



SPEECH BY GAUTENG MEC FOR FINANCE AND ECONOMIC DEVELOPMENT LEBOGANG MAILE ON THE OCCASION OF TABLING THE 2025/2026 BUDGET OF THE GAUTENG PROVINCIAL GOVERNMENT, 18 MARCH 2025, GAUTENG PROVINCIAL LEGISLATURE

Madam Speaker and Deputy Speaker
Premier Panyaza Lesufi and fellow Members of the Executive Council
Chief Whip
Leaders of Political Parties
Members of the Provincial Legislature
MMCs of Finance and Councillors
Members of the Diplomatic Community
Representatives from the Auditor General's Office
Senior Officials of Government and Municipalities
Representatives of Business, Organised Labour, and Civil Society
Distinguished guests
Residents of the Gauteng Province
Members of the media
Ladies and gentlemen

INTRODUCTION

It is an honour and a privilege to stand before you in this august house, on this occasion of the tabling of the first Budget of the 7th administration. Ten months ago, the people of Gauteng took to the polls to elect a government of their choice, one that they mandated with the Herculean task of leading the biggest provincial economy in South Africa and the SADC region broadly.

Under the leadership of Premier Panyaza Lesufi, the Executive Council and administrative leadership of the province has renewed its commitment to building an inclusive and sustainable economy amidst challenging regional and global conditions.

This Budget is an expression of this commitment.

I would like to start by tabling the following documents for consideration by this House:

- The Appropriation Bill for 2025/26;
- The Explanatory Memorandum to the Bill;
- Estimates of Provincial Revenue and Expenditure;
- Estimates of Capital Expenditure;
- The Socio-Economic Review and Outlook; and
- The Budget Speech.

These documents, collectively, provide a comprehensive picture of the state of the provincial economy and finances, and the roadmap that we are using to alter this state in a quest to build an economy that grows in the hands of the residents of Gauteng.

This Budget comes after the tabling of the State of the Nation Address, the State of the Province Address and the National Budget Speech where President Cyril Ramaphosa, Premier Panyaza Lesufi and Finance Minister Enoch Godongwana, respectively, articulated the complex challenges that face our country and province.

The South African economy is in a difficult position, characterised by slow growth and the persistent triple challenge of inequality, unemployment and poverty. And while we are seeing some slight improvements, the economy is projected to experience modest growth, with inflation also expected to moderate, potentially easing to levels within the target range of the Reserve Bank.

This does not negate the reality that the journey ahead of us is going to be difficult, demanding the commitment of the government, private sector and civil society.

In the Medium-Term Budget Policy Statement (MTBPS) that was tabled on the 24th of November 2024, we provided an honest overview of the economic and socio-economic challenges confronting the Gauteng Province.

These systemic challenges have their roots in the historical constructs of our economy whose vestiges continue to find expression economically, socially, politically and spatially. At a contemporary level, the advent of the COVID-19 global pandemic that battered national economies did not spare the national and provincial economy.

While we have instituted practical interventions that are yielding some positive results, the recovery is not linear nor is it without ongoing challenges. Key industries on which the provincial economy is anchored are still recovering.

It is a process that has tested our resolve to overcoming, and as articulated in the MTBPS, our resolve is unwavering. It is strengthened by a collective and supportive environment and an emphasis on the quality of reforms and service delivery.

The theme of this year's Budget Speech is: ***“Reaffirming and Strengthening Gauteng’s Role in the Continental Economy”***. This theme captures an appreciation of the complexities that have had to be surmounted in compiling the 2025 Medium Term Expenditure Framework (MTEF) Budget aggregates, while also asserting the resolve of the Gauteng Provincial Government in asseverating the place of the provincial economy both nationally and regionally.

There must be no doubt, even in the face of challenges that we face, that Gauteng is still the nerve-centre of the regional economy. The challenges that we are confronted with are not insurmountable.

The Gauteng Provincial Government has a five-year budget approach that will facilitate provincial delivery based on the Medium-Term Development Plan, strategic plans, and annual performance plans for the 7th Administration. This approach is anchored on:

- maintaining fiscal discipline and credibility and impactful service delivery;
- responding to high-level provincial risks such as safety, economy, climate change and debt management;
- tabling of the 2025 Provincial Budget that will be aligned with provincial strategic plans, annual performance plans, and other planning and budgeting engagements; and
- introducing, testing, and implementing immediate, short-term, and medium-term budget reforms over the 2025 MTEF.

This is against the backdrop of a deteriorating fiscal position that is driven by declining revenue, mounting debt obligations, and an increasingly unsustainable wage bill. Liquidity pressures are escalating, with net cash balances projected to turn negative by the 2025/26 financial year, largely due to the e-toll debt burden persistent accruals - particularly in health.

In his 2025 State of the Province Address, Premier Lesufi underscored a bold, action-driven agenda to tackle the province's thirteen (13) pressing challenges, including but not limited to crime, infrastructure challenges, unemployment, and economic stagnation, while advancing inclusive growth and service delivery improvements.

The State of the Province Address also expressed a clear appreciation of the binding fiscal constraints, which required trade-offs and efficiency-driven spending to sustain the momentum critical to realising these aspirations. In this regard, we have

implemented a compulsory baseline reduction across all provincial departments to sustain public finances.

Service delivery interventions were, however, cushioned from deeper cuts since the fiscus was supplemented through provincial financing and the implementation of stricter cost containment measures.

However, with a shrinking equitable share and slow economic growth, Gauteng Provincial Government departments must internalise these fiscal constraints and align spending with the 2024-2029 Medium-Term Development Plan. Failure to act decisively - through expenditure oversight, keeping the overall wage bill under control and exploring alternative funding models - will risk deepening the liquidity crisis, threatening service delivery, and exposing the province to significant governance and fiscal risks.

One of the measures to explore in augmenting the fiscus is to identify and tap into alternative revenue sources such as partnerships with private sector, donor funding, and developmental/blended finance.

Fiscal discipline requires that governments maintain fiscal positions that are consistent with macroeconomic stability and sustained economic growth. To reinforce fiscal discipline, the Gauteng Provincial Government must fund its requirements within the set budget ceilings. This necessitates large-scale budget reprioritisation, making trade-offs as well as a drive to identify efficiency gains - all with the aim of enhancing the credibility of the provincial budget.

There is a common agreement that the Gauteng Provincial Government must concertedly unlock allocative efficiency to maximise the desired impact of government expenditure on the socio-economic situation.

This means that existing plans and budgets must be repositioned to respond to the Gauteng Provincial Government policy priorities within the limitations of the reduced fiscal envelope.

Compensation of employees is the largest component of government's expenditure, and we are endeavouring to keep it at below 60 per cent of overall expenditure. It would be beneficial for the Gauteng Provincial Government to prudently invest in and manage human resources to yield efficiencies that will contribute to the province's focus on maintaining fiscal sustainability.

While we recognise the need to retain critical frontline staff, we cannot afford to sustain an unchecked wage bill at the expense of essential services. All departments must ensure that staffing decisions are based on efficiency, productivity, and impact.

This approach is not merely about cutting costs - it is about optimising workforce deployment to ensure that every rand spent delivers tangible value to the people of Gauteng.

The task ahead is unambiguous. The transition from a headcount-driven model to a performance-focused framework is not only necessary, but it is an obligation. We affirmed this posture in the 2024 Medium-Term Budget Policy Statement by asserting that our service delivery imperatives must be anchored on, among other things, the professionalisation of the public service as a mechanism for building a developmental state.

As asserted by Professor of Public Affairs, Mashupye Maserumule, based at the Tshwane University of Technology, the professionalisation of the public service is fundamentally about following through with the intentions of the Constitution and the National Development Plan (NDP), which is the country's long-range blueprint for socio-economic transformation.

Thus, the public service must be performance-focused, ensuring that our spending priorities reflect value for money, sustainability, and service excellence.

Accruals remain a significant threat to Gauteng's fiscal sustainability, eating into our spending power and distorting budget planning. Indeed, the Minister of Finance, Enoch Godongwana, deplored the untenable environment caused by accruals, which resulted in the budgetary allocations to departments being used to pay for prior year invoices for goods and services instead of current needs, setting off a vicious cycle of budget shortfalls, unpaid invoices, and a crisis in cashflow and the planning and predictability of budgets.

Accruals, together with irregular expenditure, fruitless and wasteful expenditure, contingent liabilities and over-commitments are the unwanted expenditures that we must do away with.

One of the major causes of these unwanted expenditures is not securing funding before procuring goods and services or contracting with service providers, meaning that a commitment is not backed by cash or budget.

Over-commitments present service delivery risks and litigation risks when provincial departments and entities become unable to honour their commitments due to funding constraints.

A province-wide accrual reduction strategy is being implemented, focusing on strict procurement discipline, upfront payment verification process, and strengthened consequence management for officials responsible for financial mismanagement.

Furthermore, in line with national directives, we will treat accruals as a first charge against department budgets, ensuring that no new spending is approved until outstanding obligations are settled.

This government will not allow accruals to cripple service delivery or push small businesses into financial distress due to delayed payments. Our commitment is clear: we will restore fiscal credibility by ensuring that every Rand spent is a Rand accounted for.

The Gauteng Province continues to focus on identifying efficiencies and achieving value-for-money in the supply chain management environment to give effect to fiscal sustainability through procurement.

This includes the procurement of goods and services, including infrastructure, at prices that are aligned with realistic current market price range. Additionally, we are considering innovative procurement modalities to ensure that value for money is obtained, while simultaneously pursuing desired socio-economic objectives.

This said, Madam Speaker, this budget invests significant resources to improve public education, healthcare and social welfare, while also ensuring infrastructure service delivery that drives the development of sustainable communities. It supports inclusive and sustainable economic growth.

Gauteng is the wealthiest province in the country and the region, and this wealth must translate into improved quality of life for our residents. Research by the Gauteng City Region Observatory indicates that a quarter of households in our province still live in conditions of poverty.

Furthermore, research produced in various higher learning institutions in our province indicates that a significant proportion of our residents experience food insecurity, meaning that they lack sufficient nutritious food. This illustrates the poverty dynamic in a wealthy region.

It is for this reason that in our assessment of the service delivery and poverty alleviation strategies, we are focused not only on analysing the underlying flows, that is, who enters and leaves poverty, rather than just focusing on the stock, which is the number of people living in poverty at a specific time.

As a caring government, we have ensured that this Budget also provides substantial resources to support and mainstream programmes that focus on gender-based violence and support the rights of women, youth, senior citizens, people with disabilities, military veterans and the LGBTIQ+ community.

It also includes allocations to address femicide as well as violence against women and children, a national pandemic that demands urgent attention from all

stakeholders including the government, private sector and civil society.

GLOBAL ECONOMIC OUTLOOK

Madam Speaker, let me now reflect on the state of the economy to provide context to the budget. The global economic environment is characterised by uneven growth prospects for different regions, rising debt levels and geopolitical tensions including protectionist policies and populism.

The International Monetary Fund contends that advanced economies grew by an estimated 1.7 percent in 2024, unchanged from 2023. Projections are that growth will improve marginally to 1.9 percent in 2025. Strong growth from economies such as Canada, the United Kingdom, and the European Union supports the improvement of growth in advanced economies.

Growth for the emerging market and developing economies is estimated at 4.2 percent in 2024 and projections are that growth will stabilise at the same rate in 2025.

The economy of Sub-Saharan Africa is expected to rise from 3.6 percent in 2023 to 4.2 percent in 2024. Growth is expected to improve to 4.4 percent in 2025 as supply limitations gradually ease and the adverse effects of previous weather shocks gradually fade.

NATIONAL AND PROVINCIAL ECONOMIC OUTLOOK

On the domestic front, South Africa continues to experience weak economic performance due to structural challenges and logistical constraints. As a result, Statistics South Africa says the country's economy grew by 0.6 per cent in 2024. National Treasury projects that our economy will grow by 1.7 percent in 2025 and 2026 respectively.

Gauteng remains the biggest contributor to the South African economy with the province currently contributing 35 percent to the National Gross Domestic Product. The provincial economy continues to grow above national levels. Our economy grew by 1.3 percent in 2024. It is expected to rise to 1.8 percent in 2025 before reaching 2 percent in 2026.

There is no question that more work still needs to be done to achieve economic growth levels necessary to create much needed jobs and improve the living conditions of people.

In line with Growing Gauteng Together 2030 (GGT2030) Plan, we continue to transform our economic landscape by amongst other things, investing in strategic areas such as Special Economic Zones to boost manufacturing with a conscious

view to re-industrialise the province.

We are actively modernising Gauteng's economy through investment in broadband networks, stimulation of the ICT industry, and investment in new green technologies. The Gauteng Provincial Government will be piloting digital systems and automation in supply chain processes to ensure the efficient use of both human and financial resources of the province.

However, government alone cannot address all challenges facing our province. Therefore, we are building social partnerships with business, civil society, tertiary and research institutions not only to enhance innovation but to also massively boost investment into the province.

GAUTENG INVESTMENT CONFERENCE

That is why on the 3rd of April 2025, we will host the first Gauteng Investment Conference. Our aim is to attract R800 billion investment commitments into the province over a period of three to five years.

Our objective is to push for a total of R300 billion of this investment to be secured in the 2025/2026 financial year. This investment drive is focused on areas that are key to our growth plan including innovation, industrialisation, sustainability, green energy, ICT, infrastructure, transport, manufacturing and township economies.

The event will also be a important platform to engage with private and public sector investors on policy measures to bolster energy security, revive industrial competitiveness and leverage private-sector investment to fast track economic recovery and growth in Gauteng.

We are convening this important gathering because fixed investment plays an important role in stimulating economic growth. By channelling funds into long-term assets such as machinery, infrastructure, and technology, businesses enhance their production capacities and efficiency. This investment will not only boost the output and competitiveness of the economy, but it also stimulates job creation, as new fixed investment and expansions require additional labour.

In Gauteng, our Gross Fixed Capital Formation (GFCF) is mainly driven by our metropolitan municipalities – the City of Johannesburg (CoJ), City of Tshwane (CoT) and City of Ekurhuleni (CoE). CoJ consistently recorded the highest GFCF levels, starting at approximately R100.6 billion in 2016 and declining to R75.6 billion in 2020, at the height of the COVID-19 pandemic. Despite this sharp decline, investment rebounded in subsequent years, reaching R83.99 billion in 2023, signalling a recovery.

The City of Tshwane has also followed a similar trajectory, declining from R64.8

billion in 2016 to R48.5 billion in 2020. However, CoT's recovery has been slower than CoJ's, reaching R53.78 billion in 2023, indicating ongoing structural investment challenges.

The City of Ekurhuleni also saw a steady decrease from R63.3 billion in 2016 to R45.6 billion in 2021, with investment picking up slightly to R50.6 billion in 2023.

The analysis of these trends indicates structural pressures, including contractions in manufacturing, construction, and public infrastructure spending, alongside growth in agriculture and mining.

These trends underscore fiscal limitations, while modest sectoral gains signal opportunities for targeted interventions. We therefore take this opportunity to invite decision makers in the public and private sectors to join us on at the Gauteng Investment Conference to chart a path of recovery and growth for the Gauteng economy.

We must work together to unlock the resources that are in both the public and private sectors, invest them into the provincial economic lascape and strategically drive the province's economic growth into the future as we redefine and reaffirm our role in the regional economy.

LEVERAGING PROCUREMENT TO DRIVE ECONOMIC TRANSFORMATION

Honourable Members, we are convinced that to deal decisively with the monopoly structure of the economy, we must promote the development of small businesses, particularly township enterprises and cooperatives.

Over the past five financial years, the Gauteng Provincial Government has invested a total of R15.1 billion in township-based enterprises owned by Blacks, women, youth, people with disabilities and military veterans through our Preferential Procurement Spend.

We welcome President Ramaphosa's announcement during the State of the Nation Address with regards to the fast tracking of regulations of the Public Procurement Act.

The Gauteng Provincial Treasury is actively involved in this process with representation in various Reference Groups established by the National Treasury to shape the development of Public Procurement Regulations for the country.

Through these platforms, we are advocating for policies that drive inclusive economic participation and sustainable growth. We are equally pleased with the announcement by the President that the Department of Trade, Industry and

Competition is establishing a Transformation Fund worth R20 billion a year over the next five years to provide funding to Black-owned enterprises.

These initiatives are aligned with our progressive approach focused on achieving meaningful transformation of the economy and job creation guided by our groundbreaking Township Economic Development Act.

BUILDING A LOCAL GOVERNMENT THAT WORKS

Honourable Members, most of our municipalities continue to table unfunded budgets because they do not have a sustainable revenue base. For this reason, we welcome President Ramaphosa's announcement during the State of the Nation Address that a process will be initiated at national level to develop a White Paper on a modern and fit-for-purpose local government system.

The Gauteng Provincial Government and municipalities will fully participate in this process because we are committed to a local government that works better for the benefit of all citizens.

In 2023, the National Treasury granted approval to five municipalities in Gauteng namely, Emfuleni Local Municipality, Lesedi Local Municipality, Merafong City, Mogale City and Rand West City, to participate in the Eskom Debt Relief Programme.

I must take this opportunity to congratulate Rand West City for being the first municipality in the country to receive a debt write-off of R279.7 billion from the ringfenced debt of R839.7 billion after complying with 14 conditions in the first cycle of the Eskom Debt Relief Programme.

Emfuleni Local Municipality has also been granted one-third write-off of its debt amounting to R1.9 billion from a ring-fenced debt of R5.9 billion. Mogale City has also recently received a relief of the Eskom debt amounting to R79 million – which is a one-third write-off of its debt, following compliance with conditions set out.

GOOD GOVERNANCE AND TRANSPARENCY IN THE PUBLIC SECTOR

Promoting good governance and transparency is key to the development of a clean, ethical and accountable government capable of providing quality basic services to people.

The 2023/2024 provincial audit outcomes saw seven departments receive clean audits while the remainder achieved unqualified audit outcomes. At municipal level, we recently welcomed the 2023/2024 audit outcomes in which two municipalities received clean audit opinions, while six municipalities achieved unqualified audit opinions.

As part of our commitment to clean governance, transparency and accountability for public funds, the annual financial statements for 2024/25 financial year will be prepared and submitted to Auditor-General of South Africa as required by Sections 40(1)(b) and 55(1)(b) of the Public Finance Management Act (PFMA) (Act 1 of 1999). We intend to maintain current audit outcomes and improve them even further.

To improve our financial management and ensure effective budget control, we will pilot advanced interoperability between our financial and procurement systems. This initiative will allow for seamless data exchange and better tracking of expenditure.

Additionally, we will implement automated budget validation processes to prevent the creation of purchase orders without sufficient funds, thereby ensuring strict adherence to allocated budgets.

We are also introducing real-time alerts to detect potential budget overruns early, enabling proactive intervention and corrective measures to maintain financial stability and accountability. This initiative will enhance compliance with Treasury Regulation 8.2.3 which mandates the payment of invoices within 30 days.

As part of our commitment to continuous improvement, we are excited to introduce the Invoice Management System (IMS) - a cutting-edge AI-driven platform designed to bring innovation and efficiency to invoice processing across the Gauteng Provincial Government.

This fully automated system aims to reduce delays, enhance accuracy, and provide real-time visibility into suppliers' invoices. The successful pilot program for Gauteng Provincial Government-linked card processing devices in Merafong Municipality has established a precedent for future initiatives.

The plan is to expand this implementation to all municipalities in Gauteng. This strategy will ensure that revenue is directed to the province while municipalities continue to receive their agency fees, promoting a collaborative approach to governance.

Since 2014, we have implemented the Open Tender system, subjecting all bids over R2 million to probity audit. To date, more than 420 projects with a value of more than R42 billion have been awarded through Open Tender and the province has not incurred irregular expenditure on nearly all these transactions.

BUDGET PRINCIPLES, FISCAL ENVIRONMENT AND STRATEGY

Honourable Members, let me now turn to the fiscal environment and start by emphasising that government expenditure is dependent on the availability of revenue collected from various sources including taxes.

Weak economic growth means less revenue for collection. This, by implication, results in a decrease in what the national fiscus has available for transfer to the provinces.

As such, the 2025 MTEF Budget was prepared in a tight fiscal environment that requires all of us to manage our finances in a prudent and sustainable way, while ensuring the provision of basic services to the people of Gauteng.

The Budget I table for your consideration today is anchored around, amongst others, the following principles:

- Curbing the growth in the provincial budget deficit.
- Ensuring long term fiscal sustainability in the challenging socio-economic environment through maximising own revenue collection, donor funding, blended financing, public-private partnerships, trade-offs and downscaling or stopping of programmes.
- Unlocking allocative efficiency by repositioning existing plans and budgets to respond to the Gauteng Provincial Government's policy priorities within the constrained fiscal envelope.
- Realisation of efficiencies in the provincial procurement processes.
- Focus on "ready to deliver" infrastructure projects that contribute to the elevated priorities.
- Protecting vulnerable members of society.

OWN REVENUE

Honourable Members, Gauteng Provincial Government receives 95 percent of its revenue as direct transfers from National Government. The remainder of the revenue that makes up our total budget comes from Own Revenue, which includes motor vehicle license fees, gambling taxes, hospital patient fees, and interest earned in investments.

These resources are important because they enable us to enhance and supplement our revenue to fund provincial priorities, particularly at a time when transfers from National Government are declining due to weak economic performance.

Over the past five years, the Gauteng Provincial Government's Own Revenue amounted to R36.8 billion, which on average was R7.2 billion per year. In the current financial year, up to the end of February, the province has raised an amount of R7.3 billion, which is slightly above the average.

Total Own Revenue collection is expected to increase from R8.3 billion in the 2025/2026 financial year to R8.7 billion in 2026/2027 and reach R9.1 billion in the 2027/2028 financial year.

To ensure that we reach and even surpass these targets, provincial departments are implementing various strategies to enhance revenue collection, anchored on our provincial Revenue Enhancement Strategy that is underpinned by the following principles:

- Accelerating the completion of interventions that has already started;
- Optimising the existing revenue sources;
- Enhancing revenue collection processes and systems to increase efficiency, cost effectiveness, and eliminate leakages;
- Identifying potential new revenue sources that have not been explored; and
- The use of alternative funding and implementation models to achieve more value.

Departments are prioritising the collection of debt that is currently being owed by various stakeholders including non-renewal of motor vehicle licenses and non-renewal of liquor licenses.

The province is also looking into optimising revenue collection processes and implementing smart technology solutions to ensure that we minimise revenue leakages.

We are creating new innovative partnerships with the private sector on revenue sharing models where the private sector will drive the funding and the implementation of some of these new models.

THE 2025 MTEF BUDGET ALLOCATIONS

Honourable Members, let me now turn to the allocations for this year and begin by saying when Minister Godongwana delivered his National Budget Speech, he reiterated the following: *"We must acknowledge that over time, budgets tend to grow incrementally, often carrying forward historical allocations, without necessarily reflecting the evolving needs of our country. This approach has led to inefficiencies, misalignments, duplication, and in some cases, the continued funding of programmes that do not yield the intended impact."*

The 2025 MTEF Budget for the Gauteng Provincial Government that we are tabling today amounts to over half a trillion Rand - R527.2 billion to be precise - over the medium term. It grows at an annual average of 3 per cent from R171.5 billion in 2025/26, to R175.1 billion in 2026/27 before reaching R180.5 billion in 2027/28 financial year.

The 2025 MTEF Budget is characterised by compulsory baseline reductions across all Gauteng Provincial Government departments and entities, to accommodate the downward revision of the Provincial Equitable Share, and further baseline reductions

to accommodate the provincial budget deficit

It comprises of transfers from the National Government with the Provincial Equitable Share growing by an annual average rate of 4 percent from R133.9 billion in the 2025/2026 to R138.9 billion in 2026/2026 and R144.2 billion in 2027/2028 in the outer years of the MTEF. Conditional Grant allocations will increase from R28.9 billion in the 2025/2026 financial year to R29.2 billion in 2027/2028 in the outer year of the MTEF.

The adjustment in the data formula of the Provincial Equitable Share has resulted in the overall decline in National Government transfers to the province amounting to R6.2 billion over the 2025 MTEF.

However, this has been partially offset by the following amounts allocated by the National Treasury:

- R3 billion over the MTEF to offset the higher-than-budgeted for public sector wage settlement; and
- A once-off allocation of R207 million in 2025/26 for the Presidential Youth Employment Initiative, targeting the teacher assistants programme in the Gauteng Department of Education.

The net effect of these developments, taking into consideration the additional allocations for the public sector wage agreement and the Teachers Assistants Programme, is an overall decline of R2.9 billion in Provincial Equitable Share over the 2025 MTEF

Madam Speaker, let me now turn to the budget allocations to departments for 2025/26 financial year, which are as follows:

- **Office of the Premier** receives R1.5 billion in the 2025/26 financial year and R4.6 billion over the MTEF, to enable it to lead the Gauteng Provincial Government in the implementation of the 2024 – 2029 Gauteng Medium-Term Development Plan, as well as combating crime, boosting economic growth, ensuring energy stability, and investing in education and skills development.
- The **Gauteng Provincial Legislature** receives R1.2 billion in 2025/26, and it grows to R3 billion over the MTEF period to propel confidence in democracy and improve the quality of life of Gauteng's residents. This total budget includes funding political parties and constituency support. This is to support the increase in the number of political parties represented in the Gauteng Provincial Legislature from six to eleven to fulfil their role as public representatives in the 7th Administration.

- The **Gauteng Department of Economic Development** will be allocated R1.6 billion in the 2025/2026 financial year and R4.9 billion in total over the MTEF. These resources will be used to promote investment in the development of industrial and economic infrastructure, and prioritise the economic development of townships, deteriorating areas, and peri-urban areas. A total of R22.6 million in 2025/2026 and R63.7 million over the 2025 MTEF have been allocated towards the implementation of industrial parks.
- The **Gauteng Department of Health's** 2025/2026 financial year allocation amounts to R66 billion, and a total of R209.1 billion over the MTEF, to strengthen the public health system to deliver patient-centred, equitable care, particularly in under-served communities through the modernisation of infrastructure, digitisation of health records, improving governance mechanisms and capacity building to tackle effectively both communicable and non-communicable diseases.
- In the 2025/2026 financial year, the **Gauteng Department of Education** receives R69.6 billion, and cumulatively R211.2 billion over the MTEF, to expand access to quality basic education and early childhood development (ECD) and improve education outcomes for women, girl, youth, and persons with disabilities. There will also be focus on delivering high-quality education across the Foundation, Intermediate, Senior and the Further Education and Training Phases, changing of the Education landscape to accelerate relevant and quality learning and the creation of a safe schools' environment and the promotion of social cohesion.
- The **Gauteng Department of Social Development** receives R5.5 billion for the 2025/2026 financial year, and R16.8 billion over the MTEF. This is to secure social compacts and partnerships to build a skilled and capable workforce, implement a 'single window' urban poverty and hunger elimination approach and strengthen support for homeless and vulnerable persons. Furthermore, the department will be offering comprehensive skills development through the integration of skills development initiatives within its various service offerings.
- The **Gauteng Department of Cooperative Governance, Traditional Affairs and Urban Planning** will be allocated R551.4 million in the 2025/2026 financial year and R1.7 billion over the MTEF, to carry out its role of strengthening integrated planning, cooperative governance and improved oversight and coordination at the centre of government. This will be achieved through programmes that support development and integrated planning and improving oversight as part of building a capable, ethical and developmental state in support of outcome 3.1 of the 2024 – 2029 Medium-Term Development Plan.
- In the 2025/2026 financial year, the **Gauteng Department of Human Settlements** will be allocated an amount of R5.8 billion, and in total R16.6 billion

over the MTEF, towards the provision of access to inclusionary Human Settlement opportunities such as the optimisation of land use via the Rapid Land Release Programme, provision of housing opportunities, including the servicing of stands through Mega Housing Projects as well as job creation opportunities through the Expanded Public Works Programme (EPWP).

- The **Gauteng Department of Roads and Transport's** 2025/2026 allocation is R9.7 billion, and R28 billion over the MTEF is primarily for the provision of a safe, reliable and affordable integrated transport system that enables equitable access to opportunities and enhances the quality of life for the people of Gauteng. Furthermore, these resources will be directed towards fixing of streetlights and potholes which were amongst the 13 Gauteng problems that Premier Lesufi spoke about during the State of the Province Address. The department will also upgrade and rehabilitate strategic road infrastructure improving safe accessibility to Special Economic Zones (SEZs), and job creation opportunities through the Expanded Public Works Programme (EPWP).
- In the 2025/2026 financial year, the **Gauteng Department of Community Safety** will receive R2.4 billion, and R6.8 billion over the MTEF, to protect, safeguard and secure communities through improved policing and community safety efforts, establish a safe learning environment through school safety interventions, and monitor the performance of the police stations and metropolitan police departments to ensure that quality service is provided to the citizens of the province. Further to this, the department will be deploying the Gauteng Traffic Wardens (GTWs) across the province as a force multiplier to strengthen police visibility, and under the supervision of Gauteng Traffic Police and South African Police Service (SAPS) be part of the efforts to restore law and order in all central business districts.
- **The Gauteng Department of Agriculture and Rural Development** will over the 2025 MTEF receive R2 billion, with R647.3 million alone in the 2025/26 financial year to respond to the 2024 – 2029 Medium-Term Development Plan priority intervention of revitalising the agricultural sector by creating employment through inclusive economic growth and positioning the province as an agro-processing hub. In addition, the department will be providing technical and financial support to Small and Medium agro-processing enterprises and enabling the commercialisation of agro-processors through financial and technical support. The department will also be launching five blended financing instruments, including an agro-processing fund to provide grants and loans to agripreneurs.
- The **Gauteng Department of Sport, Arts, Culture and Recreation** will receive an amount of R1 billion in the 2025/26 financial year and R3.1 billion over the MTEF. These resources are aimed at integrating sports and the arts into community development plans with a view to promoting arts and culture into educational settings in supporting extra-curricular activities in the life of each

learner in partnership with the Gauteng Department of Education, as well as celebrating diversity through the cultivation of an environment where every citizen feels valued. The department, through strategic partnerships, will bid for and host national and international sport, arts, and culture events such as professional boxing, Westrand Marathon, Soweto Marathon through an allocation of R40.8 million in 2025/26 and R126 million over the MTEF. Mass participation programmes to promote a healthy lifestyle within communities will be conducted including but not limited to the Premier's Social Cohesion Monate Holiday programmes, the six Indigenous games tournaments and Move for Health for which R7.9 million in 2025/26 and R24.9 million over the MTEF is set aside.

- The **Gauteng Department of e-Government** is responsible for the expansion of Information and Communication Technology (ICT) connectivity across the province, and towards this end, has been allocated an amount of R1.5 billion in the 2025/2026 financial year and R4.8 billion over the MTEF. Furthermore, the allocation will go towards fund the Gauteng Provincial Network that provides new and maintains ICT and network infrastructure, as well as expansion of Wi-Fi hotspots in all townships as part of the contribution towards improving the living conditions in townships, informal settlements, and hostels. The department will also be installing Closed Circuit Television (CCTV) cameras in township to strengthen the battle against crime, corruption, vandalism, and lawlessness.
- **The Gauteng Provincial Treasury** will receive R787.8 million in the 2025/2026 financial year, and cumulatively R2.4 billion over the MTEF, to ensure that the provincial strategies are funded through projects and other initiatives that are aligned to the theme adopted by the 7th Administration, provide capacity support for the timely planning and delivery of infrastructure projects in Gauteng Province, implement support interventions to improve municipal financial management practices at delegated municipalities through deployment of municipal finance experts.
- The **Gauteng Department of Infrastructure Development's** allocation for the 2025/2026 financial year amounts to R3.6 billion, and cumulatively R10.8 billion over the MTEF. These resources are intended to support the economy through the revitalisation of central business districts into vibrant economic hubs in a manner that ensures that precinct developments are completed to accommodate Gauteng Provincial Government departments and regional offices.
- The **Gauteng Department of Environment** will receive an amount of R611.4 million in the 2025/2026 financial year, and R1.8 billion over the MTEF, to respond to priority interventions identified in the 2024 – 2029 Medium-Term Development Plan. These are, amongst others, the expansion of the *Bontle Ke Botho* programme to support the central business district (CBD) revitalisation plan, review of the Provincial Integrated Waste Management Plan for regulatory compliance, the comprehensive feasibility study for the development of an

Integrated Waste Management Facility (Eco-Park) and Climate Change Action Plan, Climate Indaba and Climate Finance the strengthening of integrated spatial and built environment planning, ensuring sustainable land use management and the mainstreaming of climate change adaptation and mitigation within the province

Despite the downward revision of budgets and reprioritisation within and between budget votes, the priorities highlighted in the State of the Province Address are funded in this 2025 MTEF Budget. We are confident that they will yield a measurable impact in delivering meaningful change for the people of Gauteng.

INFRASTRUCTURE DELIVERY

Honourable Members, infrastructure development is one of the key drivers of economic growth and job creation. In the next three years, the Gauteng Provincial Treasury will spend R36.6 billion on infrastructure sourced from provincial equitable share and conditional grants.

Empirical evidence indicates that most of our infrastructure projects create employment. In terms of education infrastructure, it is anticipated that 13 436 jobs will be created on infrastructure projects in the 2025 MTEF, while 12 653 jobs will be created on road infrastructure projects.

However, we are concerned that our infrastructure spending as Gauteng has repeatedly fallen short, owing to late project approvals, community disruptions, poor contractor performance, and inadequate planning capacity. This underspending has worsened unemployment and left critical projects stalled, including road maintenance and school infrastructure.

To accelerate infrastructure rollout and address the persistent delays that have stalled the province's development, we are fully leveraging the reconfigured Budget Facility for Infrastructure. The introduction of multiple bid windows will ensure that priority projects spanning roads, energy, water and urban renewal, are submitted, approved, and implemented without unnecessary bureaucratic delays.

We are aligning with national infrastructure financing reforms. This includes simplified Public Private Partnership (PPP) regulations and an expanded Budget Facility for Infrastructure, blended private and public financing, and strengthening project preparation to ensure that future infrastructure rollouts remain on schedule and within budget. The days of underspending and delayed projects must come to an end.

In addition, in line with national reforms, we are exploring the credit guarantee vehicle as a mechanism to de-risk projects and unlock private capital without placing an unsustainable burden on the public purse.

Our comprehensive research indicates that not all Gauteng infrastructure projects are economically feasible. Some are not fit-for-purpose while others are sustainable in the longer term in terms of operations and maintenance costs. Thus, we are increasing our focus on infrastructure projects that are not only sustainable, but also directly contribute to an increase in the own revenue stream of GPG and contribute to economic growth and development.

In the 2025 MTEF, our focus is increasingly shifting towards the delivery of infrastructure projects that generate significant financial returns. We will do this through various mechanisms and unlock the financial potential of alternative sources of funding within the public and private sectors.

Gauteng Provincial Treasury will not shy away from stepping up and taking leadership in addressing the numerous infrastructure challenges that we are faced with. Gauteng Provincial Government departments, entities, implementing agents, contractors and professionals shall be held accountable as the key role players in the infrastructure value chain.

This includes the mainstreaming of various steps to address numerous inefficiencies, wastage and leakages within the infrastructure value chain. Poor planning, substandard delivery and lack of governance control in terms of infrastructure outputs are no longer accepted.

The infrastructure performance and cost guidelines and instructions that are applicable from the 1st of April 2025 shall contribute to enhance value for money through infrastructure development.

Gauteng Provincial Government departments and entities have already been exposed to a robust budget regime for infrastructure. Over the 2025 MTEF, this approach will be intensified, not only within the provincial sphere but also within municipalities.

We have introduced measures to control the debt being incurred in terms of financial commitments entered into for infrastructure projects. This is imperative to ensure that we can honour our commitments and have control over our debt.

Just like an individual, our provincial government can only spend within the available financial means. This calls for financial discipline, unity and cooperation by all GPG departments and entities. The provincial government unanimously supports this approach.

Compliance with good governance is a cornerstone of our new approach. This will not be compromised as we believe that over time, this will provide a solid foundation to attract additional funding from private and public sectors. During the finalisation of

the 2025 MTEF Budget, infrastructure projects that failed to deliver compliance with good governance were not allocated funding.

We can, and we shall, deliver more with less. Our Honourable Premier has continuously stated that we must focus on less talk and more work. The Gauteng Provincial Government is deeply committed to ensuring that we deliver more infrastructure with less money. Budget cuts by the national government are a reality, as evidenced in the recently tabled national budget.

But we cannot allow this to impact negatively on infrastructure development and delivery, especially in a Gauteng that must continue to affirm itself as the regional economic hub.

We can no longer only rely on infrastructure grants and equitable share to fund our strategic infrastructure investments, but will still prioritise roads, transport, and related economic infrastructure that unlocks our investment potential.

VALUE FOR MONEY AND EFFICIENCIES IN GOVERNMENT SPENDING

Honourable Members, managing expenditure in the public sector requires a delicate balance among numerous competing priorities.

It is crucial to allocate resources wisely, paying special attention to areas such as personnel, capital investments, and expenditures on goods and services, and improve the relationship between planning and budgeting as we strive for sustained fiscal sustainability.

The Gauteng Provincial Government continues to focus on identifying efficiencies and achieving value-for-money in the supply chain management environment to give effect to fiscal sustainability through procurement.

This includes the procurement of goods and services, including infrastructure, at prices that are aligned with realistic current market price range, together with considering innovative procurement modalities to ensure that value for money is obtained, while simultaneously pursuing desired socio-economic objectives.

In the 2025/2026 financial year, goods and services will account for over R33 billion of the Budget that we are tabling today. It is essential to move beyond cost containment in the traditionally targeted line items like catering, travel and subsistence and venues and facilities and zoom in on the big-budget items such as property payments, medicines, medical supplies, computer services and operating leases.

We will be introducing a raft of instruction notes that will give effect to the enhancement of efficiency gains and the realisation of value for money through the

efforts that I have just outlined. For example, there will be an instruction note for the proper governance and oversight of transfers by the Gauteng Department of Social Development to non-profit organisations (NPOs) to enhance transparency and accountability in the utilisation of public funds.

We are determined to ensure that the Gauteng Provincial Treasury dirties its hands and actively compels all Gauteng Provincial Government departments and entities to do the right thing and spend resources prudently and efficiently to achieve more within limitations imposed on us.

THE EXPANSION OF THE GAUTRAIN AND THE GAUTENG-LIMPOPO RAILWAY LINE

Madam Speaker, the expansion of the Gautrain remains a strategic priority for the province, but its financial sustainability has come under increasing scrutiny. Ridership levels have yet to recover to pre-pandemic figures, with passenger numbers dropping from 13.9 million in the 2019/2020 financial year to 7.9 million in 2023/2024.

The current Gautrain Concession Agreement between the Gauteng Province and the Concession Company will expire in March 2026. The Concession Agreement is a long-term fixed concession agreement of 19 and half years. It commenced in September 2006 as a Greenfield Project. By the end of the concession term in March 2026, the Gautrain system will be a full paid-up asset of the province estimated at R45 billion.

The post-2026 Gautrain will also be procured via a public-private partnership. We are currently engaged in a procurement process to appoint a new concessionaire to operate and maintain the Gautrain into the future.

We will ensure that while the service is maintained post-2026, it remains within the limits of affordability and continues to deliver on the mandate of Gautrain of delivering value for money.

As a province and country, we can indeed be proud to preside over a project that at the time of its concession in 2006, was the largest public-private partnership on the African continent.

Post-2026, the Gautrain will be the first transport initiative in the world to be re-concessed as a PPP, affirming the place of Gauteng in the global space.

In addition to the expansion of the Gautrain, the provincial governments of Gauteng and Limpopo have concluded an agreement to facilitate a joint-contribution towards the establishment of the Gauteng-Limpopo railway line to facilitate the movement of goods and people between the two provinces.

This groundbreaking initiative will be jointly funded and facilitated by the two provinces, alongside private sector investments. It is an expression of our commitment to intra-national and intra-regional trade as a foundation for the realisation of the African Continental Free Trade Area (AfCFTA), the world's largest free trade area which aims to create a single market for goods and services across the African continent, boosting intra-African trade and economic integration.

CONCLUSION

In conclusion, Honourable Members, we reaffirm the assertion that we made at the tabling of the Medium-Term Budget Policy Statement in November last year that the maintenance of fiscal discipline is non-negotiable.

We will continue to prioritise the identification of efficiency gains and making trade-offs to fund government priorities.

Fiscal discipline demands that the provincial and municipal governments maintain fiscal positions that are consistent with macroeconomic stability and sustained inclusive economic growth.

Furthermore, provincial departments and entities must strengthen the exploration of alternative sources of funding to supplement the existing constrained revenue streams and thus enhance fiscal sustainability over the long-term.

Public-private partnerships are an anchor and vehicle to this approach and must be pursued committedly. The upcoming Gauteng Investment Conference, scheduled for the 3rd of April 2025 at the Sandton Convention Centre, is an expression of our commitment to a public-private partnership approach to the sourcing of funding and leveraging of resources.

The Gauteng Funding Symposium is currently underway, and we remain committed to providing support for SMMEs and township enterprises whose value we have always affirmed.

As the host province for the G20 Summit, we will be maximising the value of these public-private partnerships to reaffirm and strengthen the Gauteng economy.

At this juncture of the Budget Speech, I want to thank the Honourable Premier, Panyaza Lesufi, and Members of the Executive Council, for the progressive leadership and commitment that they have demonstrated over the past few months.

I would also like to thank all Members of the Legislature for continuing to ensure that checks and balances are in place, ensuring that we do not deviate from our ambitious plan of action to redefine and reaffirm the place of Gauteng in the regional

and global sphere.

Unconditional gratitude is extended to all the political parties who contributed to this Budget, providing guidance and counsel during the consultative process. This has ensured that we table a Budget that reflects the aspirations of the residents of Gauteng, with a common goal of improving their lives.

Gratitude is also extended to all the officials of the Gauteng Provincial Government, who wake up every morning deeply committed to service delivery for our people.

Our partners in the private and civil society sectors are acknowledged for their continued support and for holding us to account on our duties.

My sincere gratitude also goes to the staff of Gauteng Provincial Treasury under the leadership of the Head of Department, Ms. Ncumisa Mnyani, for the hard work to ensure compilation of this Budget.

Finally, I want to thank the people of Gauteng for their understanding that through the difficulties that we confront, they remain our main priority.

As we table this Budget during Human Rights Month, it is important that we understand that while the Budget may be technical, it is, fundamentally, a tool that is aimed at ensuring the realisation of the Constitutionally enshrined rights of the residents of Gauteng and South Africa broadly.

Delivering services to our communities is a duty to which we are bound by the Constitution of our democratic country – a Constitution that enjoins us to combine economic growth with human development and environmental protection. The resources that we have allocated are aimed at realising these ideals.

I wish to conclude by re-stating the instruction of one of the greatest African revolutionaries, Thomas Sankara, who posited that to carry out fundamental change, we must have, above all else “...***the courage to turn back on old formulas, the courage to invent the future***”.

Thank you.