



EASTERN CAPE **BUDGET SPEECH**

2018/19



Province of the
EASTERN CAPE
PROVINCIAL TREASURY

EASTERN CAPE PROVINCIAL BUDGET SPEECH 2018/19

**HONOURABLE S.SOMYO - MEC FOR FINANCE
7 March 2018**

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,
Leaders of political formations,
Leaders of Labour,
Business Leaders,
Director General, HODs and Senior Government Officials,
Our Esteemed Guests,
Ladies and Gentlemen,

Somlomo masibulele elithuba usinike lona ukuba sizokudakanca uHlahlo Lwabiwo Mali lwePhondo lonyaka mali ka 2018/19. We are also tabling before the House the Appropriation Bill, the Gazette, Estimates of Public Entities Revenue and Expenditure as well as Estimates of Provincial Revenue and Expenditure.

Phambi kokuba ndiqale mandibulise uluntu oluphulaphule oluhlahlo lwabiwo mali koNomathotholo basekuhlaleni naku Mhlobo Wenene FM ngalemva kwemini.

Honourable Speaker, the presentation of this budget for the fifth Administration traces its origins to 1994. That is a year in which Isithwalandwe, Nelson Rolihlahla Mandela addressed the nation as the first President of a Democratic South Africa. On that day, he said: **“You have mandated us to change South Africa from a country in which the majority lived with little hope, to one in which they can live and work with dignity, with a sense of self-esteem and confidence in the future.”**

Madiba would have turned 100 years this year, and our government has dedicated 2018 to celebrate his remarkable life. Without a doubt, it is the ANC led government under President Nelson Mandela’s leadership that laid the foundation for an inclusive agenda to achieve economic growth and social development in our country, through the implementation of the Reconstruction and Development Programme (RDP).

It is important therefore to stay on course and use the public purse to contribute to the achievement of Madiba’s vision.

Honourable Speaker, we can claim without any fear of contradiction that guided by the **National Development Plan** and the **Provincial Development Plan**, we have achieved phenomenal progress in the implementation of most of the priorities that the RDP advanced.

However, unemployment remains the most stubborn challenge in our province and it affects our people on a daily basis. When statistics of unemployment are released, we see beyond the numbers. We see mothers and fathers who have to convey to their children the unpleasant reality of retrenchments in the work place.

We see our brothers and sisters who stand in street corners every morning looking for work. We see our children who are sitting at home with their University Qualifications. I am quite certain this is a sight Madiba would not be happy about and indeed this is a sight none of us are proud of.

Our view is that all of us in government, business, labour and civil society must form a **united** front that will enhance our resolve on **inclusive economic growth and job creation**.

Economic Outlook

The task ahead will not be easy and requires high levels of fiscal discipline throughout government as we are faced with the ever increasing demands of our communities against a diminishing public purse.

Honourable Speaker, it might be necessary that we remind this house that just as the South African economy was starting to recover from the effects of the 2008 economic downturn, our province had to contend with the effects of the 2011 Census, whose results showed a net outward migration of more than 326 171 citizens from our province. This led to a **R13.9 billion** reduction in our budget, based on the Equitable Share Formula.

Over and above this, the national economy had not grown to the levels that were envisaged in the National Development Plan, thereby limiting our opportunities to attract additional investments and creation of jobs. According to the 2018 main budget the impact on the Tax Revenue shortfall is estimated at **R48 billion**, while new policy pressures such as the funding of Free Higher Education put an added **R57 billion** strain on the public purse.

Consequently, commitments by National Government to fund other policy priorities including mega infrastructure projects that our province years for, have had to be delayed, as government is seized with fiscal consolidation that is aimed at servicing the national debt.

We have further been burdened by the challenge of medico legal claims and contingent liabilities amounting to **R17 billion**, the reality of capped leave for civil servants exiting the system amounting to **R6.5 billion** and infrastructure backlogs that are projected at **R151.1 billion**.

This Honourable Speaker and Honourable Members is the context informing this budget.

Since the beginning of this term, we have worked tirelessly to strengthen revenue collection options, implement cost containment measures, deepen expenditure efficiencies and change the structure of our expenditure in order to mitigate against the effects of all the fiscal challenges that I have just shared with the House. This has enabled us to protect without fail the core service delivery priorities of Health and Education. Going forward we must collectively invest our energies on:

- Ensuring that we strike a balance between Capital Investments and the Wage Bill.
- Vigorously lobby for the review of the Equitable Share Formula as it disadvantages rural provinces.
- Preparing ourselves to benefit on the pronouncements made by the President on Land Expropriation, by strengthening our capabilities for the commercialisation of agriculture in our province.
- Setting provincial think-tank that would include Treasury, DEDEAT and COEGA and East London SEZs to attract large scale investments to our province, targeting the R1.4 trillion fund reserves at the JSE.
- Rooting out all forms of corruption and fiscal seepages in our administration.

Somlomo, konke oku singakwenza xa sibambisene, simanyene yaye sinenjongo ezifanayo zokusa iphondo lethu phambili. Ubume boqoqosho kwihlabathi bunika ithemba, yaye ifuthe loko lizakuvakala naku qoqosho loMzantsi Afrika kungekudala.

National Treasury has subsequently revised GDP growth estimates upwards in the 2017 MTBPS from 0.7% to 1% and from 1.1% to 1.5% for 2018.

For our Province, key sectors of the economy including manufacturing, formal agriculture, finance and business services, community and social services and private households posted positive employment growth in the same period. However, the construction sector which employs significant numbers of workers in the province contracted for most of 2017.

We are highly optimistic that global demand for commodities such as agriculture and manufactured goods could potentially spur our economy through revival of investments and manufacturing exports, leading to more job opportunities for our people.

Honourable Speaker, there is a brewing fresh aura of optimism that gives impetus to our journey towards **inclusive economic growth and job creation**. Our province will not be left out of this journey, and we will spare no effort in elevating our provincial interests to the top of the national agenda. As the Home of Legends, we shall seize this moment.

I am quite certain that amongst us here today and elsewhere in our country there are sons and daughters of this province who are ready to **lend a hand** as we embark on this honourous journey. **Kubo sithi yizani sakhe. Watsho no Nehemiah kumaYuda esenjenje: "...yizani sakhe indonga zeYerusalem, singabi saba lungcikivo."**

Budget Strategy

Honourable Speaker, notwithstanding the constrained but promising fiscal environment that I have just shared with you, in his State of the Province Address the Premier of our Province Honourable Phumulo Masualle, has unequivocally reiterated that multitudes of our people still expect us to deliver on the commitments we made at the beginning of this term. This budget seeks to make these commitments a reality by safeguarding financial stability, protection of social services and economic growth priorities.

Efforts to consolidate the gains we are making on managing the wage bill and consultancy services will be continued. To date, we have realised a savings of **R395 million** some of which was shifted to fund core service delivery priorities during the adjustments.

Tied to this is the need to enhance own revenue generation, as this revenue cushions us against unforeseen financial shocks. Our revenue collection stood at **R1.2 billion** at the end of December 2017 and **we project to increase this collection to R1.4 billion in** the 2018/19 financial year. This is commendable and credit should go to our revenue generating departments such as Health, Public Works, DEDEAT Group and Transport. We urge residents of this province to see it fit to register their vehicles in the Eastern Cape, and we will enforce collection of road rules infringement fines.

Budget Framework

Honourable Speaker, I would now turn into the policy framework that informs our 2018/19 budget. I am certain all of us appreciate the fact that our government has been consistent in directing us to protect social spending whilst not neglecting **inclusive economic growth and job creation** investments. This budget is not deviating from this progressive path.

Our budget for 2018/19 is **R78.2 billion**. It is financed through the equitable share amount of **R65.4 billion**, **R11.3 billion** of conditional grants and **R1.4 billion** of Provincial Own Receipts. We are entrusted with a responsibility to drive **inclusive economic growth and job creation** with this envelope in the 2018/19 financial year. We are therefore called upon to use this shrinking fiscus prudently and efficiently to effect positive change in the lives of our people.

The quality of our provincial expenditure is improving. In the 2015/16 and 2016/17 financial years, our province spent 98.3 % and 99.3% of its budget respectively. Current trends indicate that we would spend 100 % of our allocated budget by the end of this financial year.

This is a good story to tell, taking into account where we come from. We are progressively ascertaining that this commendable spending is matched equally by the value for money that is created at the point of service delivery.

Education

Honourable Speaker, we must take a leaf from the prestige that President Nelson Mandela accorded to education. This priority of our government remains a responsibility for all of us. Starting with the parents at home, the communities where our schools are, the teachers inside the classrooms, the learners for whom we are building a brighter future and the officials whom have to support our schooling.

We are allocating the Department of Education an amount of **R34.7 billion** in 2018/19 and **R110.9 billion** over the MTEF to enhance the provision of quality teaching and learning in our schools.

Our entire society is affected by our education system thus we should pay a particular focus to the foundation phase of our schooling system in order to achieve positive grade 12 results. We are henceforth investing **R785.5 million** in 2018/19 and **R2.5 billion** over the MTEF to ensure universal access to Early Childhood Development.

The **5.7 %** increase in our 2017 grade 12 results can be attributed mainly to the resourcing of our schools with qualified educators, provision of Learner Teacher Support Materials on time and the dedication of our learners to their studies.

In this budget, we are making a basket of massive investments that should result in both quantitative and qualitative improvements in our education outcomes. As such:

- An amount of **R23.5 billion** is invested in 2018/19 and **R82.9 billion** over the MTEF for Educator Post Provisioning Norm (PPN) to ensure that there are qualified educators in front of our learners.
- An amount of **R731.2 million** is allocated in 2018/19 and **R2.3 billion** over the MTEF period for the adequate supply of Learner Teacher Support Materials (LTSM), and School Furniture. We want to ensure that our learners have access to textbooks and other essentials for every subject.
- Section 29 of our Constitution guarantees that everyone has a right to basic education. It further states that in order to ensure the effective access to, and implementation of this right, the State must consider all reasonable educational alternatives. As a caring government, we are therefore allocating **R805.8 million in 2018/19 and R2.6 billion** over the MTEF to increase access for learners with profound disabilities to specialized education.
- Teacher Development including training of ECD educators and practitioners receives **R215.2 million** in 2018/19 and **R752 million** over the MTEF.
- An amount of **R80 million** in 2018/19 and **R255 million** over the MTEF is allocated for the implementation of the Learner Attainment Improvement Strategy (LAIS).
- We are also making a wise investment of **R46.8 million** in 2018/19 and **R148.1 million** over the MTEF for the improvement of outcomes in the critical subjects of Maths, Science and Technology.

We are matching all these necessary investments with the provision of adequate infrastructure, which is still a challenge in our province. In this regard, **R1.4 billion** in 2018/19 and **R4.4 billion** over the MTEF is allocated for educational infrastructure projects that include hostels, special schools, ECD Centres, norms and standards and the completion of existing schools.

Furthermore, the National Department of Basic Education through its ASIDI Programme has budgeted an amount of **R1.1 billion** in 2018/19 and **R3 billion** over the MTEF for the eradication of mud schools in the province.

Somlomo, kwinzame zikarhulumente zokukhawulelana nentlupheko nendlala, uMongameli Nelson Mandela waqulunqa inkqubo yokutyiswa kwabantwana ezikolweni zethu.

Namhlanje apha kweliphondo abantwana abayi 1.6 million kwimfundo esisiseko bayaxhamla kwesi sibonelelo. Lonto yenza ukuba abantwana bahlale ixesha elide kumagumbi okufundela kuba iphango yinto yezolo.

Sityala isixa mali esiyi R1.2 billion kunyaka mali ka 2018/19 ne R3.9 billion kuleminyaka mithathu ilandelayo ukuze iSebe Lezemfundo liqhubekeke ukutyisa abantwana bethu ukutya okunesondlo.

Siyathembisa ukuba asokuze siyiyeke lenkqubo kusekho amakhaya angathathi ntweni.

Health

Honourable Speaker, President Nelson Mandela's administration transformed health care from being a service that benefited a small portion of society based on race and wealth; to a universal service that guarantees basic treatment for all our people, in particular the rural masses.

We are allocating **R23.7 billion** in 2018/19 and **R76 billion** over the MTEF to the Department of Health to ensure sustained provision of primary and affordable health care to our people. Our emphasis is on getting the basics right by resourcing our hospitals adequately to eliminate incidences of poor services to patients that are leading to costly litigations against government.

We are therefore investing in the following critical areas:

- **Sibeka imali yamayeza engange R2 billion kunyaka mali ka 2018/19 ne R6.5 billion kuleminyaka mithathu ilandelayo.**
- **Icandelo lenkonzo ezikhawulezayo eliquka iAmbulance nabasebenzi boncedo lokuqala lifumana iR1.3 billion kunyaka mali ka 2018/19 ne R4.3 billion kuleminyaka mithathu ilandelayo.**
- Medical Supplies including implants is allocated **R746.6 million** in 2018/19 and **R2.5 billion** over the MTEF.
- National Tertiary Services is allocated **R3.4 billion** in 2018/19 and **R11 billion** over the MTEF to fund 1 central hospital and 3 tertiary hospitals which are Nelson Mandela Academic, Frere and Livingstone; while
- The National Laboratory Services receives **R746.7 million** in 2018/19 and **R2.3 billion** over the MTEF.

Somlomo bakhona ozungulichele ababona ithuba lokuncikiva urhulumente wethu kulomba we medico legal. Asikwazi noko ukuba sisigculelo sokuhlululiswa inkuntyula yemali ebesinokuyisebenzisa ekuphuculeni iinkonzo eziya kuluntu lwethu.

We are allocating an additional amount of **R678 million** in 2018/19 and **R2.2 billion** over the MTEF to address staff shortages in 18 priority hospitals that contributed to the bulk of medico legal claims. So far, 1386 personnel that includes nurses, doctors and administration staff have been appointed. **Ngamathuba emisebenzi ke lana yaye ndiqinisekile ukuba uninzi lwabantu abaqeshiweyo lulutsha kweliphulo.**

We are also allocating **R885.3 million** in 2018/19 and **R2.8 billion** over the MTEF for continuous training and development of health professionals so that they can be abreast of new developments in their calling. **Asifuni abantu bakuthi bahlaselwe zizifo ezingazukwaziwa nangoGqirha naManesi.**

Honourable Speaker, there is phenomenal progress in the provision of primary health care services to women, children and HIV/Aids patients in our province. We must build on this to continue our fight against the burden of diseases in our province. An amount of **R2.1 billion** is allocated in 2018/19 and **R7 billion** over the MTEF for the HIV/AIDS and TB programme, including the implementation of the 90-90-90 strategy on the management of HIV/AIDS and TB.

We urge our people to play their part in the fight against these diseases. The President is leading the way by embarking on early morning exercises to promote healthy life styles. Let us join him in our own communities to avoid most of the ailments we suffer from. **Mna ke niyazibonela ukuba ukuzivoca-voca yinto yam.** The “#Hashtag Mkhamba must fall” does not apply to me.

Honourable Speaker, in 2004 our democratic government built and opened the state of the art Nelson Mandela Academic Hospital in Mthatha. We followed that up in 2009 when we constructed the **R1.9 billion** world-class Cecilia Makiwane Hospital in Mdantsane, which was opened by now President Cyril Ramaphosa last year.

There are many other health facilities including clinics that we have built throughout the province to bring quality healthcare services to the doorstep of our people. In the 2018/19 financial year, we are allocating an amount of **R1.6 billion** and **R4.7 billion** over the MTEF for health infrastructure projects and maintenance.

Transforming the economy for inclusive growth and job creation

Honourable Speaker, as indicated earlier, unemployment remains the most stubborn challenge facing our province, especially the youth. Through our Provincial Economic Development Strategy, we have identified sectors wherein we have a comparative advantage that we should exploit to diversify our provincial economy and these are:

- Agro-industry
- Sustainable energy
- Ocean economy
- Automotive industry
- Light manufacturing
- Tourism and small businesses

An amount of **R13 billion** in 2018/19 and **R40 billion** over the MTEF is set aside for economic development initiatives in our province, which will lead to inclusive economic growth and job creation.

Agricultural Production for economic growth and job creation

In his State of the Nation Address, our President alluded that **“agriculture presents one of the greatest opportunities we can use to significantly grow our economy and create jobs.”**

We agree fully with the sentiments of the President, hence during this term, we have and will continue to invest resources for the implementation of the Agricultural Economic Transformation Strategy with the main focus on crop production, high value horticultural crop expansion and livestock production for commercialization, targeting communal and smallholder farmers.

We are henceforth allocating **R2.3 billion** in 2018/19 and **R7.2 billion** over the MTEF to DRDAR to stimulate agricultural production in our province, with the aim of transforming the sector to benefit majority of our people.

An amount of **R165.3 million** in 2018/19 and **R515.3 million** over the MTEF is allocated for food security in the province. Furthermore, we are allocating **R211.6 million** in 2018/19 and **R690.3 million** over the MTEF for infrastructure support to farmers and communities.

Asikulibelanga ukubaluleka kwamayeza okukhusela izifo kwimfuyo yoluntu lwakuthi. Kungoko sibeka bucala i R281.9 million kulonyaka mali ka 2018/19 ne R901.4 million kuleminyaka mithathu izayo, yokuthenga amayeza okhusela imfuyo kwizifo.

In the Adjustment Estimates Budget, we aim to fund catalytic projects that will create massive job opportunities, which will include our youth and women, for food security and substantive growth in the regional GDP, subject to the research work that will be undertaken by DRDAR as a lead department, working with DEDEAT.

Infrastructure delivery as an enabler for economic growth

Honourable Speaker, without an enabling infrastructure such as roads, ports, airports, factories, water and energy, the agricultural sector and other key sectors of our economy would not be able to grow optimally to the levels we require for job creation.

The reality is that provinces that were prioritised by the apartheid government for infrastructure development such as Gauteng and the Western Cape are leading the way in terms of both economic growth and job creation.

They had a head start, and to set us on an equal footing with them, National Government should favor our province for mega infrastructure projects. This is the message all of us should advance with vigor in the national agenda.

It is not enough for people to say the Eastern Cape has highest unemployment rate and then do nothing to invest in the province to change this situation. We welcome the commencement of work on the Multibillion Rand N2 Wild Coast Project by National Government.

Somlomo njengesiqhelo xa silungiselela uhlahlo lwabiwo mali siye sicele uluntu lwethu ukuba lusinike ingcebiso.

Mr Ken Skweyiya from East London advises us to invest more on infrastructure that would stimulate economic growth in sectors such as tourism and agriculture. **Mnumzana uSkweyiya siyabulela ngalengcebiso yakho.**

We are making phenomenal progress in changing the face of our roads infrastructure throughout the province, ensuring easy access to markets for businesses and mobility for our citizens.

Imali eyi R2.2 billion kunyaka mali ka 2018/19 ne R6.4 billion kuleminyaka mithathu izayo iya kulwakhiwo nokulungiswa kwendlela kweliphondo lethu.

Ezindlela ziquka indlela eya eElitheni Coal mine, iMbinja Pass, R72 oya eHamburg, indlela eya eMlamli Hospital, Isigaba sesine sendlela eya eSipethu Hospital, Indlela esuka eWillowvale eya eDwesa Nature Reserve egqitha e Msengeni, Indlela esuka eCederville eya eMvenyane, indlela esuka eCofimvaba eya eAsketon, nendlela esuka eCoffee Bay eya eZithulele Hospital.

Somlomo, Iqumrhu lolwakhiwo lwendlela uSANRAL seliqalisile ngomsebenzi wokwakha iibhulorho ezimbini iMsikaba ne Mthentu, eziyinxalenye yokuphuculwa kohola wendlela u N2 ogugutha unxweme oluya eThekwini. Isixa mali esiyi R3 billion sibekwe bucala liSebe leZothutho kuZwelonke kuleminyaka mithathu ilandelayo ukuze kwenziwe lomsebenzi.

SANRAL envisages that about **R400 million** will be spent on wages for unskilled, semi-skilled and skilled workers employed directly on this road project, with 30% of the budget destined for local SMMEs, comprising of local contractors and local suppliers.

Moreover, the Department of Public Works is allocated **R1.7 billion** in 2018/19 and **R5.1 billion** over the MTEF to implement construction, rehabilitation and maintenance of projects for government departments among other things. In addition, we are allocating **R95.5 million** in 2018/19 and **R291.1 million** over the MTEF for the Expanded Public Works Programme.

Whilst we continue our work on the development of economic infrastructure, we will not neglect our obligations to develop socio-economic infrastructure in our province. In the 2013/14 MTEF we took a conscious decision to direct funds from consumption to invest on socio-economic infrastructure.

As such we invested **R5 billion** from our own provincial purse for socio-economic infrastructure projects such as access roads to clinics and schools, electricity and drought relief in some of our municipalities. Most of these projects have been completed and some are in the final stages of completion.

We are now allocating a further **R896 million in 2018/19 and R1.8 billion** over the MTEF for socio-economic infrastructure delivery in our province, including construction of rural access roads in various municipalities.

Furthermore, we are investing massively on the revitalization of our small towns to create a conducive environment for the informal economy to flourish and create jobs.

An amount of **R210.2 million** in 2018/19 and **R498.7 million** over the MTEF is allocated to the Office of the Premier for this project. This project includes surfacing of streets in towns, improving water and sanitation infrastructure, street lighting and upgrading of electricity supply grid in Alice, Kirkwood; Libode, Ngqeleni, Mount Fletcher, Port St Johns and Ntabankulu.

Honourable Speaker, the fourth industrial revolution that we are in requires us to move with speed in developing our ICT infrastructure.

This is critical in a vast province such as ours as ICT could assist us in delivering services such as eLearning and eHealth in a cost effective manner.

In this regard, together with the Premier we have solicited a legal opinion to ensure the smooth implementation of the broadband initiative in our province.

We are thus allocating **R231.2 million** in 2018/19 and **R735 million** over the MTEF to the OTP to facilitate connectivity in government through the broadband initiative. During the Adjustment Estimates, we will augment this budget to ensure effective and efficient implementation of the project.

SEZs as catalysts for investments and job creation

As a province we should be excited and take full advantage of President Cyril Ramaphosa's announcement that "Special Economic Zones remain important instruments" that government will use to attract strategic foreign and domestic direct investment. Already, our two world class Special Economic Zones (SEZs), the COEGA SEZ and EL SEZ are poised for such investments.

Visiting our Province last year, Chinese Vice President Dr Li Yuanchao had this to say about the Coega SEZ: "I've been to many developing countries and industrial development zones, the Coega IDZ is by far the best of them all".

The 2018/19 financial year is set to be a good year for our SEZs and the people of our province as the EL SEZ is set to build 4 new factories for new investors who will invest just over **R600 million** into the economy and create an additional 370 direct manufacturing jobs and 1190 construction jobs.

On the other hand, its sister company, the Coega SEZ is on track with the construction of 4 projects, that would become operational in 2018, which include BAIC, Osho Cement, MM Engineering and the CCA Zone 1, all of which are worth about **R12 billion**.

We are leveraging on the funding that the Minister of Finance committed in his Budget Speech for SEZs, hence these SEZs will receive an amount of **R555.7 million** in 2018/19 and **R861.5 million** over the MTEF, to support the phenomenal work of our two flagship SEZs. During the next budget process, further considerations will be made to strengthen these entities.

Tourism as a catalyst for economic growth

Madam Speaker, in appreciating the new leaf of economic recovery that we are seeing, we need to ensure that our economic development priority areas such as tourism and manufacturing industry are fully supported to drive economic growth and job creation.

The Department of Economic Development is allocated **R1.1 billion** in 2018/19 and **R3.5 billion** over the MTEF to promote and administer sustainable economic development and job creation in the province.

Tourism, just like the agricultural sector, is another sector that can contribute to economic growth and job creation. We agree with President Ramaphosa that there is no reason why the tourism sector cannot double its **economic growth and job creation** capabilities, especially here in our **Adventure Province. Ubuhle bendalo kweliPhondo lethu bungumangaliso, masilukhuthaze uluntu lukhenkethe apha ngaphakathi ephondweni.**

We are therefore allocating **R206.8 million in 2018/19 and R650.9 million over the MTEF** to the Eastern Cape Parks and Tourism Agency to market and promote our province as a tourism destination of choice to the citizens of our province first and secondly to international tourists.

Industrial Parks as centres of manufacturing

Work on the revitalization of Industrial Parks in our province to promote manufacturing and job creation is gaining momentum. We are allocating **R26.6 million** to upgrade the security system in the Dimbaza Industrial Park, to stabilize Electricity Supply in the Queenstown Industrial Park and for the Mdantsane Mall upgrade project.

UMnumzana Ayanda Xotyeni wase Qumrha unombono wokuba senze inzame zokusondeza abantu bethu basemaphandlenikumaphulo ophuhliso loqoqsho.

Thank you for your advice Mr Xotyeni, we know that most of our people are participating in the informal economy especially in our rural areas and townships. As such, a range of informal trading facilities are earmarked for Mt Ayliff, Libode, and Ngqeleni where an allocation of up to **R45 million** will be provided in the 2018/19 Adjustment Estimates Budget, subject to the finalisation of credible and costed business plans.

Providing Support to SMMEs

Honourable Speaker, Zolile Mosweu from Matatiele also replied to our request for tips and asked us to give clarity on the 30% set aside for SMMEs. Mr Mosweu, there is agreement in our country and in indeed in our province that SMMEs are the vital cog of our economic growth and job creation strategies.

In the 2018/19 financial year, we are setting aside 50% of our goods and services budget (**R7.1 billion**) for the exclusive benefit of local suppliers and SMMEs and 30% of our infrastructure budget (**R2.5 billion**) in terms of Preferential Procurement Regulations to designated groups for new infrastructure projects.

We assure our SMMEs that we will maintain our commitment on this policy imperative, as it is key to achieving inclusive growth.

We are hopeful that in return, our SMMEs would create large scale job opportunities especially for our youth. **Intaka yakha ngoboya benye kaloku bantu bakuthi.**

Mr Gail Khaile from Dutywa wrote to us on social media and said “the three months turnaround on the payment of SMMEs is not adhered to and there are no consequences”.

Yinyaniso emsulwa lena uyithethayo Mnumzana uKhaile. Asekhona amasebe atsala emva ekubhataleni osomashishini bethu ngethuba. Siyayinyevulela lento yaye isabhokhwe sizosifaka ngamandla apha kubaphathi bamaSebe kuba neNkulumbuso ibiyikhankanyile lemeko.

We urge the private sector especially the Auto Sector to open its doors to Black Owned SMMEs. That way we would be able to achieve **inclusive economic growth** in our province. We must applaud our SEZs for being unambiguous about their commitment to local beneficiation. At the Coega SEZ, 78% of supplies are sourced locally, while 84 % of contracts in the EL SEZ are locally based.

Improving Skills profile of the youth

Honourable Speaker, at the centre of all the priorities, projects, and programmes that we are implementing across sectors is the desire to create jobs for our young people. Skills development is therefore a catalyst for entry into the labour market.

As part of our efforts to create jobs for the youth, we are allocating **R1.4 billion** in 2018/19 **and R4 billion** over the MTEF for the absorption of 20 000 graduates in internship and learnership programmes. Through this initiative we are creating a new layer of skilled civil servants who will be ready to meet the service needs of our people.

In addition, **R7 million** is allocated to the Office of the Premier to continue with the skills programme in partnership with VWSA. The training is imparting critical skills to our youth, which are needed by the manufacturing sector. The beneficiaries of the first phase have already been reskilled for retention by VWSA, thus saving existing jobs. There is potential for about 250 additional job opportunities as the initiative takes route. We want to express our gratitude to VWSA and other Auto manufacturing companies such as MBSA, ISUZU and BAIC for being good corporate citizens in our province.

Honourable Speaker, many of our young people are beginning to take agriculture as a sector where they can make a living. We are allocating **R18.6 million** in 2018/19 and **R43.7 million** over the MTEF to the OTP to continue with the **Youth Development projects** such as youth in agriculture. That is our gold mine in this province.

Young people with grade 10-12 and National Vocational Certificates holders are also catered for in this budget for the **Infrastructure Development programme**. This will see young people trained to acquire skills in a partnership between the Office of the Premier (OTP), Department of Defence, Department of Higher Education and Training, EC Department of Education and EC Department of Health.

More than 400 young people will benefit from this initiative in 2018/19. **Olu lutsha luzakuncedisa ekulungiseni izakhiwo kumaziko emfundo nawe mpilo ezilalini.**

BUILDING SOCIAL SECURITY AND COHESION

Honourable Speaker, let me now deal with how this budget aims to address our social setting. The investments we are making especially in our roads infrastructure would benefit largely the Public Transport System in our Province.

We are allocating in this budget **R502.1 million** in 2018/19 and **R1.2 billion** over the MTEF to the Department of Transport to subsidise buses that are ferrying our masses on a daily basis throughout our province.

Uninzi loluntu lwakuthi lusebenzisa ezi Bhasi eziquka uMayibuye, iAB350 ne Algoa umhla nezolo xa lusiya kwindawo ngendawo. Sityala lemali ke ukuze amaxabiso okusebenzisa ezibhasi afikeleleke kubantu bakuthi.

Mandiyitsho neyokuba siyaliqinisa iphulo lokuthutha abantwana bethu abaya ezikolweni. Kulonyaka mali ka 2018/19 sifaka i R504.5 million ne R1.6 billion kwiminyaka emithathu ezayo kwinkqubo yokuthutha abantwana besikolo.

Somlomo mandoleke ngelithi senza unako-nako ukuqinisekisa ukhuseleko ezindleleni. Iintliziyo nemithandazo yethu ikumakhaya alahlekelwe zizizalwane nabo bonzakele kwingozi yemoto emasikizi ezenzeka kweliphondo imihla ngemihla, kuquka nosapho lwakwa Loliwe ngokulahlekelwa nguqabane uFezeka Loliwe kwingozi yemoto. Akuhlanga lungehlanga mzontsundu.

Masibacele abaqhubi baqhube ngononophelo bathobele nemithetho yezendlela ngamaxesha onke.

We are investing **R308.8 million** in 2018/19 and **R1 billion** over the MTEF to ensure safety on our roads.

Honourable Speaker, the dawn of our democracy guaranteed freedom of movement for our people, which they were deprived of by the apartheid government. This resulted in the migration of our people to urban areas in search of work opportunities. The demand for housing increased and our caring government has consistently delivered this basic human right that is enshrined in the Constitution for millions of our people.

The Department of Human Settlements has built 6118 housing units resulting to 5 987 job opportunities. We are allocating to the Department of Human Settlements **R2.4 billion** in 2018/19 and **R7.5 billion** over the MTEF to build 8950 new housing units, including connecting new sites to basic water and sanitation.

When we build these houses we acknowledge that there shall be other amenities such as sporting facilities, schools and libraries; and that our people should live in a violence free environment. An integrated approach to this work is necessary among all three spheres of government.

We are therefore allocating **R2.8 billion** in 2018/19 and **R9.1 billion** over the MTEF to the Department of Social Development.

This budget should be able to transform our society by building conscious and capable citizenry, through the provision of integrated developmental social services.

Ngoluhlobo siqhubela phambili nomsebenzi wokuphucula intlalontle eyayisondele kwintliziyo kaMama uAlbertina Sisulu. As world renowned Economist Adam Smith once said: “Humanity is the virtue of a woman’s generosity than of a man”. **MALIBONGWE.**

Honourable Speaker, where there are humans there are also those that have inhuman intentions. While we invest resources to build a moral and just society, they are investing their energies to undermine our work. We shall not be deterred by such individuals or groupings. We are allocating **R101.5 million** in 2018/19 and **R315.5 million** over the MTEF to the Department of Safety and Liaison to promote safety in our communities.

Honourable Speaker, sports, arts and culture plays a vital role in building a social cohesive society. We are encouraging our youth to learn more about their culture and heritage, which is very rich here in our province.

In the same vein, we should encourage them to participate in sports not only as a hobby but also as a means to showcase their talents and make a living.

An amount of **R942.8 million is allocated in 2018/19 and R3 billion** over the MTEF to the Department of Sport, Recreation, Arts and Culture (DSRAC) to promote social cohesion, through the hosting of arts and culture festivals, building of libraries, hosting of major sporting events and school sport competitions among other programmes.

Somlomo, ethetha ekusekweni kwebhunga leNkosi kuzwelonke eKapa ngo 1997 uNkosi uDalibhunga Mandela wathi: “Isidima nentlonipho esisinika ubukhosi akufuneki siphелеle kumazwi ankenteza kamnandi kumgaqo siseko. Kufuneka siphile kuthi ezintliziyweni.”

URhulumente wephondo uyayazi indima ebalulekileyo eyadlalwa ziKumkani zezwe lethu kumzabalazo. Kungoko sithe gqolo ukuqinisekisa ukuba abantwana begazi bayancediswa ukuze bakwazi ukwenza umsebenzi wabo.

We are allocating **R983.8 million** in 2018/19 and **R3.1 billion** over the MTEF to the Department of Cooperative Governance and Traditional Affairs to promote developmental municipalities and viable institutions of traditional leadership. An amount of **R15 million** is allocated to address challenges in our municipalities, while **R35.3 million** is allocated for the construction of traditional councils over the MTEF.

Honourable Speaker, in little less than a year from now, the country will go to the polls to get a fresh mandate from the masses. Voter education will be key to ensure that our people make the right choice, and give an overwhelming victory to their tried, tested and trusted political party to consolidate the gains of freedom and democracy.

Asifuni kubekho abathi baqhathiwe ngo 2019 kuba kuzothanda ubanzinyana kwabanye. We promote Fair Play hence we are allocating **R107.2 million and R337.7 million over the MTEF** to the Provincial Legislature **for caucus, political allowance and** to advance democracy by ensuring that all political parties are able to connect with their constituencies.

Good Governance and Developmental State

Honourable Speaker, let me highlight that our good intentions with this budget will have a significant impact if government departments and public entities use allocated funds prudently and for what they are allocated. **Ukuqinisekisa oku ke, ngumsebenzi wethu sonke kuquka nabahlali emakhaya. Masibe nemibuzo xa inkqubo zophuhliso kwindawo esihlala kuzo zixingile, hleze kuthi kanti kukho unyawo lwemfene.**

Our audit outcomes indicate that government departments and public entities in our province are progressively becoming accountable for their allocated funds, and this is a step in the right direction.

We must not let our guard down, instead we must continuously assess risk across departments and deploy necessary interventions to avoid regression in audit outcomes. The role of leaders in government starting with my colleagues in the EXCO, HODs and the oversight role of Members of the Legislature is critical on this matter.

We are allocating **R591.5 million** in 2018/19 and **R1.7 billion** over the MTEF to Provincial Treasury to continue with the outstanding work of providing strategic and technical leadership in the allocation, management and utilization of the fiscus in order to improve the quality of life for our people, including championing social infrastructure programme. **Ngenene sizijolela amacongwane, sajolela izizwe ugeme.**

Putting together this budget was a challenging task. **Sisuka kwimbalela, kodwa ke lenkomo ayibhityanga yaye ayityebanga ntonje intle.**

Umsebenzi wethu wenziwe lula ngu Tata wekhaya uNkulumbuso uPhumulo Masualle nothe kuyo yonke eniyenzayo, niqiniseke ukuba izizwe nizijolele zonke izithebe kungabikho mntu uhamba engatyanga kulenyama.

Nkulumbuso ndicinga ukuba senze ngokomyalelo wakho. Mandibulele oogxa bam kwisiGqeba, ngentsebenziswano nobambiswano ngalomsebenzi. Ndibulele uSihlalo naMalungu eKomiti yeZemali ngengcebiso zabo.

Umbulelo ongazenzisiyo uya nakubantu bephondo ngezimvo zabo, esizifumane ngendlela ngendlela. Kubasebenzi bonke beSebe leZemali bekhokhelwa ngumphathi wesebe uMnumzana Majeke nabamngqongileyo, kunye nabaphathi bamasebe, bekhokhelwanguMphathi Jikelele, uNkosikazi Mbina-Mthembu. Kuni nonke ndithi ukwanda kwaliwa ngumthakathi. Abasebenzi kwi Ofisi yam ndithi nangamso.

Last, but not least I would like to thank my family for their never ending unconditional love and support. **Mazenethole!!!**

Conclusion

At this moment Honourable Speaker, let me remind ourselves of why we are in service. On the 11 February 1990, President Nelson Mandela, a towering figure from the rural hinterland of Qunu walked out of Victor Verster Prison and addressed multitudes of our people at the Grand Parade in Cape Town. He said: "I stand here before you not as a prophet but as a humble servant of you, the people."

That occasion marked the end of a painful past and the beginning of a new dawn for our country and President Nelson Mandela planted the first seeds of our new South Africa when he led the first democratic government. What have we learnt from Madiba?

Throughout his life, President Nelson Mandela showed by his deeds what it means to be a servant of the people. He was our Moses and sacrificed his life so that our generation and future generations can taste the fruits of freedom that he was deprived of throughout his adult life. His values of selflessness and humility are what should guide us as we continue our journey towards a Better Life for All. Borrowing from the words of former President Thabo Mbeki, we must honour Madiba's legacy by:

Nurturing our arts, and not our corruption.
Communicating morality, and not our vices.
Advancing science, and not our dogmas.
Advancing civilisation, and not abuse.

We have Madiba, as our nearest and brightest star to guide us on our way.

We will not get lost. So help us God.

Ndiyabulela.

APPROPRIATION BILL 2018 (EASTERN CAPE)**SCHEDULE A PER DEPARTMENT**

VOTE	DEPARTMENT	AMOUNT R'000
1	Office of the Premier	973 396
2	Provincial Legislature	525 999
3	Health	23 699 560
4	Social Development	2 836 581
5	Roads and Public Works	2 344 172
6	Education	34 772 126
7	Co-operative Governance and Traditional Affairs	983 800
8	Rural Development and Agrarian Reform	2 328 236
9	Economic Development, Environmental Affairs and Tourism	1 146 006
10	Transport	4 811 584
11	Human Settlements	2 376 749
12	Provincial Treasury	591 487
14	Sport, Recreation, Arts and Culture	942 760
15	Safety and Liaison	101 490
Total		78 433 947



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