



GAUTENG PROVINCE

PROVINCIAL TREASURY
REPUBLIC OF SOUTH AFRICA

Madam Speaker and Deputy Speaker
Premier David Makhura
Fellow members of the Executive Council
Chief Whip
Leaders of Political Parties
Members of the Provincial Legislature
MMCs of Finance and Councillors
Representatives from the Auditor General's Office
Senior Officials of Government and Municipalities
Representatives of Business, Organised Labour, and Civil Society
Distinguished guests
Comrades and Friends

Madam Speaker, it is my honour and privilege to present to this House, the second budget of this Sixth Administration as well as our medium-term projections for the next three years.

Let me start by reflecting on two important international developments of significance that happened during this month. I must do this, Madam Speaker, because history will never forgive me if I fail to recognize them in this Budget Speech.

The first development was the historic appointment of Dr Ngozi Okonjo-Iweala from Nigeria as the 7th Director-General of the World Trade Organisation. She became the first woman and first African to lead this multilateral trade body on the 1st of March.

Dr Ngozi, the former Finance Minister of Nigeria, took over the leadership role of the WTO at the time when this global trade club is in need of widespread reforms to address challenges facing the world trading system. She has hit the ground running and has begun working with Member Countries to address the rise in protectionism that has been brought by the global outbreak of the COVID-19 pandemic to ensure, amongst others, the equitable distribution of the vaccine which is necessary to combat the spread of the virus and open economic activity. As Gauteng, we welcome her appointment and wish her well as she implements key priorities that will improve the efficiency and effectiveness of the WTO for the benefit of in particular developing countries like South Africa.

Secondly, Honourable Members, this Budget Speech comes a few days after women and the people of the world commemorated the International Women's Day on the 8th of March. This is an important day that celebrates the social, economic, cultural and political achievements of women. The day also marks a call to action for accelerating gender parity through:

- Celebrating women's achievements;
- Raising awareness about women's equality;
- Lobbying for accelerated gender parity; and
- Fundraising for female-focused charities

The theme for this year's International Women's Day campaign was "*Choose To Challenge*". As women of the world, we believe that a challenged world is an alert world. And from challenge comes change.

Assessing the gender dynamics of COVID-19 globally, the World Bank found that in addition to health implications, the economic hardship of this pandemic has disproportionately affected women.

Therefore, it is important that we acknowledge significant developments related to the ongoing struggle for gender equality and continue to work towards eradicating Gender Based Violence in this generation.

Madam Speaker, last week Friday, the 5th of March marked exactly a year since we had the first confirmed positive case of COVID-19 on our shores. I still remember that day clearly. It was the day when I presented the 2020/21 Provincial Budget to this House.

When the news broke that our country recorded the first confirmed case of COVID-19, I reflected deeply on the essence of the budget I had presented earlier. I then realised that our budget had suddenly become moot, because it was not going to be able to respond adequately to the unfolding pandemic.

A year later, Gauteng remains the epicentre of COVID-19 in South Africa and our country has the most infections from this virus in Africa.

As a country we have sadly lost more than 50 000 people to this virus. We convey our condolences to all those who have lost a loved one and continue to pray for God to strengthen them in this difficult time.

In the same breath, I want to salute unrelenting acts of bravery shown by Healthcare workers and Frontline workers in the face of great risk. They saved many lives, worked long hours in the frontline trenches while risking everything and more particularly the health of their families. Some of these

heroes and heroines unfortunately succumbed to COVID-19 with their boots on; but their colleagues did not withdraw from the battle.

For that I, on behalf of our Government, would like to thank you and salute your steadfastness in the face of unfolding and deadly pandemic. You did not desert nor despair and the fight continues.

Madam Speaker, Gauteng's economy, given its size and centrality to the country's economy as whole, has received the harshest beating arising from the onset of this pandemic a year ago. Gauteng as the economic hub has seen its Gross Domestic Product by Region (GDP-R) shrinking by about R80.9 billion from R1.1 trillion in 2019 to R1 trillion in 2020. Just too many people have lost their jobs, businesses, especially SMMEs have gone under and unemployment is ravaging all communities.

But we are encouraged by the resilient spirit and resourcefulness nature that our people have demonstrated throughout this period. When the situation summoned all and sundry to pause for a measured response to the invisible enemy, we witnessed maximum unity across political parties, religious groupings, race, class, academia, scientists and community members. All of us knew that to adequately respond to the reality that we faced, we needed to work together.

The moment testified to our time-tested story of proven courage and resilience in times of crisis and calamity conjured up by nature and fate.

At the same time, such moments continuously, and without fail, elevates our politico-scientific and academic prowess, which places us as a country to be a serious body of opinion in the arena of global theatre of scholastic and valid ideas, tangible hope, as well as the brilliance of policy and decisive action.

This period was characterised by courage, rise and hope eloquently depicted by none other than Ben Okri, a Nigerian Poet, in his passage *Turn on your light*. He wrote, (open quote..)

"The most authentic thing about us
Is our capacity to create, to overcome,
To endure, to transform, to love,
And to be greater than our suffering.
We are best defined by the mystery
That we are still here, and can still rise
Upwards, still create better civilisations,
That we can face our raw realities,
And that we will survive
The greater despair
That the greater future might bring" (close quote)

This spirit of resilience and hope drove us, as a sub-national government, when we crafted and reprioritised the 2020/21 budget during a Special Adjustment to resource the Gauteng COVID-19 Response Plan and address the immediate socio-economic impact of the pandemic.

It is the same spirit that has characterised our engagements during the preparation of the 2021/22 budget that we are presenting today, which continues to resource the Gauteng COVID-19 Response Plan focusing on four priority areas, namely:

- Defeating the COVID-19 pandemic;
- Re-igniting the Gauteng economy;
- Recalibrating social policy; and
- Improving governance.

We are still riding this crest wave of COVID-19 storm and hard times still lie ahead. But this time we are armed with more scientific knowledge, lived experience, and data driven as well as evidence based and multi-layered interventions. We have also started the rollout of the vaccination programme, which adds to our optimism about a clear path towards overcoming this pandemic.

I therefore call on all stakeholders tasked with the responsibility of rolling out the vaccine to continue to effectively and efficiently inoculate our people. The vaccine is key to stabilising infections in society and allowing for the full opening-up of the economy, which in turn is important to an improvement in both business and consumer confidence, and job creation.

ECONOMIC CLIMATE

Honourable Members, the global economy remains weak as a result of the outbreak of COVID-19 and subsequent lockdowns implemented in many countries to contain the spread of the virus. There was a rebound in the economic activity in the second half of last year when these restrictions were lifted in most countries.

But this rebound did not lead to these economies performing at pre-COVID-19 levels. It was also short-lived because infections increased in those countries towards the end of last year, and governments re-imposed lockdowns to slow the transmission of the virus.

This protracted slow pace of economic activity led to the International Monetary Fund (IMF) to estimate that the global economy contracted by 3.5 per cent in 2020.

The rollout of vaccines particularly in industrialised countries has brought some optimism for the 2021 global economic growth outlook. In its January 2021 World Economic Update, the IMF forecasted that the global economy will rise by 5.5 per cent in 2021, although the projection is still subjected to high levels of uncertainty; it expects growth to moderate to 4.2 per cent in 2022.

However, there are still risks to this economic outlook, mainly driven by new infections and the new strains of the virus, renewed lockdowns, and uncertainty around vaccine distribution especially in less developed countries.

As Finance Minister Tito Mboweni said during his National Budget Speech, South Africa's economy, which was forecast to contract by 7.2 per cent is expected to rebound by 3.3 per cent this year. The average growth during the outer years will be 1.9 per cent, an indication that the COVID-19 pandemic aside, the country is still grappling with structural impediments to growth.

GAUTENG'S ECONOMIC OUTLOOK

Gauteng contributes about 34 per cent to the country's Gross Domestic Product (GDP), making us not only the economic hub of South Africa, but indeed of Africa.

COVID-19 severely affected the economy of this province. At the height of lockdown restriction measures during the second quarter of the year, Gauteng's Gross Domestic Product by Region (GDP-R) contracted by 50.5 per cent quarter-on-quarter on an annualised rate, and by 17.6 per cent on a yearly basis.

Over 600 000 jobs during this quarter, accounting for the highest number of jobs losses in the country and more people slipped deeper into poverty, widening the inequality gap further.

However, there is hope because if the economic performance of the province continues at the current trajectory, our GDP-R is expected to recover by 3.2 per cent in 2021, before it stabilises roughly at its long-term average of 1.9 per cent between 2022 and 2024, mirroring the country's trends, and further highlighting the structural impediments to growth.

As Premier David Makhura said during the State of the Province (SOPA), Gauteng is leading in supporting President Cyril Ramaphosa's Economic Reconstruction and Recovery Plan.

As we are confronted with this prospect of a serious socio-economic and environmental cataclysm, we are not sitting idle and helpless as doomsayers would peddle this false narrative at every opportunity.

But as this budget will reveal, we are firmly in the grasp and belly of united efforts to re-ignite Gauteng economy to create jobs and meeting the basic needs of our people.

The budget is geared towards supporting key and strategic priorities of which the first one is around acting together with all in our communities to defeat the coronavirus. Secondly, to place our economy on a path of renewal and recovery in order to create jobs, help to reduce unemployment and poverty as well as closing gap of inequalities.

In the words of Ben Okri, we have capacity to create new order, to overcome our setback, to endure the journey of recovery, transform the status quo, to love and show compassion to the most vulnerable and the poor which is what makes us greater than our suffering.

We will not relent to the pain, misery and calamity visited upon us by the socio-economic situation precipitated by COVID-19 nor mask the incompetence, corruption or greed.

We can and are able to still rise upwards as we are still here in order to create a better world and face our raw realities and still survive.

We believe that the lessons learnt during the pandemic will inform the delivery of faster, more efficient and effective services. This is crucial taking into consideration the diminished provincial fiscal envelope coupled with a rise in the need for services by communities.

FISCAL CLIMATE

Honourable Members, expenditure on COVID-19 accelerated the fiscal deterioration that was already under way in our country. That is why Minister Tito Mboweni outlined a five-year fiscal consolidation plan that supports the economy and job creation when he presented the National Budget to Parliament last month.

These measures are necessary to narrow the budget deficit – currently standing at 14 per cent of GDP – and to stabilise debt within the next five years. These measures are not meant to be carried out in isolation, and it is expected that if the necessary structural reforms are also implemented, these measures will support economic growth, rather than continuing the current trend of spending that is funded by more borrowing and higher taxation, which are simply not sustainable any more.

Therefore, our budget is based on the following key principles to ensure that we respond to the fiscal pressures faced by government and contribute to fiscal consolidation measures.

- Compulsory baseline reduction due to the three-year wage freeze on salary increases for public servants, and additional reductions to “compensation of employees” to support government’s five-year fiscal consolidation stance to reduce the budget deficit;
- Reductions to “goods and services” in support of fiscal consolidation measures to stabilise public debt and ensure fiscal sustainability;
- Reprioritisation to resource the Gauteng COVID-19 Response Plan;
- Realignment and reprioritisation of the existing baseline to deliver on the adjusted GGT 2030 Plan;
- Shift of funding from consumption to investment to stimulate economic growth;
- Protection of constitutionally mandated programmes and/or statutory obligations but with efficiencies and reforms in the operational modalities of those programmes;
- Improved management of the personnel budget;
- Capacity of departments to absorb and effectively utilise resources; and
- Readiness of departments to implement and capacity to deliver infrastructure projects.

OWN REVENUE ENHANCEMENT

Honourable Members, as a result of fiscal consolidation measures, the Provincial Equitable Share allocations to the province will be reduced over the next three years. In response we will look at various ways to enhance our own revenue collection to supplement funding of provincial priorities and continue to deliver quality services to our people.

Most of our revenue is collected from the following sources:

- Motor vehicle licences;
- Gambling taxes;
- Patient fees; and
- Interest earned on treasury investments.

As a province, we recognise that enhanced own revenue collection lies less in introducing new taxes within our mandate, in accordance with the prescribed processes, but rather improving the efficiency of collection from the traditional sources I have just mentioned.

The Enhanced Own Revenue Strategy is due for consideration by the Executive Council soon. This will be focusing on modernising revenue

collection methods and eliminating loopholes in collection mechanisms, as well as optimising potential revenue sources that are currently not fully utilised or explored.

Gauteng Provincial Treasury encourages departments to finalise the detailed implementation plans that will make all this a reality. Working within this challenging economic environment, our target is to collect just over R20 billion over the MTEF.

It must be borne in mind that enhanced own revenue collection is unlikely to fully close the gap emanating from the fiscal consolidation cuts but will nevertheless go a long way in filling the gap in the provincial fiscal envelope.

ALTERNATIVE SOURCES OF FUNDING

Besides own revenue collection, it is now more important than ever before to seek actively seek alternative sources of funding for GPG projects and priorities – either through partnerships with the private sector, State-Owned Enterprises (SOEs), other spheres of government, or through bilateral or multilateral development partners, as a way of leveraging on resources outside of the fiscus in achieving the objectives of the Sixth Administration.

In the coming year, Gauteng Provincial Treasury will be finalising the formulation of a framework for official development assistance, in order to clarify the process of seeking and receiving donor funding.

ENSURING VALUE FOR MONEY

Gauteng Provincial Treasury will continue to conduct performance reviews of infrastructure projects under construction. This will provide evidence on the performance of capital projects and contribute substantially towards the identification of issues that should receive attention to ensure that value for money is obtained.

Given the severely constrained fiscus and the devastating effect of the COVID-19 pandemic on the economy, it is, now more than ever before, essential that the concept of value for money guides our activities. There must be a concerted effort to curb wastage, irrespective of whether it is in the procurement of movable or immovable assets, or goods and services. Inflated prices, variations, compensation events and non-completion of infrastructure projects can no longer be the norm.

Expenditure reviews will also be undertaken, as a way of analysing deeper the prices paid for goods and services across service delivery programmes, and identifying areas where a value-for-money mind-set needs to be entrenched,

given that we have to come to terms with doing the same, or more, with even less resources.

Gauteng Provincial Treasury will be working with the Department of e-Government to ensure that the Executive Council resolution on centralisation of ICT functions within the department is implemented, in order to eliminate the duplication of applications, as well as the ring-fencing of funds for software packages. This will enable e-Government to properly exercise its role as the custodian of ICT in the province.

Furthermore, Gauteng Provincial Treasury will issue cost guidelines to departments and entities that will pave the way towards a standardised budget approach and processes in the determination of financial information. The guidelines will be applicable to all Gauteng Provincial Government departments and their trading entities and Provincial Public Entities as listed in the Public Finance Management Act, 1999. These guidelines will include all categories of infrastructure, information technology, leases, acquirement of land, and goods and services being procured.

FUNDING OUR PRIORITIES

Honourable Speaker, when I tabled the budget a year ago, I dwelt at length about how the GGT2030 would be resourced over a three-year period, and the new money that had been injected into the budget accordingly.

I am happy to announce that these resources remain earmarked and intact, having been spared the fiscal consolidation cuts that characterised the compilation of the budget that I am tabling today.

Resourcing the response to the COVID-19 pandemic has left the provincial fiscus with little leeway over the 2021 MTEF. Indeed, the resource allocation process culminating in the 2021 MTEF budget has been one of intense contestation, as we grapple with the reality that as a province, we too, have a part to play in contributing to the fiscal consolidation measures that will be implemented in the short-to medium term, as one of Government's medium-term policy priorities alongside economic recovery.

I must emphasise that every Rand in new money allocated in the 2021 MTEF budget has sought to talk to the four priority areas of the COVID-19 Response plan articulated by the Honourable Premier in the State of the Province Address. The GGT2030 imperatives are in no way removed from the need to fight the pandemic, accelerate economic recovery, recalibrate social policy and improve governance.

The Gauteng Provincial Government will be receiving R136.4 billion in the form of transfers from the national government in the 2021/22 financial year,

growing to R139 billion in the outer year of the MTEF. These are made up of both Provincial Equitable Share and Conditional Grants.

Despite the data updates to the Provincial Equitable Share and additional resources to fight the COVID-19 pandemic, there has been a net downward revision of the Provincial Equitable Share allocation as part of the deeper fiscal consolidation measures announced by the Minister of Finance in his Medium-Term Budget Policy Statement.

The provincial own receipts account for 5 per cent of the gross revenue available for the Province to appropriate for its spending requirements. Provincial own revenue, although limited, plays an important role in supplementing the national transfers and resourcing the priorities. Therefore, departments will be required to maximise the generation of provincial own revenue and explore new sources of revenue to mitigate the effects of the reduction in the fiscus. Overall, the budget I table today amounts to R142.6 billion for the 2021/22 financial year, R143.5 billion in 2022/23 and R149 billion in 2023/24.

Madam Speaker, let me explain how we are funding our four key priorities:

DEFEATING THE COVID-19 PANDEMIC

A total of R5.9 billion in new money has been allocated over the 2021 MTEF, the bulk of which will be focusing on defeating the COVID-19 pandemic, and for which the Gauteng Department of Health will be receiving R2.8 billion, largely once-off allocations. The existing baseline for medicine will also be boosted by R624 million over the MTEF, while funding has also been allocated for the data capturers necessary to help facilitate improved performance information management as well as ensure timely performance tracking and management at the coalface. Consideration has also been given to the vaccine rollout, which will be resourced through an injection of nearly R565 million in conditional grant funding.

The Department of Co-operative Governance and Traditional Affairs will receive a once-off amount of R20 million for the Ward-Based COVID-19 Response Committees, which is carried through from a similar amount allocated in the 2020 Special Adjustments Budget. Similarly, a once-off allocation of R15 million will be made to the Office of the Premier, to provide for the continuation of the contracts of the learners that are staffing the COVID-19 Call Centre Hotline, an integral part of the response to the pandemic.

REIGNITING THE GAUTENG ECONOMY

Re-igniting the Gauteng economy cannot be emphasised enough. Indeed, the Honourable Premier dwelt on this at length in his State of the Province Address, pointing out that the “Gauteng City Region is taking a lead in the implementation of the Economic Reconstruction and Recovery Plan announced by President Ramaphosa.”

This can be seen in the continued focus on high-growth priority sectors and infrastructure investment projects that will be instrumental in unlocking the transformation, modernisation and re-industrialisation of the different corridors and districts of our Gauteng City Region.

Over the 2021 MTEF, the Gauteng Department of Economic Development will be receiving an amount of R153 million, being the Gauteng Provincial Government’s contribution to the operational costs for the Tshwane Automotive Special Economic Zone, which the Honourable Premier described as a prime example of our vision of spatial and economic transformation and integration of township enterprises, Black-owned, women-owned, and youth-owned businesses into supply chains of big corporates.

With Special Economic Zones identified as the lynchpin of the re-igniting of the Gauteng Economy, a once-off allocation has also been made to the OR Tambo Industrial Development Zone, a key component of the Ekurhuleni Special Economic Zone, towards funding of the design for bulk services. This will add further impetus to the realisation of the vision so eloquently articulated by the Premier.

In addition to the new money, there is already R14.4 billion allocated in 2021/22 towards economic services, and R44.2 billion over the MTEF, allocated to the Departments of Roads and Transport, Economic Development and Agriculture and Rural Development.

Roads and Transport, through investment in economic infrastructure and regulation of road users, is responsible for the development and maintenance of a sustainable road infrastructure network that not only contributes to increased economic growth and enhanced quality of life in Gauteng, but also acts as a catalyst for opening up the Gauteng City Region to Development.

Agriculture and Rural Development is tasked with a number of responsibilities, ranging from harnessing to maximising the economic potential of the province's agricultural sector and ensuring food security for all.

Economic Development will continue with the revitalisation of township economies, proactively linking communities to economic opportunities by increasing the participation of small, medium and micro enterprises (SMMEs) and co-operatives (Co-ops) in the province’s mainstream economy, as well as promoting and attracting trade and investment to the economy.

INFRASTRUCTURE DELIVERY

Honourable Speaker, since the dawn of our democracy, the infrastructure investment by the Gauteng Provincial Government remains a fundamental pillar to deliver services to our people.

Infrastructure not only directly contributes to an improvement in the standard of living for communities, reduces poverty levels and addresses inequalities, but is also a key driver in creating an environment that is conducive to economic development, growth and job creation.

Over the 2021 MTEF, Gauteng Provincial Government will be investing a total of R35.3 billion in social and economic infrastructure. Of this amount, R34.3 billion goes to the departments of Human Settlements, Health, Education and Roads and Transport while the remaining R1 billion is allocated to the departments of Social Development, Agriculture & Rural Development, Sports, Arts, Culture and Recreation and Infrastructure Development.

Of these amounts, R13.8 billion will be devoted to new or replacement infrastructure, while R20.4 billion goes towards the maintenance, refurbishment and upgrades to existing infrastructure.

Projects cutting across the five corridors are allocated the largest share of the allocation, which, at R15.3 billion or 43 per cent, is mainly for maintenance programmes to ensure that the condition of Gauteng Provincial Government infrastructure assets, such as buildings and roads, is preserved. The Central Development Corridor receives the second largest allocation, at R6.4 billion or 18 per cent and the remaining R13.7 billion or 39 per cent is shared by the Eastern, Northern, Southern and Western Development Corridors.

Over and above the allocated infrastructure budget, Gauteng Provincial Treasury (GPT) will continue to consider projects that would be ready for delivery on the ground post the tabling of the budget. This is to ensure that greater efficiency on spending is attained, and that more and better outputs and outcomes are achieved with fewer resources.

This process should be anchored in evidence-based budgeting for all infrastructure projects, and require that departments provide the required "Portfolio of Evidence" to demonstrate that an infrastructure project in planning is ready to proceed without delays, cost overruns and/or compromising quality standards.

This approach reinforces the principle of protecting the infrastructure funding. Thus, in cases where the Portfolio of Evidence submitted by departments

demonstrates that projects are not ready for implementation, the funds are ring-fenced and are only allocated when the departments are ready.

Departments are therefore really encouraged to place a dedicated focus on undertaking all the required planning processes and provide the Portfolio of Evidence, to enable Gauteng Provincial Treasury to allocate more funding for infrastructure.

This requires that departments undertake due diligence during planning phases, apply credible prioritisation criteria, develop business cases that adequately address all the planning issues, and that the capacity and capability to implement efficiently and effectively exists.

Departments should also re-examine their prioritisation criteria, to enable the maximum benefit to be derived from scarce resources and ensure that there is equity in terms of the five (5) Development Corridors.

Noting that the majority of the existing projects are in the Northern, Central and Eastern Development Corridors, we call on departments to consider prioritising infrastructure projects in the Southern Development Corridor and the Western Development Corridor to unblock development in these areas and create jobs.

Over the 2021 MTEF, Gauteng Provincial Treasury will place more focus on the following:

- Infrastructure completed and/or handed over, but infrastructure cannot be used due to outstanding occupancy certificates, outstanding contractual issues and/or non-commissioning;
- Reducing the cost of infrastructure;
- Rolling out infrastructure performance reviews to all departments; and
- Improving the credibility of information on jobs created through infrastructure projects as well as the monitoring thereof.

Honourable Members, we continue to use our massive procurement muscle as well as our vast infrastructure spending as strategic levers to drive meaningful transformation, empowerment, job creation and economic inclusion - including the participation of SMEs, cooperatives and township enterprises in the mainstream economy.

RECALIBRATION OF SOCIAL POLICY

Closely following on this is the resourcing towards recalibrating of social policy to improve educational and health outcomes, fight crime and protect the most vulnerable sections of the population against urban poverty and hunger.

The Gauteng Department of Education also receives additional funding of R2.7 billion over the MTEF. This is informed by the critical need to ensure that the children entering the education system will get the necessary grounding and skills, without which they would live sub-optimal lives in their adulthood. These resources will go towards increasing the per capita learner subsidy in both no-fee and fee-paying schools, as well as subsidies to independent schools, which move in lock-step with those to public ordinary schools.

The 'new normal' brought about by the COVID-19 pandemic has made it more and more necessary that we adapt our ways of doing things. A critical component of this is through the use of ICT to deliver the curriculum, and over the MTEF, a total of R1.2 billion will be allocated to augment already existing resources in the Gauteng Department of Education baseline towards ensuring that ICT learning starts being rolled out to lower grades.

The Department of Social Development will be receiving a total of R84 million towards continuing the provision of care and protection of the homeless in collaboration with Municipalities and other stakeholders. This money is also to assist the department to continuously implement and monitor the implementation of long-term sustainability plans for these shelters, which are an added responsibility that the province has undertaken in response to the COVID-19 pandemic.

The Gauteng Department of Community Safety will be receiving a total of R92 million over the MTEF, being resources aimed at augmenting the department's operational budget, together with a once-off allocation towards the infrastructure-related elements of the e-Policing Strategy that is an integral part of the GGT2030 priority addressing Safety, Social Cohesion and Food Security.

A once-off allocation of R66 million will be made towards the Gauteng Department of Human Settlements to provide relief from accruals that have had a debilitating effect on the department's drive to realise the GGT2030 priority on Integrated Human Settlements and Land Release.

Already sitting in the baseline for the departments that will be at the forefront of recalibrating social policy – Health, Education, Social Development, Human Settlements and Community Safety - is a total amount of R122.2 billion in 2021/22, and nearly R373 billion over the MTEF, allocated to the departments that will be at the forefront of the social policy initiatives of the Gauteng Provincial Government.

IMPROVING GOOD GOVERNANCE AND FINANCIAL MANAGEMENT

The State of the Province Address reiterated “the imperatives of a caring, capable, competent and ethical government that can deal with development imperatives, especially during pandemics, disasters and systemic crises”.

At the heart of this priority are the Office of the Premier, the Department of Co-operative Governance and Traditional Affairs and Gauteng Provincial Treasury,

The mandates of these departments ranges from promotion of good governance and stewardship of financial matters, mainstreaming of programmes focused on GEYODI projects to support and mainstreaming of the government’s programmes focusing on gender-based violence and supporting the rights of women, youth, senior citizens, people with disabilities, military veterans and the LGBTIQ+ community. Cumulatively the allocation to the departments at the forefront of good governance is R2.1 billion in 2021/22 and approximately R6.2 billion over the MTEF.

Honourable Members, to achieve inclusive growth and sustainable development we must improve financial management, promote transparency and public accountability. However, areas of concerns have been identified by the Office of the Auditor-General and we must attend to them urgently and without fail.

The outbreak of COVID-19 severely affected revenue collection in our municipalities. This has deepened service delivery challenges in local communities. I urge all departments and state-owned enterprises to pay their rates and taxes to municipalities. As provincial government, we have a Debt Management Committee that has managed to support departments and municipalities to ensure that we keep our debt obligations for these services as current as possible. We cannot allow one sphere of government to owe another.

We continue to strengthen our capacity to fight fraud and corruption and promote transparency in the provincial government. In this regard last week we published the 6th Covid-19 Expenditure Disclosure Report, detailing how much money was spent procuring goods and services related to the fight against the pandemic by each department. The reports also include the names of service providers who did business with the state and how much did they charge. We release these reports every month and publish them on the provincial government portal for scrutiny by the public.

We have made significant progress to decentralise the Open Tender function with the aim of improving efficiency in the implementation of projects.

Next month, we will commence with phase 3 of this process which entails the decentralisation of the Open Tender process to four departments and six

entities, namely, Community Safety, Agriculture and Rural Development, e-Government and Provincial Treasury. The entities are, Enterprise Propeller, Gambling Board, Infrastructure Financing Agency, Film Commission, Partnership Fund and Tourism Authority.

Since its inception, the Open Tender function has awarded 177 projects valued at R29 billion.

Furthermore, the Forensic Services Unit migrated from Provincial Treasury to the Office of the Premier at the beginning of this financial year to consolidate our efforts to work with law enforcement agencies including the Special Investigative Unit and South African Police Services to fight fraud, and corruption in the province. Corruption robs the poor of critical public services and we must work together to eliminate it in the provincial government.

Honourable Members, I must emphasise to all Accounting Officers in the province that part of exercising prudent financial management and good governance is paying suppliers on time for services rendered. When you pay a supplier, you are not doing them any favours. What you are doing is to honour an obligation that the state has to that supplier.

There is nothing as disheartening than getting a call from a desperate business owner informing you that they have not been paid. So, I would like to call on my colleagues in the Executive Council to monitor this area very carefully on a weekly and monthly basis; and hold their Accounting Officers and Chief Financial Officers responsible if valid invoices are not paid on time.

Government is one of the largest procurers of goods and services in the country. If we do not pay our suppliers on time for valid invoices submitted, we negatively affect their cash flow, which is a sensitive area in any business, and in the process are effectively destroying their livelihoods and the jobs of the people that they employ in these difficult times.

CONCLUSION

As the stewards of the public purse, we owe it to future generations not to leave them weighed down by onerous debt that will make it difficult to fulfil the social compact that we have with the people of Gauteng.

I urge Gauteng Provincial Government departments to draw valuable lessons from the COVID-19 pandemic as a way of re-examining the way we do things currently, strive for efficiency and cut wastage, which will stretch every Rand further.

Madam Speaker, our unity as Members of this House, is paramount to, and a pre-condition for a collective success particularly here in Gauteng, of this

economy for which it must see sufficient growth, in order to realise the future that we are all yearning for.

The unity I am talking about is not the absence of critique of the present or dissenting voices or alternatives, but it means maturity to face each other honestly and openly about what is in the best interest of our Province and her people.

It means coalescing around their needs to eradicate their social and economic vulnerability from the fault lines exposed by Covid-19 pandemic in order to create a successful Gauteng Province that best represent our passion and our pride.

With those words, Honourable Members, let me take this opportunity to express my appreciation to:

- Honourable Premier David Makhura for his leadership and continued guidance to ensure that we use public funds to respond decisively to the needs of the citizens of Gauteng in these difficult times;
- Colleagues in the Executive Council and the Premier's Budget Committee, for your ongoing cooperation and participation in often difficult and robust engagements. We value your input as it guided us in crafting a budget that balances the need for fiscal consolidation and supporting economic development and job creation;
- The Finance Portfolio Committee and the Standing Committee on Public Accounts under the capable leadership of Honourable Joe Mpisi and Honourable Sochayile Khanyile respectively, for their insight and oversight on all budget or financial management matters;
- Acting Head of Department, Mr Mncedisi Vilakazi, and the entire Treasury team for their hard work and dedication to efficient management of public funds; and
- Lastly, I thank my family, the most important people in my life, especially my children (Andile and Tumelo) for their continued support in the work I do of serving the people of Gauteng.

Madam Speaker, I present the following documents for the consideration of this House:

- The Appropriation Bill for 2021
- The Explanatory Memorandum to the Bill
- Estimates of Provincial Revenue and Expenditure
- Estimates of Capital Expenditure

- The Socio-Economic Review Outlook and
- A copy of my Speech

Thank you.