

**Western Cape Government
Provincial Treasury**

BUDGET 2013 SPEECH

**Minister of Finance, Economic Development
and Tourism**

A Winde

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Honourable Premier

Honourable Speaker

Honourable members of the Provincial Cabinet

The Honourable Leader of the Opposition

Honourable Members of the Provincial Legislature

Heads of Provincial Departments

The nearly 80 000 staff members of the Western Cape Government

Our special guests today, which include entrepreneurs and students

And the 5.8 million citizens of our Province

A budget to build a growing economy that belongs to us all

Welcome to everyone here today. Mr Speaker, this is the fourth time that I am standing before this house to table the budget of the Western Cape Government. In this, the last full year of our current term of office, it is a particular honour for me to address you.

While the distinctive nature of our region may add to our sense of identity, each and every Western Cape resident is, first and foremost, a South African. As South African citizens, we are bound together by a set of values enshrined in the founding document of our democracy - our Constitution. Through our collective endorsement of this document, we have agreed to walk the path together, every one of us fulfilling the duties and responsibilities of citizenship, to create a Republic that is based on democratic values, social justice and fundamental human rights.

This same notion is expressed in the National Development Plan, which calls on us to form a social compact to reduce poverty and inequality. I would like to extend an invitation to the honourable members on the other side of the house, and to all the leaders present here today, to join hands and work with

us to give effect to the NDP in the interests of all the people that we serve. Through a joint approach, we can get it right.

Mr Speaker, while we have secured many achievements, we still have a long way to go. We are ready to play our part.

In line with the NDP, to address our challenges, we will focus on:

- Uniting our people around a common programme to achieve prosperity and equity;
- Promoting active citizenry to strengthen development, democracy and accountability;
- Bringing about faster economic growth, higher investment and greater labour absorption;
- Focusing on the key capabilities of our people and the state;
- Building a capable state; and
- Encouraging strong leadership throughout society to work together to solve problems.

These priorities align with our own vision as outlined in our Provincial Strategic Objectives.

In the year ahead, we have dedicated our budget to driving these priorities because they will create a better and more inclusive South Africa for us all. Through this budget, we aim to take great strides, in partnership with everyone in our Province, toward a society based on democratic values, social justice and fundamental human rights.

Economic context

Mr Speaker, for the fourth consecutive year we have been required to devise our budget in a constrained fiscal environment. We remain committed to doing more with less.

Globally, growth in 2012 slowed to 3.2 per cent. Despite initial optimism, advanced economies – especially in the US and Eurozone - performed below

expectation. Weaknesses in these economies are likely to drive down disposable income in the first world, presenting a risk to our exports.

The outlook for emerging market economies is more optimistic.

In line with this, strong growth is forecast for Sub-Saharan Africa. In 2013, the region is expected to achieve growth of 5.8 per cent. Around the world, investors are turning their focus to the world's fastest growing economies, many of which are to be found in Africa, because with annual consumption predicted to reach \$30 trillion by 2025, they offer enormous potential for competitive returns.

If South Africa does not work urgently to follow in the footsteps of its neighbours and fellow BRICs countries by putting policies in place that foster growth and jobs, it risks losing out on these opportunities.

In 2012, our country achieved economic growth of 2.4 per cent. More people are unemployed in our country today than one year ago. Our primary sectors - mining in particular – presented the largest drag on GDP growth.

As outlined in the 2011 Census, the Western Cape Province is now home to 5.8 million residents. We have experienced population growth of 29 per cent since 2001.

Agriculture is a key driver of our regional economy. It accounted for 22.6 per cent of the national economy's value added in this sector in 2011. The violent labour protests in late 2012 and early 2013 will have negative implications for production over that period. In addition, the 52 per cent increase in minimum wages for farmworkers, which came into effect on the 1st of March 2013, could result in the loss of jobs and more rapid mechanisation of the farming process – a major setback for our rural areas.

In 2012, the Western Cape is estimated to achieve economic growth of 3 per cent, marginally higher than the 2.4 per cent achieved nationally. The key growth sectors driving our economy remain the secondary and tertiary sectors: finance, real estate and business services sector and the wholesale and retail trade, catering and accommodation sector. The Province continues to lose traction in the primary sectors, creating a challenge for us in terms of creating employment opportunities for those who are unskilled and semi-skilled.

In the fourth quarter of 2012, there were 573 000 unemployed people in our Province, almost 70 per cent of whom are between the ages of 15 and 34. Young people and those without a matric qualification continue to be our most vulnerable citizens, a situation which is unlikely to correct itself and requires measured intervention.

In order to foster a positive investment climate in the Western Cape economy and set ourselves on an elevated growth trajectory, we will spend a higher percentage of our budget on capital as opposed to operational expenditure. This will give more people in our Province opportunities to participate in our economy.

Mr Speaker, we live in an uncertain economic environment, and provinces have been alerted to the fact that they need to buffer themselves against a reduction in national transfers in future years. In order to insulate our Province against potential future external shocks and the stubbornly slow economic environment, we will set aside a contingency reserve, particularly in the two outer financial years.

I will now proceed to outline some of the key expenditure items that we are putting forward in Budget 2013 through which we believe we will achieve higher growth and jobs and improve our administrative capacity. Many of them are in line with the Democratic Alliance's Alternative Budget and policies, documents which we fully support and will work to implement as far as possible in this Province which we govern.

Creating job opportunities to encourage economic inclusion

Mr Speaker, as mentioned earlier, the biggest challenge our communities face is unemployment.

The National Development Plan states that to eliminate poverty and reduce inequality, South Africa has to raise levels of employment and, through productivity growth, the earnings of working people.

The Western Cape Government is ready to play its part by extending to its citizens opportunities to become actively employed.

This year, in collaboration with the national government and municipalities in our Province, we will progressively upscale work opportunities through the Expanded Public Works Programme. Over the 2013 MTEF, together we will

sustain more than a quarter of a million EPWP jobs in the infrastructure, social, economic and environmental sectors. Out of provincial resources, we have very nearly doubled the national incentive grant for EPWP, raising the total contribution from own resources to almost R140 million over the next three years. Primarily, the EPWP beneficiaries will assist us to build roads, education and health care infrastructure. Others will be trained to become Neighbourhood Watch coordinators, to work in our CapeNature Reserves, assist as coaches at our after-school sports and culture centres as well as provide home-based caring for the elderly and infirm. Through the EPWP programme and other funding sources, we will also create employment opportunities for additional fire-fighters.

Over the next three years, we will spend over R112.201 million – R65.138 million of which was awarded by the Jobs Fund – on three flagship skills interventions for unemployed youth.

Firstly, we will ramp up our highly successful Work and Skills Programme, our version of the Youth Wage Subsidy. Through this programme, we will create 3 000 at-work training opportunities for unemployed young people with a matric or equivalent who are willing and eager to learn. Historically, 60 per cent of participants who enter this programme, many of whom are from rural areas, are eventually permanently employed by their host companies.

Through the Artisan programme, we will train and place 200 artisans in key sectors, such as the Oil and Gas industry, which are in high demand for their skills.

Finally, through the CAPACITI 1000 programme, we will retrain 100 unemployed post-graduate students in Business Analysis this year – a skill desperately needed by the financial services sector of our economy which has been outsourcing positions to foreign nationals.

This year, we will fund the creation of a further 678 Premier's Advancement of Youth (PAY) project interns. Through this programme, young people are given the opportunity to complete paid internships in provincial government departments where they are also subjected to the rigours of a strict work environment. Because they have work experience, these young people are being head hunted by, amongst others, the BPO sector for jobs in the call centre industry.

We will also continue to support job creation through the Masakh'iSizwe Programme which provides bursaries for young people in the engineering and built environment sector. In the year ahead, we aim to extend this programme to the water sector.

The Western Cape Economic Development Partnership, a non-partisan body initiated by the Western Cape Government to devise a single brand and economic development strategy for the Province, is due to table before Cabinet this month its proposition paper on creating Paths to Employment and Enterprise. For this, and other projects including the development and implementation of a Regional Economic Performance Index, the EDP receives R8.696 million in 2013/14.

The above initiatives, in addition to others, will assist many young and unemployed people to gain footholds into the economy, to take the first steps on the path toward better lives and assisting us to create a more competitive region.

Education is everything

We have put our job creation programmes in place in large part to assist those who need extra help to become employed. In many instances, they find it difficult to get work on their own because they did not have the opportunity to complete schooling and don't have the skills needed by our economy.

Mr Speaker, in today's world, nothing can substitute for quality education. A good education, in which the learner, parents, teachers and principal are fully invested, is the one thing that can change a whole family's destiny in one generation. That is why over the 2013 medium term, we are investing R49.028 billion – over a third of our budget – in improving our education outcomes and providing greater access to quality education across our Province. While we have made significant gains in turning our education system around, as detailed by the Premier in her opening address to this house, there is still some way to go.

To address our priority areas, we have dedicated our resources toward helping our learners achieve better language and mathematics results, improving the quality and number of our National Senior Certificate passes and reducing the number of under-performing schools in our region.

To better prepare our young children to take on the challenges of their first year of school, we are working toward achieving the universal roll out of Grade R in all parts of the Province by 2014. In the 2013 MTEF, the Education Department's Early Childhood Development Programme receives R1.577 billion, which includes an additional R79.602 million in the outer year for extra teachers to support the development of the Province's 65 000 enrolled Grade R learners.

Speaker, an extra R100.645 million in the outer year of the 2013 MTEF has been provided for extra teachers across all grades in our poorest schools. We will offer these students a higher level of support by reducing the teacher:learner ratio in their classrooms.

As families move out of rural areas to seek economic opportunities in cities, a number of our urban schools are facing a great challenge to accommodate all our learners. Between 2010 and 2012, over 20 000 additional learners were enrolled in our public ordinary schools. We have therefore ramped up our investment in new schools, replacement structures, infrastructure maintenance and extra mobile and fixed classrooms. This programme, which will run over the next three years, receives R3.170 billion.

Improving our grade 1 and nine pass rate and retaining more learners in grade 10 to 12 is another priority of the Education Department. Over the coming year, we will dedicate additional resources toward addressing this.

To ensure that our schools remain accountable, we have instituted tailored School Improvement Plans across the Province that we monitor electronically on a regular basis. Through these personalised plans, we will ensure that our schools are making progress in providing a better quality of education to our learners.

Healthy citizens are ready for work

Speaker, the ability of our people to become active players in our economy is highly dependent on their level of wellness. To promote growth and jobs, we must ensure that our citizens are ready for work.

In the Western Cape, it is estimated that 78 per cent of the population cannot afford access to private health care. In 2013, these residents will produce over 18 million patient visits at our public health care institutions.

In the 2013 MTEF, we have dedicated over R50 billion – the largest chunk of this government's budget - toward meeting the wellness needs of those without private health care in our Province. While some may celebrate this figure as an achievement, Mr Speaker, it is actually a tragedy, for roughly 80 per cent of it will be spent on managing illnesses and injuries that arise as a result of poor choices and are entirely preventable through more responsible behaviour.

That is why we are investing in a special programme to promote behavioural change. Through the Department of the Premier, this programme receives a budget of R1 million in 2013 to investigate and develop ways to encourage our citizens to become more responsible in the way that they conduct their daily lives.

To offset the rising demands placed on our health care services, in the medium term we have set aside funding to provide for the operationalisation of new health facilities in Du Noon, Delft, Knysna and Hermanus. We have also set aside funding for the development of a 72-hour psychiatric ward at the Mitchell's Plain hospital and a new Emergency Medical Services Computer Aided Dispatch System through which we aim to improve the response rates of our medical personnel.

We will also place added emphasis on preventing, detecting and managing chronic disease.

In 2013, we will supply anti-retroviral treatment to almost 158 000 HIV positive citizens so that they may continue to live productive and dignified lives. We will also work to further reduce the rate of mother-to-child-transmission of HIV in our Province, which is already the lowest in the country at only 1.9 per cent.

To improve women and child wellness in the Province, we will screen 88 000 women for cervical cancer, provide neonatal classes to 60 000 pregnant women and vaccinate over 100 000 infants in respect of the full immunisation schedule.

And finally, an amount of R33.327 million over the next three years has been dedicated toward the roll out of an improved diagnostic test for Tuberculosis, a disease which remains rife in Western Cape communities.

Through this budget our HealthCare 2020 plan gets a further boost, I am hopeful that will be able to make a meaningful impact on the quality of our health care offering and the level of service we provide to our patients. To address the latter, we have established a hotline to which patients can report any service delivery complaints and are achieving a 97 per cent resolution rate of these calls.

Delivery of social services to afford dignity to our citizens

Speaker, it is the duty of state, as outlined in our Constitution, to provide a safety net for those that cannot support themselves and their dependants.

Through the Department of Social Development, which receives an allocation of R5.1 billion over the 2013 MTEF, we will make a concerted effort to extend quality social assistance to the poorest members of our community.

The main delivery vehicles for social services in our Province are the nearly 1 300 NGOs that we support. While many of them perform a valuable function, a few of them are unable to adequately account for the funds that we supply them with to do this work. That is why, over the coming year, we will invest resources toward providing financial, administrative and governance training to our NGOs. This will not only assist them to become more sustainable, it will also assist them to achieve better value for money and better outcomes.

Speaker, we are as committed as ever to building an inclusive and caring society. It is only through active citizenship – our collective effort - that we will truly address the affront to human dignity suffered by so many in our Province on a daily basis.

Our first priority must be to prevent our most impoverished from turning to substance abuse to escape their circumstances. Drugs and alcohol are an insidious threat to our communities, and to our ability to boost our economy through the active participation of all.

In the coming year, we will invest R81.437 million in our substance abuse programme. Through this programme, we will provide prevention and treatment interventions for our people. We will expand our community-based treatment centres and residential treatment offering paying special focus to our rural and informal areas where these interventions are needed most.

We will also give significantly more resources in support of disabled people in our society. In 2012, we identified capacity constraints at our centres for intellectually disabled children which we will work to address in the year ahead. Funding of R9.460 million has been ring-fenced to provide for additional caregivers at these centres for the next three years. Through the Department of Education, we have allocated R5 million so that we can employ multidisciplinary teams to 44 centres. We will also improve the general living conditions at selected centres, an initiative which has been provided for under the budget of the Department of Public Works.

Through the Department of Health, we will significantly increase the provision of assistive devices to those with disabilities, with a focus on cochlear implants to address hearing impediments. Through the work of many of our departments, we are making a tangible difference to the quality of life of the citizens of our Province.

Speaker, over the coming year, we will also offer a range of human settlement opportunities to our people. Within our limited budget, we cannot meet the demand for free housing of the type that we currently supply, and will look toward developing innovative solutions to address the realities faced by our residents, especially in our informal settlements. In particular, we will look toward reducing the threat of fire, flooding as well as the unhygienic circumstances that arise due to the high density of these areas through alternative and greener housing structures.

We will also explore innovative ways to provide an increased number of households with access to basic services by encouraging municipalities to upgrade existing informal settlements in their Human Settlement Plans. We will also seek to eradicate the backlog of Title Deeds subsidy beneficiaries who have not yet received ownership of their properties.

In the short term, we are determined to create an environment that gives more of our residents the economic wherewithal to buy their own homes. We also aim to expand the provision of gap market housing opportunities for citizens earning between R3 500 and R15 000 a month. To achieve this, the Department has entered into an agreement with the National Housing Finance Corporation which will enable it to plan for the provision of sites to be developed for those benefitting from the Finance Linked Individual Subsidy Programme. An amount of R30 million has been set aside for this purpose.

The national government Human Development Settlement Grant, which supplies 90 per cent of the funding for this department, does not fully respond to the shifts witnessed in Census 2011, and the funding formula will be reviewed affecting allocations in the outer years.

In the forthcoming financial year, the Department of Human Settlements receives an allocation of R2.149 billion. In partnership with accredited municipalities, we aim to deliver 7 012 serviced sites and 12 102 houses in the coming year, 4 468 of which are through the People's Housing Process (PHP). The PHP actively involves beneficiaries in the decision making and building of their own homes, affording them a greater sense of responsibility and ownership.

The 2011 Census revealed large shifts toward urban areas, creating an increased need for housing opportunities in these areas. In line with this, we are developing a densification policy that is focused on mixed residential units. We will also work closely with banks and the private sector to close the gap in the property market through an increased number of rental opportunities. In the Cape Town metro, we are facilitating the development of new social housing rental projects through partnerships with accredited Social Housing Institutions and the private sector. In the forthcoming financial year, we will commence with the construction of 450 units of this nature in areas such as Steenberg, Scottsdene and Elsie's River.

In order to make our Province a safer place in which to live, work, learn and relax, we have allocated R1.234 billion to the Department of Community Safety over the 2013 MTEF. We agree with the NDP, which states that safety is not only a necessary condition for improved quality of life, it also plays a crucial role in enhancing productivity. When communities live in fear, their ability to achieve their full potential is diminished.

News headlines over the past few weeks have raised our consciousness around the environment in which we live. Our policemen and women work under extremely challenging conditions on a daily basis. The source of criminality in our Province has many deep-seated causes, led largely by poverty, substance abuse and the breakdown of the family unit. To address these challenges will require a whole-of-society approach.

In the coming year, we will continue to pursue the passing of the Community Safety Bill which we developed in 2012 to regulate and strengthen our oversight responsibilities with regard to the South African Police Service. This Bill, which will contribute to the improvement of our police services by giving them the support they need to address the challenges they face, is expected to be promulgated within the coming months. To further strengthen our monitoring over the prevention and punishment of crime, we have begun to compile Watching Briefs of high impact courtroom proceedings to assess where the fault lines in policing procedure occur that allow criminals to go free.

Over the medium term, we will also conduct an evaluation of policing in the Province through a process of regular inspections of every single police station in the Western Cape. We will compose reports on these visits and follow up on our findings to ensure that these services are improved.

In partnership with the Safety Lab, we will look at developing new and innovative solutions and credible data to meet the safety challenges that plague our communities. We will also contribute additional resources toward Neighbourhood Watch and Youth for Safety programmes. Members of these programmes will be placed within policing precincts and City Improvement Districts to contribute toward achieving safer environments for our citizens.

Through the Department of Cultural Affairs & Sport, which receives an allocation of R445.309 million in 2013/14, we will contribute to a socially inclusive, creative and active Western Cape.

The flagship programme of this department is its 181 Mass Opportunity and Development (MOD) centres. Through the MOD Centre programme, which receives an additional boost of R24 million over the 2013 MTEF, we will provide after-school sport, recreation, life skills programmes for school-going youth and dedicated facilities for them to complete their school homework. In the coming financial year, we will strengthen 32 of the Province's best performing MOD centres with additional staff and sport coaches.

To promote a reading culture and improve our literacy rates, we will invest R188 million in 2013/14, R255 million in 2014/15 and R299 million in 2015/16 toward enhancing the Province's 348 library service points. A significant portion of this will be funded through a ramped up conditional grant from the National Treasury, which was achieved through the endeavours of

Minister Gordhan and his team, some of whom are present today, and to whom I would like to extend my sincere thanks. In addition to our regular services, this allocation will support a growing number of Wheelie Wagon libraries which supply library services to communities in the most far-reaching areas of our Province. Total library membership is close to a quarter of the Province's population, a figure which we hope to increase through the provision of up-to-date products and internet access points in these spaces for public use.

Through this department, we will also support a number of Arts and Culture organisations that are mandated to identify, develop and showcase the local talent of our citizens through festivals and special events.

All of the above projects will go some way toward addressing the many challenges that our people face on a daily basis.

In its final report, the National Development Plan states that the responsibility for improving our lives does not rest solely with government. But, to translate this plan in to action will require a change in the way that government works. We will have to take an active role in leading the change toward a better future in combination with an active citizenry.

Empowering our businesses by growing our economic competitiveness

Speaker, it is a fact that over three-quarters of start-up businesses does not reach their third year of existence. Yet, we rely on this sector to drive our economy.

In 2013/14, we will continue with and expand our programmes in support of small business.

Through 19 Partnership Network centres across the Province, the Western Cape Government, in partnership with the Small Enterprise Development Agency, DTI and local one-stop business support centres, we will provide advice to new and emerging SMMEs on matters ranging from the development of business plans to how to apply for finance – some of whom will qualify for our newly launched R24.250 million Enterprise Development Fund - or incentive grants. In 2013/14, we are aiming to provide meaningful support to hundreds of businesses through this joint venture.

Through Wesgro, our trade, investment and destination marketing agency, we will also offer SMMEs training programmes on how to export their products. South African entrepreneurs deliver highly innovative products, many of which are desired in other parts of the world. Wesgro will also play a critical role in improving the general competitiveness of the Western Cape economy by marketing our region in key strategic locations. In 2013/14, this entity receives an allocation of R18.864 million to promote our competitive sectors – including Tourism, Oil and Gas, the Green Economy, Business Process Outsourcing, ICT and most importantly, Agriculture – in high growth African, BRICS, Eastern and traditional market economies.

Speaker, our Agriculture sector – one of our most low-skilled labour intensive industries - has been hard hit by human and natural incidences in the past few years. We have witnessed floods, drought, Avian Flu and Horse Sickness as well as mass strike action in our wine and fruit industry. To stave off job losses in this sector as best we can, we have instituted a number of programmes to assist both our farmworkers and our farmers so that they can continue to play an important role in our economy.

Over the 2013 MTEF, the Department of Agriculture receives R1.917 billion to target 10 per cent growth in this sector by 2020.

R67.616 million of this allocation will be directed toward improving our Veterinarian Services to ensure that we are able to conduct effective and reputable certification and inspections of our livestock. Through this programme, we will do everything in our power to avoid a repeat of the mass culling of our animals that has taken place in the recent past.

Through the work of this department, we will also prioritise the success of our land reform projects. In 2011, a departmental survey indicated that more than 70 per cent of land reform farms supported by the department have secured markets, have record keeping and financial management systems in place and are operating according to business plans. Only 38 per cent, however, are compliant with labour law and only 50 per cent are tax compliant. In order to assist our land reform farmers to address these challenges, we will provide them with financial and labour relations management training.

To offset some of the damage caused to our wine and fruit industries as a result of the recession and recent labour disputes, we will provide financial support toward the pursuit of ethical trade programmes in these industries. We will also embark on a farm worker development programme that will offer life skills training and development programmes to over 1 900 farm workers in our Province.

Due to the structural changes that this sector is facing, we will refocus our programmes toward technical skills enhancement and development. We will also compile a database of all the farmworkers living on farms in our Province. This will enable us to identify and monitor their social needs to ensure that we offer appropriate policy responses to the challenges they face.

To ensure the sustainability of our future and create jobs for generations to come, we will invest in the protection of our environment and promotion of our green economy. In the coming year - amongst many other initiatives to maintain sustainable development, manage our pollution and solid waste and protect our biodiversity - the Department of Environmental Affairs and Development Planning will embark on a process to improve the water quality of the Berg River. The Berg River Improvement Plan will provide communities of the area with a sustainable supply of quality water from a primary river system. An amount of R7.720 million has been set aside for this project in 2013/14.

In the coming year, we will also table for the approval of this house the Draft Land Use Planning Bill. Through this Bill, we will create the platform for the coordinated implementation of all environmental and planning legislation relevant to our Province and country.

Speaker, in support of growing the competitiveness of our region, we will also extend the mandate of one of this government's flagship ventures – the Red Tape Unit. This unit works in partnership with other spheres of government to reduce or remove those factors that hinder business activity in our Province. In the coming year, the Red Tape team will work closely with relevant local and provincial departments to conduct a Red Tape Regulatory Impact Assessment. Once this report has been produced, we will look closely at funding solutions that will break down the identified barriers to business so that more people will invest in our region and produce more jobs. On Tuesday this week, we had the privilege of presenting this programme, as well as the Work

and Skills programme, MOD Centre programme and others to the Commissioners of the NDP as Western Cape pilot projects that are aligned to their plan.

Building for infrastructure to grow our economy

Speaker, the surest way to drive economic activity, especially in times of hardship, is to invest in infrastructure.

That is why I am pleased to announce that over the 2013 MTEF, we will increase our infrastructure budget from R3.3 billion to R5.5 billion.

Premier, in your State of the Province Address, you provided a detailed update on the game-changing infrastructure plan that we announced last year aimed at attracting investment and creating jobs.

You highlighted our Broadband Project, which is set to receive an additional R436.665 million over the 2013 MTEF (almost half a billion rand!) to deliver high speed internet to government buildings, schools and public libraries. In the year ahead, we will also roll out our pilot Wireless Mesh project in Khayelitsha, Mitchells Plain and Saldanha Bay. By 2020, we plan to have rolled out broadband to every citizen of this Province – a project which will require massive public investment.

Premier, you also mentioned that in the months ahead, the Saldanha Bay IDZ is likely to receive official designation. Already, this project is having an economic impact on this small rural town and its surrounds. We look forward to receiving more information from the National Government on proposed new incentives for youth and general employment within the bounds of IDZs.

To connect rural areas to our economic centres, to encourage tourism across the Province and to increase the number of kilometres that citizens travel on good roads, we will spend more than R1.7 billion in the coming year on the construction of new roads and the maintenance of our existing roads. New road infrastructure projects over the medium to long term include the Wingfield Interchange, the upgrade of the divisional road between Gansbaai and Elim, and the road network that will ensure the success of the Saldanha Bay IDZ.

I am pleased to inform this house that the Regeneration Programme and Catalytic Infrastructure Programme – two of the flagship initiatives of this government – are well underway.

Speaker, I am also pleased to announce today that in this budget, we have set aside funding to undertake four regional socio-economic projects that will harness the unique development potential of selected areas in our Province. Given our history as a nation, poverty is largely spatially divided, a situation that we must make a concerted effort to address this in the interests of all our citizens. We need a planned, contextualised and uniform approach by both government and the private sector, an approach that is based on crowding in rather than crowding out initiatives. Through these projects, in the coming months, we will identify critical areas for capacity building, market access and socio-economic infrastructure that will make our areas work. Due to the particular challenges these areas face, we have selected Witzenberg, George, Saldanha Bay and Nyanga to form part of this project in its first stage. Over the medium term we have set aside R75 million for this project.

In total, the amount we are spending on public works infrastructure will create an estimated 100 000 jobs over the 2013 MTEF.

We also welcome the draft Infrastructure Development Bill proposed by the National Government which aims to fast track the building of key strategic integrated projects with high economic value across the country. This proposed legislation also signals willingness by government to invest more regularly in the maintenance of existing infrastructure which is crucial for securing international investment.

Becoming a capable, professional state that is free from corruption

Speaker, underpinning all our initiatives to provide services to the people of our Province, is our goal of becoming the best run regional government in the world. For us, that means becoming a more capable and more professional state that is completely free from all forms of corruption. A society with a corruption-free and transparent government will create an atmosphere that is more favourable to investment and economic growth. This will create more jobs and wealth for all South Africans.

Through the Department of the Premier, which receives an allocation of R853.843 million in 2013/14, we will build a solid foundation for the cost-effective delivery of services to our citizens.

Funding housed under this department will also provide for the shared Corporate Services Centre, Centre for E-innovation and Forensic Investigation Unit, through which we will investigate and address all instances of corruption. We will also target improved records management and systems that will better our decision making processes.

Over the 2013 MTEF, the Provincial Treasury receives an allocation of R1.672 billion, which includes the allocation for special development projects which amounts to R1.053 billion. R29 million will be spent over this period to create additional capacity so that we can progressively raise the bar on the Province's financial governance standards.

This year, the department will focus on ensuring conformance to all the relevant prescripts of financial governance and improving the fiscal performance of Western Cape departments, public entities and municipalities. We will also investigate the development of strategic sourcing strategies for transversal high spend commodities to improve the value that government attains for its budget. To ensure that more of our small businesses are economically empowered and that government's resources are divested more widely to create opportunities, we will continue to roll out our supplier open days which provide training to new and emerging SMMEs as to how to tender for government business.

An allocation of over R1 billion in the 2013 MTEF is housed within the budget of the Provincial Treasury for some of the special projects I have mentioned in this speech. This funding will be dispersed once implementation plans for these projects have been fully approved.

The Department of Local Government has a key role to play in building the capacity of our municipalities' to manage their resources professionally. Through this department, we will give dedicated capacity training to key municipal staff with a focus on the financial portfolios. To strengthen access to government services in all areas of our Province, in 2013/14 we will improve the efficiency of our Thusong Centres and Thusong Outreach Programme. With its allocation of R551.951 million over the 2013 MTEF, the department aims

to achieve its vision of developmental and well governed municipalities with integrated, sustainable and empowered communities.

Funding Budget 2013

Mr Speaker, in today's speech I have listed just some of the key initiatives that we will embark on in the coming year to bring more people into our economy so that they can live better lives. We have many other plans, which I have been unable to list due to time constraints. I trust that my Cabinet colleagues will provide further details in their individual vote speeches.

The Western Cape Government will finance its proposed expenditure via three sources. The vast majority – over 95 per cent – will be funded through the Provincial Equitable Share and conditional grants from the national government. The remainder will be sourced from the Asset Financing Reserve and Provincial Own Receipts, the latter of which accounts for 4.88 per cent of the total budget.

Our total estimated income for the coming year is R43.906 billion, which is R3.026 billion, or 6.89 per cent, more than last year's revised estimate. Conditional grants amount to R9.589 billion in 2013/14.

This Province receives R2.163 billion in infrastructure grants, which must be split three ways – R573.237 million to roads, R960.465 million to education and R629.786 million to health.

Provincial own receipts are expected to increase to R2.078 billion this year, of which the main contributors are motor vehicle licence fees, revenue from casino and horse racing taxes and hospital fees.

As mentioned previously, Mr Speaker, the results of Census 2011 indicate that between 2001 and 2011, the Western Cape population increased by 29 per cent compared with an increase of 15.5 per cent for South Africa as a whole.

These changes have resulted in the Western Cape's share of the Provincial Equitable Share increasing from 9.4 per cent to 10 per cent, to be phased in over the 2013 MTEF. As a result the Provincial Equitable Share transfers to the Province increase by R7.189 billion over the 2013 MTEF. This additional funding will add immeasurably to our ability to provide service delivery to all our people.

PES transfers to the Western Cape increase by an average annual of 9.46 per cent from R29.119 billion in 2012/13 to R32.175 billion in 2013/14, R35.054 billion in 2014/15 and R38.186 billion in 2015/16.

Last year, through a regulation in our liquor legislation, we increased the fees that liquor outlets must pay when applying for temporary and permanent liquor licences. We have done this to bring our liquor licence application fees into line with those of other provinces and to account for inflation.

Speaker, you may recall that my Department recently published draft legislation dealing with exclusivity within the casino industry in the Province. Comments have been received from a number of interested parties, mostly from the casino industry. Following the comments received we have decided not to pursue the issue of exclusivity. Indeed, four of the five exclusivity periods have already ended with the last licence due to expire in May 2016.

We have taken the decision to split the issue of the relocation of one of the outlying casinos to the metropolitan area and taxes, which were previously combined, into separate processes. The Western Cape Eighteenth Gambling and Racing Amendment Bill, 2013 which will be tabled today, deals with amendments to the Western Cape Gambling and Racing Act, 1996 (Act 4 of 1996) so as to increase the rate of tax payable by the holders of casino operator licences by a 2 percentage point flat tax rate increase on each of the six tax bands. The amendment proposes increases to both the amount of tax and the percentage of the taxable revenue payable. Additional taxation that will accrue to the Provincial Revenue Fund as a result of the proposed changes is estimated to amount to R25 million per annum.

Parliament will be approached at a later stage to deal with the issue of the relocation of one of the outlying casinos into the Metro.

Speaker, in summary, over 80 per cent of our budget will once again be utilised to deliver social services and a safety net to the poor.

Conclusion

The Western Cape Government has focused its efforts on growing the economy and creating jobs because we believe that creating jobs is the surest and most sustainable path toward the social and economic inclusion of our citizens. By becoming empowered, they will be able to live lives of dignity.

Success requires of each and every private citizen, employer and employee, non-governmental worker and civil servant to become a direct participant in his or her own development.

As I stated when I began this speech, it also required of all of us – this Province's leaders - to take hands in the interests of encouraging better lives for all our people.

I would like to extend my sincere appreciation to Premier Zille for her unwavering support and leadership, and to my Cabinet colleagues who have the task ahead of them of making this budget a reality.

I would also like to extend my sincere thanks to Dr JC Stegmann, the head of the Provincial Treasury, and his team for the invaluable work they have put into the construction of Budget 2013. Putting together a budget that truly addresses poverty, incentivises growth and works toward the social inclusion of all our people is no mean feat.

I would also like to extend my appreciation to my team at the Ministry for their continued support – day in and day out.

I believe that through this budget, together we will take giant strides in bridging the divide between the values of our Constitution and the reality in which we live.

Speaker, it gives me great pleasure to table the 2013 Overview of Provincial Revenue and Expenditure, Estimates of Provincial Revenue and Expenditure, the Western Cape Appropriation Bill, the Western Cape Gazette of Allocations to municipalities, and this Speech, for discussion and consideration by this House.

I thank you.