

EMBARGOED UNTIL 11AM / FEBRUARY 24, 2009

24 February 2009

Speaker

Premier

Leader of the Opposition

Members of the Provincial Legislature

Esteemed representatives of labour, business and civil society

Director-General and Heads of Departments

Honoured guests

Molweni Nonke. Goeie môre almal.

Speaker, in the State of the Province address, our Premier highlighted some of the many achievements of this ANC-led government since 2004, a reflection of our commitment and decisiveness to doing the right thing. But the Premier did more than this, she spoke of the many difficulties and problems that remain. Of what has been done and what remains to be done. Lynne Brown presented a vision of hope and progress and a future in which, if we work together, much more can be achieved. The Premier spoke of good and transparent governance and appealed to all the citizens of the province to become activists for change and development. It is into this framework, outlined by the Premier, that I present the 2009 Budget to this House.

Government is about constantly improving the extent and quality of social and economic services. This Provincial Government has focused substantial

resources on extending and improving the quality of our education and health systems and the expansion of the social security net. We have invested massively in infrastructure and services that raise the long-term growth potential of the economy. We have focused on agrarian reform, food security and services to rural citizens. We have emphasised policies and programmes that will contribute to our country's commitment and efforts to deal with the environmental crisis and adapt to a changing global climate. Wherever possible we have used labour-intensive methods of delivering infrastructure and services and done much to support small enterprises, black economic empowerment, women, youth and the disabled. We say without fear of contradiction that much has been done. Much more can and must be done. We are confident that working together much more will be done.

The points of departure for this provincial government are not reckless pre-election expenditure and empty promises. Neither do we make claim to easy victories. Instead we are guided by the principles which framed the national budget tabled by the National Minister of Finance, Trevor Manuel. At the core of this Budget is our conviction that to push back the frontiers of poverty – a national imperative that calls to all South Africans – we have to navigate the current economic crisis with a pro-poor outlook. It is in society's interests to narrow the gap between rich and poor and to work together to make it happen.

The economic outlook

We all know the environment in which we work is not one of our own choosing. External factors play a massive part and must be considered even at this the second level of government. The global economic crisis, described by Minister Manuel as a storm, has hit us and all its effects are yet to be felt. The national

Budget and recently published economic indicators have starkly highlighted our vulnerability to global market conditions.

Partly because of better banking regulation, South Africa is less, but by no means unaffected. The negative effects of the overall economic downturn have been primarily felt through falling commodity prices with adverse affects on mining and employment, a reduction in household disposable income and domestic demand, decreases in exports and ongoing currency volatility. We are facing difficult times and have already witnessed job losses and company closures in this province.

This is especially difficult because in a global recession whose depth and duration remains uncertain and in which general uncertainty, asset devaluation and loss of confidence are factors, government revenue growth has slowed faster and more substantially than anticipated.

The economic forecast for global growth in 2009 has been revised downwards to just half a per cent. In South Africa, economic growth is projected to slow down from 3 per cent to 1.2 per cent in 2009. Just as our national economy will be affected, the economic outlook for the Province is negatively affected by the global financial meltdown. In addition, the economic outlook of our international markets is less favorable for Western Cape exports. As a result, the latest Bureau for Economic Research (BER) projections indicate that the Western Cape economy will grow at an average rate of 1.7 per cent in 2009, which is about 0.5 percentage points higher than the growth projection for South Africa for the same period.

This is a substantial downward revision from a forecast of 2.5 per cent and 4.0 per cent projected for the Western Cape in October 2008 for 2009 and 2010 respectively. Of great concern is the projected downturn for the manufacturing

sector, which is expected to contract by 2.1 per cent in 2009. This can be attributed mainly to lower demand for manufactured goods in the domestic market which results from shrinking household consumption expenditure.

Recent Income and Expenditure Surveys have shown that the Western Cape is relatively, I must stress, relatively and marginally better off than the country as a whole if measured by per capita income and average household incomes. But the fact that the benefits of economic growth have not been shared equally in the Province remains a major concern and means that the poor are extremely vulnerable. Given the economic climate there is a real risk of job shedding. Three quarters of households in the Western Cape receive the bulk of their income from selling their labour power and this accounts for 65 per cent of total household income in the Province.

Therefore Speaker we must not underestimate the challenge we are facing. Under the leadership of the Premier, the provincial Government is liaising with the Presidential Task Team which has been established to deal with the impact of the global crisis. It includes business, labour and government. In the province the Premier has led discussions with labour, business and representatives of civil society. High level summits with the leaders and representatives of the trade unions and business will be held shortly. The Provincial Government has already intervened to marshal resources and leverage national government support from industrial finance and other institutions for companies in distress. The Premier will announce the detail of the provincial interventions shortly after ongoing discussions and processes with labour and business have been completed.

Revenue

Despite a more challenging fiscal environment, in aggregate, the total provincial revenue envelope is set to grow by R3.1 billion or 12.1 per cent from R26 billion in 2008/09 to R29.1 billion in 2009/10. Over the 2009 MTEF, revenue will increase at an annual average rate of 9.3 per cent to reach R34 billion in 2011/12. On an annual basis, it is revised upwards by R3.1 billion in 2009/10, R2.3 billion in 2010/11 and R2.5 billion in 2011/12.

At the municipal level, the restructuring of funding instruments related to the replacement of the Regional Services Council Levy, aims to compensate municipalities through taxes on fuel sales and the equitable share. The end result will be more equitable treatment of rural and poorly resourced municipalities.

Speaker I would be failing in my duty in this regard, if I did not make reference to recent reports that the Mayoral Committee member for Finance in the City. Alderman Ian Nielsen suggests that “cuts in the national grants allocation to the City of Cape Town penalise the City of Cape Town for being well run”. There is a detailed explanation in the explanatory memorandum to the 2009 Division of Revenue Bill, which appears not to have been read by my esteemed colleague at the City. I understand Minister Manuel has responded in full. Suffice for me to state that overall the City’s transfers from the national government increases by over R40 million year-on-year. The current Regional Service Council Replacement grant will be subsumed by a fuel levy transfer equivalent. For those who may ask what happened to the provincial fuel levy the answer is clear – the tax is levied at a national level and it goes to amongst others, the City of Cape Town. We urge our esteemed colleagues in the City to read the documentation and resist the temptation of playing petty politics with budget allocations.

Whilst the upward revenue adjustment builds on the momentum of rising government spending over the last couple of years, priority is given over the 2009 MTEF to allocate additional funds in areas where we have already made firm decisions on policy that have a high and clear impact on human development and the quality of life, as well as to protect critical areas of service delivery, most notably in education, health, welfare services, housing, roads and rural development.

To further enhance the impact of our expenditure plans, certain amounts spread across the different votes have been earmarked. The practice of earmarking national and provincial expenditure priorities has been in place for a number of years. These have been revised in the light of tighter fiscal conditions, to improve monitoring, to emphasise key priorities, to prevent slippage into bells and whistles expenditure in some departments and migration into 'soft' policy options in those departments. The earmarked allocations therefore target early childhood development; teacher development; emergency medical services and roads and public works - planning, design, construction and maintenance.

The lion's share of adjustments to provincial revenue comes in the form of the equitable share and conditional grants. Overall these allocations are augmented by R3.6 billion or 15.5 per cent from R23.2 billion in 2008/09 to R27 billion in 2009/10 and it is estimated to grow at an annual average rate of 11.6 per cent to R32.2 billion in 2011/12.

Over the MTEF, baseline additions to the equitable share amount to R3.9 billion, catering for both inflation expectations and policy adjustments in Education, Health and in the outer year for Social Development and Roads. The equitable share is budgeted to increase by R2.9 billion or 16.2 per cent from

R17.9 billion in 2008/09 to R20.8 billion in 2009/10, growing over the MTEF at an annual average rate of 12.1 per cent.

Several changes have been made to the provincial fiscal framework in respect of conditional grants for the 2009 MTEF, which account for about 20.5 per cent of the total provincial budget in 2009. The allocations to conditional grants are revised upwards by R800 million in 2009/10, R347.6 million in 2010/11 and by more than R1 billion in 2011/12. It is estimated to grow from R5.3 billion in 2008/09 to R7 billion in 2011/12.

Four new grants are introduced in this Budget. The first is the Expanded Public Works Programme Incentive Grant. This grant is aimed at providing incentives for provinces and municipalities to increase spending on labour intensive programmes. Minister Manuel has challenged departments, provinces and municipalities 'to exceed their targets for creating EPWP jobs'.

Secondly the Public Transport Operations Grant. This allows for improved monitoring and control of expenditure related to bus subsidies and other transport related issues. The initial problems relating to the payment of Golden Arrow Bus Services appear to have been solved, but there is a lot of work still to be done to align the service. What is now required is for the Provincial government to work much more closely with Golden Arrow, the National Department of Transport, National Treasury and the City to ensure that the problem does not reoccur and those loopholes in contractual and service delivery issues are tightened.

Thirdly the Ilima/Letsema Projects Grant in Agriculture. This grant is aimed at boosting food production and assisting previously disadvantaged farming communities to increase food production and adopt modern farming methods. Support for new entrants into the agricultural economy is vital as the pace of

land restitution and land reform is increased. Fourthly, and of particular importance to this Province which has been hit by flooding, a once-off Agriculture Disaster Management Grant to deal with disasters within the Agriculture sector.

Some of the major upward revisions to existing conditional grants over the MTEF include the Integrated Housing and Human Settlements Grant increasing by R563.5 million over the next three years to speed up housing delivery and to raise the value of the housing subsidy to keep pace with higher costs. Similarly, the Infrastructure Grant to Provinces increases by R277.9 million of which Education receives R131 million, to address education specific interventions such as school infrastructure needs, extending Grade R infrastructure to make more classrooms available, apart from assisting with the upgrading of schools for learners with special needs, the construction of school libraries, laboratories, sports fields and increased school building maintenance.

Likewise, the School Nutrition Programme increases by R220.3 million over the MTEF to ensure that our poorest in quintile 1 to 3 primary school learners have at least one meal each school day and to progressively expand the nutrition programme to secondary schools. The Hospital Revitalisation Programme increases by R86 million over the 2009 MTEF to compensate for cost effects and to support hospitals with equipment and modernisation expenses.

The Comprehensive HIV and AIDS Grant is augmented by R103.3 million to meet the increase in the ARV take-up rate and the National Tertiary Services Grant grows by R167.1 million to deal with inflation related increases on goods and services purchased in tertiary hospitals. The Comprehensive Agricultural Support Programme increases by R33 million to expand the provision of agricultural support services to support food security.

Given the economic climate no major changes in own receipts have been made. In aggregate, own receipts are projected to remain around R1.8 billion per annum over the MTEF. As indicated by my predecessor, now the Premier, in her main Budget Speech of last year, adjustments to the motor vehicle licence fees structures will only be considered once there is a proper understanding of how the current licence fees structure, in comparison to our neighbouring provinces, impact on consumer behaviour, specifically those that give rise to cross-provincial licensing practices to avoid higher licensing fees in the Province. The research study has now been completed and provided interesting results. Amongst others, it confirms that cross-provincial licensing migration, especially heavy vehicles that operate predominantly within the Province, is indeed happening, and that these practices negatively impact on the Provincial fiscus, and as a consequence, the funding available for roads.

I wish to state that these licensing practices, especially by big business, have negative economic and social implications. It is unjust because it places a relatively higher burden on the poor, apart from the issue that it is illegal. We acknowledge that our licence fee tariffs are the highest in the country, but we also have some of the best and well maintained roads. The higher fees structure unintentionally created adverse incentives within the system that led to cross-provincial practices. We have therefore, for the third consecutive year, taken a policy decision not to increase motor vehicle licence fees in 2009/10 and in addition have agreed with our provincial counterparts that they will progressively adjust their current motor vehicle licence fee structures over the current MTEF resulting in motor vehicle licence fees to be aligned across all Provinces over the medium term.

The implementation of the Western Cape Liquor Act will bring increased revenue estimated to be R17.4 million in 2009/10 growing to R19.1 million in 2011/12 and without creating disincentives in the regulated liquor industry by making the cost of licenses too high. In addition the research and negotiations around a new tax regime for the gambling industry and specifically the exclusivity or opportunity fee relating to the Cape Metro Casino license will increase the revenue base in the future.

Financing allocations, mainly from the Asset Financing Reserve amount to R529.7 million in 2009/10 and R236.4 million in 2010/11. These are for Roads, World Cup 2010 rounding-off arrangements, and the Philippi training Stadium.

Provincial expenditure priorities

As I have said our 2009 provincial expenditure plans resonate with national and provincial policies and take account of municipal integrated development plans. Eight broad expenditure themes arise for Budget 2009:

- Support of decent work opportunities and skills development ;
- Strengthening education and improving access and nutrition;
- Strengthening health services, infectious disease control and health research and development;
- Protecting and enhancing the focus on youth, women, elderly and the poor, and the disabled;
- Rounding-off preparations for the 2010 FIFA World Cup;
- Improving the built environment, including housing and roads;

- Extending agrarian reform and rural development and sustainability of food security; and
- Strengthening financial prudence, corporate governance and inter governmental relations (IGR).

Support of decent work opportunities and skilling

Unemployment, poverty and inequality remain our most serious challenges. Decent work is the foundation stone of our fight against poverty and our strategy to build sustainable livelihoods for all our people. The effects of the economic downturn with its implications for jobs security and job losses is starting to be felt in the South African economy. The provincial government's key sector support interventions, enterprise development, investment promotion and economic transformation play an important role in helping to insulate the Western Cape economy from the full extent of the global down turn. The Province is spearheading a number of interventions in support of the creation of decent work opportunities and skills development. The platform for doing so begins with the alignment of skills supply with those demanded in both the public and private sectors.

The Learning Cape Initiative, the Work and Skills for 100 000 Programme and support for FET Colleges collectively aim to improve the match between skills demand and skills supply. Sectors that have been identified for targeted skills interventions are underpinned by the research findings of our resurgent economic development strategy – the Micro-economic Development Strategy – MEDS.

The Department of the Premier is co-ordinating numerous skills development initiatives undertaken by provincial departments and is working on achieving greater cohesion and avoiding duplication between departments. The Expanded Public Works Programme has achieved great success in the Western Cape, surpassing employment and skills development targets for three consecutive years. To build on this success, both in the Western Cape and nationally, the National Department of Public Works presented a strategic review of the first phase of the Expanded Public Works Programme in June 2008. This review evaluated the key outcomes of the programme and made recommendations for the next phase of the EPWP. The second phase will commence in 2009/10 and, utilising the lessons learned over the last 5 years aims to increase the number of work opportunities and the length of employment. There will be a greater focus on women, youth and the disabled.

The key innovation of the second phase of the EPWP is the implementation of a wage incentive. This incentive will assist the Province and municipalities in funding and further up scaling the EPWP. In 2009/10 the Department of Transport and Public Works receives a national grant of R0.5 million towards the implementation of Phase 2. Funding for subsequent years will be based on the creation of employment and the subsequent achievement of targets agreed to by our Department of Transport and Public Works and the National Department of Public Works.

Provincial departments offer a wide range of bursaries and training opportunities both internally and externally. In the 2009/10 financial year, R379.4 million has been set aside for this purpose, with R118.2 million and R210.4 million of the amount to be spent by Education and Health alone. Education has over 900 educators involved in completing the National Professional Diploma in Teaching and Advanced Certificate in Education.

Strengthening education and improving access and nutrition

Education rightly forms one of the central pillars of provincial governments' strategy. This includes improving access, efficiency, equity and quality of learning programmes to all five-year olds by 2010. Our vision is to provide sustainable early childhood education that will give children a head start in literacy and numeracy. But we must enhance the quality of learning for all learners, increasing literacy and numeracy initiatives in primary schools, developing teachers and supporting quality management. Learners deserve quality teaching and quality teachers.

The budget allocated to Early Childhood Development (ECD) inclusive of Grade R, continues to show significant growth, increasing year-on-year by 37.5 per cent to R313.5 million in 2009/10. Additional funding is used to enhance the quality and increase the number of learners (6 000 additional 5 to 6 year-olds per annum) accessing Grade R in both public ordinary schools and community sites. The provision of teaching and learning kits and upgrading the skills of ECD practitioners through the ECD Learnerships remain key priorities.

The Khanya Technology in Education Project aims to address the digital divide prevalent in poor communities. To date over 800 schools have been provided with computer laboratories, each consisting of between 25 to 40 computers. Approximately 664 000 learners are benefiting from using the technology on a daily basis. An amount of R99.6 million has been allocated for 2009/10 which will be used to maintain existing facilities computer facilities at a further 200 schools. .

The introduction of Focus schools and the increase in Dinaledi schools have seen the expansion of participation rates and improvement of pass rates in mathematics, physical science and technology. Redress and equity will be addressed through targeted additional support to schools in national quintiles 1 to 3 with a particular focus on infrastructure, maintenance, libraries and resource materials. School safety will be enhanced through the use of safety resource officers, CCTV and strengthening the community-school interface.

In monetary terms, Education receives a R1.3 billion or a 14.7 per cent boost in 2009/10 bringing the budget to R10.3 billion in 2009/10, rising to R12.3 billion in the last year of the MTEF. Early Childhood Development receives particular attention, with the budget sharply increasing by 38.2 per cent in 2009/10 to R314 million.

Furthermore, in response to food price increases, as part of a multi-pronged strategy to address both poverty and improve the quality of learning, the School Nutrition Programme has been substantially expanded over the next three years.

The Grant increases by 30 per cent from R86.6 million in 2008/09 to R112.5 million in 2009/10 and continues to further increase in the outer years of the 2009 MTEF to R173.3 million and to R227.4 million. The number of children benefiting from the school feeding programme is anticipated to increase from approximately 204 000 learners in 2008 to 335 000 learners in 2009.

There are plans over the two outer years of the MTEF to extend the no-fee school policy to quintile 3 schools (60 per cent of schools) and for fee exemption of poor learners in quintile 4 and 5 schools. An amount of R165 million for 2010/11 and 2011/12 has been allocated for this purpose and will form part of the Department's existing norms and standards funding

allocated to schools in order to compensate for the loss of income due to the none collection of school fees.

Given that the Western Cape has relatively fewer schools in national quintiles 1 and 2 (approximately 14.5 per cent of schools in the province), the WCED has already extended coverage to quintile 3 schools. There are approximately 346 000 learners representing more than 38 per cent of learners who are exempt from paying school fees.

The expansion of Whole School Evaluation programme and the tightening up on exposed weaknesses, principal and teacher development and support will remain a key objective in our pursuit to improve the quality of education.

Strengthening health services

We are working hard to transform our health services. Although they have already been substantially strengthened, in this budget further resources are made available to improve the quality of health care and health outcomes within the Province. We need to address the inequalities that still exist. R9.9 billion has been set-aside in the 2009 Budget for Health, representing a year-on-year increase of 14.5 per cent or close to R1.3 billion. In addition to maintaining current services, increased resources will be channelled towards reducing infant and child mortality, TB and HIV and Aids. The budget for Health in 2011/12 reaches R11.8 billion. The Comprehensive Service Plan, based on Health Care 2010, is steadily being implemented to improve access, quality and sustainability of health services. The ultimate goal is to treat patients at a level of care most appropriate to their need and in the communities where they live.

A key deliverable for the Department in 2009/10 is the furthering of the construction of the Khayelitsha and Mitchell's Plain district hospitals, which are envisaged to be completed in 2012. Over the next four years, it is foreseen that over R1.2 billion will be spent on the erection of these two hospitals, bringing much needed respite to our health care services and improving services immeasurably to these areas.

The Comprehensive HIV and Aids grant has been increased to R309.9 million in 2009/10 and R448.8 million and R481 million in 2010/11 and 2011/12 respectively. These increases accommodate greater access and growth in the number of patients on Antiretroviral Treatment (ART). At the end of December 2008, the number of patients registered for treatment was 49 383 compared to 37 435 at the end of 2007/08. The Department anticipates that this number will increase to 68 236 patients registered on ART in 2009/10.

The Burden of Disease study indicated that trauma and violence are the biggest contributors to the disease burden and account for about 21 per cent of deaths in the Province and approximately 40 per cent of hospitals admissions. Therefore strategies to prevent and mitigate the effects of trauma and violence are urgently needed. A key issue for the Department of Health is to improve response times of emergency services, including ambulances, towards the national targets of 15 minutes in urban areas and within 40 minutes in rural areas. Therefore streamlining Emergency Medical Services (EMS) to improve response times and prepare for the 2010 FIFA World Cup remains a priority. Amounts specifically allocated for EMS have increased to R495.6 million in 2009/10, R546.3 million in 2010/11 and R588.5 million in 2011/12.

The Department has established a FIFA 2010 Health Unit to coordinate all health planning and preparation to ensure that the Province meets the medical requirements for the tournament. Allocations made in the main budget to Vote 1: Department of the Premier for the rounding-off preparations for 2010 FIFA World Cup for the first two years of the 2009 MTEF, include amounts to be transferred to Health for 2010 EMS preparations. This includes contract funding for ambulance assistants, additional ambulances and medical equipment for Green Point Stadium and the Public Viewing areas. The benefits of capacitating EMS for the tournament will leave a legacy of improved emergency services for the Province way beyond the actual event.

Following the Burden of Disease research, which has also informed a number of interventions aimed at monitoring and reducing the morbidity and mortality patterns, it has become clear that coordinated health research and development that links the health research agenda to programme management and service delivery is an extremely important objective. Health research priorities are to be identified through the establishment of the Provincial Health Research Committee, and in such a way that they are largely directed towards the greatest health needs in the Province and therefore further improving the health outcomes in the Province.

Protecting and enhancing the focus on youth, women, elderly and the poor

The national implementation agency, the South African Social Security Agency of the Department of Social Development, provides grants to 871 063 beneficiaries in the province amounting to payments of over R5.8 billion to recipients. If the Western Cape's projections, relative to national trends hold true, we will spend over R6.1 billion in 2009/10. Over and above

this *Social Development* receives R1.2 billion in 2009/10, rising by R74.4 million year-on-year to improve access to social welfare services to vulnerable groups.

Greater awareness of substance abuse, the treatment of abuse and the provision of secure care centres and places of safety are but some of the many initiatives undertaken in partnership with communities, all of which are aimed at protecting our youth at risk, women, elderly and the poor.

The Department is expanding the implementation of integrated services for substance abuse, prevention, treatment and rehabilitation. Programmes to care, support and protect older persons and assist our senior citizens to stay active and have access to service centres are being strengthened. All of these gain further impetus in 2009 and beyond through the community nutrition and development centres supported by this government. Nutritional meals to the poor are provided on a regular basis.

Building safer communities

The Department of Community Safety will continue to implement the social transformation, gang prevention and intervention strategy in 2009/10 to address the underlying causes of gangsterism, substance abuse, crime and other ills, which torment our communities. It is important to realise the contribution our communities can make in enhancing the quality of life in our Province. Through building relationships between law enforcement agencies, NGOs and government, communities will be better able to address their specific needs and enhance their safety and well-being.

We have made headway, through the endeavors of the Department of Community Safety to improve co-operation and trust between communities and SAPS through the establishment of Community Policing Forums (CPFs). These initiatives facilitate community ownership of crime prevention and safety.

Speaker, needless to say the MVA Strategy implementation has delivered a heightened traffic law enforcement presence on Western Cape roads through the 24 hour/7 day week patrol cycle complimented by the 24 hour operation of all 12 provincial traffic centres. The success of the MVA Strategy is already evidenced in the reduction in road fatalities by 18 per cent during the 2008/09 festive season as compared to the previous year.

To continue efforts aimed at reducing road accident fatalities, the Department of Community Safety has allocated R117.9 million to the Traffic Safety Promotion Directorate in 2009/10 - approximately 45 per cent of the Department's budget.

Rounding-off preparations for 2010 FIFA World Cup

Overall our contributions to the World Cup, in terms of current calculations are over R1 billion. These range from physical infrastructure to a variety of services, especially emergency medical services. As regards infrastructure, these include contributions to the Philippi training centre, City projects such as the Green Point Stadium and Hospital Bend, in Somerset West between Broadlands and Sir Lowry's Roads, the city-airport link along the N2, the directional ramps at the Koeberg Interchange and Table Bay Boulevard. To round off our 2010 FIFA World Cup preparations, a detailed scenario-based planning document and action plan has been crafted and an additional R50 million, spread over the first two years of the 2009 MTEF, contributes to this developmental and service delivery legacy. A major recipient is emergency

medical services, who apart from earlier allocations to raise its baseline funding by over R70 million per annum, will over the next two years receive a further boost of R44 million. This is apart from contributions of R40 million to provide an upgraded emergency care centre at Somerset Hospital in Green Point.

Improving the built environment, including housing and roads

Cohesive, caring and sustainable communities are key to our future. To do that we need to transform the legacy of apartheid spatial planning patterns. The costs of transport, the delivery of basic services, access to economic, cultural and recreational opportunities – all these and more are legacies which will take decades to eradicate. The Provincial Government is committed to achieving proper municipal spatial planning through its interdepartmental built environment support programme to positively influence the planning and delivery of integrated human settlements. In practical terms this implies that the Department of Environmental Affairs and Development Planning has been tasked to support municipalities to develop credible spatial development frameworks and human settlement plans. To assist the Department in doing so, R22.3 million spread over the next three years, has been allocated to them for this purpose.

For the accelerated development of integrated human settlements, the Department of Local Government and Housing receives substantial amounts of R1.6 billion in 2009/10, R1.9 billion in 2010/11 and R2.1 billion in 2011/12 to amongst others deliver, in 2009/10, 19 000 housing units, 18 000 service sites and the transfer of houses to over 2000 households through the enhanced extended discount benefit scheme.

Speaker, let me deal with the recent findings of the City's multiparty disciplinary committee that was set-up to investigate the conduct of Democratic Alliance councillor Frank Martin around the land invasions in Delft, about a year ago. The committee found Martin guilty. It ruled that he was not acting at all times in the best interests of the municipality and in such a way that the credibility and integrity of the municipality has been compromised. It found further that he encouraged people within his ward to invade homes at Delft. His actions resulted in almost 130 families, which include 200 children, living on a pavement for more than a year.

The cost of the invasion directly attributable to his conduct, has reportedly cost more than R100 million, which includes repairs to more than 1 600 partly built houses, legal fees, security costs and the cost of relocating the people involved to another area of Delft. For this, the disciplinary committee recommended that Martin only be suspended, without pay, for a month. This is cynical, horrendously inappropriate and amounts to nothing more than a slap on the wrist.

It would be irresponsible financial management to allow this wastage without attempting to recover it. The Provincial Government is seeking legal advice as to whether the Province and the National Department can collectively recover the cost incurred by Government from Councillor Martin, the Democratic Alliance and the City of Cape Town. The taxpayer cannot be expected to foot the bill for improper conduct.

On behalf of this provincial government I wish to place on record for the people of Delft and the province as a whole - we are committed to the difficult and costly process of providing a roof over every family's head without regard to

the colour of your skin, your religion or your language. We will do everything in our power to ensure that the processes that are followed are fair and transparent. But we will never stand back and say nothing when illegal housing invasions are used as a pretext for racial mobilisation and sowing of race hatred in our communities.

Securing our roads for economic growth

An amount of R1.627 billion has been earmarked for the planning, construction, upgrading and maintenance of the Provincial road network in 2009/10 because of its critical importance to the economy. As mentioned earlier, our roads are of the best in South Africa. These earmarked funds intend to keep it that way.

Extending agrarian reform and rural development and sustainability of food security

The budget for the Department of Agriculture increases to R399 million in 2009/10, rising significantly to R515.5 million in 2011/12. Food security is a key priority. No one should go hungry. Food security projects aimed at growing our own food make us less dependent on food imports and provide a security blanket for the poor. These projects will be rolled out in each district with priority given to women, youth, disabled persons and those living with HIV/AIDS. In addition, existing food gardens are to be revitalised and advisory services strengthened.

Strengthening financial prudence, corporate governance and inter governmental relations (IGR)

This government has already demonstrated its commitment to inter-governmental relations, despite intemperate and ill-considered attempts to undermine these efforts including the withdrawal of funding from CTRU. A focus on inter-governmental relations (IGR) has the real and achievable potential to improve service delivery through strategic partnerships, cooperation and agreements with other spheres of government as well as social partners. Much work in this respect has been performed under the auspices of the LGMTEC and PAFTECH processes run respectively by the Provincial Treasury and Local Government, with promising results.

Interactions between the Province and municipalities during the recent LG MTEC 1 engagements and the Province-City Indaba have established mechanisms to improve the alignment of municipal and provincial planning, budgeting and delivery processes. This must improve planned capital projects, the spatial location of projects, the optimal use of allocated resources, ensure that services are not duplicated and secure the cost efficiency of concurrent functions such as transport. “Going it alone” strategies in any sector of public service provision makes no sense at all.

The effects of the impending recession on government revenue and expenditure are going to be severe. This presents an enormous challenge. But is also an opportunity to do everything possible to strengthen financial prudence, management and corporate governance. This requires significant focus, tireless attention and new mechanisms with which departments concentrate more

clearly on provincial and national deliverables and ensure more efficient and effective targeting of frontline services.

Securing efficiency gains in all departments has become an ever important exercise. There has to be a renewed emphasis on departments tabling credible budgets, which should include a revision of non-core spending items, underpinned by the broader goal to improve relative efficiency and value for money. Speaker, this Government is driven by a strong conviction and action to cut all wastage, the curtailment of expenditures on bells and whistles, the tightening of management of frontline services and the prevention of slippage that derails delivery. This should include the phasing out of ineffective programmes.

During the 2009 Budget process departments were required to identify discretionary expenditure items particularly located in the goods and services category and included items such as consultants, marketing, promotional items, travel and non-essential expenditure, and curtailing non-performing departmental programmes. The 2009 budget reflects savings measures amounting to R426.2 million over the MTEF across all departments, who were exhorted to reprioritise to more productive activities that facilitate the delivery of frontline services.

We are not out of the woods as yet and much more needs to be done in this regard. Therefore the Provincial Treasury, over the next financial year, will work closely with the Department of the Premier to identify areas, where further inefficiencies may exist for decisive intervention and correction. The related focus on corporate governance is equally important. Interventions to support management in some departments to ensure informed managerial decision

making, effective monitoring and evaluation, appropriate compliance and adherence to relevant norms and standards must be strengthened.

Speaker the Provincial Legislature has a special role to play in this regard. Over the last five years the Legislature has played a critical role in bringing to attention critical weaknesses in some departments and wasteful expenditure and a migration away from core mandates in others. Oversight has contributed to exposing duplication of functions and inefficiencies. This work is not easy for MPLs because they have to ask hard questions without all the information at hand. It requires research, reading and plain old fashioned hard work. But it is absolutely essential. I wish to thank all the MPLs who have done this work diligently and urge that much more needs to be done.

National Treasury has named 185 municipalities in eight provinces for failing to follow all the financial reporting laws. Speaker, what is encouraging to note is that the Western Cape was the only Province without any municipalities named for financial irregularities or failing to follow financial reporting laws, such as failure to sign off on monthly reports, or to sign returns on conditional grant spending or to publish the required monthly financial information.

Since the enactment of the Municipal Finance Management Act in July 2004, the Provincial Treasury and Local Government and Housing together with the other provincial departments and all municipalities have worked hard at improving the provincial and local government interface. The improvement in intergovernmental relations between provincial departments and municipalities has yielded outstanding benefits and results.

There has been a steady improvement in financial management in municipalities, which saw the number of unqualified opinions rising from 11 in 2006/07 to 23 in 2007/08, a more than 100 per cent improvement.

Greater collaboration and further efficiency improvements

The need to leverage efficiency gains from all departments, the need for departmental collaboration and joint work has become a key success factor. Achieving collective and or common goals, negotiation around funding allocations and collaborative priority setting and trade-offs are key elements of the provincial budget process. In this regard the role of the provincial cluster system is important as a mechanism to ensure coherent strategic direction and implementation. Provincial clusters have already started to engage on greater collaboration and focus on opportunities for greater efficiency amongst them. The identified areas require further refinement over the next year and include training and skills development, food security, early childhood development and drug and substance abuse.

The duplication of research, services and programmes across departments and sectors makes no sense at all. We will continue to do everything possible to resist the temptation of going it alone strategies.

Conclusion

Budgets of course, have to be pragmatic and practical to work. But all the numbers in the budget must actually speak to the people of this province, especially those working families in our society who struggle under the crushing burden of poverty and unemployment. This budget I hope will be seen for what it is; a plan to further strengthen service delivery in health, education, job creation, social development and rural development and which puts the people of the province first. This government has proved over the last five years, and notwithstanding the problems it faced, that we are on track to deliver good

governance, decent services and economic opportunities and reduce the gap between rich and poor. Because it is an undisputable fact – together we can do more.

Speaker, allow me to thank: the Premier for her leadership and my fellow MECs for their invaluable support and guidance throughout this budget process.

Secondly, I wish to thank the Heads of Departments and Chief Financial Officers of all departments for their cooperation and hard work. There are many challenges that have to be overcome in the public service. But I have every confidence in the truth of the statement that the public service of the Provincial Government of the Western Cape is composed of excellent women and men, at every level of service who carry out their work with dedication and hard work. To these people we all owe a debt of gratitude.

I must give special thanks to the Provincial Treasury, Dr JC Stegmann and the senior management and staff. Over the last few months I have benefited from their constant support and gained a proper perspective of how hard they work and how their work in support of all departments is invaluable, not just in preparing budgets but ensuring that all departments function optimally.

I wish to thank Mr Kobus Brynard, the Chair of the Standing Committee of Finance and Economic Development and Mr Richard Dyantyi the Chair of the Budget Committee for their support and apologise to them if the pressures of work have meant that I have not been able to give them more of my time.

I wish to thank the leadership of my political party the African National Congress for the support and guidance that has been afforded to me.

Finally I must thank the women and men who staff my office for the very long hours and their ability to put up with a grumpy middle aged man.

Speaker, it gives me great pleasure to table the 2009 Budget Overview, Estimates of Provincial Expenditure, Budget Summary, Western Cape Appropriation Bill, Local Government Allocations and accompanying Provincial Gazette, and this Speech, for discussion and consideration by this House.

Thank You.

Garth Strachan