



**SPEECH BY GAUTENG MEC FOR FINANCE, BARBARA CREECY, ON THE OCCASION OF THE 2016/17 BUDGET PRESENTATION, GAUTENG PROVINCIAL LEGISLATURE, 8 MARCH 2016**

Madam Speaker and Deputy Speaker

Premier David Makhura and fellow members of the Executive Council

Chief Whip Member Brian Hlongwa

Leaders of Political Parties

Members of the Provincial Legislature

MMCs of Finance

Councillors

Distinguished guests

Comrades and Friends

I am honoured to present to this esteemed House, the second budget of our Administration, under the leadership of Premier David Makhura.

I want to start by wishing all women in this House and in our Province a very Happy International Women's Day. Today is especially significant for South African women as it falls in the year of our 60<sup>th</sup> Anniversary of the Woman's March to the Union Buildings.

It is a day on which we can pause to pay tribute to great South African women: Charlotte Maxeke, Lillian Ngoyi, Helen Joseph, Albertina Sisulu, Sophie de Bruyn, Amina Cachalia, Bertha Gxowa, and Francis Baard.

These women set a powerful example of personal courage and fortitude in the face of adversity; they led with humility and selfness; they were unwavering in their principled commitment to non racialism, democracy and equality of all South Africans.

We salute them!

Their greatest victory was achieved 20 years ago, with the signing into law, of our Democratic Constitution.

The Bill of Rights explicitly enshrines equality of all our citizens; requires the state to actively promote equality ,and outlaws discrimination by the **state or individuals** directly or indirectly against anyone on the basis of race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth.

However as President Zuma pointed out in his State of the Nation Address, “the journey to a non-racial society has not yet been completed”. It is therefore mandatory that our generation continue the fight against all forms of discrimination, and in particular, in this Human Rights Month, we stand united against racism and xenophobia.

Madam Speaker, Honourable Members as we salute the bravery of our foremothers in the face of insurmountable difficulties, we understand that we ourselves face challenging social, economic and political times of our own.

As we table this budget today, Gauteng’s citizens face an intensifying attack on their living standards. The cost of food, transport, and electricity are rising and hit the poorest households hardest.

While our City Region economy remains the largest in the country, and has, even in this bleak climate, created over 340 000 formal and informal jobs, we know that two million unemployed residents face a daily struggle against poverty and hardship.

Two weeks ago, Premier Makhura gave stern advice to those of us charged with governance when he said:

“We cannot bemoan the economic and social problems plaguing our province. It is within our power to change our conditions and build a common South African identity based on equality, liberty and fraternity in our lifetime”.

The budget I have the honour to present today, is the financial expression of our government's will to change the lives of our citizens, and build this common, more equitable and just society.

Honourable Members I have said before in this House, that Gauteng is in a unique position to address the poverty, inequality and unemployment facing our citizens and assist the country as a whole reach the growth targets in the National Development Plan. It is worth repeating these three reasons today:

- The first is the size, relative sophistication and potential competitive advantage of the City Region's R1,1 trillion economy;
- The second is this government's vision for equitable growth and development;
- And the third is the political will we have to implement our vision and plans to overcome obstacles in our path.

In his State of the Province Address, Premier Makhura reported extensively on progress in implementing the Transformation, Modernisation and Re-industrialisation agenda and future plans of the Gauteng City Region whose central economic and social objectives remain:

- To change income distribution,
- to enhance equity and thereby raise the living standards of all our people; and
- To change ownership patterns and bring black people into the economic mainstream of our province.

To do this, the Premier said, we must:

- Change the current industrial structure of our economy to privilege manufacturing, services, agro processing, mineral beneficiation and the creative industries;
- Develop new, modern, innovation-driven industries in areas of high-tech, pharmaceuticals, biotechnology, and the green and blue economy;
- Invest hugely in skills development to improve the skills profile of the citizenry in line with new strategic sectors;
- Transform the apartheid spatial economy and human settlement patterns to integrate economic opportunities, transport corridors and human settlements;
- Grow the SMME sector as a key driver of growth, and revitalize and mainstream of the township economy;

- Strengthen the capacity of the state to direct economic development and enhance the competitiveness of strategic economic sectors;
- Ensure significant investment in infrastructure as the key stimulator for inclusive growth and economic development; and lastly, but by no means least,
- Build transformative partnerships between the private and public sector in addressing the developmental challenges outlined in the National Development Plan Vision 2030.

Honourable Members the urgent and vital task of building a social compact with business, labour, civil society and government confronts us all. To overcome structural challenges to growth, and to ensure wider economic and social inclusion, we all have to agree on what we are prepared to contribute and what we can afford to sacrifice to advance inclusive and substantive growth.

On this side of the house we are committed to building the relationships and programmes needed to implement the National Development Plan.

In this regard we want to applaud Premier Makhura's announcement that "we will take Ntirhisano into the economy to work with captains of industry, and leaders of organised labour to enhance the productiveness and competitiveness of our economy".

### **Socio-Economic outlook**

Madam Speaker; demographics play an essential role in assessing the achievement of both social and economic goals of a region.

Youthful urbanisation is now our reality. Seventy percent of Gauteng population is below the age of 40. According to the United Nations, 64.3 percent of the South African population lives in urban areas. Gauteng province is the centre of urbanisation, it remains the province of choice and our cities remain the engine of economic growth.

Gauteng province has a distinct advantage in that it is a home to 3 cities. The City of Johannesburg is the hub of financial and ICT industries and has a strong retail and services sector. The City of Ekurhuleni is the manufacturing, logistics and transport hub of the province whereas the City of Tshwane remains the hub of the automotive sector and of research & development.

Our combined cities accounts for more than 80 % of the Regional Gross Domestic Product. Cities have the highest rate of in-migration as the result of economic opportunities that they offer.

Gauteng is also a youthful province. More of our young people have post school qualification than elsewhere in the country. They are full of energy and hope for the future. They are innovative and willing to work hard to fulfil their desires.

According to the Statistics South Africa Mid-Year Estimates of 2015; Gauteng now accounts for 24 percent of population share in the country which translates to 13.2 million residents.

Between 2010 and 2015 the province's population grew by an annual average of 2.8 percent or an increase of 1.8 million. Over this period, the number of households increased by 16 percent or half a million households.

There are benefits to having a young population concentrated in urban areas. These include greater access to skills and labour and a ready market for consumer goods of all types.

However, the downside to high population growth is the challenge it poses for service provision in an environment of constrained fiscal space.

Honourable Members; South Africa's economic growth outlook remains fragile, reflective of both global and domestic developments.

The Honourable Minister of Finance, Pravin Gordhan put it frankly during his interactions with the captains of industries when he said *“sentiments towards emerging markets have grown negative and developing countries are grappling with various challenges. South Africa still faces the challenges of lower economic growth, widespread unemployment and inequality.”*

When delivering his budget address in the National Assembly on 24 February, Finance Minister Mr Pravin Gordhan noted:

*“Growth rates of below 1 percent fall short of what we need to create employment and reduce poverty and inequality....this reflects both depressed global conditions and the impact of the drought. It also reflects policy uncertainty, the effect of protracted labour disputes on business confidence, electricity supply constraints and regulatory barriers to investment.”*

On the positive side, Minister Gordhan noted that the institutional foundations of our economy remain resilient and he cited amongst other things the country's macro economic policy, inflation targeting, well capitalised banks and financial institutions, our strong constitutional and legal framework, excellent universities and research centres as well as a strong private sector.

Our provincial economy mirrors that of the country. When the Gauteng economy slows down, the impact is hugely felt on the national economy.

We expect the provincial economy to have grown by 1.2 % in 2015, this indeed is disappointing for us. We are however optimistic that with our interventions as shared by the Honourable Premier, we expect an upturn in our provincial economy by 2018 with a moderate growth projection of 2.8%.

When I presented the Medium Term Budget Policy Statement, I outlined the major competitive advantages of the Gauteng City Region economy:

- We have 40 percent of the country's business and services sector;
- We account for 64,6 percent of SA's trade with increasing opportunities for export to sub-saharan Africa;
- In 2015 we remained the number one urban cluster destination for Foreign Direct Investment in Africa;
- We have 5 world-renowned universities that host significant research and innovation partnerships with government and the private sector;
- Sixty percent of our adult population has a post school qualification;
- We have a well-developed infrastructure and our fixed capital formation as a percentage of GDP is around 18 percent.

Two weeks ago Premier Makhura emphasised that the City Region governments are committed to improving the ease of doing business in the province by:

- Prioritising support for different economic sectors across the five developmental corridors;
- developing industrial infrastructure for specific clusters;
- speeding up the approval of development applications and environmental impact assessments which have already been cut to 3 months from almost two years;

- Paying service providers within 30 days: already all departments with the exception of Health and Education are able to pay over 90% of suppliers on time;
- Accelerating the work of the Gauteng Investment Centre which has over the last year assisted 65 international trade delegations and over 30 000 individuals to facilitate business start-up processes.

## **The Fiscal Climate**

Honourable Members government expenditure is dependent on the availability of revenue and the level of borrowings government can afford. The Gauteng Provincial Government receives 95% of its revenue as direct transfers from national government.

We understand slower economic growth means less revenue for collection and by implication a decrease in what the national fiscus has available for transfer to the provinces.

The Gauteng Provincial Government understands the imperatives facing National Treasury and fully endorses Minister Gordhan's call to manage our finances in a prudent and sustainable way; re-ignite confidence and mobilise the resources of all social partners.

The Provincial Government has also given serious consideration to the Joint Action Plan arising out of the Budget Council meeting where we all agreed to contain administrative personnel expenditure; improve own revenue collection, close redundant and underperforming programmes and entities and intensity cost containment measures in keeping with national guidelines.

Accordingly Madam Speaker; the 2016 Medium Term Expenditure Framework that I am honoured to present today is anchored around the following principles:

- Spending more on the Ten-Pillar Programme of Transformation, Modernisation and Re-industrialisation (TMR) and less on catering, travel, accommodation and telecommunications;
- Improving on own revenue collection to maintain provincial spending on social services for the poor;
- Prioritising filling posts for teachers, doctors, nurses, and social workers, and abolishing administrative posts we no longer need;

- Speeding up implementation of the Open Tender system to restore public confidence in state procurement;
- Ongoing improvements in project management to strengthen clean government and improve financial controls;
- Off budget financing (within affordable limits) of infrastructure, housing, the township economy and youth development.

Honourable Members we say “*re mmogo*”; we are one with the Honourable Minister’s aspirations to accelerate fiscal consolidation. Over the medium term, our equitable share will be cut by R2.9 billion, our contribution to Minister Gordhan’s R25 billion budget cut.

### **Own Revenue**

Madam Speaker, only 5% of our revenue comes from own sources, but this nevertheless plays a significant role in funding key government programmes.

Most of our own revenue, is collected from:

- Motor Vehicle Licence
- Gambling Taxes
- Patient Fees
- Interest Earned on treasury investments.

During the tabling of the adjustment budget, I announced our own revenue base for 2015/16 would be R4.89 billion which is a significant increase from R4.2 billion revenue target for 2014/15.

We continue to be aggressive in our revenue collection. By January, this year, actual collection was at 91 percent. We are therefore confident that we will meet the adjusted revenue target we have set for ourselves.

We are in the process of reviewing casino licences in the province. The Department of Economic Development issued New Casino Gambling Regulations for public comment January 2016. We have received substantive comments from our stakeholders, which the Department is factoring into the draft they will present for consideration to the Standing Committee on sub-ordinate Legislation.

We are aware of the challenges being experienced by the Department of Health in collecting all revenues that is due to it from the Road Accident Fund. We are currently engaging with the National Treasury to assist us in this regard.

As you know, Honourable Members, during the Adjustment Budget we augmented resources for Health's ICT project to improve revenue collection from clinics and hospitals.

In summary, we remain confident that we will be collecting R5 billion on own revenue in 2016/17; R5.3 billion in 2017/18 and R5.6 billion in 2018/19.

### **Reprioritisation, cost containment and ensuring value for money**

In order to accommodate cuts in the equitable share and prioritise spending on quality services for our people, we must save money on non-core activities.

Over the past year the Gauteng Provincial Government managed to save R100 million rand from allocations to activities such as catering, accommodation, advertising and travel.

Over the MTEF, we will be saving just over R400 million through reducing budget from these non-core items. As part of ensuring that our financial resources remain within a sustainable path, we commit the following today:

- Gauteng Provincial Treasury will be issuing a circular with more stringent cost containment measures on how we manage our travel; accommodation and telecommunications contracts amongst the other things;
- During the 4th Term of Administration, the Gauteng Provincial Government consolidated a number of government entities with the aim of eliminating duplication, cutting back on board fees and in some cases putting entities under direct departmental administration. MEC Maile is currently leading a further review of provincial entities with the aim of identifying additional areas of cost savings.
- Honourable Members, the compensation budget has remained below 60% of the total budget for the past three years. This is lower than the national average and is a result of sustained work we have done to cut out wastage:

- We have ensured that there are no ghost employees in our system through employee verification;
- We introduced an on line pay roll certification application for which we won third prize at last year's Public Service Awards in the category government innovation;
- In the coming financial year the Office of the Premier and Gauteng Provincial Treasury will be assessing the department's headcounts with a view to ensure that positions that are not linked to the service delivery of departments are abolished.

Gauteng Provincial Treasury will be rolling out the contract management framework for infrastructure to ensure that projects are implemented in line with the agreed contracts. In addition, the delivery of infrastructure must be implemented in line with the set norms and standards, as outlined in the Gauteng Infrastructure Delivery Management System (IDMS).

### **Open Tender and good governance**

Honourable Members the "Open Tender process" is a key innovation of this provincial government to restore public confidence in our procurement system and ensure we have value for all the hard earned taxes we spend.

The system also is an important proactive step in reducing irregular expenditure and promoting clean and accountable government.

In the current year; the Gauteng Provincial Treasury implemented the Open Tender system on projects with a value greater than R50 million selected from 5 departments. We have publicly adjudicated and awarded 3 tenders and the plan is to award a further 4 of publicly during the month of March. A further 7 projects are in various stages of the Open Tender process.

Honourable Members; in the coming financial year, we will aim for 60% of government procurement through the open tender process. To support our Bid Committees, and supply chain officials, Treasury will intensify training on procurement processes.

### **Off budget financing of infrastructure projects**

Honourable Members, the importance of investment in infrastructure for the socio-economic advancement of our people cannot be overemphasized. Lack of infrastructure limits citizens' access to markets, as well as livelihood opportunities and services. We are conscious of the role that infrastructure delivery plays in the facilitation

of the flow of goods; information and factors of production between buyers and sellers.

The Gauteng Infrastructure Financing Agency has spent much time over the last two years unblocking impediments to private public partnerships to invest in infrastructure and manufacturing.

I am pleased to announce that we have now received the necessary National Treasury permission to go to the market and issue Requests For Qualifications (RFQ) for the following projects:

- Tshwane Innovation Hub: Enterprise Building 2 & 3,
- Kopanong Precinct Project,
- Roof-top Solar Panel Project
- Tri-generation Plant project.

We further issued two Expression of Interest (EOI) for these projects:

- Roof-top solar panels manufacturing
- Suikerbosrand Nature Reserve project.

Furthermore, the Gautrain Management Agency (GMA) has issued a RFP to procure an additional 48 train cars at no additional cost to the fiscus.

We are also in the process of appointing a dealmaker to assist with attracting tenants and developers for the Jewellery Manufacturing Precinct at the OR Tambo International Airport. This is a significant step in our quest to beneficiate precious metals in our province.

In total we estimate all of these projects will bring in an additional R10 billion in infrastructure investment into the City Region.

Feasibility studies are at different stages for nine projects we will be pitching at our second annual Infrastructure Conference to be held later in the year.

Housing delivery is another provincial area where demand outstrips supply. Gauteng has a backlog in excess of 68 7000 units.

We have established the Gauteng Partnership Fund (GPF) in the department of Human Settlements to leverage private sector funding for affordable housing. The GPF offers innovative funding products designed to share project risk with the private sector in funding housing projects.

This year, the GPF will use its budget of R133 million to deliver 1 200 affordable housing units, leveraging over R400 million in private sector funding.

Madam Speaker during the course of the Premier's Ntirhisano Programme, myself and MEC Maile have met with hundreds of township entrepreneurs who are excited about the Premier's vision to mainstream the township economy and are anxious to do business with the Provincial Government.

In August last year we announced the appointment of First National Bank as our provincial banker. We also announced at that time that the bank will make available R250 million in financial and non-financial support to township enterprises through their Vumela Trust.

I am happy to announce today that through this partnership, 100 township enterprises on our supplier data base will be the first cohort of enterprises to be supported through this off-budget initiative.

### **Funding our priorities**

Honourable Members, I said earlier that even in the face of tough fiscal conditions we have a plan and the political will to implement the Ten Pillar Programme of Transformation, Modernisation and Re-industrialisation. The prudent financial management of provincial resources over the past few years is assisting us at this difficult time.

Over the MTEF, the province will receive R319.6 billion from both the Equitable Share and Conditional Grants;

Provincial Own Revenue will grow from the current R4.8 billion in 2015/16 to just over R5.6 billion in 2018/19.

In addition as a result of good planning and sound financial management; the Gauteng Provincial Treasury will add a further R6 billion to the provincial envelope over the medium term.

In this financial year, our budget increases from R97 billion in 2015/16 to R103.36 billion in 2016/17. This represents a 6 percent increase.

At this time I want to take the opportunity to thank the many Gauteng residents who influenced the allocations in this budget either through their inputs during the Ntirhisano Roadshow or through their comments on our social media platform #Gautengbudget2016.

In particular I want to make mention of:

- Jerry Masinya Mahlangu for his suggestions on the township economy;
- Shahiem Patel for suggestions on citizen involvement in campaigns to protect the environment and address litter;
- Deon Van der Westhuizen for ensuring procurement processes give us value for money;
- Sifiso Ngwenya for his excellent ideas on cost cutting and school safety, and
- Ismail Kajee for emphasising spending on youth incubation and entrepreneurship training.

These many important suggestions from our citizens have influenced our additional allocations to key programmes that support both economic and social development.

### **Investment in infrastructure**

Honourable Members I spoke earlier about the contribution this government is making to facilitating public private partnerships for infrastructure investment.

I now want to focus on our own budgetary commitment to infrastructure investment. This source of fiscal stimulus has the twin objective of creating jobs and improving economic performance and ensuring better living conditions for our people.

The Gauteng Government will spend R41.6 billion over the 2016 MTEF on Infrastructure. This year our key infrastructure allocations are:

- **R 1.9 billion to Health for :**
  - completion of Thele Mogoerane Hospital and the staff residences,
  - new Kekanastad Community Health Centre (CHC),
  - Upgrading of Sebokeng Hospital
  - upgrading of Mandisa Shiceka CHC,
  - construction of the new Lillian Ngoyi Hospital
  - Upgrading of Tembisa Hospital
  - Upgrading of Helen Joseph Hospital.
- **R3 billion to Education for :**
  - The completion of twelve new schools currently at construction stage,

- Upgrading of twenty-six existing schools to align to Information, Communication and Technology (ICT) requirements and
- Rehabilitation of one hundred and twenty-three existing schools.

To strengthen the internal capacity for project and programme management in order to provide technical support in the implementation of the infrastructure programme, we are allocating an amount of R36.4 million in the Department of Education.

- **R5.2 billion for Human Settlement for:**

- The implementation of our mega projects which includes Savanah City; Malibongwe Ridge; Fleurhof; Syferfontein; Boiketlong; Nelmapius and Chief Mogale
- We will also be revamping our mining towns which includes Merafong City; Westonaria; Randfontein and Mogale City. Details of how we will accelerate spending in this department to avoid future cuts will be given by the MEC for Human Settlements when he makes his budget speech

- **R 2.3 billion to Roads & Transport for :**

- The upgrading from single to dual carriageway of Road K46 (P79-1) William Nicol from PWV5 to Diepsloot/N14 Phase 2,
- Rehabilitation of Road P241/1 (R554) and this road serves as one of two main links roads between Johannesburg and Lenasia
- Rehabilitation of Road P158/2 (N14) from Brakfontein to Hendrik Potgieter.
- Rehabilitation of Road P46/1 from Vereeniging to Alberton
- Upgrading and dualising of Hans Strijdom (Solomon Mahlangu) from the N4 to Mamelodi.

- **R 325 million for Gauteng Broadband Network**

- Roll out of the broadband with an aim of connecting 300 sites in 2016/17 and maintenance of the broadband network

- **R 51,4 million to Agriculture and Rural Development for**

- maintenance in the Nature reserves,
- upgrading of the Vereeniging market and

- building of internal capacity for planning as well as monitoring the implementation of the infrastructure programme.
- **R810 million to the Department of Infrastructure Development for**
  - The renovations; rehabilitation and maintenance of GPG precinct projects.

### **Funding the drive for economic development**

Honourable Premier you urged all of us to ensure that the Gauteng economy grows in an inclusive, labour absorbing and ecologically sustainable manner.

In the coming financial year we are allocating a total of R1.3 billion to the Department of Economic Development to strengthen the capacity of the state to drive economic development. This includes R87.5 million in new money. In April the Provincial Government will convene an Economic Indaba with business, labour and civil society to finalise the public consultations on the Provincial Economic Plan before its public launch in May.

To support the focus on strategic economic sectors, an amount of R164.5 million is set aside over the 2016 MTEF. Key projects in this financial year include:

- Development of the Gauteng Automotive Learning Centre
- Bulk infrastructure supply to the Jewellery Manufacturing Precinct at the Airport City IDZ
- And development of the Biosciences Park Facility at the Tshwane Innovation Centre.
- Implementation of the Meetings, Incentives, Conferences and Exhibitions (MICE)

To support the growth of the knowledge economy and promote innovation in the City Region, the Tshwane Innovation Hub will this year receive an additional R30 million, bringing their budget to R95.3million.

This money will allow the Innovation Hub to extend its support to young innovators as well as extend the Ekasi Lab programme in particular in Sebokeng Township and Mohlakeng Township (R3.5 mil each).

The Township Economy revitalisation programme is one of the most exciting innovations of the City Region.

Peruvian Economist Hernando de Soto argues that the success of early enterprise development in Western countries has everything to do with the legal structure of property and property rights. Every developed nation in the world at one time went through the transformation from predominantly informal, extralegal ownership to a formal, unified legal property system.

Over the last year considerable effort has gone into encouraging township enterprises to register and legalise their businesses as well as invite those who are interested in doing business with the Gauteng Government to register on our central data base. To date over 5000 have taken up this opportunity.

I spoke earlier about the cry from small business during the Ntirhisano Programme for financial and non-financial support. Accordingly in this budget we have allocated R159 million over the next three years to upgrade nine centres into proper industrial parks or business hubs, and these are the:

- Orlando Industrial Park;
- Saulsville Industrial Park;
- Residentia Industrial Park;
- Khutsong Business hub;
- Hammanskraal Skills Centre;
- Mabopane Skills Centre;
- Ennerdale Skills Centre;
- Alexandra Industrial Park; and
- Kwa Thema Business Park.

Additional support for the development of township enterprises includes:

- Gauteng Informal Business Upliftment Strategy (GIBUS) - R29.4 million;
- Regional Bakery Support Programme - R20 million; and
- Townships SMMEs market access programme R45 million
- Support to a total of 25 small businesses in the industrial parks through Business Development Support (BDS) Interventions.

### **Food Security and Drought Relief**

This year we are allocating R777.8 million to the department of Agriculture and Rural development which includes R67.3 million in new money.

Agro processing is a key area of future economic growth particularly in Sedibeng and on the West Rand. Accordingly in this financial year we are allocating:

- R22 million for Agri-parks and milling plants to enable and support transformation of the agriculture sector
- R176.7 million as land and agrarian reform; provision of on-farm and off-farm infrastructure and agricultural cooperatives which include piggery, poultry and maize production

Urban food security is also an important priority in our province particularly amongst poorer communities whose living conditions can be greatly improved through urban agriculture. Accordingly we are allocating:

- An amount of R30 million for the implementation of the veterinary community services and primary animal health car
- R84 million to implement various projects that boost food security in the province.

Honourable Members, 2015 has been a challenging year for our farmers with drought that has ravaged farms, livestock and livelihoods. An amount of R33.2 million has been reprioritised within the budget of this department to deal with drought in the province. We aim to assist close to 1 300 farmers in the province. Our intervention will range from provision of livestock feed; provision of production input and provision of water infrastructure.

### **Investing in Education and skills development**

Premier Makhura stressed in his SOPA address that the provision of quality education remains our number one priority in this province, with ever improving educational outcomes for our learners.

Accordingly, our allocation to the Department of Education remains the single largest budget item in the Province and in this financial year it has increased from R36.43 billion to R39.06 billion in this financial year.

To assist Honourable Lesufi with the ongoing pressures of in-migration and to mitigate the impact of tough times on the education system, we have allocated an additional R1.7 billion over the next 3 financial years from our provincial reserve to the Department of Education.

In this financial year we have made the following allocations:

- R6.94 billion for direct transfers to Public Ordinary Schools, Early Childhood Development sites and Special Schools school

- governing bodies to provide for Maintenance, Learner Teacher Support Materials including stationery and municipal services;
- R6.39 billion for the special school sector which caters for learners with intellectual and other disabilities;
- R2.59 billion to provide 1 308 449 learners with a hot meal at school every day;
- R1.69 billion to transport learners who live more than 5 kilometers from the nearest school;
- R871 million to support the continued roll out of the smart classrooms to grade 11 this year;
- R3.10 billion for textbooks, stationery, school furniture and other learner support material;
- R856 million to pay municipal bills.

While further and higher education is not the responsibility of provincial government, no government that is serious about economic modernisation can ignore programmes to promote youth skills development.

In total the Gauteng Provincial Government is investing over R1.7 billion on post school training, development and education of young people. This includes:

- R1.4 billion for the bursaries and internships;
- R23.5 million towards welfare to work program;
- R68 million Tshepo 500 000;
- partnerships with the SETAs to facilitate training worth R200 million;
- R60 million in the Department of Economic Development for the Youth Placement Programme, targeting 1 700 young people.

## **Health**

The Provincial Government continues to prioritize the provision of ever improving health care to our citizens and accordingly, the Department of Health has the second largest allocation in the provincial budget.

Honourable Mahlangu has an extremely difficult job and to support her in turning around the provincial health system, and mitigating severe spending pressures, we will also ensure that an additional R1.5 billion is allocated to Health from the provincial reserves over the MTEF.

From the above an amount of R590 million is set aside for the implementation of the infrastructure programme; R158.9 million to address the pressure experienced in medicine and medical supplies; R587.1 million to provide for the payment of higher costs of municipal

services and R213 million to continue funding the ICT infrastructure including electronic filing of patient records.

In this financial year we are allocating the Department of health R37.4 billion which represents an increase of R2.07 billion from the previous year. The major allocations in the budget are:

- R4 billion for primary health care including the provision of free health care for pregnant women and children under the age of 6
- R2,4 billion for our programme to combat HIV and AIDS which has now seen over one million [1,128,811] people on anti-retroviral therapy programme [ART] and about 10 million HIV tests have been conducted with people who now know their HIV status in Gauteng.
- R88, 9 million to treat TB a companion disease of HIV and AIDS

### **Social Development**

Honourable Members the war on poverty remains a priority in these trying times; accordingly we have allocated R4.2 billion to the Department of Social Development to spear-head this struggle on behalf of provincial government. This allocation includes:

- R314. 8 million for services for Gauteng's aged and
- R1.9 billion for services for children

Social Development will receive an additional budget of R152.1 million over the MTEF. This budget includes R25 million for its infrastructure programme; and R47.7 million to fund the provision of tools of trade for the social workers in the province.

In the MTBPS I announced that in response to the anguish of affected families across the province, we allocated an amount of R15 million to prepare a campaign against substance abuse in our communities.

This campaign which includes the mobilisation of civil society to take a stand against Nyope and other addictive substances was launched on Friday 04 March. We are allocating an additional R79.4 million over the MTEF to fight this battle. The plan is to increase access to rehabilitation services, treatment centres and fund prevention programmes and local drug action committees.

### **Local government Support**

Honourable Members during the tabling of the adjustment budget in November; I made a commitment of ensuring that provincial

department's debt to municipalities is settled by making additional funds available and this support will continue in the 2016/17 financial year.

The department of Infrastructure Development receives an additional R1.2 billion to continue to provide for the payment of rates and taxes to municipalities over the next 3 financial years. To date a payment of R781 million has been made for municipal services and R562 million towards the Rates and Taxes.

Elections sit at the heart of our achievement of a democratic society as enshrined in our constitution. Later in the year we will be heading to the polls for the local government elections. The Executive Council of the province has approved the Gauteng Voter Education Strategy, which aims to encourage voter registration and turnout. The strategy is cognizant of the poor voter registration and turnout at the polls in the previous elections, and the strategy seeks to improve on this.

The Department of Cooperative Governance and Traditional Affairs (COGTA) will be working in partnership with the Independent Electoral Commission; Gauteng Provincial Legislature and other stakeholders to encourage our people to register and turnout in large numbers in the polls. This process of voter registration officially started last week; we hope there will be another chance for all to register to vote later in the year. A total amount of R10 million has been set aside for these preparations.

### **Sport, Arts, Cultural and Recreation**

We have set aside a total budget of R821 million this year for the Department of Sports Recreation Arts and Culture. This includes R54 million towards the construction of the Provincial Archives Centre and R30 million for the Women's Living Monument. To promote a culture of reading we have set aside R330.6 million over the MTEF towards the construction of libraries within the province.

I spoke in my introduction about our mutual duty to combat racism and xenophobia and I know this is a cause that has considerable support in this House. Last year the Executive Council adopted a Social Cohesion Strategy whose mandate amongst others is to combat racism and Xenophobia.

In the coming financial year, the department of Sport; Arts; Culture and Recreation has allocated R17 million to fund programmes that promote social cohesion in the province.

To ensure that children are healthy and able to concentrate in class, an amount of R11 million over the MTEF is made available for school

sports to promote healthy lifestyles, develop and nurture sporting talent. The Department of Education has also set aside an amount of R9.9 million over the MTEF to contribute to this project.

## **Community Safety**

Safety remains a major concern of families, businesses and communities across our province. In this financial year we have allocated R652.8 million to the Department which grows to R718million over the medium term. The major allocations in the department are:

- R107.3 million for civilian oversight which includes monitoring police stations and auditing dockets;
- R43.1 million to combat violence against women and children;
- R355.8 million to promote safety on our roads and reduce accidents;
- R 6.1 million to promote school safety; and
- R7.8 million for community patrollers.

Honourable Members as I move towards conclusion I would like to express my heartfelt thanks to:

- Premier David Makhura for his inspiring vision, his hands on leadership of our province and his never-failing support and advice;
- My Colleagues in the Executive Council for their fortitude and determination to succeed in the face of limited financial allocations and limitless demands;
- The Honourable Members of this House and in particular the Finance Portfolio Committee under the able leadership of Honourable Sakhiwe Khumalo for their oversight and insight;
- Team Treasury under the sterling leadership of Ms Nomfundo Tshabalala who every year achieve new and better standards of public accountability and dedication;
- The citizens of Gauteng who give us a mandate to govern and have offered me so many useful tips on social media and during the Ntirhisano programme to guide this budget; and
- My family who deal with all the inconveniences of my life in public service and who love me and support me through it all.

Honourable Members today on International Women's Day we must take courage from our struggle mothers and grandmothers who watch over us. We must give thanks for their wisdom and example of humble public service. In their name we must intensify the quest to build a more inclusive egalitarian City Region, one we will be proud, to one day handover to our daughters and our granddaughters.

I now table the following documents for consideration by this House:

- The Appropriation Bill for 2016
- The Explanatory Memorandum to the Bill
- Estimates of Provincial Revenue and Expenditure
- Estimates of Capital Expenditure
- The Socio-Economic Review Outlook and
- A copy of my Speech

I thank you.