

**EASTERN CAPE 2015/16 PROVINCIAL
BUDGET SPEECH**

HONOURABLE S. SOMYO

6 MARCH 2015

Honourable Speaker,
Honourable Premier,
Honourable Members of the Executive Council,
Honourable Members of Legislature,
Honourable Executive Mayors and Mayors,
Esteemed Traditional and Religious Leaders,
Our Esteemed Guests,
Ladies and Gentlemen

Honourable Speaker, I would like to take this opportunity to greet our people from the metros and various districts who are watching from the Public Viewing Areas in:

- Libode Town Hall in OR Tambo
- Tarkastad Town Hall in Chris Hani
- Willowvale Town Hall in Amathole
- Bavians Community Hall, Rietbron in Sarah Baartman
- Kwezi Naledi Hall, Lady Grey in Joe Gqabi
- Ntabankulu Community Hall, in Alfred Nzo
- Raymond Mhlaba Sports Center, in Nelson Mandela Metropolitan Municipality
- NU 15 Mdantsane Hall, in Buffalo City Metropolitan Municipality.

Molweni

SoMlomo, Sivakele isithonga sokuwa komthi omkhulu nengcungela yezamaza omoya uSaba ka Mbixane, iZawu Zawu. Namhlanje isizwe sakowethu sinyembezana kodwa ke sithi kusapho nabalandeli bakhe lalani ngenxeba. Akuhlanga lungehlanga. Sithi hamba kakuhle Hlubi, Ngelengele nyana ka Mashiyi

Honourable Speaker, I am honoured by the opportunity afforded to me to come and present the Provincial Budget for 2015/16 fiscal year in this august House.

This year marks the 60th anniversary of the Freedom Charter, a uniquely South African roadmap which reverberated from Kliptown to the United Nations. As we celebrate this important milestone of the people's charter, we need to remind ourselves of its values which Charter envisaged a South Africa where all people black and white would live together in peace and harmony enjoying equal rights, opportunities and sharing equally the country's resources.

Informed by these values we are encouraged by the progress we are making despite the immense challenges caused by the apartheid regime to the socio economic state of the country.

The 20 Year Review Report noted that between 1980 and 1994 South Africa achieved a 1.4% average GDP growth rate with inflation standing at 14.2%. With the advent of a democractic state, the average growth rate between 1994 and 2007 stood at 3.6 % with inflation at 6.3%. Again, between 2007

and 2012 notwithstanding the economic meltdown, our average growth rate was at 2.3% with inflation at 6.5%.

Honourable Speaker, the ANC-led government changed the economy of the country in a short space of time from a R80 billion rand economy that we inherited from the apartheid regime to a R400 billion rand economy by ensuring prudent monetary and fiscal policy.

At a social level, The Stats SA Community Household Survey of 2011 confirmed that we have delivered a better life for our people. The survey results showed that 73% of learners in the Eastern Cape paid no tuition fees. In public schools where scheme was provided 84% of learners benefited, while 79% of households attended Public Health Care facilities were either **very** satisfied or satisfied with the service they have received.

Honourable Speaker, the same survey revealed that 79 % of households in the province enjoyed access to clean water while 80 % of households were connected to the main electricity supply.

In essence this confirms that we are on the right track and progressively realizing the vision of a better life for all. **Siyaqhuba ngesingcwangciso sophuhliso lwePhondo, esisekelezwe kwesika Zwelonke.**

Honourable Speaker, this outlines what informs the medium term budget that we are tabling today. We are continuing the work that we started in 1994 in order to realise the declarations made by our forebears in 1955. For us to increase the momentum we have to strengthen levels of accountability,

partnerships and a sense of urgency drawing on the fortitude and support of all our people, united in action towards a common goal.

ECONOMIC OUTLOOK

The interconnections of the global, national and local economy make us vulnerable to economic shocks. In spite of all these challenges, South Africa still recorded a positive GDP growth of 1.4%. The year ahead we anticipate higher than previous year's growth buoyed by lower oil prices.

The South African economy was under significant pressure during 2014 as a result of severe Labour unrest, electricity supply constraints and weak growth in SA's manufacturing export markets. However, developments such as the lower oil price will slightly improve the growth and fiscal prospects of the country over the coming medium term.

Honourable Speaker, **unemployment** remains unacceptably high at 29% in the Eastern Cape. A contributing factor is the lingering effect from global economic downturn and the possible emergence of a 'middle income trap' where rising cost pressures are undermining our global competitiveness.

Furthermore, unemployment is also closely connected to a wider array of **socio-economic challenges**. Levels of poverty, literacy and total household income are all significantly lower in the province when compared to our neighbours.

Moreover, the challenge of socio-economic **development is very unevenly distributed** within the province; with the burden of unemployment and poverty mostly prevalent in the former homelands areas.

As a labour sending province we have also seen continued **outward-migration** of our people which impacts negatively on our equitable share from the national fiscus. **Noxa bebuya kuMaphondo abakuwo, baxhomekeke kwakule ngxowa yethu ishokoxekileyo.**

BUDGET STRATEGY

Honourable Speaker as outlined in the Medium Term Budget Policy statement, our agenda focuses on ensuring that we achieve fiscal sustainability, provide support to SMMEs and continue to invest on socio-economic infrastructure.

Fiscal Sustainability

Honourable Speaker, no one can doubt the resolve of this government to grasp the difficult issues of today. Many are complex in nature and the decisions are never easy. This government recognizes that an integral part of success in doing difficult things is the resistance one encounters and the courage one requires in the face of adversity.

Given the narrowing fiscal envelope and the continued increasing demand for service delivery, it is imperative that fiscal sustainability is achieved.

Pursuing program reviews, reprioritization and budget reviews

The province will ensure that funds are allocated efficiently to where they are most needed by pursuing reprioritization, program reviews, and budget reviews. All government institutions are expected to review programmes through four lenses – relevance, effectiveness, efficiency and sustainability.

The objective of this undertaking is to ensure that sustained funding goes to initiatives that work and have maximum impact for development.

Improving value for money

Honourable Speaker, we are committed to transforming and finding new and smarter ways to deliver the best value for every rand spent.

The strategic importance of Supply Chain Management (SCM) to service delivery, value creation, socio-economic transformation and fiscal prudence cannot be underestimated.

The Province has already identified goods and services for which transversal contracts will be arranged to ensure that through economies of scale better value is achieved.

Furthermore, in collaboration with the National Treasury, we have initiated the procurement reforms by centralizing and improving the functionality of key procurement processes.

With regards to the implementation of austerity measures that have been rolled out in the Province such as the curbing of excessive expenditure on Travel and Subsistence, Consultants, Venues, Catering, Government Fleet,

Cellphones and the replacement of Computer Hardware, focus will be on monitoring.

Reforms will also be undertaken in the transfers made to Public Entities and Non-Governmental Organizations (NGOs) as well as manage rental expenditure. The Office of the Premier, Provincial Treasury and Public Works will develop a financial model on sustainable financing of office accommodation to move away from excessive rentals.

Managing the spending mix

Honourable Members, the spending mix between consumption and investment spending will be managed to ensure financial sustainability.

Over the MTEF, all provincial departments will be required to finalize and approve their organizational structures.

Although we face a potential risk on the containment of personnel costs due to failure to conclude the Public Sector Wage Agreement which will put further pressure on the budget.

Increasing Own Revenue Generation

Honourable Speaker, given the constrained fiscus it has become incumbent on the province to find innovative ways of increasing our own revenue. Own revenue creates an opportunity for new revenue streams that can be put towards improving public infrastructure and growing the economy.

Provincial own revenue will be maximized mainly from motor vehicle license fees, health services, and rental income. The details of which will be unpacked in the Treasury Vote Policy Speech.

Savings strategy

It remains financially prudent that we ensure the Province has some savings for unforeseen eventualities. Such savings will be committed to mitigate against any unexpected expenditure or economic shocks in the future. We continue to ensure a reasonably liquid Provincial Revenue Fund that is able to meet cash flow demands for improved service delivery.

BUDGET FRAMEWORK

Honourable Speaker, the provincial government aims to facilitate an environment that will provide impetus to growing the regional economy in an inclusive and sustainable manner.

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 **R65.462 billion**. This amount is projected to grow to **R72.201 billion** in 2017/18.

The 2015/16 provincial receipts consist of:

- Equitable Share of **R54.312 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 **R1.091 billion** which accounts for **1.6 per cent**.

As outlined by the Premier in his State of the Province address, our focus over the medium term will be ;

- Education and Health
- Social Security and Cohesion
- Promoting Inclusive Economic Growth and Creation of employment
- Investing on Agriculture Development
- Supporting Infrastructure Delivery
- Governance and Accountability
- Supporting Local Government

Education and Health

Honourable Speaker, by investing in Education and Health we are investing in the future generations and improving a health profile nation. As a province we are compelled to always protect these sectors as enshrined in the Constitution.

We have made formidable strides in improving the provision of education; however, huge challenges are still with us. The quality of our Matric passes is commendable albeit with relative lower numbers of pupils that get to write the Matric exams and ultimately pass them.

The systemic challenges in our basic education system are symptomatic of socio-economic challenges that mainly manifest themselves in the classroom.

Addressing those challenges will require the following;

- Further development and enhancement of early childhood education,
- An increased and committed role for parents in their children's education,
- Enhanced quality teaching and assessment of teachers,
- Provision of Learner Teacher Support Material
- Improving the School infrastructure
- Enhancing Scholar Transport System.

Madam Speaker, Education receives **R91.58 billion** over the MTEF. This will go a long way in addressing some of the challenges we have just mentioned.

Honourable Speaker, we am pleased to report that due to the improvement of quality in the infrastructure plans by the Department of Health and Education, working with Provincial Treasury, the Province has secured an additional allocation of **R243 million** in 2015/16 financial year. Working together we can do more.

No one can dispute the fact that conditions under which education takes place, plays an important role in the performance of both teachers and learners. In his State of the Province Address, the Premier emphasized the

need to strengthen Early Childhood Development, Improving school infrastructure and the importance of the school nutrition programme in the fight against poverty.

Honourable Speaker, Our people have spoken extensively on this matter in the **Tips for Budget campaign** and we have taken their views into account. For instance Mr. Bantu Kotile, a student at Lovedale FET College said: “I wish the MEC can provide enough resources and maintain the standard of education especially in rural areas.” Thank you Mr. Kotile for your advice.

For the 2015/16 financial year an amount of **R1.832 billion** is set aside for **Educational Infrastructure**. Included in this amount is provision of R120 million for **four new hostels** to contribute to the improvement of quality learning, minimizing the need for scholar transport and rationalization and consolidation of smaller schools. The amount above does not include the Accelerated School Infrastructure Development initiative program that is funded through the National Department of Basic Education.

To ensure that no learner attends classes on an empty stomach in our schools, an amount of **R1.020 billion** is allocated for the **School Nutrition Programme** for the 2015/16 financial year.

Honourable Speaker, we also need to explore for a qualitative model.

We are also allocating an amount of **R583.513 million** for the 2015/16 financial year to ensure **Universalization of Grade-R**. This is in accordance with the declaration of the Freedom Charter which states that the “Doors of Learning and Culture Shall be opened for all..!”

Health

Honourable Speaker, we are indeed making phenomenal progress in our march towards achieving an improved health profile in the province. The National Development Plan and the Department of Health's Ten Point Plan, all affirm our policy intent of providing affordable, accessible and quality health care.

Over the MTEF, our focus and resources will be invested on ensuring that we consolidate the impact we are making in the reduction and treatment of TB and HIV & Aids infections. In this regard, an allocation of **R1.577 billion** is made available for **Comprehensive HIV and AIDS program**. To support these programmes and ensure that they continue to be a success, we are allocating an amount of **R3.705 billion** for non-negotiable items, such as food, additional ambulances, blood, fuel, oil, gas. An amount of **R1.221 billion** is allocated for medicines. This will go a long way to enhance the provision of medicines in our hospitals and clinics

The need for appropriately qualified and skilled healthcare professionals cannot be overemphasized. For this purpose we are allocating **R204.430 million**. **Sifuna ooGqirha abazakuhlala ezilalini njengaseMadwaleni naseZithulele.**

Honourable Speaker, we took a decision to Revitalize Primary Health Care. This decision was taken to ensure that we end years of neglect for the majority of our people, by bringing health care services to their doorstep. An allocation of **R592.073 million** for the 2015/16 is meant for health care

facilities. We will continue to intensify the provision of infrastructure to support the NHI pilot in the province.

The Province, as an implementing agent, has been allocated major social infrastructure project funds from the National fiscus. These are:

- R1,3 billion for the Construction of Phase 4 of Cecilia Makiwane Hospital
- R700 million for the upgrading of existing facility at St. Elizabeth's hospital
- R1 billion for the replacement of Zithulele Hospital

Social Security and Cohesion

Honourable Speaker, we are a caring government, especially for the most vulnerable in our society. .

As an important stage in human development, we will complement the program announced under Education through the Early Childhood Development Centers focusing on 0-4 years of age. Currently 63100 learners are benefiting from the ECD programme. In addition, The Department of Social Development is therefore allocated an amount of **R2.230 billion** in 2015/16 to mainly cater for children, youth, women, people with disabilities and our senior citizens.

Security of our communities should receive attention through effective coordination of crime prevention and police oversight towards a more secure society.

Honourable Speaker, there is no doubt that provision of houses is a critical component of the quality of life of our citizens. The Department of Human Settlement receives a total allocation of **R2.297 billion** in 2015/16 to facilitate

housing delivery and infrastructure in an integrated manner. An effort will be made to assist the department of human settlements to fully implement the human settlements guidelines within the context of spatial planning which involves critical stakeholders.

Promoting Inclusive Economic Growth and Creating Decent Jobs.

Honourable Speaker, our agenda for economic growth and development is founded on **infrastructure development** and maintenance that will enhance the quality of life of our citizens, increase productivity and meet future demographic needs.

A key consideration for investment and the re-industrialization of the province is to improve logistic infrastructure, to ensure regional competitiveness and reduce the cost of doing business within the province. Thus, government will invest in the provision of roads and improved transport logistics.

Honourable Speaker we have huge backlog on roads infrastructure, covering all the three spheres of government as per the road classification framework. We have thus prioritized roads that lead to schools, health facilities, agricultural production and tourism sites.

The Department of Roads and Public Works has been allocated an amount of **R1.289 billion** for the maintenance of provincial roads for 2015/16, amounting to **R4.017 billion over** the MTEF.

Over and above these initiatives, there are major social and economic infrastructure projects that are planned for the medium to long term as outlined in the National Treasury Budget Review as follows:

- Project Mthombo, the construction of the 300 000 barrels per day oil refinery at Coega with support infrastructure , with PetroSA as an implementing agent
- The Manganese Rail and Terminal, for upgrading rail, port and terminal capacity for manganese export, with Transnet as an implementing agent.

Honourable Speaker, also critical to building a growing economy is the establishment of a dynamic and **supportive business environment**.

The quarterly Labour Force Survey of Q1 in 2014 indicates that approximately 25% of provincial employment (282 000 non-agricultural informal workers) is within the informal sector. The single largest component in the informal sector is in self-employment at 40%. In an attempt to drive the informal sector towards the mainstream economy, Cooperatives are crucial.

Through the establishment of a Provincial Cooperative Sector Framework, the provincial administration will gear its increased support towards development of SMMEs and Cooperatives .

An amount of **R40.728 million** is allocated to support 280 SMME development in 2015/16. Together with the Department of Small Business Development, we will further bolster the funding for enterprise development.

Honourable Speaker, the Premier alluded that over the MTEF, a 50 % target of public sector procurement will be directed to benefit local businesses. Thus far we have identified commodities where it will be possible to do so. This initiative will involve developing a Provincial Procurement Policy that facilitates off-take agreements. The budget for Goods and Services, and Capital Payments currently stands at **R14, 833 billion** and this offers a solid base for the public procurement to be used as a transformation tool and a catalyst for enterprise development.

Through the Department of Roads and Public Works, the Expanded Public Works Program (EPWP) is now entering its third phase. It is anticipated that it will create 47500 job opportunities and 15686 full-time equivalents in 2015/16.

Honourable Speaker, **Renewable Energy**, is a key sector for economic growth in the province. The power supply challenges that the country is currently faced with should serve as an opportunity for both public and the private sector to invest more. The Premier in his State of the Province Addresses alluded to a number of investments that are being considered in this area.

Furthermore, the Shale Gas industry is a multi-trillion Rand industry that holds great potential for our province. Resources are made available through the relevant department to support research and ensure that we exploit this economic opportunity for the benefit of our people.

Honourable Speaker, the economic outlook might be slow at the moment, but for us in the province there are new areas of the economy to explore.

Our country is now entering a phase of exploring the **Ocean Economy**. As a province we plan to capitalize on the 800 kilometers coast line advantage to develop a thriving Ocean Economy. Operation Phakisa directs us on how we can benefit from the ocean. East London IDZ is currently at work for the realization of this plan.

Over the MTEF, the province will develop strategic frameworks, partnerships and implementable plans that will position the province to take full advantage of industries in areas such as manufacturing, maritime transport and aquaculture.

Honourable Speaker, another key lever to growing the provincial economy and creating increased employment, whilst also reducing the national current account deficit, is to increase the level of manufactured exports, particularly from labour intensive industries.

The province is well positioned to drive **export-oriented growth** owing to its Industrial Development Zones (IDZs). As stated by the Premier in his State of the Province Address, both Coega and East London IDZ continue to attract valuable investments.

Though they are currently faced with challenges, we are committed in support them and ensure that they remain sustainable and to comply with governance standards.

We will also ensure that these industrial zones are transitioned into Special Economic Zones (SEZ) so they continue to drive growth and employment in the regional economy. Furthermore, a 3rd proposed SEZ in the Wild Coast region is currently at pre-feasibility stage, and it is envisaged that it will facilitate development in the Eastern side of the province.

A particular focus will be made to the Eastern Cape Development Corporation to drive and secure critical investments as a contribution to transforming the provincial economy.

Honourable Speaker, our **tourism and cultural industries** not only create jobs and economic growth, they also enhance citizens' quality of life. Special focus will continue to be given to tourism, cultural, sporting events and projects. The Department of Sports, Recreation, Arts and Culture has been allocated an amount of **R796, 917 million** to support sports, arts and culture industries. The National Arts Festival remains one of the major contributing events to both our job creation drives and tourism. A total transfer of **R193.080 million** is availed to Eastern Cape Parks and Tourism Board in 2015/16.

Investing in Agricultural Development

Honourable Speaker, the availability of food is essential to ensure the prosperity of a nation. As a province we are blessed with hectares of arable lands, good rains and pristine ocean. As government we are encouraged by the positive response that our people are showing to our call of returning to

the basics, **emasimini**, as large tracks of land that have been lying fallow are now being ploughed in most parts of our province.

The Department of Rural Development and Agrarian Reform is allocated an amount of **R1.98 billion** for the 2015/16 financial year. Of this amount **R199.664 million** is set aside for Crop production, **R20 million** for the operationalisation of milling hubs, **R261,909 million** for the comprehensive agriculture support program which is inclusive of crop and livestock infrastructure and training of farmers to improve skills.

We have embarked on an accelerated food production program in our agriculture sector. In trying to mitigate food shortages, the Department of Agriculture has been allocated an additional **R100 million** to increase the hectares planted, from 17000 in the current season to 45500 hectares in the next season. Going forward we want to assist the department to expand their yield in terms of quality and quantity. Our aim is to ensure that we intensify support to commercial farmers as a broader strategy to increase the capacity of emerging farmers to help them graduate to higher levels.

Support to infrastructure delivery

Honourable Speaker, our municipalities and departments at times struggle to deliver capital projects timeously, within estimated costs and sufficient value created.

During the compiling of this budget, Zethu Songqushwa from King Williams Town who participated in the **Tips for Budget campaign** highlighted the reform of infrastructure as the driver of our economic growth and this indeed is what we seek to achieve. I thank you Zethu for this input.

We are faced with huge inefficiencies in the delivery of services including but not limited to poor contractor performance, delays in procurement, price collusions, and poor project management. Over and above this, there is limited coordination and integration of provision of services.

Towards the end of last year the Office of the Premier, revived a technical team to oversee and unblock some of the infrastructure projects that were delayed. From that process, this team will continue on its work and formalize its governance structures, reporting frameworks and interactions with the departments and municipalities. We will also ensure that the composition of the team includes the technical professionals.

Rapid infrastructure response teams are currently being brought in to assist municipalities that have spent less than 30% of their budgets at the end of December 2014. The teams will comprise of professional engineers and project managers and will be located in district areas.

On aggregate the province has been allocated **R7.8 billion** for infrastructure delivery for the 2015/16 MTEF, excluding the Municipal Infrastructure Grant, which amounts to **R8,26 billion** in 2015/16 MTEF. This is a new territory and we are pleased to announce that we now have a central database for Financial and Infrastructure Specialists, which municipalities, government departments and public entities have been informed about.

Governance and Accountability

Honourable Speaker, we know that as a province we must be ready for change, confront the issues that lie at our doorstep and mitigate the risks facing us.

Some of our behavioural patterns nurtured over the past must change . Unsatisfactory levels of productivity, insensitive customer care, lack of transparency and accountability must come to an end.

Honourable Speaker, with the negative economic outlook and increasing demand on public services, it is evident that allocations alone will not be adequate in accelerating the development of our province. A high level of discipline is no longer an option but a precondition for this budget to have the desired effect. While we are making progress in addressing developmental challenges, more effort is still needed towards better management of resources and value for money that must be created at the point of service delivery. In this regard, we will continue to strengthen governance, notably the capacity of Internal Audit, Risk Management and Audit Committees.

The integration of efforts by coordinating departments namely Office of the Premier, Cooperative Governance and Traditional Affairs and Provincial Treasury will be necessary to address weaknesses in management systems, including poor planning, wastage and arresting the endemic problem of irregular expenditure. In addition the digital age presents us with an opportunity to increase seamless connectivity. In his National Budget Speech, Minister Nene emphasized that schools and government institutions must be connected to broadband. The Office of the Premier will thus, be championing the digital development to see the realization of such.

Honourable Speaker, decisive leadership across all sectors is required to promote a culture of accountability, where poor performance and irregularities, which sometimes lead to corruption, should not be tolerated. We hope that the Legislature, civil society and the public in general will use government publications, which seek to promote transparency and

accountability, to keep government on its toes with regards to the stewardship on managing public resources. An amount of **R 436, 76 million** has been allocated to the Provincial Legislature to deepen democracy and promote oversight.

Support to Local Government

The local sphere is the face of government in our daily grind. It is thus the most visible sphere to the ordinary person. In the last 15 years, transformation of local government has been intensified. Although poverty has decreased in our province, access to water and sanitation in our municipalities require considerable improvements.

The government is embarking on a “Back to basics programme” with the aim to strengthen governance and ensuring service delivery in the local sphere.

Honourable Speaker, we are a caring government and when our people experience extreme hardships due to lack of access to basic services, it is a clarion call for us to sacrifice the limited resources and assist where we can.

I must emphasize that we step in as provincial government after exhausting all other avenues as municipalities are funded directly by the National sphere and where we have reasonably satisfied ourselves that the cost of not doing anything far outweighs the cost of sacrificing our limited resources.

In the last financial year distress calls came from both Makana and Engcobo, the taps had run dry, children could not wash to go to school, and those communities were facing possibilities of diseases arising from lack of water and concomitant unavailable sanitation.

Honourable Speaker I am pleased to report that the **R234 million** that we utilized to support Makana not only assisted in restoring a sense of dignity to

the communities affected but also saved both the Sci-fest and the Grahamstown National Arts Festival. Our effort thus protected jobs in the area.

With Engcobo, our **R70 million** contribution assisted the Chris Hani district municipality in restoring and upgrading water services in the town.

The Nelson Mandela Bay had been unable to provide electricity connections and sanitation to alternative accommodation of what was an informal settlement in Walmer Township. The provincial support of **R70 million** made this possible and as we speak the area is being upgraded.

Honourable Speaker, the road ahead is steep as the malaise within the municipalities is yet to be fully addressed. We are working with both National Departments and municipalities to find an everlasting solution to the challenges. It is for this reason that we have intervened with both financial and human resources to ensure provision of quality water in Makana Local Municipality, Engcobo Local Municipality and assisted Nelson Mandela Bay Metro Municipality in addressing bucket eradication.

Abantu baseGrogro eBhayi imeko yabo yentlalo siyayiphucula sisebenzisana neNgqurha. Unyaka mnye ngulo! Siyaqhuba!

In addition an amount of **R1.177 billion** is availed for social infrastructure interventions over the MTEF period. These will be allocated as follows for the 2015/16 financial year:

- KSD Local Municipality is allocated an amount of R100 million for Western Side Electrification for the support of the NHI pilot site.
- R61 By-Pass in KSD has been allocated an amount of R50 million.
- Ntabankulu Local Municipality is allocated an amount of R40 million for access to local clinics and schools as well as storm water drainage.
- Joe Gqabi District Municipality has been allocated an amount of R100 million for Gariep and Maletswai drought relief.
- Chris Hani District Municipality has been allocated R70 million for drought relief.
- Mbhashe Local Municipality has been allocated an amount of R70 million for Roads Intervention.

Honourable Speaker, to enhance revenue generation at local government level, government departments are urged to pay for municipal services including rates and taxes. Included in the budget of the Department of Roads and Public Works, for example, is an amount of **R232 million** earmarked for property rates and taxes.

these interventions are additional to those that are provided for in the department of Cooperative Governance and Traditional Affairs whereby an amount of **R957,66 million** is made available for amongst others, supporting municipalities and the promotion of viable traditional institutions.

OTHER CONSIDERATIONS

Honourable Speaker , as the MEC for Finance I would like to highlight key considerations where we are proposing that we set aside funds to cater for allocations once credible business plans are in place, namely;

- Coega and East London IDZ – business model reviews.
- With respect to Agriculture, engagements with National Department of Agriculture requires us to establish baselines for both Commercial and Subsistence farmers, identify and package all necessary inputs to improve yields.
- Establishing Infrastructure support teams for enhancing municipal ability to spend allocated conditional grants.
- Comprehensive research and business plan on the funding of the libraries and provision of books and costing thereof.
- Port St Johns Revitalization as a critical link to the success of the proposed Wild Coast SEZ.
- In response to the Premier's State of the Province Address an additional allocation will be made available for rural roads.
- In support of the University of Fort Hare centenary, Nkonkobe Local Municipality storm water drainage and related projects.

Honourable Speaker, a budget is set aside to cater for all of the above once there is finality on the business plans that government is considering, **the details of which will be confirmed during the adjustment estimates.**

ALLOCATIONS PER DEPARTMENT OR PROGRAMME

Honourable Speaker, in summary the allocations per vote are contained in the table below:

VOTE	DEPARTMENT	AMOUNT R'000
1	Office of the Premier	458 919
2	Provincial Legislature	436 766
3	Health	18 495 913
4	Department of Social Development	2 230 784
5	Roads and Public Works	4 251 304
6	Education	29 438 370
7	Co-operative Governance and Traditional Affairs	957 661
8	Rural Development and Agrarian Reform	1 975 606
9	Economic Development, Environmental Affairs and Tourism	1 181 858
10	Transport	1 650 285
11	Human Settlements	2 297 933
12	Provincial Treasury	738 492
14	Sport, Recreation, Arts and Culture	796 917
15	Safety and Liaison	83 969
Total		64 994 776

CONCLUSION

In conclusion Honourable Speaker, we had a reduced budget from which we allocated resources to better the lives of our people.

As we have said, the economic outlook is weak at the moment but better days are on the horizon. **Kakade athi amaXhosa kuqale kubemnyama phambi kokuba kukhanye.**

Putting together this budget was a challenging task. Going into 2015/16 financial year the most important factor is our ability and capability to deliver on our undertakings to our people through the implementation of key programs funded in this budget.

Let me express my sincere appreciation and gratitude to the Honourable Premier for his guidance and my Cabinet Colleagues whom we have debated and engaged extensively in preparing this budget. A word of gratitude also goes to the Chairperson and the Portfolio Committee on Finance.

The preparation of this budget involved inputs and effort of many people. I would like to thank the people of our province for their tips, **nangamso mawethu**, the Provincial Treasury team led by the HOD Mrs. Marion Mbina-Mthembu, government officials, my Office Staff for their support and dedication. Lastly, but not least I would like to thank my family for their continued support during this period.

Honourable Speaker, allow me to table the 2015/16 Budget for the Eastern Cape Province. I table the Appropriation Bill, the Gazette, Estimates of Public Entities Revenue and Expenditure as well as Estimates of Provincial Revenue and Expenditure. I thank you.