PROVINCIAL BUDGET FRAMEWORK

The budget process is a consultative process between National Treasury, the Ministers’ Committee on the Budget and Cabinet, the Budget Council, sector departments, Provincial Treasuries, and the respective Provincial Executives. Councils, which culminates in the allocation of resources to departments that in turn compile the budget to be tabled and passed by Legislature before expenditure can take place in departments.

The budget is also the financial expression of national, provincial and local government policy priorities.

It is a spending plan used to allocate resources to accomplish the strategic priorities and objectives of the provincial government.

The strategic focus of the 2015 Medium Term Expenditure Framework (MTEF) will be on education, health, rural development and land reform, the fight against crime and corruption, and creation of jobs.

In addition, government has started with the implementation of the National Development Plan (NDP) which is aimed at eliminating poverty and reducing inequality, with a focus on lowering the costs of living and doing business, creating more jobs and making economic growth more inclusive.

The plan ensures a firm focus on investing in strategic economic infrastructure that unlocks economic opportunities and creates jobs whilst also addressing to the much needed social infrastructure that ensures our communities are able to access the necessary amenities with ease.

The Eastern Cape Provincial Government continues to improve social cohesion; growing the economy, accelerating the provision of water, sanitation, alternative sources of energy and providing local government that is responsive, efficient and effective to our communities.

THE PROVINCIAL FISCAL FRAMEWORK FOR THE 2015/16 FINANCIAL YEAR AT A GLANCE

The Eastern Cape Provincial Government finances its budget through National Transfers (Provincial Equitable Share and Conditional Grants) and Provincial Own Receipts.

The projected receipts for the 2015/16 financial year are R66.462 billion. This amount is projected to grow to R72.201 billion in 2017/18. The 2015/16 provincial receipts consist of:

- Equitable Share of R54.311 billion which accounts for 83 per cent of provincial receipts,
- Conditional Grants of R10.060 billion which accounts for 15.4 per cent, and
- The Provincial Own Receipts of R1.090 billion which accounts for 1.7 per cent.

The equitable share shows a growth of 4.9 per cent, moving from an adjusted budget of R51.760 billion in 2014/15 to R54.311 billion in 2015/16. The conditional grants increase by 5.6 per cent, moving from an adjusted budget of R9.523 billion in 2014/15 to R10.060 billion in 2015/16.

Conditional Grants of

Provincial Own Receipts augment national transfers to the province. This type of revenue constitutes the smallest portion of the total receipts, but remains significant.

To this extent, over the 2015 MTEF, Provincial Treasury will work tirelessly with all departments to optimise own revenue generation and collection.

In the 2013 MTEF, the Eastern Cape provincial equitable share budget was reduced by R5.144 billion due to the impact of Census 2011 and R727.139 million due to national cuts 1 %, 2 % and 3%.

In the 2014 MTEF the province lost R819.597 million due to the phasing in of the Equitable share formula. Equitable share further decreases over the 2015 MTEF by R65.432 million due to data updates and the phase-in of the equitable share formula while R930.168 million was cut from the provincial baseline of the 2015 MTEF to mitigate the risk of fiscal instability.

The Equitable share formula is informed by principles that support predictability and stability, responsiveness to changing needs, fairness to provinces, robustness and sustainability, as well as transparency.

This guide to the 2015/16 Eastern Cape Provincial Budget is published by the Eastern Cape Provincial Treasury to keep people of the Eastern Cape Province informed of how the Provincial Government is responding to the needs of the people. Any suggestions to improve this publication or comments are welcome and should be addressed to The Accounting Officer and Head of Department: Eastern Cape Provincial Treasury, Private Bag X0029, BHZHOS, 5605. Email: budgetoffice@ectreasury.gov.za.
The 2015 MTEF is guided by the following key principles:

- Allocating resources in line with national and provincial priorities with a particular emphasis on education, health, fight against crime and corruption, rural development and land reform and creation of decent jobs;
- Specific funding for key social and economic infrastructure, sanitation, water and programmes aligned to the priorities; and
- Reprioritisation, shifting expenditure away from consumption to capital creation, improvement of efficiency and effectiveness of public spending to improve service delivery.

Funding to sustain and maintain Poverty alleviation programmes of the Provincial Government will be implemented through the 3 clusters (Economic Cluster, Social Cluster and Governance Cluster), with Provincial Legislature providing overall oversight.

The total projected expenditure for the Province in 2015/16 is R64.994 billion representing an increase of R2,097 billion or 5.1 per cent compared with the adjusted budget of R61.897 billion in 2014/15.

The budget is expected to increase to R71.207 billion by 2017/18. Over the 2015 MTEF, there is an annual average growth rate of 4.8 per cent from the 2014/15 adjusted budget to R71.207 billion in 2017/18.
The allocation for 2015/16 is to fund amongst others:

- **Maths, Science and Technology Grant:** An amount of R45.059 million is set aside, this grant is the merging of Technical Secondary Schools Recapitalisation and Dainiedi Schools Grant;
- **Education Infrastructure:** An amount of R1.833 billion is set aside for Educational Infrastructure within the province;
- **Occupational Specific Dispensation (OSD) for Teachers:** A total amount of R2.067 million has been allocated.
- **National School Nutrition Programme:** An amount of R1.020 billion is allocated to the programme to ensure that the National Nutrition Programme is running successfully for learners in Quintile 1 to 3 from Primary and Secondary Schools;
- **HIV and AIDS (Life Skills Education Grant):** has been allocated an amount of R152 million;
- **Inclusive Education in Public Basic Schools:** An amount of R862.813 million is allocated for this function (Inclusion of OOF for Therapeutic); and
- **Universalisation of Grade R/Early Childhood Development:** This function has been allocated R958.250 million.

An amount of R3 million is set aside for the Social Sector EPWP Incentive Grant to create 227 job opportunities and an amount of R2.736 million is set aside for EPWP Integrated Grant to create 102 job opportunities within the sector.

The purpose of the department is to drive Economic Development, Environment Affairs and Tourism. The purpose of the department is to drive Economic Development, Environment Affairs and Tourism. The purpose of the department is to drive Economic Development, Environment Affairs and Tourism. The purpose of the department is to drive Economic Development, Environment Affairs and Tourism. The purpose of the department is to drive Economic Development, Environment Affairs and Tourism. The purpose of the department is to drive Economic Development, Environment Affairs and Tourism. The purpose of the department is to drive Economic Development, Environment Affairs and Tourism. The purpose of the department is to drive Economic Development, Environment Affairs and Tourism.

**Health**

The department renders accessible, equitable and integrated quality health care services. Health is the second largest beneficiary of the 2015/16 budget allocation and receives a total allocation of R18.496 billion (28.5% of total budget in 2015/16) and a total allocation of R86.499 billion over the 2015 MTEF. Government remains committed to the provision of quality basic health care services to all. Government’s medium term priorities include increasing life expectancy, decreasing maternal and child mortality and combating HIV and AIDS through strengthening the effectiveness of the health system. Funds will be directed to fund the following in 2015/16:

- **Health Infrastructure – an amount of R1.210 billion is allocated for Health infrastructure within the province in 2015/16**;
- **Health Facilities Revitalization Grant:** An amount of R992.073 million is allocated for the revitalization of health facilities;
- **Comprehensive HIV and AIDS: R1.577 billion is allocated for comprehensive HIV and AIDS programmes;**
- **Health Professions and Training Development:** The department is further allocated R204.430 million for training and development of health professionals (nurses, doctors etc.);
- **National Health Insurance (NHI):** R27.204 million is allocated to upgrade hospitals in preparation for the NHI implementation;
- **National Tertiary Services:** R803.770 million is allocated to fund tertiary hospitals;
- **National Health Laboratory Services:** An amount of R430.571 million is allocated for this function; and
- **Medicine:** An amount of R1.221 billion is allocated for medicine.

An amount of R5 billion is set aside for the Social Sector EPWP Incentive Grant to create job opportunities and an amount of R2.644 billion is set aside for EPWP Integrated Grant to create 70 job opportunities within the sector.

**Psychological Services:**

- **Institutional Capacity Building and Support:** An amount of R28.357 million is allocated for this function.
- **Child and Youth Care Centres:** An amount of R25.415 million is allocated for this function.
- **Victim Empowerment Programme:** An amount of R48.669 million is allocated for this function.
- **Inclusive Education:** An amount of R1.577 million is allocated for this function.
- **Critical Infrastructure Development:** An amount of R2.067 million is allocated for this function.
- **Rural Interventions:** An amount of R2.120 million is allocated for this function.
- **Human Settlements:** An amount of R2.452 million is allocated for this function.
- **Social Development:** An amount of R2.042 million is allocated for this function.
- **Economic Development:** An amount of R2.332 million is allocated for this function.
- **Environment Affairs:** An amount of R2.607 million is allocated for this function.
- **Tourism:** An amount of R2.736 million is allocated for this function.

**Economic Development, Environment Affairs and Tourism**

The purpose of the department is to drive Economic Development, Environment Affairs and Tourism. The purpose of the department is to drive Economic Development, Environment Affairs and Tourism. The purpose of the department is to drive Economic Development, Environment Affairs and Tourism. The purpose of the department is to drive Economic Development, Environment Affairs and Tourism. The purpose of the department is to drive Economic Development, Environment Affairs and Tourism. The purpose of the department is to drive Economic Development, Environment Affairs and Tourism. The purpose of the department is to drive Economic Development, Environment Affairs and Tourism. The purpose of the department is to drive Economic Development, Environment Affairs and Tourism.

**Transport**

The aim of this department is to provide, develop, regulate and facilitate the provision of affordable public transport services in the province and to regulate non-residence licences and all privately and government owned vehicles and to regulate and enforce traffic laws. The department has been allocated an amount of R1.650 billion in 2015/16 and a total allocation of R5.225 billion over the 2015 MTEF. Funds will be directed to fund the following amongst others in 2015/16:

- **Subsidised Bus Services – R47.805 million has been set aside in 2015/16 for the provision of affordable bus passenger services through the services of AB350, Algoa Bus Company and Mayibuye Transport Corporation. These services will be extended in 2015/16 through the ongoing roll-out of the 3rd phase of AB350. Over the 2015 MTEF an amount of R1.377 billion has been set aside;**
- **Scholar Transport Project – R432.818 million has been set aside to transport 60 000 qualifying learners to the nearest public schools and an amount of R1.369 billion has been set aside over the 2015 MTEF. Priority will continue to be given to those qualifying learners from 46 rural communities;**
- **Community Development/Job creation – In respect of job creation an amount R31.576 million is allocated in 2015/16 for the creation of employment for contractors and road runners. This allocation amounts to R80.852 million over the 2015 MTEF; and**
- **Mthatha Airport:** an amount of R25 million is allocated for the finalisation of the Mthatha Airport during 2015/16.

**Human Settlements**

The primary function of the department is to facilitate housing delivery and infrastructure in a sustainable manner. The department receives a total allocation of R2.297 billion in 2015/16 and a total allocation of R7.516 billion is availed over the 2015 MTEF.

By far and large, the major function in the department is driven by a conditional grant and the department receives R1.962 billion in conditional grant funding in 2015/16, this allocation increases to R2.720 billion in 2016/17 and increases to R2.332 billion in the outer year of the 2015 MTEF. With the allocation, the department is planning to build 13 100 housing units and rectify 2 311 housing units in 2015/16.

The department has set aside R500.875 million in 2015/16 for Rural Interventions for facilitating access to housing opportunities in rural areas, R873.076 million for the Incremental Intervention for facilitating housing opportunities in 2015/16, and R122.490 million has been allocated in 2015/16 for provision of social and affordable rental housing.

An amount of R2.607 million is set aside for EPWP in 2015/16 to create estimated 200 job opportunities within the sector.

**Education**

The department aims at resourcing and delivering quality education to Grades R to 12, provision of learner and teacher support material to schools, reduction in school infrastructure backlog and implementing Early Childhood Development strategy.

Education is the largest beneficiary of the 2015 MTEF budget (45%) of the total budget allocation. R2.929 billion is allocated to Education in 2015/16 and a total amount of R91.577 billion allocated over the 2015 MTEF.

The allocation for 2015/16 is to fund amongst others:

- **Maths, Science and Technology Grant:** an amount of R45.059 million is set aside, this grant is the merging of Technical Secondary Schools Recapitalisation and Dainiedi Schools Grant;
- **Education Infrastructure:** an amount of R1.833 billion is set aside for Educational Infrastructure within the province;
The primary role of this department is to create, promote and develop sport, recreation, arts and culture for community betterment and development, and measurement of access, development and excellence at all levels of participation. The department has been allocated an amount of R736.917 million in 2015/16 and a total allocation of R2.511 billion over the 2015 MTEF. Funds will be directed to fund the following amongst others in 2015/16:

- Mass Sports and Recreation Participation Programme: an amount of R61.006 million is allocated for this programme to support school sports and community sport in promotion of social cohesion through sports; and
- Community Library Services: an amount of R143.694 million is allocated to finalise the construction of the new library in the province.