



EASTERN CAPE **BUDGET SPEECH**

2020/21



Province of the
EASTERN CAPE
PROVINCIAL TREASURY

EASTERN CAPE 2020/21 PROVINCIAL BUDGET SPEECH

HONOURABLE M. MVOKO - MEC FOR FINANCE

05 MARCH 2020

**Honourable Speaker,
Honourable Premier,
Honourable Members of the Executive Council,
Honourable Members of the Eastern Cape Provincial Legislature,
Executive Mayors and Mayors of our Municipalities,
Traditional leaders
Religious Leaders,
Leaders of Chapter Nine Institutions,
Leaders of State-Owned Companies,
Leaders of political parties,
Leaders of Labour,
Business Leaders,
Acting Director General, HoDs and Senior Government Officials
Our Esteemed Guests,
Ladies and Gentlemen,**

Good afternoon, Molweni, Dumelang, Goeie Middag.

Mandizibilisele nakuluntu lonke lweMpuma Kapa, ababeke iindlebe zabo kono-matotolo, kuma khasi ngamakhasi onxibelelwano, nakwiziseko zoqhagamishwelwano kwindawo ngendawo zeli Phondo lethu nakwilizwe ngokubanzi.

INTRODUCTION

Sihlalo wendlu yowiso-mthetho, zisuka nje mandiqalise ngokuyibeka icace ukuba umongo wolu hlahlo lwabiwo-mali ndiluzisa phambi kwabantu beMpuma-Kapa ngale njikalanga kuzakufuneka sibengathi siyaqinisa apha ekwenzeni ngokongezeleliyo, kunokuba sichitha ixesha sithetha. In a simple ordinance: For us to Build the Eastern Cape We Want, it is going to matter more what we do, than what we say.

Somlomo wendlu ebekekileyo, I agree with the honourable Premier, when he indicated during his State of the Province Address, that despite the global and domestic challenges, we still managed to implement a lot of progressive programmes, which have changed the lives of our people, in sectors of education, health and social welfare.

ECONOMIC PERFORMANCE AND OUTLOOK

International Factors

However, we live in a world where our local industries, including manufacturing, agriculture and others are linked with world markets. As a result, we acknowledge that our country is not immune to international economic risks. Added to that, we have not yet assessed the impact of the ravaging Corona Virus on our exports to the Far-Eastern countries, especially China. The impact could have damaging consequences to our citrus and deciduous fruit industries.

Domestic Factors

Somlomo, while we have identified several international risks, we must also acknowledge existing domestic factors that prevent us from achieving our desired goals. Under normal circumstances, when world trade is deteriorating, one must change focus and sell most locally-produced goods in domestic markets. However, it appears as if we are stuck “between a rock and a hard place”, because domestic demand continues to be low, mainly due to low household spending.

I agree with the Minister of Finance, honourable Tito Mboweni, that our economic recovery has been stalled by disruptions in the supply of energy, particularly capacity constraints in ESKOM. Unfortunately, this has affected various sectors of our economy, including agriculture, manufacturing and the utilities industry. In addition to the supply constraints on energy, our agricultural output has also been affected by the persistent drought, of which the Eastern Cape was among the worst affected provinces in the country.

Eastern Cape Economy

Honourable Members, we continue to face high unemployment levels in the province, with the latest results of the Quarterly Labour Force Survey figures for the 4th Quarter of 2019, showing high unemployment rates of 39.5% in our province, compared to 29.1% for the country. However, we also welcome the slight improvement in the rate of employment in our province between 2018 and 2019, which increase by 0.7%.

We are of strong belief that our province has untapped potential in the agricultural sector. However, it is disappointing to note that agriculture continues to perform below potential levels and has been in contraction for the past three consecutive quarters, up to quarter 3 of 2019.

The main reason, of late, for the underperformance, is the severe drought experienced in the country. Thus, this sector lost approximately 1 000 jobs in 2019. The provincial manufacturing output, which is dominated by the automobile and auto components supplies, has also been declining for most of 2019, due to lower domestic consumer confidence, which affects new vehicles sales. This sector is also highly sensitive to changes in global trade of manufactured merchandise.

The utilities sector (electricity and water), while in decline in 2019, mainly due to power supply disruptions, still managed to create 10 000 additional jobs within the renewable energy and water services subsectors.

PROVINCIAL FISCAL CONSOLIDATION

Equitable share

Madam speaker, due to the downward economic growth trends, our provincial equitable share was negatively affected, and as a province, we lost R960 million over the 2020 MTEF due to fiscal reductions, initiated by national government. We also lost R2.4 billion over the 2020 MTEF due to updates of new data in the Provincial Equitable Share (PES) formula. The updates in the PES formula continue to reflect an outward migration of population numbers from the Eastern Cape to other provinces. Since the 2011 census, our province has lost R23.9 billion, due to changes in population numbers that determine budget allocations.

May I indicate to this house that Stats SA will be conducting a Census next year; I wish to urge all residents of this province, to make sure they are counted in the 2021 census. Meanwhile, we will continue together with National Treasury, to review the equitable share formula, to consider variations in the cost of delivering services among provinces.

The Consumer Price Index inflation projections were revised downwards by the National Treasury, from projections that were originally used in determining provincial equitable share baselines. As a result of this downward revision of CPI projections, an amount of R681.8 million was reduced from our provincial equitable share baseline.

Conditional Grants

To make things worse Honourable Members, the conditional grant allocation was also reduced by R422.1 million over the 2020 MTEF. I must stress that part of the reason for reducing conditional grant allocations, includes the underperformance on grant allocations. Therefore, I want to urge all departments to ensure that conditional grant allocations are fully spent, in line with conditions attached to them, to avoid future reductions from national government. Therefore, our total allocation has been reduced by R4.5 billion- on the equitable share and conditional grants allocations- over the 2020 MTEF.

This situation is unlikely to change anytime soon, as also indicated by Stats SA that our economy contracted by 1.4% in the fourth quarter of 2019. We should also do more with limited resources. Despite this, we have to ensure that we protect critical government programmes despite the depleting fiscus.

Enhancing Provincial Own Revenue

Madam Speaker, we will however intensify our efforts to enhance provincial revenue to ease pressure to the equitable share. In this regard, the augmentation of the provincial fiscus through own- revenue generation, in line with the findings of the revenue research study, has resulted in efficiencies in current sources of revenue and added newly identified revenue- sources over the 2020 MTEF.

The findings of the study identified a potential for additional revenue-generation estimated at R7.6 billion for the province, with the Department of Public Works having the greatest scope of revenue improvement to the tune of R6.1 billion, mainly from charging market- related tariffs on leases of government-owned properties.

As at the end of December 2019, we had collected R1.6 billion in revenue, against our annual revenue target of R1.4 billion. Therefore, this is an indication that there is potential to collect more revenue. However, we are also putting measures in place to ensure that we enhance our revenue-generation capacity. Provincial Treasury is currently working with the provincial Department of Public Works to finalise an implementation plan on how this potential revenue will be realised practically. The outcome of this initiative will form part of the 2020 adjustments budget

We have committed ourselves, as part of supplementing our revenue to partner with donor- funders to fund key projects. In fulfilling government's commitment to assist farmers to improve primary production, the province has collaborated with the World Bank to improve effectiveness of rural and agricultural development planning, through better information management.

Madam speaker, to augment our shrinking provincial fiscus, we should take advantage of the Budget Facility Infrastructure fund set by National Treasury for mega projects which have a minimum value of R3 billion over 3 years. This figure has been revised upwards, from a minimum value of R1 billion that was initially communicated to departments. We urge all interested departments and municipalities in our province to submit their funding bids by 31 March 2020 to the Provincial Treasury for moderation, prior to final submission to National Treasury on 30 April 2020.

Allocative Efficacy and Fiscal Discipline

Honourable members, I have alluded to the economic challenges that we face as a province, now, this budget is crafted to respond to the socioeconomic challenges of the day, by reprioritizing and allocating provincial financial resources to protect critical service delivery programmes. Additionally, in our commitment to fiscal discipline, we will redirect and curb expenditure from non-core to core programmes; intensify our monitoring of the implementation and compliance to the National Treasury Instruction note, which deals with Cost Containment Measures.

The province is experiencing decreasing revenues due to the current economic environment and this is exacerbated by the current inefficiencies in a number of areas including Compensation of Employees.

We will therefore initiate a zero-based budgeting exercise, instead of the conventional incremental budgeting, to determine true departmental baselines in the Departments of Health and Education as the budgets of these departments account for approximately 75% of the provincial budget..

The PFMA requires government to ensure that there is value for money for all government expenditure and therefore, the provincial treasury will conduct this zero- based budgeting exercise to assess if there is value for money in the exponential expenditure seen in these two departments. In line with the outcomes of that exercise, we will adjust their baselines during the 2020 adjustments budget.

In addition to these, we will finalise the work on accruals and payable in the Departments of Education and Health. To delay action on accruals and payables provides the greatest fiscal risk for the province.

Provincial Treasury in collaboration with the Office of the Premier, will continue with their work through the Provincial Coordinating Management Team to strengthen the service delivery platforms of departments by validating service delivery models and organograms as another exercise to manage Compensation of Employees.

Rationalization of Public Entities

Honourable Speaker, it has been some time now that we have been pondering the re-purposing of our state-owned entities in the province. We all agree that these entities should play an important part in restructuring and strengthening of the economy. But a vexing question is whether they are doing that? In responding to this crucial question, we need to urgently execute the long outstanding report of the Government Technical Advisory Centre (GTAC), on the maximization and efficiencies of public entities.

BUDGET FRAMEWORK FOR THE 2020 MTEF

Somlomo, despite the sluggish economy, our government has a responsibility to serve 6.7 million people of the Eastern Cape, through a budget of R266.8 billion over the 2020 MTEF, of which R85.9 billion is allocated in 2020/21. The allocation is made up of National Transfers, Conditional Grants, Provincial Own Receipts and Provincial Revenue Fund.

With that responsibility in mind, this budget is premised upon the following principles:

- a) Increase investment on projects that will grow the economy;
- b) Improve fiscal discipline and governance;
- c) Protect and grow critical socio-economic infrastructure; and
- d) Keep public expenditure at sustainable levels

Furthermore, we have formulated and adopted an economic recovery plan that focuses on improving various sectors of our economy, in line with our Provincial Development Plan, and enched around provincial priorities – namely - an innovative, inclusive and growing economy; an enabling infrastructure network; an innovative and high value agriculture and rural sector; Human Development; Environmental Sustainability and Capable Democratic Institutions.

INNOVATIVE AND INCLUSIVE ECONOMIC GROWTH

SMMEs as Drivers of Economic Growth

Honourable Members, the growth of our economy could be fostered by rapid expansion of small, medium and micro enterprises (SMMEs) to achieve the desired rates of economic growth. The role of SMMEs is also important in creating employment, as SMMEs are more labour intensive.

The Local Economic Development Procurement Framework directs us to ensure that 50% of our budget for goods and services is targeted towards suppliers that are based in the Eastern Cape. As such, I wish to report that for the first three quarters of 2019/20, provincial departments collectively, spent R6.6 billion on suppliers that are in our database, who qualify as local suppliers in the Eastern Cape. For 2020/21, we have allocated R14.3 billion towards goods and services. Therefore, in terms of our framework, R7.2 billion should be spent on all suppliers in our database by the end of 2020/21 financial year.

Youth Development

Our provincial government is targeting several youth initiatives that will affect 51 252 young people in our province over the MTEF, of which 18 114 will be targeted in 2020/21. These initiatives will be implemented at a cost of R1.2 billion over the MTEF, of which R527.9 million is budgeted for in 2020/21.

For the 2020/21 financial year, among other initiatives, we will have 1 719 interns in government, 3 057 young people participating on learnerships, 5 458 young people participating on community works programmes; 2 787 young people participating in EPWP programmes; 120 young people placed on commercial farms; 410 young people will be placed in maritime and 975 young people will be offered bursaries internally by government.

Agriculture as a Catalyst for Economic Growth

Honourable Members, the agricultural sector has the potential to create the much-needed jobs and contribute significantly to the share of our provincial GDP. The articulation and implementation of the Agricultural Economic Transformation Strategy is boosting economic activity in the agricultural sector. This strategy seeks to promote commercialization of agriculture in rural communities, by focusing on crop and livestock production. To give impetus to this objective, we have set aside an amount of R7.5 billion over the 2020 MTEF, of which R2.4 billion is allocated for 2020/21 to the Department of Rural Development and Agrarian Reform. Included in this medium-term allocation is an amount of R576.4 million over the 2020 MTEF, of which R176.7 million is allocated for 2020/21 to enhance food security in the province.

We believe that it is important for us to capacitate our farmers and potential farmers in the sector. Therefore, any investments made in the agricultural sector, without investing in people, our efforts will be in vain. As a result, we have made available an amount of R184.3 million in 2020/21 and R575.9 million over the 2020 MTEF, to facilitate and provide structured vocational agriculture, forestry and fisheries education and training. As indicated by the honourable Premier during his SOPA, government will exploit opportunities offered by the cannabis industry. In this regard, we have made available an amount of R6.5 million over the 2020 MTEF, of which R4.5 million is allocated for 2020/21, to the Department of Rural Development and Agrarian Reform. This allocation is for issuing permits, conducting awareness campaigns, training and development that is related to cannabis and research, among other things.

Malungu abekikileyo, kwinzame zethu zokulungisa ulawulo lwase Magwa, urhulumente wePhondo uye wamilisela ibhodi yolawulo lwethutyana kunyaka ophelileyo ukuze yongamele iMagwa kunye neMajola Tea Estates. We are happy that things have been improving since, in line with our resolution that our entities must be competitive and efficient. As government, we want to reduce the reliance of our entities on government. However, while we still strive towards that goal, enough support should be provided in the interim to ensure that these entities move towards our long-term vision. We have therefore allocated an additional amount of R30 million over the 2020 MTEF to Magwa Tea, of which R15 million is allocated in 2020/21, to strengthen its operational systems to ensure it becomes sustainable in the long run

PROVIDING ENABLING INFRASTRUCTURE NETWORK

Honourable Members, infrastructure is a key lever for economic growth and job creation. For us to overcome the triple challenges of inequality, poverty and unemployment, we need to expand our infrastructure network to stimulate growth. We will channel resources to infrastructure investments to propel growth in agriculture, tourism as well as social and human development.

Our road infrastructure network is a combination of national, provincial and local roads. For this financial year, the provincial government has set aside an amount of R6.5 billion over the 2020 MTEF, of which R2.3 billion is allocated in 2020/21, to improve our road infrastructure network. The Department of Transport will also continue to implement several projects that are aimed at providing and enhancing access to the agricultural sector

Somlomo, we need to move with speed with the provision of an affordable and reliable transport system for our people. As such, the implementation of subsidized bus passenger service to ensure that people in most rural areas have access to affordable and reliable bus services will be continued. An amount of R1.8 billion has been allocated over the 2020 MTEF, of which R571.8 million is allocated in 2020/21, for the implementation of subsidized bus passenger service.

Honourable Members, in our efforts to address the infrastructure backlogs and to accelerate the provision of basic service in various small towns, an amount of R220 million is allocated to the Office of the Premier in 2020/21 for the completion of several projects in the following municipalities: Ndlambe, Sundays River Valley, Raymond Mhlaba, Elundini, Ngquza Hill, Port St Johns, Nyandeni and Umzimvubu.

Investing in ICT Infrastructure

Honourable Members, We have also committed ourselves to investing in the ICT infrastructure of the province, and as a result, an amount of R771.3 million has been allocated over the 2020 MTEF, of which R303.8 million is allocated in 2020/21, to the Office of the Premier for the rollout of the broadband initiative.

Providing Office Accommodation

Somlomo, we are pulling our financial resources together to ensure that challenges around office accommodation become a thing of the past. We are doing all this because we believe that this challenge compromises the way we render services to our people. Through the Department of Public Works, we have allocated a budget of R8 billion over the 2020 MTEF, of which R2.6 billion is allocated in 2020/21, to address accommodation challenges, including the completion of the construction of the Aliwal North Cluster offices in Aliwal North.

ENVIRONMENTAL SUSTAINABILITY

Disaster Management

Madam Speaker, the Eastern Cape has been hit by disasters that had devastating effects on the lives of our people, and the economy. In this regard, we have allocated R3.8 million in 2020/21 for disaster risk assessment, to determine the nature and extent of imminent risks by analysing hazards that could potentially harm people, property, services, livelihoods and the environment. We have also earmarked R60 million in 2020/21, within the Provincial Revenue Fund as a contingency allocation to respond to disasters.

These funds will be allocated through the adjustments budget, where applicable. The Department of Rural Development and Agrarian Reform has reprioritized an amount of R139.2 million over the MTEF, of which R60 million is reprioritized in 2020/21, to implement strategies that are aimed at mitigating against the persistence drought that has attacked our province. These include drilling boreholes, scooping dams and distributing livestock feeding to affected farmers.

HUMAN DEVELOPMENT

Education and Skills Development

Our government has allocated an amount of R118 billion over the 2020 MTEF, of which R37.8 billion is allocated in 2020/21, to the Department of Education for ensuring that 1.6 million learners are set to benefit from the “No fee” school policy, among other things. Moreover, included in this allocation is R4.3 billion over the 2020 MTEF, of which R1.4 billion is allocated in 2020/21, for 1.7 million learners in 5 075 public schools for quintiles 1 to 3 and qualifying quintiles 4 and 5, including ECD learners and targeted Special Schools, to be provided with a balanced nutritious meal in respect of the National School Nutrition Programme.

To ensure that our learners receive their learning material, we have allocated R1.6 billion over the 2020 MTEF, of which R564.2 million is allocated in 2020/21 for the procurement of textbooks and stationery for learners in grades R to 12.

As the world is becoming more technologically advanced, we want our education system to adapt to these changes and provide our learners with relevant skills and the “know-how”, driven by technological changes. Therefore, government is allocating R204.4 million over the 2020 MTEF, of which R65 million is allocated in 2020/21, for the E-learning project in the Department of Education to add technological gadgets in our schools.

In line with the pronouncement made by the honourable Premier during his SOPA, on expanding the education curriculum for special schools, our government is investing in “Schools of Skills” that offer an alternative curriculum for learners with barriers to learning, as per the goals in the NDP. To support this initiative, government has allocated R31.5 million over the 2020 MTEF, of which R10 million is allocated in 2020/21, to fund, among others, technical equipment that needs to be purchased and the revitalization of existing workshops in special schools.

We have also allocated an additional amount of R220.2 million over the 2020 MTEF, of which R70 million is allocated in 2020/21, to improve norms and standards for special schools. This funding will elevate pressures on maintenance, upgrading and renovation of special schools’ infrastructure and payment of outstanding municipal accounts for special schools.

We are proud of the Eastern Cape 2019 class of matric, as we saw the results of the National Senior Performance improving by 5.9% compared to 2018. However, we shall not rest until we have reached the ideal or desired state. Therefore, continued interventions by government that are aimed at improving learner performance will be implemented. As part of our interventions, government has made R277.938 million available over the 2020 MTEF, of which R88.4 million is allocated in 2020/21, mainly to cover costs relating to study camps, including accommodation, catering activities and related operating costs.

Honourable Members, without adequate infrastructure, our efforts to improve education in the province will always receive challenges along the way. We are aware that the Eastern Cape still faces major infrastructure backlogs when it comes to school infrastructure, especially if compared to other provinces. As a result, government will continue to invest in school infrastructure and an amount of R4.7 billion has been allocated over the 2020 MTEF, of which R1.5 billion is allocated in 2020/21 to accelerate the construction, upgrading, maintenance and rehabilitation of school infrastructure.

Early Childhood Development

Honourable Speaker, government has allocated R2.1 billion over the 2020 MTEF, of which R572.7 million is allocated in 2020/21, to resource Grade R teaching and learning in the Department of Education. Moreover, we have made available R1.1 billion over the 2020 MTEF, of which R345.5 million is in 2020/21, to the Department of Social Development to facilitate access to Early Childhood Development programmes for 25 171 children in our province.

Social Development and Cohesion

Honourable Speaker, our province is confronted with several social ills, including the despicable acts of gender-based violence. We need to put solid programmes that are aimed at preventing these ills, and all other forms of violence. To fight these ills, our government has allocated a total budget of R10.1 billion over the 2020 MTEF, of which R3.2 billion is allocated in 2020/21, to the Department of Social Development.

Included in the 2020/21 allocation of Social Development, is the additional allocation of R65.3 million in 2020/21 for Gender Based Violence, awareness campaigns on STIs and other diseases, Sanitary Dignity Project and additional social workers. The total allocation for these interventions over the 2020 MTEF is R213.6 million. We believe that the allocation towards Sanitary Dignity Project is a breakthrough for our young girls in schools. The implementation of this project will improve school attendance and restore dignity and confidence of young schoolgirls.

In our efforts to address poverty in the province, the Department of Social Development will continue with its poverty alleviation programmes and in this regard, R64 million has been made available over the 2020 MTEF, of which R21.7 million is available in 2020/21.

Social cohesion has a role to play in addressing some of the social ills, as these ills may be a symptom of a disintegrated society.

While we are putting initiatives to curb these social ills, we are appealing with members of the society to play their role in addressing some of these social ills, government also has its own role. In this regard, the Department of Sport, Recreation, Arts and Culture has been allocated a total budget of R3.2 billion over the 2020 MTEF, of which R1 billion is allocated in 2020/21, to fund projects that will contribute towards the achievement of social cohesion.

Honourable Speaker, earlier last month we visited the village of kwaNondyola, to pay homage to a gallant warrior of our contemporary struggles, Mphakamisi Raymond Mhlaba. As the first Premier of the Eastern Cape, he continued with his battle-cry for dignity, justice and economic freedom for the marginalized people. Therefore, included in the allocation for the Department of Sports, Recreation, Arts and Culture, is the additional amount of R2 million allocated in 2020/21, for the Raymond Mhlaba Centenary Celebration. The MEC responsible for DSRAC will provide more details on this during the tabling of the Policy Speech.

A Healthy and Productive Society

Madame Speaker An amount of R141 million over the 2020 MTEF, of which R45.3 million is allocated in 2020/21 to expand the implementation of the NHI Programme throughout the province.

In response to capacity challenges faced by our public health system, we have made an additional allocation of R918.1 million over the MTEF, of which R58.2 million is provided in 2020/21, to the Department of Health for procuring additional medical equipment, employing additional Emergency Medical Services personnel for ambulances.

Furthermore, we will continue to rejuvenate our health system through training programmes for health professionals. We have allocated R1.1 billion over the 2020 MTEF, of which R366.5 million is allocated in 2020/21, through the Statutory Human Resources and Health Professions Training and Development Grant, for training and development of health professionals and provide critical personnel in our health facilities.

Over and above human capacity, we must ensure that there are enough medical supplies in the health system. We should not face situations where community members leave our health facilities with no medical supplies because they were not delivered or are unavailable at any given point. To this end, R7 billion for medicine and R2.5 billion for medical supplies have been allocated over the 2020 MTEF, of which R2.2 billion and R748.6 million is in 2020/21 respectively.

Madam speaker, our government has made good strides in containing and treating HIV and TB over the years. However, more still needs to be done in this regard. Therefore, we have allocated R8.9 billion over the 2020 MTEF, of which R2.6 billion is allocated in 2020/21 to render primary health care in respect of HIV/Aids and TB. Our goal is to ensure that we have a healthy and productive population.

Integrated and Sustainable Human Settlements

Somlomo, to restore dignity of our people, our government will handover 7 758 newly built housing units to identified beneficiaries across the province, rectify 1 217 defective units, and service 5 381 sites with a total allocation of R1.9 billion in 2020/21. In addition, we will also hand over 300 houses to Military Veterans, 1 372 to Destitute and Vulnerable Groups. All of this will be achieved in the 2020/21 financial year, through the Department of Human Settlements. We have also allocated R64.3 million in 2020/21, for transferring 500 pre-1994 title deeds and handing over 3 000 Title Deeds to beneficiaries, through Title Deeds Restoration program. In line with the Spatial Development Plan, R1.2 billion has been set aside over the MTEF, of which R270.5 million is for 2020/21, to address challenges in informal settlements.

Ensuring Safety in our Communities

Honourable Speaker, humanity cannot develop in an environment where there is constant threat of crime and violence. Our responsibility is to do all we can to root out these threats by implementing supportive programmes that promote peace and harmony.

As a result, R983.5 million is allocated over the MTEF, of which R309.2 million is allocated in 2020/21 to the Department of Transport to maximise traffic control and law enforcement on the roads.

As an institution that plays an oversight role over our police service, the Department of Safety and Liaison will continue to monitor the performance and conduct of our police service and we have allocated R354.7 million over the 2020 MTEF, of which R116.2 is allocated in 2020/21 for this purpose. This allocation includes R3.5 million, of which R1.1 million is allocated in 2020/21 to improve safety in our schools.

STRENGTHNING GOVERNANCE AND ACCOUNTABILITY

As I turn to issues of governance and accountability Madam Speaker, allow me to seek inspiration from the great Apostle Paul, when he wrote his first letter to the church of Corinth. In chapter 9, verse 26 of his letter, Apostle Paul states that “therefore, I do not run like someone running aimlessly and I do not fight like a boxer beating the air”. It is in these tough times, that we must be effective in all we do, and do not waste time beating the air and running aimlessly. We must strengthen our institutions to give them teeth to bite, root out corruption and wastage in government.

In respect of this, the Executive Council resolved that the Medical Negligence Litigation Management Function should be taken over by the Provincial Legal Services. A Specialized Litigation Unit (SLU) has been established, specifically geared towards managing medico-legal claims and R15 million is set aside in 2020/21 for the state law advisor legal office to deal with medico legal cases in the Department of Health.

The Honourable Premier mentioned the Khawuleza Project during his SOPA. I am happy to announce that government has committed R47.2 million over the 2020 MTEF, of which R15 million is allocated in 2020/21, for the implementation of this project.

Honourable Members, very few municipalities are financially sustainable in the province. Institutional instability, political instability, deteriorating levels of service delivery, non-functional governance structures and financial uncertainties contribute to the negative audit outcomes and performance shown by municipalities.

Provincial Treasury is however continuing to support municipalities to improve Financial Management, as informed by the Financial Management Capability Maturity Model.

Honourable Speaker, one of the challenges confronting us is the management of irregular expenditure, unauthorised expenditure, as well as fruitless and wasteful expenditure, both at provincial and local government. One of the key features espoused by a developmental state is the extent to which public resources are managed. Using audit outcomes as an indicator, for example, we have observed that achieving targets in these areas remain elusive, especially for audits under the Municipal Finance Management Act.

To deal with these challenges, we have established an intervention team with major focus on clearing up irregular expenditure and providing mitigation measures on all these deficiencies. We are further enhancing our Supply Chain Management reforms by entrenching procurement plans that will ensure that proper planning and execution of projects are done in time to avoid late procurement that result, in some instance, to irregular expenditure and fruitless and wasteful expenditure.

Support to Traditional Leadership

Somlomo, kubalulekile sazi, kwaye sihloniphe indima eyenziwa ngamakomkhulu kwinkqubo yokuzisa iinkonzo eluntwini. Kungoko sinikezela ngeMali ezizigidi zeerandi ezingamashumi amathandathu anesithathu, R63 million, kuleminyaka mithathu izayo kwiiKumkani zeli Phondo ukuze zibenezixhobo zokusebenza.

CONCLUSION

Honourable Speaker, we want to make our firm undertaking to the people of the Eastern Cape, that we will do all we can to protect key programmes and priorities of government, so that we do not lose sight of our vision of “Growing the Eastern Cape Together”.

We took careful steps in this budget, to protect most non-negotiables in departmental allocations, despite the unavoidable budget cuts.

As I conclude, let me offer my gratitude to the honourable Premier and my other colleagues in the Executive Council, for their guidance and contribution into this budget process.

I would also like to extend my gratitude to the Honourable Minister of Finance and National Treasury officials for their guidance and technical support. I also thank members of the Provincial Legislature and members of the Finance Portfolio Committee for their oversight support. I thank the Heads of Departments, Chief Financial Officers and all provincial government officials for the role they play in providing inputs towards this budget process.

Finally, my unlimited gratitude goes to the Head of the Provincial Treasury Mr. Daluhlanga Majeke, the Deputy Director- Generals and all Treasury employees for their diligence and hard work in preparing the 2020 budget.

Thank you

APPROPRIATION BILL, 2020 (EASTERN CAPE)

SCHEDULE A (PER DEPARTMENT)

VOTE	DEPARTMENT	AMOUNT R'000
1	Office of the Premier	1 154 202
2	Provincial Legislature	608 420
3	Health	26 390 578
4	Social Development	3 227 578
5	Public Works	2 585 420
6	Education	37 768 709
7	Co-operative Governance and Traditional Affairs	1 080 837
8	Rural Development and Agrarian Reform	2 413 487
9	Economic Development, Environmental Affairs and Tourism	1 602 602
10	Transport	5 179 758
11	Human Settlements	2 315 279
12	Provincial Treasury	444 230
14	Sport, Recreation, Arts and Culture	1 020 288
15	Safety and Liaison	116 152
Total		85 907 540



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