
THURSDAY, 24 NOVEMBER 2016

The House met at 10:00.

The Speaker took the Chair and read the prayer.

ANNOUNCEMENTS, TABLING AND COMMITTEE REPORTS - see p

The SPEAKER: You may be seated. Order! Before we proceed, a kind reminder to members. The audio is not centrally controlled, therefore please push the talk button on the microphone set before you begin speaking. Members seated in close proximity of a speaker on the floor must therefore be aware that any loud conversation may interfere with the recording of the speaker's speech. Lastly, Members are reminded to keep their mobile devices on silent because any sound from these devices will interfere with the recording system. I recognise the Chief Whip, Mr Wiley.

(Notice of Motion)

Mr M G E WILEY: Thank you, Madam Speaker. I give notice that I shall move:

That notwithstanding the provision of Rule 18, the hours of sitting on Thursday, 24, Wednesday 30 November 2016 and Thursday, 1 December 2016, shall be: 10:00 to adjournment.

The SPEAKER: Thank you. Are there any objections? No objections? Agreed to.

The next item on the Order Paper is the draft resolution in the name of hon member Mr Wiley:

DRAFT RESOLUTION

Mr M G E WILEY: That, pursuant to the dismissal in the High Court of South Africa (Western Cape Division) on 15 September 2016 of the application of Mr M L Fransman against the Speaker of the Provincial Parliament and the Chairperson of the Standing Committee on Public Accounts in the Provincial Parliament, the House instructs the Standing Committee on Public Accounts in terms of Rule 98(1)(d) to consider the report of the Auditor-General on the use of consultants in the Department of Transport and Public Works and in the Department of Health, published in January 2014 and originally submitted to the Standing Committee on Public Accounts on 20 February 2014.

The SPEAKER: Are there any objections to the motion being agreed to? No objections? Agreed to. The Secretary will read the Order of the Day.

1. Introduction and First Reading – *Western Cape Adjustments Appropriation Bill* [B5 – 2016].

The SPEAKER: I recognise the honourable, the Minister of Finance.

The MINISTER OF FINANCE: Thank you. Hon Speaker and Deputy Speaker; hon Premier and Cabinet colleagues; the hon Leader of the Official Opposition; leaders of other political parties; hon members of the Legislature; senior officials of the Western Cape Government, citizens of the Western Cape; ladies and gentlemen. Good morning, goeie more [good morning], molweni [good morning]:

Madam Speaker, it is my honour to table the 2017 – 2020 Western Cape Medium Term Budget Policy Statement and 2016 Adjusted Estimates of Provincial Expenditure and the Provincial Gazette indicating the allocations to Municipalities. I am tabling the MTBPS under the theme Hard Truths and Hard Policy Choices.

These key Provincial policy and budget documents are set within the context of a continued constrained economic outlook and fiscal framework and reflects this Province's commitment to fiscal prudence and sustainability.

Under the leadership of Premier Helen Zille, it is this Government's fiscal policy approach to continue promoting and strengthening fiscal consolidation, fiscal discipline and fiscal sustainability over the medium term.

This Provincial Government remains committed to a more coordinated and integrated approach to government-wide planning, budgeting and delivery, while promoting inclusive, sustainable and smart growth.

Madam Speaker, we are striving to ensure that public value is created and recognised. This includes working towards greater effectiveness in addressing problems that are affecting our citizens most by means of creative and innovative solutions while fostering partnerships to collectively deliver public value.

Since tabling the Western Cape Provincial Budget of R55 billion in March 2016, we have seen geo-political changes. Firstly, we have seen the increase in immigration into Europe, mainly in Germany. Secondly, we have seen Brexit and its implications for Europe and for South Africa. Thirdly, we have seen the rise of nationalism in France and Austria. More recently we have witnessed Donald Trump becoming the president elect in the USA.

All of these geo-political developments will have a profound impact on South Africa's economy. There is one trend emerging from many of these developments, namely, many countries are now developing an inward looking approach. Last night Premier Helen Zille, during her speech at the Premier's Entrepreneurship Recognition Awards 2016, spoke about the need to internally examine a problem but to externalise the opportunities.

I want to congratulate Premier Zille and my cabinet colleague, the Minister of Economic Opportunities, Alan Winde, for promoting and recognising entrepreneurs and their contribution to job creation and growth. Entrepreneurs have created 50 000 jobs in this Province. Last night we witnessed how entrepreneurs look at a problem and externalise it into an

opportunity. These entrepreneurs understand how tough the economy is, but through passion, commitment, resilience and innovation succeed to break through barriers to create jobs.

Madam Speaker, Lee Kuan Yew, the former Prime Minister of Singapore in his book *Hard Truths to Keep Singapore Going* encourages leaders to face hard truths. Under the leadership of Premier Helen Zille this cabinet is dealing with hard truths.

One of the hard truths in South Africa is that the government wage bill, plus total social grants plus debt servicing costs equals 69% of government expenditure. This is not a sustainable fiscal path. The Western Cape has therefore introduced Cost of Employment upper limits and we have assented this into legislation.

Madam Speaker, because we are in this together, we must find solutions together. For this reason Premier Helen Zille has invited Minister Pravin Gordhan, and he has agreed, to a Western Cape Cabinet meeting to engage constructively and share best practices in various ministries. We are looking forward to working with Minister Pravin Gordhan because we want South Africa to succeed.

Let me now turn to the economic context and outlook. Madam Speaker, the global economy is expected to grow at 3.1 per cent in 2016 from 3.2 per cent recorded in 2015. The South African economy is expected to slow further to 0.5 per cent in 2016 from 1.3 per cent in 2015. In addition to the impact that

global risks has had on our economy, political uncertainty, electricity constraints, water shortages and drought has adversely impacted the South African economy.

The Honourable Minister of Finance, Pravin Gordhan, in his 2016 National MTBPS, proposes to contain the fiscal deficit, continue prioritising of capital investment, stabilise national debt as a share of GDP and bolster confidence in the domestic economy through a balanced or measured fiscal consolidation.

To achieve this, Minister Gordhan proposes reductions to the National expenditure ceiling of R10 billion in 2017/18 and R16 billion in 2018/19 and tax measures to raise an additional R13 billion in 2017/18 and R15 billion in 2018/19.

Madam Speaker, it is a hard truth that we will see tax increases in 2017. Labour market conditions has seen a period of meagre and uneven recovery since the global financial recession. The recently released Q3 Quarterly Labour Force Survey by Stats SA indicate that the unemployment rate in the Western Cape declined from 22.2 per cent in the second quarter to 21.7 per cent in the third quarter.

Madam Speaker, while this Province has seen improvements in several key socio-economic indicators, the weak economic outlook coupled with high levels of unemployment, will place greater pressure on front-line services which are personnel intensive.

Let me now turn to the provisional Fiscal Envelope. Madam Speaker, our provincial departments are fully aware that there is limited room for fiscal expansion and any additional funding requirements for expansion of current or new programmes are to be funded within the current budget allocations.

Indicative national transfers to this Province before adjusting for changes in conditional grants, which will only be communicated later, are calculated to amount to R56.023 billion in 2017/18, R59.796 billion in 2018/19 and R64.083 billion in 2019/20. This amounts to a total of R172.903 billion over the 2017 MTEF.

Madam Speaker, the current tight fiscal environment presents us with an opportune time to investigate new sources of own revenue while also further improving efficiencies and finding additional own revenue sources.

I was recently mandated by the Western Cape Cabinet to explore additional revenue resources. I will make further announcements during the main Budget in March 2017.

Let me now turn to the budget policy implications of the economic and fiscal outlook. Madam Speaker, the policy principles of Constitutionalism, Rule of Law, Whole-of-Society, Evidence-Based, Partnerships, Citizen Centric and Public Value continue to inform the Budget Policy Framework of this Government.

Within the Provincial Strategic Plan 2014 – 2019, we commit to seven priority interventions called Game-Changers which focus on Apprenticeships, Energy Security; Broadband; eLearning; After Schools Programme; Alcohol Harms Reduction; and a Better Living Model. These Game-Changers have now been mainstreamed in the budgets of provincial departments with clear lines of accountability.

Madam Speaker, I will now highlight some of the key medium budget policy priorities which include initiatives to grow our economy and create jobs, improve education outcomes, wellness and safety while building inclusive and sustainable living environments for our citizens to thrive.

This Government continues to be committed to creating an enabling environment which is conducive to attracting investment, growing the economy and creating jobs. My colleague, Minister Alan Winde takes the lead in Project Khulisa, the economic strategy of this Government. This strategy focuses on productive and enabling sectors that contribute to the region's competitive advantage.

The Province will continue to promote agri-processing through growing the Western Cape's share of the global halaal food market, stimulating local production and supporting the increase of exports of wine and brandy [Interjection.] to China and Angola. But you don't have to go ... [Interjection.]

The SPEAKER: Order please.

The MINISTER OF FINANCE: Hon member you do not have to go to China we can serve the brandy right here. The Ease of Doing Business Programme will continue to be supported with interventions which seek to reduce red tape.

My colleague, Minister Donald Grant, continues to focus on providing more reliable and affordable public transport with better coordination across municipalities and between different modes of transport. Extending bus services, refurbishing commuter trains, linking high-volume corridors and integrating all these into an effective service is important. To this effect, the George Transport Hub will provide a modern, user and environmentally friendly facility.

Mr C M DUGMORE: Where is the financial statements?

The MINISTER OF FINANCE: Improved education outcomes and opportunities for youth development: Madam Speaker, this Government continues to be dedicated to creating opportunities for children to remain in school for as long as possible while having access to quality education and creating opportunities for the youth to realise their full potential.

Improving the level of language and mathematics in all schools and increasing the number and quality of passes in the National Senior Certificate

continue to be at the forefront of education policy in the Western Cape.

My colleague, Minister Debbie Schafer, continues to drive the Language and Mathematics Strategy which covers the thirteen years of schooling from Grade R up to Grade 12 and offers a single framework to analyse a school/circuit/district and to devise a comprehensive improvement plan.

In order to give effect to the objectives of improving education outcomes it is critical to safeguard resources such as school infrastructure, buildings and equipment and to ensure that these resources are available for delivery in key priority areas.

Madam Speaker, I am pleased to announce that the Western Cape Education Department under the leadership of the Minister of Education and in partnership with a group of donors, launched the new Collaboration Schools Pilot Programme in 2016 which aims to test a new model in 5 schools in the Western Cape.

The MINISTER OF SOCIAL DEVELOPMENT: Innovative!

The MINISTER OF FINANCE: Innovation, yes. It involves harnessing strong managerial and training resources from the private sector to strengthen the education outcomes in public schools that need additional support, through school operating partnerships.

The Department of Social Development under the leadership of my Cabinet colleague, Minister Albert Fritz, has refocused on the quality of ECD education, specifically in respect of the provision of a safe environment, nutrition and very important, language development ahead of primary school enrolment.

We are currently transferring R1 billion to Non Profit Organisations. Many are performing outstanding work. Minister Fritz has undertaken to examine value for money in all these NPOs and improve financial governance.

The Western Cape Youth Development Strategy, Madam Speaker, emphasises that not only are our youth our future but also the most affected by unemployment. It is therefore a priority of this Government to strengthen programmes and initiatives aimed at the youth being educated, healthy and productive citizens who take responsibility for themselves.

My Cabinet colleague, Minister Anroux Marais, continues to take the lead on the very successful MOD programme which continues to focus on after school activities for school-going children at 181 school-based MOD centres located within previously disadvantaged communities.

Minister Albert Fritz continues to implement Youth Cafés located across the Province in Nyanga Junction, Rocklands, Vangate Mall in Athlone, Oudtshoorn, George and Vrygrond. It is a hard truth, Madam Speaker, that parental responsibility and an investment in education should be our common

agenda and key focus area as we move forward in terms of our youth development strategy. Nothing beats parental responsibility and an investment in education to determine your future. These Youth Cafés provide access to skills development programmes, training workshops, seminars, entrepreneurial opportunities and support to young people who are not in education, employment or training.

The Chrysalis Academy, under the leadership of my colleague, Minister Dan Plato, will continue over the medium term as the Province's youth leadership development organisation and a social crime prevention initiative which empowers young people to take responsibility for their personal growth. Another transversal project involving the Departments of the Premier, Cultural Affairs and Sport and Education is the YearBeyond also commonly known as YeBo.

It is an initiative which is underpinned by the Western Cape Provincial Youth Development Strategy and it is aimed at the academic expansion of the MOD programme while seeking to improve educational outcomes in under-resourced schools, and offers bright and motivated young people the opportunity to develop their own skills and expand their networks over the course of a year.

The full YeBo Programme is currently operating in 22 no-fee schools benefiting approximately 100 learners per school each, while the YeBo-Lite Programme, that is eLearning and life skills only, is operating in 5 schools in

Kraaifontein.

Mr Q R DYANTYI: For only [Inaudible.]

Ms P MAKELENI: And we know why.

The MINISTER OF FINANCE: Madam Speaker, hard truths, need hard policy choices. This Government has made a deliberate choice to focus on the youth in this province and we are partnering with the South African Police Service, our communities, municipalities, youth organizations, sport bodies and religious organisations to create opportunities for our youth. Because the youth and their education is the key priority the following infrastructure projects are planned over the medium term ... [Interjection.]

Ms S W DAVIDS: And the gangsters?

The MINISTER OF FINANCE: Eight new secondary schools will be built, 6 new primary schools, there will be scheduled maintenance at 123 schools, we will replace 21 primary schools, 2 schools for learners with special needs, 45 grade R classrooms at 23 schools, we will 5 replacement secondary schools during the MTEF period.

Madam Speaker, let me now turn to increasing wellness, safety and tackling social ills. This Government continues to be committed to promoting safe, healthy and inclusive communities, where citizens take ownership of their

personal safety and wellness and, that of their families.

Guided by the Healthcare 2030 strategy, the Department of Health under the leadership of my fellow colleague, Minister Nomafrench Mbombo, remains committed to transforming public health care services in this Province. Priority projects in the health sector includes:

The First 1000 Days initiative which provides education, awareness and support to communities to improve health and development outcomes of children. The Western Cape on Wellness, also known as WoW, which partners with provincial departments, the City of Cape Town, NGOs, academia and the private sector, aims to promote healthy lifestyles through improving eating habits and increasing physical activity.

A further priority is the HIV/TB 90-90-90 Campaign which provides that, by 2020, 90 per cent of all people living with HIV will have tested and know their HIV status; 90 per cent of all people with a diagnosed HIV infection will receive sustained antiretroviral therapy; and 90 per cent of people receiving antiretroviral therapy will achieve viral suppression.

Madam Speaker, this Province will continue to support and fund various structures and services aimed at empowering and improving the socio-economic conditions of persons with disabilities, including protective workshops, residential care facilities and the Disability Desk within the Ministry of Social Development. A partnership between the provincial

Departments of Health, Education and Social Development and NGOs has led to the initiation of referral pathways for children and youth with disabilities.

Madam Speaker, the Department of Community Safety, under the leadership of Minister Plato, has developed a service delivery model called the Community Safety Improvement Partnership as the blueprint for increasing safety. In addition, the Western Cape Police Ombudsman is an institution unique to the Western Cape and deals with police complaints related to service delivery.

The Department of Transport and Public Works under the leadership of Minister Donald Grant will continue to strengthen innovative solutions to make roads in the Province safer. I have a warning to hon members that since this new innovation there is a technology, hon members, that if you are now caught in this province ... [Interjection.]

Mr Q R DYANTYI: Just look at the DA caucus [Inaudible.]

The MINISTER OF FINANCE: I look at the Minister of Police, that if he drives there will now be a new technology that will scan not only your licence but also all your outstanding traffic fines so that if you do travel anywhere in this province all your traffic fines ... [Interjections.] We need that money and you are the main culprit. I will start with the Chief Whip.

Madam Speaker, this government continues to be committed to improving the

resilience, sustainability, quality and inclusivity of the urban and rural settlements in the Province. Under the leadership of my colleague, Minister Anton Bredell, the Provincial Spatial Development Framework communicates government's spatial development intentions to the private sector and civil society. The Regional Socio-economic Programme as well as the Violence Prevention through Urban Upgrading programme, the RSEP and VPUU Programmes, provide practical application to building safe and sustainable neighbourhoods, reducing social, cultural, economic and institutional exclusion of former townships and improving the quality of life in these areas.

Madam Speaker, the Western Cape is historically prone to rainfall variability, unseasonal dry spells, and drought. This has underlined the need for new approaches to resource management such as the launching of the Western Cape Climate Change Response Framework and the Implementation Plan for the Agricultural Sector, also known as the "SmartAgri Plan".

This initiative has emanated from a collaborative effort between the Department of Agriculture, Department of Environmental Affairs and Development Planning as well as the private sector in the Western Cape.

Water has been identified as an enabler for sustainable economic growth and development. This Government in partnership with various other role-players will continue to promote and facilitate optimised water usage in agriculture through a coordinated approach.

I want to highlight, as my colleague has already alluded to last week, that this Government has identified drought relief as a key priority. The coordination of drought relief and water security will be led by my colleague, Minister Bredell in partnership with Alan Winde, the Minister of Agriculture.

Madam Speaker, let me now turn to embedded good governance and integrated service delivery. This Government will continue and is committed to the building of a capable state and developing the tools, structures, processes and support that will improve departmental service delivery initiatives.

Good governance, and in particular good financial governance, translates as we have seen in the Western Cape into improved service delivery through ensuring that taxpayers' money is well spent and is effective, efficient and transparent.

Provincial Treasury has implemented and will continue with broader capacity building initiatives to strengthen and improve the standards for financial governance and also improving the standards of financial governance in municipalities. Madam Speaker, the Premier has met this morning with the Auditor-General and we are now soon going to release the Municipal Audit Outcomes of municipalities to see how we have improved on improving local governance.

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The Department of Local Government, under the leadership of

Minister Bredell, remains focused on providing municipal support primarily on service delivery and governance-related support.

Madam Speaker, this Province is currently undertaking a mid-term review of the Provincial Strategic Plan 2014 – 2019. The preliminary findings indicate that the strategic goals and their related Game-Changers and projects are appropriately addressing some of the most pressing economic and social challenges in the Western Cape.

The Data Governance Initiative, driven by the Department of the Premier under the leadership of Premier Helen Zille, aims to improve the overall management of the availability, usability, integrity and security of data assets within the Western Cape Government. The objective is to facilitate better development outcomes and service delivery.

Madam Speaker, let me now turn to infrastructure development. Infrastructure investment is one of the key components underpinning economic growth. This Government remains committed to improving efficiency and effectiveness in the delivery of infrastructure investment. In the previous MTEF cycle, Madam Speaker, we tabled a budget of R26.7 billion for infrastructure investment in this province. We will continue on this pace of investment expenditure.

Madam Speaker, my colleague, the Minister of Education, leads the Education Action Plan 2019, which outlines the strategy that focuses

substantially on the most urgent replacements. This implies resource shifts towards maintenance and achieving significant impact in the process.

Madam Speaker, the Healthcare 2030 strategy, led by the Minister of Health, plots the way forward in the delivery of health services through modernisation, management and maintenance of health infrastructure and technology in an economical, efficient, cost effective manner; while at the same time taking cognisance of the continuous development of medical technology.

This Government owns and maintains approximately R200 billion worth of immovable assets and roads under the custodianship of the Minister of Transport and Public Works. This portfolio of assets is critical to the realisation of the Western Cape's socio-economic, service delivery and growth objectives. The Western Cape Government believes that a country's competitive economic advantage depends on the quality and accessibility of its infrastructure. An efficient roads system gives the Province a competitive edge in moving goods economically and also helps attain an efficient distribution of population, industry and income. Key priority projects to support economic growth are the Borchers Quarry Interchange on the N2 and the N1/N7 upgrade.

Madam Speaker, key for this Government is developing sustainable integrated human settlements in the Western Cape that will allow its residents to access social and economic opportunities close to where they live. My fellow colleague, Minister Bonginkosi Madikizela, has set three

priority areas on which to focus for the Medium Term Strategic Framework. These are the Upgrading of Informal Settlements Programme; Increase affordable GAP housing; and prioritise the most deserving people in relation to the allocation of Breaking New Ground free houses.

Madam Speaker, to strengthen governance and oversight requirements in terms of their constitutional responsibilities and for Financial Management of Parliament and Provincial Legislatures Act, Parliament receives R5 million in 2017/2018, R7.5 million in 2018/19 and an additional amount of R10 million in 2019/20.

The Western Cape Fiscal Statement: Madam Speaker, this year I am including a Western Cape Government Fiscal Risk Statement as part of the provincial MTBPS acknowledging national risks, our own provincial specific risks and our response to mitigate these risks. To this effect we have developed and implemented a Western Cape Government Fiscal Strategy designed to ensure sustainability in public finances whilst providing sufficient policy room to manage adverse shocks resulting from the current weak economic and fiscal environment.

Madam Speaker, let me now turn to the 2016 Adjusted Estimates.

Mr Q R DYANTYI: Tell us something new.

The MINISTER OF FINANCE: Madam Speaker, this is an adjustment budget.

I cannot have read this in March. [Laughter.] It is additional money. So, it shows the level of intellect on that side. [Interjections.]

The SPEAKER: Order please!

The MINISTER OF FINANCE: Madam Speaker, this is the adjustment budget. [Interjections.]

The SPEAKER: Order!

The MINISTER OF FINANCE: Madam Speaker, you cannot table in adjustment budget in March ... [Interjections.] ... so this is new stuff.

The 2016 Adjusted Estimates lays the basis for the 2017 MTEF and makes provision for additional net spending amounting to R908 million of which an additional R139 million has been received and a rollover of R59.8 million for Health Infrastructure from additional national conditional grants. The 2016 Adjusted Estimate allocations are in line with provincial policy priorities and include:

- R439.4 million is allocated for infrastructure related projects, in the main to Transport and Public Works in the amount of R216.8 million), Education - R142.4 million, Economic Development and Tourism for the acquisition of land for the Saldanha Bay Industrial Development Zone to the value of R100 million, Health -R59.894 million and Human

Settlements - R20.1 million.

- R65.2 million is allocated for various ICT related projects in the Departments of the Premier, Education and Transport and Public Works.
- In support of measures to address water security and the spillover effects of drought, R25 million has been allocated from provincial sources. The Department of Environmental Affairs and Development Planning will receive R5 million to ensure the availability of water for sustainable growth and development. The Department of Agriculture receives R10 million for food and water security and the Department of Local Government receives R10 million as part of a support package to Municipalities. These amounts have been extended over the 2017 MTEF.

Madam Speaker, fiscal consolidation remains a priority over the 2017 MTEF and requires a review of programmes and projects to identify what this Government should prioritise in line with our fiscal and strategic imperatives.

Madam Speaker, let me conclude. The fiscal and budget policies outlined in the 2017 - 2020 Western Cape Medium Term Budget Policy Statement, in part, intends to mitigate economic and fiscal risks while ensuring that the Western Cape Government continues to deliver on its core constitutional mandates.

My cabinet colleagues will outline in their respective budget votes the detail and rationale for their adjustment budgets as it pertains to their relevant

budget votes.

Madam Speaker, there is hope and enthusiasm in the air. There is hope because entrepreneurs and businesses are growing and are creating jobs in the Western Cape. There is enthusiasm because a capable state, accountability and the rule of law are the foundations of this government, led by Premier Helen Zille.

The hard truths are that we have to cut our expenditure to maintain our current service delivery standards and will continue to maintain fiscal discipline. The Western Cape is dealing with and responding to these hard truths.

Madam Speaker, I hereby table the 2017 – 2020 Western Cape Medium Term Budget Policy Statement, the 2016 Western Cape Adjusted Estimates of Provincial Expenditure, the Western Cape Adjustments Appropriation Bill, 2016, the Western Cape Gazette of Allocations to Municipalities and this speech for deliberation and consideration by the House. I thank you.
[Applause.]

The SPEAKER: Thank you Minister Meyer. The Secretary will read the Bill a first time.

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The SECRETARY: The Western Cape Adjustments Appropriation Bill.

The SPEAKER: The Bill, together with the papers tabled, will be referred to the relevant committees for consideration and report. Before we adjourn I would like to remind members that the Budget Committee meeting will commence immediately after the adjournment, in the chamber. That concludes the business for the day. The House is adjourned.

House adjourned at 10:40.