



EASTERN CAPE
BUDGET SPEECH
2016/17



Province of the
EASTERN CAPE
PROVINCIAL TREASURY

EASTERN CAPE 2016/17 PROVINCIAL BUDGET SPEECH

HONOURABLE S. SOMYO - MEC FOR FINANCE

4 MARCH 2016

Honourable Speaker,
Honourable Premier,
Honourable Members of the Executive Council,
Honourable Members of the Eastern Cape Legislature,
Executive Mayors and Mayors of our Municipalities,
Esteemed Traditional and Religious Leaders,
Leadership of Chapter Nine Institutions,
Leadership of State Owned Companies,
Leadership of political formations,
Leadership of Labour,
Business Leadership,
Director General, HoD's and Senior Government Officials
Our Esteemed Guests,
Ladies and Gentlemen,

Honourable Speaker, I am honoured for the opportunity afforded to me by this august house to present the Provincial Budget for 2016/17 financial year. I would also like to greet all those, who are watching the delivery of this speech on DSTV Parliamentary Channel 408. **Ndingabalibelanga abo baphulaphule konomathotholo basekuhlaleni naku Mhlobo Wenene, ngalentsasa.**

In 2013, Madam Speaker, the nation adopted the National Development Plan, a developmental blue print that seeks to bring to fruition the realisation of a better life for all our people. The NDP reminds us that to achieve a better life for all, government cannot work alone. It says we must draw on the energies of our people, we must grow an inclusive economy, we must build capabilities, and we must enhance the capacity of the state, and promote leadership and partnerships throughout society. **Ixesha lokuthetha liphelile masibeyimbumba yamanyama sisebenzisaneni ukwakha uqoqosho lwephondo lethu.**

**Umbali wemibongo uKwethane kumbongo wakhe othi-
Ubunye unaba enjenje:**

Ubunye sisixhobo say'impumelelo.

Lubambiswan' olumxhel' umnye,

Abakwenzayo bakwenza kunye,

**Okwab' ukwenza kunegalelo,
Ezinzima bona bayathwalisana,
Ezixakayo kuzo bayancedisana,
Yakubotshw' inyanda ibang' uqilima''**

Economic Outlook

Honourable Members, the budget for this year has been developed under a subdued economic climate. As articulated by Minister Gordhan, economies with strong links to the global economy, particularly those heavily reliant on commodities and manufactured exports, which include South Africa and as is the case with our Province, will be adversely affected. South Africa's growth prospects are weak, with the IMF projecting downward growth from 1.3 % in 2015 to 0.9 % in 2016 rising to 1.3% in 2017.

Our provincial economy is forecast to lag behind the national average thus requiring an integrated sectoral approach to ensure its growth. It must be noted that Business and general government services currently remain dominant sectors, in terms of net positive employment creation during these tough economic times.

The severe **drought** has affected agricultural output which stood at 1.5 % in 2013 to -10.6 % in the 3rd quarter of 2015.

Imbalela iyagquba!!!

Honourable Members, such tough conditions direct us to take tough decisions, to keep the course of positive economic growth. There is no other moment except now. We have to make fiscal policy choices that will enable us to mitigate against the effects of a subdued economy.

Thomas Edison, an American Inventor and businessman who developed amongst other things the light bulb once said: **“Our greatest weakness lies in giving up. The most certain way to succeed is always to try just one more time.”** Giving up is not an option for us, same as sitting idle hoping for a miracle to happen in the global economy. We are resolute in our pursuit of a better life for all.

Budget Strategy

Somlomo, njengoko benditshilo ekuqaleni, obekekileyo uNkulumbuso weliphondo, uthe masiqhube ngoko besizibophelele ngako ebantwini emva konyulo luka 2014. Over the 2016 MTEF we will therefore **enhance fiscal space to enable economic growth.**

We are going to do this by:

- Ensuring fiscal sustainability
- Strict implementation of Cost Containment Measures
- Containment of the Provincial wage Bill
- Increasing own revenue generation
- Rationalisation of Public Entities and
- Attaining value for money

Fiscal Sustainability

Honourable Speaker, the National Treasury, as indicated by Minister Gordhan has had to revise the 2015 Medium Term Budget Policy Statement (MTBPS) in order to accommodate the zero fee increases in Higher Learning Institutions, BRICS Bank reserve fund, contingency provisions for drought relief and other contingency liabilities.

In light of these, the province introduced a number of initiatives including tight cash management, improved revenue generation and collection, and ensured a more rigorous expenditure management to improve value for money. As a result we pleased that the provincial Revenue Fund has maintained a liquid status throughout the year.

Strict implementation of Cost Containment Measures

Honourable Speaker, the clarion call by our President, His Excellency Jacob Zuma for us to curb spending on non-core items, resonates with our long held belief that scarce resources should be utilised to maximise service delivery.

These tough economic times call for innovative thinking and high levels of discipline. In this regard core service delivery programmes will be protected, all non-core expenditure items such as travel and subsistence, venues and facilities, entertainment, catering, overseas travel and accommodation will be strictly managed and curtailed.

Provincial Treasury has developed a draft framework for cost containment measures within the province with specific emphasis on wasteful expenditure in Supply Chain Management (SCM). Sector task teams have been formed to streamline the implementation of the strategy and the monitoring thereof under the supervision of the OTP.

We will enforce the price index for high-volume-low-value items.

Transversal contracts will also be prioritised to leverage on economies of scale and support for Office of the Chief Procurement Officer's centrally negotiated contracts will be ensured. The drive to improve procurement efficiencies through transversal contracts will continue over the 2016 MTEF. We further intend to include extending the replacement period for government fleet and computer replacement timeframes, with cellphone and landline costs also being re-evaluated.

Transfers to public entities and non-profit institutions will be reduced, particularly to those entities and institutions that have cash reserves or not performing, as required.

Silindele ukuba iinkokheli kuwo onke amabakala ka rhulumente ziqinisekise ukuba incitho iyapheliswa kwizinto esinokuphila ngaphandle kwazo.

Containment of the Provincial Wage Bill

Honourable Members, these tough times requires us to curb the provincial wage bill over the medium term which is currently seating at 65 %. We should pursue this action passionately to ensure that expenditure on CoE does not crowd out all other expenditure, particularly that of core service delivery.

In his budget speech Minister Gordhan emphasised the need to manage the wage bill. To realize desirable results on this:

- The appointment of provincial administrative and executive support staff will be frozen.
- Quarterly analysis of personnel numbers and CoE expenditure within the departments of Education, Health, Rural Development and Agrarian Reform and Social Development will be undertaken by pursuing reprioritisation, programme reviews and ensuring that core programmes in departments are filled with the right skills.
- Over the medium term efforts will be made to centralise the recruitment processes in the provincial administration.
- We will withdraw the funding of posts that have been vacant for extended periods, with all posts requiring approval by a central structure.

The institutional arrangements to solicit efficiencies from the wage Bill will be driven through the Provincial Coordinating Monitoring Team (PCMT) commencing in April 2016. The Office of the Premier (OTP) constitutes and will oversee the PCMT, the approval structure for Annual Recruitment Plans (ARP's) and recruitment management.

As part of improving the control environment and financial prudence, Provincial Treasury will centralise the authorisation function on PERSAL for all provincial departments with effect from 1 April 2016.

We are allocating an additional amount of **R15 million** to the OTP to facilitate human resource planning requirements for the entire province.

Increasing own revenue generation

Honourable Speaker, revenue streams supplement the provincial revenue fund towards improving public infrastructure and growing our economy.

The enhancement of the provincial revenue fund requires the efficient application of the Provincial Revenue Generation Strategy.

Our Provincial Own Revenue currently sits at **R1.3 billion**, increasing from the **R1 billion** that we originally estimated. The increase in revenue is due to higher collections by the Eastern Cape Gambling and Betting Board and the Eastern Cape Liquor Board respectively.

The departments that are showing the greatest potential to maximise provincial own revenue are:

- Department of Transport through Motor Vehicle Licence Fees, Provincial Traffic Fines and Government Motor Fleet Services.

Sizakulandela wena unesithuthi!!!

- Department of Health through automated electronic registrations and billing system currently piloted in Cecilia Makiwane Hospital.
- Department of Economic Development, Environmental Affairs and Tourism through its entities.
- The Department of Roads and Public Works through raising revenue on the use of covered and uncovered parking, lockup garages at buildings that are occupied by government departments (effective 1 July 2016) and cellular masts and receptor sites.
- Provincial Treasury will work closely with municipalities to assist them with their billing systems so that they can maximise revenue generation.

Sithi mayize engxoweni yonke imali enokuqokeleleka noba incinci kangakanani na!!!

Rationalisation of Public Entities

Honourable Speaker, the process of restructuring and rationalising provincial entities, particularly those that are performing similar mandates and those that derive minimal value for the province is progressing smoothly. In line with this intervention, a further process will be undertaken to maximise efficiencies; and strengthen governance structures of all provincial entities, for implementation in 2017/18.

A review of salary levels for senior management and non-executive boards within public entities is being undertaken by National Treasury (NT), the outcome of which will be communicated. Furthermore, the review of the number of board members per entity has begun in earnest.

Improving Value for Money

Honourable Speaker, the strategic importance of Supply Chain Management in service delivery, value creation, socio-economic transformation and fiscal prudence remains critical.

We have developed the Provincial Local Economic Development Framework which outlines the platform through which Provincial Departments and Public Entities will promote Local Economic Development. This will be done through their procurement processes and in so doing ensure that at least 50 % of Provincial procurement is spent on goods manufactured and supplied by suppliers from within the Province, including SMMEs and Cooperatives.

I must say that we are moving in the right direction on this front, as 59.9% of our **R10 billion** Goods and Services budget spend for the 2014/15 financial year, went to suppliers that reside in our province, although the manufacturing is located elsewhere. Through the intensification of campaigns such as Buy Eastern Cape, we seek to encourage our suppliers to buy products that are manufactured in the province. This will ensure that the rand is circulated inside our province to create more work and business opportunities.

Budget Framework

Honourable Speaker, a key component of our budget framework over the 2016 MTEF will entail providing support for the provincial economy and service delivery through sustainable growth in

government spending while ensuring greater accountability.

As Honourable Members would know, the provincial government finances its budget through Equitable Share, Conditional Grants and Provincial Own Receipts.

The projected receipts for the 2016/17 financial year are **R69.5 billion**. This amount is projected to grow to **R74.3 billion** in 2017/18 and to **R78.9 billion** in 2018/19.

These are limited resources though we can go further if we integrate our approach in the delivery of services. Where it matters most is at the community level, where the three spheres of government should converge in delivering services like water and sanitation, electrification, roads, schools, public health facilities, amongst others.

Partnerships with various institutions, private or public or community based should be enhanced to achieve the desired impact. One of the practical engagements we had recently, was with the Chamber of Mines to find ways of how we can work together to improve the lives of the people mainly from labour sending areas of the province.

Honourable Speaker, armed with this budget, we will in earnest continue to roll out government programmes in response to the Programme of Action that was outlined by the Premier in his State of the Province Address. Our focus will remain on the following priorities over the medium term:

- Education
- Health
- Accelerating Agricultural Development
- Promoting Inclusive Economic Growth and creation of employment
- Building Social Cohesive Communities
- Enhancing support to Local Government
- Governance and Accountability

Education

Honourable Speaker, the late American civil rights movement leader, Malcom X once said: “Education is the passport to the future, for tomorrow belongs to those who prepare for it today.” This budget is informed by inputs from people like Luvuko who wrote on Twitter. **“Ezemfundo ziqala ngokuyekelelwa kumabanga aphantsi anjenge kritshi.”**

Ndiyangqinelana naye, uninzi lwethu lujonga kakhulu ekuvuneni iziphumo ezihle ku grade 12, kanti kufuneka siqinise kulamabanga aphantsi, ingakumbi ukuqinisekisa ukuba abantwana bethu bayakwazi ukubhala, ukufunda nokubala.

We are allocating **R31 billion** to the Department of Education for the 2016/17 financial year to enhance teaching and learning in the province and this amounts to 45% of our total budget.

Honourable Members we must begin to derive value for the investment we are making in Education. This apex priority of our government is the foundation for skills development and training and as such all of us should be partners in the implementation of the transformation plan to improve the education system. We are allocating funds to ensure that capable principals are appointed to manage our schools. We also allocate funds to ensure that qualified educators are appointed. We are committed to implement norms and standards in ensuring that there is a teacher in front of our learners. A team from OTP and Provincial Treasury has been deployed to assist the department to eliminate Human Resource Management challenges.

We are allocating an amount of **R2.1 billion** over the medium term to the Department of Education for the Learner Teacher Support Material.

As part of our efforts to ensure Universal access to grade R, we are allocating **R630.9 million**. In the same vein we are also allocating **R250 million** to the Department of Social Development to fund 2561 Practitioners in registered ECD programmes.

Zinzame zethu ke ezi Luvuko.

We are allocating **R3.4 billion** for the school nutrition programme over the medium term.

Lenkqubo ifikelele kubantwana abaphantse bafikelele kwizigidi ezibini, kwizikolo ezingathathi ntweni. Sibamba ngazo zozibini, kuba kaloku ikati isukile eziko kuninzi lwabantwana obelushiya isikolo ngesisizathu.

Yindlela ke le ekufuneka singenelele ngayo ekuphuhliseni uqoqosho kanye apho ekuhlaleni.

USamkelisiwe Nana ubhale ku twitter wathi: “Ingaske kugxilwe kwizithuthi ezithutha abantwana zihlolwe ukuba zikulungele na ukuthutha.”

Lomba siwubhekise kuMphathiswa wezoThutho, kodwa ke sibeke bucala imali engage R1.5 billion kuleminyaka mithathu izayo, ukuqinisekisa ukuba siyancedisana nabantwana bethu abahamba imigama emide xa besiya ezikolweni. We are increasing the number of beneficiaries from 63 000 to 65 000. Priority will be given to learners from deep rural areas. **Uzokuva ke ukuba uyadlala na lorhulumente!!!**

Honourable Members, improving the environment where teaching and learning takes place remains one of the core principles of this government.

We are allocating **R4.6 billion** for education infrastructure over the medium term to build schools and hostels and to equip them with modern facilities, such as computer and science laboratories. Twenty five hostels are currently under construction or renovations, while others are at various planning stages throughout the province, to ensure more focus is on teaching and learning. These include Healdtown, Riebeeck East Combined School, Makaula Senior Secondary School in Umzimvubu, and Freemantle at Emalahleni, amongst others.

We are also allocating **R147.5 million** over the medium term to improve Maths, Science and Technology outcomes in our schools. **Sifuna ezinye izikolo ezifana ne St Johns College.**

Health

Honourable Speaker, the provision of quality health care services is paramount to a stable society. We are allocating **R20 billion** in the 2016/17 financial year to the Department of Health to ensure provision of quality health care services to our people.

Honourable Members, the provision of quality health care services is made possible by a number of factors including a dedicated, compassionate, caring work force and a conducive work environment for them to discharge their duties. **Akukho nto imbi ngathi kukufika esibhedlele kungekho Gqirha, ufike amanesi entshingi-ntshingi, okanye ufike kusithiwa amayeza aphelile. Yiyo lonto kuleminyaka mithathu izayo sibeka bucala imali engange:**

- **R4.3 billion** to improve health care infrastructure
- **R4.5 billion** for medicines
- **R679.5 million** for Health Professional Training

- **R1.9 billion** for the National Health Laboratory Services (Blood Test and related services)
- **R6 billion** for HIV/AIDS Testing and Counselling

The investments that we have made will go a long way to improve the level of service in particular, the moral and ethical conduct of our health professionals, infrastructure and most importantly the service to our people.

Mhle umsebenzi esiwenzayo e Cecilia Makhiwane Hospital, St Elizabeth naphaya e St Patrick Hospital eMbizana. Ukanti siva ingxelo ezincumisayo ngobume beziko lezempilo iFrere eMonti.

Accelerating Agricultural Development

Honourable Speaker, Allan Savory once said: “Agriculture is not crop production as popular belief holds - it’s the production of food and fiber from the world’s land and waters. Without agriculture it is not possible to have a city, stock market, banks, university, church or army. Agriculture is the foundation of civilization and any stable economy.”

We agree fully with this notion hence we are targeting growth and investment in the agricultural value chain. Notwithstanding the constraints of the current drought, we feel we have the land and resource base to position the Eastern Cape to be among the major food-producing hubs, for both the country and the continent. Our agriculture must not only address domestic food security, but it must begin to provide solutions to global food requirements through exports and broaden our revenue generation base. As government, we are currently rolling out a number of Agri-parks across the province, as well as a Wild Coast SEZ, to unlock these opportunities.

The Department of Rural Development and Agrarian Reform gets an allocation of **R6.6 billion** over the medium term with **R830.6 million** set aside for comprehensive agricultural support programme over the same period. The intention is to assist emerging farmers with crop production inputs and mechanisation in order to support food security.

We have also allocated in total **R265 million** over the medium term to mitigate the effects of drought in our province. Part of this allocation is for drought relief efforts in areas such as Maletswai and Gariiep Local Municipalities which have been hardest hit by the drought.

While we aim to explore markets outside our borders for exports, we are not neglecting our duty of ensuring food security for the people of the province. An amount of **R507 million** is allocated for crop production for food security over the medium term.

Promoting Economic Growth & Job Creation

Honourable Speaker, our province continues to face the challenge of high unemployment. By the end of quarter 3 of 2015 a total of 1.37 million people were employed in the province, slightly higher (6 000 more workers) when compared to quarter 2 of 2015. Whilst appreciating this improvement, government is striving for the creation of more opportunities.

The priority sectors for economic growth in our province are:

- **Auto Sector** - The bedrock of our economy is still predominantly the Auto Sector. When tough economic times arrive, the auto manufactures in our province do not resort to retrenchments as a first and only option to survive.

They work with us to find better solutions of keeping our brothers and sisters in their employ, hence we do not hesitate to partner with them on skills development initiatives such as the Mercedes Benz Learning Academy and VW Eastern Cape Skills Development Project.

- **The Ocean Economy** - Transnet National Ports Authority's (TNPA) R186 million rand upgrades to the Port of Port Elizabeth represent the first realisation of government's Operation Phakisa and a positive step towards a thriving boat building and marine maintenance industry for the city. The first phase which started in 2015 has not only created jobs but also initiated a long-term boost into the economy of Port Elizabeth.
- **Leveraging on the Renewable Energy Sector** - Another sector that we have targeted for growth is the energy sector, where we are positioning ourselves as an energy hub for the country. We have already successfully leveraged investment in the renewable sector, and plan to expand this platform through capturing market share in the country's future energy mix. The Minister of Finance has pronounced bold plans on the development of nuclear energy as an alternative energy source for the country. Tysspunt in Koukamma Municipality has passed all EIA tests as a potential site for nuclear energy and we are working together with Coega to ready ourselves for such a prospective investment.
- **Using Tourism to bolster our economy** – This sector continues to be one of the sectors that we need to strengthen to grow our economy.

Our un-spoilt natural endowment which starts from the west to the east and the rich liberation heritage are some of the attractions we must use to attract tourists in our province. The completion of the Mthatha Airport and the construction of the N2 Wild Coast corridor are a necessary infrastructure to facilitate mobility of tourists. We are allocating **R606.9 million** to the Eastern Cape Parks and Tourism over the medium term to grow the tourism industry in our province and generate more revenue.

Resuscitation of Industrial Parks

Somlomo njengoko etshilo uNkulumbuso kwi ntetho yakhe ukuba sizakuvuselela iindawo zemveliso ezinjenge Vulindlela eMthatha ne Queenindustria kuKomani. Sesiqalisile ngokwenene ngeliphulo.

The provincial industrial parks that are set to benefit immediately with phase 1 upgrades are Queendustria in Queenstown at a value of **R22.5 million** and Vulindlela Heights in Mthatha at a value of **R22.7 million**. ECDC has already been tasked to improve security infrastructure in Fort Jackson with an amount of **R6 million** allocated for this initiative.

Once fully functional, these provincial industrial parks will be key centers for employment creation and industrial development for the Province away from the perceived urban economic centres.

We must add that the provincial Department of Economic Development, Environmental Affairs and Tourism (DEDEAT), relevant national (dti) and municipal stakeholders are working together in implementing support programmes for the other industrial parks, such as those in Dimbaza, and Wilsonia.

Transforming our IDZs

Honourable Speaker, as provincial government, we are currently working closely with the dti to transform our IDZs into SEZs to develop the necessary back-of-port infrastructure and incentives to support export manufacturing.

The ability of these public entities to attract and retain large scale investments have yielded over 12 000 work opportunities to date. Projects are in the pipeline with a total value of **R2 billion** in the East London IDZ resulting in 358 direct and 1000 indirect job opportunities.

The EPWP role in the fight against poverty

Honourable Members, contrary to certain beliefs, in some quarters which say the EPWP is not adding value to the lives of our people, we find the Expanded Public Works Programme extremely effective in mitigating poverty and unemployment.

Success stories such as the household contractor programme under the Department of Roads and Public Works piloted 11 cooperatives throughout the 6 regions of the province. One of these cooperatives is Siyahluma Co-op in Blue Crane Municipality which is doing very well and the municipality is assisting the Co-op by buying bricks from it.

We are allocating **R1.8 billion** over the medium term to the Department of Roads and Public Works to continue with the phase 3 of the EPWP where we are targeting to create 50 000 work opportunities, training 900 artisans and development of 150 contractors amongst other things.

Support for SMME Development

Honourable Members, SMMEs remain a crucial driver for the development of our economy and employment creation.

Apart from the state procurement opportunities estimated at a value of **R50 billion** over the medium term, an amount of **R155 million** is allocated to DEDEAT for SMME development over the medium term.

Infrastructure Development for economic growth

Honourable Speaker, none of us can dispute the importance of adequate infrastructure for our aspirations of growing the economy. We need a paradigm shift on performance in infrastructure service delivery if we are to turn around the face of our province.

Over the medium term, the introduction of the Strategic Framework for Improved Infrastructure Service Delivery will be rolled-out.

Asikwazi ukuthi sikhala ngengxowa mali eshokoxekileyo siphinde singaboni miphumela eyiyo kumaphulo okuphuhlisa inkonzo ezisisiseko. Sakufana nqwa nomntu okha amanzi nge emele evuzayo ngolohlobo. Nento yokujika kwemali seyikhona apha ephondweni sithi mayiphele.

One of the bold steps we are taking is the creation of a Rapid Response Team as pronounced by Premier in his State of the Province address, to ensure that infrastructure delivery takes place within stipulated timeframes. To this end an amount of **R16 million** has been allocated to the OTP to support the establishment of the infrastructure Rapid Response Team.

Honourable Members, an improved roads network is one of the key pillars for economic growth. An amount of **R4.1 billion** goes to the Department of Roads and Public Works over the medium term for the construction and maintenance of provincial roads. This is part of the massive **R24.2 billion** that we have allocated to cater for the needs of both our economic and social infrastructure commitments over the medium term.

Isigqibo sethu sokunika uSANRAL ezinye zendlela zethu zephondo kuzale iziphumo ezincomekayo. Oku kwenze ukuba imali ebesiyisebenzisa ekulungiseni ezindlela siyise kwezinye indlela zephondo.

The South African National Roads Agency (SANRAL), has to date spent about **R3.5 billion** on road construction within the province, with the largest initiative being the **R942 million** project on the R61 between Mzamba and Magusheni in

Mbizana. SANRAL will spend a further **R5 billion** on improving the provinces road infrastructure over the 2016 financial year. This is indeed integration at work.

Akakagqibi ke uSANRAL uzakusancedisa kwiphulo lethu lokuvuselela indlela ezilalini, kwabanye bomasipala bethu ngemali esiyibeke bucala siliphondo engange R456 yezigidi kunyaka mali ka 2016/2017.

Sizokubeka phambili indlela eziya ezikolweni, ezibhedlele, ezifama, na kwindawo zokhenketho. Sithi uluntu lwasezilalini malukwazi ukuya ezidolophini, lukwazi ukuya nasezibhedlele lungavaleleki ngenxa yendlela ezingahambekiyo. Kuzakuqhuma uthuli kulonyaka.

Enhancing Support to Municipalities

Honourable Speaker, the NDP highlights the need to strengthen the ability of local government to fulfil its developmental role. The back to basics programme puts more emphasis in the acceleration of service delivery by municipalities.

An amount of **R858.4 million** over the medium term is allocated to the Department of Cooperatives Governance and Traditional Affairs to improve the functionality of all municipalities (inclusive of newly demarcated municipalities) for better services to our communities.

Imali engange R922.9 yezigidi kuleminyaka mithathu iya kwiNdlu yeNkosi ukuze abantwana begazi bakwazi ukuqhuba namaphulo aphantsi kwesikhokhelo sabo. Sithi abantwana begazi sinabo kumalinge abo okunqanda ubhubhane ogubungele onyana bethu ngexesha besesuthwini. Sonke sinoxanduva yaye oluxanduva luqala ekhaya. Masisebenzisane nabantwana begazi kulomba.

Honourable Speaker, we are resolute in our commitment to transform our local spaces to make them habitable and attractive. Revitalisation of Port St. Johns in OR Tambo District is one of the key interventions we are making in this regard.

Over the medium term, the province will spend a total of R162 million on reviving the town of Port St Johns on the Wild Coast. This intervention will see a major infrastructure development programme that will deal with:

- Storm water infrastructure – **R22 million.**
- Access roads – **R48 million.**
- Electrification of the town – **R37 million** and
- Sewerage Treatment - **R55 million.**

The Honourable Members would remember that in the 2015/16 budget we announced an allocation of **R1.2 billion** over the medium term for social infrastructure projects in some of our municipalities. Good progress has been made on the R61 bypass in KSD Local Municipality, KSD Western Side Electrification, Roads and Storm water projects in Ntabankulu Local Municipalities amongst others.

Somlomo, isimbonono soluntu lwethu olungekawufakelwa umbane namanzi kwilali ezininzi sivakele.

We are allocating an additional amount of **R106.8 million** to the Office of the Premier for electrification and water reticulation in Ntabankulu (1150 households) Mbizana (1010 households), Intsika Yethu (1750 households) Mbhashe (1000 households) Matatiele (700 households) King Sabatha Dalindyebo (600 households) and Elundini (550 households).

Masilucele uluntu lwakuthi lurhoxe yaye lunqandane kwinto yokutshabalalisa iinkonzo abanazo xa befuna ukuhoywa kwizikhalo abanazo. Lonto isibuyisela emva yaye iyakulibazisa ukusiwa kwenkonzo kwezinye indawo.

Building Social Cohesive Communities

Honourable Members, a nation that does not take care of its senior citizens and children is not worth its existence. Apart from the social security grant increases for older persons, children and people with disabilities that were announced by the Finance Minister, we are allocating **R469.4 million** over the medium term to the Department of Social Development to enhance services to older persons. Also, we are saying we cannot disown children who are in conflict with the law, they can be transformed to become better citizens. As such we are allocating **R317.2 million** over the medium term to provide services to children in need of care and protection.

Honourable Speaker, the legacy of apartheid and its selective provision of services for a particular group of citizens has left us with a daunting task, especially on the provision of shelter. The footprint of our human settlements programme, in our municipalities is commendable.

We are allocating **R6.9 billion** to the Department of Human Settlements over the medium term to ensure that it continues with the outstanding work of building quality housing units to restore the dignity of our people.

The work of building social cohesive communities will not be complete without the provision of sports facilities and libraries in our human settlements programme. Integrated planning is key in this regard. Through the Department of Sports, Recreation, Arts and Culture we are allocating **R402 million** over the medium term, to support development of schools and community sports, and recreational activities. In addition, an amount of **R1 billion** is allocated over the medium term for refurbishment of community libraries, public libraries and archives to inculcate a culture of reading and lifelong learning.

Honourable Members, the safety and security of our people is of critical importance to this government. Fatalities in our roads and acts of criminality in our communities are in the radar screen of this government. We are allocating an amount of **R891.9 million** to the Department of Transport over the medium term to strengthen law enforcement in our province. In addition an amount of **R131 million** is allocated to the Department of Safety and Liaison.

Governance and Accountability

Honourable Speaker, the resources which we have allocated in this budget will not go far unless we are firm on governance and accountability. When here we falter:

- The people will always cry foul of the quality of service that they receive
- The Auditor General will always give us negative opinions and
- We will have front line service staff with deficit on passion

The Honourable Premier spoke at length about fostering accountability and effective consequence management. In his poem **Ukwakhiwa koMkhonzi**, Rev. Jobobe eloquently articulates the effort that we must invest to effect positive change when he says:

**Inge ingamangala ikhusel' ilungelo,
Yangqingwa yabiyelwa ngobulumko namava.
Amaqhingana oyisa kufunw' iqobozeke.
Isizathu esihle singafihla ububi,
Kuba ndikubonile ukwenziwa komkhonzi
kwinkatyana yedyokhwe.**

Somlomo ndifikele kwithuba lokuba ndichaze izabelo zamasebe kunyaka mali ka 2016/17.

Allocations per Vote for 2016/17 Financial Year.
SUMMARY OF ACTUAL AND BUDGETED PAYMENTS

	2016/17
Education	31 002 644
Health	20 244 339
Social Development	2 383 626
Office Of The Premier	585 519
Provincial Legislature	481 930
Roads And Public Works	4 459 193
Cooperative Governance And Traditional Affairs	1 010 156
Rural Development And Agrarian Reform	2 209 319
Economic Development, Environmental Affairs And Tourism	1 147 490
Transport	1 750 698
Human Settlements	2 349 036
Provincial Treasury	1 034 013
Sports, Recreation, Arts And Culture	843 698
Safety And Liaison	89 273
Total	69 590 933

Conclusion

Honourable Members, putting this budget together was not easy because we had to contend with a variety of needs including the views of ordinary citizens who gave us their opinions through various mediums of communication. Indeed despite the tight fiscus we have come up with a budget that we will use to progressively address the needs of our people.

Somlomo, malungu abekékileyo, noluntu lonke lweliphondo leMpuma Kapa. UNkulumbuso uyikhombile indlela, ndazaba izithebe, indab' inendodana, uyis'akanatyala.

Honourable Members, we understand that we face a difficult moment. Our people need services now, they need jobs now, they need education now, they need health care services now, they need shelter now. There is no time to waste and wait. The resources we have should guarantee them hope. Through our toil we commit to use available resources wisely and, manage them appropriately. So in their name we serve and in their name we commit never to let them down.

Let us work together to realise the dream of a better life for all.

I would like to thank the Premier and the Members of the Executive Council for their support during the preparation of this budget. A word of gratitude goes to the Portfolio Committee on Finance.

Ndenze umbulelo nakwiqela laseTreasury likhokhelwa ngu HOD uMnumzana Daluhlanga Majeke, abasebenzi kwi Offisi yam, nakusapho lwam ngenxaso olundinika yona.

Honourable Speaker, allow me to table the 2016/17 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.



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