

GAUTENG 2023/2024 PROVINCIAL BUDGET IN A NUTSHELL

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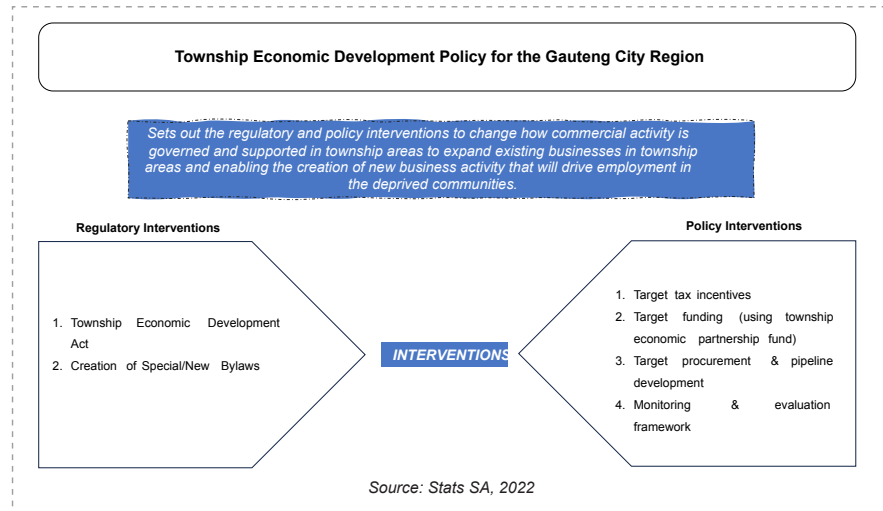


which is the private sector and the residents of the province to look at innovative and creative methods of consolidating the 35% contribution of the province to the GDP.

its spending requirements, and this equates to R7.6 billion, R8 billion and R8.4 billion in 2023/24, 2024/25 and 2025/26 respectively.

The supply chain function is critical to direct expenditure for goods, services and infrastructure in order to support achievements of specific targets directed at empowering women of Gauteng.

Planned Economic Interventions



“Through these initiatives, we will be able to meet our targets for women empowerment, who continue to suffer at the hands of male perpetrators and improve the quality of life, particularly for women who are victims of patriarchy and gender-based violence.”

Focus on Job Creation for the Youth

The MEC said, they are also confident that by repositioning and improving the supply chain function and procurement.

The Gauteng Finance MEC, Jacob Mamabolo presented his 2023/2024 budget on the 9th March to the Gauteng Provincial Legislature (GPL), by emphasizing a specific focus on women, empowerment, fighting Gender Based Violence and reducing unemployment among the youth by supporting township based small businesses.

The MEC said, they are injecting a total amount of **R493.4 billion** into Gauteng Economy, over the Medium-Term Expenditure Framework, of which a bigger share of it will go into supporting social services, the Township Economy, creating jobs, especially for the youth, empowerment of women and addressing the energy crisis.

He said one of the key drivers of the Township Economy is entrepreneurship, as many people start their own businesses in order to generate income and create more employment opportunities for others.

Gauteng Economic Landscape

“Gauteng remains the economic engine, the 7th largest economy on the continent, the 26th largest urban region in the world. Gauteng contributes 35 per cent to the country’s GDP, amounting to more than R1.2 trillion.”

However, to address the socio-economic challenges of our province, GGT2030 say we must record annual growth rates of 4.5 per cent per annum by 2030. To achieve this target, the province should concentrate on increasing growth, which will lead to an increase in per capita GDP and reduce unemployment.

In order to grow the Gauteng economy, Mamabolo said they must engage two key economic sectors,

• He said they will be partnering with municipalities and exploring a set of incentives to address municipal red tape that constrains fixed investments; and also engage the private sector on supporting the fastest growing sectors the economy;

• engaging national government and SOEs on supporting the Gauteng economy;

• building partnerships with township-based entrepreneurs in the context of the Township Economy Development Act; leveraging infrastructure expenditure and that of the private sector to enhance the productivity of the Gauteng economy.

The MEC also noted the risk posed by grey listing of SA economy, but said the National Treasury is adequately equipped to handle the matter.

Gauteng Budget Factors

The Gauteng Provincial Government Budget comprises transfers from National Government in the form of Provincial Equitable Share, amounting to R148.2 billion in 2023/24, growing to R153.3 billion in 2024/25 and R160.2 billion in the outer year of the MTEF.

Added to this is money from national government in the form of Conditional Grant allocations, accounting for an average of 18% of total transfers, amounting to R27.4 billion, R27.9 billion and R29.1 billion in each respective year of the 2023 MTEF, to realise policy imperatives within the education, health, human settlements and transport sectors. Provincial’s own receipts account for 5% of the gross revenue available for the province to appropriate for

Provincial’s Revenue Sources

The provincial own revenue consists mainly of motor vehicle license fees, casino and horse racing, patient fees and interest earned on short term investments, which contributes to close to 98% of total own revenue.

“We have set a target of R7.3 billion and I am pleased to announce that as at end of February we have collected a total of R6.7 billion, representing 92 per cent of the appropriated target.”

Three-Pillar Clusters of Budget Allocations

A total of 83 per cent of the provincial budget amounting to R412 billion is allocated to the Social Cluster. These resources will be used to drive social transformation in Gauteng and are already in the baselines of the departments.

The Economic Cluster which will receive a total of R66.6 billion, or 13.5% of the budget. The Governance Cluster, which focuses on, amongst other things, strengthening collaboration amongst all spheres of government, enhancing integrated planning for improved service delivery, accounts for R12.1 billion, or 2.5% of the budget

Focus on Women Empowerment & GBV

The strategic focus remains empowering women as a basis of contributing to the fight against Gender-Based Violence and Femicide.

This will be achieved by leveraging technology, supply chain and procurement instruments to create capacity for departments to meet their quarterly and annual targets for women empowerment.

This will allow them to meet their job creation targets, especially among the youth in the province, as figures released by the Gauteng Economic Barometer of the Department of Economic Development, indicated a huge challenge of youth unemployment in the province.

Overall Budget Allocations

The earmarked budget allocations are focused on the Five Elevated Areas pronounced by, Premier Panyaza Lesufi during SOPA last month.

Education

A total of R4.6 billion will be allocated to the Gauteng Department of Education – these funds are to address the pressures in the Compensation of Employees baseline, and delivery of support services such as scholar transport, school nutrition and school subsidies to make education more accessible.

Health

Health and wellness of people also takes up a significant share of what is being allocated to the Gauteng Department of Health, with an additional R5 billion, with focus on retaining part of the capacity taken on board to fight the COVID-19 pandemic, and which will go a long way in strengthening the health delivery platform.

More crucially, of the R5 billion, a total of R784 million has been allocated to the Gauteng Department of Health to address the backlog in surgical and radiation oncology services, emanating from shortages in both personnel and equipment, and the knock-on effect of the COVID-19 pandemic that stretched the capacity of the Gauteng health system.

In efforts to clear the backlog, Treasury and Health Department have worked with civil society

organisations - SECTION27 and CancerAlliance – on the procurement of the necessary machinery and equipment needed for radiation therapy, to assist the patients on the waiting list, particularly because the disease requires urgency.

Crime Fighting

Fighting crime is Gauteng is one of the priorities as it affects many citizens directly or indirectly. The Gauteng Department of Community Safety will be resourced with R4 billion additional allocation, for the training and absorption of the 6 000 crime prevention wardens currently undergoing training that is scheduled to conclude at the end of April 2023.

These crime prevention wardens will be given necessary tools of trade, the allocation will also enable the acquisition of technological solutions to fight crime – such as drones, and the leasing of helicopters to enhance the visibility of crime prevention efforts. Also included in this allocation is funding for fleet services, to further capacitate traffic police to undertake their duties.

However, Mamabolo added that in the next few months, Gauteng MECs are going to present Departmental Budget Votes to the Gauteng Legislature. They will further outline in more detail the implementation of the priorities pronounced by the Premier.

Infrastructure Development & Job Creation

While recovery efforts are spread across the three spheres of government, the GPG-specific interventions include the allocation of R574 million towards the Tshwane SEZ and OR Tambo International SEZ, primarily for internal bulk infrastructure to make these sites more functional.

The MEC said, it is imperative to continue being diligent in ensuring that a budget of R39.5 billion investment results in the desired outputs and outcomes. This amount includes a budget of R7.68 billion that has been set aside to improve the infrastructure within the TISH programme, as follows:

- **Townships:** Of this amount, R3.5 billion will go towards the provision of new, and improvement of existing infrastructure to enable the province to provide the required services. Some of the notable projects within the townships includes the construction of housing units at Sebokeng Ext 28, construction of Sewer Pipelines and manholes at Mohlakeng- Pelzvlale, Soshanguve South secondary school in Soshanguve;

- **Informal Settlements:** To improve the basic infrastructure services within the informal settlements in the province R3.8 billion has been allocated to upgrade the following informal settlements – Kwa Brown, Mamello, Piel’s Farm, Thabong, Pangoville (Munsieville), Bergsig Informal Settlement and Ratanda;

- **Hostels:** A total of R322 million will go towards the renovation and improvement of conditions of hostels. Some of the hostels planned for the upgrade includes George Goch; Denver; Jeppe; LTA Rethabile, Kwama-Siza, Dube, Orlando, Diepkloof and Orlando West.

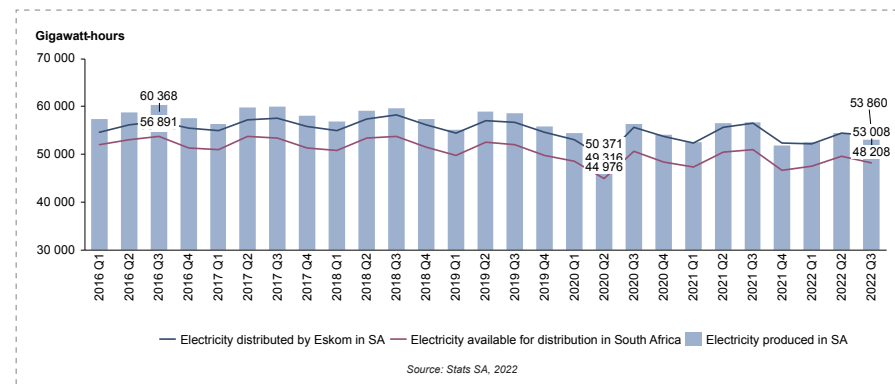
Mamabolo said they continue to strive towards a balanced allocation between the need for new infrastructure while also adequately maintaining existing infrastructure to restore and protect the value of investments over a long period of time.

“There is a need to make more dedicated efforts to ensure that projects are ready to proceed through the different stages across the infrastructure value chain and that we are more diligent in terms of the management of risks associated with inadequate infrastructure planning and poor delivery.”

“We are now at a point in our journey towards improving infrastructure investments where it is imperative that the Gauteng Provincial Treasury, as the custodian that allocates funds, must ensure that there is value for money on all our projects.”

The MEC said, the energy supply challenge facing the country has become the single biggest threat to our economic recovery and any potential future growth.

Focusing on Energy



“If it continues to deepen over the short to medium term. This is not only because of its effects on the supply of electricity only, but also water and sewerage reticulation.”

That is why there is heightened activity in finding solutions to mitigate the effects of load-shedding. Despite the haste to find solutions, it will be prudent to resource only those proposals that are sound and credible from a technical perspective, as well as affordable.

The Office of the Premier working together with the Corporative Governance and Traditional Affairs (CoGTA), Gauteng Provincial Treasury and Gauteng Infrastructure Financing Agency (GIFA) are building in-house energy capacity to support efforts that the province and municipalities are making in finding lasting solutions to the current energy crisis.

To this end, an amount of R1.2 billion

in seed capital will be set aside by the Gauteng Provincial Treasury as announced by Premier Lesufi during the State of the Provincial Address, to fund projects based on assessment of readiness to implement and value for money.

GIFA, together with its partners within Bokamoso Ba Rona Initiative (a Non-profit Company), are facilitating the creation of a sustainable post-mining economy in the West Rand region of Gauteng. Through this Initiative, Sibanye Stillwater and Far West Rand Dolomitic Water Association donated 30 000 hectares of land to the NPC for development of agro-industrial projects and commercial catalytic projects.

In 2022 GIFA issued a Request for Proposal to the market for the development of a Merafong Solar Farm Cluster. The solar farm cluster will be located on the land donated to the NPC. So far, GIFA has identified six (6) Independent Power Producers to develop 1 500 hectares of this allocated land, and this has a potential of generating 800 Mega Watt of power. The process of allocating land parcels to the IPPs is underway and will be completed in March 2023 when lease agreements are signed.

GIFA is also concluding negotiations with a private party on Phase 1 of the Rooftop Solar PV project to generate close to 8 Mega Watt from selected hospitals. “As part of addressing the

energy crisis we are going ahead with Phase 2 of the Rooftop Solar PV project in government owned-properties especially education and health institutions. We will invite the developers as part of Gauteng’s response to the energy crisis.”

Mamabolo has also welcomed the Minister of Finance announcement of tax-rebates to encourage both businesses and individuals to invest in renewable energy.

New Pre-compliance Checks

He said the Gauteng Provincial Treasury will, in the new financial year, introduce pre-compliance checks prior to creating a Purchase Order for quotations between R500 000 to R1 million.

Focus on Township Businesses

The GPG will explore procurement rules which allow government and its main contractors to buy from large groups of township-based businesses, with systems linking

them to supply as if they were one large firm.

“This will build the needed capacity for these businesses to supply large markets and discover new suppliers. The GPG aims to spend about 60 per cent of the R35 billion budgeted for goods and services to provide support to township business initiatives.”

Invoice Dispute Resolution platform

In line with SOPA commitments, the province will also establish an Invoicing Dispute Resolution Unit that will serve as an ombuds for disputed invoices. To this end, a dedicated central email has been established where all disputed invoices should be sent. The email address is disputedinvoices@gauteng.gov.za.

Strengthening Local Municipalities

He added that the Gauteng Provincial Treasury in support and strengthening the capacity of local municipalities, to manage their own affairs has committed to provide the technical support to all district and local municipalities.

“In this budget, we have provided 10 technical advisors to be placed in these municipalities. Their scope includes various disciplines on municipal financial management, and the implementation of Financial Recovery Plans where municipalities are under provincial interventions.”

On E-tolls, Mamabolo said the provincial government has agreed to share the debts of E-tolls together with the National Government as stated by the Gauteng Premier during the SOPA. However, like the Premier said, there are still negotiations to be made and an MOU to drafted before any implementations thereof.



Gauteng MEC for Finance
Jacob Mamabolo