

**Western Cape Government
Provincial Treasury**

2022 ESTIMATES OF PROVINCIAL REVENUE AND EXPENDITURE

**2022 OVERVIEW OF PROVINCIAL AND MUNICIPAL
INFRASTRUCTURE INVESTMENT**

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2021 ADDITIONAL ADJUSTED ESTIMATES

Speech

“A Budget to Push Forward”

Minister of Finance and Economic Opportunities

Mr D Maynier

14 March 2022

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**Speech by David Maynier,
Minister of Finance and Economic Opportunities,**

Tabling of the:

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**Western Cape Provincial Legislature,
Cape Town,
14 March 2022**

“A Budget to Push Forward”

Honourable Speaker and Deputy Speaker

Honourable Premier and Cabinet Ministers

Honourable Leader of the Opposition

Honourable Leaders of Opposition Parties

Executive Mayors and Deputy Mayors

Honourable Members of the Western Cape Provincial Parliament

Members of the Consular Corp

Heads of Department

Municipal Managers

Special Guests

People of the Western Cape

Tribute to Michael Spicer:-

I would like to begin by paying tribute to a special guest who could not join us today, and that is Michael Spicer, Chairperson of Wesgro, who passed away suddenly last week.

Michael Spicer led the Wesgro board for almost a decade with passion, with wisdom, with dedication and with energy.

He was a huge champion of keeping things practical and simple, and he was a huge champion of the private sector driving economic growth in the Western Cape.

Michael Spicer and I did not always agree, and sometimes we strongly disagreed, which is exactly why he was chairperson of Wesgro.

His last message to me from hospital was, "our chat will have to wait".

Well, I am going to miss our chats, which often took place over a glass of wine, looking out over the magnificent vineyards at his home.

And, I am going to miss his wisdom, which he so generously shared with me.

So, we extend our condolences to his wife and to his family, and we thank him for his service to the Western Cape.

Preamble on the war in Ukraine:

Today, I am a proud to be member of this provincial parliament, and I am proud to table the budget in this provincial parliament, because this is the only parliament in our country that has had the courage to take a stand, in the face of a terrible war of aggression, by swathing itself in blue and yellow, in support of the people of Ukraine.

1. Introduction

A couple of weeks ago, Premier Alan Winde delivered his State of the Province Address in Velddrift, which is the home of bikkoms, the home of rooibos and the home of the Cederberg, on the West Coast.

He reminded us that while the challenges we face are serious, and at times can seem overwhelming, we must have hope, because we must never forget that:

- we live in a special place, with the best healthcare system, the best education system, the best infrastructure, and so much natural beauty; and
- we live with special people, from all over our country, from all over our continent and from all over the world, who come here to find a better life in the Western Cape.

But, above all, he reminded us of the terrible damage caused by the Covid-19 pandemic, in which more than 20 000 people have lost their lives, and in which more than 200 000 people have lost their jobs.

And then, he called on us, all of us, to get up, to get out, to push forward and to do even better in the Western Cape.

2. “A Budget to Push Forward”

So, today, we table “A Budget to Push Forward” so that we can get up, so that we can get out, so that we can push forward and so that we can do even better in the Western Cape.

To push forward:

- we must sustain the fight against the Covid-19 pandemic;
- we must support our strategic priorities, including “Jobs”, “Safety” and “Wellbeing”;
- we must protect frontline services, including education, health and social development;
- we must improve the composition of expenditure by boosting spending on infrastructure;
- we must support vulnerable municipalities;
- we must improve the efficiency of expenditure by improving value for money in procurement;
- we must mitigate existing risks such as drought, fire and flooding, but also mitigate new risks, such as the risk of cyberattacks; and
- we must ensure the long-term fiscal sustainability of the Western Cape.

To push forward:

- **we will spend R19.6 billion over the medium term on “Jobs”;**
- **we will spend R4.4 billion over the medium term on “Safety”;**
- **we will spend R111.3 billion over the medium term on “Wellbeing”;** and
- **we will spend R30.3 billion over the medium term on infrastructure** in the Western Cape.

We have held the fiscal line and are now in a position to allocate **an additional R10.1 billion over the medium term** in the Western Cape.

To push forward:

- **we will spend an additional R6.2 billion over the medium term on education;**
- **we will spend an additional R2.4 billion over the medium term on healthcare;**
- **we will spend an additional R136 million over the medium term on social development;** and
- **we will spend an additional R2.6 billion over the medium term on infrastructure** in the Western Cape.

We do this:

- so that we give hope to people who do not have jobs, and so that we give hope to people who feel unsafe.

We do this:

- so that we give hope to people who struggle to reach their full potential, and so that we give hope to people who do not have access to good schools, clinics and roads.

We do this:

- so that, in the end, we can get up, so that we can get out, so that we can push forward, and so that we can do even better in the Western Cape.

3. We will spend a massive R229 billion over the medium term in the Western Cape

To push forward, we will spend R77.3 billion in 2022/23, R75.4 billion in 2023/24 and R76.2 billion in 2024/25 in the Western Cape.

The new Minister of Finance, Enoch Godongwana, was a provincial finance minister and understands the huge spending pressures building up in provinces like the Western Cape.

So, we are relieved that after being forced to absorb spending pressures, especially spending pressures resulting from the fight against Covid-19, national government has now stepped up and allocated an additional R6.5 billion in provincial equitable share over the medium term to the Western Cape.

We have held the fiscal line, relentlessly implementing our fiscal strategy, to make sure every cent counts in the Western Cape.

We have: -

- implemented expenditure reviews aimed at evaluating the efficiency, effectiveness and performance of programmes so that we improve the efficiency of spending; and
- successfully contained spending on compensation of employees by imposing upper limits on spending on compensation and by applying downward pressure on headcount.

We would be spending R6.0 billion per year more on compensation of employees if we spent 60.8% of our budget on compensation of employees, in the next financial year, like other provinces in South Africa.

Staggeringly, if we spent 68.7% of our budget on compensation of employees, like the Limpopo Province, we would be spending about R12.1 billion more, in the next financial year, on compensation of employees in the Western Cape.

We will also spend about R186 million per year less on ministerial offices than the average amount spent on ministerial offices by other provinces in South Africa.

Staggeringly, we will spend R628 million less than the Gauteng Province, in this financial year, on ministerial offices in the Western Cape.

Which is why we are now in a position to allocate an additional R10.1 billion over the medium term in the Western Cape.

Which includes:

- allocating an additional R6.2 billion over the medium term to education;
- allocating an additional R2.4 billion over the medium term to healthcare;
- allocating an additional R136 million over the medium term to social development; and
- allocating an additional R2.6 billion over the medium term to infrastructure in the Western Cape.

4. We will spend R134 billion over the medium term on jobs, safety and wellbeing in the Western Cape

4.1 Pandemic

We have been locked in a struggle between a virus, and a vaccine, but now, finally, it seems that the vaccine is winning in the Western Cape.

We must not, however, give up now that the end of the struggle, between the virus and the vaccine, is in sight in the Western Cape.

To push forward, we must remain prepared for a resurgence, and even a possible fifth wave of Covid-19 in the Western Cape.

So, we have:

- allocated R777 million for the health platform, which will be spent on the fight against Covid-19;
- allocated R198 million for the rollout of vaccinations, which will be spent on rolling out of vaccinations;
- allocated R17 million for communication, which will be spent on our efforts to improve vaccine uptake; and
- allocated R200 million to a contingency reserve, which will ensure that we remain flexible in our fight against Covid-19 in the Western Cape.

We know that the weapon of choice in the struggle against Covid-19 is vaccines and so we encourage people to get vaccinated, and get vaccinated fast, so that we can get up, so that we can get out, so that we can push forward, and so that we can do even better in the Western Cape.

We are prepared for a possible resurgence, and we are prepared for a possible fifth wave, and so it is imperative that the National State of Disaster be allowed to expire in South Africa.

4.2 “Jobs”

We have been hit hard by the pandemic, but we expect a gradual economic recovery in the Western Cape.

Yes, there are significant downside risks, especially with the war in Ukraine, pushing up petrol prices, pushing up food prices, and causing supply chain bottlenecks.

There are, however, also “green shoots”, including a huge investment in the expansion of Biovac, which should give us hope.

But, the fact is that too many people, do not have jobs, or have given up looking for jobs, in the Western Cape.

So, to push forward, we will spend R19.6 billion over the medium term on boosting economic growth and creating jobs in the Western Cape.

We will focus on the ease of doing business, boosting investment and exports, supporting small businesses, scaling up work opportunities and energy resilience in the Western Cape.

To push forward, we will:

- spend R67.4 million over the medium term on accelerating the ease of doing business so that we make it easier to start a business, or expand a business;
- spend R387.9 million over the medium term on boosting investment, trade and tourism promotion so that we attract investment, expand trade and scale up tourism;
- spend R288.1 million over the medium term on expanding the number of work opportunities so that young people get the work experience they need to get their first job in the Western Cape.

We do this because people who have jobs can get up, can get out, can push forward and can do even better in the Western Cape.

4.3 “Safety”

The fact is that too many people, have been victims of crime, and do not feel safe in the Western Cape.

So, to push forward, we will spend R4.4 billion over the medium term on improving safety in the Western Cape.

To push forward, we will:

- spend R1.1 billion over the medium term to support more than 1000 law enforcement officers to fight crime, especially violent crime, in crime hotspots;
- spend R43 million over the medium term to support violence prevention and the fight against the causes of crime; and
- spend R18 million over the medium term to support area-based teams to fight crime, and the causes of crime, in crime hotspots across the Western Cape.

We do this because people who feel safe can get up, can get out, can push forward and can do even better in the Western Cape.

4.4 “Wellbeing”

Too many people, especially young people, are not able to reach their full potential in the Western Cape.

So, to push forward, we will spend R111.3 billion over the medium term promoting the wellbeing of people in the Western Cape.

We will do this by investing in strong foundations, promoting emotional and physical wellbeing, meeting basic needs and promoting social cohesion in communities across the Western Cape.

So, to push forward, we will:

- spend R3.2 billion over the medium term on supporting early childhood development and strong foundations;
- spend R3.6 billion over the medium term on wellbeing by maintaining reasonable teacher:learner ratios and promoting blended learning;
- spend R9.5 billion over the medium term on meeting basic needs by focusing on providing food relief, supporting the homeless, and providing more social housing and more shelters for victims of gender-based violence; and
- spend R2.7 billion over the medium term promoting social cohesion by ensuring access to public libraries, sports facilities and arts and culture facilities.

We do this because people who reach their full potential can get up, can get out, can push forward and can do even better in the Western Cape.

4.5 “Innovation”

To push forward, we must support new ways of doing things that improve service delivery, and at the same time generate savings, in the Western Cape.

So, we will spend R52.7 million over the medium term, through the *Fiscal Transition Support Facility*, to support innovation, including developing a mobile client service system for social workers and digitizing the provincial archives in the Western Cape.

5. We will spend a total of R174.8 billion protecting education, health and social development in the Western Cape.

To push forward, we must protect spending on education, health and social development in the Western Cape.

We have allocated R83.8 billion, including an additional allocation of R6.2 billion, over the medium term to education in the Western Cape.

So that we have more teachers, more teaching assistants and more classrooms to improve education outcomes in the Western Cape.

We have allocated R84 billion, including an additional allocation of R2.4 billion, over the medium term to healthcare in the Western Cape.

So that we can fight Covid-19, tackle the backlog in surgeries and deal with mental health in the Western Cape.

We have allocated R6.9 billion, including an additional allocation of R136 million, over the medium term to social development in the Western Cape.

So that we respond to homelessness, and respond to gender-based violence, and provide food relief in the Western Cape.

6. We will spend a total of R30.3 billion over the medium term on infrastructure in the Western Cape

To push forward, we must invest in infrastructure assets such as schools, hospitals and roads in the Western Cape.

Which is why we will spend R30.3 billion over the medium term on infrastructure in the Western Cape.

And which is why we have mobilized a massive additional R2.6 billion to spend on infrastructure in the Western Cape.

We will:

- spend **an additional R737.8 million over the medium term on education infrastructure** so that we can upgrade schools and build new schools in the Western Cape.

We will:

- spend **an additional R491.5 million over the medium term on health infrastructure** so that we can upgrade health facilities and build new health facilities in the Western Cape.

We will:

- spend **an additional R870 million over the medium term on roads infrastructure** so that we can upgrade roads and build new roads in the Western Cape.

The fact is that we have committed a very significant additional R870 million to build new roads, upgrade existing roads and provide long-term certainty on roads infrastructure funding, which is so vital to driving economic growth in the Western Cape.

So, in the end, we will:

- spend a total of R7.0 billion over the medium term on education infrastructure, including the new Manenberg School of Skills;
- spend a total of R3.6 billion over the medium term on health infrastructure, including the new Swartland Hospital; and
- spend a total of R11.2 billion over the medium term on roads infrastructure, including road network upgrades for the Saldanha Bay Industrial Development Zone in the Western Cape.

So, Premier Alan Winde promised a substantial increase in spending on infrastructure, and we have delivered a substantial increase in spending on infrastructure in the Western Cape.

We are now pumping more money, significantly more money, into infrastructure, with spending on infrastructure now increasing, for the first time, in a long time, in real terms in the Western Cape.

We expect:

- **spending on existing infrastructure assets to increase over the medium term on average by 4.8% per annum;**
- **spending on new infrastructure assets to increase over the medium term on average by 54.2% per annum; and**
- **spending on infrastructure assets as a whole to increase over the medium term on average by 6.1% per annum in the Western Cape.**

To push forward, we must also invest in the preparation of infrastructure projects so that we have a pipeline of shovel-ready infrastructure projects in the Western Cape.

We will, therefore, allocate R87.7 million through the *Project Preparation Facility*, to a number of projects, including:

- providing project preparation funding for integrated social housing projects, including Stickland North, Oude Molen and Leeuloop; and
- providing project preparation funding for a possible public private partnership for the Cango Caves, which is one of the top tourism destinations in the Western Cape.

To push forward, we must also get the infrastructure management system right in the Western Cape.

So, we are now preparing to withdraw *Provincial Treasury Instruction 16B*, which will bring much needed competition to the infrastructure space, by ensuring the Department of Transport and Public Works, will be the preferred, but not the exclusive implementer, of infrastructure projects for the education department and health department in the Western Cape.

7. We will provide regular infrastructure spending performance reports to Parliament

We all have a role to play in infrastructure delivery, including most importantly the committees of this parliament, who are responsible for monitoring infrastructure spending in the Western Cape.

So, to support the committees to monitor infrastructure spending, we will:

- continue providing consolidated quarterly reports on infrastructure spending performance to the Budget Committee; and
- begin providing bespoke quarterly reports on infrastructure spending performance:
 - to the Standing Committee on Education;
 - to the Standing Committee on Health; and
 - to the Standing Committee on Transport and Public Works.

We hope these reports will support the committees to monitor infrastructure spending, and that the committees do not take the easy road, but rather take the hard road, and consider the challenges we face delivering infrastructure in the Western Cape.

8. We will spend R36 million over the medium term to beat loadshedding in the Western Cape

To push forward, we must beat loadshedding in the Western Cape.

The fact is that loadshedding, which is estimated to cost the provincial economy R75 million, per stage, per day, is killing the economy in the Western Cape.

So, we are delighted that the Executive Mayor of the City of Cape Town, Geordin Hill-Lewis, is leading a journey, by opening the first round of procurement of renewable energy from independent power producers, to ensure that we live in the first loadshedding free city in South Africa.

We will spend R36 million over the medium term on the municipal energy resilience programme, which aims to support municipalities, and the private sector, to generate, and to procure, and to sell their own power so that we can beat loadshedding in the Western Cape.

We are:

- focusing on supporting foundational energy studies, including electricity master plans, and cost of supply studies, aimed at providing a technical, and a financial basis, for energy generation, procurement and trading in municipalities;
- focusing on supporting pioneering municipal energy projects by providing transaction advisory support to ensure that projects are financially, technically and legally sound ahead of procurement processes; and

- focusing on supporting wheeling to enable the private sector to buy, sell and trade electricity across municipal grids in the Western Cape.

We know there is no “quick fix” solution, and it will take time to power up municipalities, but we must do everything we can to beat loadshedding in the Western Cape.

9. We will spend R76.8 billion over the medium term in municipalities across the Western Cape

We will spend this budget across five districts, and thirty municipalities, in the Western Cape.

We will:

- spend R8.7 billion in the Cape Winelands District;
- spend R3.8 billion in the West Coast District;
- spend R6.4 billion in the Garden Route District;
- spend R2.8 billion in the Overberg District;
- spend R989 million in the Central Karoo District; and
- spend R54.2 billion in the City of Cape Town.

To push forward, we must ensure that our municipalities are bright shining lights on the hill, driving economic growth and job creation in the Western Cape.

So, to support municipalities drive economic growth, we will soon be launching a new *Municipal Ease of Doing Business Fund*, which will allocate R10 million to projects which reduce red tape in municipalities in the Western Cape.

To push forward, we must also ensure that our municipalities are bright shining lights on the hill, championing clean government in the Western Cape.

We will, of course, not hesitate to take action if there are allegations of corruption in municipalities in the Western Cape.

So, we have allocated an additional R30 million over the medium term to strengthen our forensic investigation capability, and our legal services capability, in the municipal space in the Western Cape.

We have also implemented a mandatory intervention, in terms of Section 139(5)(c) of the Constitution, in the form of a financial recovery plan, and will now work to support the Beaufort West Municipality, to reach a funded budget position, within three years, in the Western Cape.

10. We must be the most transparent province when it comes to procurement in South Africa

To push forward, we must remain the most transparent province when it comes to procurement in South Africa.

We are the only province to publish monthly, quarterly and annual procurement disclosure reports on Covid-19 related expenditure in the Western Cape.

We recently published our twentieth monthly *Procurement Disclosure Report* on Covid-19 related expenditure in the Western Cape.

To push forward, and remain the most transparent province when it comes to procurement, we will:

- move towards publishing approved procurement plans to provide potential suppliers with information about the opportunities available to supply goods and services to provincial government;
- move towards publishing detailed information of transactions on more commodities, as we build our datasets and information processing capabilities, to expand the scope of our procurement disclosure reports; and
- move towards implementing our own dashboard system, for the disclosure of detailed information on procurement, to supplement the system currently utilized by National Treasury.

To push forward, we must improve value for money when it comes to procurement, and so we have allocated R1.5 million for a study:

- to evaluate whether we are paying premiums for goods and services;
- to evaluate why we are paying premiums for goods and services; and
- to improve value for money when it comes to procurement in the Western Cape.

We have also allocated R2 million to put systems in place to monitor any premiums paid for commodities, which have been designated for localization by national government in the Western Cape.

11. We have R1.3 billion in the provincial reserves to mitigate future risks in the Western Cape

We live in a world that is being turned upside down and so the only certainty is uncertainty in South Africa.

To mitigate existing, and new risks, in the future, we have provided a provincial reserve in the amount of R430 million in 2022/23, R550.6 million in 2023/24 and R338.6 million in 2024/25 for unforeseen and unavoidable expenditure in the Western Cape.

We have also:

- allocated an additional R6 million over the medium term to strengthen the capacity of our fire and rescue services; and
- allocated an additional R160 million over the medium term to safeguard our information infrastructure, information systems and data from cyberattacks in the Western Cape.

We must be prepared for existing risks, such as drought, flooding and fire, and for new risks, such as the risk of cyberattacks in the Western Cape.

12. We have allocated R5.4 million to understand future fiscal trends to ensure fiscal sustainability in the Western Cape

We are in a better fiscal position now, but there is a question about how long it will last because there are very serious downside risks to the economic outlook in South Africa.

We have stagnant economic growth, high inflation, huge fiscal deficits, staggering national debt, and massive debt service costs in South Africa

To compound the problem, the war in Ukraine, will push up inflation, which will put further pressure on households and businesses, which are already under pressure, in South Africa.

Which means that provincial budgets are not increasing in real terms, and they are unlikely to increase in real terms, despite the huge spending pressures building up in provinces across South Africa.

Which is why we have allocated R5.4 million to properly understand future fiscal trends so that we ensure the long-term financial sustainability of the Western Cape.

13. Conclusion

To push forward:

- we will spend R19.6 billion over the medium term on "Jobs" so that we give hope to people who do not have jobs;
- we will spend R4.4 billion over the medium term on "Safety" so that we give hope to people who feel unsafe;
- we will spend R111.3 billion over the medium term on "Wellbeing" so that we give hope to people who struggle to reach their full potential; and
- we will spend R30.3 billion over the medium term on infrastructure so that we give hope to people who do not have access to good schools, clinics and roads in the Western Cape.

To push forward:

- we will spend an additional R10.1 billion over the medium term in the Western Cape.

To push forward:

- we will spend an additional R6.2 billion over the medium term on education;
- we will spend an additional R2.4 billion over the medium term on healthcare;
- we will spend an additional R136 million over the medium term on social development; and
- we will spend an additional R2.6 billion over the medium term on infrastructure in the Western Cape.

We do this so that, in the end, we can get up, so that we can get out, so that we can push forward, and so that we can do even better in the Western Cape.

I would like to thank:

- Premier Alan Winde, and my Cabinet Colleagues, for their support;
- David Savage, and "Team Finance", for all their hard work finalizing the budget;
- Mireille Wenger, and the Programming Committee members, for accommodating the delay in tabling the budget; and
- Cayley Green, and the ministerial staff, for their grace under pressure as we finalized the budget.

So, it gives me great pleasure to table:

- the 2022 Overview of Provincial Revenue and Expenditure;
- the 2022 Overview of Provincial and Municipal Infrastructure Investment;
- the 2022 Estimates of Provincial Revenue and Expenditure;
- the 2022 Western Cape Appropriation Bill;
- the 2022 Provincial Gazette of Allocations to Municipalities; and
- my speech for discussion and deliberation in the provincial parliament in the Western Cape.

Let me end, by saying that today, I am also proud to be a member of this provincial executive because this is also the only provincial executive in our country to have the courage to take a stand in the face of a terrible war of aggression in support of the people of Ukraine.

Premier Alan Winde has been clear that:

"We cannot and will not remain silent in the face of an international crisis that threatens the very foundation of our liberal international order."

He has also been clear that:

- no Russian Federation diplomats will be invited to any events or meetings organized by the Western Cape Government; and
- no Western Cape Government ministers or officials will attend any events or meetings with the Russian Federation.

The truth is that this war of aggression has drawn a line down the middle of South Africa.

So let us not forget that, now, more-than-ever our role is:

- to stand up for freedom, when so many stand-by in the face of wars of aggression;
- to stand up for open, diverse and tolerant societies, when so many stand-by in the face of narrow nationalism, populism and xenophobia;
- to stand up for free markets, when so many stand-by in the face of development plans, master plans, job reservation and localization; and
- to stand up for compassion and tolerance, when so many stand-by in the face of intolerance and hate in South Africa.

George Bernard Shaw, pointed out that:

*"The reasonable man adapts himself to the world. The unreasonable one persists in trying to adapt the world to himself. Therefore, all progress depends on the unreasonable man."*¹

So, let us push forward and be unreasonable by standing up for freedom, by standing up for open, diverse and tolerant societies, by standing up for free markets and by standing up for compassion and tolerance in South Africa.

Because if we do not, nobody else will, in South Africa.

[Words: 4824]

¹ Samantha Power, *A Problem for Hell: America and the Age of Genocide*, (New York: Harper, 2003), p. 516.