

**Western Cape Government
Provincial Treasury**

BUDGET 2018 SPEECH

**Minister of Finance
Dr IH Meyer**

6 March 2018

Honourable Speaker and Deputy Speaker

Honourable Premier and Cabinet Colleagues

Honourable Leader of the Official Opposition

Honourable Leaders of Opposition Parties

Honourable Members of the Western Cape Legislature

Executive Mayors and Executive Deputy Mayors

Speakers and Councillors

Senior officials of the Western Cape Government

Leaders of the Business Community

Citizens of the Western Cape

Ladies and Gentlemen

Madam Speaker, the 2018 Budget focuses on budgeting for the people, recognising that economic growth and development is critical to improve living standards and socio-economic conditions and therefore the pursuit thereof remains a top priority of this Government.

Speaker, sedert die Minister van Finansies sy hoofbegroting in die Parlement ter tafel gelê het op 23 Februarie 2018, het ons nou weer 'n nuwe Minister by die Nasionale Tesourie.

Ek verwelkom die terugkeer van Minister Nene by die Nasionale Tesourie.

Minister Nene sal eers die Nasionale Tesourie moet skoonmaak want die agente van staatskaping is deur sy voorganger, Minister Gigaba, in die Nasionale Tesourie ontplooi. Ongelukkig het die Gupta dogmas aspekte van die Nasionale Begroting vertroebel en herbesinning is noodsaaklik as ons uit 'n begrotingsperspektief 'n nuwe begin wil maak. Dit sluit in die bestuur van die

uitgawe kant van die Begroting en of die verhoging in BTW werklik noodsaaklik was gegewe die fiskale konteks.

It is my intention to write to Minister Nene to request him to restore the credibility and integrity of the National Treasury as the supreme fiscal authority in South Africa.

Minister Gigaba's arrival at the National Treasury, initiated the stripping of the institution's fiscal powers and responsibilities as provided for in the Constitution of South Africa and the Public Finance Management Act.

Former President Zuma and former Finance Minister Gigaba captured the National Treasury through their **Mandate Paper**.

I will formally request Minister Nene to withdraw the mandate paper and restore the institutional integrity of the entire fiscal framework.

Global Economic Outlook

Madam Speaker, global economic growth expanded by 3.7 per cent in 2017 and is forecasted to increase further to 3.9 per cent in 2018 due to an acceleration in growth in emerging economies.

Growth in advanced economies accelerated from 1.7 per cent to 2.3 per cent, while growth in emerging economies rose from 4.4 per cent to 4.7 per cent in 2017.

Over the medium term, economic growth in advanced economies is expected to remain unchanged at 2.3 per cent in 2018 before slowing marginally to 2.2 per cent in 2019.

In emerging markets, Chinese growth is forecast to remain strong at 6.6 per cent in 2018 and 6.4 per cent in 2019.

India's economic growth rate is expected to outpace China's at 7.4 per cent in 2018 and 7.8 per cent in 2019. Following close, Indonesia's economy is forecast to expand by 5.3 per cent in 2018 and further expand by 5.5 per cent in 2019.

In sub-Saharan Africa, growth is expected to pick up further and reach 3.3 per cent in 2018 and 3.5 per cent in 2019 partly due to the continued economic recovery in Nigeria from the 2016 recession.

Speaker, Statistics SA announced earlier today that South Africa's GDP growth in 2017 is 1.3 per cent.

Over the medium term, growth is forecast to recover and accelerate to 1.4 per cent in 2018 and further accelerate to 1.9 per cent in 2019.

Growth in the Western Cape is expected to have remained largely flat in 2017, in contrast to a projected growth acceleration for the national economy.

The performance of the Western Cape is largely due to developments in the agricultural sector.

A number of factors weighed on agricultural output in the region, such as the continued drought and ensuing water crisis, and a higher incidence of Avian flu.

The impact of the Drought in the agricultural sector

The impact of the drought on the Western Cape economy is higher than previously anticipated.

A whole new water economy is emerging out of this crisis and we need to use lots of innovation in agriculture to ensure that the crisis enables us to remain competitive.

Farmers are innovative at best.

Madam Speaker, agriculture and agri-processing contribute a combined R54 billion to the provincial gross value added - a measure of all the goods and services produced by a sector.

Of all the province's exports, 52 per cent comes from the agriculture and agri-processing sectors.

A Report by the Department of Agriculture in collaboration with the Bureau for Food and Agricultural Policy estimates that the impact of the drought equates to an average production decline of about 20 per cent.

The agriculture sector in the province has on average had to cut its water use by 60 per cent, and some areas have already drawn down their entire water allocation.

The impact of the drought is already evident in record wheat production losses.

Export volumes of agricultural products from the province are expected to decline between 13 per cent and 20 per cent this year.

The impact of Avian flu on poultry farmers in the province has been about R800 million.

Furthermore, thunderstorms and hail recently destroyed around 200 000 cartons of late-season plums.

Employment

The most recent job numbers from Statistics South Africa, released in mid-February, show employment numbers for the fourth quarter of 2017 and reveal the major impact of the drought on farmworker employment in the Western Cape.

The combined average agricultural employment for the 2nd, 3rd, and 4th quarters of 2016 compared to that of 2017 was a decline of 31 000 jobs.

Looking at actual employment numbers and comparing the average employment numbers per quarter of 2015 and 2016, to that of 2017, the drop is even more severe.

Despite this, the Western Cape has reported the lowest unemployment rate of 19 per cent in the country.

The Western Cape Fiscal Strategy

Madam Speaker, fiscal consolidation, fiscal discipline and fiscal sustainability continue to underpin the Western Cape 2018 Budget.

Several fiscal and service delivery risks remain, such as the current drought and the water crisis; growing demand for provincial government services; reductions to departmental budget baselines; increase in the Value Added Tax rate, and an uncertain outcome of the wage negotiations.

Guided by the Western Cape Fiscal Strategy and fiscal and budget policy principles, the fiscal response centres on maintaining the stability and sustainability of provincial fiscal framework, whilst mitigating and managing identified risks to ensure delivery on the objectives of the 2014 - 2019 Provincial Strategic Plan.

Responding to the Risks

As a first step towards ensuring the sustainability of the provincial fiscal framework and provide for unforeseen and unavoidable events, the Province has protected the provision for reserves from the previous MTEF over the new MTEF.

Amounts of R328.863 million in 2018/19, R446.166 million in 2019/20, and R470.983 million in 2020/21 are provided for in **the Fiscal Stabilisation Reserve** to deal with potential volatility in the fiscal framework relating to national transfers including the provincial equitable share and conditional grants.

Funding held in reserve **for Unforeseen and Unavoidable expenditure** amounts to R187.148 million in 2018/19, R197.628 million in 2019/20 and R208.498 million in 2020/21.

Amounts to deal with **service load pressures** of R362.065 million is provided in 2018/19, R474.156 million in 2019/20 and R489.686 million in 2020/21 is provided to deal with increased service load demands to enable the Western Cape Government to deliver on **its frontline services mandate**, particularly in Health, Education and Social Development.

Second, during the technical assessments of the budgets of the Ministries of Education, Health and Social Development, it became clear that any further cuts to their budgets would pose service delivery risks to our people.

This **budget for people** is a direct response to the pleas from these Ministers to protect the people, the citizens of the Western Cape.

Allocations have therefore been made to sustain current services over the MTEF, particularly in key frontline services in Education, Health and Social Development.

I am therefore pleased to announce Madam Speaker, that R362.065 million is provided in 2018/19, R474.156 million in 2019/20 and R489.686 million in 2020/21 to manage **increased service load pressures** and enable the Western Cape Government to deliver on its frontline services mandate, particularly in Health, Education and Social Development.

Third, provision has been made toward the response to mitigating and managing key risks related the drought as well as the potential negative outcome of salary negotiations.

Interventions in this regard include maintaining the personnel expenditure ceilings as a mechanism to manage employee headcounts and avoid crowding out of other expenditure.

The water crisis

The worst drought in decades, and ensuing water crisis threatens not only the economic productivity of the Province, but also the socio-economic development of the people. To mitigate the impact of the water crisis on strategic government services and priorities, the Western Cape Provincial Government established a Joint Operations Centre for the Provincial Disaster Management Centre to coordinate the provincial response.

During the 2017 Adjusted Estimates, R165.331 million was allocated for the 2017/18 and R157.031 million for the 2018/19 financial years towards **drought response initiatives**. These allocations are utilised for, amongst others, **water resource infrastructure projects** at schools, **boreholes** for health and social development facilities, additional water saving measures such as **rain water tanks, gutters and down pipes as part of housing projects, drought relief, fodder for research herds, the drought communication campaign and boreholes to provide drinking water to rural communities**. **Madam Speaker, I am pleased to announce an additional R100 million has been earmarked in 2018/19 within the Provincial Revenue Fund towards the drought and pursuing water crisis.**

National Government has made available disaster relief grants for provinces and municipalities of R423.7 million in 2017/18 and R472.9 million in 2018/19, which can be can be rapidly released to assist in an emergency.

National Treasury has also made R6 billion available to those provinces that have been affected by the drought.

BUDGET SPENDING PLANS AND PRIORITIES

The 2018 Budget supports economic development and infrastructure-led growth, the provision of quality education and initiatives towards advancing the youth, wellness programmes, safety initiatives and good governance practices.

Creating opportunities for growth and jobs

Provincial Strategic Goal 1: Creating opportunities for growth and jobs focuses on priority initiatives to support and enable growing the economy. These priority areas include manufacturing, exports, agri-processing, tourism, ICT and business process outsourcing sectors and skills development.

Madam Speaker, I am pleased to announce that in the 2018/19 financial year the Department of Economic Development and Tourism will spend R4 million on the Municipal Services to Business Project which aims to address red tape and improve the ease of doing business by providing improved municipal services to businesses through specialised business process optimisation.

A total of R6.87 million will be spent on the Access to Finance Programme. The Access to Finance Programme is an initiative that will focus on equipping SMME owners with the relevant business knowledge, skills and resources which will contribute towards enhancing their efforts in accessing funding.

The **Department will also spend R1.15 million on the Emerging Business Support Programme** in the 2018/19 financial year.

The Emerging Business Support Programme is a joint initiative with a major bank that focuses on equipping SMME owners with the relevant business knowledge and skills to enhance their growth, viability and sustainability.

A further R6 million will be spent on the Supplier Development Programme. The Supplier Development Programme aims to develop and grow oil and gas businesses by exploiting opportunities within existing and new supply chains. The businesses will be developed through a structured process (business turnaround or business improvement) to ensure that the business is able to move up the value chains of the oil and gas sector.

I would also like to congratulate the Head of Department of Economic Development and Tourism, Mr Solly Fourie for receiving the Gold Award in the category Best Head of Department (Provincial) at the recent National Batho Pele Award Ceremony in Gauteng.

Madam Speaker, I also want to congratulate the Department of Economic Development and Tourism together with the Departments of Transport and Public Works and Cultural Affairs and Sport for receiving Bronze Awards in the category Best Functioning Provincial Department of the Year at the recent National Batho Pele Awards.

Supporting agri-processing sectors

The Department of Agriculture has received R2.642 billion over the 2018 MTEF.

The Department will continue to prioritise the support of the agri-processing industry, which is well positioned to accelerate growth and sustained job creation. Agri-processing initiatives over the 2018 MTEF include continuing to promote South African Halal products in strategically selected markets and the promotion and positioning of the Western Cape as a Halal hub.

Over the 2018 MTEF, there will be a particular focus on the recruitment of strategically identified international and local developers and potential investors for the Halal Industrial Park; the establishment of appropriate governance structures in the Halal sector; and strengthening the domestic Halal certification environment.

Other agri-processing initiatives over the 2018 MTEF include continuing to promote South African wine in China and Angola to increase the market penetration of South African wines.

Minister Winde will make further announcements in this regard during his Budget Address.

Promoting tourism

The Department of Economic Development and Tourism will invest R173.209 million of its R1.313 billion 2018 MTEF budget on tourism promotion in the Province. Initiatives planned over the 2018 MTEF to boost tourism include: securing new direct air routes to Cape Town International Airport via the Air Access project; continuing to position the Western Cape as the Cycling

Capital of Africa; maximising culture and heritage tourism for the Archaeological and Palaeontological Heritage routes; and managing the negative perceptions of safety by providing proactive and reactive responses to tourists in distress.

Saldanha Bay Industrial Development Zone

The industrialisation of the West Coast region with the Saldanha Bay Industrial Development Zone (IDZ) is well on track with 34 potential investors signing Memorandums of Understanding, the completion of municipal and bulk services on the back of the port land, the link bridge and road network and the upgrading of the Waste Water Treatment plant and the water supply project at Besaansklip.

Operations at the Saldanha Bay IDZ are expected to commence in the 2018/19 financial year.

Madam Speaker, I am pleased to announce that over the 2018 MTEF, the Western Cape Government has made an additional allocation of R42.6 million toward the long-term leasing of 35 hectares by the Saldanha Bay Industrial Development Zone Licencing Company which can be sublet for rental income.

Green economy

The Western Cape Government will continue to promote Green Economy initiatives, with the aim of stimulating investment into green industries and to improve the resource efficiency of businesses.

With the designation of the Atlantis Special Economic Zone (SEZ) expected in this financial year, the focus over the 2018 MTEF will be on attracting manufacturing and service companies in the green technology space and establishing an operator for the Atlantis SEZ.

Last week, Premier Zille, during the meeting of the Premier's Coordinating Forum in Langebaan, called on the IGR Structures to expedite the official declaration of the Atlantis SEZ.

A SEZ Mandating Committee has been established and regularly meets under the leadership of the Minister of Economic Opportunities, Minister Alan Winde, the Minister of Transport and Public Works, Donald Grant and the Minister of Finance.

A Special Economic Development Infrastructure Company is being established to drive multiple infrastructure programmes. Over the 2018 MTEF, R83.352 million has been allocated for Green Economy initiatives across the Western Cape Government.

Skills Development

Madam Speaker, the Premier, Ministers Winde, Schäfer, Marais, Plato, Grant and Fritz are driving the skills revolution of the youth in the Western Cape.

Madam Speaker, in this regard I am pleased to announce that an amount of R28.1 million has been set aside over the MTEF for skills development and the apprenticeship game changer.

The Department of Economic Development and Tourism's ambitious skills development initiative will ensure that the economy produces the necessary artisans.

The Youth Access Programme is a flagship project to be embarked upon over the 2018 MTEF, in partnership with the City of Cape Town and Business Process Enabling South Africa, which assists employers in the Business Process Outsourcing sector to implement a work integrated model for learners.

In response to the outcomes of the Rural Development Farmworker (Agri-worker) Census, the Agricultural Partnership for Youth Development (APFYD) will focus on improving education and employment prospects of the

rural youth. Since 2014, 85 interns have been appointed on farms with External Host Employers.

Madam Speaker, I am pleased to announce that R21.9 million has been allocated over the 2018 MTEF toward skills development in the agriculture sector.

Madam Speaker, I am pleased to welcome a young and dynamic farmer, Jacques Beukes in the House today. He is also the Deputy Chairperson of the Hex Valley Table Grapes Association.

The **Apprenticeship Game Changer** aim is to introduce at least 11 300 qualified apprentices into the labour market by 2019 by working with schools, Technical and Vocational Education and Training (TVET) colleges and employers across the 5 priority sectors in the Province.

To date, the Game Changer has leveraged R2.2 million from merSETA to support Maths e-learning in 70 schools across the Province; in support of TVET colleges, nine maths assistants have been placed at various institutions to assist maths teachers and learners; and 1 100 learners have received work readiness training, including 250 artisanal learners. An amount of R6.187 million has been earmarked for this Game Changer for the 2018/19 financial year to supplement current funding.

Infrastructure Development

Madam Speaker I am pleased to announce that **the Department of Transport and Public Works receives R23.55 billion over the 2018 MTEF for delivery of public and economic infrastructure** and related services that promote socio-economic outcomes and safe, empowered and connected communities.

This includes the provision and maintenance of public works and roads infrastructure, the facilitation of integrated land transport services, transport regulation and community based programmes.

A safe, reliable and sustainable public transport system is a key lever to improving access to economic opportunity and socio-economic development.

The further development and enhancement of the newly established Intelligent Transport Centre (or Transport Data Hub) will enable the alignment and integration of existing databases to improve business intelligence and service delivery.

Provincial Strategic Goal 2: Improve education outcomes and opportunities for youth development

To improve the quality of education, in-and-out of school time, particularly in no- and low-fee schools remains a top priority for this Government.

In addition to increasing learners' literacy and numeracy levels, the initiatives aim to improve young people's access to economic and social opportunities in the Province, and helping families to support children and youth through development programmes.

Education

The Western Cape Education Department receives R69.87 billion over the 2018 MTEF.

Efforts will continue to focus on improving the level of language and mathematics in all schools; increasing the number and quality of passes in the National Senior Certificate; and increasing the quality of education provision in poorer communities.

Enrolment in schools in the Western Cape amounted to 1 021 492 learners in 2017 at 1 437 public ordinary schools.

In support of the **objective of maintaining stability within schools an additional allocation of R533.9 million** has been provided over the 2018 MTEF to manage **service load pressures** particularly as it relates to increased education demands and learner growth.

The learner transport scheme is expected to be extended to 59 371 learners in 2018, while 604 486 Learners are expected to benefit from the no-fee option, and 473 136 learners will benefit from the School Nutrition Programme.

There will also be a particular focus on securing safety in schools, in co-operation with the South African Police Services, the City of Cape Town (Metro Police & Law Enforcement), and community involvement.

The **eLearning Game Changer** focuses on improving digital infrastructure at schools.

To date, 294 schools have a local area network connecting every instruction room to the internet and 788 schools have connectivity coverage at a central venue for learners as well as an additional central venue for teachers.

Since 2015/16, 6 400 Smart classrooms have been installed, 910 Information and Communication Technology (ICT) labs have been upgraded and 28 808 learner devices have been delivered across the Province.

Progress has also been made in creating an e-Culture in schools, setting up an e-Admin system in schools, and training teachers on how to use e-Technology and e-Content in their lessons. We are preparing our learners for the 21st Century Knowledge Economy.

The WCG ePortal now has over 11 600 curriculum-relevant digital resources, with over 310 000 unique users to date.

The Western Cape Minister of Education, Mrs Debbie Schäfer will make further announcements in this regards.

I would also like to congratulate the Head of the WCED, Mr Brian Schreuder for receiving the Silver Award together with Ms Jacqui Gooch of the Department of Transport and Public Works in the category Best Head of Department (Provincial) at the recent National Batho Pele Award Ceremony in Gauteng.

The Western Cape Education Department also received a Silver Award in the category Best Functioning Department of the year.

Early Childhood Development remains a priority over the 2018 MTEF. Within Education, the emphasis will be on improving the quality of learning in Grade R. This will be done through a focus on teacher skills and professional status and on early identification of those who need remedial assistance. The aim is to ensure that the Grade R year provides an effective foundation for learning. A pilot Grade R - 3 project is in place to test the impact of support interventions in 100 schools.

The Department of Social Development will continue to focus on improving access to and quality of ECD education. This includes issues of safety, cognitive development, and nutrition which will increasingly become the focus of ECD interventions.

In support of this, **I am pleased to announce that the Department of Social Development receives an additional R123.7 million over the 2018 MTEF for ECD subsidies and facility maintenance.** Minister Fritz will make further announcements in this regard.

After school programmes: The Mass participation; Opportunity and access; Development and growth (MOD) Programme promotes a philosophy and ethos of healthy living, lifelong activity and lifelong learning.

In 2017/18, approximately 36 000 learners attended MOD programmes regularly and consistently at 181 MOD Centres.

Over the 2018 MTEF, R127.076 million has been allocated for the MOD Programme.

After School Game Changer

The number of learners engaged in regular and consistent after school programming has increased to 72 043 learners, with 361 no- and low-fee schools having registered After School Programmes in 2017/18.

Going forward the coverage of the After School Game Changer will include a Grade 4 Mathematics and English Programme, an After School Journal and

Research Programme, a Cluster-based Coordinated Sporting Programme as well as a Mathematics eLearning and EduCollaborate Programme.

By 2019, 112 000 learners in over 400 schools will have access to After School Programmes.

Madam Speaker, I am pleased to announce that the after school Game Changer receives an earmarked allocation of R26.541 million for the 2018/19 financial year to supplement current funding.

Youth Development

Providing opportunities for and equipping youth to transition to productive and responsible adults is a key tenet of the Western Cape Youth Development Strategy.

Initiatives aimed at youth development include the YearBeyond (YEBO) Programme and Youth Cafés.

The YEBO Programme placed over 100 volunteers, who received leadership development and training as part of the programme, at 22 no-fee schools to provide academic support in literacy and numeracy to 2 000 learners in 2017/18.

Initiated by the Department of Social Development, youth cafés are designed to provide vibrant, positive spaces where young people are afforded opportunities to access skills development programmes, training workshops, seminars, and entrepreneurial opportunities.

Six Youth Cafés have been established across the Province in Rocklands, Vangate Mall, George, Nyanga, Oudtshoorn and Vrygrond.

Madam Speaker, I am pleased to announce that an additional four youth cafés are planned for 2018/19.

The Minister of Social Development Minister Albert Fritz will make further announcements during his Budget Address.

Provincial Strategic Goal 3: Increasing wellness and safety, and tackle social ills Provincial Strategic is premised on creating healthy, inclusive, safe and socially connected communities.

Key priorities are targeted interventions aimed at improving the safety and well-being of Western Cape citizens.

Providing Health Services

Access to quality health services is one of the cornerstones of social and economic development of a region.

The Department receives R23 billion in 2018/19, R23.9 billion in 2019/20 and R25.4 billion in 2020/21 to improve health outcomes.

The Department of Health will continue to pursue the Healthcare 2030 outcomes through, amongst other, the continued implementation of the Western Cape on Wellness campaign, First 1000 Days projects, 90-90-90 Strategy and Community Oriented Primary Care initiative.

Madam Speaker, I am pleased to announce that more than R300 million will go toward community-based care for HIV, AIDS and TB over the 2018 MTEF.

Whole-of-Society Approach (WOSA)

The Whole-of-Society Approach aims to provide safe, socially connected, resilient and empowered citizens and communities with equitable access to services and opportunities, achieved through the alignment of resources, synergised effort and investment, through collaboration and partnership by all spheres of government, the private sector, NGOs and civil society.

Guided by the overarching principles of human rights, sustainability, social cohesion, poverty alleviation and citizen-centric approach, this approach has culminated in the identification of four strategic focus areas namely education, social wellness, the municipal economy and neighbourhood/spatial development.

Further roll-out of this initiative is envisaged in the Drakenstein Municipality, Khayelitsha and Manenberg/Hanover Park area.

Madam Speaker, the Minister of Health, Dr Nomafrench Mbombo will make further announcements in this regard during her Budget Address.

Social development services for the poor and most vulnerable

The Department of Social Development which provides community and social welfare services to the most vulnerable in the Province, receives R2.2 billion in 2018/19, R2.3 billion in 2019/20 and R2.5 billion in 2020/21.

The amounts include additional allocations of R6 million in 2018/19, R6.3 million in 2019/20 and R7 million in 2020/21 to manage service pressures and ensure the provision of a comprehensive network of social development services.

This is particularly important to mitigate the effect of the drought on livelihoods in rural areas, especially among farmworkers.

To assist in meeting the growing need, additional funding of R20.2 million in 2018/19, R28.8 million in 2019/20 and R30.5 million in 2020/21 has been provided for combatting violence against women. Minister Fritz will make further announcements in this regard.

Child and Youth Care Centres play a vital role in not only providing care and protection to vulnerable children, but also providing an environment to rehabilitate children in conflict with the law. The Department of Social Development receives an additional R21.6 million in 2019/20 and R22.9 million in 2020/21 to meet the growing need for bed spaces in these facilities and ensure compliance with relevant norms and standards.

Care, support and protection of persons with disabilities

Care, support and protection of persons with disabilities remains a priority for the Department of Social Development.

Madam Speaker thanks to the leadership of Premier Helen Zille and Minister Albert Fritz I am pleased to announce that R534.8 million has been budgeted for services to persons with disabilities over the 2018 MTEF for the provision of bed spaces in appropriate facilities as well as day-care services to persons with disabilities.

The Minister of Social Development, will make further announcements in this regard.

Improving safety in communities

As part of the Department's Community Safety Improvement Partnership, professional policing will be promoted with an allocation to the Western Cape Police Ombudsman of R36.2 million over the 2018 MTEF.

Through various partnerships, the Department has identified several high risk areas.

One of those safety priority areas, Paarl-East, subsequently received support from the Department in collaboration with its stakeholders in respect of Safety kiosks, Neighbourhood Watch training and safety plans.

Improving road safety

The Western Cape Provincial Traffic Services provides a 24-hour, 7 days a week service to ensure the **safety of our road network**, in cooperation with local law enforcement and key stakeholders.

Over the 2018 MTEF, the road safety District Safety Plans will be extended to other areas in the Western Cape, with a project plan initiated for the West Coast region.

The Western Cape Minister of Community Safety, Minister Dan Plato, will make further announcements in this regard during his Budget Address.

I would also like to congratulate the Head of Department of Community Safety, Mr Gideon Morris for receiving the Bronze Award in the category Best Head of Department (Provincial) at the recent National Batho Pele Award Ceremony in Gauteng.

Enabling a resilient, sustainable, quality and inclusive living environment

Integrated human settlements

The Western Cape Government remains committed to improving the living conditions of the Province's citizens.

To continue to facilitate and support the creation of sustainable, integrated and resilient human settlements in the Province, the Department of Human Settlements is allocated R7.3 billion over the 2018 MTEF and will focus on three priority areas:

- Upgrading of informal settlements;
- The provision of Affordable/GAP Housing opportunities; and
- Prioritising the most deserving for subsidised housing.

In 2018/19, the Department aims to deliver 18 160 housing opportunities of which 9 567 will be housing units and 8 693 will be serviced sites.

The Minister of Human Settlements, Minister Madikizela will continue to prioritise the implementation of identified catalytic projects, which include the development of the Belhar CBD, the Airport Precinct, Forest Village, iThemba, Penhill, Kosovo Philippi and Thabo Mbeki and Tsunami, Syferfontein, Thembaletu and Wilderness Heights, amongst other.

Madam Speaker, Minister Madikizela recently signed a Memorandum of Understanding (MoU) with five (5) financial institutions operating in the affordable housing market. These institutions include ABSA Bank, First National Bank, Nedbank, Standard Bank and SA Home Loans. With the signing of the

MoU, the parties pledged their commitment to accelerating the delivery of affordable housing in the Western Cape.

This public-financial partnership will develop a more effective and user-friendly Financed Linked Individual Subsidy Programme (FLISP) application process. All efforts by the parties are geared toward assisting the affordable market access finance and increase homeownership in the Western Cape.

Regional Socio-economic Project/Violence Prevention through Urban Upgrading

Regional Socio-Economic Programme (RSEP) aims to improve quality of life through urban, social and spatial upgrading and build safe and sustainable neighbourhoods.

Several projects such as the establishment of community centres, rubbish collection points, upgrading pedestrian walkways, development of live-work units, a splash park and commercial centres have been completed in the Saldanha Bay, Swartland and Breede Valley municipalities under the auspices of RSEP.

The Department of Environmental Affairs and Development Planning will expand the RSEP to seven new municipalities over the 2018 MTEF, i.e. Bergrivier, Witzenberg, Stellenbosch, Cape Agulhas, Prince Albert, Mossel Bay and Bitou.

Madam Speaker, I am pleased to announce an earmarked allocation of R52.3 million over the 2018 MTEF has been provided for this initiative.

The Violence Prevention through Urban Upgrading programme will continue to be implemented in Manenberg, Hanover Park, Gunya and Khayelitsha in the City of Cape Town.

Embedding good governance and integrated service delivery through partnerships and spatial alignment

Digital Government

The Department of the Premier is allocated R4.4 billion over the 2018 MTEF to provide strategic policy direction and maintain the provision of professional corporate services for the Province.

This includes the Centre of e-Innovation Programme, which includes the centre for e-Innovation Programme receiving R2.83 billion over the 2018 MTEF.

The progress made to date in respect of ICT landscape will be maintained, with the emphasis on related security and governance.

The roll-out of Broadband is supported through an earmarked allocation of R956 million over the 2018 MTEF.

Enhanced governance

Provincial Treasury receives an allocation of R1.028 billion over the 2018 MTEF.

The Department will continue to focus on its core functions in terms of its PFMA and MFMA responsibilities whilst driving its good financial governance agenda.

The Department will continue to support provincial departments and municipalities in improving supply chain management processes and governance (particularly as a lever for economic development), including improved E-procurement; as well as the adoption of the District approach to drive SCM efficiencies within municipalities.

Within the Western Cape Government, all Provincial Public Entities and 85 per cent of departments received clean audits for 2016/17, with the remainder of the departments, where the audit outcomes have been pronounced upon by AGSA, receiving unqualified audits.

The Western Cape Government will continue to provide support and capacity building toward strengthening good governance.

The Western Cape Gambling and Racing Amendment Bill

Madam Speaker, the Provincial Treasury has gazetted for public comment the draft Western Cape Gambling and Racing Amendment Bill and accompanying draft regulations as part of the Provinces broader strategy of domestic resource mobilisation.

The call for comment closes on 11 April 2018 where after due consideration will be given to the comments received before the draft bill and accompanying draft regulations will be administered through the normal parliamentary procedures.

The Department of Local Government is allocated R791.872 million over the 2018 MTEF to monitor, coordinate and support municipalities to be effective in fulfilling their developmental mandate, and facilitate service delivery and disaster resilience through engagement with government spheres and social partners.

Given the current water crisis, the Department plans to support municipalities to prevent water shortages by providing technical and financial municipal assistance with regard to water augmentation programmes; as well as water conservation and demand management.

The Department's Disaster Management Centre has also established several work streams responsible for preparedness and business continuity planning in order to ensure that the Province is ready in the event of limited or restricted water supply.

The Department will also continue to implement the Thusong Centre and Community Development Worker Programmes over the 2018 MTEF in support of increased access to government services and assistance to municipalities in bettering the lives of communities.

Further, in conjunction with the Provincial Treasury, the Department will continue to provide municipal capacity building initiatives in support of strengthened local governance.

Infrastructure for Growth

Investment in public infrastructure remains critical for improving access to quality services to the citizenry, while supporting economic growth.

Madam Speaker, over the 2018 MTEF, R25.2 billion will be invested in infrastructure, with an additional R1.4 billion to be invested in Broadband and R236 million in Public Private Partnerships.

A key focus remains the emphasis on the preservation of existing infrastructure assets and addressing infrastructure maintenance backlogs.

The Province is responding to the drought and water crisis by putting measures in place to ensure business continuity and to intensify water-saving interventions at public institutions over the 2018 MTEF.

The Western Cape Government will continue to deliver on the objectives of its infrastructure-led growth strategy.

Infrastructure investment and the maintenance thereof is critical for promoting job creation, broadening the economic base and raising growth potential, unlocking economic opportunities and addressing socio-economic needs and challenges.

Education

Over the 2018 MTEF, R4.754 billion will be spent on Education infrastructure.

Madam Speaker, I am pleased to announce that 14 new schools and 18 replacement schools will be delivered over the MTEF.

This represents an estimated 985 classrooms as well as upgrades and additions at six schools.

The following key infrastructure projects will be delivered over the medium term:

- City of Cape Town: Kraaifontein HS; Silikamva HS; Delft HS; Delft North PS; Disa Road PS (Die Bos); Ethafeni PS (Wallacedene); AZ Berman HS (Tafelsig) and Vredeloof PS.
- Eden Central Karoo Education District: Concordia PS and Thembaletu SS No. 2 in George.
- Overberg Education District: Qhayiya SS and Umyezo Wama Apile SS (Grabouw SS).
- Cape Winelands Education District: Stofland PS in De Doorns.
- West Coast Education District: a new high school in Moorreesburg and Middelpoort PS (Saldanha).
- Three donor projects over the 2018 MTEF includes a primary school in Stellenbosch, phase two of Jakes Gerwel Entrepreneurial School in Bonnievale, as well as phase 2 of Ithemba PS in Vrygrond.

The WCED will facilitate a number of drought interventions over the 2018 MTEF, with R490 million allocated for the following interventions:

- Procurement and installation of water storage tanks at all schools without water tanks;
- Procurement and installation of fire extinguishers to ensure fire safety compliance at all schools;
- Testing of existing borehole water quality and to implement recommendations on treatment procedures to utilise water effectively and repairing boreholes;
- Investigation into the connection of water storage containers and alternative water sources to ablution facilities at all schools;

- Installation of leak detectors at schools in high risk municipalities and where high water consumption is evident;
- Installation of smart meter devices at schools where high water consumption is evident; and
- Determining ground water availability and the drilling of boreholes where feasible (i.e. in terms of yield and borehole water quality).

The Ministers of Transport and Public Works and Education will make further announcements during their respective budget addresses.

Health

Over the 2018 MTEF, **R2.5 billion will be invested in Health infrastructure**, which include amongst others:

- Groote Schuur Hospital and Tygerberg Hospital maintenance and upgrade;
- Observatory Forensic Pathology Laboratory (replacement of Salt River Mortuary); Replacement of Community Health Centres in Elsie's River; Hanover Park and Maitland;
- Replacement of satellite clinics at Abottsdale and Chatsworth; New Avian Park Clinic at Worcester;
- Upgrades and additions at Eerste River Hospital, Somerset Hospital; Khayelitsha Hospital, Gansbaai Clinic; Laingsburg Clinic; and
- New emergency and/or upgrade planned at Victoria Hospital and Somerset Hospital.

Social Development

The upgrading and maintenance of infrastructure will support the Department of Social Development to deliver access to appropriate social assistance for those citizens unable to support themselves and their dependants.

The introduction of the Early Childhood Development (ECD) Grant includes a component aimed at assisting conditionally registered ECD facilities to comply with Health and Safety Norms and Standards as determined by the National Department of Social Development.

Madam Speaker, this provision allows for maintenance allocations to these facilities of R7.968 million in 2018/19; R8.412 million in 2019/20; and R8.975 million in 2020/21.

Provision has also been made for urgent maintenance work at Child and Youth Care Centres (CYCC).

Madam Speaker, I am pleased to announce that an allocation amounting to R61.320 million has been included in the budget of the Department of Transport and Public Works over the 2018 MTEF for this specific purpose.

Maintenance work will focus on a prioritised list of security improvements at various facilities. Provision has also been made for the construction of a new dormitory at the Clanwilliam CYCC, with an allocation of R19.5 million in the 2018/19 financial year.

Transport and Public Works

Transport

The road network is an important catalyst in growing the provincial economy.

The investment in roads infrastructure amounts to R9.7 billion over the 2018 MTEF. This investment includes projects identified to promote economic growth in the Province that are in various stages of implementation.

2018/19 New Projects

New roads to be built in 2018/19 include the Saldanha Industrial Zone to the Saldanha-Vredenburg road and the West Coast Road to Langebaanweg.

Projects completed in 2017/18 include

- R399 Piketberg
- Plettenberg Bay Airport Road
- Reseal TR102 Uniondale
- Reseal MR342 Mossgas/Herbertsdale and
- Rehabilitation Borchard's Quarry to Swartklip Interchange

In 2018/19 major road maintenance include

- Sir Lowry's Pass to Gordon's Bay
- Hermanus to Gansbaai
- Wingfield to Melkbos Interchange
- Beaufort West to Willowmore
- Worcester to Ashton
- Ashton to Swellendam
- Nuwekloof Pass
- Klipheuvel to Malmesbury
- Riviersonderend to Stanford

The Minister of Transport and Public Works, Minister Donald Grant will provide further detail in this regard during his budget address.

Human Settlements

A key priority for Western Cape Government is the development of sustainable integrated human settlements that will allow its residents access to social and economic opportunities close to where they live.

Madam Speaker, I am pleased to announce that approximately R6.36 billion will be spent on housing opportunities over the 2018 MTEF.

The key initiatives underway and to be rolled-out over the MTEF include:

- The upgrading of 60 informal settlements or 25 021 households yield with access to clean water;
- Sanitation and;
- Electricity following the recent completion of an informal settlement support strategy.

The following areas are worth mentioning given their high expected yields:

- Kayamandi - Stellenbosch: 3 011 households;
- Grabouw – Theewaterskloof: 5 270 households; and
- Mossel Bay - 3 493 households.

CapeNature

CapeNature intends spending approximately R96.2 million on tourism infrastructure over the 2018 MTEF.

CapeNature's infrastructure priorities over the 2018 MTEF include improvements at Kogelberg Nature Reserve: Phase 2.

Over the MTEF period, the focus will also shift to implementing a more rigorous programme with regards to maintenance and upgrades of existing infrastructure across a number of Nature Reserves adding value to current facilities that will contribute to the increase in revenue generation.

Maintenance and repairs

Madam Speaker, through the Ministerial Infrastructure Committee we have prioritised repairs and maintenance of our infrastructure in the Western Cape.

I am therefore pleased to announce that funding for **maintenance and repairs** over the **2018 MTEF accounts for R5.28 billion of the total infrastructure budget**, with the largest portion of investment directed to maintenance of road based transport.

Maintenance of health infrastructure is identified as a strategic priority for the Department of Health in the 2018 MTEF with specific focus on Tygerberg and Groote Schuur hospitals.

The provision for road maintenance and repairs as well as general provincial buildings account for R3.135 billion over the MTEF; followed by Education (R1.246 billion) and Health (R826.868 million).

BROADBAND

The Western Cape Government is currently in the process of expanding the free public Wi-Fi initiative beyond the initial 384 sites which were identified (this process is subject to the successful conclusion of the contracting process).

Madam Speaker, **an amount of R1.4 billion is planned to be spent on broadband connectivity** over the 2018 MTEF.

INFRASTRUCTURE INVESTMENT BY MUNICIPALITIES

The combined operating expenditure budget of the 30 municipalities in the Western Cape is set at R55.2 billion for 2017/18.

Local government capital expenditure in the Western Cape was budgeted to be R10.1 billion in 2017/18.

The municipal capital budget for 2017/18 is R11.6 billion.

This increase of 15.3 per cent can be attributed to enhanced water infrastructure spend in response to the drought crisis and bears testimony to the resilient and budget responsive capabilities of local government in the Western Cape.

Some of the most noteworthy water-related projects currently being implemented by local municipalities throughout the various districts include:

- **Eden:** Upgrade of the water supply pipeline from Kleinbrak water treatment works to the Langeberg Reservoirs in Mossel Bay (R13.5 million)
- **Cape Winelands:** Construction of a bulk water supply reservoir at Dwars Rivier in Stellenbosch (R19.0 million)
- **Overberg:** Upgrades to pump stations across the District (R5.0 million)
- **West Coast:** Refurbishment of the Bitterfontein Water Scheme (R10.0 million)
- **Central Karoo:** Expansion of the main water pipeline in Beaufort West (R4.2 million)

In the City of Cape Town, 8 of the top-10 capital projects are currently directed towards water augmentation as part of the City's phased approach towards mitigating risks associated with the current drought.

Western Cape Additional Adjusted Estimates 2017/18

Madam Speaker, the national department of Human Settlements reallocated allocations amongst Provinces for the Human Settlements Development Grant.

An additional R100 million has been reallocated from other provinces experiencing slow spending to the Western Cape for the purpose of accelerating delivery of integrated and sustainable human settlements in the Province.

R57 million will be used for bulk infrastructure such as electricity and sewer reticulation in the Forest Village and Belhar CBD catalytic projects **while R43 million will be used**, with the assistance of the Housing Development Agency, **to purchase land critical to the further development of the Imizamo Yethu Project** in Hout Bay.

The Adjustment Budget will also be provided for the alternative use of drought funding previously set aside in the 2017/18 Adjusted Estimates primarily for drought and water augmentation initiatives now to be redirected to municipalities in the Province to address their current drought disaster.

It also provides funding for the safe removal of asbestos in the Eden region.

Madam Speaker, as a responsible government we will continue to engage with all role players.

Minister Winde and I will therefore soon meet the rating agencies to discuss the impact of the drought and our response strategy. We are determined to turn this crisis into an opportunity.

We are also planning to meet with the South African Reserve Bank about the current economic performance and the role of the Reserve Bank in Monetary Policy.

It is also my intention to meet with the International Monetary Fund and the World Bank about the structural reform strategies and our approach to fiscal discipline as a sub-national government.

Madam Speaker, we will engage with the National Treasury as the current fiscal path of the national government will take us over the fiscal cliff by 2022.

We need to prevent this at all cost and demonstrate leadership in the fiscal and economic policy environment.

Madam Speaker, I would like to thank Premier Zille and my Cabinet colleagues for their leadership and support during the finalisation of this Provincial Budget.

I also wish to extend my gratitude to † Mr Zakariya Hoosain, the Head Official in the Provincial Treasury and the Budget team under the leadership of Mr Harry Malila.

My staff in the Ministry, Advocate Pretorius, Mr Daniel Johnson, Ms Charmaine de Vos, Ms Linda Jacobs, Ms Chandré Pienaar, Mr Zodwa Mdingi and Nicolene Hill thank you for the great team work and for keeping the office running so effectively.

Speaker, it now gives me great pleasure to table the 2018 Overview of Provincial Revenue and Expenditure, Estimates of Provincial Revenue and Expenditure, the Western Cape Appropriation Bill, 2018 and associate Provincial Gazette of allocations to Municipalities, the Western Cape Additional Adjusted Estimates of Provincial Expenditure, Western Cape Additional Adjustments Appropriation Bill (2017/18 Financial Year) and the associate Provincial Gazette of allocations to Municipalities and this Speech, for discussion and consideration by this House.

I thank you