

# **Western Cape Government**

## **2018 Medium Term Budget Policy Statement**

**and**

## **2018 Adjusted Estimates of Provincial Revenue and Expenditure**

## **Speech**

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22 November 2018

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*2018 Medium Term Budget Policy Statement and  
2018 Adjusted Estimates of Provincial Revenue and Expenditure Speech*

Honourable Speaker and Deputy Speaker

Honourable Premier and Cabinet Colleagues

Honourable Leader of the Official Opposition

Honourable Leaders of Opposition Parties

Honourable Members of the Western Cape Legislature

Senior officials of the Western Cape Government

Citizens of the Western Cape

Special Guests

Ladies and Gentlemen

Madam Speaker, I rise to today to table the Western Cape Government's 2018 Medium Term Budget Policy Statement and the 2018 Western Cape Adjusted Estimates of Provincial expenditure in this House.

The 2018 WC MTBPS, Madam Speaker, reconfirms the Western Cape Government's commitment to service delivery and citizen impact.

Madam Speaker, over the last ten years this government has invested a lot in institutionalising good governance practices. These are important governance frameworks that allow the Western Cape to serve the citizens for maximum impact.

Just yesterday, Madam Speaker, the Auditor General of South Africa, Kimi Makwetu, announced in the National Parliament that the Western Cape Government has received the best audit outcomes for the 2017/18 financial year. These achievements are possible because this Government under the leadership of Premier Helen Zille adopted zero tolerance for corruption. I want to thank my cabinet colleagues, the Director-General, accounting officers, CFOs and all staff who contributed to our achievements in good financial success governance.

Governance matters, as it benefits citizens directly through financial allocations and the creation of public value.

## **ECONOMIC CONTEXT**

Madam Speaker, the sad reality is that the South African economy has been mismanaged.

Claire Bisseker of the Financial Mail sums it up when she says; *"After ten years of economic mismanagement and policy bungling- during which South Africa staggered under the dead weight of state capture – the economy just isn't competitive enough"*

In short Madam Speaker, the chickens have finally come home to roost.

Two thirds of municipalities are either dysfunctional or distressed in South Africa.

Corruption is deeply rooted in local government and the SA economy is paying the price now.

The result of all this saw the national economy contracting in both the first and second quarter of 2018 and the South African economy entering into a technical recession.

Madam Speaker, tough economic conditions always result in a sense of uncertainty, uncertainty for households, uncertainty for businesses and uncertainty for individuals.

With all the scientific evidence and economic intelligence before us today, people are rightfully asking:

- Will my business survive?
- Will I lose my job?
- Is there a future for my children?
- Will my family cope?

These are real and tough questions and each question affects people.

In response to the news that South Africa has entered a technical recession and the slow performance of the economy the State President, Cyril Ramaphosa, announced on 21 September 2018, a stimulus package.

South Africa's economy is indeed in deep trouble; it may be a question of too little too late.

According to Fitch Ratings, the stimulus package to revive South Africa's economy is unlikely to deliver a significant boost to economic growth.

As such, the stimulus package and recovery plan announcement did not change Fitch's GDP growth forecast for South Africa.

The ratings agency stated that several of the measures relate to existing proposals, and others will take time to finalise and to have an impact.

Professor Jannie Rossouw of Wits University's School of Economic and Business Sciences has again highlighted the risks that the South African economy faces.

These include a fiscal cliff as a result of the growth in the civil service wage bill, sharp increases in the interest payment on government debt and a large payment in the form of social grants.

An additional risk is that South Africa has turned to China to borrow funds for the fiscal stimulus package. Such borrowing comes with conditions and borrowed capital must be repaid. The secrecy around the loan conditions from China is a serious fiscal risk and the President must come clear in the National Assembly on this matter.

Lastly, the National Government should not be permitted to use funds in the Government Employees Pension Fund for a stimulus package.

Madam Speaker, the stimulus package does not seem to appreciate that cities are not only the new centres of growth, but also the future centres of opportunity.

In this regard, Madam Speaker, Cape Town has been named the African City of Opportunity in a recent research report published by PricewaterhouseCoopers.

The City's scored the highest in the following areas:

- Ease of doing business
- Transportation and infrastructure and
- Sustainability and the natural environment

This Government, Madam Speaker, reaffirms its commitment to the three pillars of development.

- Building a capable state;
- Leadership at all levels – both in public and private sectors; and
- Active citizenship.

Madam Speaker, at a macro level this government's policy proposal for structural reform includes:

- Stop state capture and corruption as it robs the poor. The Commission into State Capture reveals on an ongoing basis to a shell-shocked audience, the extent of looting of the fiscus mainly through the SOEs. but also through the blunt illegal procurement methodologies.
- State owned enterprises pose a serious risk to the fiscus and should be privatised.
- Visa regulations need to be relaxed to stimulate tourism and investment. While I am pleased to note the recent announcements in this regard much more needs be done.
- We need to revisit our labour laws to make it easier for business to comply with our regulatory framework. The current labour law framework stifles SMME's from becoming, like elsewhere in the world, the frontier of job creation and growth and development and

Madam Speaker, exciting plans are in the pipeline:

- Reducing the government wage bill and inefficiencies will go a long way in restoring confidence in public finance. Fiscal discipline is one of the pillars of the Western Cape Government's fiscal strategy. The Western Cape Government has the lowest CoE percentage in South Africa. This allows us to spend public funds on people and service delivery.

Agbare Speaker, Ek stem saam met die President van die Reserwebank dat vir ons ekonomie om te groei oor die medium termyn moet ons:

- Nasionale skuld stabiliseer; en hy is reg as hy sê ons kan nie voortgaan om teen die huidige tempo te leen nie. Ons moet eenvoudig die strukturele tekorte omkeer en die staatsdiens se loonuitgawes is die plek om te begin.

- Almal, van huishoudings tot munisipaliteite, provinsiale regerings en die nasionale regering, ook ons vennote in die sosiale sektor, moet begin om te spaar. Dit beteken ons moet die strop intrek en bestedingsvlakke in toom hou.
- Derdens moet ons die verswakking in ons regeer en bestuursmodaliteite omkeer. Dit sal begin om beleggersvertroue te herstel.

Agbare Speaker, Soos wat die Internasionale Monetêre Fonds (IMF) ook na 'n onlangse besoek aan SA uitgelig het moet ons:

Indringend kyk na die sake modelle van Staatsondernemings. Besnoeiings en bateverkope is van die opsies om mee te begin, maar volhoubaarheid moet sentraal wees in die nuwe sakeplanne. Daar kan nie voortgegaan word om kontantinspuitings en staatswaarborgte te gebruik as reddingsboei vir swak presterende entiteite nie.

Die arbeidsmark moet hersien word; loonverhogings moet hand aan hand gaan met groter produktiwiteit. Verhogings moet bekostigbaar wees en gesentraliseerde ooreenkomste behoort nie kleiner ondernemings se mededingendheid te bemoei nie.

Bevorder mededinging oor 'n breë front; van mynbou tot die telekommunikasiesektor en finansiële tegnologie in die banksektor.

Verminder beleidsonsekerheid byvoorbeeld oor grondhervorming deur te fokus op beter produktiwiteit in die landbousektor.

Verbeter ons belastingadministrasie en oorweeg bestedingsplafonne.

Hoewel van hierdie beleidsmaatreëls onder die Nasionale Fiskus val, is die Wes-Kaapse Regering en ons Tesourie ernstige vennote om die fiskale raamwerk reg te trek in die Begrotingsraad wat kwartaalliks onder leiding van die Nasionale Minister van Finansies vergader.

- We need to restore public confidence. South Africa must restore business and investor confidence. The Western Cape Government will partner with the business sector to explore further ways to increase business confidence. I am happy to report that the Western Cape Cabinet, led by Premier Zille and the former Western Cape Minister for Economic Opportunities, Mr Alan Winde have recently met with the business sector. It was a very positive engagement and the feedback suggests that we are moving in the right direction.

Speaking of the right direction, Honourable Speaker, I am pleased that Cape Town has been ranked the top financial centre in sub-Saharan Africa in the latest Global Finance Index by Z/Y Partners and the China Development Institute.

As a new entrant to the ranking, Cape Town has overtaken both Johannesburg and Mauritius and places Cape Town as the highest ranked city in South Africa and the sub-Saharan Africa region.

This is a major development and we want to thank all the role-players in the financial sector. This major achievement follows the opening of a JSE office in Cape Town. We are pleased that the business and financial sectors have expressed their confidence in Cape Town and the Western Cape in this particular way.

Another major development was the decision by the Japanese company, Panasonic, to move its headquarters from Johannesburg to Cape Town.

Madam Speaker, following the Premier's earlier very successful visit to Japan, I recently led a trade delegation to Indonesia and Japan and will soon be in a position to make some exciting announcements in this regard.

Madam Speaker, despite the tough economic times we are seeing the net effect of a competent government governing the Western Cape for the past ten years.

A capable state and a clean government does matter to investors and does impact positively on business and investor confidence.

Building investor business and consumer confidence is part of this government's structural reform agenda.

My Cabinet colleague, Minister Alan Winde, led the charge and we are bearing the fruits in the Western Cape.

## **CRITICAL FISCAL AND DELIVERY RISKS FACING THE PROVINCE AND RESPONSE**

Madam Speaker, the slow economic growth in South Africa will most likely result in an under collection of projected tax revenues resulting in an increase in the national budget deficit and increased borrowing which will drive up the costs of servicing national debt.

As a result, the effects of a further constrained national fiscal envelope are expected to also negatively impact the provincial share of nationally allocated revenue, i.e. the Provincial Equitable Share and Conditional Grants.

The good rainfall received in the 2018 winter months has brought much needed relief. However, the drought had a much higher impact than initially anticipated with an estimated R5.9 billion Gross Value Added loss to the Western Cape economy. In addition, water targets set for the agricultural sector will impact the creation of employment opportunities in this sector and could possibly result in job losses.

**Crime** has a detrimental effect on the businesses and tourism in South Africa. According to the Victims of Crime Survey of 2017/18, 65 313 people or 9.8 per cent victims of personal property theft occurred in a shop or a place of business and 18.4 per cent of households perceived business robbery as the most common crime in 2017/18. Crime experts has also warned that crime is affecting tourism profits with South Africa's tourism growth at 2.4 per cent compared to global growth rate of 7 per cent in 2016.

Frontline service delivery staff are exposed to a number of **security and safety risks**. Within the health sector, this mainly manifests in the provision of emergency medical services in certain hotspots such as Hout Bay, Du Noon and Manenberg, and from psychiatric patients at public health facilities. Social Development staff are also subjected to **violence within communities**, often as a result of wanting to remove abused or neglected elderly, children or disabled persons.

The full impact of the recent Constitutional Court ruling on the **private use of cannabis** is unknown at this stage, and therefore the risk of an increased demand for substance abuse treatment remains. Provincial Treasury in consultation with relevant departments, will initiate research in this regard.

The **population growth** of the Western Cape will hold significant budget, service delivery and spatial development planning implications. In 2018, the Western Cape has now become the third most populated province in the country with an estimated 6.5 million citizens.

The increasing population, **high unemployment** and growing complexity of **the burden of disease** has placed severe pressure on public health, education and social services.

Municipalities are widely regarded as being at the frontline service delivery and therefore central to building a prosperous and inclusive society. This need requires municipalities to be administratively stable and financially viable to give effect to the service delivery agenda of government. As indicated yesterday by the AGSA in the National Assembly, most municipalities in the Province have consistently performed well due the application of good financial governance principles. However, **a number of municipalities in South Africa are on the brink of collapse** due to amongst others systematic financial mismanagement, lack of suitably qualified staff, rising cost pressures and declining revenue exacerbated by the persistent low economic growth environment.

## **2018 WESTERN CAPE MEDIUM TERM BUDGET POLICY STATEMENT**

Madam Speaker, the Provincial Strategic Plan (PSP) sets out this government's vision of an open opportunity society.

The MTBPS is a consolidation of the policy, programmes and projects as set out in the PSP.

Over the last nine years the citizen impact has been positive as reflected in various reports such as the Presidency's MPAT, the AGSA Report, STATS SA and the Western Cape Outcomes Indicator Report.

Madam Speaker, Provincial Strategic Goal 1 focuses on priority initiatives to support and enable growing the economy and creating employment opportunities. Government recognises that without growth in the private sector, reducing unemployment will be difficult. In response, the Province seeks to enable key strategic sectors and enhance skills development that provides an enabling environment for job creation and economic growth. The creation of opportunities for growth and jobs is the joint responsibility of the Western Cape Departments of Economic Development and Tourism, Agriculture, Transport and Public Works, and Environmental Affairs and Development Planning. **Over the 2019 MTEF, R31.5 billion will be collectively dedicated to creating opportunities for growth and jobs.**

My colleagues, Ministers Donald Grant, Beverley Schaeffer, and Anton Bredell will provide greater detail during their respective budget speeches in 2019.

Provincial Strategic Goal 2, Madam Speaker, is focused on improving the quality of education which is directly linked to economic development and social cohesion. It is therefore critical that the Western Cape Government continuously improves education outcomes. The aim is not only to improve the skills and capabilities of youth but also to end poverty and tackle social ills such as crime and substance abuse.

The pursuit for improved learner outcomes and creation of opportunities for youth is the joint responsibility of the Western Cape Departments of Education, Social Development, Community Safety and Cultural Affairs and Sport. The Western Cape Education Department is the Lead department, however the other departments play a critical role in facilitating programmes and interventions that support the improvement of learner outcomes and creating opportunities for youth.

Madam Speaker, the Western Cape Government has put a number of interventions and additional resources in place to improve the quality of the teaching and learning experience delivered to schools in poorer communities. The biggest intervention in this regard is ensuring that schools in poorer communities are given adequate resources to ensure that education infrastructure and learner teacher support materials are in line with the regulations relating to minimum norms and standards prescribed for public schools. In addition to this, almost 60 per cent of the schools in the Western Cape provide no fee education to 608 649 learners. The Western Cape Government also allows fee paying schools to apply for compensation for fee exemption in cases where parents cannot afford the full school fees. In 2017, R49.4 million was paid to support fee exemption for 80 895 learners in 554 schools.

The five-year Collaboration Schools Pilot was launched in 2016 as yet another model to close the education gap between poorer and more affluent communities. The model works by leveraging funds and expertise from the private sector to give intensive support to teachers and principals in no-fee pilot schools by way of individual training, provision of additional resources and constant monitoring and evaluation. The pilot is being implemented across both primary and secondary schools and includes older and more recently established schools. A mid-term review of the pilot illustrated significant improvements particularly in the systemic assessments of almost all of the pilot schools in 2017.

Over the 2019 MTEF, R86.5 billion will be collectively dedicated to Improve learner outcomes and to create opportunities for youth.

Madam Speaker, I also want to congratulate my colleague the Minister of Education for successfully negotiating the Western Cape Education Amendment Bill through the legislature.

The Western Cape has developed a strategic approach to drive economic growth. It entails the following:

- Providing economic leadership through collaboration
- Growing, attracting and retaining skills
- Invest in quality infrastructure
- Opening new and exciting markets
- Rebranding the region to increase investment
- Ease of doing business by cutting redtape
- Demonstrating leadership in critical sectors of the economy.

Madam Speaker, an exciting development happened this week when the newly elected Mayor of Cape Town, Executive Mayor Plato, signed a loan agreement of R1.3 bn with the KfW – the German Development bank during the recent visit of Mr Steinmeyer, the President of Germany. The loan will finance the upgrading of waste water treatment plants in Cape Town.

Another exciting development is the establishment of a special economic development infrastructure company, also known as SEDIC. The core function of SEDIC is to develop critical and large scale infrastructure for economic development. It will drive economic returns in line with broader economic strategy.

Madam Speaker, the Western Cape is committed to grow and invest aggressively in the **green economy**. Cape Town has already attracted USD 1.2 bn investments in renewable energy projects. The Western Cape is leading in the green economy and 70 per cent of SA's renewable energy manufacturing takes place in the Western Cape.

Since 2009, Madam Speaker, 600 000 more jobs were created in the Western Cape. 75 per cent of all jobs created in 2017 in South Africa, were created in the Western Cape. Jobs bring about the greatest transformation in the lives of citizens. Getting citizens into jobs, is our number one objectives.

Madam Speaker, we have seen that the Western Cape has attracted 299 direct investments to the value of USD 7.6 bn FDI between January 2008 – December 2017 creating 20 000 employment opportunities in the process.

Clean, open and transparent government creates an ecosystem for business investor confidence.

Ministers Debbie Schaeffer, Madikizela, Fritz, Winde and Marais will provide more detail in their respective budget speeches in 2019.

Provincial Strategic Goal 3 is focused on creating healthy, inclusive, safe and socially connected communities. The Western Cape Government is focused on client-centered interventions that improve physical health, safety, provides protection for the most vulnerable and build resilience to social challenges.

The Western Cape Government's approach to increase wellness, safety and tackle social ills is achieved through the following strategic objectives:

- Build inclusive, safe and healthy communities;
- Nurture resilient and healthy families;
- Ensure safe and healthy children (0 - 14 years of age); and

- Promote engaged and healthy youth (15 - 25 years of age).

Honourable Speaker, increasing wellness, safety and tackling social ills is the joint responsibility of the Western Cape Departments of Cultural Affairs and Sport, Transport and Public Works, Health, Social Development, and Community Safety. Over the 2019 MTEF, R114.2 billion will be collectively dedicated to increase wellness, safety and tackle social ills.

Ministers Marais, Fritz, Winde, Mbombo, and Grant will provide more detail during their 2019 Budget Speeches.

Provincial Strategic Goal 4 focuses on improving resilience, sustainability, quality and inclusivity of urban and rural settlements in the Province. The Western Cape Government therefore envisages an environment that promotes economic development, social equity, resilient infrastructure, improved access to services, and inclusive recreational facilities while ensuring the sustainability of the environment. This approach takes into account the protection of natural resources as well as the adjustments that are required in order to adapt to changing long term, trends. The Western Cape Government's approach to enable a resilient, quality, sustainable and inclusive living environment is achieved through the following strategic objectives:

- Facilitate improvements in Western Cape settlement development and functionality;
- Improve management and maintenance of the ecological and agricultural resource-base; and
- Improve climate change response.

Improving resilience, sustainability, quality and inclusivity of urban and rural settlements is the joint responsibility of the Western Cape Departments of Environmental Affairs and Development Planning, Agriculture, Human Settlements, as well as Transport and Public Works. Over the 2019 MTEF,

R37.759 billion will be collectively dedicated to improve resilience, sustainability, quality and inclusive urban and rural settlements.

Provincial Strategic Goal 5 focuses on transversally supporting the work of the other four PSGs by ensuring effective and efficient system of governance. A guiding principle is that good governance is a fundamental ingredient for business confidence. The Western Cape Government therefore continues to invest in the development and maintenance of an environment and systems that support good governance, connectivity, evidence-based integrated planning and coordinated delivery for maximum citizen impact.

### **Catalytic Infrastructure**

Over the 2019 MTEF, the Western Cape Government will place a particular focus on the development of the provincial economy and the creation of employment opportunities through further development and expansion of key catalytic economic infrastructure. Infrastructure investment is critical for ensuring the effective functioning of the economy and investment in key catalytic economic infrastructure enable and enhance economic growth that underpins increased economic benefits for the Western Cape.

### **Saldanha Bay Industrial Development Zone**

The development of the Saldanha Bay Industrial Development Zone (IDZ) will continue as a key driver of the Project Khulisa's Oil & Gas and Marine Engineering sector. The first elements of the customised infrastructure of the Oil & Gas and Marine Engineering hub are in place in Saldanha Bay. The IDZ is playing a catalytic role to unlock the industrialisation potential of the West Coast, and Saldanha Bay in particular. The port of Saldanha Bay is largely a greenfield, opening up the area for potential development. The region has the capabilities to service a range of vessels and equipment in offshore and maritime sectors, with a strong value chain supporting the water-based activities. Offshore and maritime sectors hold much more potential for transformative and sustainable impacts on the local economy through

leveraging extensive value chains. However, a limitation in Saldanha Bay exists, namely the skills and services that are necessary for these sectors which are not readily available in the local region.

### **Atlantis Special Economic Zone**

The Atlantis Special Economic Zone (SEZ) has been designated for the manufacturing of green technologies and related services to the Zone. The Atlantis SEZ has a green technology focus and received its designation in 2018.

The Atlantis SEZ will be the initial focus of the Special Economic Development Infrastructure Company (SEDIC).

The focus over the 2019 MTEF will be finalising the institutional arrangements for the establishment of the Atlantis SEZ and SEDIC itself; completion of a 5-year strategy and business plan; and the completion of the SEDIC legislation process. The SEDIC will develop and hold critical large-scale infrastructure for economic development. The primary purpose will be to drive economic returns in line with the broader Provincial economic strategy and sectoral objectives; and to ensure that key economic infrastructure platforms are developed to enhance competitiveness, support private sector investment, and expand and create jobs. Over the medium term, SEDIC identified the following objectives:

- Developing and managing the Atlantis SEZ;
- Facilitating and conceptualising future catalytic infrastructure projects, e.g. Cape Health Technology Park and Aerotropolis (expansion of the Cape Town International industry economic hub led by the Airports Company of South Africa);
- Creating an infrastructure-based investment climate;
- Supporting sustainable communities;

- Engaging stakeholders and partners;
- Keeping abreast of market and investor needs;
- Creating an effective and accountable organisation; and
- Strengthening economic growth and job creation.
- Digital Government Strategy

## **2018 ADJUSTED ESTIMATES OF PROVINCIAL REVENUE AND EXPENDITURE**

**Madam Speaker**, the main aim of the 2018 Adjusted Estimates is to allow for in-year and immediate service delivery challenges to be addressed, whilst still achieving the 2018 Budget outcomes and principles of fiscal consolidation and fiscal discipline. It also provides a basis for preparing for the 2019 MTEF.

The following fiscal and budget policy principles guided the 2018 Adjusted Estimates allocations:

- **Allocative efficiency**, by ensuring the sustainability of the 2018/19 financial year's expenditure, the principles of which is required to ensure that the 2019 MTEF achieves its key policy priorities.
- **Fiscal Sustainability**, by providing at least the same level of service and managing risks in a constrained economic and fiscal environment.
- **Fiscal consolidation**, through reprioritisation and surrenders to the Provincial Revenue Fund.
- **Fiscal discipline**, by ensuring that departments remain within budget limits and by avoiding unauthorised, irregular, fruitless and wasteful expenditure.

The Western Cape recently experienced one of the most severe droughts and a provincial state of drought was declared in 2017. At a national level, **R1.2 billion** has been allocated for national programmes, indirect grants and direct conditional grants to national departments, the Province and certain

municipalities. In this Adjusted Budget, the Western Cape Government received R277.1 million directly from national resources for fodder relief, livestock feed and the transport thereof, for various land care relief and infrastructure development projects, and as unforeseeable and unavoidable allocations for repair and reconstruction of 22 schools, 3 houses and 15 farms in the Bitou and Knysna area due to the fires that occurred in the area in 2017.

From the **Provincial Drought Reserve** a further R20.4 million was allocated for a summer communication campaign, food aid to agrifarm workers and farmers, to fund an emergency water supply project in Matzikama, for the appointment of geo-hydrologists. Further allocations for contract drought capacity (geo-hydrologist, engineers, etc.) is made over the 2019 MTEF. In addition, from the provincial 2018 Main Budget **Unforeseeable and Unavoidable Reserve**, R30 million has been provided for support to farmers due to the fires in the Garden Route District during October and November 2018, as well as the impact of the recent fire in the City of Cape Town.

In order to contribute to **fiscal discipline**, departments surrendered R198.2 million from compensation of employees (CoE) as part of the 2018/19 Adjusted Budget. Departments were also provided the opportunity to **realign** their budgets in 2018/19 with actual spending patterns, especially with regards to policy priority areas. In this regard, R61.144 million has been surrendered for reallocation over the 2019 MTEF. Further realignments affected within the 2018/19 financial year have been expressed as shifts within or between main divisions or shifts between votes.

In total, the adjusted budget makes provision for additional net spending amounting of **R463.3 million**, which, in addition to the aforementioned, includes, in the main, the following:

- R34.9 million for ICT related expenditure;

- R26.2 million for youth related initiatives;
- R208.1 million for building and infrastructure related projects;
- R59.7 million for transport related projects, and
- R23.3 million for various agricultural projects.

The 2018/19 own revenue to be collected has been decreased by R55.9 million, mainly due to a decrease in the Global Fund by the Department of Health.

### **MAXIMUM CITIZEN IMPACT**

Madam Speaker, as indicated earlier, MTEF 2019 is aimed at consolidating for maximum citizen maximum impact.

I am therefore Madam Speaker, pleased to announce that the 2019 MTEF consists of a total budget of approximately R210.8 billion, R5.6 billion additional funds: own funds: R4.1 billion; National R1.5 billion.

Speaker, we remain steadfast in our commitment to delivering a quality health service to the citizens of the Western Cape. I am therefore pleased to announce that the Health budget will be R77.7 billion over the 2019 MTEF. R511 million more is provided to deal with the increase in service load pressures and medical requirements.

Madam Speaker, infrastructure led growth remains a key strategy of this Government. I am therefore pleased to announce key infrastructure investment of R26.8 billion over the next 3 years which is R1.7 billion more than in the 2018 budget.

Speaker, Madam, improving education outcomes is directly linked to economic development and social cohesion. It pleases to announce that Education will receive R75 billion over the 2019 MTEF. This is R663.8 million more for teachers, text books and learner requirements.

Supporting initiatives that enable growing the economy and creating major investment in economic development and job creation remain a priority. I am therefore pleased to announce that the Atlantis SEZ, Economic Stimulus, EPWP and Agriculture will receive R442 million more.

Madam Speaker, client-centred interventions provide protection for the most vulnerable and build resilience to social challenges. I am therefore pleased to announce major additional investments into safety and public transport initiatives of R388 million more over the 2019 MTEF.

Madam Speaker, as indicated on numerous occasions this Government remains committed to infrastructure led growth. It pleases me to announce that the Western Cape Government's 10-year Infrastructure Plan invests:

- R2 billion into Tygerberg hospital
- R3.5 billion into Roads and
- R1.5 billion into Maintenance

Madam speaker it also pleases me to announce that over the 2019 MTEF:

- close to R1.2 billion is provided to deal with the drought
- R31.6 billion to create opportunities for growth and jobs
- R86 billion for youth and to improve learner outcomes
- R114 billion to improve wellness, safety and tackle social ills

R38 billion to enable resilient and sustainable living environments and human settlements and

R6.6 billion to improve service delivery and embed good governance for results in departments and municipalities and

## **CONCLUSION**

Madam Speaker allow me to conclude by extending my heartfelt gratitude to the Premier of the Western Cape, Premier Helen Zille for her leadership and the Cabinet for their support and guidance. I am indeed honoured to be part of a winning team.

My thanks and deep appreciation also goes to the Head Official of Treasury, Mr Zakariya Hoosain and his senior managers. A special word of thanks to the Head of Fiscal Services, Mr Harry Malila and the Provincial Treasury Budget Office Team.

Honourable Speaker, it is now my pleasure to table the 2018 Western Cape Medium Term Budget Policy Statement, the 2018 Western Cape Adjusted Estimates of Provincial Expenditure, the Western Cape Adjustments Appropriation Bill, 2018; Western Cape Gazette of Allocations to Municipalities and this speech for deliberation and consideration by the House.

I thank you.

Dr IH Meyer  
Minister of Finance  
Western Cape Government