
THURSDAY, 3 MARCH 2016

The House met at 14:15

The Speaker took the Chair and read the prayer.

BUSINESS OF THE HOUSE

The SPEAKER: Good afternoon. I would like to take this opportunity to welcome our guests in the gallery to this Budget Speech of 2016. I would also like to draw your attention to the fact that you are not allowed to participate in the proceedings. So if I could request no clapping, no interjections or heckling please. Order please members. The Secretary will read the Order of the Day.

The SECRETARY: Introduction and First Reading – Western Cape Appropriation Bill.

The SPEAKER: I see the Honourable Minister of Finance, Minister Meyer.

The MINISTER OF FINANCE: Honourable Speaker and Deputy Speaker; honourable Premier and Cabinet colleagues; honourable Leader of the Official Opposition; honourable Leaders of Opposition Parties; honourable

Members of this House; honourable Members of the Nationally Assembly; Executive Mayors, Deputy Mayors and Speakers and Councillors here today; senior officials of the Western Cape Government; leaders of the business community; citizens of the Western Cape; ladies and gentlemen.

Madam Speaker, Premier Helen Zille outlined the Western Cape Government's vision for the next three years in her State of the Province Address. Today, I rise to table the budget to execute that vision and implement our plans for the 2016 MTEF period. Our plans are clear, our plans are measurable, our plans are achievable, our plans are realistic. Madam Speaker, the 2016 MTEF budget is our vision in action.

It is about creating an open opportunity society that also requires a capable state. The Western Cape has as a subnational government a capable institution which is willing and able to contribute to the building of a capable state as envisaged in the National Development Plan. Building the capable state requires good management, a commitment to high performance, an uncompromising focus on ethics and a willingness to learn from experience and evidence based practice. It is underpinned by understanding the complexity of development.

It is about the design of clear plans to achieve outcomes and is also about appreciation that measuring the results of Government actions is a vital spoke in the wheel of service delivery and the building of capacity. A capable state

also delivers on the mandate of the electorate. This budget is the implementation of that mandate.

Honourable members, today we are pleased to announce that this Government is tabling a balanced budget.

The PREMIER: Hear-hear!

The MINISTER OF FINANCE: This budget is about inclusive growth, this budget is about sustainable growth and this budget is about smart growth.

The MINISTER OF SOCIAL DEVELOPMENT: Hear-hear!

The MINISTER OF FINANCE: The 2016 Budget is the culmination of our best collective efforts to arrive at a fair and a just distribution of the limited resources at our disposal within what is described by all of us as a severely constrained fiscal environment. In getting there I want to pay tribute to all the Heads of the Departments and the colleagues here and all my Cabinet colleagues, including the Premier, for their outstanding leadership because we have witnessed as part of the MTEF process both the MTEC 1 and the MTEC 2 processes. These were vigorously interrogated in the Annual Performance Plans, the Business Plans and the alignment to the Provincial Strategic Plan. A special thank you to the Department of the Premier, Environmental Affairs and Development Planning, the Department of Local Government together with the Economic Development Partnership who

assisted the Provincial Treasury in our adjudication and final assessments of this budget.

Over and above the MTEC process this Budget is guided by the research as informed the Medium Term Budget Policy Statement which I have tabled last year in this House, and by the collaboration that the Budget Council afforded this Government to jointly address the shortfalls of the revised revenue assumptions brought about by economic developments. To this end the deliberations of our Fiscal Policy Seminar was attended to by eminent economists. They proved to be of much assistance. I want to say up front that we have had constructive engagements with the Minister of Finance, Mr Pravin Gordhan, as this was also the case with his predecessor, and we are generally supportive of all of the cost containment measures proposed by the National Minister of Finance.

The MINISTER OF SOCIAL DEVELOPMENT: Hear-hear!

The MINISTER OF FINANCE: This budget is more than rands and cents. On a much more fundamental level this budget is our path to opportunity creation in the Western Cape for the people of the Western Cape.

Madam Speaker, I now turn to the socio-economic context and outlook underpinning this particular budget. [interjections]

Mr Q R DYANTYI: Please [Inaudible.] all over the place.

The SPEAKER: Hon member Dyantyi, order please.

The MINISTER OF FINANCE: To address our growth agenda, South Africa as a nation, we have to deal with our domestic constraints within our span of control and we as a nation should and must tackle these domestic constraints to growing our economy. Things like policy uncertainty, rising fiscal pressures, rising interest rates, infrastructure gaps and the impact of the severe drought in our country. In terms of the current drought that the province is facing, I can announce that the two districts, that is the West Coast and the Central Karoo, are experiencing drought conditions, as well as three local municipal areas namely Witzenberg, Tulbagh, Oudtshoorn, particularly Dysseisdorp and De Rust area, and Prince Albert.

Ms S W DAVIDS: Tulbagh is part of Witzenberg.

The MINISTER OF FINANCE: These areas have been classified as disaster areas by the National Disaster Management Centre but the official drought declaration is still outstanding as it has so far not yet been gazetted. I am in consultation with the Minister of Agriculture because last year I have made provision in the Adjustment Budget for the drought, but more needs to happen in this space. Minister Winde will make further announcements in this regard during his budget vote. Let me now turn to the economic outlook.

The global economy grew by 3.1 per cent in 2015, down from 3.4 per cent in 2014. Growth in emerging economies slowed for a fifth consecutive year while economic growth in advanced economies accelerated but marginally. Global economic growth is expected to accelerate to 3.4 per cent in 2016, and then to 3.6 per cent in 2017. The national economy grew by 0.6 per cent in the last quarter of 2015, as confirmed by the recently released data by Statistics South Africa. During 2015, the national economy contracted by 1.3 per cent in the second quarter after registering growth of 0.7 per cent in the third quarter. The main drag on growth was the primary sector, which plunged by 10.4 per cent, following a 9.5 per cent decline in the second quarter.

Madam Speaker, this is an agricultural province. Agriculture suffered a third consecutive steep fall in the country as severe drought conditions continued and the mining sector was faced with the lower international commodity prices. After weakening for a fourth consecutive year in 2015, the weaker rand exchange rate has contributed to higher consumer inflation. Inflation moved steadily higher and rose from 3.9 per cent year-on-year in February to 5.2 per cent in December last year. I will come to that later on again.

The Bureau of Economic Research, represented here today by Dr Ben Smit, forecasts economic growth of 0.8 per cent for 2016 before marginally improving to 1.5 per cent in 2017. This is marginally lower than the National Treasury forecast of 0.9 per cent for 2016 and 1.7 per cent in 2017. Inflation is expected to accelerate to 6.9 per cent during 2016 and at 6.6 per cent in

2017. This will remain well outside the upper inflation target range during 2017. This House will know that the South Africa Reserve Bank has set an inflation target range between 3% and 6%. We are expecting the inflation targeting in the region of 6.6%. The extent and timing of future rate hikes depend, among other factors, on currency movements and inflation expectations going forward.

The Western Cape is forecast to expand by 1.0 per cent in 2016, improving gradually to 1.8 per cent in 2017 next year. On average, the provincial economy is forecast to grow by 2.2 per cent year-on-year from 2015 to 2020. The construction sector is anticipated to record the fastest growth rate, on average, between 2015 and 2020. In contrast, the agriculture, forestry and fishing sector is expected to, on average, contract by 1.4 per cent year-on-year mainly due to sharp declines in 2015 and 2016 caused by the severe drought.

Domestic risks to the economic outlook include structural challenges such as high unemployment, the large current account deficit, domestic economic policy uncertainty and intensifying pressure on government fiscal revenue, as well as the possible downgrade by the international credit ratings. Should the drought conditions persist and turn out worse than currently projected, this could affect the Western Cape disproportionately, Minister Winde, due to the closely linked agri-processing and broader manufacturing within the province.

Mr Q R DYANTYI: Tell us what you are going to do?

The MINISTER OF FINANCE: The recently released Statistics South Africa Quarterly Labour Force Survey reflects that the national labour market had 16 million individuals employed but with 5.1 million individuals unemployed in the fourth quarter of 2015. That is an unemployment rate of 24.5 per cent. In the fourth quarter of 2015 the Western Cape had 2.3 million individuals employed and 571 000 unemployed with an unemployment rate of 19.4 per cent. This is good news. We have recorded the lowest unemployment rate in South Africa. This province has the lowest unemployment rate in South Africa.

†Die MINISTER VAN MAATSKAPLIKE ONTWIKKELING: Mooi mooi!

*The MINISTER OF SOCIAL DEVELOPMENT: Good, good!

The MINISTER OF FINANCE: But, Madam Speaker, there is consensus in this Cabinet - we understand that unemployment is still rife. [Interjections.]

The SPEAKER: Order please, hon Minister. Could you take your seat please. Hon Members, interjections are allowed but not ongoing constant heckling. Hon member Beerwinkel, if I could ask that you and the Minister not engage each other while we have a speaker on the floor. You may proceed hon Minister. Hon members, please leave each other alone so that the Minister can present.

The MINISTER OF FINANCE: Unemployment is a matter that still needs to be addressed all over South Africa. Madam Speaker, let me now turn to selected socio-economic indicators in this province. This shows improvements in the outcomes of health and education. The Western Cape has the highest life expectancy for both males and females. However, the leading cause of premature mortality is HIV/AIDS followed by interpersonal violence. Despite the ever increasing enrolment numbers and consequent pressures on our educational resources, the Western Cape has the highest school retention rates. Social ills such as crime and substance abuse are continuing to inflict the Province.

Ms M N GILLION: What about the high TB rate?

The MINISTER OF FINANCE: We are working on this matter and I will later announce specific programmes to deal with these problems. Gang violence is also one of the biggest contributing factors to the high murder and attempted murder rates. Madam Speaker, let me now turn to this Government's budget policy priorities.

The theme of the 2016 Budget is a budget for growth.

Mr Q R DYANTYI: Another concept.

The MINISTER OF FINANCE: It affirms the Western Cape Government's alignment to the National Development Plan 2030 while responding to the

weakening economic and fiscal outlook and committing ourselves to smart growth, to sustainable growth and to inclusive growth. The 2016 Budget gives effect to the budget policy priorities of the Western Cape Government, which aim to support economic development and social progress to create public value. This is in line with the 2016 National Budget for inclusive growth which is informed by several broad principles that flow from the National Development Plan.

These are not concepts. These are things that are happening as we implement them. Inclusive growth, improving the quality of education, infrastructure investment, employment creation, contributing to building a capable state and partners are key priority areas as articulated in the National Budget. This Government is committed and will continue with the implementation of broad objectives of the National Development Plan because this is a province at work.

Mr Q R DYANTYI: That is nice.

The MINISTER OF FINANCE: The 2016 Budget of the Western Cape provides for total expenditure by votes amounting of R55.048 billion for this financial year, R58.117 billion for next year and R61.402 billion in the last term of the Medium Term Expenditure Framework 2018/2019. Madam Speaker, the Fiscal and Budget Policy Principles.

At this stage I would like to welcome economists Prof Estiaan Calitz and Prof Jannie Rossouw. Thank you for your great support and understanding the fiscal global matters because these are complex matters and your insight has certainly helped us during the fiscal policy workshops. And we also want to thank Mr Hassan Essop who participated in the first fiscal policy workshop and whose contributions are greatly appreciated by this Government. [Applause.]

In response to the constrained economic and fiscal environment, the Western Cape Government adopted fiscal and budget policy principles that inform the 2016 Budget namely:

Continued Fiscal Consolidation which entails the application of personnel expenditure ceilings or upper limits over the 2016 MTEF. This is specific strategy to curtail and control personnel expenditure in response to a constrained fiscal envelope and to address fiscal stability.

Mr Q R DYANTYI: But you can't [Inaudible.]

The MINISTER OF FINANCE: In this regard, the Provincial Cabinet has already set upper limits...[Interjection.]

The SPEAKER: Hon Minister, please could you take your seat. Hon member Dyantyi, there will be an opportunity to respond in the votes as they come up. I know you have a huge contribution to make but if you could allow the

Minister to proceed. I am certain with the debates coming up you will be able to create input. Thank you. You may proceed hon Minister.

The MINISTER OF FINANCE: Madam Speaker, this Provincial Cabinet has already agreed and resolved to set upper limits for cost of employees in the Western Cape. These upper limits are something that is happening for the first time in the history of this Parliament.

Mr Q R DYANTYI: Agh, agh!

The MINISTER OF FINANCE: And these particular upper limits will be earmarked specifically. The focus will be on ensuring an appropriate mix between critical front-line staff and back-office staff. Further work between the Provincial Treasury and the Department of the Premier and the Department of Local Government is on the cards to ensure that Departments keep within their set limits and that personnel budgets do not grow to the extent it has in other provinces. The Western Cape, Madam Speaker, will therefore table a balanced budget for 2016.

Continued Fiscal Discipline within and across votes to ensure that all departments and entities remain within budget limits and to avoid irregular, fruitless and wasteful expenditure. We will also continue with the principle of Allocative Efficiency to achieve a balanced allocation of resources that reflects the priorities of this Government through programme effectiveness based on evidence. I wish to announce that this Provincial Cabinet has also

resolved to review Provincial Public Entities to assess the value for money as well as the value of delivering to ensure that Government functions are not duplicated.

To further ensure that public finances remain sustainable, it is imperative that the Provincial Departments and entities continue to reduce inefficiencies in Government spending, including limiting the growth of the wage bill by curtailing the growth in personnel spending. This is aligned to the 2016 National Budget and Action Plan to curtail personnel spending through the limiting of compensation budgets and reinforcing cost containment. The 2016 National Budget Review indicates that a series of proposals will accelerate fiscal consolidation and that stronger cost-containment instructions will be issued shortly. Government will also intensify cost-containment efforts introduced in 2013 and an instruction note to be issued in the near future will set out new rules for spending on goods and services, and conferences funded by Departments and public entities. Enforcement mechanisms will also be strengthened.

Madam Speaker, I am pleased to announce that this Cabinet has submitted proposals to the Budget Council and Minister Gordhan in particular to implement measures to improve the current wage negotiation process. In this regard the National Minister has responded by announcing that the National Treasury, the Department of Public Service and Administration and the Department of Planning, Monitoring and Evaluation are now reviewing and evaluating the 2015 public sector wage negotiation process and the

results of the assessment will be used to develop and propose reforms to collective bargaining and remuneration that could further enhance fiscal stability within the public sector.

Mr Q R DYANTYI: Don't take credit.

The MINISTER OF FINANCE: Growing our economy is our main priority and entrepreneurs such as Ms Isabel Basson, sitting up front there, the owner of *Karoo Peaches* in Laingsburg, are playing a vital role in creating jobs. Thank you for being here today with us. The four areas of the Western Cape investment include Agri-processing, Tourism, Oil and Gas, as a high-potential contributor to opportunities for growth and jobs. Key enablers such as energy, water, skills, infrastructure and the ease of doing business are critical to realise the potential for growth and job creation. Minister Winde is also working around the clock to eliminate red tape for the ease of doing business. The Western Cape Government will continue to focus on the ease of doing business in this province with red tape as a primary inhibitor.

Mr Q R DYANTYI: The red tape stories.

The MINISTER OF FINANCE: For this R50.5 million is allocated toward resolving barriers to starting and growing business over the MTEF. It is a result of these interventions that more and more businesses are relocated to the Western Cape.

Ms B A SCHÄFER: Hear-hear!

The MINISTER OF FINANCE: So we are creating public value. [Applause.]

An HON MEMBER: We are leaving.

Mr Q R DYANTYI: [Inaudible.] coming back.

The MINISTER OF FINANCE: Skills development received dedicated funding to increase the employability and placement of youth in this Government. We have set targets including 250 artisan and 310 semi-skilled candidates. An amount of R63.2 million for the 2016/17 financial year and another R62 million in 2017/18 and R70 million in 2018/19 are allocated for skills development and innovation. You cannot grow an economy with this workforce that is not skilled so we invest an R183 million over the next three years in this very critical aspect of our economic strategy.

Strategic Catalytic Infrastructure and Initiatives: An amount of R349 million has been allocated for Catalytic Infrastructure. Initiatives to be continued in the 2016/17 include the Saldanha Bay IDZ, improved air access, Cape Health Technology Park, expansion of the Cape Town International Convention Centre and implementation of the broadband and related projects. We welcome the announcement by the National Minister of Finance, Pravin Gordhan in his National Budget Speech last week that as part of building on the Phakisa oceans economy initiative, a R9 billion investment in rig repair

and maintenance facilities is planned at Saldanha Bay. We are working together because we are better together.

Minister Winde will elaborate more on the issues of liquid natural gas or LNG as we call it and Smart Grids. He will further make specific announcements during his Budget Vote. Minister Winde is responsible for this very important strategic goal of this Government to grow the economy and to create jobs.

I now turn to the second strategic objective of this Western Cape Government and that is to improve education outcomes and opportunities for youth development in the Western Cape. Improving education outcomes continues to be one of our main priority areas. To this effect an amount of R61.0 billion has been allocated to the Department of Education over the next three years.

†Die MINISTER VAN MAATSKAPLIKE ONTWIKKELING: Mooi!

*The MINISTER OF SOCIAL DEVELOPMENT: Good!

The MINISTER OF FINANCE: That is a massive amount of money. We are proud of the work that is being happening in that particular Department. As you will see for the first time in the history of democratic South Africa, the Department of Education has received a clean audit. [Applause.]

There is also in this particular portfolio key focus areas, excellent administration boosted by online services; a five year teacher development

plan; good school management; needs-based education provisioning; support for independent schools; a programme to minimise barriers to learning; social support and a platform for youth development which includes the school nutrition programme, fee relief and safe schools; an effective infrastructure programme to create an inspiring environment in the Western Cape. In addition to that, a quality Grade R and provincial curriculum management strategies with a specific focus on language and mathematics development.

Mr Q R DYANTYI: She is not here.

The MINISTER OF FINANCE: We have identified key priorities and aim to create a e-Culture in schools, backed by e-Infrastructure; an e-Administration implemented at schools, and well-trained e-Teachers using e-Technology and e-Content in their particular lessons. Activities to be undertaken include investing in high speed broadband connectivity, complemented by a well-managed Local Area Network/LAN), to enable the construction of technology enhanced smart classrooms here in the Western Cape.

Mr Q R DYANTYI: Thank you for that the Department of Education.

The MINISTER OF FINANCE: I am particularly happy that this Minister will make further announcements during her budget speech. Early Childhood Development and Partial Care remains a key focus to improve the quality of ECD programmes and provide a safe environment and nutrition for children. A new national ECD grant will be introduced in the outer years of the MTEF

for the maintenance and upgrading of facilities with allocations of R15 million, Minister Fritz, in the next financial year 2017/18. That will go to R23.1 million particularly for the infrastructure and upgrading of existing ECD facilities.

Additional support is provided through a special ECD programme for English Language and strengthening reading in English and cognitive development. A very important function here in the Western Cape, a constitutional mandate of this Government is the Western Cape Library Services. We have 300 public libraries supported across the Western Cape; the amount allocated towards Library Services over the next three years is more than R1 billion over the MTEF.

The Province will continue to support the after-school programmes, in particular the 181 MOD Centres where learners can participate in after-school activities. An initiative of the Premier's The Year Beyond programme forms the academic leg of the MOD Programme operating in 22 academically under-performing schools. The MOD programme is the focal point of the After Schools Gamechanger, which is based on four pillars, namely academic, then support, life skills and then arts and culture and sport. The hon Minister Marais will further expand on these initiatives, particularly how they impact on our youth, in her Budget speech.

A very innovative, design and vibrant programme is the Youth Cafés pioneered by Minister Fritz. This programme gives the youth's opportunities

to access skills development programmes, to do training, to do workshops, seminars, and entrepreneurial opportunities. Currently, the Province has four operational Youth Cafés in Rocklands, Vangate, George and Oudtshoorn. Over the MTEF, four additional Youth Cafés will be established in this province. Minister Fritz will provide further detail on where the four other additional Youth Cafés will be opened during his Budget speech.

The MINISTER OF SOCIAL DEVELOPMENT: Hear-hear.

The MINISTER OF FINANCE: Madam Speaker, let me now move to increased wellness, safety and tackle social ills. One of the key tenets of inclusive growth is promoting the wellbeing of our citizens, so that they may access opportunities that enable both social development and economic opportunities. To achieve these outcomes a total of R63 billion has been allocated over the MTEF period. To achieve this we are focusing on improving the wellness of the people of the Western Cape. There are particular key intervention. The key focus will be prevention, promotion, quality and efficiency.

The preventative interventions will range from we call upstream interventions that address the broader societal issues to more specific measures to optimise the opportunity of engaging patients and their relatives within the health service. We will also embrace the concept of wellness, the public health system in the Province approaches each citizen's health needs in a person-centered approach. In so doing, not only is health treated, but the factors

that cause ill-health are also proactively addressed in partnership with other Provincial Government Departments and stakeholders.

We are also busy with the re-design of primary healthcare service in this province through a multi-sectoral community based initiative to reduce the harms from alcohol abuse as part of the Alcohol Harms Reduction Gamechanger. We are also looking particularly into the project called First 1 000 days project; the Western Cape on Wellness, the so-called WoW project as well as the integrated service delivery model in Drakenstein.

Improving the quality of healthcare is at the centre of Healthcare 2030. A budget of R6.2 billion is allocated to the Department of Social Development over the MTEF to provide for services enabling and empowering the poor and vulnerable. Over the next five years the Department's goal will be to raise the quality of services, particularly those required by their legislative mandates, the Children's Act, the Child Justice Act and the Substance Abuse Act as well as the Older Persons Act.

In this particular regard an amount of R314.1 million has been allocated towards Substance Abuse, Prevention and Rehabilitation over the 2016 MTEF by the Department of Social Development. Drug treatment services will be introduced in all departmental Child and Youth Care Centres, providing sentenced youth with the opportunity to break the cycle of drug abuse.

The MINISTER OF SOCIAL DEVELOPMENT: Hear-hear! Well done.

The MINISTER OF FINANCE: We are also promoting the rights, well-being and socio-economic empowerment of Persons with Disabilities that remain a key priority of this Government. Madam Speaker, I am happy to announce that an amount of R464.4 million has been allocated over the 2016 MTEF to support this priority sector. I am also pleased to announce that an amount of about R120 million has been earmarked over the MTEF, specifically for the educational needs of severe and profoundly disabled children and the expansion of group homes for adults and children with intellectual disabilities. [Applause.]

The PREMIER: Hear-hear!

The MINISTER OF SOCIAL DEVELOPMENT: Listen!

The MINISTER OF FINANCE: This is a massive investment in the disability sector. This Cabinet has clearly listened to the request made by Premier Helen Zille and Minister Albert Fritz. They have been talking about this and they have asked us to do justice to this particular sector and I am particularly happy with the progress that we are making in this regard because Minister Fritz has also established the Disability Desk and this desk is operational and functional within the Department of Social Development. It is aimed at ensuring improved and reasonable accommodation measures and accessibility as well as a referral pathway for children and youth and persons with disabilities. Furthermore, the establishment of a residential care facility in

Maitland will accommodate 30 persons with intellectual disability and those displaying challenging behaviour. Madam Speaker, we are focusing on the disability sector. We are investing in this sector. This is an important sector because a budget is not only a technical document, it is also a moral statement and this ... [Interjection.]

The SPEAKER: Order, please. Hon Minister, kindly take your seat. Chief Whip Wiley?

Mr M G E WILEY: Madam Speaker, I wonder whether you could seriously address hon member Dyantyi. His contributions have no relevance whatsoever. It is just simply disruptive and I ask that our speaker be protected please.

The SPEAKER: You may proceed hon Minister. †Bedaar nou. *Calm down.

Mr Q R DYANTYI: It is called interjections.

The MINISTER OF FINANCE: I will repeat that we will establish a residential care facility in Maitland that will accommodate 30 persons with intellectual disability and those displaying challenging behaviour. Because a budget is not only a technical document, a budget is also a moral statement and through this allocation this Government is making a moral statement.

The MINISTER OF SOCIAL DEVELOPMENT: Hear-hear!

The MINISTER OF FINANCE: The Department of Social Development partners with 3 300 Non-Profit Organisations to ensure that we deliver services to the poor and the vulnerable in this Province. Over the next three years, an amount of R3.3 billion will be allocated to the NPO sector to assist us delivering this specific services. Hon Minister Fritz will provide further detail in his budget speech on these initiatives.

The Department of Community Safety, through its service delivery model, adopts a 'Whole-of-Society' approach.

The MINISTER OF FINANCE: The key outcomes of the Community Safety Improvement Partnership... [Interjections.]

The SPEAKER: Hon member Dyantyi!

The MINISTER OF FINANCE: ...are to promote professional policing through systems of effective oversight and also to ensure the safety of all our public buildings and spaces and to build viable and sustainable partnership institutions. This Government has more than 2000 buildings and this is a massive task and we really appreciate and value our partnerships to make sure that our buildings and our people are safe.

Central to the Department's police oversight function is the Office of the Ombudsman. The Office is fully established and operational, with a strategy

for expansion, aligned to the number of complaints received and dealt with. In partnership with key stakeholders, the focus is on Community Based Interventions to reduce alcohol harms. I am pleased to announce that the Western Cape Liquor Authority will as from 1 April 2016 be relocated as an entity, away from the Department of Economic Development, to the Department of Community Safety.

In its efforts to establish safety partnerships, aimed at increasing safety, the Department has initiated also Community Stabilisation Units under the auspices of the City of Cape Town Law Enforcement aimed at increasing safety,.

The Community Stabilisation Units will provide local communities to become involved in building a safe society. As a result of the successful implementation of this project I am happy to announce that the further amount of R10.4 million will be allocated to the project over the 2016 MTEF. Further announcements will be made by Minister Plato during his budget speech.

Madam Speaker, I will now turn to a very important function and that is Arts, Culture and Heritage. It's part of building social inclusion in this province and for this an amount of R329.8 million has been allocated to this department over the next three years. An investment in creating a healthy and safe environment is an investment in growth.

I will now turn to the responsibility of Minister Bredell. The enabling of a resilient, sustainable and inclusive living environment. The Provincial Spatial Development Framework serves to guide the location and form public investment in the natural environments so that the returns on these investments are consistent with the Province's strategic development frameworks. Some key initiatives have been initiated in respect of Sustainable Living and Resource Use include the following.

The Province will continue to strive in protecting bio-diversity and ecosystems including safeguarding of our coastal and inland water resources while managing the use of water, given the province is experiencing water scarcity and drought. And I want to thank the hon Mayor of Swartland who this week again confirmed the seriousness of this particular crises in this particular area.

Climate change, Madam Speaker. Response frameworks developed for district municipalities; river and estuarine sites monitored in respect of pollution control.

River improvement plans to be developed; waste management planning interventions undertaken; and monitoring of air quality. The Department of Environmental Affairs and Development Planning has been allocated a budget of R1.7 billion over the 2016 MTEF to drive these key interventions. This amount includes the transfers, the allocation to its entity, CapeNature. A

very important project is the Regional Socio-Economic Project, the so-called RSEP... [Interjections.]

The SPEAKER: Hon member Joseph!

The MINISTER OF FINANCE: ... and the Violence Prevention Urban Upgrade Project focuses on issues related to developmental planning and integrated service delivery. This programme is being implemented in five partner municipalities, namely Saldanha Bay, it happened in Swartland, it happens in the Breede Valley, it happens in Drakenstein, it happens in Theewaterskloof and the City of Cape Town. Over the 2016 MTEF R140 million is allocated for this project.

The creation of sustainable and integrated human settlements in the Western Cape includes the promotion of social inclusion, economic growth and spatial restructuring. [interjections]

Human Settlements is allocated R7.1 billion over the MTEF. The Department has prioritised some key catalytic and provincial projects of which Minister Madikizela will expand during his Budget Vote. An investment in the building of resilient, sustainable and inclusive environments is an investment in growth.

Madam Speaker, the last strategic objective is about embedding good governance with inter-architecture of the Western Cape Provincial

Government. The Western Cape Government is committed with our partnerships to work with what we call in the context of a 'whole of society' approach. To continue Government's Citizen Services approach the following initiatives are implemented: the continued roll-out of the Cape Access Centres, the Rural Library Connectivity Project, Public Access Wi-Fi as well as the Thusong and Community Development Worker Programmes. I had the privilege of attending the opening of the Cape Access Centre in Prince Albert last year and I can report to this House that the partnership with that local community and the local municipality and that between the Province and all the other surrounding municipalities and the community are working together, as citizens now have greater access to information and economic opportunities.

This Government is serious about bridging the digital divide between urban and rural areas. An investment in broadband infrastructure in rural areas is an investment in smart growth.

Mr Q R DYANTYI: Why did it... [Inaudible.]

The SPEAKER: Order, please members.

The MINISTER OF FINANCE: During the course of last year I visited Kasselsvlei Comprehensive High School in Bellville South because I want to see that broadband is not a concept, but is being implemented as a practice where it is creating public value and learners are improving their education

on all accounts. So I went to Kasselsvlei Comprehensive High School in Bellville South. The aim of the visit was to ascertain whether e-Learning is creating public value not from the perspective of politicians but from the perspective of the learners.

I am pleased to report that I observed an environment where good quality education is provided by the educators; the Principal of Kasselsvlei Comprehensive High School, Mr Bantom, one of my guests in the gallery today, I want to thank you for your leadership, your inspiration and your support for education in this province. [Applause.]

I want the principal to also convey on behalf of this Government our deep thanks and appreciation to the e-learners that created a new enthusiasm, a new excitement for learning, because the best investment this Government can make is an investment in education and we thank you for your great leadership in this regard.

The PREMIER: Hear-hear!

The MINISTER OF FINANCE: Madam Speaker, but we are also interested in strengthening our financial and public sector governance. The Western Cape Government will continue to balance public finances and maintain fiscal stability within the current fiscal constrained fiscal environment. The emphasis is on the appropriate management of fiscal risk, strengthening of fiscal consolidation and to enable Government to be more responsive in

dealing with unforeseen and unaffordable expenditure. I wish to announce that Provincial Treasury has established a Chartered Accountant Academy which aims to provide an avenue for prospective chartered accountants to receive an accredited training within the public sector.

These professionals will, over time, be available to take up positions in Departments and also municipalities. A Western Cape Government Good Governance Index aimed at measuring the level of good governance is also being developed. This approach shifts away from the good governance as a prospective of only looking at compliance but trying to also performance.

Madam Speaker, I have tabled a proposal with Minister Gordhan on exploring the implementation of a financial good governance incentive grant.
[Interjections.]

Mr Q R DYANTYI: There [Inaudible.]

The SPEAKER: Hon member Dyantyi.

The MINISTER OF FINANCE: Madam Speaker, I want to repeat. I have tabled a proposal with Minister Gordhan on exploring the implementation of a financial good governance incentive grant. This proposal aims at rewarding provinces but also municipalities who practice good financial governance and I am really looking forward to the next budget council because this is a

programme that we firmly believe in and I am very thankful that Minister Gordhan also believes in this incentive grant for good governance.

In Supporting Local Government, the Western Cape Government will continue to work and ensure that good governance practices continue. With the emphasis on 'clean governance', the Municipal Governance Review and Outlook process aims to directly contribute to good financial governance. In this regard, I together with Minister Bredell and the Auditor-General have recently awarded 23 municipalities and entities with clean audit awards and have extended the challenge to the remaining municipalities.

Madam Speaker, we are making progress together. Allow me now to deal with the requirements of your Vote, the Provincial Parliament, your salary hon member. [Interjections.]

The SPEAKER: Order please. I think we need to listen hon members. Order please. Hon Minister if you could take your seat please. Hon member Dyantyi. If you listen you would hear what the Minister had to tell us.

Mr Q R DYANTYI: He said nothing so far.

The SPEAKER: He is going to tell us in just a minute. If you could please just remain calm. †Jy is nou wakker, wees nou stil asseblief. *You are awake now, please be quiet now. Hon member Dyantyi, I am appealing to you. Thank you. You may proceed hon Minister.

The MINISTER OF FINANCE: Thank you Madam Speaker. Allow me now to deal with the requirements of this Provincial Parliament. As you are aware, after various engagements with yourself I have carefully considered your requirements to give effect to a well-functioning Legislature. In this regard I am pleased to announce that an additional amount of totalling R28.4 million is now available over the MTEF to deal with the Enterprise Resource Planning System, the GRAP change management and the implementation of the FMPPLA. Madam Speaker, because we respect the separation of powers, you will make further announcements in your budget speech in this House.

In addition, I wish to assure Members, especially hon member Lekker, that we are running a capable Parliament and you will get your salary at the end of the month. You may recall that the Premier in the State of the Province Address announced that this Government has honed seven gamechangers which collectively have the potential to be catalysts for major improvements in the lives of citizens and create a better future for younger generations. These gamechangers have now developed from the design to the implementation phase and are supported by credible budget allocations. The estimated gamechanger budgets over the 2016 MTEF are: achieving Energy Security: R53.0 million; expanding vocational skills and training in this Province will be about R273.3 million; delivering High Speed Broadband across the Province is R1.6 billion. This is such an important infrastructure investment for this year. For this year we will allocate R1.6 billion but over the next three years we have allocated R4 billion for broadband because we

understand the significance of broadband technology because for growing the economy you require broadband technology and investment in broadband technology also leads to at 1% GDP growth if you do it consistently over a long period of time.

We are also rolling out e-Learning at schools: R757.5 million. The expanding After School activities by R419.5 million. Tackling Alcohol Abuse: R56.2 million. Pioneering a major 'live-and-work' development that integrates communities by R41.7 million. I now turn to the hon Minister of Transport and Public Works if he can listen. Thank you hon member.

The MINISTER OF TRANSPORT AND PUBLIC WORKS: I will.

The MINISTER OF FINANCE: There will be substantial public investment in infrastructure that has been identified as a driver for smart, sustainable and inclusive growth over the 2016 MTEF period. This includes prioritising existing infrastructure assets, inclusive of maintenance and repairs over the medium term to strengthen productivity and economic growth all over the Western Cape.

The MINISTER OF SOCIAL DEVELOPMENT: Hear-hear!

The MINISTER OF FINANCE: This is a massive investment. You will recall that I have last year during the MTEF announced a budget for infrastructure

of R23.3 billion over the MTEF. We are now happy that R23.3 billion is now increased to R26.6 billion for infrastructure.

I am glad to announce that we are serious about delivering on our infrastructure commitments. In this regard, I together with Minister Grant, Minister Schäfer and Minister Mbombo will develop a governance framework aimed at strengthening the monitoring and delivery of infrastructure in the province and mitigating any risks in this particular sector.

Also very important is to see the infrastructure as a geographical footprint across the Western Cape, all over the district areas. And so following the sturdy growth potential of towns and regions our investment will go all over the Western Cape. The infrastructure budgets are aimed at continuously driving innovative practices in the delivery of infrastructure and concentrating on the lean government approach, monitoring adherence to efficiency gains and placing the citizen at the centre of budget allocations. Increasing investment in infrastructure and infrastructure-assets. Mr Deputy Speaker, increase in the expenditure on maintenance: I am pleased to announce that the last part of this budget will now more and more grow into the maintenance budget of the Western Cape. It was their belief that it was not only important to put up infrastructure, but also to maintain that particular infrastructure.

The infrastructure investment programme primarily revolves around the construction of new schools/classrooms and replacing schools constructed

with inappropriate materials within Education; also construction of new health facilities and refurbishing, upgrading and maintaining existing facilities, including health technology and in other health facilities. We will also invest in public sector assets and our buildings. As I said earlier, we have 2 000 buildings in the Western Cape.

We will also provide infrastructure promoting integration, accessibility, equity, environmental sensitivity, economic growth and social empowerment. Hon Minister Grant - if he can listen - is continuously reminding us... [interjections.]

Ms S W DAVIDS: Thank you Minister.

The MINISTER OF FINANCE: ...that you cannot grow the economy unless you invest in roads infrastructure. And we will preserve our service roads, we will preserve our gravel roads and our bridges to prevent the accumulation of backlogs.

The PREMIER: Hear-hear!

The MINISTER OF FINANCE: Also, what is the spatial footprint of infrastructure spend? The core mandate of municipalities is the provision of basic services to ensure a quality and dignified life for all citizens within its borders. A municipality's ability to improve the quality of life of its citizens is however, largely dependent on the presence and quality of supportive

physical and organisational structures and facilities. There is thus a direct correlation between the extent of infrastructure spending and investment and the improvement of general standards of living through the provision of basic services.

I have already indicated that R26.6 billion will be invested in infrastructure. Let me now come to where this money will be spent. The largest proportion of the total...[interjection.]

Mr Q R DYANTYI: Former PAC.

The MINISTER OF FINANCE: Yes, he is my friend – total infrastructure spend is 2016/17.

Mr K E MAGAXA: He is working...

The MINISTER OF FINANCE: ...in Cape Town Metro and across all districts for roads projects, and the second largest share being for human settlements. The spatial and sectoral distribution of the Province's Budget is guided by current socio-economic realities, policies and strategies that jointly confront the Province and municipalities.

I now want to deal with some of the key projects per district that will be financed by this budget. Within the City of Cape Town key roads projects will include our work with our partners on the N1, N2, N7 and Mariners Way.

The N7 is in the West Coast region and Mariners Way in Gordon's Bay. Hon Minister Grant, if you will listen... [Interjections.][Laughter.]

The DEPUTY SPEAKER: Order.

The MINISTER OF FINANCE: If he listens, Mr Deputy Speaker, we will make further announcements about the socio and economic impact of these investments during his budget Votes. A number of new primary and secondary schools and additional classrooms and a new school for learners with special educational needs have been provided for in this Budget.

The PREMIER: Hear-hear!

The MINISTER OF FINANCE: Further announcements will be made during this month. Various health projects will be rolled out across the City in support of our Provincial Strategic Goal 3. Within the West Coast, Cape Winelands, Overberg region, Eden and Central Karoo District Municipalities the Department of Transport will make substantial investments within the regional roads infrastructure that will enable the economic and transport linkages within and across these regions. Some key projects in the Eden – and I see the Mayor of Eden is sitting here – a key project in that area is schools in Mossel Bay, Knysna and in George.

In the Overberg district it includes schools in Overstrand and Theewaterskloof.

†Me S W DAVIDS: Hulle is *hypocrites*. *They are hypocrites.

The MINISTER OF FINANCE: In West Coast it includes schools in Saldanha Bay and Swartland. Our investment within the Health environment within all districts will focus on maintaining health facilities at the level required to care for our citizens in a dignified manner. An investment in infrastructure is certainly an investment in growth.

†Agbare Adjunkspeaker, ons het 'n geïntegreerde benadering tot beplanning en begroting tussen die Provinsiale Regering en die plaaslike owerhede ontwikkel. Hierdie benadering het ten doel om die doelwitte in ooreenstemming te bring met dié van die plaaslike regeringsfeer, skakeling met Provinsiale Departemente en munisipaliteite meer doeltreffend te maak en uitruiling van inligting tussen die verskillende komitees wat vir beplanning gestig is, te verbeter.

Die rede vir die verspreiding van die 2016 Medium Termyn Begroting is om sosio-ekonomiese uitdagings wat die Provinsie as geheel in die gesig staar, saam met munisipaliteite te hanteer binne die huidige ontwikkelingsbeleide en strategieë. Die grootste aandeel van hierdie begroting is ongeveer 67% van die Provinsiale Begroting van R55 miljard en word in die Kaapse Metropol bestee. Dit weerspieël die Metropol se strategiese ekonomiese bydrae en sy bevolkingsgrootte binne die Wes Kaapse grense. Die Kaapse Wynland Distriksmunisipaliteit – ek sien die Speaker van die Kaapse

Wynland Munisipaliteit oor hier - ontvang 11.7%. Dit is die tweede grootste persentasie van Provinsiale Regering.

Die Provinsiale besteding in die Eden-gebied is ongeveer R4.7 miljard. Die Weskus Distriksmunisipaliteit se gebied ontvang R2.9 miljard of 5.42%. Die Overberg Distriksmunisipaliteit ontvang R1.9 miljard en die Sentrale Karoo Distriksmunisipaliteit ontvang R637.8 miljoen of 1.16% van die totale begroting.

*Hon Deputy Speaker, we have developed an integrated approach to planning and budgeting between the Provincial Government and the local authorities. This approach aims at bringing the goals in line with those of the local government sphere, render liaison between Provincial Departments and municipalities more efficient and to improve the exchange of information between the various committees established for planning.

The reason for the spreading of the 2016 Medium Term Budget is to address socio-economic challenges facing the Province together with municipalities within the current development policies and strategies. The largest part of this budget of about 67% of the Provincial Budget of R55 billion is spent in the Cape Metropole. It reflects the Metropole's strategic economic contribution and its population size within the Western Cape borders. The Cape Winelands District Municipality – I also see the Speaker of the Cape Winelands Municipality here – receives 11.7%. It is the second largest percentage of Provincial Government.

The Provincial expenditure in the Eden area is about R4.7 billion. The West Coast Municipality area receives R2.9 billion or 5.42%. The Overberg District Municipality receives R1.9 billion and the Central Karoo District Municipality receives R637.8 million or 1.16% of the total budget.

†'n AGB LID: Baie man.

*An HON MEMBER: A lot, man.

†Die MINISTER VAN FINANSIES: Hoe word hierdie begroting gefinansier agb Adjunkspeaker?

*The MINISTER OF FINANCE: How is this budget being financed hon Deputy Speaker?

Mr M G E WILEY: Taxpayer!

The DEPUTY SPEAKER: Order order.

The MINISTER OF FINANCE: Mr Deputy Speaker, the budget commitments announced are financed as follows:

- R41.062 billion from Provincial Equitable Share.
- R10.749 billion from Conditional Grants.
- R2.493 billion from Own Revenue, mainly for motor-vehicle license fees, gambling taxes and hospital fees.

The DEPUTY SPEAKER: Order.

Ms P MAKELENI: You just said.

The DEPUTY SPEAKER: Order order. Please give the Minister time to finish off.

An HON MEMBER: Figures do not lie.

The MINISTER OF FINANCE. Mr Deputy Speaker, we understand public finance.

Hon MEMBERS: Yes!

Ms M N GILLION: We all understand.

The MINISTER OF FINANCE: The taxpayers contribute to public finance. We understand public finance in this Government. I want to remind us that we understand public finance. [Interjections.]

†Die ADJUNTSPEAKER: Orde, orde! Agb Minister u kan nou maar voortgaan.

*The DEPUTY SPEAKER: Order, order! Hon Minister you can now proceed.

The MINISTER OF FINANCE: Given the constraint fiscal environment there is a renewed focus on Domestic Resource Mobilisation in an effort to maintain fiscal stability. The Province intends exploring a number of domestic resource mobilisation initiatives. These initiatives include a strategy to build up the Provincial Fiscal Volatility Reserve to buffer the Province against further uncertainties in the fiscal environment.

This process will explore amongst initiatives within the gambling environment; identifying additional sources of donor funding; efficiency initiatives to collect Motor Vehicle Licence and Hospital Fees; and actively reducing debt owed to the Provincial Government. Given the funding constraints and the recent reductions in the spending levels introduced by the National Government it has not been possible to provide for a contingency reserve in 2016/17 financial year to deal with unforeseen and unavoidable expenditure. This implies that all Departments must strictly apply the principles of fiscal discipline and remain within allocated budgets. This will be strictly enforced by the Provincial Treasury.

However, after careful planning and taking into consideration the volatility within the economic environment, we have been able to provide for a fiscal volatility reserve in each of the three years over the 2016 MTEF and a service load pressure during 2017/18 financial year in particular. A democratic society respects financial and other institutions of the State. As a responsible Government we should respect institutions such as the South African Reserve Bank, the National Treasury and the South African Revenue

Services and other similar constitutional institutions supporting our national fiscus.

Let us be frank. We have over the last while witnessed simmering tensions between the Minister of Finance and the national tax office.

Mr Q R DYANTYI: That has nothing to do with this.

The DEPUTY SPEAKER: Order, hon member Dyantyi.

The MINISTER OF FINANCE: This crisis can explode and lead to a downgrade of our status. Members of this House clearly do not understand the severity of this crisis and so let us be frank. We cannot have a situation where there are tensions between the Minister of Finance and the national tax office. These have spilled over into the public domain. My plea to the national authorities is to bring a speedy resolution to these evolving disputes and enable our financial institutions to go about their business with integrity.

Mr Q R DYANTYI: Your [inaudible]

Ms M N GILLION: Come join us.

The MINISTER OF FINANCE: This is a crisis that can explode any time. It is fundamental that we protect the integrity of our National Treasury and the South African Revenue Service. These are not only institutions, these are

instruments of a capable state. We cannot destroy instruments of a capable state.

South Africa has only two choices, fiscal consolidation or fiscal erosion. For a period of six years, under the leadership of Premier Zille...

Mr Q R DYANTYI: In your dreams.

The MINISTER OF FINANCE: ...this Government embarked on the road to fiscal discipline. As a result of her leadership, this administration has put in place fiscal prudence to chart us through difficult times.

But the country's fiscal crisis runs deep and this is not the time...

†Mnr Q R DYANTYI: So teleurgesteld.

*Mr Q R DYANTYI: So disappointed.

The MINISTER OF FINANCE: ...for Government to talk about salary increases and bonuses in Government. It is now the time to show moral leadership in the interest of South Africa, putting South Africa first. Hon Deputy Speaker, it is not the time to ask: "What is my country doing for me?". It is now the time to ask: What can I do for my country, South Africa?

The PREMIER: Yes.

Mr K E MAGAXA: [Inaudible.] simple thing.

The MINISTER OF FINANCE: In a democracy citizens do have a right to ask what is happening to our taxes we are paying. In the Western Cape, the answer is supported by evidence. Your tax is spent wisely, efficiently, effectively and ethically, in the Western Cape because as a sub-national government is a capable state.

Mr R D MACKENZIE: Hear-hear.

The MINISTER OF FINANCE: Mr Deputy Speaker, the evidence of my statements are in the reports of the Auditor-General, the reports of the Public Service Commission, the reports of the Department of Monitoring and Evaluation and is also in the reports of the MPAT and STATS SA.

Together with the municipalities we will continue the journey of good financial governance. Minister Pravin Gordhan has a partner in the Western Cape, a partner to create fiscal consolidation. He needs more partners to project save South Africa and we are willing to work together in the interests of South Africa – Better Together, †Siya Hamba, nawe, umphatiswa Gordhan.

*We are willing to work with you, Minister Gordhan.

Mr Deputy Speaker, allow me in closing to also express my deep sense of gratitude to the Premier and the Cabinet. This was not an easy task to put this budget together. I want to thank them for their leadership, the

inspiration and I must say there were many e-mails, many discussions, long meetings, long weekends and I want to thank also the Director-General, Adv Brent Gerber, and all the HODs present here, sitting behind us, for outstanding support in compiling this particular Budget.

The PREMIER: Hear-hear!

The MINISTER OF FINANCE: A special word of thanks to the Head Official of Treasury and Head of the Budget Office and his talented, proficient and capable budget team which is also sitting here in the gallery. [Applause.]

I would also like to thank the Chairperson of my Standing and the Chair of the Budget Committee, hon member Joseph as well as all the members of the Budget Committee. I would also like to thank the staff in the Ministry of Finance who always make my tasks so much easier. Finally, to my wife and children thank you for your understanding and for unselfishly allowing me the space to serve the people of the Western Cape. We love our work, we love the people of the Western Cape.

Mr Deputy Speaker, it now gives me great pleasure to table the 2016 Budget Overview, the Provincial Revenue and Expenditure, the Estimates of Provincial Revenue and Expenditure, the Western Cape Appropriation Bill, the Western Cape Government Gazette of Allocations to Municipalities, and this Speech, for discussion and consideration by this House.

And lastly, I want to thank all the taxpayers of South Africa for entrusting us with your money. The Western Cape will spend it wisely, efficiently and effectively. We will do so because we are a capable state. I thank you.
[Applause.]

Mr Q R DYANTYI: That is just so bad.

The DEPUTY SPEAKER: Order. Hon member Dyantyi. We shall allow the Chair to talk now. The Secretary will now read the Bill a first time. Just the name of the Bill Secretary?

The SECRETARY: *The Western Cape Appropriation Bill.*

The DEPUTY SPEAKER: In accordance with Rule 187.1, the introductory speech, the Bill and papers laid upon the table will be referred to the relevant committees for consideration and report.

Before we adjourn, may I just remind hon members that the Budget Committee meeting will commence in this Chamber in about ten minutes time so do not go away too far. This concludes the business for the day. The House is adjourned.

The House adjourned at 15:12.