



GAUTENG PROVINCE

PROVINCIAL TREASURY
REPUBLIC OF SOUTH AFRICA

SPEECH BY HONOURABLE LEBOGANG MAILE, GAUTENG MEC FOR FINANCE AND ECONOMIC DEVELOPMENT AT THE TABLING OF THE 2024/25 BUDGET VOTE OF THE GAUTENG PROVINCIAL TREASURY, GAUTENG PROVINCIAL LEGISLATURE, 01 AUGUST 2024.

Madam Speaker.

Honourable Premier.

Colleagues in the Executive Council.

Honourable Members of this House.

MMCs of Finance present here.

The HOD of the Gauteng Provincial Treasury.

The CEO of Gauteng Infrastructure Financing Agency.

Comrades and Friends.

Citizens of Gauteng.

Ladies and Gentlemen.

INTRODUCTION

It is an honour for me to present to this House the 2024/25 Budget Vote of Gauteng Provincial Treasury.

This Budget Vote provides us with an opportunity to outline key areas that we will focus on in the first year of the 7th Administration, as we implement our constitutional mandate of being the custodians of public funds, providing stewardship on all financial matters in the province.

Honourable Members, as we present this Budget Vote, we are mindful of the challenging socio-economic environment characterised by amongst other issues, sluggish economic growth and stubbornly high unemployment rate particularly amongst young people. We fully appreciate that it is in these difficult times that more people look to government for public services including healthcare, education and social welfare.

Therefore, we face a difficult task of managing public finances in a prudent manner while also supporting departments not only to expand the delivery of services to people but also to facilitate the growth of the provincial economy and create much needed employment opportunities for our people.

We must vigorously implement measures to fight fraud and corruption and address practices that lead to the province incurring irregular, fruitless and wasteful expenditure.

This will enable us to stretch the rand and ensure that the R165.8 billion provincial budget that we are investing in the Gauteng space this financial year support our priorities in areas such as social services, township economy, job creation particularly for the youth, empowerment of women and address the energy challenges in the province.

In the current context, the imperative to fund provincial priorities poses all of us with new and interesting challenges:

- How do we review our existing expenditure so that we eliminate programmes that are no longer provincial priorities; that do not offer value for money or waste public resources?
- What revised approaches can we use towards funding capital projects so that we leverage on resources outside of the public purse?
- How do we improve planning and budgeting across provincial government so we can do more by leveraging on a larger resource base?
- How do we motivate provincial departments to improve revenue generation and collection, so we have more provincial resources to fund provincial priorities?

OVERVIEW OF 2024/25 BUDGET VOTE

Honourable Members, having explained the context within which the department operates in as we start this term of government, I will now outline some of our key plans for this financial year.

At the outset, let me state that Gauteng Provincial Treasury has been allocated a budget of R816 million for the 2024/25 financial year.

We will use these resources to ensure effective and efficient financial management in the province and to drive radical economic transformation.

These policy directives are aligned with the Growing Gauteng Together 2030 plan and the Elevated Priorities and are geared towards improving the living conditions of Gauteng citizens, particularly the poor and vulnerable, who live in townships, informal settlements, and hostels.

IMPLEMENTATION OF DEPARTMENTAL OUTCOMES

I will now highlight some of the key projects and programmes that we undertake as we implement our outcomes in this financial year.

Honourable Members, the following will be done to achieve outcome one which is **ENHANCED SOUND FINANCES IN THE PROVINCE**.

We will contain the Wage Bill of the Gauteng Provincial Government to no more than 60 percent of the allocated budget. This will enable us to effectively utilise resources, obtain value for money and ensure that compensation of employees' budget does not crowd out resources necessary for the provision of service delivery.

We will conduct credible cashflow projections that will result in amongst other things a sustainable liquidity position and ensure effective functioning of the Provincial Revenue Fund.

Madam Speaker, in a current depressed fiscal environment, it is necessary that we put more emphasis on increasing revenue collection to ensure that we maintain funding of key provincial priorities.

Therefore, in line with GPG Own Revenue Enhancement Strategy, the department will intensify the work currently underway with departments and municipalities to enhance own revenue collection in the province by implementing the following initiatives:

- **Enhancement of banking initiatives for revenue collected to ensure** motor vehicle license revenue collected is immediately deposited and reflect into the provincial government fiscus.
- **Pilot DLTCs where** the Department of Road and Transport in partnership with Road Traffic Management Cooperation allow their Waterfall offices and Gautrain Management Agency (GMA) at Centurion, Midrand and Sandton, to offer services including driver license testing, renewals, professional driver 'permits.
- **Smart DLTC Expansion** entails the expansion of smart DLTCs to 65 licensing sites in the Tshwane, Ekurhuleni, Johannesburg, Sedibeng and West Rand to improve service delivery in TISH areas.
- **New Casino regulations** is about transitioning from a flat tax structure regime of 9 per cent to a proposed flexible sliding scale tax structure ranging from 8 to 15 per cent, applied to Gross Gaming Revenue (GGR) levels.
- **New Bingo Licences:** The Gauteng Gambling Board has issued new 9 Bingo licenses, as part of a strategy to infuse transformation in the industry by introducing new players from previously disadvantaged groups and secondly as a form of revenue enhancement strategy.
- **E-Commerce/Cashless Rollout** allows liquor traders to view their bills electronically and make payments online through a mobile payment application.

The rollout of infrastructure programme is key to improving service delivery and job creation. Therefore, the department will continue to put measures in place to improve on infrastructure business cases, project/ contract management and performance management for the net benefit of citizens in Gauteng.

Honourable Members, the Sustainable Fiscal Resource Management business unit has been allocated a total of R167 million in the 2024/25 financial year to achieve this outcome.

Turning to outcome number two which is **INCREASE COMPLIANCE WITH LEGISLATIVE PRESCRIPTS**, we will support departments and entities to promote improved compliance with accounting and reporting frameworks (Generally Recognised Accounting Practice - GRAP and Modified Cash Standards - MCS) through the provision of training workshops.

Audit Committee Meetings will be held to provide oversight responsibility on financial and non-financial performance of GPG departments, internal control systems, risk management, ICT, governance and to give counsel to the departments on any compliance with legal regulations.

The approved Clean Audit Strategy will be rolled out through a multi-pronged collaborative effort between various stakeholders as part of efforts to promote clean and ethical governance in departments, entities, and delegated municipalities, and to address the issues that lead to wastage of government resources and regression in audit outcomes.

Honourable Members, payment of suppliers within 30 days of receiving a valid invoice remains a priority for the province in line with the legislative requirements.

In 2019, the EXCO Lekgotla took a resolution that the Electronic Invoice Submission (EIS) system must be utilised as a platform to submit invoices to provincial departments.

Since January 2024, all service providers submitted their invoices via the EIS platform allowing them to track the status of their invoices leading to payment stage. This has led to most departments and several entities achieving 100 per cent payment of invoices within 30 days.

In this financial year, we will continue to monitor departments and entities to ensure that all invoices are submitted through the EIS system to facilitate faster payment turnaround times.

Honourable Members, monitoring compliance with rules, regulations, norms, and standards in Supply Chain Management (SCM) as part of

broader efforts to ensure the realisation of government policy objectives is very key to the work of the department.

In this financial year, we will continue to support provincial socioeconomic transformation initiatives underpinned by the TISH programme, by monitoring the 60% spend on Gauteng township-based suppliers in support of the Township Economy Revitalisation Strategy.

The department will accelerate efforts to assist township-based suppliers through provision of training on how to access business opportunities in the public sector.

This training aims to enhance the suppliers' understanding of the procurement processes, and on government procurement opportunities. It will include women and youth-owned businesses, military veteran businesses as well as businesses owned by persons with disabilities, as identified by departments and struggling corridors and designated groups.

We will continue with the implementation of the Open Tender system and ensure that all bids over R2 million are subjected to probity audit.

Since 2014 more than 420 projects have been awarded through Open Tender amounting to R41.6 billion. The provincial government has never incurred irregular expenditure on Open Tender transactions.

Furthermore, internal auditing plays a key to support efforts towards clean audits in the provincial government. In this financial year we will support the provincial government in achieving a clean administration through performing the risk-based audits, information systems reviews and service delivery audits.

Madam Speaker, the achievement of this outcome is the work of three business units in the department, namely Financial Governance with a budget of R137 million, Provincial Supply Chain Management with a budget of R111 million and Gauteng Audit Services which is allocated R148 million in this financial year.

IMPROVING LOCAL GOVERNMENT FINANCES which is outcome number three is important to ensure that local government works better.

Honourable Members, we are deeply concerned about the state of finances in most of our municipalities and the challenge of tabling unfunded budgets. That is why we have developed a framework for monitoring the implementation of budget funding plans. The aim is to reduce the number of municipalities that adopt unfunded budgets and ensure full compliance with legislative frameworks.

We will strengthen our monitoring mechanisms to ensure adherence to Financial Recovery Plans in Emfuleni Local Municipality, Merafong Local Municipality and West Rand District Municipality.

The Technical Advisor program will be intensified to provide financial management hands-on support to district and local municipalities in the province. We believe our efforts in this regard will go a long way towards addressing capacity, financial management, and reporting challenges in our municipalities.

As part of efforts to improve revenue collection, the mandate of the Debt Management Committee has been expanded to include national departments and state-owned enterprises. Furthermore, we will assist all Gauteng municipalities with the population of their tariff setting tool to ensure that all trading services will be cost reflective and aligned to tariffs approved by, amongst others, Rand Water, and the National Energy Regulator of South Africa.

The Eskom Debt Relief program is continuing as planned. As the department we continue to monitor all municipalities under debt relief to ensure compliance with the conditions of the program and provide support where noncompliance is identified.

We will continue to host quarterly Grants Management Committee engagements with transferring provincial departments and municipalities and publish gazettes indicating provincial grants allocations.

The Municipal Financial Management business unit is allocated a total of R85 million in this financial year to implement its activities

aimed at supporting local government in the province to improve their financial management capacity.

ALTERNATIVE SOURCES OF FUNDING

Honourable Members, let me now turn to the Gauteng Infrastructure Financing Agency (GIFA), a government component of Gauteng Provincial Treasury which is responsible for off-budget financing of strategic socio-economic projects by raising alternative funding from private sector and development finance institutions.

In the 2024/25 financial year GIFA has been allocated a budget of R65 million.

In this financial year, we will complete the business cases of the State-Owned Bank and the State-Owned Pharmaceutical Company. The State Bank is aimed at promoting access to finance for township businesses in line with the GPG's strategy on Townships, Informal Settlements and Hostels ("TISH").

On the other hand, the Pharmaceutical Company aims to bring efficiencies in the delivery of medicines and pharmaceutical products to citizens of Gauteng. The legal due diligence for the establishment of both the State-Owned Bank and the State Owned Pharmaceutical Company were concluded last year and that laid the foundation for the development of the business cases for these two projects.

As the Gauteng Infrastructure Financing Agency, we have explored grant and donor funding for social projects, and this has led to a total of R1.5 billion being raised for the design and construction of 18 schools across Gauteng Province. It is because of this achievement over the next three years, we will support the hospital revitalisation programme, beginning with a focus on two hospitals, namely Daveyton Hospital and Kyalami Hospital in 2024/25 financial year.

Honourable Members, in this constrained fiscal environment GIFA will continue to assist the province to accelerate infrastructure service delivery. In this regard, several projects have been identified for feasibility studies and these are AIDC Inland Port and AIDC Solar projects in the 2024/25 financial year. In the outer years of the Medium Term Expenditure Framework (MTEF), the business case for

the bulk infrastructure of the Vaal River City project will be developed for grant funding.

Furthermore, GIFA's plan for the coming MTEF is to achieve commercial and financial close for a number of projects that have been developed for financing through capital investment raised from alternative sources of funding.

In this regard, I am happy to announce that government and the private party have reached an agreement on Rooftop Solar PV, Phase 1 project after lengthy negotiations. The parties are currently working on the finalization of the contractual documentation for submission National Treasury in order to receive TA3 Approval in line with the TR16 Public Private Partnership Regulations. This project entails the private party funding, implementing, and maintaining rooftop solar panels to produce 8MW for 11 provincial health institutions.

Honourable Members, negotiations are at advanced stage between government and the private parties for the design, finance, development and operation of the Enterprise Building 2 and 3 at the Innovation Hub, and financial close is expected in the second quarter of 2024/25 financial year.

The signing of agreements to develop 1 500 hectares of land in Merafong Local Municipality has started with two Independent Power Producers and this will result in the production of 800MW electricity into the grid.

There is also an anticipated financial close of the West Rand Agri-parks and Merafong Bio-energy park parks in 2024/25 financial year, which would lead to the development of 500 to 2000 hectares of land for agricultural production, agri-industrial development and agro-processing.

In the outer years of the MTEF, 2025/26 and 2026/27 a number of projects have been identified for either commercial close or financial close and these are AIDC Inland Port and Solar, the Krugersdorp Game Reserve, OR Tambo International Airport-SEZ, Tshwane Freight and Rail and Gauteng Provincial Legislature

CONCLUSION

In conclusion, the department recognises the imperative of fighting unemployment amongst young people. That is why we have adopted a multipronged approach to youth development (internship/ learnership) across several business units with the focus exposing graduates to real-time, hands-on work experience to be better prepared for the labour market.

The duration of the internship/ programmes range between 12 to 24 months and we currently employ 87 of these young people in our records. This number fluctuates because interns join while others leave the department upon securing permanent employment.

Madam Speaker, I hereby introduce the 2024/25 Budget Vote of the Gauteng Provincial Treasury.

Thank you!