

BUDGET SPEECH 2008

Gauteng Provincial Government

28 February 2008



SPEECH BY GAUTENG MEC FOR FINANCE AND ECONOMIC AFFAIRS, PAUL MASHATILE, ON THE OCCASION OF THE TABLING OF THE 2008/09 GAUTENG BUDGET TO THE LEGISLATURE, 28 FEBRUARY 2008.

Comrade Speaker and Deputy Speaker;
Comrade Premier, Mbhazima Shilowa;
Colleagues in the Executive Council;
Honourable Members of the Provincial Legislature;
Members of Parliament present here today;
Mayors and Speakers from various municipalities;
Heads of Department, Government officials and leaders of our Agencies;
Leaders of various political parties;
Leaders of the business community;
Leaders of civil society organizations;
Distinguished Guests;
Learners from various schools in Gauteng;
Comrades and Friends;
The people of Gauteng:

INTRODUCTION

In 2004 we pledged to work together with our people through a people's contract to create work and fight poverty. In pursuit of this noble task, we further committed ourselves to the vision of halving poverty and unemployment by 2014.

As we made these commitments, we re-affirmed our resolve to continue building a better life for all. We pronounced that tomorrow will be better than yesterday and today.

Comrade Speaker, we are now towards the end of the journey we began in 2004.

At the end of this journey in 2009, when we look back on the road we have traveled, we must be able to quote the words of the great American poet Walt Whitman, who in his poem O Captain! My Captain! wrote and I quote: *"Our fearful trip is done, the ship has weathered every rack, and the prize we sought is won."*

For us to be able to say these words, boldly and without fear of contradiction, we must dedicate the remaining term of our governance to accelerating our advance towards the fulfillment of the mandate the people gave us in 2004.

We must also use this period to lay a strong foundation for the realization of our vision for 2014, to halve poverty and unemployment.

The 2008/09 Medium Term Expenditure Framework (MTEF) Budget, we are tabling today, allocates resources in a manner that seeks to ensure that we successfully complete our mandate and lay a basis for the realization of the objectives of vision 2014.

Through this Budget we seek to consolidate the progress we have made in building an even better Gauteng.

More specifically, we seek through this Budget to accelerate our advance towards the achievement of our strategic priorities namely: enabling faster economic growth and job creation; fighting poverty and building safe, secure and sustainable communities; developing healthy, skilled and productive people; deepening democracy and nation building; realizing the constitutional rights of our people as well as building an effective and caring government.

As we table this Budget we are mindful of the massive progress we have made towards meeting our strategic priorities. As the Premier indicated during the State of the Province Address, we are indeed on track to complete our mandate and lay the basis for vision 2014.

However, though not unexpected, it is obvious that we still have outstanding work to do in order for us to say at the end of our journey that: *"Our fearful trip is done, the ship has weathered every rack, and the prize we sought is won."*

In line with the decisions of the Executive Council and to further strengthen our efforts aimed at ensuring that we successfully complete our mandate, the 2008/09 MTEF Budget allocates resources towards the following key broad priority areas:

- Strengthening efforts to build Gauteng as a Globally Competitive City Region, which continues to be prosperous, socially inclusive and able to meet the needs of all its citizens;
- Implementing the Gauteng Social Development Strategy, in order to address the historical legacy of social exclusion; and
- Building the capacity and organization of the state in order to ensure effective service delivery.

Comrade Speaker, we are pleased that once more we have been able to strike a proper balance between resources allocated for social development and resources allocated to programmes aimed at stimulating economic growth and job creation.

The ratio of social versus economic development spending for the 2008/09 financial year remains at a healthy 69:31.

This ratio allows us to continue to adequately fund social development programmes such as health, education and welfare services.

At the same time we have set aside an amount of R 31.5 billion over the MTEF to fund infrastructure projects that are expected to stimulate economic growth and job creation.

These projects include the development of new infrastructure such as roads, clinics, housing and schools as well as the maintenance and rehabilitation of existing infrastructure.

In our view infrastructure investment is a critical ingredient in our ongoing effort to achieve higher levels of economic growth and job creation.

We wish to reiterate that working with all spheres of government we will continue to allocate adequate resources to ensure that Gauteng plays its part in our country's successful hosting of the FIFA Confederations Cup in 2009 and the 2010 FIFA World Cup.

ECONOMIC OUTLOOK

Global economic prospects

As we present this Budget, we note that global economic growth eased from 5.4 % in 2006 to around 4.9 % in 2007.

We also note that estimates for global economic growth have been revised downwards from an estimated growth rate of 4.9 % to 4.1% in 2008. This is as a result of weaker growth in the US economy which has spilled over to both Western Europe and Japan.

The financial market turbulence caused by problems in the US subprime mortgage loans has contributed to the slowing down of the US economy, which eased from 2.9 % in 2006 to 2.2 % in 2007. For 2008 the US economy is expected to slow down further to 1.5%.

Despite major challenges facing the U.S economy, many emerging markets and developing countries have not been significantly affected in comparison with developed countries.

Both China and India continue to be supportive of growth in the emerging markets. In 2007 China and India's growth was projected to be at a rate of 10% and 8.4 % respectively.

Economic growth for the sub-Saharan region is expected to accelerate from 5.7 % in 2006 to 6.8 % in 2007, before decelerating to 6.1% in 2008.

This will be the region's fastest economic growth in almost a decade.

Prospects for the South African economy

On the domestic front, our economy remains buoyant supported by both the tertiary and secondary sectors.

In 2006, the South African economy grew at a rate of 5.4 %, a rate which has not been experienced since 1980.

In the face of rising oil and food prices coupled with relatively high interest rates and the current energy challenges, we expect growth in the South African economy to slow down from 5.4% in 2006 to just under 5 % in 2007.

As a result of the challenges brought about by the current electricity supply constraints, we expect economic growth to slow down further in 2008 to just over 4%.

However, we remain optimistic about the long-term prospects of the South African economy.

This optimism is informed by our understanding that the South African economy will receive a major boost from increased infrastructure investment by government and parastatals.

Over the next three years, Eskom is expected to invest more than R 300 billion to improve electricity supply infrastructure.

This is in addition to other investments by parastatals to improve infrastructure, such as ports and harbors. Furthermore our economy is expected to benefit from government interventions aimed at attracting investments and stimulating strategic growth sectors of the economy.

The Provincial economy

Gauteng remains the largest contributor to the national economy, contributing more than a third to our country's Gross Domestic Product.

From 2004, Gauteng's economy has continued to show positive growth. It grew at a rate of 5.5 % in 2004, 5.3 % in 2005 and 6% in 2006.

After recording an impressive growth of 6.0% in 2006, the provincial economy is expected to have slowed down marginally in 2007 in response to the tighter monetary policy environment.

In 2008, we expect the provincial economy to experience some challenges as a result of, among others, the electricity supply constraints.

However, we wish to point out that these challenges are partly due to the rapid and unprecedented rate at which our economy is growing.

In many ways these challenges are a collateral product of our economic successes.

In responding to these challenges government has developed a national Electricity Emergency Programme.

This programme requires of us to promote the efficient use of energy while at the same time putting in place the necessary mechanisms to enable Eskom to respond adequately to challenges on the supply side.

As the Gauteng Provincial Government we are in ongoing discussions with Eskom to support their efforts to ensure that disruptions to the supply of electricity are minimized.

Our discussions are also aimed at guaranteeing uninterrupted electricity supply especially to essential services such as hospitals and critical industries.

We are also embarking on a campaign to encourage efficient use of energy by all stakeholders.

We applaud initiatives led by the Department of Local Government to coordinate the provincial response to the current energy challenges.

These initiatives include working with municipalities to implement an energy efficiency plan in order to achieve the required 10% energy saving by households, government and industry.

We note with appreciation that municipalities across Gauteng have committed themselves to a range of measures aimed at saving energy.

These include switching off government and municipal buildings at night, installation of energy saving bulbs, encouraging communities to use gas for cooking and heating, installing ripple control switches and geyser blankets to household geysers.

We are also encouraged that Gautrain will be able to contribute 25% of its electricity usage back to the grid as part of its co-generation activities.

We urge the private sector to seriously consider being involved in electricity co-generation activities.

Comrade Speaker, notwithstanding the current challenges, we approach the future with confidence that: "Our ship shall indeed weather every rack and that the prize we sought shall be won."

We are emboldened by the reality that comprehensive plans to deal with these challenges are in place.

In this regard, we are confident that in the long term the provincial economy will continue to grow robustly.

Recently we saw Ford motor company of South Africa investing R1.5 billion in expanding its production facilities in SA.

Part of this investment will go towards expanding the Ford plant in Silverton, Tshwane.

An economic impact study conducted by KPMG indicates that this investment has a potential to add R 79 billion to the provincial economy and create 690 000 new employment opportunities by 2025.

We are also pleased that BMW is planning to produce its new 3 series models at its plant in Rosslyn from 2012 to 2020, for export to Australia, Malaysia, Singapore and Japan.

We are also in discussion with two other original equipment manufacturers (OEMs) who have indicated their intention to establish production plants in Gauteng.

These developments are further proof of the growing confidence by the investor community in our economy.

They are an indication that, despite the current challenges, we are on course towards achieving our strategic goal of growing the provincial economy at a rate of 8% by 2014.

OUR SUCCESS AND CHALLENGES

Comrade Speaker, the Premier in his State of the Province Address eloquently articulated the progress we are making in delivering on the pledge we made to our people in 2004.

The Premier outlined in detail the steps we have taken and will continue to take in ensuring that we remain on track to complete our mandate and lay a strong foundation for the realization of our vision for 2014.

The Socio-economic Review Report published by the Gauteng Treasury also outlines some of the key achievements and challenges we face in our quest to successfully complete our mandate.

The Report shows that more of our people have access to water, sanitation, electricity, education and health care services.

According to this Report, the percentage of households using electricity increased from 72.4% in 2001 to 81.4% in 2007.

The percentage of households with access to water also increased from 97.1% to 97.9% during the same period.

We are encouraged that all of the 12 332 bucket toilets that were identified before 1994, were eradicated by November 2007. They have been replaced with either water borne toilets or ventilated pit latrines.

Furthermore, we continue to make good progress in providing decent sanitation especially to those of our people living in informal settlements that are yet to be formalized.

Our programme to formalize and eradicate informal settlements continues to gather momentum.

We remain on course towards formalizing the 122 informal settlements we undertook to formalize in 2004.

We continue to register impressive progress in the roll out of the Bana Pele programme, which provides a basket of free services to children from poor communities.

The number of children receiving assistance from this programme continues to increase. A total of 80 000 learners across Gauteng are currently receiving free school uniforms.

Furthermore a growing number of learners are benefiting from the school nutrition programme and the provision of free scholar transport.

Comrade Speaker we have achieved all of these milestones against the background of a growing population in our province.

According to the 2007 Community Survey, Gauteng has become our country's most populous province with an estimated population of 10.4 million, which grew from 9.1 million in 2001, representing a growth rate of 13.9%.

We estimate that by 2014 Gauteng will be home to about 15 million people.

In addition to the progress we are making in growing the provincial economy, we continue to make a notable dent on unemployment.

According to Stats SA's Labour Force Survey for March 2007, unemployment in Gauteng has declined from a peak of 30.8% in 2003 to 22.6% in March 2007.

The number of local and international tourists visiting our province continues to increase.

Tourism attractions in and around the Cradle of Humankind World Heritage Site have grown to 386, with over half of those offering accommodation being graded.

I am also pleased to announce that the Cradle of Humankind World Heritage Site continues to win prestigious awards.

Just three days ago, on Monday the 25th of February this year, the Cradle of Humankind won the category of best sustainable tourism investment project at the Inaugural Tourism Investor Awards.

These Awards are held in partnership with the UN World Tourism Organization and they reward initiatives and investments that are changing the face of tourism in Africa.

In addition our investment to promote tourism in the Dinokeng area continues to yield positive results.

Together Dinokeng and the Cradle of Humankind now offer more than 9 000 beds and over 15 000 seats in 199 restaurants supporting an estimated total of 6 697 direct permanent jobs and 2 201 direct casual jobs.

These developments indicate to us that we are succeeding in our effort to enable faster economic growth and job creation.

One of our major successes thus far in enabling faster economic growth and job creation is the implementation of the Gautrain Project.

Through this project, we have been able to grow the labour absorption capacity of the provincial economy.

This has in turn translated economic growth into the creation of new employment opportunities and has contributed to skills transfer, reduced inequality and poverty.

Through the Gautrain project we have also been able to expand participation in the provincial economic mainstream through the promotion of Broad Based Black Economic Empowerment (BBBEE) and preferential procurement especially targeting Small, Medium and Micro Enterprises.

Since the inception of this project the following milestones have been reached.

- More than R648 million has been spent on procurement from, and sub-contracting to more than 180 existing BBBEE companies;
- More than R170 million has been spent on procurement from, and sub-contracting to more than 60 new BBBEE companies;
- More than R149 million has been spent on procurement from, and sub-contracting to more than 130 Small, Medium and Micro Enterprises and;
- South African materials, plant and equipment to the value of more than R 313 million have been purchased.

To further accelerate the growth of the provincial economy and create more jobs we will target specific economic sectors which have a potential to accelerate economic growth and create jobs.

These sectors include value added manufacturing, the competitive sports sector, the creative industries, the tourism sector, ICT infrastructure and services and the implementation of the Gauteng 2010 World Cup Strategy.

In order to broaden wealth creation and to further expand participation in the economic mainstream, attention will be paid to supporting Broad Based Black Economic Empowerment in job creating sectors, strengthening affirmative procurement and encouraging entrepreneurial growth.

With a view to further attracting foreign and local investment in the economy, our focus will be on creating conditions that make it easier and cost effective to do business in Gauteng.

Investment in infrastructure will also be stepped up focusing on, among others, the building of more houses, the upgrading of provincial and township roads particularly in the 20 old established townships across Gauteng.

Comrade Speaker, pointing to our success in fighting poverty and building safe, secure and sustainable communities is that Gauteng's life expectancy is relatively higher than that of South Africa and currently stands at above 52 years.

Of concern though are the high levels of income inequality which are still prevalent in our province as represented by the GINI coefficient of 0.59.

However access to housing, electricity, water and sanitation continues to improve with more and more households in Gauteng being connected to the electricity grid and having decent shelter and sanitation.

Moving forward, we will accelerate the roll out of social infrastructure such as schools, clinics, the establishment of mixed income settlements, sports and recreation facilities and early childhood development centers.

We will also accelerate the implementation of the Expanded Public Works Programme as an intervention aimed at job creation, infrastructure development and improving service delivery.

The implementation of the Expanded Public Works Programme will further strengthen our efforts to draw a significant number of the unemployed into productive work, to enable them to earn an income and to equip them with skills.

The implementation of the Gauteng Safety Strategy will also be accelerated. The aim is to build safer communities, paying particular attention to improving the quality of policing and strengthening community policing forums.

We continue to register significant gains in our ongoing effort to expand access to education.

We will also strive to improve the quality of education in public schools.

In this regard, we will prioritize, among others, the implementation of mandatory programmes and targets in gateway learning subjects including financial literacy and the accelerated implementation of the Maths, Science and Technology Strategy.

Attention will also be paid to the provision of ongoing hands-on support for underperforming schools with particular emphasis on the education of the African child.

In order to expand access to education we will, among others, increase the provision of schools and classrooms, increase the number of no fee schools and through Gauteng Online, expand the use of Information and Communication Technologies to support the provision of education.

We note with appreciation that in Gauteng the no fee school policy is now applicable to learners falling within the third quintile.

This will cover about 49% of learners in Gauteng which amounts to more than 865 000 learners in over 1 000 schools.

This is a significant achievement as it means that more and more learners from poor communities in Gauteng can now access basic education.

Most importantly this achievement takes us even closer to the realization of our vision to ensure that by 2009, 60% of all public schools reach the no fee school status.

Collectively, these efforts pave the way for the provision of free education up to under-graduate level for poor learners.

Attention will also be paid to the priority skills pipeline project which seeks to create a pipeline of learners and skills in areas where there are scarce skills.

As part of efforts to protect vulnerable children and to improve their quality of life, our focus will shift to the effective implementation and strengthening of the Bana Pele programme.

To improve the quality of health care we will ensure a minimum level of health care services at all public health care institutions.

We will also ensure expanded connectivity and implement ICT based health information systems including a smart card system and an electronic record system in public health facilities.

As part of deepening democracy and nation building and realizing the constitutional rights of our people, we continue to register significant progress in our effort to empower women, youth and people with disabilities.

In the coming years focus will shift to, among others, the development of key performance indicators on programmes for women, youth and people with disabilities.

We will also strengthen efforts to ensure that government buildings are accessible to people with disabilities.

As part of deepening democracy we will continue to support and enhance civil society's capacity to improve its impact on society and to participate more effectively in democracy and in governance.

Sustained, proactive and integrated communication about government's programme of action and progress on service delivery will also be strengthened.

In order to give practical meaning to our overall commitment to make local government work better, the Gauteng Treasury and the Department of Local Government will continue to support municipalities to enhance their financial management capacity.

As from the 1st of July 2007, three more municipalities were added to the eight that the Gauteng Treasury has been working with.

This brings to eleven the number of municipalities that will benefit from assistance provided by the Gauteng Treasury.

Furthermore the Provincial Treasury will continue to work with provincial departments to ensure improved financial management.

We are encouraged that our interventions in this regard are bearing fruit.

This can be seen from the increased capacity of the offices of Chief Financial Officers and the growing number of Departments whose quality of financial reporting has improved.

For the 2006/07 financial year, 12 out of the 13 provincial departments achieved unqualified audit reports from the Auditor general.

The challenge going forward is to sustain and improve on this performance.

We are increasingly using Information and Communication Technologies to improve the delivery and access to government services, taking us closer to the strategic objective of building an effective and caring government.

Comrade Speaker, the progress we have made thus far indicates that we are indeed on course towards successfully completing our mandate and setting the basis for the realization of our vision for 2014.

It is this progress that assures us that; at the end of our journey in 2009, we will be able to say: "Our fearful trip is done, the ship has weathered every rack, and the prize we sought is won."

ESTIMATES OF REVENUE AND EXPENDITURE

I will now proceed to the allocations for this year's Medium Term Expenditure Framework Budget.

The 2008/09 MTEF budget is reflective of the political priorities of our province.

It seeks to ensure that we successfully complete our current term of governance and that we advance towards the kind of society we envisioned for 2014.

This budget is also in line with the Medium Term Budget Policy Statement we tabled before this House in November last year.

Projected revenue for the 2008/09 financial year is R47.1 billion.

This amount includes equitable share transfers of R 33.1 billion and conditional grants of R 11.2 billion. Provincial own revenue amounts to R 2.8 billion.

We estimate that on average provincial own revenue will grow at a rate of 5.4% to about R 8 billion over the MTEF.

The total estimated expenditure for the 2008/09 financial year amounts to R 46.7 billion.

Honourable Members will recall that in the 2007/08 financial year, total adjusted expenditure amounted to R 41.1 billion.

This means we are making available an additional R 5 billion to departments to spend during the coming financial year.

We anticipate that for the 2008/09 financial year we will record a surplus of R 383.4 million.

Included in the surplus are funds that are earmarked for the establishment of the Global City Region Academy. These funds will be reallocated to the Department of Education during the adjustment budget process subject to the availability of relevant business plans.

The other funds in the surplus will be utilised for clearing any unauthorised expenditure, funding the implementation of the occupation specific dispensation (OSD) for teachers and for funding any unforeseeable and unavoidable expenditure that may arise.

For the 2009/10 financial year total expenditure increases to R 51.1 billion, rising further to R 52.6 billion in the 2010/11 financial year.

Comrade Speaker, we are delighted to announce that; through the prudent management of our resources we have been able to reduce the borrowing obligation for Gautrain from R5.2 billion to R4.2 billion.

This we did by allocating an additional R1 billion to Gautrain from our reserves in the Revenue Fund during the 2007/08 financial year.

I will now focus on how the 2008/09 MTEF budget will be allocated to individual departments.

THE DEPARTMENT OF EDUCATION

As part of our ongoing quest to provide quality education and ensuring that a significant number of learners have access to education, the nationally agreed funding priorities for the Department of Education over the MTEF relate to:

- Ensuring enrollment of an additional 90 000 learners over the MTEF into the Grade R programme, giving practical meaning to our commitment to expanding access to Grade R;
- Enabling the rollout of Wireless Local Area Network and improving ICT at Further Education and Training Colleges;
- Improvement of School Educational Management structures and systems such as school security;
- Increasing access to education for learners with severe forms of disabilities and the upgrading of facilities for these learners; and
- Improvement of the current scholar transport system

We are allocating a further R1.7 billion to the Department of Education over the MTEF to cater for improving the levels of remuneration for educators, increasing clerical staff in schools and districts, employing teaching assistants especially in the foundation phase of schooling and providing targeted incentives to teachers in critical subjects.

In line with our commitment to increase further the number of no fee schools in our province, an additional R 173.6 million over the MTEF is also allocated to the Department of Education.

This amount will cater for the increase in the level of funding for no fee schools to also cover schools falling within the third quintile, in poor communities.

In addition, the National School Nutrition Programme grant baseline is revised upwards to R172.1 million in the 2008/09 financial year.

This will allow for the consolidation of this programme in the primary school phase by covering all eligible learners up to grade 7, improving the quality of meals and providing meals on more school days.

The allocation for the National School Nutrition Programme increases to R197.6 million in 2009/10 and rises further to R255.6 million in 2010/11.

Comrade Speaker, we take pride in the knowledge that in Gauteng the per capita spent per learner in public ordinary schools is the highest in the country.

A snap survey conducted by the Department of Education indicates that for the 2008/09 financial year, our expenditure per learner will be R 7 881, which is well above the national average of R 7 028.

An additional R 167.1 million is set aside for the 2008/09 financial year to fund the recapitalization of the Further Education and Training College sector.

Comrade Speaker the total budget for the Department of Education for the 2008/09 financial year is

R 16.6 billion, increasing to R 18.4 billion in the 2009/10 financial year and rising further to R 19.8 billion in 2010/11.

THE DEPARTMENT OF HEALTH

Over the MTEF, an amount of R 282.1 million from national transfers is allocated to the Department of Health to curb the spread of Extreme Drug Resistance (XDR) and Multi-drug resistant (MDR) Tuberculosis.

A total of R 1.2 billion over the MTEF is set aside to cater for the adjustment to the health budget baseline.

A further R 850 million is allocated over the MTEF to cater for improvements in the conditions of service for health care workers and the implementation of the Occupation Specific Dispensation.

We are allocating a further R 700 million to the Department of Health from provincial reserves to address a number of spending pressures.

These include effective emergency medical care, the provincialization of primary health care in districts, better wages and the recruitment of more health workers.

An additional amount of R 2.3 billion is made available over the MTEF to assist the department to equip, modernize and maintain public health facilities.

This we believe will go a long way in improving the quality of health care in public health facilities.

An additional R 2.1 billion for the 2008/09 financial year is made available to help the department modernize and transform tertiary services.

This is in line with our overall commitment to improve access to health care services.

For the 2008/09 financial year, we are setting aside an additional R 61.6 million to fund the roll out of the provincial comprehensive HIV and Aids plan, including the roll out of multiple therapy treatment by April this year.

This conditional grant increases from R 541.1 million in 2008/09 to R 793.2 million in 2010/11.

Comrade Speaker, our overall commitment to the fight against HIV and AIDS over the MTEF amounts to R 2.8 billion.

An amount of R 6.2 million is set aside over the MTEF to cater for carry through costs in respect of the patient's verification system.

A total amount of R 51 million over the MTEF has been made available for the opening of the Bona Lesedi and Coronation Nursing Colleges. This will result in the training of an additional 200 nurses to address the shortage of nurses in the province.

The total budget for the Department of Health for the 2008/09 financial year is R 13.8 billion, rising to R 15.6 billion and R17 billion respectively in the two outer years of the MTEF.

THE DEPARTMENT OF SOCIAL DEVELOPMENT

In line with our overall commitment to building a caring society and to promote social cohesion, over the MTEF we are allocating an additional amount of R 513.7 million to the Department of Social Development to fund the following social welfare priority areas:

- The expansion of early childhood development;
- The expansion of home and community based health care;
- The implementation of the Occupation Specific Dispensation for welfare services;
- The expansion of services to children in conflict with the law; and
- The development of monitoring and evaluation capacity for welfare services

An additional amount of R 33.4 million is allocated to this department for the 2008/09 financial year to cater for the building of early childhood centers.

This department is also allocated R 105.2 million from national resources over the MTEF to fund the implementation of the occupation specific dispensation for welfare services.

Comrade Speaker the total budget for the Department of Social Development is R 1.7 billion in 2008/09, R 1.9 billion in the 2009/10 financial year and R 2.1 billion in the 2010/11 financial year.

THE DEPARTMENT OF HOUSING

As part of efforts aimed at building sustainable communities, the Department of Housing will pay attention to the eradication and formalization of the remaining informal settlements and the provision of affordable housing for all in well located land.

Attention will also be paid to the provision of affordable rental accommodation, urban renewal and the revitalization of social and economic infrastructure in the 20 old established townships across Gauteng.

An additional amount of R 241.4 million over the MTEF is allocated to the Department of Housing for the compensation of employees and the continuation of the Alexandra renewal project.

A total of R 9 billion in conditional grant funding over the MTEF is set aside for this department to fund the Integrated Housing and Human Settlement Programme.

The total budget for the Department of Housing for the 2008/09 financial year is R 3.1 billion, increasing to R 3.5 billion in the 2009/10 financial year and to R 3.9 billion in the 2010/11 financial year.

THE DEPARTMENT OF LOCAL GOVERNMENT

Consistent with our commitment to make local government work better and to ensure improved service delivery, we are allocating an additional R 95.7 million over the MTEF to cater for the deployment of skilled professionals in municipalities, revenue enhancement, disaster management and the compensation of employees.

This department will continue to work with municipalities to implement provincial efforts aimed at reducing the impact of the current energy challenges facing our province.

The total budget for the Department of Local Government for the 2008/09 financial year is R 224.4 million, R 237.5 million for the 2009/10 financial year and R 211.9 million for the 2010/11 financial year.

The decline in the allocation for this department in the outer year of the MTEF is as a result of a once off allocation made available to fund the setting up of the provincial disaster management center, which should be completed before 2010.

Comrade Speaker, the Department of Local Government is engaged in efforts aimed at assisting municipalities to meet their water services targets. This will ensure that we completely eradicate the water backlog in formalized areas by 2009.

Additional resources will be made available for this purpose in the adjustment budget, once business plans have been finalized.

THE DEPARTMENT OF PUBLIC TRANSPORT, ROADS AND WORKS

This department is allocated an additional amount of R572 million over the MTEF for improving road infrastructure and improving the compliance of the Gauteng Provincial Government precinct buildings with the occupational health and safety standards.

The maintenance and upgrading of roads including in the 20 old established townships is allocated an additional R355 million over the MTEF.

The Gauteng Government Precinct is allocated an additional R217 million over the MTEF.

A new conditional grant has been introduced to ensure that provinces take over the responsibility of paying the property rates and municipal charges of properties that were administered by national government on their behalf.

An amount of R 520.6 million over the MTEF has been set aside for this purpose.

In addition, an amount of R40.5 million is made available to the department in 2008/09 to provide for subsidies to bus companies inherited from the North West Province after the re-demarcation of provincial boundaries.

The last two years of the MTEF will see a further total allocation of R88.5 million for this purpose.

This allocation would enable the department to provide safe, reliable and affordable public transport in designated areas.

The department also receives a total of R 6 billion in conditional grant funding over the MTEF and R 5.6 billion over the MTEF from the provincial fiscus for the implementation of the Gautrain project.

The total allocation for Gautrain over the MTEF is R 11.6 billion.

Comrade Speaker, the total budget for the Department of Public Transport, Roads and Works for the 2008/09 financial year is R 7.61 billion, R 7.64 billion in 2009/10 and R 5.5 billion in 2010/11.

The decline in the budget for this department in the outer year of the MTEF is because most of the construction work for Gautrain is expected to be completed by 2010.

THE DEPARTMENT OF COMMUNITY SAFETY

The implementation of the Gauteng Safety Strategy is at the center of our ongoing efforts to build safer communities.

To further strengthen these efforts we are allocating additional resources totaling R 70.4 million over the MTEF to the Department of Community Safety.

These resources will be used, among others, to establish additional victim empowerment centers in Sedibeng and Ekurhuleni.

We have set aside R 33.3 million over the MTEF to cater for the establishment and sustenance of community patrol groups.

This allocation forms part of our ongoing support to Community Policing Forums and is aimed at strengthening community participation in the fight against crime.

An amount of R 30.2 million is also set aside for the implementation of the Integrated Information Management System.

Comrade Speaker the total budget for the Department of Community Safety for the 2008/09 financial year is R 342.4 million, R 326.4 million in 2009/10 and R 341.5 million in 2010/11.

The decline in the allocation for this department for the 2009/10 financial year is as a result of the once off allocation to cater for the implementation of the Integrated Information Management system. We expect that this project will be completed in the 2008/09 financial year.

THE DEPARTMENT OF AGRICULTURE, CONSERVATION AND ENVIRONMENT

We are allocating additional resources amounting to R 43.6 million over the MTEF to this department to cater, among others, for the establishment of more homestead gardens, strengthening the implementation of the Gauteng Agro processing infrastructure project and the establishment of agricultural hubs.

Over the MTEF, this department receives an accumulated conditional grant of R90.8 million in order to expand the provision of agriculture support services, particularly the extension of advisory services to emerging farmers.

This Department receives a total budget of R 353.8 million for the 2008/09 financial year, rising to R 419.3 million in 2009/10 and rising further to R 431.1 million in 2010/11.

THE DEPARTMENT OF ECONOMIC DEVELOPMENT

The Department of Economic Development has been allocated additional funds to strengthen trade and investment and to promote an equitable and socially responsible business environment.

This department is allocated an additional R247.9 million over the MTEF to fund the Gauteng Liquor Board, the implementation of the Gauteng Tourism Development Strategy, ongoing support to the film and audiovisual industries, the hosting of the Joburg Open Golf tournament and the expansion of the Automotive Supplier Park in Rosslyn.

Resources are also set aside to strengthen the Department's capacity to implement programmes aimed at stimulating faster economic growth and job creation.

These include the accelerated implementation of the provincial Growth and Development Strategy, the establishment of an Industrial Development Zone at the O.R. Tambo International Airport, the rehabilitation of the Ekundustria Estate, the expansion of the Innovation Hub and the building of a new automotive supplier park in Silverton together with the City of Tshwane

The total allocation for the Department of Economic Development for the 2008/09 financial year is R 698.9 million, rising to R 746.1 million in 2009/10 and rising further to R 781.7 million in 2010/11.

THE DEPARTMENT OF SPORTS, ARTS, CULTURE AND RECREATION

Over the MTEF we are allocating an additional amount of R 111.2 million to this department to fund the implementation of the Creative Industries Strategy and increasing the department's capacity to organize commemorative days.

The additional resources will also be used to strengthen efforts to build Gauteng as a Home of Champions, implement the Gauteng 2010 Strategy and the implementation of the 2010 legacy stadia programme.

An allocation of R 44.9 million is set aside for this department in the 2008/09 financial year to ensure increased participation in schools sports.

This allocation will rise to R 63.8 million in 2009/10, rising further to R 67.6 million in 2010/11.

Comrade Speaker, the Gauteng Youth Commission is in the process of being established as a public entity in accordance with the provisions of the PFMA.

Funding totaling R125.2 million has been allocated to the department to improve the operations of the Gauteng Youth Commission over the MTEF.

An additional R 132.3 million in conditional grant funding over the MTEF is allocated to the department to fund community library services.

This department receives a total budget of R 415.3 million for the 2008/09 financial year, R394.8 million and R376.3 million in the two outer years of the MTEF.

The decline in the allocation for this department in the outer years of the MTEF is as a result of the 2010 legacy stadia programme which is expected to be completed before 2010.

THE OFFICE OF THE PREMIER

In line with the objectives of building Gauteng as a globally competitive city region and strengthening the capacity and organization of the state, to ensure effective service delivery, additional resources totaling R56.9 million over the MTEF are allocated to the Office of the Premier.

These resources will be used to strengthen communication and marketing of Gauteng and to fund critical posts in the Office the Premier.

Comrade Speaker, the Office of the Premier receives R135.3 million for the 2008/09 financial year, R 156.6 million and R 149.2 million respectively over the two outer years of the MTEF.

THE GAUTENG LEGISLATURE

The Legislature receives an additional R 33.2 million for the 2008/09 financial year to finance carry through costs of personnel appointed in the 2007/08 financial year.

This amount will rise to R 34.9 million in 2009/10 and to R 36.6 million in 2010/11.

As part of our ongoing effort to empower civil society organizations and to deepen democratic participation, we have allocated R 65 million to fund political parties over the MTEF.

The total budget for the Gauteng Legislature for the 2008/09 financial year is R 200.5 million, rising to R 210.9 million in 2009/10 and rising further to R 221 million in 2010/11.

THE GAUTENG SHARED SERVICES CENTER

The GSSC will receive an additional R 1.7 million over the MTEF to strengthen the Office of the Chief Financial Officer and R 16.2 million over the MTEF to improve security within the department.

The GSSC receives an additional R 450 million over the MTEF to fund the implementation of the Gauteng on line project.

In the coming years the GSSC will pay attention to the automation of our procurement systems.

This will be done in order to significantly reduce the time it takes to pay our suppliers and to make it easier to do business with government.

Additional resources will be made available to the GSSC for the implementation of the Blue Umbrella/G-link project once all relevant plans have been finalized.

The total budget for the GSSC for the 2008/09 financial year is R 1.15 billion, rising to R 1.17 billion and rising further to R 1.2 billion respectively in the two outer years of the MTEF.

THE GAUTENG TREASURY

Treasury receives an additional R 130 million over the MTEF for the establishment of the Gauteng Fund project office.

The office will explore alternative ways of financing for commercially viable strategic infrastructure projects in Gauteng.

The project office will coordinate information from provincial departments and municipalities on all projects that are eligible for funding through the Gauteng Fund.

The Fund will consider investing in the following strategic infrastructure projects:

- The implementation of the Blue Umbrella /G-link project;
- The Amakhosi Stadium Precinct in partnership with Mogale City, which should be ready for the FIFA Confederations Cup in 2009;
- The GPG Kopanong precinct;

- The implementation of the Gauteng Freeway Improvement Scheme;
- Chris Hani Baragwanath, Natalspruit Hospital and the new Zola Hospital in Soweto;
- The Tshwane International Cargo Airport;
- Energy generation projects; and
- Urban regeneration projects

An amount of R500 million will be made available later in the year as seed capital for the establishment of the Gauteng Fund.

This amount is intended to assist the Gauteng Fund to raise an additional R6.5 billion from the private sector and parastatals. This has a potential to gear-in a further R 35 billion through debt provision by private financial institutions.

Additional resources amounting to R 220 million over the MTEF are allocated to the Gauteng Treasury to strengthen its capacity to promote efficient management of provincial resources and to strengthen support to municipalities.

The total budget for the Gauteng Treasury is R 185.5 million for the 2008/09 financial year, rising to R 212 million and rising further to R 217.9 million respectively in the two outer years of the MTEF.

THE ESTABLISHMENT OF THE GLOBAL CITY REGION ACADEMY

In line with the provincial key broad priority of building Gauteng as a globally competitive city region, a Global City Region Academy (GCRA) will be established.

The GCRA is as an agency that will build the relevant knowledge, skills and talent base for creating a growing and dynamic economy, while stabilizing and reducing poverty levels and social exclusion.

The leading department in the GCRA project is the Department of Education, which will be funded from resources that have been top sliced from other provincial departments' skills development budgets.

The total top sliced funds have been reserved in the Provincial Revenue Fund for reallocation to the Department of Education through the adjustment budget process, subject to the availability of relevant costing and spending plans.

Funds required for the implementation of the GCRA in 2008/09 amount to R90 million, which exceeds the total top sliced funds for 2008/09 of R37.8 million.

Provincial reserves will be utilized to augment the shortfall in total funding required.

CONCLUSION

Comrade Speaker, this is the fifth budget that we are presenting to this House during this third term of our democratic legislative session. It is therefore the last budget for this term.

We have made available resources in a manner that we believe will successfully take us to the end of our term of governance.

This is also the budget that lays the foundation for the next term of our legislative session, taking us to 2014.

We are acutely aware that the challenges we face are enormous and that resources at our disposal are never enough to meet all the needs of our people.

However we are confident that this budget will go a long way towards ensuring that we complete our mandate and that we are able to say at the end of our journey; "the prize we sought is won."

We wish to urge departments to spend these resources prudently and for the purposes for which they have been allocated. Let us continue our intolerance to both over and under-expenditure.

As we get closer to 2009, let us recall the wise words of the father of our nation, President Nelson Mandela who in his book; Long walk to freedom said and I quote: "I have walked that long road to freedom. I have tried not to falter; I have made missteps along the way.

But I have discovered the secret that after climbing a great hill, one only finds that there are many more hills to climb. I have taken a moment here to rest, to steal a view of the glorious vista that surrounds me, to look back on the distance I have come.

But I can rest only for a moment, for with freedom come responsibilities and I dare not linger, for my long walk is not yet ended."

We too Comrade Speaker, can only take a moment to rest, to steal a view of the glorious vista that surrounds us, to look back on the distance we have come. We dare not linger, for the long walk has not ended.

Let us always remember that with freedom come responsibilities.

ACKNOWLEDGEMENTS

Comrade Speaker, let me take this opportunity to thank Premier Mbhazima Shilowa for his stewardship. The Premier continues to be the driving force in our ongoing efforts to respond to the aspirations of the people of Gauteng.

I wish also to thank my colleagues, Members of the Executive Council for the collective effort they made in the past year as we worked on this budget.

The Director General, Heads of Departments and the Chief Financial Officers continue to be pillars of strength in our budgetary process – for that we thank you dearly.

My HOD for Gauteng Treasury, Ms Nomfundo Tshabalala, who has steered the Treasury ship very well and has worked with me at home tirelessly for many hours, including on Sundays, to put together the budget. I commend you for your sterling leadership.

Let me also thank Jeff Mashele who worked diligently to analyze economic data and other critical statistics needed to put together the Socio Economic Review Report and the budget speech.

My gratitude also goes to Dr. Julian Naidoo and his team, who made sure that all relevant documents needed today were done, printed on time and ready to be presented to the Honourable Members of the House.

Let me also commend Percy Mthimkhulu, my speech writer, for the long hours he put in working on many drafts until I was satisfied with the final product.

Dumisani Hlophe, from the Office of the Premier, for his valuable input on the budget speech, working with my team even on weekends. To him we say; we appreciate your support.

Our appreciation also goes to the Chairperson of the Finance Committee, Honourable Bheki Nkosi, for the constructive manner in which you continued to engage me and my team. We appreciate the support of all members of the Finance Committee. Your wisdom has brought considerable strength to our budgetary process.

To Honourable Members of this House we say; thank you for the oversight work you are doing on the budget.

My appreciation also goes to my wife Manzi for her tireless support. Let me also thank family and friends for their support and encouragement.

I wish also to acknowledge the presence in this House of learners from various schools in Gauteng. Many of these learners have taken part in an essay competition on the provincial budget organized by the Gauteng Treasury.

We wish all those who took part in this year's competition all the best and we look forward to reading your essays which will continue to inform the allocation of resources.

Also among us are learners who took part and did well in the last year's schools essay competition and were awarded bursaries by the Gauteng Treasury. To them we say welcome and we wish you well in your endeavors.

Comrade Speaker, once again lets us make sure that at the end of this journey in 2009, we are able to say boldly: "Our fearful trip is done, the ship has weathered every rack, and the prize we sought is won".

But let us not forget, we can only take a moment to rest, for with freedom come responsibilities.

I now present to the Speaker the following documents for consideration by the House:

- The Appropriation Bill for 2008;
- The Explanatory Memorandum to the Bill;
- Budget Statements 1,2 and 3;
- The Explanatory Memorandum to the Budget Statements;
- The Budget Booklet; and
- A copy of my speech

Ke a leboga.

