data updates to Western Cape share of the equitable share**

	Weight	2021 MTEF	2022 MTEF	Change
Education	48%	9.7868	9.7904	0.0036
Health	27%	11.4303	11.213	-0.2173
Basic Share	16%	11.7502	11.7953	0.0451
Poverty	3%	6.4508	6.4853	0.0345
Economic Activity	1%	13.6087	13.6271	0.0184
Institutional	5%	11.1111	11.1111	0
<b>Weighted Average</b>		<b>10.54904</b>	<b>10.50054</b>	<b>-0.048508</b>

To ensure that provinces allocations remain stable and predictable to aid sound planning, the annual shares updates are phased in over a three-year period. As a result, one third of the impact of the data updates is implemented in 2022/23, two-thirds in 2023/24 and the updates are fully implemented in the indicative allocation for 2024/25. The overall impact of the revision to the health risk-adjusted index together with the annual data updates to the various components amount to a reduction of R540.431 million to the Western Cape over the 2022 MTEF.

#### **Adjustment to the PES baseline**

**Table 5.4 Revisions to the Provincial Equitable Share (PES), 2022 MTEF**

<b>WESTERN CAPE: REVISIONS TO THE PROVINCIAL EQUITABLE SHARE (PES): 2022 MTEF - 2 FEBRUARY 2022</b>				
<b>R Thousands</b>	<b>2022 Medium-term expenditure framework</b>			<b>Total Revisions</b>
	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	
Provincial equitable share (PES) (as per final 2021 MTEF allocation letter)	54 876 103	55 390 321	57 877 870	168 144 294
Adjustment to baseline due to impact of new data updates in the PES formula (phase-in from 2022/23 of 2021 MTEF)	29 866	(305 615)	(264 682)	(540 431)
<b>Total: Technically adjusted provincial equitable share before Adjustments to Baselines</b>	<b>54 905 969</b>	<b>55 084 706</b>	<b>57 613 188</b>	167 603 863
<b>Adjustments to Baselines</b>	<b>3 461 478</b>	<b>1 725 586</b>	<b>1 378 063</b>	<b>6 565 127</b>
Plus: Wage Agreement Additional Allocations: Cash Gratuity (2022/23)	1 453 680			1 453 680
Additional allocations: Social Development - Welfare NGOs	21 333	37 583	44 770	103 686
Additional allocations: Provincial Health departments	777 043	358 259	497 735	1 633 037
Additional allocations: Provincial Education departments	941 931	798 817	835 558	2 576 306
Additional allocations: Education PYEI	267 491	530 927		798 418
2021 MTEF PES Percentages (new data updates (phased-in))	10.48%	10.49%	10.50%	
<b>Total: Preliminary Provincial Equitable Share for 2022 MTEF</b>	<b>58 367 447</b>	<b>56 810 292</b>	<b>58 991 251</b>	<b>174 168 990</b>

An amount of R1.453 billion is allocated in 2022/23 to help fund the costs of the non-pensionable cash gratuity for employees from the 2021 wage agreement, in the event that no new wage agreement is reached in 2022.

Over the 2022 MTEF, R103.686 million additional is allocated towards social development to ensure inflationary adjustments for Welfare non-governmental organisations (NGOs).

In order to ensure continued funding of COVID-19 responses within the health sector and reduce the effect of budget reductions on essential medical goods and service, additional PES allocation have been provided for health interventions, amounting to R1.633 billion over the 2022 MTEF.

Over the 2022 MTEF, R2.576 billion is allocated to assist in addressing shortages of teachers and learning materials. This forms part of efforts to assist in the catch-up of lost learning as a result of the COVID-19 pandemic.

In support of the continuation of the Presidential Employment Initiative, R267.491 million and R530.927 million is added to hire education and other assistants in schools in 2022/23 and 2023/24 respectively.

### **Specific allocations within the PES**

Included as part of the PES transfer, although allocated separately from the formula discussed above are allocations for specific priorities over the 2022 MTEF. These allocations are typically introduced when a new function or additional funding is transferred to provinces or when a Conditional Grant is absorbed into the PES. Included in the PES funding are allocations for the following priorities:

- R47.923 million for Food Relief;
- R19.279 million for HIV Prevention Programmes;
- R16.412 million for Infrastructure delivery improvement programme shift;
- R33.917 million for Municipal Interventions;
- R34.208 million for the Sanitary Dignity Project;
- R51.773 million for the Social Worker Conditional Grant Shift;
- R68.704 million for Social Worker addition.

### **Conditional grants**

Conditional Grant allocations in the Western Cape are subject to various changes that directly impact several allocations. For example, the function shift of agricultural colleges from provinces to national that was planned to come into effect at the beginning of 2022/23, has been deferred. As a result, the Comprehensive

Agricultural Support Programme Grant allocation (including the PES allocation), that would have been shifted to the national department for the 2022 MTEF will remain within provincial transfers.

From 2022/23, the name of the Provincial Disaster Relief Grant is amended to the Provincial Disaster Response Grant. The proposed name change by the National Disaster Management Centre does not change the main objective of the grant. The aim is to improve the alignment of the existing actions and processes that are followed by the National Disaster Management Centre in responding to disasters that have occurred, including providing relief where it is needed.

*Provincial Disaster Relief Grant is amended to the Provincial Disaster Response Grant*

Provinces were informed of funds that were reprioritised from the Health Facility Revitalisation Grant and the National Health Insurance Indirect Grant. The allocations for the Human Resources and Training Grant (which support provinces in responding to the continued increasing pressure in covering the costs associated with the placement of the growing number of medical graduates) have been significantly increased to R899.442 million in 2022/23, R887.123 million in 2023/24 and R903.926 million in 2024/25. In addition, the District Health Programmes Grant amounts to R2.268 billion in 2022/23, R2.049 billion in 2023/24 and R2.141 billion in 2024/25. The comprehensive HIV, AIDS component is allocated R1.853 billion in 2022/23, R1.831 billion in 2023/24 and R1.914 billion in 2024/15 and accounts for the largest portion of the District Health Programmes Grant.

*Human Resources and Training Grant reflects a significant increase*

**Table 5.5 Provincial conditional grant allocations, 2018/19 - 2024/25**

Vote and grant R'000	Outcome			Main appropriation 2021/22	Adjusted appropriation 2021/22	Revised estimate 2021/22	Medium-term estimate		
	Audited 2018/19	Audited 2019/20	Audited 2021/22				2022/23	2023/24	2024/25
<b>Vote 4: Community Safety</b>	7 957	3 920	4 961	3 863	3 863	3 863	<b>3 821</b>		
Social Sector EPWP Incentive Grant for Provinces	7 957	3 920	4 961	3 863	3 863	3 863	<b>3 821</b>		
<b>Vote 5: Education</b>	1 527 009	1 636 877	1 594 626	1 797 738	1 842 637	1 842 637	<b>1 885 952</b>	1 822 160	1 904 561
Education Infrastructure Grant	1 021 731	1 127 600	931 721	1 158 098	1 158 098	1 158 098	<b>1 236 077</b>	1 180 389	1 233 451
Maths, Science and Technology Grant	29 682	28 015	37 786	36 347	54 742	54 742	<b>37 184</b>	37 135	38 746
HIV and AIDS (Life Skills Education) Grant	22 043	21 800	15 076	20 368	20 368	20 368	<b>17 822</b>	18 071	18 939
Learners with Profound Intellectual Disabilities Grant	25 521	23 952	31 319	28 553	28 892	28 892	<b>33 451</b>	31 069	32 982
National School Nutrition Programme Grant	357 097	375 515	415 895	434 387	441 319	441 319	<b>451 289</b>	467 538	488 535
Social Sector EPWP Incentive Grant for Provinces	30 402	17 034	20 016	15 527	15 527	15 527	<b>12 322</b>		
Expanded Public Works Programme Integrated Grant for Provinces	2 221	2 485	2 594	2 185	2 185	2 185	<b>1 941</b>		
Early Childhood Development	38 312	40 476	140 219	102 273	121 506	121 506	<b>95 866</b>	87 958	91 908
of which:									
Subsidy Component	30 344	32 652	131 869	89 523	108 756	108 756	<b>82 536</b>	86 038	89 902
Maintenance Component	7 968	7 824	8 350	12 750	12 750	12 750	<b>13 330</b>	1 920	2 006
<b>Vote 6: Health</b>	5 896 230	6 549 845	7 481 342	6 971 459	6 990 040	6 990 040	<b>7 421 385</b>	7 116 650	7 401 230
National Tertiary Services Grant	3 049 130	3 221 651	3 396 608	3 272 981	3 272 981	3 272 981	<b>3 401 057</b>	3 332 007	3 481 646
Health Facility Revitalisation Grant	717 226	812 626	698 793	724 865	714 865	714 865	<b>796 590</b>	805 103	830 223
Human Resources and Training Grant	574 177	779 596	869 856	795 929	801 376	801 376	<b>899 442</b>	887 123	903 926
of which:									
Statutory Human Resources Component		173 262	245 023	266 199	271 646	271 646	<b>356 963</b>	369 008	362 548
Training Component	574 177	606 334	624 833	529 730	529 730	529 730	<b>542 479</b>	518 115	541 378
National Health Insurance Grant		19 510	19 480	17 779	17 779	17 779	<b>43 605</b>	43 272	44 264
District Health Programmes Grant	1 531 535	1 685 517	2 429 118	2 147 742	2 170 876	2 170 876	<b>2 268 294</b>	2 049 145	2 141 171
of which:									
District Health Component							<b>415 431</b>	217 764	227 544
Community Outreach Services Component	96 769	126 392	178 106	186 830	186 830	186 830			
Presidential Employment Initiative (PEI): Community Outreach Services Component			29 148						
Comprehensive HIV, AIDS Component		1 485 031	1 550 034	1 701 235	1 701 235	1 701 235	<b>1 852 863</b>	1 831 381	1 913 627
Tuberculosis Component		74 094	65 911	65 696	65 696	65 696			
Human Papillomavirus Vaccine Component	19 599	15 404	21 835	21 584	21 584	21 584			
COVID-19 component			584 084	156 690	156 690	156 690			
Oncology					20 000	20 000			
Mental Health Services Component				15 707	18 841	18 841			
Social Sector EPWP Incentive Grant for Provinces	2 447	13 495	12 195	10 122	10 122	10 122	<b>10 291</b>		
Expanded Public Works Programme Integrated Grant for Provinces	2 116	2 046	2 000	2 041	2 041	2 041	<b>2 106</b>		
Provincial Disaster Relief Grant			53 292						

**Table 5.5 Provincial conditional grant allocations, 2018/19 - 2024/25 (continued)**

Vote and grant R'000	Outcome			Main appropriation 2021/22	Adjusted appropriation 2021/22	Revised estimate 2021/22	Medium-term estimate		
	Audited 2018/19	Audited 2019/20	Audited 2020/21				2021/22	2022/23	2023/24
<b>Vote 7: Social Development</b>	13 397			5 283	5 283	5 283	<b>4 978</b>		
Social Worker Employment Grant	11 912								
Social Sector EPWP Incentive Grant for Provinces	1 485			5 283	5 283	5 283	<b>4 978</b>		
<b>Vote 8: Human Settlements</b>	2 072 278	2 326 616	1 928 894	2 035 376	2 035 376	2 035 376	<b>2 116 034</b>	2 207 509	2 306 646
Human Settlements Development Grant	2 018 903	2 172 110	1 855 286	1 575 285	1 575 285	1 575 285	<b>1 628 418</b>	1 701 511	1 777 924
Expanded Public Works Programme Integrated Grant for Provinces	3 014	2 986	2 531	2 662	2 662	2 662	<b>2 978</b>		
Title Deeds Restoration Grant	50 361	64 410	200						
Provincial Emergency Housing Grant		87 110	70 877						
Informal Settlements Upgrading Partnership Grant for Provinces				457 429	457 429	457 429	<b>484 638</b>	505 998	528 722
<b>Vote 9: Environmental Affairs and Development Planning</b>	3 991	3 717	3 678	3 704	3 704	3 704	<b>4 468</b>		
Expanded Public Works Programme Integrated Grant for Provinces	3 991	3 717	3 678	3 704	3 704	3 704	<b>4 468</b>		
<b>Vote 10: Transport and Public Works</b>	1 972 824	2 058 702	2 050 610	2 245 545	2 288 941	2 288 941	<b>2 101 495</b>	2 185 356	2 289 649
Provincial Roads Maintenance Grant	1 007 414	1 040 051	967 006	1 099 046	1 142 442	1 142 442	<b>960 309</b>	1 007 837	1 059 248
Expanded Public Works Programme Integrated Grant for Provinces	12 586	12 469	10 008	13 855	13 855	13 855	<b>13 373</b>		
Public Transport Operations Grant	952 824	1 006 182	1 073 596	1 132 644	1 132 644	1 132 644	<b>1 127 813</b>	1 177 519	1 230 401
<b>Vote 11: Agriculture</b>	457 326	206 294	164 021	182 152	182 152	182 152	<b>188 786</b>	187 312	196 334
Land Care Programme Grant: Poverty Relief and Infrastructure Development	46 678	5 096	4 985	5 451	5 451	5 451	<b>5 532</b>	5 680	6 546
Disaster relief grant			25 000						
Comprehensive Agricultural Support Programme (CASP) Grant	314 832	151 683	89 301	116 753	116 753	116 753	<b>122 087</b>	121 653	127 116
Disaster Management Grant: Agriculture	38 000								
Ilima/Letsema Projects Grant	55 662	47 437	42 661	57 721	57 721	57 721	<b>58 993</b>	59 979	62 672
Expanded Public Works Programme Integrated Grant for Provinces	2 154	2 078	2 074	2 227	2 227	2 227	<b>2 174</b>		
<b>Vote 13: Cultural Affairs and Sport</b>	238 065	250 204	220 656	285 077	285 077	285 077	<b>288 755</b>	284 697	295 383
Mass Participation and Sport Development Grant	52 828	56 063	60 354	88 884	88 884	88 884	<b>91 221</b>	91 366	94 214
Community Library Services Grant	176 624	186 763	151 426	188 862	188 862	188 862	<b>190 102</b>	193 331	201 169
Expanded Public Works Programme Integrated Grant for Provinces	3 057	2 909	3 098	3 099	3 099	3 099	<b>3 099</b>		
Social Sector EPWP Incentive Grant for Provinces	5 556	4 469	5 778	4 232	4 232	4 232	<b>4 333</b>		
<b>Total Conditional grants</b>	<b>12 189 077</b>	<b>13 036 175</b>	<b>13 448 788</b>	<b>13 530 197</b>	<b>13 637 073</b>	<b>13 637 073</b>	<b>14 015 674</b>	<b>13 803 684</b>	<b>14 393 803</b>

## Provincial own receipts

Own receipts are collected by provincial departments from the running of their daily operations and serve as an additional source of revenue which is used for enhancing service delivery. Section 228 of the South African Constitution empowers departments to collect user charges and certain narrow based taxes as own receipts. The collections referred to exclude broad

*Provincial own receipts comprise 3.3 per cent of total Revenue Budget over the 2022 MTEF*

based taxes such as company, personal income and sales taxes that are collected by the national government.

Own receipts comprise 3.3 per cent of the total provincial receipts of the Western Cape but are important as they allow for additional spending on provincial priority areas. Own receipts are projected to increase at an AAGR of 1.6 per cent from a 2021/22 revised estimate of R2.542 billion to R2.658 billion in 2024/25. Provincial own receipts are projected to be R2.451 billion in 2022/23, R2.544 billion in 2023/24 and R2.658 billion in 2024/25.

Motor vehicle licence (MVL) fees and hospital patient fees (HPF) form the largest components of own receipts and contribute 73.2 per cent and 11.8 per cent respectively to own receipts in the Province in the 2021/22 revised estimate, and 76.0 per cent and 12.8 per cent in 2022/23.

Gambling taxes and liquor licence fees are collected by the Western Cape Gambling and Racing Board (WCGRB) and the Western Cape Liquor Authority (WCLA). These funds are then transferred into the PRF. Gambling taxes and liquor licence fees are classified as 'Provincial Revenue Fund: Tax Receipts' in the budget of the Province.

Table 5.6 reports own receipts for the Province over the period 2018/19 to 2024/25. The largest contributors to own receipts in the Province are the departments of Transport and Public Works (mainly MVL) and Health (mainly hospital patient fees), whose budgets respectively amount to R1.983 billion and R396.817 million in 2022/23.

**Table 5.6 Provincial own receipts by department, 2018/19 - 2024/25**

Vote R'000	Outcome			Main appropriation 2021/22	Adjusted appropriation 2021/22	Revised estimate 2021/22	Medium-term estimate			
	Audited 2018/19	Audited 2019/20	Audited 2020/21				% Change from Revised estimate	2022/23	2023/24	2024/25
1. Department of the Premier	1 955	3 573	1 831	1 602	1 602	1 602	1 712	6.87	1 789	1 869
2. Provincial Parliament	409	607	1 163	75	75	263	78	(70.34)	82	86
3. Provincial Treasury	6 785	6 071	19 727	76	76	2 885	80	(97.23)	84	88
4. Community Safety	554	268	275	302	222	222	328	47.75	343	358
5. Education	23 755	31 928	20 328	25 171	25 171	25 171	25 693	2.07	26 849	28 054
6. Health	677 391	686 092	411 472	396 817	396 817	396 817	396 817		396 817	414 634
7. Social Development	1 380	1 443	2 109	1 192	1 192	1 913	1 258	(34.24)	1 315	1 374
8. Human Settlements	255 557	130 404	116 433	70 521	70 521	55 021	1 906	(96.54)	1 950	2 000
9. Environmental Affairs and Development Planning	2 848	3 128	3 274	2 783	2 783	4 783	2 917	(39.01)	3 048	3 185
10. Transport and Public Works	1 835 444	1 967 085	2 006 167	1 976 870	1 979 628	1 979 628	1 982 887	0.16	2 072 117	2 165 154
11. Agriculture	53 356	51 219	37 643	33 147	34 948	34 948	34 738	(0.60)	36 301	37 931
12. Economic Development and Tourism	1 144	2 026	2 176	371	2 302	32 436	388	(98.80)	405	423
13. Cultural Affairs and Sport	3 789	9 303	1 481	2 423	1 935	3 383	2 558	(24.39)	2 673	2 793
14. Local Government	2 781	4 305	507	109	109	3 122	114	(96.35)	119	124
<b>Total provincial own receipts</b>	<b>2 867 148</b>	<b>2 897 452</b>	<b>2 624 586</b>	<b>2 511 459</b>	<b>2 517 381</b>	<b>2 542 194</b>	<b>2 451 474</b>	<b>(3.57)</b>	<b>2 543 892</b>	<b>2 658 073</b>

#### *Motor vehicle licence (MVL) fees*

The main budget item of the Department of Transport and Public Works is MVL fees which are collected by municipalities on behalf of the Department. MVL fees were not increased in 2021/22 as the Department wanted to minimise the burden on the local economy which was negatively impacted by the COVID-19 pandemic and resultant lockdowns. But MVL fees are projected to grow at an AAGR of 3.1 per cent from R1.861 billion in the 2021/22 revised estimate, to R2.039 billion in 2024/25. MVL revenue growth is a function of growth in the motor vehicle population and future increases in MVL fee tariffs.

#### *Hospital patient fees*

Hospital patient fees are projected to grow at AAGR of 2.9 per cent from R300.377 million in the 2021/22 revised estimate to R326.975 million in 2024/25. The tariffs for hospital patient fees are determined at a national level through the uniform patient fees schedule (UPFS) and the receipts collected are derived from payments received from the Road Accident Fund (RAF), medical aids, individuals, and state departments.



### *Casino and horse racing taxes*

The contribution of gambling taxes towards the revenue envelope of the Province is substantial. These taxes are sourced mainly from the five casinos in the Province, limited payout machines, horseracing taxes, and annual licence and registration fees administered by the WCGRB. Gambling taxes are projected be R1.508 billion over the 2022 MTEF with R483.528 million, R501.034 million and R523.530 million budgeted respectively in 2022/23, 2023/24 and 2024/25.

### *Liquor licence fees*

Liquor licence fees are projected to increase at an AAGR of 4.6 per cent from the 2021/22 revised estimate of R37.233 million to R42.607 million in 2024/25. The Department of Community Safety and the WCLA are increasing tariffs annually to allow the WCLA to expand upon its oversight of the liquor industry and strengthen its contribution towards reducing alcohol harms in the Province.

## **Financing and reserves**

Provincial reserves held by the Province allows for flexibility should there be reduction in allocations in the PES and Conditional Grants due to adverse economic or other conditions. Financing from the PRF amounts to R2.340 billion in 2022/23, R1.769 billion in 2023/24 and R1.128 billion in 2024/25, while financing from the AFR amounts to R1.199 billion in 2022/23, R764.564 million in 2023/24 and R783.335 million in 2024/25. Funding from the AFR is for expenditure on infrastructure related delivery within the Province.

The reserve for unforeseen and unavoidable expenditure has been established to provide for unpredicted events that may require an immediate response by the Province. This reserve has been allocated R430.998 million in 2022/23, R550.651 million in 2023/24 and R338.629 million in 2024/25.

The Fiscal Transition Support Facility is in place for departments that have registered a need to introduce programmes to improve efficiencies and reduce costs relating to service delivery and improving their capacity to respond to pressures related to the COVID-19 pandemic. This facility was allocated R105.749 million in 2021/22.

The COVID-19 response reserve was allocated R800 million in 2021/22 but is reduced to R200 million in 2022/23. Although the impact of the COVID-19 pandemic has declined, there may continue to be ongoing demands on the services of the health sector as the country gradually recovers from the pandemic over the medium term.

## ■ Provincial expenditure

Spending for the Province is expected to increase by 4.7 per cent or R3.456 billion from the 2021/22 revised estimate of R73.927 billion to R77.383 billion in 2022/23. This includes the Direct Charges for the remuneration of the members of the provincial legislature of R50.301 million.

*In 2022/23, Provincial spending amounts to R77.383 billion*

Current payments constitute the largest spending category and is driven by CoE followed by Goods and services (G&S). Spending on CoE for 2022/23 amounts to R40.976 billion which represents a 3.8 per cent or R1.501 billion increase from the 2021/22 revised estimate. G&S is expected to increase by R628.8 million or 3.7 per cent from the 2021/22 revised estimate of R17.250 billion to R17.879 billion in 2022/23.

The WCG proposes to transfer funds to institutions in support of delivering its core mandate amounting to R12.760 billion in 2022/23, with Non-Profit Institutions (NPIs) receiving R5.824 billion.

**Table 5.7 Provincial payments and estimates by economic classification, 2018/19 – 2024/25**

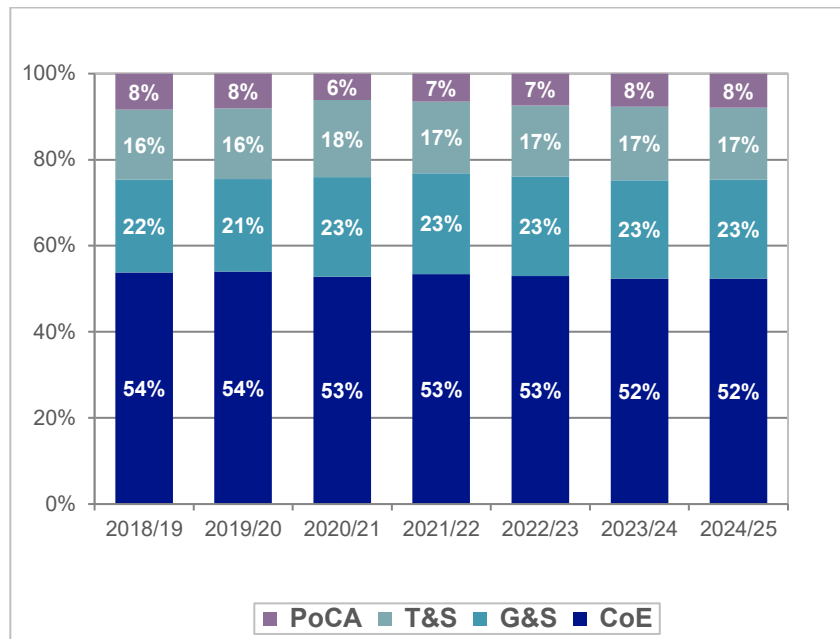
Economic classification R'000	Outcome			Main appro- piation 2021/22	Adjusted appro- piation 2021/22	Revised estimate 2021/22	Medium-term estimate			
	Audited 2018/19	Audited 2019/20	Audited 2020/21				2022/23	% Change from Revised estimate 2021/22	2023/24	2024/25
<b>Current payments</b>	47 427 858	50 977 930	53 376 636	55 422 905	56 795 022	56 726 755	<b>58 856 285</b>	3.75	56 703 896	57 466 064
Compensation of employees	33 826 231	36 492 851	37 164 228	38 316 966	39 484 415	39 476 160	<b>40 976 847</b>	3.80	39 481 010	39 932 252
Goods and services	13 601 443	14 484 992	16 212 304	17 105 804	17 310 472	17 250 460	<b>17 879 303</b>	3.65	17 222 754	17 533 685
Interest and rent on land	184	87	104	135	135	135	<b>135</b>		132	127
<b>Transfers and subsidies to</b>	10 209 298	11 082 152	12 632 090	11 826 595	12 253 989	12 305 163	<b>12 760 541</b>	3.70	12 900 137	12 725 564
Provinces and municipalities	1 742 892	2 092 978	2 367 547	2 395 594	2 333 954	2 340 172	<b>2 331 158</b>	(0.39)	2 260 263	2 323 365
Departmental agencies and accounts	534 969	626 393	606 701	594 371	593 607	594 150	<b>602 172</b>	1.35	577 726	595 521
Higher education institutions	12 509	10 500	11 500		1 294	1 294	<b>190</b>	(85.32)	207	210
Foreign governments and international organisations	395	289	311	312	312	312	<b>338</b>	8.33	355	374
Public corporations and private enterprises	1 436 303	1 222 970	1 338 721	1 277 715	1 282 808	1 282 808	<b>1 284 683</b>	0.15	1 338 182	1 397 808
Non-profit institutions	4 165 933	4 498 988	5 818 686	5 129 783	5 524 130	5 528 736	<b>5 824 088</b>	5.34	6 024 231	5 625 164
Households	2 316 297	2 630 034	2 488 624	2 428 820	2 517 884	2 557 691	<b>2 717 912</b>	6.26	2 699 173	2 783 122
<b>Payments for capital assets</b>	5 276 603	5 459 749	4 301 707	5 093 714	4 827 238	4 830 505	<b>5 710 424</b>	18.22	5 809 500	6 047 236
Buildings and other fixed structures	4 192 182	4 343 608	3 053 037	4 051 674	3 570 987	3 568 858	<b>4 566 126</b>	27.94	4 875 244	5 132 048
Machinery and equipment	1 022 369	992 183	1 160 908	985 112	1 186 066	1 190 254	<b>1 074 509</b>	(9.72)	866 401	849 266
Biological assets										
Land and subsoil assets	32 957	28 214	6 085	8 650	17 390	17 390	<b>9 000</b>	(48.25)	9 350	10 000
Software and other intangible assets	29 095	95 744	81 677	48 278	52 795	54 003	<b>60 789</b>	12.57	58 505	55 922
<b>Payments for financial assets</b>	26 887	13 986	14 960	5 859	8 554	16 700	<b>5 553</b>	(66.75)	5 789	6 097
<b>Total economic classification</b>	62 940 646	67 533 817	70 325 393	72 349 073	73 884 803	73 879 123	<b>77 332 803</b>	4.67	75 419 322	76 244 961
Direct charge	39 320	42 737	47 104	47 997	47 997	47 997	<b>50 301</b>	4.80	52 564	54 925
<b>Total economic classification (including direct charge)</b>	62 979 966	67 576 554	70 372 497	72 397 070	73 932 800	73 927 120	<b>77 383 104</b>	4.67	75 471 886	76 299 886
Of Which:										
Transfers to Municipalities	1 737 597	2 088 278	2 365 119	2 390 073	2 328 430	2 334 651	2 324 131		2 252 736	2 315 338
<i>% of total transfers and subsidies</i>	17.02	18.84	18.72	20.21	19.00	18.97	18.21		17.46	18.19

Note: The economic classifications as taken up in this Budget are in accordance with Version 4 of the Standard Chart of Accounts (SCOA), which became fully effective from 1 April 2014.

CoE for the period 2018/19 to 2024/25 in Figure 5.1 ranges from 52 per cent to 54 per cent of the Province's total spending. In 2022/23, it constitutes 53 per cent and decreases to 52 per cent of provincial spending over the outer years of the 2022 MTEF.

G&S amounts to 23 per cent, while Transfers and subsidies and Payments for capital assets accounts for 16.5 per cent and 7.0 per cent of provincial spending respectively.

**Figure 5.1 Percentage share of economic classification to the total provincial budget, 2018/19 – 2024/25**



Note: CoE – Compensation of employees; G&S - Goods and services; T&S Transfers and subsidies; PoCA – Payments for capital assets

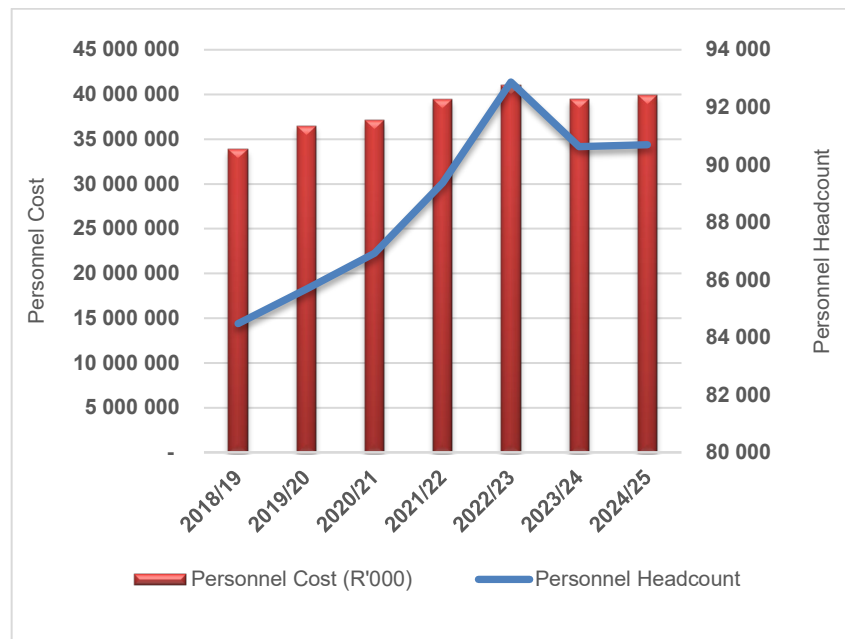
## ■ Compensation of employees

CoE constitutes 53 per cent of the Province's total spend for 2022/23 and reduces as a proportion of spending over the 2022 MTEF. This is mainly testament to the Western Cape CoE Strategy in containing the wage bill and headcount of departments as discussed in Chapter 3.

The continued implementation of the compensation ceilings remains key in curtailing headcounts and is underpinned by bespoke departmental CoE strategies. This is demonstrated in Figure 5.2 where the headcount over the outer years of the 2022 MTEF remains constrained and is associated with the plateaued spending. As mentioned in Chapter 4, the CoE budget assumptions over the 2022 MTEF do not make provision for salary adjustments over the two outer years of the 2022 MTEF, except for pay progression and medical aid and housing allowance increases, while, for the 2022/23 provision has also been made for the continuation of the once-off monthly non-pensionable allowance in terms of the 2021/22 wage agreement.

*Over 2022 MTEF, implementation of personnel expenditure upper limits will continue*

**Figure 5.2 WCG personnel data, 2018/19 – 2024/25**



Over the 2022 MTEF, average growth in CoE spend and headcount amounts to 0.4 per cent and 0.5 per cent

As shown in Table 5.8, CoE spending for 2022/23 is anticipated to increase by 3.8 per cent or R1.501 billion from R39.476 billion in 2021/22 to R40.976 billion in 2022/23. This is largely due to the increase in the headcount of 3 508 posts, mainly within the frontline services departments, that is Education, Health and Transport and Public Works. Notably, the outer years of the 2022 MTEF reflects a 2 176 downward revision in headcount. The average growth in CoE spending over the period 2021/22 to 2024/25 amounts to 0.4 per cent, with average headcount growth amounting to 0.5 per cent.

In 2022/23, headcount growth mainly relates to the provisioning of educator posts

For 2022/23, the Western Cape Education Department's (WCED) headcount increases by 2 862 of which 2 532 are educator posts with the aim of reducing the learner teacher ratio. Additionally, 329 public servant posts mainly support staff at schools have been provided for.

As for the Department of Health, the growth of 272 posts relates to COVID-19 and vaccination programme contract posts, as well as an increase in posts related to the Statutory Human Resources component. Notably, over the outer years a decrease of 2 046 is anticipated due to the termination of contract posts.

The Department of Transport and Public Works' headcount growth in 2022/23 of 279 mainly relates to posts within the Public Works and Transport Infrastructure in response to the need to build education and health facilities as well as economic infrastructure.

To ensure public finances are brought to sustainable levels, it is critical that the wage bill, being the cost driver of the WCG's spending and given its recurrent nature, be managed effectively through the implementation of the Western Cape CoE strategy. While acknowledging that the headcount and wage bill must be managed downwards, departments are still required to ensure ongoing investment in human resources by ensuring that personnel numbers are tailored to departmental goals and service delivery mandates.

**Table 5.8 Personnel numbers and cost by department, 2018/19 – 2024/25**

Cost in R million	Actual						Revised estimate				Medium-term expenditure estimate						Average annual growth over MTEF				
	2018/19		2019/20		2020/21		2021/22				2022/23		2023/24		2024/25		2021/22 - 2024/25				
	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Filled posts	Additional posts	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	Personnel numbers <sup>1</sup>	Costs	growth rate	% Costs of Total	
<b>Notes</b>																					
Department of the Premier	1 264	595 640	1 197	608 708	926	585 619	1 115	1 115	602 652	1 135	640 851	1 135	634 743	1 064	645 149	(1.5%)	4.9%	1.6%			
Provincial Parliament	107	63 580	101	67 988	103	70 417	116	116	80 783	118	91 186	118	93 590	118	96 903	0.5%	4.9%	0.2%			
Provincial Treasury	334	176 277	334	185 805	338	184 513	286	68	354	189 394	391	206 682	379	211 733	365	215 469	1.0%	4.4%	0.5%		
Community Safety	329	142 184	343	152 992	316	150 455	313	313	156 569	343	165 211	343	165 688	343	168 211	3.1%	2.4%	0.4%			
Education	41 313	16 369 721	42 194	17 493 479	42 144	17 577 464	42 781	202	42 983	18 664 191	45 845	19 500 308	45 845	19 427 301	45 845	19 504 590	2.2%	1.5%	48.2%		
Health	33 132	13 515 392	33 282	14 758 597	34 806	15 338 438	35 898	35 898	16 315 032	36 170	16 700 121	33 951	15 309 173	34 124	15 616 584	(1.7%)	(1.4%)	40.0%			
Social Development	2 221	780 770	2 315	855 473	2 539	901 624	2 515	2 515	975 924	2 528	994 173	2 528	1 012 359	2 528	1 012 359	0.2%	1.2%	2.5%			
Human Settlements	473	225 164	498	245 442	446	231 515	440	440	244 733	446	240 236	380	170 000	380	170 000	(4.8%)	(11.4%)	0.5%			
Environmental Affairs and Development Planning	373	218 835	374	225 381	369	224 739	352	18	370	238 554	386	241 071	376	238 303	375	241 150	0.4%	0.4%	0.6%		
Transport and Public Works	2 508	867 260	2 491	978 736	2 597	992 558	2 749	125	2 874	1 063 480	3 153	1 177 477	3 246	1 211 482	3 239	1 236 206	4.1%	5.1%	2.9%		
Agriculture	1 113	376 267	1 233	404 555	1 160	397 823	1 124	57	1 181	405 478	1 113	443 638	1 113	433 787	1 113	440 293	(2.0%)	2.8%	1.1%		
Economic Development and Tourism	245	125 927	265	131 943	233	124 611	265	265	131 667	242	133 289	214	134 161	212	134 161	(7.2%)	0.6%	0.3%			
Cultural Affairs and Sport	660	202 422	647	210 755	550	202 579	557	557	216 825	580	234 250	580	229 760	580	242 426	1.4%	3.8%	0.6%			
Local Government	406	166 792	407	172 997	397	181 873	363	26	389	190 878	428	208 354	420	208 930	416	208 751	2.3%	3.0%	0.5%		
<b>Total<sup>2</sup></b>	<b>84 478</b>	<b>33 826 231</b>	<b>85 681</b>	<b>36 492 851</b>	<b>86 924</b>	<b>37 164 228</b>	<b>88 874</b>	<b>496</b>	<b>89 370</b>	<b>39 476 160</b>	<b>92 878</b>	<b>40 976 847</b>	<b>90 628</b>	<b>39 481 010</b>	<b>90 702</b>	<b>39 932 252</b>	<b>0.5%</b>	<b>0.4%</b>	<b>100.0%</b>		
Direct charge against the Provincial Revenue Fund	31	38 234	31	38 221	31	40 713	31	31	44 196	31	43 719	31	45 468	31	47 510			2.4%			

<sup>1</sup> Personnel numbers includes all filled posts together with those posts additional to the approved establishment.

<sup>2</sup> Total excludes direct charge.

## Goods and services

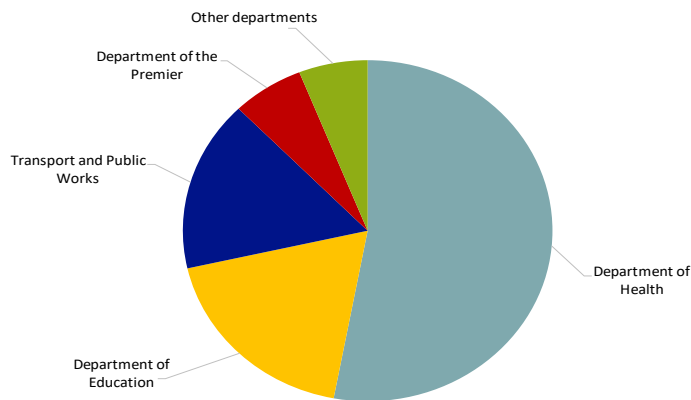
*In 2022/23, Goods and services budget amounts to R17.879 billion*

The 2022/23 budget for G&S amounts to R17.879 billion or 23.1 per cent of the total provincial spend of R77.383 billion. This represents a 3.7 per cent increase from the 2021/22 revised estimate of R17.250 billion. G&S has maintained a higher share of the total budget subsequent to the increased spending on the COVID-19 response in 2020/21. Pre-COVID-19 expenditure on G&S averaged 21 per cent of provincial spending and has since increased to 23 per cent in 2021/22 and going forward over the 2022 MTEF.

Provision for Consumer Price Index (CPI) inflation of 4.2 per cent for 2022/23, 4.3 per cent for 2023/24 and 4.5 per cent for 2024/25 was considered in the budget process. Furthermore, medical inflation, (CPI plus an estimated 2 per cent), was provided for on clinical G&S items by the Department of Health for 2022/23.

Four departments constitute 94.2 per cent or R16.801 billion of the total 2022/23 G&S budget of the R17.879 billion. These include the Department of Health (R9.467 billion or 52.9 per cent), the WCED (R3.308 billion or 18.5 per cent); the Department of Transport and Public Works (R2.904 billion or 16.2 per cent), and the Department of the Premier (R1.122 billion or 6.3 per cent).

**Figure 5.3 Percentage share of Goods and services per department, 2022/23**



Within these departments, provision for G&S budget includes:

- 22.4 per cent or R4.008 billion for purchasing Medical supplies (R2.131 billion) and Medicine (R1.877 billion);
- 19 per cent for payments for property maintenance, municipal and security services (G&S item: Property payments: R3.389 billion) mainly reflected in the Departments of Health and WCED;

- 7.5 per cent for contracting mainly medical services (Department of Health) and maintenance of road infrastructure (Department of Transport and Public Works) (Contractors: R1.336 billion);
- 7.6 per cent or R1.355 billion for providing computer services to departments, mainly in the Department of the Premier's Centre for e-Innovation;
- 6.5 per cent for buying nutrition services at education facilities, as well as medical/nursing staff services (Agency and Outsourced Services, R1.158 billion); and
- 5.8 per cent for laboratory services, mainly by the Department of Health (R1.045 billion).

The budget provision for G&S reflects the increasing demand for health services, including the ongoing response to the COVID-19 pandemic, which is reflected in the provision for personal protective equipment (PPE), laboratory costs, intermediate care hospitals, oxygen, patient and staff transport, as well as other medical and surgical supplies/consumables.

The sustained pressure on provincial budgets reiterates the need to continue on the path of achieving greater efficiency in public spending, including implementing the findings of spending reviews.

## ■ Transfers and subsidies

Allocations towards Transfers and subsidies amount to R12.761 billion in 2022/23. These funds will mainly be transferred to Non-Profit Institutions (NPIs) which amounts to R5.824 billion or 45.6 per cent. When comparing year-on-year spending, Transfers and subsidies increase by R455.378 million or 3.7 per cent in 2022/23, compared to the previous financial year. The increase is largely due to the additional R267.491 million for the employment of education assistants and general school assistants at schools in respect of the Presidential Employment Initiative.

Transfers to NPIs are largely allocated within the WCED with a R3.684 billion or 63.3 per cent share, and the Department of Social Development with R1.011 billion or 17.4 per cent. The WCED transfers to NPIs in 2022/23 are mainly driven by transfers 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. From the 1 April 2022 the transfers in WCED also include the subsidy payments for Early Childhood Development (ECD) for children aged between 0 to 4 years old,

*In 2022/23, Transfers and subsidies amounts to R12.761 billion*

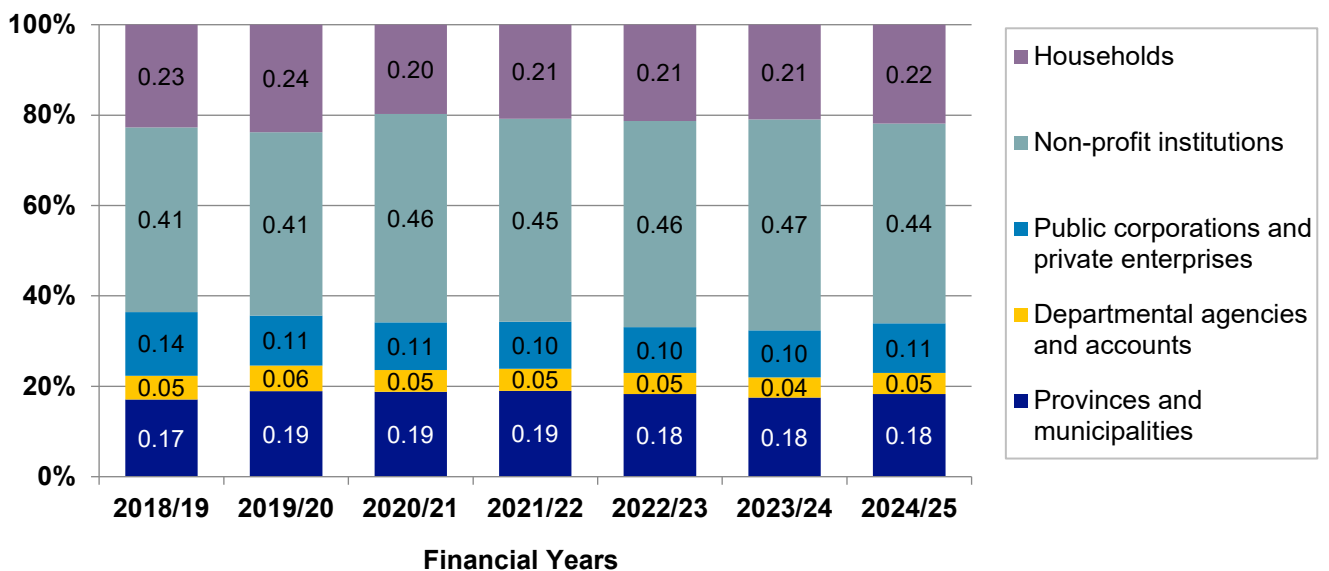


due to a function shift from the Department of Social Development. Furthermore, an allocation was also earmarked as a transfer to schools in respect of the Presidential Youth Employment Initiative for the employment of education assistants and general school assistants amounting to R533.908 million.

The Department of Social Development will transfer R1.011 billion in 2022/23 to fund various NPI programmes. When compared to the previous year, the 2022/23 allocation decreases by R33.036 million or 3.2 per cent, due to the ECD function shift from the Department of Social Development to the WCED with effect from 1 April 2022.

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

**Figure 5.4 Provincial transfers and subsidies: Percentage share per item, 2018/19 - 2024/25**



Total Transfers to households amount to R2.718 billion and constitutes 21 per cent of the total Transfers and subsidies allocation in 2022/23. The main contributor to the Transfers to households' budget, is the Human Settlements Development Grant (HSDG) and the Informal Settlements Upgrading Partnership Grant for Provinces (ISUPG). These Conditional Grants fund housing developments in the Province, of which an amount of R2.028 billion has been allocated to households.

Transfers to provinces and municipalities amount to R2.331 billion and accounts for 18.3 per cent of total transfers in 2022/23. These transfers are made to municipalities with various conditions, with the details to be found in the Provincial Gazette tabled alongside the 2022 Provincial Budget. The total Transfers made to municipalities amounts to R2.324 billion, constituting 99.7 per cent of the total Transfers to provinces and municipalities in 2022/23.

## ■ Transfers to 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 R790.168 million will be transferred to Provincial public entities from various provincial departments in 2022/23. This represents an increase of R53.057 million (7.2 per cent) from the 2021/22 revised estimate of R737.111 million.

*In 2022/23, R790.168 million will be transferred to provincial public entities and provincial government business enterprises*

Casidra's allocation of R188.5 million in 2022/23 increased by R44.071 million (30.5 per cent) mainly due to drought funding.

The Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro) allocation increased by R6.675 million in 2022/23. This increase is mainly as a result of funds allocated for marketing and investment communications campaigns to attract tourists and investors.

The Atlantis Special Economic Zone Company (ASEZ) attained its listing as a provincial government enterprise in December 2021 and will hence no longer form part of Wesgro.

**Table 5.9 Summary of departmental transfers to public entities and business enterprises by transferring department, 2018/19 – 2024/25**

Public entities (transferring vote) R'000	Outcome			Main appropriation 2021/22	Adjusted appropriation 2021/22	Revised estimate 2021/22	Medium-term estimate		
	Audited 2018/19	Audited 2019/20	Audited 2020/21				2022/23	2023/24	2024/25
<b>Major Public Entity</b>									
South African Broadcasting Corporation Limited (Various Votes)	668	767	1 074	1 154	1 212	1 255	1 198	1 207	1 216
<b>National Public Entities</b>									
SETA	17 421	18 597	19 626	20 251	20 250	20 250	21 107	21 722	22 389
Vote 05: Education	9 400	9 927	10 403	10 840	10 840	10 840	11 295	11 781	12 311
Vote 06: Health	5 703	6 126	6 404	6 616	6 616	6 616	6 894	6 894	6 894
Vote 07: Social Development	2 318	2 544	2 819	2 795	2 794	2 794	2 918	3 047	3 184
Agricultural Research Council									
Vote 11: Agriculture							1 000	1 018	1 063
South African Revenue Services									
Vote 11: Agriculture	39	454	6		92	92			
National Agricultural Marketing Council									
Vote 11: Agriculture	500								
National Empowerment Fund									
Vote 12: Economic Development and Tourism	5 000	10 000							
Artscape									
Vote 13: Cultural Affairs and Sport	175	175	200	196	196	196	204	213	213
<b>Provincial Government Business Enterprises</b>									
Casidra SOC Ltd	475 470	206 979	214 205	138 571	144 511	144 511	188 582	142 874	145 657
Vote 11: Agriculture	475 470	206 979	214 205	138 571	144 511	144 511	188 582	142 874	145 657
<b>Western Cape Public Entities</b>									
Western Cape Cultural Commission									
Vote 13: Cultural Affairs and Sport	1 506	524	2 149	600	600	600	627	655	655
Western Cape Gambling and Racing Board									
Vote 3: Provincial Treasury	26 864	37 663	27 744	30 372	26 256	26 256	27 000	30 615	30 010
Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro)	87 027	101 265	124 563	123 011	123 011	123 011	129 686	129 440	135 187
Vote 1: Department of the Premier			5 000						
Vote 11: Agriculture	2 951	2 500	2 500	2 500	2 500	2 500	2 000	2 178	2 211
Vote 12: Economic Development and Tourism	84 076	98 765	117 063	120 511	120 511	120 511	127 686	127 262	132 976
Western Cape Language Committee									
Vote 13: Cultural Affairs and Sport	247	258	240	279	279	279	290	303	303
Western Cape Liquor Authority									
Vote 4: Community Safety	42 702	42 108	51 377	44 144	48 565	48 565	45 688	47 698	49 840
Western Cape Nature Conservation Board	290 531	314 474	297 087	288 757	286 757	286 757	292 090	302 260	310 180
Vote 9: Environmental Affairs and Development Planning	290 531	314 474	297 087	288 757	286 757	286 757	292 090	302 260	310 180
Western Cape Saldanha Bay IDZ Licencing Company (SOC) Ltd									
Vote 12: Economic Development and Tourism	55 632	74 187	42 566	40 054	40 054	40 054	41 977		
Atlantis Special Economic Zone Company									
Vote 12: Economic Development and Tourism	8 323	31 487	29 161	44 387	44 387	44 387	39 182	40 906	42 743
<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	2 236	1 844	550	550	898	898	1 537	1 271	1 289
<b>Total</b>	<b>1 014 341</b>	<b>840 782</b>	<b>810 548</b>	<b>732 326</b>	<b>737 068</b>	<b>737 111</b>	<b>790 168</b>	<b>720 182</b>	<b>740 745</b>

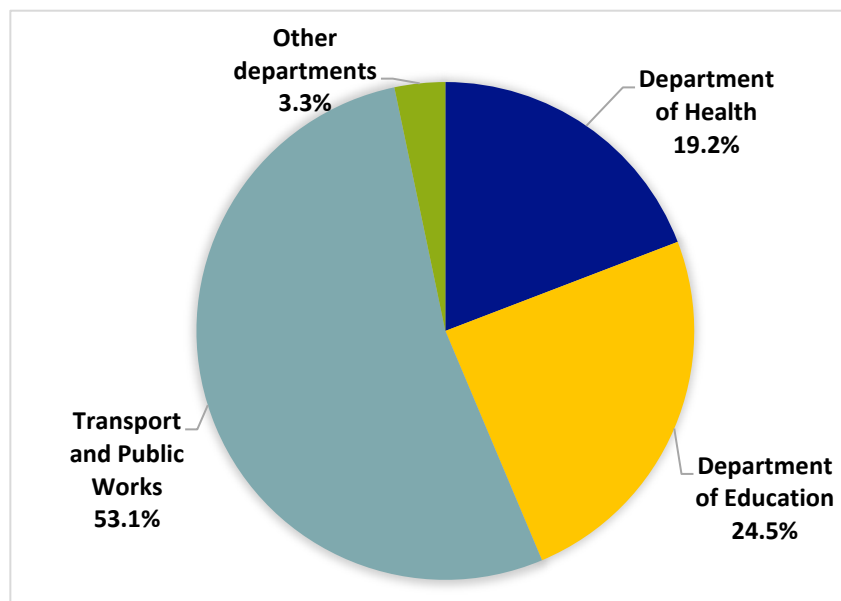
## ■ Payments for capital assets

Payments for capital assets primarily includes provision for infrastructure projects (under Buildings and other fixed structures) and buying Machinery and equipment. Provincial departments have provided a total of R5.710 billion for Payments for capital assets in 2022/23.

*In 2022/23, Payments for capital assets amounts to R5.710 billion*

Three departments account for 96.7 per cent of this budget provision, namely the departments of Transport and Public Works (R3.030 billion), WCED (R1.398 billion) and Health (R1.095 billion).

**Figure 5.5 Percentage share of Payments for capital assets per department, 2022/23**



The Province has allocated 18.8 per cent or R1.075 billion of the total 2022/23 Payments for capital assets budget for medical, transport, construction and maintenance equipment under the item Machinery and Equipment.

Infrastructure expenditure (under the item: Buildings and other fixed structures), is discussed in a separate publication, namely, the 2022 Overview of Provincial and Municipal Infrastructure Investment.

## Nature of infrastructure investment

**Table 5.10 Summary of infrastructure payments and estimates by category, 2018/19 – 2024/25**

Category R'000	Outcome			Main appro- priation 2021/22	Adjusted appro- priation 2021/22	Revised estimate 2021/22	Medium-term estimate % Change from Revised estimate			
	Audited 2018/19	Audited 2019/20	Audited 2020/21				2022/23	2021/22	2023/24	2024/25
<b>Existing infrastructure assets</b>	5 199 644	5 621 065	4 888 068	5 900 455	5 591 266	5 587 706	<b>6 624 892</b>	18.56	6 264 415	6 435 771
Maintenance and repairs	1 975 534	2 154 474	2 198 855	2 408 878	2 410 192	2 404 813	<b>2 715 598</b>	12.92	2 567 656	2 642 697
Upgrades and additions	1 036 617	801 976	710 075	1 011 621	900 485	902 227	<b>1 631 120</b>	80.79	1 418 876	1 605 984
Refurbishment and rehabilitation	2 187 493	2 664 615	1 979 138	2 479 956	2 280 589	2 280 666	<b>2 278 174</b>	(0.11)	2 277 883	2 187 090
<b>New infrastructure assets</b>	979 478	841 162	355 006	582 297	374 755	372 937	<b>685 509</b>	83.81	1 207 912	1 367 800
<b>Infrastructure transfers</b>	1 868 771	2 393 149	2 066 749	2 058 355	2 094 308	2 094 308	<b>2 182 917</b>	4.23	2 179 509	2 248 411
Current	10 492	10 133	21 229	16 750	17 650	17 650	<b>4 000</b>	(77.34)	4 000	4 000
Capital	1 858 279	2 383 016	2 045 520	2 041 605	2 076 658	2 076 658	<b>2 178 917</b>	4.92	2 175 509	2 244 411
<b>Infrastructure payments for financial assets</b>										
<b>Infrastructure leases</b>										
<b>Non Infrastructure</b>	601 153	823 935	1 040 547	534 553	624 385	629 763	<b>529 926</b>	(15.85)	317 372	314 507
<b>Total provincial infrastructure payments and estimates by category</b>	<b>8 649 046</b>	<b>9 679 311</b>	<b>8 350 370</b>	<b>9 075 660</b>	<b>8 684 714</b>	<b>8 684 714</b>	<b>10 023 244</b>	15.41	9 969 208	10 366 489

Note: Infrastructure payments and estimates excludes, virtual catalytic, agricultural infrastructure and green economy.

### Maintenance and repairs

Infrastructure maintenance will prolong the lifespan and derive maximum value from WCG assets. Funding for maintenance and repairs over the 2022 MTEF accounts for R7.926 billion of the total infrastructure budget, with the largest share investment directed to maintaining roads infrastructure.

### Upgrades and additions

Upgrades and additions account for R4.656 billion of the total infrastructure budget over the 2022 MTEF, of which the Department of Transport and Public Works is allocated R2.194 billion, followed by WCED (R1.928 billion) and Health (R491.590 million).

### Refurbishment and rehabilitation

An amount of R6.743 billion of the total infrastructure budget over the 2022 MTEF is assigned to rehabilitation, renovations and refurbishments. Within this category, the largest share is towards the Department of Transport and Public Works (R5.949 billion), followed by Health (R794.240 million).

### **New infrastructure assets**

An amount of R3.261 billion of the infrastructure budget over the 2022 MTEF is allocated towards new infrastructure assets. Within this category; the largest share over the 2022 MTEF is allocated towards the WCED (R1.940 billion), followed by Transport and Public Works (R792 million) and Health (R496.721 million).

### **Non-infrastructure**

An amount of R1.162 billion of the total infrastructure budget over the 2022 MTEF is assigned to non-infrastructure, which amongst other, provides for human resources capacity in the Department of Health and WCED, and for Human Settlements to support the implementation of approved provincial housing. Furthermore, the allocation makes provision for Health Technology equipment.

## **Conclusion**

The continued implementation of the Western Cape Fiscal Strategy has resulted in an improved provincial fiscal framework. The Fiscal Strategy was complemented by the Western Cape Compensation of Employees Strategy that constrained the provincial wage bill and headcount. The improved fiscal framework has resulted in a responsive, credible, and sustainable 2022 Provincial Budget. The Budget enables the medium term budget policy priorities of a continued COVID-19 response, Jobs, Wellbeing and Safety as well as the enablers of the Western Cape Recovery Plan. Further, the Budget allows for the mitigation of any economic and fiscal risks by creating flexibility through the Provincial reserves especially through the Fiscal Transition Support Facility.

# 6

## Spatial distribution of provincial expenditure

### In brief

- Collectively, provincial departments will spend R77.333 billion across the various municipalities in the Province in 2022/23, of which 70.1 per cent will be spent in the Cape Town Metro noting that the Metro has 65.9 per cent of the population.
- Provincial departments will transfer R2.591 billion of conditional funding to municipalities in 2022/23, of which the City of Cape Town receives R1.505 billion (58.1 per cent), while the local and district municipalities receive R1.042 billion (40.2 per cent) and R12.064 million (0.5 per cent), respectively.
- The Social sector departments (mainly Health and Education) accounts for R63.364 billion (81.9 per cent) of spending, while the Economic sector (mainly Transport and Public Works) accounts for R11.159 billion (14.4 per cent), and the Governance and administration sector accounts for R2.621 billion (3.4 per cent).

### Introduction

This Chapter outlines the spatial distribution of provincial expenditure across the Metro, district and local municipalities.

The intention is to facilitate integrated planning and budgeting between the Province and municipalities. Cooperation between these two spheres of government will maximise public value to improve the lives of residents in the Province.

To this end, the Joint District and Metro Approach (JDMA)<sup>1</sup> has been developed that brings all three spheres of government, which includes national, provincial and local spheres together, in order to drive performance and accountability for more efficient service delivery and meaningful developmental programmes. This is in line with the District Development Model<sup>2</sup>.

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<sup>1</sup> The Joint District and Metro Approach is a geographical and team based, citizen focused approach to provide a series of government services (underpinned by characteristics of developmental local government and good governance, joint planning and collaboration).

<sup>2</sup> The District Development Model consists of a process by which joint and collaborative planning is undertaken at local, district and metropolitan level by all three spheres of governance resulting in a single strategically focused One Plan for each of the 44 districts and 8 metropolitan geographic spaces in the country, wherein the district is seen as the 'landing strip'.

The chapter should be read together with Chapter 3 of the OPMI which outlines spatial spending on infrastructure.

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

Table 6.1 shows that the Western Cape Government (WCG) will spend R77.333 billion in 2022/23, R75.419 billion in 2023/24 and R76.245 billion in 2024/25 across the 30 municipalities in the Province.

**Table 6.1 Provincial payments and estimates by the Cape Metro, district and local municipalities, 2018/19 – 2024/25**

Municipalities R'000	Outcome			Main approp- riation 2021/22	Adjusted approp- riation 2021/22	Revised estimate 2021/22	Medium-term estimate			
	Audited 2018/19	Audited 2019/20	Audited 2020/21				% Change from Revised estimate			
							2022/23	2021/22	2023/24	2024/25
<b>Cape Town Metro</b>	42 461 168	46 460 114	49 425 029	50 393 035	51 646 468	51 658 093	<b>54 243 557</b>	5.00	52 574 658	53 321 573
<b>West Coast Municipalities</b>	3 671 272	3 748 547	3 420 798	3 691 523	3 636 539	3 634 664	<b>3 816 174</b>	4.99	3 467 859	3 474 462
Matzikama	388 458	458 781	447 851	475 021	466 399	465 696	<b>456 659</b>	(1.94)	430 518	441 872
Cederberg	429 337	529 368	545 930	527 541	574 170	573 645	<b>630 921</b>	9.98	588 255	561 878
Bergrivier	361 073	425 746	415 490	343 058	341 550	340 634	<b>387 810</b>	13.85	400 298	371 881
Saldanha Bay	937 349	825 693	682 826	668 204	662 711	661 485	<b>650 190</b>	(1.71)	597 830	645 838
Swartland	896 500	954 140	812 642	933 540	848 592	850 080	<b>947 907</b>	11.51	923 608	911 720
Across wards and municipal projects	658 555	554 819	516 059	744 159	743 117	743 124	<b>742 687</b>	(0.06)	527 350	541 273
<b>Cape Winelands Municipalities</b>	7 989 694	7 970 893	7 997 282	8 226 881	8 323 395	8 320 147	<b>8 711 746</b>	4.71	8 684 961	8 698 794
Witzenberg	748 805	672 339	662 664	708 191	711 450	711 229	<b>694 760</b>	(2.32)	677 242	676 438
Drakenstein	2 387 204	2 259 552	2 258 773	2 153 048	2 205 892	2 204 640	<b>2 349 749</b>	6.58	2 249 819	2 266 627
Stellenbosch	1 649 131	1 613 536	1 811 947	1 509 001	1 529 931	1 527 862	<b>1 556 843</b>	1.90	1 633 035	1 627 639
Breedee Valley	1 651 010	1 748 912	1 831 254	1 790 769	1 915 487	1 915 619	<b>1 952 425</b>	1.92	1 893 628	1 867 109
Langeberg	929 108	969 381	878 745	717 679	719 068	719 153	<b>760 983</b>	5.82	765 483	736 686
Across wards and municipal projects	624 436	707 173	553 899	1 348 193	1 241 567	1 241 644	<b>1 396 986</b>	12.51	1 465 754	1 524 295
<b>Overberg Municipalities</b>	2 183 295	2 535 669	2 447 981	2 668 327	2 640 041	2 634 333	<b>2 884 958</b>	9.51	2 642 722	2 710 887
Theewaterskloof	704 819	891 264	858 794	811 757	804 900	805 963	<b>815 098</b>	1.13	840 950	838 588
Overstrand	442 956	693 180	643 742	583 542	584 489	577 549	<b>659 273</b>	14.15	591 479	568 284
Cape Agulhas	339 654	271 355	285 858	285 313	279 703	280 129	<b>249 546</b>	(10.92)	244 265	290 639
Swellendam	323 772	268 650	298 628	271 331	270 596	270 339	<b>318 584</b>	17.85	287 029	297 604
Across wards and municipal projects	372 094	411 220	360 959	716 384	700 353	700 353	<b>842 457</b>	20.29	678 999	715 772
<b>Garden Route Municipalities</b>	5 733 339	5 941 069	6 021 888	6 315 739	6 542 598	6 538 052	<b>6 498 424</b>	(0.61)	6 499 373	6 463 415
Kannaland	191 402	194 672	180 877	192 050	191 164	190 933	<b>187 953</b>	(1.56)	195 372	206 984
Hessequa	296 016	318 101	307 844	325 122	325 464	325 182	<b>354 819</b>	9.11	372 026	342 464
Mossel Bay	713 491	860 252	831 258	706 952	861 595	860 927	<b>847 299</b>	(1.58)	773 145	778 915
George	2 111 132	2 162 886	2 244 401	2 234 365	2 337 940	2 336 495	<b>2 229 670</b>	(4.57)	2 242 160	2 192 421
Oudtshoorn	974 899	880 726	840 200	814 420	824 278	823 810	<b>824 966</b>	0.14	845 049	848 608
Bitou	261 033	246 893	233 969	243 169	250 427	250 196	<b>247 952</b>	(0.90)	268 829	246 293
Knysna	517 511	513 545	471 826	505 087	505 230	505 018	<b>552 337</b>	9.37	562 664	559 354
Across wards and municipal projects	667 855	763 994	911 513	1 294 574	1 246 500	1 245 491	<b>1 253 428</b>	0.64	1 240 128	1 288 376
<b>Central Karoo Municipalities</b>	901 878	877 525	1 012 415	1 050 151	1 043 657	1 041 729	<b>989 056</b>	(5.06)	1 334 669	1 347 539
Laingsburg	63 389	101 924	95 355	84 782	69 722	69 572	<b>78 369</b>	12.64	80 608	80 122
Prince Albert	138 417	94 607	122 596	104 894	103 686	104 048	<b>76 729</b>	(26.26)	74 737	75 772
Beaufort West	523 555	545 084	582 585	544 997	550 127	550 310	<b>550 827</b>	0.09	545 256	550 382
Across wards and municipal projects	176 517	135 910	211 879	315 478	320 122	317 799	<b>283 131</b>	(10.91)	634 068	641 263
Unallocated				3 417	52 105	52 105	<b>188 888</b>	262.51	215 080	228 291
<b>Total provincial expenditure by district and local municipality</b>	62 940 646	67 533 817	70 325 393	72 349 073	73 884 803	73 879 123	<b>77 332 803</b>	4.67	75 419 322	76 244 961

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

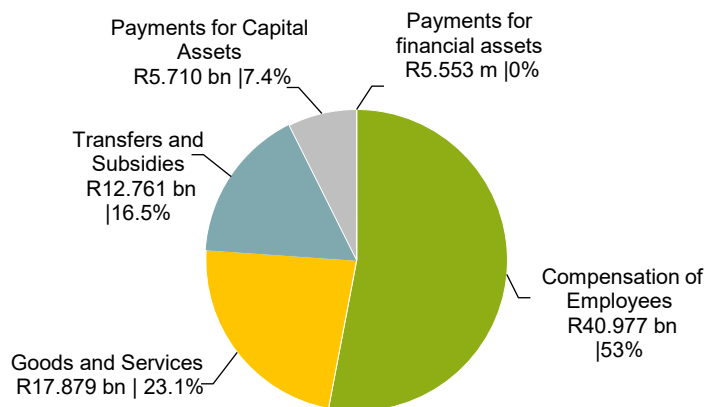


The 2022/23 provincial expenditure distribution per region is as follows: the Cape Town Metro is allocated R54.244 billion; the Cape Winelands is allocated R8.712 billion; the Garden Route is allocated R6.498 billion; the West Coast is allocated R3.816 billion; the Overberg is allocated R2.885 billion; and the Central Karoo is allocated R989.056 million.

Provincial expenditures, from an economic classification perspective, are disaggregated into four categories, which include: Current Payments (payments made by departments for its operational requirements); Transfer and Subsidies (transfers to households, entities, municipalities, private enterprises and non-profit institutions); Payment for Financial Assets; and Payment for Capital Assets (buildings, machinery and equipment).

Figure 6.1 shows the economic classification of the 2022/23 provincial budget: R40.977 billion (53.0 per cent) will be spent on Compensation of Employees, R17.879 billion (23.1 per cent) will be spent on the procurement of Goods and Services. Transfers and Subsidies will amount to R12.761 billion (16.5 per cent) and payments for capital assets equates to R5.710 billion (7.4 per cent).

**Figure 6.1 Provincial payments by economic Classification, 2022/23**



Provincial budget expenditures 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, still benefit local communities.

**Figure 6.2 Provincial budget allocation at district level, 2022/23 (R'billion and per capita)**

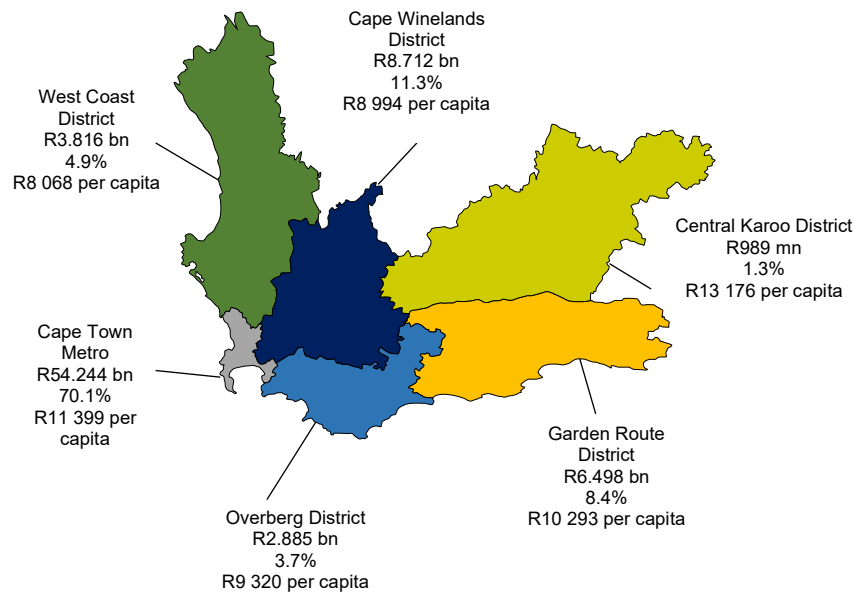


Figure 6.2 shows the spatial distribution of the 2022/23 budget across the Cape Metro and the five district areas of the Western Cape.

The allocation to municipalities is influenced by the priorities as informed by the Western Cape Recovery Plan - Jobs, Safety and Wellbeing; the JDMA; the socio-economic dynamics and the spatial distribution of the population; socio-economic challenges; and the location of service providers.

### 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 13.4 per cent of the Western Cape's residents. The District's population is expected to grow at an average annual rate of 1.3 per cent, rising from an estimated 968 595 people in 2022 to 1 007 913 in 2025.

The aggregate 2022/23 provincial budget for the CWD amounts to R8.712 billion (R8 994 per capita) to accommodate the increased population growth, and in-migration, and the subsequent demand for government services. The District accounts for 15.8 per cent of all provincial expenditure in the Economic sector, 10.9 per cent in the Social sector, and 1.7 per cent in the Governance and Administration sector. Within the District, the Breede Valley municipal area will receive the highest provincial expenditure per capita (R9 956) while Witzenberg will receive the lowest provincial expenditure per capita (R4 521) in 2022/23.

Total provincial infrastructure expenditure in the CWD will, in 2022/23, amount to R1.171 billion of which 59.4 per cent will be spent on roads and public works, and 25 per cent on the development of human settlements across the District.

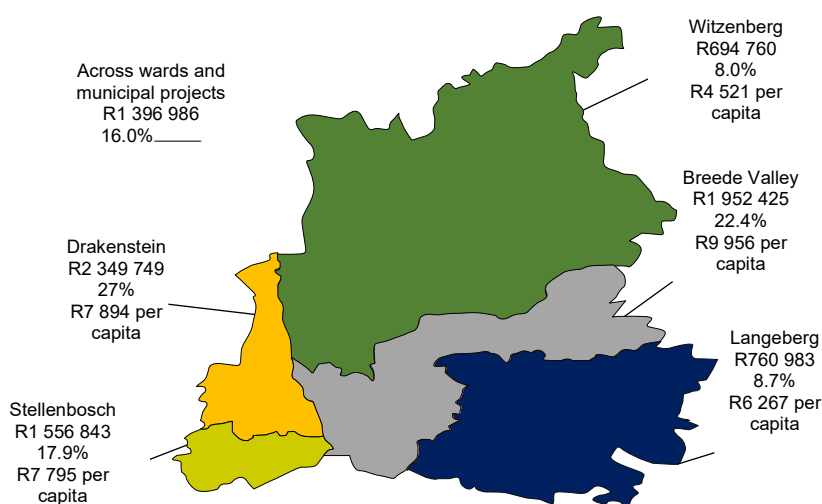
*Total provincial expenditure within the Cape Winelands District will amount to R8.712 billion in 2022/23*

*Breede Valley receives the largest provincial expenditure per capita in the Cape Winelands District*

Figure 6.3 illustrates that within the CWD, the Drakenstein municipal area will be the recipient of the largest portion of the 2022/23 provincial budget (27.0 per cent) followed by Breede Valley (22.4 per cent) and Stellenbosch (17.9 per cent). Total provincial transfers to Drakenstein will, in 2022/23, amount to R69.705 million.

With the exception of Witzenberg, provincial budget allocations for 2022/23 increase across all municipal areas in the CWD.

**Figure 6.3 Cape Winelands District: Provincial budget distribution in local municipal areas, 2022/23 (R'000)**



## Garden Route District

The Garden Route District (GRD) is the second largest district economy of the Western Cape, serving the south eastern parts of the Western Cape. 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 2022 and 2025 (0.5 per cent). However, the Bitou Municipality is the fastest growing municipal area in the Province with an annual average population growth of 2.7 per cent over the same period.

The aggregate provincial budget for the GRD amounts to R6.498 billion (8.4 per cent) of the provincial budget in 2022/23. Total provincial expenditure in the District will amount to R10 293 per capita.

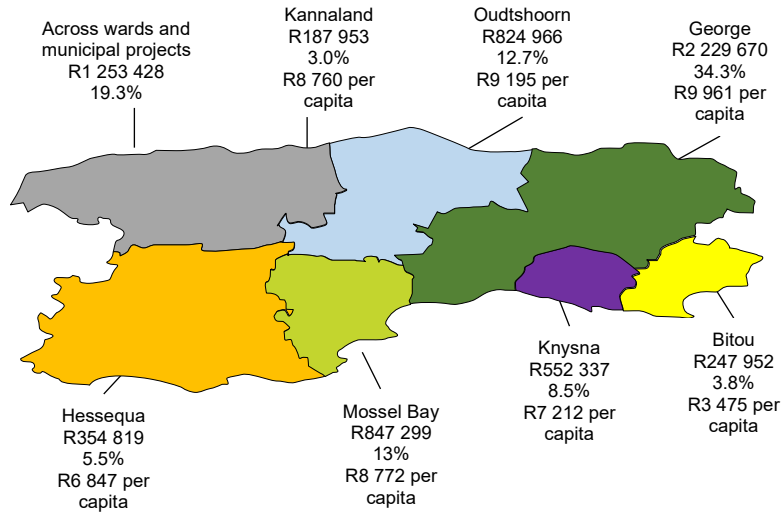
Within the District, the George municipal area will receive the highest provincial expenditure per capita (R9 961), whereas Bitou receives the lowest (R3 475) in 2022/23.

Total provincial infrastructure expenditure in the GRD will, in 2022/23, amount to R976.936 million of which 54.1 per cent will be spent on roads

*Total provincial expenditure within the Garden Route District will amount to R6.498 billion in 2022/23*

and public works, and 32.8 per cent on the development of human settlements across the District.

**Figure 6.4 Garden Route District: Provincial budget distribution in local municipal areas, 2022/23 (R'000)**



### West Coast District

Total provincial expenditure within the West Coast District will amount to R3.816 billion in 2022/23

The West Coast District's (WCD) population is expected to grow at an average annual rate of 1.3 per cent between 2022 and 2025 which is on par with the Western Cape's rate of 1.4 per cent across the same period.

Provincial departments will be spending R3.816 billion (or 4.9 per cent) of the 2022/23 provincial budget in the WCD. Within the District, Swartland (24.8 per cent) and Saldanha Bay (17.0 per cent) local municipal areas are allocated the largest share of the 2022/23 provincial budget. Bergvrievier will receive the smallest allocation (10.2 per cent).

**Figure 6.5 West Coast District: Provincial budget distribution in local municipal areas, 2022/23 (R'000)**

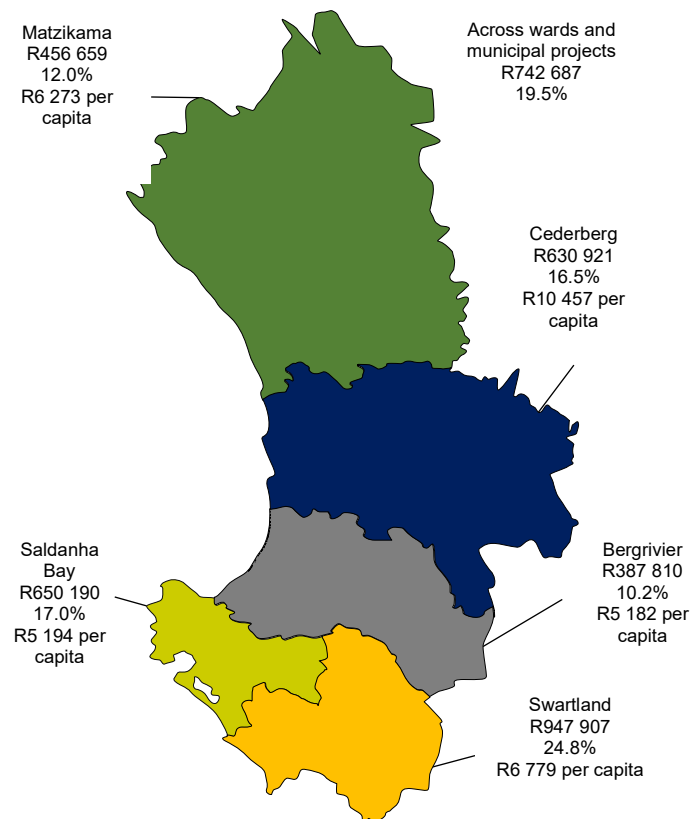


Figure 6.5 illustrates the provincial budget split between the local municipalities in the West Coast District. The District will receive the lowest provincial expenditure per capita (R8 068) in the Western Cape. Amongst the various local municipalities, Cederberg receives the largest provincial expenditure per capita (R10 457), whereas Bergrivier will receive the lowest provincial expenditure (R5 182) per capita.

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

The total provincial infrastructure expenditure in the WCD is R554.447 million in 2022/23 of which R230.790 million (41.6 per cent) will be spent on road infrastructure and public works, and R155.1 million (28 per cent) on human settlements in the region. A significant share (19.5 per cent) of the provincial spending within the WCD spans across wards and municipalities.

### Overberg District

The Overberg District (OD) currently (2022) has a population size of 309 551 people which is estimated to expand to 323 058 by 2025. This equates to an average annual growth rate of 1.4 per cent. The OD has the second smallest population in the Western Cape.

The WCG will spend R2.885 billion or (3.7 per cent) of the 2022/23 provincial budget in the OD. The largest share of this amount (R815.1 million; 28.3 per cent) will be directed towards the Theewaterskloof municipal area

while Cape Agulhas will receive the smallest percentage (R249.546 million; 8.6 per cent).

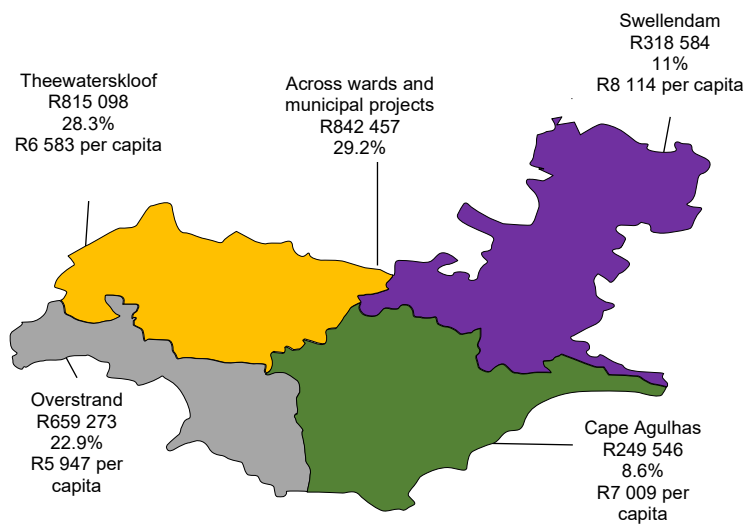
The OD will receive the fourth largest provincial expenditure per capita (R9 320) in the Province which includes, expenditure of R7 311 in the Social sector and R1 996 in the Economic sector. Of the WCG's total expenditure towards the Economic Sector, 5.5 per cent will be spent in the OD while 3.6 per cent will be spent in the Social Sector.

*Swellendam receives the largest provincial expenditure per capita in the Overberg District*

As depicted in Figure 6.6, Swellendam receives the highest provincial expenditure per capita (R8 114), whereas Overstrand will receive the lowest (R5 947).

The total provincial expenditure on infrastructure in the region for 2022/23 will be R932.445 million of which R688.573 million (73.8 per cent) will be spent on transport and public works and R181.290 million (19.4 per cent) on human settlements.

**Figure 6.6 Overberg District: Provincial budget distribution in local municipal areas, 2022/23 (R'000)**



### Central Karoo District

The population of the Central Karoo District (CKD) is at 75 064 people in 2022, the least populated district in the Western Cape. The region is expected to decline in population by 0.02 per cent (average annual growth) towards 2025.

*Total provincial expenditure within the Central Karoo District will amount to R989.056 million in 2022/23*

Provincial departments will spend an amount of R989.056 million (1.3 per cent) of the total 2022/23 provincial budget in the CKD. Given its relatively small size, the CKD will subsequently receive the highest provincial expenditure per capita in the Province (R13 176).

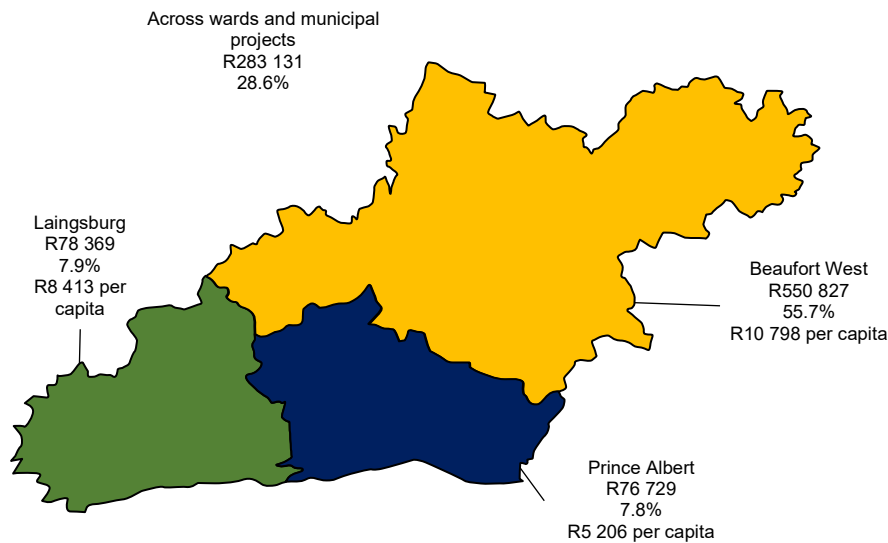
As illustrated in Figure 6.7, Beaufort West is the local municipality with the highest provincial expenditure in the District at R10 798 per capita while

Prince Albert will receive the lowest provincial expenditure at R5 206 per capita in 2022/23. 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 (28.6 per cent).

Total provincial infrastructure expenditure for the region will amount to R307.287 million in 2022/23 of which the majority (R297.715 million; 96.9 per cent) will be spent on transport infrastructure and public works.

The bulk of provincial spending within the District (55.7 per cent) will occur in Beaufort West, the largest town in the region in terms of its economic and demographic profile, followed by Laingsburg (7.9 per cent) and Prince Albert (7.8 per cent).

**Figure 6.7 Central Karoo District: Provincial budget distribution in local municipal areas, 2022/23 (R'000)**



## Provincial payments and estimates per sector by district and local municipalities

Table 6.2 provides a breakdown of provincial spending at a district level according to the three functional government sectors, namely the Economic, Social and Governance and Administration.

**Table 6.2 Summary of provincial payments and estimates per sector by district and local municipality, 2018/19 – 2024/25**

Cluster estimates R'000	Outcome						Medium-term estimate			
	Audited	Audited	Audited	Main	Adjusted	Revised	% Change from Revised estimate			
	2018/19	2019/20	2020/21	2021/22	2021/22	2021/22	2022/23	2021/22	2023/24	2024/25
<b>Economic Sector</b>	9 962 787	10 599 691	10 475 515	11 261 984	11 145 715	11 145 715	<b>11 159 000</b>	0.12	11 251 510	11 642 466
Cape Town Metro	5 072 790	6 484 298	6 862 486	7 224 326	7 104 938	7 105 222	<b>7 001 890</b>	(1.45)	7 009 360	7 264 794
West Coast District	931 018	778 616	430 081	492 226	519 540	519 540	<b>497 665</b>	(4.21)	265 149	271 852
Cape Winelands District	2 176 321	1 725 133	1 606 427	1 704 769	1 652 696	1 652 696	<b>1 764 974</b>	6.79	1 856 585	1 915 553
Overberg District	337 038	453 227	386 580	486 327	493 440	493 440	<b>617 948</b>	25.23	462 313	490 768
Garden Route District	1 208 193	994 155	906 677	1 103 115	1 119 309	1 119 025	<b>1 006 761</b>	(10.03)	1 027 018	1 064 351
Central Karoo	237 427	164 262	283 264	251 221	255 792	255 792	<b>269 762</b>	5.46	631 085	635 148
<b>Social Sector</b>	50 808 012	54 584 833	57 540 180	58 504 396	60 125 429	60 125 317	<b>63 364 058</b>	5.39	61 262 880	61 882 573
Cape Town Metro	35 333 673	37 744 273	40 331 490	40 680 422	42 109 613	42 126 514	<b>44 682 574</b>	6.07	42 936 632	43 621 340
West Coast District	2 728 700	2 957 423	2 983 799	3 189 570	3 097 637	3 095 765	<b>3 311 750</b>	6.98	3 196 455	3 196 545
Cape Winelands District	5 766 123	6 202 394	6 352 357	6 479 124	6 614 541	6 611 294	<b>6 902 905</b>	4.41	6 786 110	6 744 080
Overberg District	1 835 751	2 070 582	2 049 940	2 170 378	2 131 632	2 125 924	<b>2 263 241</b>	6.46	2 176 484	2 215 710
Garden Route District	4 492 408	4 926 945	5 101 852	5 196 839	5 399 671	5 395 411	<b>5 486 453</b>	1.69	5 465 813	5 394 574
Central Karoo	651 357	683 216	720 742	788 063	772 335	770 409	<b>717 135</b>	(6.92)	701 386	710 324
<b>Governance and Administration Sector</b>	2 169 847	2 349 293	2 309 698	2 579 276	2 561 554	2 555 986	<b>2 620 857</b>	2.54	2 689 852	2 491 631
Cape Town Metro	2 054 705	2 231 543	2 231 053	2 488 287	2 431 917	2 426 357	<b>2 559 093</b>	5.47	2 628 666	2 435 439
West Coast District	11 554	12 508	6 918	9 727	19 362	19 359	<b>6 759</b>	(65.09)	6 255	6 065
Cape Winelands District	47 250	43 366	38 498	42 988	56 158	56 157	<b>43 867</b>	(21.89)	42 266	39 161
Overberg District	10 506	11 860	11 461	11 622	14 969	14 969	<b>3 769</b>	(74.82)	3 925	4 409
Garden Route District	32 738	19 969	13 359	15 785	23 618	23 616	<b>5 210</b>	(77.94)	6 542	4 490
Central Karoo	13 094	30 047	8 409	10 867	15 530	15 528	<b>2 159</b>	(86.10)	2 198	2 067
<b>Unallocated</b>				3 417	52 105	52 105	<b>188 888</b>	262.51	215 080	228 291
<b>Total payments and estimates per sector</b>	62 940 646	67 533 817	70 325 393	72 349 073	73 884 803	73 879 123	<b>77 332 803</b>	4.67	75 419 322	76 244 961

Note: Unallocated not yet allocated to a specific district.

*The Social sector accounts for the largest share of the 2022/23 provincial budget*

Provincial expenditure towards the various municipal areas, will in 2022/23, mostly be concentrated within the Social sector (R63.364 billion; 81.9 per cent) which aligns itself to the wellbeing and safety focus areas within the Western Cape Recovery Plan. Expenditure towards the Economic sector will, in turn, amount to R11.159 billion (14.4 per cent) while R2.621 billion (3.4 per cent) will be directed towards the Governance and Administration sector.

*The Cape Metro received the largest share of provincial expenditure within the Economic Sector*

Provincial expenditure in both the Economic and Social sectors are closely 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 2022/23 have accordingly been made towards the Cape Metro (65.9 per cent of the total provincial population in 2021), Cape Winelands (13.4 per cent) and Garden Route (8.7 per cent) Districts.

Within the Economic sector, the Cape Metro will receive 62.7 per cent of the Provincial spending, followed by the Cape Winelands (15.8 per cent) and Garden Route (9.0 per cent) Districts in 2022/23. Overall expenditure within the Economic sector remains constant between the 2021/22 revised estimates and the 2022/23 main appropriation. The largest percentage increase within the Economic sector can be attributed to the Overberg District i.e., increasing by 25.2 per cent.



Similar to the Economic sector, the Cape Town Metro will also receive the largest portion (70.5 per cent) of the Social sector spending. This allocation is followed by the Cape Winelands (10.9 per cent) and Garden Route (8.7 per cent) Districts in 2022/23.

Population size is less of a determining factor when allocating expenditure towards the Governance and Administrative sector. Also, as the WCG's head office is based in the Cape Town Metro, the majority of this sector's expenditure will mainly be spent by the Cape Metro (97.6 per cent) in 2022/23, for the benefit of the Province.

## Provincial transfers to local government

**Table 6.3 Summary of provincial transfers to local government by category**

Vote transfers R'000	Outcome			Main appro- priation 2021/22	Adjusted appro- priation 2021/22	Revised estimate 2021/22	Medium-term estimate % Change from Revised estimate			
	Audited 2018/19	Audited 2019/20	Audited 2020/21				2022/23	2021/22	2023/24	2024/25
Category A: Metropolitan	1 063 716	1 242 572	1 422 810	1 932 491	1 493 445	1 493 445	1 504 773	0.76	1 453 722	1 493 112
Category B: Local municipalities	1 527 155	1 833 705	1 528 820	1 537 230	1 728 624	1 728 516	1 041 610	( 39.74)	1 048 044	834 894
Category C: District municipalities	30 744	17 755	18 704	24 689	38 585	38 597	12 064	( 68.74)	12 467	13 615
Unallocated				75 780	5 596	5 596	32 988	4 89.49	76 290	85 558
<b>Total departmental transfers to local government</b>	<b>2 621 615</b>	<b>3 094 032</b>	<b>2 970 334</b>	<b>3 570 190</b>	<b>3 266 250</b>	<b>3 266 154</b>	<b>2 591 435</b>	<b>-21</b>	<b>2 590 523</b>	<b>2 427 179</b>

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 2022 Medium Term Expenditure Framework (MTEF) to the three municipal categories allowed for by the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998). These categories are:

- Category A: Metropolitan municipalities
- Category B: Local municipalities
- Category C: District municipalities

Given its demographic predominance, the majority of the 2022/23 allocation will be directed towards the Cape Metro (Category A) with total allocations amounting to R1.505 billion (58.1 per cent). Allocations to local and district municipalities will be R1.042 billion (40.2 per cent) and R12.064 million (0.5 per cent) respectively.

The total provincial transfers to municipalities in 2022/23 decreased by 20.7 per cent from R3.266 billion in 2021/22 (revised estimates). Looking forward, transfers will decrease towards 2023/24 (-0.04 per cent) and 2024/25 (-6.3 per cent). The decline is mainly attributed to the fact that a significant portion of transfers being administered by the Department of Human Settlements is retained in the 2022 MTEF, which particularly impact on the allocations to the Category B municipalities.

*The City of Cape Town will receive transfers to the value of R1.505 billion in 2022/23*

In 2022/23, transfers to the Category A municipality's (i.e., the Cape Town Metro) will increase by 0.8 per cent to R1.505 billion from the 2021/22 revised estimate of R1.493 billion.

Conversely, the allocation to Category B municipalities decreases by 39.7 per cent from the 2021/22 revised estimate of R1.729 billion to R1.042 billion in 2022/23.

Transfer allocations towards Category C municipalities decreased significantly (68.7 per cent) between the 2021/22 revised estimate (R38.597 million) and 2022/23 (R12.064 million). The reduction is mainly due to once-off allocations made to district municipalities in 2021/22 for support related to the JDMA.

A significantly smaller portion (R32.998 million; 1.3 per cent) of the transfers to local government will, in 2022/23, be reserved as unallocated for municipal support initiatives by Provincial Treasury and the Department of Local Government. These allocations will be determined in the 2022 Adjusted Estimates.

The full details of the budget allocations are located in the Local Government Gazette.

## ■ Conclusion

The Western Cape is faced with significant social and economic challenges and competing priorities whilst having limited resources. The WCG uses an evidence-based approach to make well-informed and justifiable investment decisions that will promote inclusive economic growth and improve socio-economic outcomes.

The spatial and sectoral distribution of the 2022 Budget is informed by the current socio-economic realities, policies and strategies that collectively confront the Province and municipalities.

The majority of the WCG's budget is allocated to the social and economic sectors. It bears testimony to the Province's commitment to advance inclusive economic growth, combat poverty, crime and other social ills and to create public value by improving the quality of life for all citizens in the Province.

# Annexures

Annexure A: Additional tables

## Annexure A

## Additional tables

Table A.1 Conditional grants: Information relating to Chapter 4

Vote and grant R'000	2018/19			2019/20			2020/21			2021/22			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	2022/23	2023/24	2024/25
<b>Vote 4: Community Safety</b>	7 957	7 957	7 957	3 920	3 920	3 920	4 961	4 961	4 961	3 863	3 863	3 863	<b>3 821</b>		
Social Sector EPWP Incentive Grant for Provinces	7 957	7 957	7 957	3 920	3 920	3 920	4 961	4 961	4 961	3 863	3 863	3 863	<b>3 821</b>		
<b>Vote 5: Education</b>	1 528 709	1 556 350	1 527 009	1 637 012	1 665 772	1 636 877	1 697 328	1 594 626	1 594 626	1 797 738	1 842 637	1 842 637	<b>1 885 952</b>	1 822 160	1 904 561
Education Infrastructure Grant	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	1 158 098	1 158 098	1 158 098	<b>1 236 077</b>	1 180 389	1 233 451
Maths, Science and Technology Grant	32 583	32 583	29 682	34 416	37 317	28 015	35 479	37 786	37 786	36 347	54 742	54 742	<b>37 184</b>	37 135	38 746
<i>HIV and AIDS (Life Skills Education) Grant</i>	20 704	22 043	22 043	21 800	21 800	21 800	19 878	15 076	15 076	20 368	20 368	20 368	<b>17 822</b>	18 071	18 939
<i>Learners with Profound Intellectual Disabilities Grant</i>	25 733	26 206	25 521	26 198	26 883	23 952	28 499	31 319	31 319	28 553	28 892	28 892	<b>33 451</b>	31 069	32 982
National School Nutrition Programme Grant	357 097	357 097	357 097	385 202	385 202	375 515	412 548	415 895	415 895	434 387	441 319	441 319	<b>451 289</b>	467 538	488 535
Social Sector EPWP Incentive Grant for Provinces	30 402	30 402	30 402	17 101	17 101	17 034	20 016	20 016	20 016	15 527	15 527	15 527	<b>12 322</b>		
Expanded Public Works Programme Integrated Grant for Provinces	2 221	2 221	2 221	2 485	2 485	2 485	2 594	2 594	2 594	2 185	2 185	2 185	<b>1 941</b>		
Early Childhood Development Subsidy Component	38 893	38 893	38 312	40 479	40 479	40 476	87 152	140 219	140 219	102 273	121 506	121 506	<b>95 866</b>	87 958	91 908
Maintenance Component	30 925	30 925	30 344	32 655	32 655	32 652	78 802	131 869	131 869	89 523	108 756	108 756	<b>82 536</b>	86 038	89 902
	7 968	7 968	7 968	7 824	7 824	7 824	8 350	8 350	8 350	12 750	12 750	12 750	<b>13 330</b>	1 920	2 006
<b>Vote 6: Health</b>	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	6 971 459	6 990 040	6 990 040	<b>7 421 385</b>	7 116 650	7 401 230
National Tertiary Services Grant	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	3 272 981	3 272 981	3 272 981	<b>3 401 057</b>	3 332 007	3 481 646
Health Facility Revitalisation Grant	678 829	717 226	717 226	812 626	812 626	812 626	698 793	698 793	698 793	724 865	714 865	714 865	<b>796 590</b>	805 103	830 223
Human Resources and Training Grant	574 177	574 177	574 177	741 618	767 785	779 596	881 370	869 856	869 856	795 929	801 376	801 376	<b>899 442</b>	887 123	903 926
<i>Statutory Human Resources Component</i>				135 284	161 451	173 262	245 023	245 023	245 023	266 199	271 646	271 646	<b>356 963</b>	369 008	362 548
<i>Training Component</i>	574 177	574 177	574 177	606 334	606 334	606 334	636 347	624 833	624 833	529 730	529 730	529 730	<b>542 479</b>	518 115	541 378
National Health Insurance Grant				19 510	19 510	19 510	19 480	19 480	19 480	17 779	17 779	17 779	<b>43 605</b>	43 272	44 264
District Health Programmes Grant	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	2 147 742	2 170 876	2 170 876	<b>2 268 294</b>	2 049 145	2 141 171
<i>Community Outreach Services Component</i>	96 769	96 769	96 769	112 766	126 392	126 392	179 583	178 106	178 106	186 830	186 830	186 830			
<i>Comprehensive HIV, AIDS Component</i>				1 509 757	1 485 031	1 485 031	1 599 596	1 550 034	1 550 034	1 701 235	1 701 235	1 701 235	<b>1 852 863</b>	1 831 381	1 913 627
<i>Tuberculosis Component</i>				62 994	74 094	74 094	66 458	65 911	65 911	65 696	65 696	65 696			
<i>Human Papillomavirus Vaccine Component</i>	19 599	19 599	19 599	20 697	15 404	15 404	21 835	21 835	21 835	21 584	21 584	21 584			
<i>COVID-19 component</i>								584 084	584 084	156 690	156 690	156 690			
<i>Oncology</i>										20 000	20 000	20 000			
<i>Mental Health Services Component</i>										15 707	18 841	18 841			
Social Sector EPWP Incentive Grant for Provinces	2 447	2 447	2 447	13 495	13 495	13 495	12 195	12 195	12 195	10 122	10 122	10 122	<b>10 291</b>		
Expanded Public Works Programme Integrated Grant for Provinces	2 116	2 116	2 116	2 046	2 046	2 046	2 000	2 000	2 000	2 041	2 041	2 041	<b>2 106</b>		
<b>Vote 7: Social Development</b>	14 452	14 452	13 397							5 283	5 283	5 283	<b>4 978</b>		
Social Sector EPWP Incentive Grant for Provinces	1 485	1 485	1 485							5 283	5 283	5 283	<b>4 978</b>		
<b>Vote 8: Human Settlements</b>	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	2 035 376	2 035 376	2 035 376	<b>2 116 034</b>	2 207 509	2 306 646
Human Settlements Development Grant	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	1 575 285	1 575 285	1 575 285	<b>1 628 418</b>	1 701 511	1 777 924
Expanded Public Works Programme Integrated Grant for Provinces	3 014	3 014	3 014	2 986	2 986	2 986	2 531	2 531	2 531	2 662	2 662	2 662	<b>2 978</b>		
Title Deeds Restoration Grant	50 361	50 361	50 361	64 410	64 410	64 410	67 952	200	200						
Provincial Emergency Housing Grant		83 773			87 188	87 110		70 877	70 877						
Informal Settlements Upgrading Partnership Grant for Provinces										457 429	457 429	457 429	<b>484 638</b>	505 998	528 722

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

Vote and grant R'000	2018/19			2019/20			2020/21			2021/22			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	2022/23	2023/24	2024/25
<b>Vote 9: Environmental Affairs and Development Planning</b>	3 991	3 991	3 991	3 717	3 717	3 717	3 678	3 678	3 678	3 704	3 704	3 704	<b>4 468</b>		
Expanded Public Works Programme Integrated Grant for	3 991	3 991	3 991	3 717	3 717	3 717	3 678	3 678	3 678	3 704	3 704	3 704	<b>4 468</b>		
<b>Vote 10: Transport and Public Works</b>	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	2 245 545	2 288 941	2 288 941	<b>2 101 495</b>	2 185 356	2 289 649
Provincial Roads Maintenance Grant	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	1 099 046	1 142 442	1 142 442	<b>960 309</b>	1 007 837	1 059 248
Expanded Public Works Programme Integrated Grant for Provinces	12 586	12 586	12 586	12 469	12 469	12 469	10 008	10 008	10 008	13 855	13 855	13 855	<b>13 373</b>		
Public Transport Operations	952 824	952 824	952 824	1 006 182	1 006 182	1 006 182	1 073 596	1 073 596	1 073 596	1 132 644	1 132 644	1 132 644	<b>1 127 813</b>	1 177 519	1 230 401
Social Sector Expanded Public Works Programme Incentive Grant for Provinces															
<b>Vote 11: Agriculture</b>	207 543	458 748	457 326	216 373	208 494	206 294	169 138	164 021	164 021	182 152	182 152	182 152	<b>188 786</b>	187 312	196 334
Land Care Programme Grant	4 778	46 678	46 678	5 255	5 255	5 096	5 045	4 985	4 985	5 451	5 451	5 451	<b>5 532</b>	5 680	6 546
Poverty Relief and Infrastructure Development															
Disaster relief grant								25 000	25 000						
Comprehensive Agricultural Support Programme (CASAP)	144 949	316 254	314 832	150 261	151 683	151 683	111 555	89 301	89 301	116 753	116 753	116 753	<b>122 087</b>	121 653	127 116
Provincial Infrastructure															
Disaster Management Grant: Agriculture		38 000	38 000												
Ilima/Letsema Projects Grant	55 662	55 662	55 662	58 779	49 478	47 437	50 464	42 661	42 661	57 721	57 721	57 721	<b>58 993</b>	59 979	62 672
Expanded Public Works Programme Integrated Grant for Provinces	2 154	2 154	2 154	2 078	2 078	2 078	2 074	2 074	2 074	2 227	2 227	2 227	<b>2 174</b>		
<b>Vote 13: Cultural Affairs and Sport</b>	238 077	238 077	238 065	250 204	250 204	250 204	278 493	220 656	220 656	285 077	285 077	285 077	<b>288 755</b>	284 697	295 383
Mass Participation and Sport Development Grant	52 843	52 843	52 828	56 064	56 064	56 063	83 491	60 354	60 354	88 884	88 884	88 884	<b>91 221</b>	91 366	94 214
Community Library Services Grant	176 624	176 624	176 624	186 763	186 763	186 763	186 126	151 426	151 426	188 862	188 862	188 862	<b>190 102</b>	193 331	201 169
Expanded Public Works Programme Integrated Grant for Provinces		3 054	3 057	2 909	2 909	2 909	3 096	3 096	3 096	3 099	3 099	3 099	<b>3 099</b>		
Social Sector EPWP Incentive Grant for Provinces		5 556	5 556	4 468	4 468	4 469	5 778	5 778	5 778	4 232	4 232	4 232	<b>4 333</b>		
<b>Total Conditional grants</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>13 637 073</b>	<b>13 637 073</b>	<b>14 015 674</b>	<b>13 803 684</b>	<b>14 393 803</b>

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

Receipts R'000	Outcome						Medium-term estimate			
	Audited 2018/19	Audited 2019/20	Audited 2020/21	Main appro- piation 2021/22	Adjusted appro- piation 2021/22	Revised estimate 2021/22	2022/23	% Change from Revised estimate 2021/22	2023/24	2024/25
<b>Tax receipts</b>	1 684 941	1 804 408	1 875 326	1 861 437	1 861 437	1 861 437	<b>1 861 914</b>	0.03	1 951 144	2 038 750
Casino taxes										
Horse racing taxes										
Other taxes (Liquor licence fees)										
Motor vehicle licences	1 684 941	1 804 408	1 875 326	1 861 437	1 861 437	1 861 437	<b>1 861 914</b>	0.03	1 951 144	2 038 750
<b>Sales of goods and services other than capital</b>	685 835	754 222	508 005	510 902	520 904	518 923	<b>542 724</b>	4.59	545 349	569 828
Sales of goods and services produced by department (excluding capital assets)	682 714	752 348	507 231	510 093	519 912	517 785	<b>541 515</b>	4.58	544 321	568 754
Sales by market establishments	87 745	89 848	69 164	89 511	90 115	90 126	<b>93 833</b>	4.11	93 934	98 151
Administrative fees	45 402	67 944	43 072	34 019	34 560	34 491	<b>37 193</b>	7.83	37 293	38 967
Agricultural activities										
Inspection fees	1 143	1 177	201	219	219	219	<b>229</b>	4.57	229	239
Licences or permits	32 971	58 615	37 321	29 253	29 253	29 184	<b>31 649</b>	8.45	31 749	33 174
Registration	4 583	44	31	34	34	34	<b>27</b>	(20.59)	27	28
Request for information	6 705	8 108	5 519	4 513	5 054	5 054	<b>5 288</b>	4.63	5 288	5 526
Other										
Other sales	549 567	594 556	394 995	386 563	395 237	393 168	<b>410 489</b>	4.41	413 094	431 636
<i>of which</i>										
Academic services:										
Registration, tuition & examination fees	3 034	10 851	16 387	10 755	11 209	9 932	<b>11 744</b>	18.24	11 898	12 432
Boarding services	12 993	16 848	14 429	14 342	13 648	12 275	<b>14 068</b>	14.61	14 068	14 699
Commission on insurance	16 644	17 514	17 966	18 620	18 874	18 818	<b>19 508</b>	3.67	20 039	20 937
External examinations										
Health services										
Hospital fees	452 026	494 856	299 883	294 351	300 377	300 377	<b>312 925</b>	4.18	312 925	326 975
Laboratory services	8	2 217	3 057	1 958	3 456	3 458	<b>2 046</b>	(40.83)	2 430	2 539
Lost library books										
Miscellaneous capital receipts										
Parking	13	9	( 3 )							
Rental of buildings, equipment and other services	64	248	117	53	53	97	<b>100</b>	3.09	55	58
Sales of goods		12 369	11 988	13 610	13 610	14 212	<b>16 217</b>	14.11	15 759	15 735
Sales of agricultural products										
Sport gatherings										
Subsidised motor transport	260	83		552	552	552	<b>552</b>		552	577
Tender documentation	132	39		44	44	44	<b>40</b>	(9.09)	40	40
Trading account										
Tuition fees	285	293	308	361	46	46	<b>35</b>	(23.91)	35	37
Vehicle repair service	11 027	19 812	13 543	14 090	15 212	15 271	<b>14 880</b>	(2.56)	16 867	18 355
Services rendered	178	231	214	121	448	393	<b>566</b>	44.02	569	594
Photocopies and Replacement:										
Security cards										
Other	39 171	4 935	1 342	1 412	1 412	1 397	<b>1 483</b>	6.16	1 524	1 591
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	3 121	1 874	774	809	992	1 138	<b>1 209</b>	6.24	1 028	1 074

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

Receipts R'000	Outcome			Main appro- piation 2021/22	Adjusted appro- piation 2021/22	Revised estimate 2021/22	Medium-term estimate			
	Audited 2018/19	Audited 2019/20	Audited 2020/21				% Change from Revised estimate			2022/23
<b>Transfers received from</b>	112 269	95 668	37 691	36 071	17 908	15 976	<b>16 694</b>	4.49	16 694	17 444
Other governmental units	7 174	1 000	1 200							
Higher education institutions	34 229	35 631	36 459	36 070	15 976	15 976	<b>16 693</b>	4.49	16 693	17 443
Foreign governments										
International organisations	70 816	55 136								
Public corporations and private enterprises		3 901	32							
Households and non-profit institutions	50			1	1 932		1		1	1
<b>Fines, penalties and forfeits</b>	7 025	8 039	5 026	3 782	3 488	5 583	<b>3 594</b>	(35.63)	3 679	3 844
<b>Interest, dividends and rent on land</b>	14 266	14 495	10 793	4 199	8 298	11 058	<b>5 658</b>	(48.83)	5 783	6 009
Interest	14 266	14 477	7 808	3 912	8 011	10 771	<b>5 658</b>	(47.47)	5 783	6 009
Dividends		18	763							
Rent on land			2 222	287	287	287		(100.00)		
<b>Sales of capital assets</b>	6 905	659	16 062		651	623	<b>5</b>	(99.20)	5	5
Land and subsoil assets		29	7 433							
Other capital assets	6 905	630	8 629		651	623	<b>5</b>	(99.20)	5	5
<b>Financial transactions in assets and liabilities</b>	355 907	219 961	171 683	95 068	104 695	128 594	<b>20 885</b>	(83.76)	21 238	22 193
Arrear wages income										
Loan repayments	91 142	12 014	7 464	22 671	22 671	14 168		(100.00)		
Recovery of previous year's expenditure	233 515	186 853	140 755	63 586	68 990	68 523	<b>12 550</b>	(81.68)	12 677	13 246
Staff debt	12 338	8 125	3 268	5 487	10 061	10 061	<b>5 669</b>	(43.65)	5 851	6 115
Stale cheques										
Unallocated credits	3 407	2 617	1 869	1 976	1 643	1 644	<b>1 719</b>	4.56	1 745	1 823
Cash surpluses	25	8	11 887	1	1	14 352	<b>1</b>	(99.99)	1	1
Other	15 480	10 344	6 440	1 347	1 329	19 846	<b>946</b>	(95.23)	964	1 008
<b>Total departmental receipts</b>	<b>2 867 148</b>	<b>2 897 452</b>	<b>2 624 586</b>	<b>2 511 459</b>	<b>2 517 381</b>	<b>2 542 194</b>	<b>2 451 474</b>	(3.57)	<b>2 543 892</b>	<b>2 658 073</b>

**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 2018/19	Audited 2019/20	Audited 2020/21	Main appro- priation 2021/22	Adjusted appro- priation 2021/22	Revised estimate 2021/22	% Change from Revised estimate			
							2022/23	2021/22	2023/24	2024/25
<b>Current payments</b>	47 427 858	50 977 930	53 376 636	55 422 905	56 795 022	56 726 755	<b>58 856 285</b>	3.75	56 703 896	57 466 064
Compensation of employees	33 826 231	36 492 851	37 164 228	38 316 966	39 484 415	39 476 160	<b>40 976 847</b>	3.80	39 481 010	39 932 252
Salaries and wages	29 694 613	32 052 652	32 554 796	33 525 698	34 697 160	34 665 874	<b>36 036 508</b>	3.95	34 508 976	34 841 081
Social contributions	4 131 618	4 440 199	4 609 432	4 791 268	4 787 255	4 810 286	<b>4 940 339</b>	2.70	4 972 034	5 091 171
Goods and services	13 601 443	14 484 992	16 212 304	17 105 804	17 310 472	17 250 460	<b>17 879 303</b>	3.65	17 222 754	17 533 685
<i>Of which</i>										
Administrative fees	363 694	399 807	388 677	380 033	380 206	380 076	<b>389 489</b>	2.48	370 636	387 878
Advertising	97 993	91 507	81 836	109 850	112 112	113 663	<b>123 619</b>	8.76	98 810	102 515
Minor Assets	79 213	93 501	102 618	97 512	158 016	154 752	<b>103 978</b>	(32.81)	129 270	131 650
Audit cost: External	87 945	89 879	82 420	100 861	101 817	104 322	<b>102 807</b>	(1.45)	98 116	100 559
Bursaries: Employees	20 912	25 670	22 799	26 084	25 071	19 961	<b>26 748</b>	34.00	26 698	27 053
Catering: Departmental activities	42 727	44 584	34 282	32 017	44 065	43 375	<b>29 113</b>	(32.88)	31 601	32 609
Communication (G&S)	98 363	91 222	98 885	109 136	107 875	110 108	<b>114 902</b>	4.35	115 646	114 703
Computer services	927 379	1 068 317	1 192 748	1 222 932	1 317 137	1 312 486	<b>1 355 254</b>	3.26	1 412 164	1 491 839
Consultants and professional services: Business and advisory services	657 888	720 351	751 259	919 390	921 683	917 574	<b>856 319</b>	(6.68)	838 822	887 435
Infrastructure and planning	196 205	269 466	247 420	111 202	404 726	378 793	<b>327 732</b>	(13.48)	300 536	321 465
Laboratory services	705 889	768 894	927 201	1 049 078	1 134 114	1 131 923	<b>1 044 558</b>	(7.72)	916 109	955 691
Scientific and technological services										
Legal costs	67 723	62 051	52 810	69 917	62 005	72 322	<b>70 666</b>	(2.29)	78 995	81 192
Contractors	1 038 853	1 051 320	1 267 150	1 258 017	1 266 520	1 256 566	<b>1 336 469</b>	6.36	1 348 146	1 403 377
Agency and support/outourced services	1 060 682	1 084 850	1 185 396	1 105 424	1 133 544	1 118 784	<b>1 157 751</b>	3.48	1 131 853	1 170 239
Entertainment	806	648	140	1 102	1 026	973	<b>1 148</b>	17.99	1 164	1 177
Fleet services (including government motor transport)	327 167	341 716	289 302	368 325	367 128	354 073	<b>386 995</b>	9.30	398 027	391 258
Housing										
Inventory: Clothing material and accessories	1 226	3 385	1 194	3 181	2 945	2 945	<b>2 252</b>	(23.53)	2 381	2 478
Inventory: Farming supplies										
Inventory: Food and food supplies	58 881	56 237	63 061	66 535	65 331	65 924	<b>68 413</b>	3.78	68 275	69 629
Inventory: Learner and teacher support material	142 117	163 863	92 317	177 104	176 692	184 028	<b>233 972</b>	27.14	202 043	213 641
Inventory: Materials and supplies	11 664	11 726	14 648	14 141	14 574	14 673	<b>19 388</b>	32.13	19 053	19 624
Inventory: Medical supplies	1 526 635	1 670 081	2 023 102	2 028 849	2 061 966	2 046 993	<b>2 131 031</b>	4.11	1 982 546	2 065 216
Inventory: Medicine	1 471 997	1 587 469	1 800 646	1 908 383	1 816 861	1 812 852	<b>1 876 983</b>	3.54	1 868 637	1 921 946
Medsas inventory interface										
Inventory: Other supplies	425 326	369 570	224 082	305 229	310 978	327 036	<b>520 646</b>	59.20	466 603	487 336
Consumable supplies	520 852	551 211	1 179 641	696 645	672 805	669 201	<b>730 315</b>	9.13	677 618	690 957
Consumable: Stationery, printing and office supplies	147 082	153 181	133 749	163 954	161 618	162 204	<b>167 696</b>	3.39	169 168	173 120
Operating leases	280 215	315 278	472 852	394 410	393 470	391 220	<b>361 641</b>	(7.56)	366 884	382 702
Property payments	2 425 375	2 554 839	2 814 760	3 154 311	2 939 154	2 917 396	<b>3 389 030</b>	16.17	3 217 923	3 149 342
Transport provided: Departmental activity	317 499	332 772	267 617	515 788	613 972	623 919	<b>457 128</b>	(26.73)	397 334	556 290
Travel and subsistence	205 829	213 772	129 577	214 067	196 186	194 560	<b>180 281</b>	(7.34)	185 462	188 309
Training and development	135 349	139 727	61 677	127 554	121 378	133 976	<b>148 767</b>	11.04	135 212	142 247
Operating payments	110 528	106 858	81 725	125 221	111 734	115 426	<b>113 206</b>	(1.92)	115 347	118 609
Venues and facilities	23 213	21 847	89 390	216 928	79 833	79 771	<b>17 820</b>	(77.66)	17 561	17 944
Rental and hiring	27 216	29 393	37 323	32 624	33 930	38 585	<b>33 186</b>	(13.99)	34 114	34 655
Interest and rent on land	184	87	104	135	135	135	<b>135</b>		132	127
Interest (Incl. interest on finance leases)	30		8							
Rent on land	154	87	96	135	135	135	<b>135</b>		132	127



**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 2021/22	Adjusted appro- piation 2021/22	Revised estimate 2021/22	Medium-term estimate % Change from Revised estimate			
	Audited 2018/19	Audited 2019/20	Audited 2020/21				2022/23	2021/22	2023/24	2024/25
<b>Transfers and subsidies to (Current)</b>	8 010 892	8 620 581	10 428 037	9 673 269	10 064 564	10 140 562	<b>10 505 924</b>	3.60	10 631 554	10 386 978
Provinces and municipalities	1 633 273	2 001 354	2 254 602	2 318 582	2 235 577	2 241 795	<b>2 295 967</b>	2.42	2 229 539	2 295 388
Provinces	5 295	4 700	2 428	5 521	5 524	5 521	<b>7 027</b>	27.28	7 527	8 027
Provincial Revenue Funds			1							
Provincial agencies and funds	5 295	4 700	2 427	5 521	5 524	5 521	<b>7 027</b>	27.28	7 527	8 027
Municipalities	1 627 978	1 996 654	2 252 174	2 313 061	2 230 053	2 236 274	<b>2 288 940</b>	2.36	2 222 012	2 287 361
Municipal bank accounts	1 606 416	1 844 277	1 806 018	1 895 214	1 978 916	1 978 928	<b>1 855 517</b>	(6.24)	1 834 752	1 898 969
Municipal agencies and funds	21 562	152 377	446 156	417 847	251 137	257 346	<b>433 423</b>	68.42	387 260	388 392
Departmental agencies and accounts	497 297	578 835	571 165	554 794	554 030	554 573	<b>560 695</b>	1.10	535 924	555 335
Social security funds	282	432	159	200	672	673	<b>170</b>	(74.74)		
Departmental agencies (non-business entities)	497 015	578 403	571 006	554 594	553 358	553 900	<b>560 525</b>	1.20	535 924	555 335
South African Broadcasting Corporation (SABC)	668	767	1 074	1 154	1 212	1 255	<b>1 198</b>	(4.54)	1 207	1 216
Western Cape Gambling and Racing Board	26 864	37 663	27 744	30 372	26 256	26 256	<b>27 000</b>	2.83	30 615	30 010
Atlantis Special Economic Zone Company	8 323	31 487	29 161	44 387	44 387	44 387	<b>39 182</b>	(11.73)	40 906	42 743
Environmental Commissioner										
Western Cape Nature Conservation Board	252 859	266 916	261 551	249 180	247 180	247 180	<b>250 613</b>	1.39	260 458	269 994
South African National Roads Agency Limited							<b>1 000</b>		1 018	1 063
Agricultural Research Council										
Destination Marketing Organisation										
Western Cape Tourism, Trade and Investment Promotion Agency	87 027	101 265	124 563	123 011	123 011	123 011	<b>129 686</b>	5.43	129 440	135 187
Western Cape Cultural Commission	1 506	524	2 149	600	600	600	<b>627</b>	4.50	655	655
Western Cape Liquor Board	42 706	42 108	51 377	44 144	48 565	48 565	<b>45 688</b>	(5.92)	47 698	49 840
Western Cape Language Committee	247	258	240	279	279	279	<b>290</b>	3.94	303	303
Artscape	175	175	200	196	196	696	<b>204</b>	(70.69)	213	213
Western Cape Heritage	2 236	1 844	550	550	898	898	<b>1 537</b>	71.16	1 271	1 289
Sector Education and Training Government Motor Trading Account	17 421	18 597	19 626	20 251	20 250	20 250	<b>21 107</b>	4.23	21 722	22 389
Saldanha Bay IDZ Licencing Company SOC Limited	55 632	74 187	42 566	40 054	40 054	40 054	<b>41 977</b>	4.80		
Other	1 351	2 612	8 333	416	470	469	<b>416</b>	(11.30)	418	433
Higher education institutions	2 300	500	1 500		1 294	1 294	<b>190</b>	(85.32)	207	210
Foreign governments and international organisations	395	289	311	312	312	312	<b>338</b>	8.33	355	374
Public corporations and private enterprises	1 436 303	1 222 970	1 338 721	1 277 715	1 282 808	1 282 808	<b>1 284 683</b>	0.15	1 338 182	1 397 808
Public corporations	475 470	216 411	214 205	140 071	144 511	144 511	<b>188 582</b>	30.50	142 874	145 657
Subsidies on products and production (pc)	26 951									
Other transfers to public corporations	448 519	216 411	214 205	140 071	144 511	144 511	<b>188 582</b>	30.50	142 874	145 657
Private enterprises	960 833	1 006 559	1 124 516	1 137 644	1 138 297	1 138 297	<b>1 096 101</b>	(3.71)	1 195 308	1 252 151
Subsidies on products and production (pe)										
Other transfers to private enterprises	960 833	1 006 559	1 124 516	1 137 644	1 138 297	1 138 297	<b>1 096 101</b>	(3.71)	1 195 308	1 252 151
Non-profit institutions	4 102 659	4 431 996	5 769 104	5 039 722	5 469 069	5 473 675	<b>5 674 088</b>	3.66	5 994 231	5 595 164
Households	338 665	384 637	492 634	482 144	521 474	586 105	<b>689 963</b>	17.72	533 116	542 699
Social benefits	153 436	206 822	188 474	196 611	228 912	240 568	<b>211 020</b>	(12.28)	209 175	215 360
Other transfers to households	185 229	177 815	304 160	285 533	292 562	345 537	<b>478 943</b>	38.61	323 941	327 339

**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 2021/22	Adjusted appropriation 2021/22	Revised estimate 2021/22	Medium-term estimate % Change from Revised estimate			
	Audited 2018/19	Audited 2019/20	Audited 2020/21				2022/23	2021/22	2023/24	2024/25
<b>Transfers and subsidies to (Capital)</b>	2 198 406	2 461 571	2 204 053	2 153 326	2 189 425	2 164 601	<b>2 254 617</b>	4.16	2 268 583	2 338 586
Provinces and municipalities	109 619	91 624	112 945	77 012	98 377	98 377	<b>35 191</b>	(64.23)	30 724	27 977
Provinces										
Provincial Revenue Funds										
Provincial agencies and funds										
Municipalities	109 619	91 624	112 945	77 012	98 377	98 377	<b>35 191</b>	(64.23)	30 724	27 977
Municipal bank accounts	109 619	91 624	112 945	77 012	98 377	98 377	<b>35 191</b>	(64.23)	30 724	27 977
Municipal agencies and funds										
Departmental agencies and accounts	37 672	47 558	35 536	39 577	39 577	39 577	<b>41 477</b>	4.80	41 802	40 186
Social security funds										
Departmental agencies (non-business entities)	37 672	47 558	35 536	39 577	39 577	39 577	<b>41 477</b>	4.80	41 802	40 186
South African Broadcasting Corporation (SABC)										
Western Cape Gambling and Racing Board										
Environmental Commissioner										
Western Cape Nature Conservation Board	37 672	47 558	35 536	39 577	39 577	39 577	<b>41 477</b>	4.80	41 802	40 186
Destination Marketing Organisation										
Western Cape Tourism, 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	10 209	10 000	10 000							
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	63 274	66 992	49 582	90 061	55 061	55 061	<b>150 000</b>	172.43	30 000	30 000
Households	1 977 632	2 245 397	1 995 990	1 946 676	1 996 410	1 971 586	<b>2 027 949</b>	2.86	2 166 057	2 240 423
Social benefits										
Other transfers to households	1 977 632	2 245 397	1 995 990	1 946 676	1 996 410	1 971 586	<b>2 027 949</b>	2.86	2 166 057	2 240 423

**Table A.3 Details of provincial payments and estimates by economic classification:  
 Information relating to Chapter 4 (continued)**

Economic classification R000	Outcome						Medium-term estimate			
	Audited	Audited	Audited	Main	Adjusted	Revised	% Change			
	2018/19	2019/20	2020/21	appropri- ation 2021/22	appropri- ation 2021/22	estimate 2021/22	2022/23	2021/22	2023/24	2024/25
<b>Transfers and subsidies to (Total)</b>	10 209 298	11 082 152	12 632 090	11 826 595	12 253 989	12 305 163	<b>12 760 541</b>	3.70	12 900 137	12 725 564
Provinces and municipalities	1 742 892	2 092 978	2 367 547	2 395 594	2 333 954	2 340 172	<b>2 331 158</b>	(0.39)	2 260 263	2 323 365
Provinces	5 295	4 700	2 428	5 521	5 524	5 521	<b>7 027</b>	27.28	7 527	8 027
Provincial Revenue Funds			1							
Provincial agencies and funds	5 295	4 700	2 427	5 521	5 524	5 521	<b>7 027</b>	27.28	7 527	8 027
Municipalities	1 737 597	2 088 278	2 365 119	2 390 073	2 328 430	2 334 651	<b>2 324 131</b>	(0.45)	2 252 736	2 315 338
Municipal bank accounts	1 716 035	1 935 901	1 918 963	1 972 226	2 077 293	2 077 305	<b>1 890 708</b>	(8.98)	1 865 476	1 926 946
Municipal agencies and funds	21 562	152 377	446 156	417 847	251 137	257 346	<b>433 423</b>	68.42	387 260	388 392
Departmental agencies and accounts	534 969	626 393	606 701	594 371	593 607	594 150	<b>602 172</b>	1.35	577 726	595 521
Social security funds	282	432	159	200	672	673	<b>170</b>	(74.74)		
Departmental agencies (non-business entities)	534 687	625 961	606 542	594 171	592 935	593 477	<b>602 002</b>	1.44	577 726	595 521
South African Broadcasting Corporation (SABC)	668	767	1 074	1 154	1 212	1 255	<b>1 198</b>	(4.54)	1 207	1 216
Western Cape Gambling and Racing Board	26 864	37 663	27 744	30 372	26 256	26 256	<b>27 000</b>	2.83	30 615	30 010
Atlantis Special Economic Zone Company	8 323	31 487	29 161	44 387	44 387	44 387	<b>39 182</b>	(11.73)	40 906	42 743
Environmental Commissioner										
Western Cape Nature Conservation Board	290 531	314 474	297 087	288 757	286 757	286 757	<b>292 090</b>	1.86	302 260	310 180
Agricultural Research Council							<b>1 000</b>		1 018	1 063
Destination Marketing Organisation										
Western Cape Tourism, Trade and Investment Promotion Agency (Wesgro)	87 027	101 265	124 563	123 011	123 011	123 011	<b>129 686</b>	5.43	129 440	135 187
Western Cape Cultural Commission	1 506	524	2 149	600	600	600	<b>627</b>	4.50	655	655
Western Cape Liquor Board	42 706	42 108	51 377	44 144	48 565	48 565	<b>45 688</b>	(5.92)	47 698	49 840
Western Cape Language Committee	247	258	240	279	279	279	<b>290</b>	3.94	303	303
Artscape	175	175	200	196	196	696	<b>204</b>	(70.69)	213	213
Western Cape Heritage	2 236	1 844	550	550	898	898	<b>1 537</b>	71.16	1 271	1 289
Sector Education and Training	17 421	18 597	19 626	20 251	20 250	20 250	<b>21 107</b>	4.23	21 722	22 389
Government Motor Trading Account			1 872							
Council for Scientific and Industrial Research (CSIR)										
Saldanha Bay IDZ Licencing Company SOC Limited	55 632	74 187	42 566	40 054	40 054	40 054	<b>41 977</b>	4.80		
Other	1 351	2 612	8 333	416	470	469	<b>416</b>	(11.30)	418	433
Higher education institutions	12 509	10 500	11 500		1 294	1 294	<b>190</b>	(85.32)	207	210
Foreign governments and international organisations	395	289	311	312	312	312	<b>338</b>	8.33	355	374
Public corporations and private enterprises	1 436 303	1 222 970	1 338 721	1 277 715	1 282 808	1 282 808	<b>1 284 683</b>	0.15	1 338 182	1 397 808
Public corporations	475 470	216 411	214 205	140 071	144 511	144 511	<b>188 582</b>	30.50	142 874	145 657
Subsidies on products and production (pc)	26 951									
Other transfers to public corporations	448 519	216 411	214 205	140 071	144 511	144 511	<b>188 582</b>	30.50	142 874	145 657
Private enterprises	960 833	1 006 559	1 124 516	1 137 644	1 138 297	1 138 297	<b>1 096 101</b>	(3.71)	1 195 308	1 252 151
Subsidies on products and production (pe)										
Other transfers to private enterprises	960 833	1 006 559	1 124 516	1 137 644	1 138 297	1 138 297	<b>1 096 101</b>	(3.71)	1 195 308	1 252 151
Non-profit institutions	4 165 933	4 498 988	5 818 686	5 129 783	5 524 130	5 528 736	<b>5 824 088</b>	5.34	6 024 231	5 625 164
Households	2 316 297	2 630 034	2 488 624	2 428 820	2 517 884	2 557 691	<b>2 717 912</b>	6.26	2 699 173	2 783 122
Social benefits	153 436	206 822	188 474	196 611	228 912	240 568	<b>211 020</b>	(12.28)	209 175	215 360
Other transfers to households	2 162 861	2 423 212	2 300 150	2 232 209	2 288 972	2 317 123	<b>2 506 892</b>	8.19	2 489 998	2 567 762
<b>Payments for capital assets</b>	5 276 603	5 459 749	4 301 707	5 093 714	4 827 238	4 830 505	<b>5 710 424</b>	18.22	5 809 500	6 047 236
Buildings and other fixed structures	4 192 182	4 343 608	3 053 037	4 051 674	3 570 987	3 568 858	<b>4 566 126</b>	27.94	4 875 244	5 132 048
Buildings	1 190 842	1 255 367	853 590	1 016 232	775 241	775 347	<b>988 337</b>	27.47	1 536 588	1 652 761
Other fixed structures	3 001 340	3 088 241	2 199 447	3 035 442	2 795 746	2 793 511	<b>3 577 789</b>	28.07	3 338 656	3 479 287
Machinery and equipment	1 022 369	992 183	1 160 908	985 112	1 186 066	1 190 254	<b>1 074 509</b>	(9.72)	866 401	849 266
Transport equipment	373 329	386 356	474 019	413 973	434 970	438 603	<b>443 568</b>	1.13	448 772	453 996
Other machinery and equipment	649 040	605 827	686 889	571 139	751 096	751 650	<b>630 941</b>	(16.06)	417 629	395 270
Heritage assets										
Specialised military assets										
Biological assets										
Land and sub-soil assets	32 957	28 214	6 085	8 650	17 390	17 390	<b>9 000</b>	(48.25)	9 350	10 000
Software and other intangible assets	29 095	95 744	81 677	48 278	52 795	54 003	<b>60 789</b>	12.57	58 505	55 922
<b>Payments for financial assets</b>	26 887	13 986	14 960	5 859	8 554	16 700	<b>5 553</b>	(66.75)	5 789	6 097
<b>Total economic classification</b>	62 940 646	67 533 817	70 325 393	72 349 073	73 884 803	73 879 123	<b>77 332 803</b>	4.67	75 419 322	76 244 961

**Table A.4 Summary of provincial payments on training by vote: Relating to Chapter 4**

Vote R'000	Outcome			Medium-term estimate						
	Audited	Audited	Audited	Main appro- pria- tion	Adjusted appro- pria- tion	Revised estimate	% Change from Revised estimate			
	2018/19	2019/20	2020/21				2021/22	2021/22	2021/22	2022/23
1. Department of the Premier	4 306	4 960	5 638	2 908	2 531	2 531	<b>2 634</b>	4.07	2 641	2 654
2. Provincial Parliament	364	843	700	888	1 675	1 675	<b>933</b>	(44.30)	1 000	1 057
3. Provincial Treasury	1 869	1 502	899	2 681	2 610	2 564	<b>2 772</b>	8.11	2 811	2 878
4. Community Safety	2 681	2 041	1 744	2 630	2 391	2 326	<b>2 439</b>	4.86	2 545	2 646
5. Education	202 777	174 123	131 717	143 461	139 421	139 421	<b>199 886</b>	43.37	204 273	211 287
6. Health	347 138	358 471	327 592	396 789	408 893	407 615	<b>439 300</b>	7.77	411 129	421 183
7. Social Development	1 743	4 178	216	2 484	1 066	1 066	<b>2 600</b>	143.90	2 715	2 837
8. Human Settlements	1 669	1 021	553	1 138	870	422	<b>304</b>	(27.96)	31	25
9. Environmental Affairs and Development Planning	2 429	2 096	301	1 985	261	253	<b>588</b>	132.41	693	742
10. Transport and Public Works	31 509	34 086	29 311	32 827	33 090	33 090	<b>35 575</b>	7.51	35 888	37 042
11. Agriculture	8 168	10 311	18 842	9 390	9 029	9 029	<b>10 753</b>	19.09	11 545	11 808
12. Economic Development and Tourism	2 105	2 164	1 611	1 839	1 914	1 914	<b>7 554</b>	294.67	2 370	4 419
13. Cultural Affairs and Sport	2 310	3 062	3 024	2 884	2 839	4 420	<b>5 121</b>	15.86	5 185	5 290
14. Local Government	1 245	815	1 101	1 235	1 235	1 235	<b>1 289</b>	4.37	1 289	1 339
<b>Total provincial payments on training</b>	<b>610 313</b>	<b>599 673</b>	<b>523 249</b>	<b>603 139</b>	<b>607 825</b>	<b>607 561</b>	<b>711 748</b>	17.15	684 115	705 207

**Table A.5 Information on training: Relating to Chapter 4**

Description	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2018/19	2019/20	2020/21				2021/22	2021/22	2021/22	2022/23
Number of staff	84 509	85 712	86 955	89 328	89 407	89 401	<b>92 909</b>	3.92	90 659	90 733
Number of personnel trained	51 462	59 751	51 074	60 280	60 558	60 611	<b>62 540</b>	3.18	64 262	67 357
<i>of which</i>										
Male	16 694	24 986	16 796	24 057	24 181	24 204	<b>25 072</b>	3.59	25 834	27 075
Female	34 768	34 765	34 278	36 223	36 377	36 407	<b>37 468</b>	2.91	38 428	40 282
Number of training opportunities	31 923	34 997	34 139	34 597	35 255	35 344	<b>35 512</b>	0.48	35 451	37 002
<i>of which</i>										
Tertiary	1 025	1 335	1 068	1 097	1 137	1 131	<b>1 105</b>	(2.30)	1 119	1 169
Workshops	1 055	850	787	759	877	948	<b>991</b>	4.54	929	963
Seminars	236	241	240	233	297	297	<b>331</b>	11.45	332	342
Other	29 607	32 571	32 044	32 508	32 944	32 968	<b>33 085</b>	0.35	33 071	34 528
Number of bursaries offered	2 459	2 291	2 095	2 138	2 135	2 117	<b>2 193</b>	3.59	2 220	2 318
Number of interns appointed	1 378	1 904	1 552	1 517	1 522	1 466	<b>1 332</b>	(9.14)	1 353	1 596
Number of learnerships appointed	2 420	287	299	281	281	281	<b>281</b>		281	236
Number of days spent on training	16 700	16 925	14 379	14 971	16 614	16 780	<b>17 373</b>	3.53	17 231	17 907

**Table A.6 Information on youth development: Relating to Chapter 4**

Vote	Department	Intervention	Description	2022 MTEF Allocations (R'000)			Source
				2022/23	2023/24	2024/25	
3	Provincial Treasury	External Bursaries	Graduate Internship Programme - Work-back obligations per Bursary Agreement.	2 500	2 500	2 612	Department specific information
3	Provincial Treasury	Graduate Interns	Graduate Internship Programme - Stipends.	4 666	6 271	6 334	Department specific information
3	Provincial Treasury	CA Academy	12 candidates trained in finance, accounting, and tax.	3 778	3 784	3 839	Department specific information
4	Community Safety	Chrysalis Academy	The Academy provides skills including resilience building and capacity building, to vulnerable youth in the Western Cape. The programme aims to counteract the on-going inequality and poverty in communities as well as the high unemployment rate and the high crime rate. It does this by providing youth with a three-month residential training programme.	25 271	25 271	26 405	Transfers within Programme 3: Provincial Policing Functions to Project Chrysalis Fund Western Cape
5	Education	After Schools: Education incentive (Mass participation, Opportunity and access, Development and growth) (MOD): graduate tutors	For the procurement of furniture and equipment and the maintenance thereof for MOD Centres at identified schools.	4 000	4 000	4 000	Earmarked Allocation
5	Education	Public Ordinary School Education	To provide public ordinary education from Grades 1 to 12, in accordance with the South African Schools Act and White Paper 6 on inclusive education (e-Learning is also included).	19 708 633	20 118 915	20 209 302	Programme 2: Public Ordinary School Education
5	Education	Independent School Subsidies	To support independent schools in accordance with the South African Schools Act.	144 989	151 286	158 141	Programme 3: Independent School Subsidies
5	Education	Public Special School Education	To provide compulsory public education in special schools in accordance with the South African Schools Act and White Paper 6 on inclusive Education. Including eLearning and inclusive education.	1 475 793	1 462 017	1 496 305	Programme 4: Public Special School Education
5	Education	Early Childhood Development	To provide Early Childhood Development at the Grade R and Pre-Grade R in accordance with White Paper 5 (eLearning is also included.)	1 068 940	1 194 459	1 243 252	Programme 5: Early Childhood Development
5	Education	Infrastructure Development	To provide and maintain infrastructure facilities for schools and non-schools.	2 553 194	2 195 305	2 288 292	Programme 6: Infrastructure Development
7	Social Development	Children and Families	Provide comprehensive child and family care and support services to communities in partnership with stakeholders and civil society organisations.	448 346	448 309	471 134	Programme 3: Children and Families
7	Social Development	Youth Development	Create an environment to help young people to develop constructive, affirmative and sustainable relationships while concurrently providing opportunities for them to build their competencies and needed skills to engage as partners in their own development and that of their communities.	17 298	17 047	17 715	Sub-programme 5.6: Youth Development

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Vote	Department	Intervention	Description	2022 MTEF Allocations (R'000)			Source
				2022/23	2023/24	2024/25	
10	Transport and Public Works	Innovation and Empowerment & EPWP co-ordination and Compliance Monitoring	EPWP learners to participate in outreach programmes to create a positive change in influencing the attitudes and academic performance of the youth coming from disadvantaged communities. Providing training to Project Leaders on Social Facilitation in order to strengthen skills on how to conduct community engagements. Continuing to implement empowerment programmes targeting youth and unemployed individuals, and Online/remote tutoring and mentoring for emerging contractors, bursars and candidates.	65 540	67 340	68 900	Sub-programme 6.2: Innovation and Empowerment and Sub-programme 6.3: EPWP co-ordination and Compliance Monitoring
12	Economic Development and Tourism	Business Process Outsourcing Skills Project	Upscaling skills development initiatives in the Province, specifically within the Business Process Outsourcing (BPO) and Technology Sectors. The funding will support candidates to participate in training and internship programme, allowing these candidates to obtain the necessary skills to enter and be absorbed into the labour market. The funding targets the youth.	32 949	34 399	35 943	Earmarked Allocation
13	Cultural Affairs and Sport	School Sport	To promote school sport by assisting with structures, competitions, talent identification, development, as well as specific, next-level and mastery-based activities.	45 992	46 474	47 595	Sub-programme 4.4: School Sport
13	Cultural Affairs and Sport	MOD Programme	To provide school-going learners with a structured and planned, daily, after-school recreation programme, that includes the provision of fun-filled play and modified opportunities and activities.	43 585	42 617	42 494	Sub-programme 4.5: MOD Programme
13	Cultural Affairs and Sport	Youth Programmes	To advocate for youth in the province, build the capacity of the sector and provide tools to ensure quality programmes. This includes both enrichment programmes focused on school-going learners and programmes for out-of-school youth. The focus will be on programmes that provide opportunities for dual beneficiaries and pathways into the world of work or studies for youth in the Western Cape	66 902	32 165	32 266	Sub-programme 4.6: Youth Programmes
<b>Total</b>				<b>25 712 376</b>	<b>25 852 159</b>	<b>26 154 529</b>	

**Table A.7 Transfers to local government by category and municipality: Information relating to Chapter 6**

Municipalities R'000	Outcome			Main appro- piation 2021/22	Adjusted appro- piation 2021/22	Revised estimate 2021/22	Medium-term estimate			
	Audited 2018/19	Audited 2019/20	Audited 2020/21				% Change from Revised estimate			
							2022/23	2021/22	2023/24	2024/25
<b>Category A</b>	1 063 716	1 242 572	1 422 810	1 932 491	1 493 445	1 493 445	<b>1 504 773</b>	0.76	1 453 722	1 493 112
City of Cape Town	1 063 716	1 242 572	1 422 810	1 932 491	1 493 445	1 493 445	<b>1 504 773</b>	0.76	1 453 722	1 493 112
<b>Category B</b>	1 527 155	1 833 705	1 528 820	1 537 230	1 728 624	1 728 516	<b>1 041 610</b>	(39.74)	1 048 044	834 894
Matzikama	35 441	37 742	13 580	53 786	73 113	73 113	<b>35 068</b>	(52.04)	15 082	19 600
Cederberg	64 405	31 045	19 615	25 628	34 596	34 596	<b>31 145</b>	(9.98)	5 881	12 127
Bergrivier	12 938	21 914	13 845	11 133	13 672	13 672	<b>17 463</b>	27.73	43 224	8 043
Saldanha Bay	66 631	45 114	50 784	33 735	40 696	40 696	<b>37 032</b>	(9.00)	35 989	74 624
Swartland	68 896	74 190	67 733	57 707	62 482	62 482	<b>73 612</b>	17.81	47 520	22 359
Witzenberg	40 290	48 502	39 813	63 740	63 203	63 203	<b>26 915</b>	(57.41)	30 862	13 777
Drakenstein	176 942	140 041	150 071	121 761	103 653	103 653	<b>69 705</b>	(32.75)	49 477	30 470
Stellenbosch	76 301	105 759	48 273	76 421	89 926	89 926	<b>52 701</b>	(41.40)	70 410	47 460
Breedee Valley	121 583	119 698	83 989	125 606	130 000	130 000	<b>19 559</b>	(84.95)	13 619	10 398
Langeberg	54 075	27 929	23 295	15 091	25 782	25 782	<b>32 080</b>	24.43	46 171	12 225
Theewaterskloof	56 585	78 294	71 303	75 819	61 079	61 079	<b>40 347</b>	(33.94)	84 009	73 160
Overstrand	50 996	126 341	92 218	128 353	143 904	143 904	<b>122 783</b>	(14.68)	76 957	42 493
Cape Agulhas	44 472	68 077	44 198	13 162	21 785	21 785	<b>10 904</b>	(49.95)	8 339	50 095
Swellendam	16 371	25 474	32 445	20 987	49 018	49 018	<b>41 800</b>	(14.73)	14 317	21 682
Kannaland	11 528	19 494	8 041	9 730	6 251	6 251	<b>5 243</b>	(16.13)	13 390	22 639
Hessequa	14 608	12 538	28 868	45 581	65 949	65 949	<b>46 172</b>	(29.99)	68 128	34 125
Mossel Bay	44 454	131 482	206 075	233 219	187 014	187 014	<b>100 199</b>	(46.42)	39 875	35 057
George	212 128	428 707	341 674	283 018	375 395	375 395	<b>195 621</b>	(47.89)	233 326	198 174
Oudtshoorn	63 930	46 627	44 819	21 662	37 313	37 313	<b>10 595</b>	(71.61)	29 973	24 143
Bitou	97 919	64 410	53 712	46 842	55 442	55 334	<b>28 031</b>	(49.34)	52 922	27 273
Knysna	87 796	82 442	69 861	59 998	71 100	71 100	<b>32 635</b>	(54.10)	58 230	47 424
Laingsburg	5 930	10 575	6 264	2 578	3 478	3 478	<b>1 739</b>	(50.00)	1 762	1 835
Prince Albert	16 545	16 137	8 743	3 917	4 817	4 817	<b>2 203</b>	(54.27)	956	994
Beaufort West	86 391	71 173	9 601	7 756	8 956	8 956	<b>8 058</b>	(10.03)	7 625	4 717
<b>Category C</b>	30 744	17 755	18 704	24 689	38 585	38 597	<b>12 064</b>	(68.74)	12 467	13 615
West Coast District Municipality	3 445	2 891	3 457	2 649	5 589	5 589	<b>2 396</b>	(57.13)	1 635	1 697
Cape Winelands District Municipality	3 212	4 014	3 175	3 549	5 569	5 569	<b>1 575</b>	(71.72)	1 635	2 637
Overberg District Municipality	5 359	2 686	3 349	2 670	5 036	5 048	<b>1 593</b>	(68.44)	1 656	1 719
Garden Route District Municipality	15 673	5 800	5 973	8 473	12 773	12 773	<b>6 500</b>	(49.11)	7 541	7 562
Central Karoo District Municipality	3 055	2 364	2 750	7 348	9 618	9 618		(100.00)		
<b>Unallocated</b> <sup>Note 1</sup>				75 780	5 596	5 596	<b>32 988</b>	489.49	76 290	85 558
<b>Total transfers to local government</b>	2 621 615	3 094 032	2 970 334	3 570 190	3 266 250	3 266 154	<b>2 591 435</b>	(20.66)	2 590 523	2 427 179
<b>Funds retained by the Department of Human Settlements (not included in the transfers to local government)</b>	693 752	727 087	781 710	177 963	448 041	448 041	<b>1 169 835</b>	161.10	1 183 823	1 482 849



**Table A.7 Transfers to local government by category and municipality: Information relating to Chapter 6 (continued)**

Vote	Note 1 Unallocated		2022/23 Allocation (R'000)	2023/24 Allocation (R'000)	2024/25 Allocation (R'000)
Vote 3	Western Cape Financial Management Capability 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 2022/23 financial year municipal-specific allocations will be made in the 2022/23 Adjusted Estimates Budget.	18 759	19 260	19 260
	Western Cape Financial Management Recovery Service 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 2022/23 Adjusted Estimates Budget.	2 393	2 651	2 905
Vote 9	Regional Socio-Economic Projects (RSEP) – municipal projects	The allocations for the 2023/24 and 2024/25 financial years will be allocated based on the performance and readiness of municipalities to implement projects/further projects.		6 500	6 700
Vote 10	Financial assistance to municipalities for maintenance and construction of transport infrastructure	The allocations for the 2023/24 and 2024/25 financial years is dependent on 20 per cent co-funding by municipalities. As the municipal 2023/24 budgets have not been finalised and approved, these amounts cannot be published in gazette or transferred.		16 000	17 000
Vote 12	Western Cape Municipal Energy Resilience Grant (WC MER Grant)	The allocations for the 2023/24 and 2024/25 financial years will be allocated based on the results of the current project preparation work and the Department's responsiveness and capacity to take up the opportunities that arise from the national energy sector policy reforms and developments.		12 000	12 000
Vote 13	Development of Sport and Recreation facilities	The allocation for the 2023/24 and 2024/25 financial years is dependent on municipalities submitting Business Plans. As the Business Plans for the outer years have not been submitted, no indicative individual allocations have been made.		2 139	2 141
Vote 14	Municipal Electricity Planning Grant	The allocation for the 2023/24 and 2024/25 financial 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.		1 736	1 762
	Municipal Electricity Planning Grant	The allocation for the 2023/24 and 2024/25 financial 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.		1 736	1 762

Vote	Note 1 <b>Unallocated</b>		2022/23	2023/24	2024/25
			Allocation (R'000)	Allocation (R'000)	Allocation (R'000)
Vote 14	Fire Service Capacity Building Grant	The allocation for 2024/25 financial year will be based on the outcomes and recommendations of the annual Intergovernmental engagements, monitoring and consultation processes with Municipalities.			5 075
	Municipal Water Resilience Grant	The allocations for the 2023/24 and 2024/25 financial 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 2022/23 will be considered during the 2022 Adjusted Estimates process.	2 000	5 346	7 603
	Municipal Service Delivery and Capacity Building Grant		4 427	5 011	5 211
	Western Cape Municipal Interventions Grant		5 409	5 647	5 901
<b>Total</b>			<b>32 988</b>	<b>76 290</b>	<b>85 558</b>

**Table A.8 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 Provincial Secretariat for Police Service
			4.3 Provincial Policing Functions
			4.4 Security Risk Management
Economic Affairs	General Economic	Economic Development and Tourism	12.1 Administration
			12.2 Integrated Economic Development Services
			12.3 Trade and Sector Development
			12.4 Business Regulation and Governance
			12.5 Economic Planning
			12.7 Skills Development and Innovation
	Transport and Public Works	10.2 Public Works Infrastructure	
	Agriculture	Agriculture	11.1 Administration
			11.2 Sustainable Resource Use and Management
			11.3 Agricultural Producer Support and Development
11.4 Veterinary Services			
11.5 Research and Technology Development Services			
11.6 Agricultural Economics Services			
11.7 Agricultural Education and Training			
11.8 Rural Development			
Transport	Transport and Public Works	10.1 Administration	
		10.3 Transport Infrastructure	
		10.4 Transport Operations	
		10.5 Transport Regulation	
		10.6 Community Based Programmes	
Communication	Economic Development and Tourism	12.6 Tourism Arts and Entertainment	

**Table A.8 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.9 Details of provincial payments and estimates by policy area

GFS function R'000	Outcome			Main appro- priation 2021/22	Adjusted appro- priation 2021/22	Revised estimate 2021/22	Medium-term estimate		
	Audited 2018/19	Audited 2019/20	Audited 2020/21				2022/23	2023/24	2024/25
<b>FUNCTION - GENERAL PUBLIC SERVICES</b>									
<b>Category - Legislative</b>									
Department of the Premier (Programme 1.1)	112 196	105 659	94 648	100 262	100 282	100 282	103 000	104 295	104 074
Provincial Parliament (Vote 2)	138 376	145 748	143 036	165 859	169 711	169 711	176 502	179 513	190 802
<b>Total for Category - Legislative</b>	<b>250 572</b>	<b>251 407</b>	<b>237 684</b>	<b>266 121</b>	<b>269 993</b>	<b>269 993</b>	<b>279 502</b>	<b>283 808</b>	<b>294 876</b>
<b>Category - Financial and fiscal affairs</b>									
Department of Provincial Treasury (Vote 3)	303 106	328 765	277 393	319 608	307 602	302 199	321 610	324 217	329 382
<b>Total for Category - Financial and fiscal affairs</b>	<b>303 106</b>	<b>328 765</b>	<b>277 393</b>	<b>319 608</b>	<b>307 602</b>	<b>302 199</b>	<b>321 610</b>	<b>324 217</b>	<b>329 382</b>
<b>Category - General services</b>									
Department of the Premier (Programme 1.2 to 1.6)	1 337 808	1 455 372	1 515 480	1 648 300	1 644 730	1 644 730	1 722 280	1 794 885	1 589 704
Department of Local Government (Vote 14)	278 361	313 749	279 141	348 664	342 646	342 481	309 301	304 682	303 221
<b>Total for Category - General services</b>	<b>1 616 169</b>	<b>1 769 121</b>	<b>1 794 621</b>	<b>1 996 964</b>	<b>1 987 376</b>	<b>1 987 211</b>	<b>2 031 581</b>	<b>2 099 567</b>	<b>1 892 925</b>
<b>TOTAL FOR FUNCTION - GENERAL PUBLIC SERVICES</b>	<b>2 169 847</b>	<b>2 349 293</b>	<b>2 309 698</b>	<b>2 582 693</b>	<b>2 564 971</b>	<b>2 559 403</b>	<b>2 632 693</b>	<b>2 707 592</b>	<b>2 517 183</b>
<b>FUNCTION - PUBLIC ORDER AND SAFETY</b>									
<b>Category - Police services</b>									
Department of Community Safety (Vote 4)	335 836	464 924	773 295	739 049	559 307	559 307	776 125	720 225	728 699
<b>Total for Category - Police services</b>	<b>335 836</b>	<b>464 924</b>	<b>773 295</b>	<b>739 049</b>	<b>559 307</b>	<b>559 307</b>	<b>776 125</b>	<b>720 225</b>	<b>728 699</b>
<b>TOTAL FOR FUNCTION - PUBLIC ORDER AND SAFETY</b>	<b>335 836</b>	<b>464 924</b>	<b>773 295</b>	<b>739 049</b>	<b>559 307</b>	<b>559 307</b>	<b>776 125</b>	<b>720 225</b>	<b>728 699</b>
<b>FUNCTION - ECONOMIC AFFAIRS</b>									
<b>Category - General economic affairs</b>									
Department of Economic Development and Tourism (Vote 12 excluding 12.6)	365 057	440 635	454 133	440 600	425 257	425 257	440 673	381 581	391 128
Department of Transport and Public Works (Programme 10.2)	1 910 819	2 146 723	2 309 446	2 390 289	2 412 025	2 412 025	2 194 091	2 182 113	2 272 382

Table A.9 Details of provincial payments and estimates by policy area (continued)

GFS function R'000	Outcome			Main appro- piation 2021/22	Adjusted appro- piation 2021/22	Revised estimate 2021/22	Medium-term estimate		
	Audited 2018/19	Audited 2019/20	Audited 2020/21				2022/23	2023/24	2024/25
<b>Category - Agriculture</b>									
Department of Agriculture (Vote 11)	1 108 571	928 920	917 856	909 086	910 889	910 889	969 218	932 334	950 654
<b>Total for Category - Agriculture</b>	1 108 571	928 920	917 856	909 086	910 889	910 889	969 218	932 334	950 654
<b>Category - Transport</b>									
Department of Transport and Public Works (Programmes 10.1, 10.3 to 10.6)	5 943 489	6 400 396	6 133 751	6 874 740	6 757 485	6 757 485	6 912 307	7 129 144	7 381 348
<b>Total for Category - Transport</b>	5 943 489	6 400 396	6 133 751	6 874 740	6 757 485	6 757 485	6 912 307	7 129 144	7 381 348
<b>Category - Communication</b>									
Department of Economic Development and Tourism (Programme 12.6)	59 339	58 148	76 578	77 207	74 642	74 642	74 125	70 783	76 391
<b>Total for Category - Communication</b>	59 339	58 148	76 578	77 207	74 642	74 642	74 125	70 783	76 391
<b>TOTAL FOR FUNCTION - ECONOMIC AFFAIRS</b>	9 387 275	9 974 822	9 891 764	10 691 922	10 580 298	10 580 298	10 590 414	10 695 955	11 071 903
<b>FUNCTION - ENVIRONMENTAL PROTECTION</b>									
<b>Category - Environmental protection</b>									
Department of Environmental Affairs and Development Planning (Vote 9)	575 512	624 869	583 751	570 062	565 417	565 417	568 586	574 055	589 355
<b>Total for Category - Environmental protection</b>	575 512	624 869	583 751	570 062	565 417	565 417	568 586	574 055	589 355
<b>TOTAL FOR FUNCTION - ENVIRONMENTAL PROTECTION</b>	575 512	624 869	583 751	570 062	565 417	565 417	568 586	574 055	589 355
<b>FUNCTION - HOUSING AND COMMUNITY AMENITIES</b>									
<b>Category - Housing Development</b>									
Department of Human Settlements (Vote 8)	2 352 331	2 683 772	2 380 607	2 353 171	2 410 259	2 410 259	2 414 805	2 418 756	2 516 343
<b>Total for Category - Housing Development</b>	2 352 331	2 683 772	2 380 607	2 353 171	2 410 259	2 410 259	2 414 805	2 418 756	2 516 343
<b>TOTAL FOR FUNCTION - HOUSING AND COMMUNITY AMENITIES</b>	2 352 331	2 683 772	2 380 607	2 353 171	2 410 259	2 410 259	2 414 805	2 418 756	2 516 343

**Table A.9 Details of provincial payments and estimates by policy area (continued)**

GFS function R'000	Outcome			Main appro- piation 2021/22	Adjusted appro- piation 2021/22	Revised estimate 2021/22	Medium-term estimate		
	Audited 2018/19	Audited 2019/20	Audited 2020/21				2022/23	2023/24	2024/25
<b>FUNCTION - HEALTH</b>									
<b>Category - Health n.e.c.</b>									
Department of Health (Programme 6.1)	766 106	760 260	1 183 351	1 521 880	1 592 522	1 592 522	1 419 217	1 059 229	1 103 728
<b>Total for Category - Health n.e.c.</b>	766 106	760 260	1 183 351	1 521 880	1 592 522	1 592 522	1 419 217	1 059 229	1 103 728
<b>Category - Outpatient service</b>									
Department of Health Services (Programme 6.2)	9 328 752	10 103 687	11 384 719	11 166 018	11 543 267	11 543 267	11 982 435	11 133 819	11 423 991
<b>Total for Category - Outpatient service</b>	9 328 752	10 103 687	11 384 719	11 166 018	11 543 267	11 543 267	11 982 435	11 133 819	11 423 991
<b>Category - R &amp; D Health (CS)</b>									
Department of Health Services (Programme 6.6)	321 643	330 869	317 814	360 579	375 958	375 958	397 932	373 427	382 904
<b>Total for Category - R &amp; D Health (CS)</b>	321 643	330 869	317 814	360 579	375 958	375 958	397 932	373 427	382 904
<b>Category - Hospital services</b>									
Department of Health Services (Programmes 6.3 to 6.8, excluding 6.6)	12 627 092	13 578 455	14 077 656	14 343 420	14 678 416	14 678 416	15 294 747	14 589 918	14 870 553
<b>Total for Category - Hospital services</b>	12 627 092	13 578 455	14 077 656	14 343 420	14 678 416	14 678 416	15 294 747	14 589 918	14 870 553
<b>TOTAL FOR FUNCTION - HEALTH</b>	23 043 593	24 773 271	26 963 540	27 391 897	28 190 163	28 190 163	29 094 331	27 156 393	27 781 176
<b>FUNCTION - RECREATION CULTURE AND RELIGION</b>									
<b>Category - Recreation and sporting services</b>									
Department of Cultural Affairs and Sport (Programme 13.4)	183 226	205 461	203 632	251 643	265 168	265 056	292 467	248 918	253 303
<b>Total for Category - Recreation and sporting services</b>	183 226	205 461	203 632	251 643	265 168	265 056	292 467	248 918	253 303
<b>Category - Cultural services</b>									
Department of Cultural Affairs and Sport (Programmes 13.1 to 13.3)	549 112	579 110	531 822	645 867	634 941	634 941	645 446	613 898	636 205
<b>Total for Category - Cultural services</b>	549 112	579 110	531 822	645 867	634 941	634 941	645 446	613 898	636 205
<b>TOTAL FOR FUNCTION - RECREATION CULTURE AND RELIGION</b>	732 338	784 571	735 454	897 510	900 109	899 997	937 913	862 816	889 508

Table A.9 Details of provincial payments and estimates by policy area (continued)

GFS function R'000	Outcome			Main appro- priation 2021/22	Adjusted appro- priation 2021/22	Revised estimate 2021/22	Medium-term estimate		
	Audited 2018/19	Audited 2019/20	Audited 2020/21				2022/23	2023/24	2024/25
<b>FUNCTION - EDUCATION</b>									
<b>Category - Pre-primary and primary education</b>									
Department of Education (Programme 5.2.1 and 5.5)	10 945 659	11 759 833	12 318 527	12 083 181	12 257 781	12 267 984	<b>12 823 371</b>	13 123 989	13 157 385
<b>Total for Category - Pre-primary and primary education</b>	10 945 659	11 759 833	12 318 527	12 083 181	12 257 781	12 267 984	<b>12 823 371</b>	13 123 989	13 157 385
<b>Category - Secondary education</b>									
Department of Education (Programme 5.2.2)	5 790 389	6 128 484	6 286 217	6 811 896	6 962 528	6 952 325	<b>7 376 827</b>	7 600 292	7 681 347
<b>Total for Category - Secondary education</b>	5 790 389	6 128 484	6 286 217	6 811 896	6 962 528	6 952 325	<b>7 376 827</b>	7 600 292	7 681 347
<b>Category - Subsidiary service to education</b>									
Department of Education (Programme 5.3)	113 179	118 537	126 126	130 508	130 508	130 508	<b>144 989</b>	151 286	158 141
<b>Total for Category - Subsidiary service to education</b>	113 179	118 537	126 126	130 508	130 508	130 508	<b>144 989</b>	151 286	158 141
<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)	5 578 539	5 787 387	5 715 539	5 843 528	6 468 922	6 468 922	<b>7 687 414</b>	7 130 521	6 813 905
<b>Total for Category - Education not definable by level</b>	5 578 539	5 787 387	5 715 539	5 843 528	6 468 922	6 468 922	<b>7 687 414</b>	7 130 521	6 813 905
<b>TOTAL FOR FUNCTION - EDUCATION</b>	22 427 766	23 794 241	24 446 409	24 869 113	25 819 739	25 819 739	<b>28 032 601</b>	28 006 088	27 810 778
<b>FUNCTION - SOCIAL PROTECTION</b>									
<b>Category - Social security services</b>									
Social Development (Vote 7)	1 916 148	2 084 054	2 240 875	2 253 656	2 294 540	2 294 540	<b>2 285 335</b>	2 277 442	2 340 016
<b>Total for Category - Social security services</b>	1 916 148	2 084 054	2 240 875	2 253 656	2 294 540	2 294 540	<b>2 285 335</b>	2 277 442	2 340 016
<b>TOTAL FOR FUNCTION - SOCIAL DEVELOPMENT</b>	1 916 148	2 084 054	2 240 875	2 253 656	2 294 540	2 294 540	<b>2 285 335</b>	2 277 442	2 340 016
<b>TOTAL: BY FUNCTION</b>	62 940 646	67 533 817	70 325 393	72 349 073	73 884 803	73 879 123	<b>77 332 803</b>	75 419 322	76 244 961



**Table A.10 Summary of Expanded Public Works Programme (EPWP) payments and estimates**

Provincial department R'000	Outcome			Main appro- priation 2021/22	Adjusted appro- priation 2021/22	Revised estimate 2021/22	Medium-term estimate				
	Audited 2018/19	Audited 2019/20	Audited 2020/21				Change from Revised estimate		2022/23	2021/22	2023/24
1. Department of the Premier											
2. Provincial Parliament											
3. Provincial Treasury											
4. Community Safety	11 903	23 548	18 358	38 840	38 840	38 840	<b>26 126</b>	(32.73)	19 285	17 187	
5. Education	122 825	109 465	111 541	99 290	99 290	99 290	<b>96 635</b>	(2.67)	85 913	89 780	
6. Health	145 866	165 210	146 008	166 785	175 085	175 085	<b>179 410</b>	2.47	159 330	166 484	
7. Social Development	7 796	13 311	10 000	12 083	12 083	12 083	<b>4 978</b>	(58.80)			
8. Human Settlements	3 014	2 986	2 531	2 662	2 662	2 662	<b>2 978</b>	11.87			
9. Environmental Affairs and Development Planning	25 180	28 570	28 516	29 652	29 652	29 652	<b>31 429</b>	5.99	28 147	29 411	
10. Transport and Public Works	2 191 562	1 055 520	1 080 352	1 115 901	1 159 297	1 159 297	<b>976 826</b>	(15.74)	1 011 119	1 062 678	
11. Agriculture	2 154	2 078	2 074	2 227	2 227	2 227	<b>2 174</b>	(2.38)			
12. Economic Development and Tourism											
13. Cultural Affairs and Sport	21 644	28 141	30 397	29 651	29 651	29 651	<b>14 577</b>	(50.84)	14 871	14 917	
14. Local Government											
<b>Total EPWP</b>	<b>2 531 944</b>	<b>1 428 829</b>	<b>1 429 777</b>	<b>1 497 091</b>	<b>1 548 787</b>	<b>1 548 787</b>	<b>1 335 133</b>	(13.79)	1 318 665	1 380 457	
<b>Financed from:</b>											
Equitable share	1 447 544	323 588	293 500	329 245	337 545	337 545	<b>316 372</b>	(6.27)	310 828	321 209	
Conditional Grants	1 084 400	1 105 241	1 136 277	1 167 846	1 211 242	1 211 242	<b>1 018 761</b>	(15.89)	1 007 837	1 059 248	
Other											
<b>Total EPWP</b>	<b>2 531 944</b>	<b>1 428 829</b>	<b>1 429 777</b>	<b>1 497 091</b>	<b>1 548 787</b>	<b>1 548 787</b>	<b>1 335 133</b>	(13.79)	1 318 665	1 380 457	

Note: The figures provided for Transport and Public Works are estimates.

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