

**Provincial Government Western Cape  
Provincial Treasury**

# **BUDGET 2008 SPEECH**

*Minister of Finance and Tourism  
L Brown*

4 March 2008



PR: 15/2008  
ISBN: 978-0-621-37636-4

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Printed in the Republic of South Africa  
For the Government Printers Cape  
by Formeset Printers Cape

**Mr Speaker**

**Premier**

**Colleagues in the Executive Council**

**Honourable Members of the Provincial Legislature**

**Mayors and Speakers from various Municipalities**

**Heads of Departments, Government Officials and Leaders of our Agencies**

**Leaders of Political Parties**

**Leaders of the Business Community**

**Leaders of Civil Society**

**Distinguished Guests**

**And the People of the Western Cape**

At the beginning of 2004 we signed a contract with our people to give them a better quality of life and to make the Western Cape the best place to live in. We took steps to reduce poverty, create jobs, improve education and health and build infrastructure as important elements on our journey.

Budget 2008 moves us a step further along our journey towards improving access to quality education, health and social development services, building, broadening and sharing the economy and making significant inroads into the provision of good infrastructure, housing, skills development and job creation.

The Premier, in his state of the Province Address highlighted some of the inroads we have made since elected to govern in 2004 in our quest to push back the frontiers of poverty, restore dignity and achieve a better quality of life.

*Every morning the impala awakes knowing that it must outrun the fastest lion if it wants to stay alive. Every morning a lion awakes knowing that it must outrun the slowest impala or it will starve. It makes no difference if you are a lion or an impala, when the sun comes up in Africa you must awake running.  
(A UN worker in Zambia, November 2002)*

Speaker, we are awake and running!

## **RESPONSIBLE AND RESPONSIVE GOVERNANCE**

The budget baseline of the **Department of the Premier** is augmented to foster its strategic oversight role and to give effect to the priorities and objectives as outlined in the iKapa Growth and Development Strategy.

The department is also spearheading the Social Transformation Programme (STP), which focuses public resources into specific areas identified as vulnerable or at risk. Apart from allocations to strengthen its base, the Department receives R10.3 million over the MTEF to support this initiative.

The Department of the Premier plays a key role in strengthening the co-ordinating role for the 2010 FIFA World Cup and R20.2 million over the 2008 MTEF is provided for this purpose.

Fifty per cent of the Department's budget is dedicated to providing effective and efficient ICT service to the provincial government including repairing, replacing and upgrading outdated IT infrastructure. Additional moneys of R85.6 million over the MTEF have been set aside for this purpose.

The **Department of Local Government and Housing** is in the process of fine-tuning its "hands-on support" capacity building programme in municipalities. Over the next few years, the Department plans to extend the Province's capacity building to cover technical aspects of housing and municipal service planning and delivery. Over the 2008 MTEF an amount of R50 million has been provided additional to the department's budget to achieve this objective.

A number of municipalities are too small to run higher administrative and technical services, essential for the operation of municipalities. Shared services could improve municipal service delivery and governance, a key initiative of my colleague MEC Dyantyi at Local Government and Housing.

Preparedness for mitigating the impacts of disasters is a feature of a responsible and responsive government. Over the last 3 years the Department has been equipping and staffing the Provincial Emergency Management Centre. The Centre has also begun to draw on other government departments and agencies in preparing to manage disasters that affect their particular sectors.

## **ECONOMIC OUTLOOK**

Speaker, the recently published economic indicators highlight our vulnerability to global market conditions. The rise in inflation, fuel and food prices and interest rate hikes have put tremendous pressure on our choices and the affordability levels of our programmes.

The global economy is projected to slow down considerably in 2008 as the international financial market crisis intensifies. Advanced economies such as the United States will be the most adversely affected, while emerging market economies are generally upbeat due to stronger growth in domestic demand.

According to the most recent projections by the Bureau for Economic Research, economic growth for South Africa is expected to slow down to 3.9 per cent in 2008 and recover to 4.8 per cent in 2009. GDP growth for the year 2007 is estimated at 5.1 per cent.

The Western Cape economy is estimated to have grown by 5.6 per cent in 2007 and is anticipated to grow at 4.6 per cent for the 2008/09 financial year. The major threats to the Western Cape economic outlook also emanate from the high interest rate environment and the impact of power supply constraints on agricultural and manufacturing activities.

While the Western Cape appears to have been relatively less affected than other provinces by the electricity supply crisis at the end of 2007 and early 2008, it has to be emphasised that growth can be somewhat weaker in the event of an intensifying energy crisis. The manufacturing, commercial and to a lesser extent the construction sectors are particularly exposed to the impact of unplanned power outages and

power rationing. My colleague MEC Essop at Economic Development and Environmental Affairs has put a process in place to mitigate the impact of Eskom energy variability.

The Premier in his State of the Province Address touched on the immediate steps to be taken by the Province and our partnering municipalities to deal with the electricity demand side. We have thus set in motion initiatives to try and reduce the demand of electricity by 10 per cent in the Province.

Overall, the Province continues to create new jobs. However, the traditional labour-absorptive sectors such as agriculture and manufacturing continue to shed jobs.

During the four-year period between March 2003 and March 2007, the working age population of the Western Cape grew from 3 million to 3.270 million individuals. This represents an average annual growth rate of 2.1 per cent, which is almost one percentage point higher than the national average growth rate of 1.2 per cent.

The broad labour force in the Western Cape increased by 248 000 individuals during this four-year period, continuing to put pressure on the economy to create more jobs.

Much of the employment growth in the Province is linked to the growth of informal sector activities (which is dominated by retail trade activities). High inflation and interest rate increases are likely to make life difficult for the wholesale, retail trade and industry sectors. Much work is required to make our economic sectors more competitive in the wake of an unforgiving international environment. Under the auspices of the Premier's department, part of our reform will emanate from the Organisation for Economic Cooperation and Development (OECD) analysis, which focuses on the degree of competitiveness of the greater Cape Town Functional

Region and on the existence of strategies and policies for regional competitiveness. A full report, supported by proposed strategies will be available towards the second quarter of 2008/09.

## **Receipts**

Speaker, I will now deal with the revenue proposals and estimates that will underpin and accompany our spending plans.

Total provincial receipts, including financing, of R24.8 billion, will fund our policy objectives and responsibilities in 2008/09. This is about R4.1 billion more than the main budget estimate of a year ago and R3 billion or 13.5 per cent higher than the 2007/08 revised estimate. Over the MTEF, total provincial receipts are set to grow annually at a rate well above inflation of 11.2 per cent to reach R30.1 billion in 2010/11.

Receipts from the National Government will increase by 14.6 per cent from the 2007/08 revised estimate to R22.4 billion in 2008/09, growing to R28.2 billion by 2010/11.

Equitable share transfers increase by R2.3 billion or 14.6 per cent from R15.5 billion in 2007/08 to R17.7 billion in 2008/09 representing an annual average growth of 12.8 per cent over the 2008 MTEF. Although the basic structure of the equitable share formula has not changed for the 2008 MTEF, updating of the demographic and economic data has resulted in positive changes to this Province's share. The Provincial share increased from 8.8 per cent in the 2007 MTEF to close to 9 per cent over the 2008 MTEF resulting in nominal increases, before adding any additional



amounts to the baseline, of R298.9 million in 2008/09, R335.4 million in 2009/10 and R355.6 million in 2010/11.

Over the 2008 MTEF, the National Government has increased the equitable share allocation going to all provinces by R33.2 billion. This translates to R5.9 billion in 2008/09, R9.7 billion in 2009/10 and R17.6 billion in 2010/11. The Western Cape's share amounts to R664.4 million in 2008/09, R1.1 billion in 2009/10 and R2 billion in 2010/11, inclusive of formula adjustments referred to earlier.

The additional equitable share is for nationally agreed to policy priorities, particularly in the social sector and are intended to improve access and quality of mainly social public services; address vulnerability and inequality through proper targeting of services; increase investment in communities to ensure sustainable livelihoods; and develop the skills needed for the economy through enhanced education and training.

The additional equitable share also caters for improvements in personnel remuneration, mainly at Health and Education, inflation related adjustments and in 2010/11 for provincial economic functions, such as roads.

Minor changes have been made to the fiscal framework in respect of conditional grants for the 2008 MTEF. The FET College Sector Recapitalisation Grant is phased into the provincial equitable share from 1 April 2009 and will henceforth continue as part of Education's normal responsibilities, funded through the equitable share.

Conditional grant funding increases by R596.3 million from the 2007/08 revised estimate and grows by 14.6 per cent to R4.7 billion in 2008/09. Over the 2008 MTEF, the Province receives an additional R1.9 billion in conditional grant transfers resulting in an average annual growth of 13.5 per cent.

A new grant, the Devolution of Property Rate Funds Grant, has been introduced over the 2008 MTEF. This grant will assist the Province to take over the responsibility from the national Department of Public Works for paying the property rates and municipal charges of provincial properties from 1 April 2008. It amounts to R493.3 million over the MTEF and has been allocated to the Department of Transport and Public Works as the custodian of state properties.

Of the R1.9 billion additional conditional grant allocation over the MTEF, R82.8 million is set aside for the National School Nutrition Programme, R157.9 million for the Hospital Revitalisation Grant, while the HIV and Aids Grant grows by R374.8 million. The Tertiary Services Grant increases by R181.5 million, whilst the Housing and Human Settlement Development Grant increases by R234.3 million. An extra R40.3 million will flow through the Comprehensive Agricultural Support Programme and R21.4 million through the Forensic Pathology Services Grant. An additional R292.1 million will be transferred through the Infrastructure Grant of which R222.2 million is allocated exclusively for education infrastructure.

Moving to own revenue, provincial own receipts is projected to decrease from R1.8 billion in 2007/08 to R1.7 billion in 2008/09 and will continue to marginally decrease over the MTEF to R1.67 billion by 2010/11.

Motor vehicle licence fees will continue to dominate as the largest contributor to tax receipts in the Province and are projected to increase from R776.1 million in 2007/08 to R799.4 million in 2008/09, growing to R848.1 million in 2010/11. These increases only account for the annual growth in vehicle population.

The Province has again taken a policy decision not to increase motor vehicle licence fees in 2008/09. In the new financial year we hope to conclude the analysis on the impact of the current motor vehicle licence fees on consumer behaviour, the cross-border licensing of motor vehicles and possible alternative collection mechanisms for motor vehicle licensing.

Given the unpredictability of revenue generated through gambling activities and the associated fiscal risks, the Province has opted to budget conservatively for revenue from this source. Casino taxes are projected to increase annually over the 2008 MTEF by around 3.2 per cent. Liquor licence receipts have been kept unchanged over the 2008 MTEF at R4.5 million per annum pending the approval of the new Western Cape Liquor Act expected later this year. Any revision to the 2008/09 estimate will be dealt with during the 2008 adjustments estimate process.

Speaker, as everyone in this House knows, the Province has concluded its research on the viability and economic feasibility of the implementation of a provincial fuel levy some time ago. The National Treasury has recently proposed an alternative to a provincial specific fuel levy. The proposal is for provinces and category A and B municipalities to receive a share of the general fuel levy revenue, proportionately based on fuel sales per province. These revenues will be expressed in terms of cents per litre to ensure greater transparency and to provide certainty.

To balance the Budget, it is again necessary to make allocations from the Asset Finance Reserve (AFR) to fund infrastructure projects, mainly roads and the 2010 FIFA World Cup at Green Point and Philippi stadiums. Allocations from the AFR for the 2008 MTEF amount to R708.7 million in 2008/09, R390.4 million in 2009/10 and R222.1 million in 2010/11.

**MAIN PRIORITIES FOR 2008/09**

Speaker, the 2008 Western Cape Budget is about finding the right mix and balance between priorities and available resources. The priorities we fund consolidate and strengthen those objectives included in earlier budgets and can be divided into six broad categories. These are to:

- Improve the quality and reach of education and health care;
- Enhance impact and footprint of social development, cultural services, road safety and sport;
- Boost skills development through providing learnerships and bursaries and continuing the upgrading of FET colleges;
- Improve the environment, expand business support services and create more job opportunities in the economic and agricultural arena;
- Expand and improve the strategic and economic infrastructure, including roads and public transport, and housing; and
- Initiate improvements in collaborative efficiency in planning and spending across the provincial clusters, the local and national spheres.

These aims flow from national priorities, the Western Cape's iKapa Growth and Development Strategy as well as provincially prioritised interventions and support to vulnerable groups and communities at risk.

## **IMPROVE THE QUALITY AND REACH OF EDUCATION AND HEALTH CARE**

*Put learning in your heart, that you may escape the drudgery of hard labor.*

*Become a man of reputation, for who can recall the name of the boy who was lazy in school?*

*Now he is loaded down like an ass,*

*like a beast that carries for his master, the one who knows what he is really worth.*

*Set your heart on learning, that you may direct the work of the world.  
(Ancient Egyptian Proverb)*

At the 52<sup>nd</sup> African National Congress conference in Polokwane resolved to address the challenge of underdevelopment and emphasise **quality** education and health, as core elements of social transformation. This is particularly so in the light of Government's huge infrastructure investment programme. It also recommended strengthening collaboration between the departments of Education, Social Development and other related departments in the provision of Early Childhood Development (ECD).

Education and Health in the Province combined, receive more than 70 per cent of the Provincial budget.

**Education** grows by a hefty R1.3 billion (17.4 per cent) year-on-year to over R9 billion in 2008/09, totalling R29.9 billion over the next three years. We invest 36.2 per cent of the total Provincial Budget in this service. Key focus areas in Education are greater access to education, enhancing quality through upgrading teaching and management skills and addressing remaining inequalities. Additions to Education also compensate for inflation and salary improvements for education

personnel and provide for increased investment in school construction and maintenance.

Speaker, it has been proven that starting basic social, language and numeracy skills in the pre-school years, significantly increase learners' chances of succeeding at higher levels. Funding for Early Childhood Development including Grade R increases by 37.6 per cent to R226.792 million in order to expand enrolment and improve quality. The increases in the Early Childhood Development budget will allow the Department of Education to accommodate 6 000 more Grade R learners annually in predominately poor and rural communities, as well as provide more learner support material, build schools, and under the auspices of the Expanded Public Works Programme, upgrade the skills of ECD practitioners.

Under the national banner of inclusive education, the Department will also expand the number of places for learners with disabilities in both public ordinary schools and public special schools. The budget for Special School Education in 2008/09 has been ratcheted up by 18.1 per cent since last year, while R63.2 million goes to expanding inclusive education over the 2008 MTEF.

We have made advances since the School Nutrition Programme function shift from Health to Education in 2004, when 145 596 grade R to 7 learners in 659 schools were provided with a meal. In 2008/09 we will be providing 203 535 targeted primary and secondary school learners in 988 schools with a quality meal.

Additions of R82.8 million over the MTEF go to the National School Nutrition Programme Grant, and in the main ensure that every vulnerable primary school child receives a quality meal during every school day.

To ensure that our learners have the best chance of succeeding with the staggered implementation of the new curriculum statement for Grades 10 through 12, an additional R69.8 million has been allocated over the MTEF for the provision of revised learner support materials. Overall R973 million over the MTEF goes to construction, upgrading and maintenance of school infrastructure. Of the latter R209 million is specifically reserved for maintenance alone.

As endorsed by Cabinet, the substantial additional allocation to Education comes with strings attached: that there is a dire need for a concerted drive to systematically improve educational outcomes per municipal district. I trust that my colleague, MEC Dugmore, will say more about this in his budget address to the House later this year. In its oversight capacity, I appeal to the House that it calls the Department to account on progress towards this goal.

Speaker, to move on to **Health**:

*If thou could doctor, cast / The water of my land, find her disease, /  
And purge it to a sound and pristine health, / I would applaud thee to the very  
echo, / That should applaud again. (William Shakespeare: Macbeth)*

Health expenditure jumps by R1.55 billion (an enormous 21.8 per cent) from the 2007 Budget to R8.6 billion in the 2008 Budget and to R10.4 billion by 2010/11. Our investment in Health takes up 34.7 per cent of total anticipated Provincial Expenditure.

The Department's drive to increase the quality and reach of health care delivery is encapsulated in its Comprehensive Service Plan (CSP), that is aimed at reshaping Health's delivery systems so that patients are treated at the most appropriate level of care. To do this, the Department is strengthening Primary Health Care (PHC), including community based and preventative care, and strengthening regional hospitals. PHC facilities alone are expected to accommodate 90 per cent of patient contacts.

This CSP drive means that additional resources will be allocated to our district hospitals, community health centres and clinics to enable these facilities to provide better quality services to our people. In the current MTEF, the Department is also planning to progress with the intended construction of two new district hospitals in Khayelitsha and Mitchell's Plain. The funding to the three central hospitals grows by 11.5 per cent in 2008/09 from the 2007/08 revised estimates. Furthermore, the budget dedicated to maintenance of health facilities and hospitals receives a boost and the total earmarked allocation for maintenance amounts to R134.9 million in 2008/09, and R507 million over the MTEF.

The additional funds also provide for the steady increase in patients at our hospitals and clinics, including patients with multi-drug and extreme drug resistant TB.

The Department's Burden of Disease study conducted last year, highlighted that HIV and Aids and TB together constitute the largest cause of premature mortality in the Western Cape. In the fight against these, the Department plans to address the increasing TB burden by providing additional resources to the sub-districts with the highest TB burden such as Mitchell's Plain, Khayelitsha and others.



The Department will also expand its treatment of HIV and Aids through its ARV programme and receives assistance from National Grants in 2008/09 in the form of R241.5 million for the Comprehensive HIV and Aids Grant.

Emergency response times in the Province are still below international standards, and to meet 2010 FIFA World Cup obligations, and improve the well-being of citizens, a total amount of R392.2 million is dedicated to boost Emergency Medical Services (EMS) in 2008/09, mainly through increasing staff numbers and expanding training, upgrading emergency vehicle fleets and improving management systems.

The Occupational Specific Dispensation in Health is currently aimed at improving the career prospects of nursing staff in the public service through improving conditions of services. Under the Health Professionals Remuneration Review, nurses' salaries are being increased, with the increases backdated to mid 2007. An amount of R1.15 billion over the MTEF is set aside for this laudable aim.

The other leading causes of premature mortality are homicide/violence, road traffic injuries and heart disease. These 5 top causes cannot be addressed solely through Health interventions, and the Department is thus collaborating with other departments and agencies, like Social Development, Community Safety and the City of Cape Town on intersectoral projects to lower the burden of disease in the Province.

This substantive increase in Health's allocation also has a caveat attached to it, namely systematic improvement in health outcomes per district. I trust that my colleague, MEC Uys will say more about this in his budget address to the House later

this year. I also appeal to the House, as with Education, that in its oversight capacity, calls the Department Health to account on progress towards this goal.

**ENHANCE IMPACT AND FOOTPRINT OF SOCIAL DEVELOPMENT, CULTURAL SERVICES, ROAD SAFETY AND SPORT**

*Culture is both the beginning and the end of development. We must see it as part of our identity. It is the common place where all our people can come together and discuss things. We often think of economics and politics, but we must think of culture as equally important. (Phillipe Sawadago)*

Speaker, what follows, are the key departments responsible for shaping our cultural legacy or in other words the type and degree of social capital in the Province we wish to build in the Province.

The **Social Development** Budget improves overall by 22.1 per cent to R1.1 billion in 2008/09.

Over the next three years an amount of R368.9 million is allocated for the expansion and transformation of existing social welfare services. The focus is on increasing access to services and ensuring the equitable distribution of resources across communities.

During 2008/09 the Department will embark on a concerted campaign aimed at informing the citizens of the Province about the services of the Department and human rights that are due to them as citizens. It is envisaged that the wider supply of better user information will reduce the need for referral services in the Department, enabling efficiency gains, improved response times and lead to a better targeting of services.

Most of the welfare services offered by the Department are rendered by non-profit organisations. To ensure better value for money, the Department intends to strengthen the way it monitors and evaluates the service organisations it uses. Performance reporting will be made more regular to earlier detect cases of non-performance and introduce effective remedial actions.

As mentioned before, building basic social skills in children before they reach Grade R increases learner success later on in the education system. Early Childhood Development for 0 to 4 year olds receives R75 million in extra funding over the next 3 years to increase the size and number of subsidies the Province gives to registered ECD centres and to children at registered ECD centres. The training of ECD practitioners under the EPWP will also be stepped up.

Fighting the scourge of substance abuse remains a key priority of the Department. The Department plans to establish two new substance abuse treatment centres, one in Maitland and the other in the Beaufort- West. These centres will offer in-patient treatment and outpatient services. To help fund these interventions and others, the Department allocates R85.2 million over the MTEF.

The **Department of Community Safety** plans to scale up its Safer Schools intervention by deploying 750 Bambanani volunteers at a 160 high-risk schools and further Bambanani volunteers to 45 Metrorail stations in and around the City of Cape Town and Cape Winelands. Over the next three years, the Safer Schools Project and Commuter Safety Programme have been allocated R47 million.

Improving traffic law enforcement is a significant contributing factor aimed at lowering fatalities and injury on our roads. Spearheaded by the Department of Community Safety, but involving Health and Transport and Public Works, the former intends to reduce road fatalities by at least 5 per cent each year. A key thrust in the strategy is the 24-Hour/7-Day traffic services.

To enhance the functioning and impact of our traffic management corps, an additional R3.3 million in 2008/09 and R16.7 million over the MTEF has been added to the Community Safety's budget.

Speaker, we would like to see that the people of the Western Cape, are afforded opportunities to empower themselves through participating and excelling in arts, culture, heritage, sport and recreation. The **Cultural Affairs and Sport** budget increases sharply by 121.7 per cent to R497.7 million in 2008/09.

The increase is mainly attributed to the: R212 million allocated towards the construction of the Green Point Stadium and R20 million seed capital for the upgrading and rehabilitation of the Philippi Stadium to a 10 000 seater facility.

As early as 2005 we identified Philippi Stadium as a possible practice venue for the 2010 FIFA World Cup as well as a possible venue to host a Fan Park or Public Viewing Area to accommodate the local communities and international guests who will be staying in the surrounding areas during the event.

Philippi Stadium belongs to the Provincial Government. It is in urgent need of upgrade for the use not only of surrounding seriously disadvantaged communities, but also because we want to share a major facility in one of our 21 focus areas, to

bring young people from all over the region to play football – thereby bridging the racial and gender divides and leaving a lasting legacy.

We will advertise for an operator and for naming rights. This project must be complete by the end of this financial year.

Cultural Affairs and Sport's contribution to skills development, especially for young people, receives impetus through national conditional grant funding that allows us to take library services to the rural communities. The national conditional grant for libraries, introduced last year, increases to R118.3 million over the 2008 MTEF.

An amount of R105.9 million in grant funding is set aside for the mass sport and recreation participation. In consultation with the Department of Education, Cultural Affairs and Sport also plans to focus on its pre-school based programme to improve motor skills at an early age.

An amount of R26.1 million is specifically allocated over the 2008 MTEF to upgrade and maintain the Sports School located in Kuilsriver. The Department will continue to use the Sport School in Kuilsriver as the vehicle to enhance the performance of young athletes. During the current financial year, the school enrolled 67 grade 8 and 9 learners and will continue to enrol learners in other grades.

**PROMOTING ECONOMIC PARTICIPATION AND JOB CREATION THROUGH SKILLS DEVELOPMENT AND SUPPORT TO EMERGING BUSINESSES**

*These unhappy times call for the building of plans that... build from the bottom up and not from the top down, but put their faith once more in the forgotten man at the bottom of the economic pyramid. (Franklin D Roosevelt)*

Speaker, it is my belief that increased levels of economic growth, greater participation in the economy, faster job creation and better poverty alleviation will flow from strengthening our human capital, the foundation of our growth potential. Our initiatives include funding skills training in the workplaces outside of government, funding and facilitating the provision of learnerships and bursaries and ensuring that Public Ordinary Schools and Agricultural and Further Education and Training colleges are responsive to labour market demands.

**Education** in its FET programme has mapped curriculum course offerings to geographical skills needs, such as the training of coded welders in the West Coast and engineering skills courses in Beaufort West.

**Economic Development and Tourism** receives a total budget of R219.2 million in 2008/09. Over the next three years, R76.6 million is targeted at developing the skills of entrepreneurs in small and medium enterprises generally and in specific sectors identified for their job creation and economic growth potential through the Department's Work Force Development initiative. Skills development is aimed at providing the youth with training opportunities and improving the competitiveness of targeted businesses and sectors. The Department's nascent Creative Precincts Project is aimed at supporting a network of art and craft's small and medium sized enterprises in particular towns and neighbourhoods.

Amounts of R10 million for each year over the MTEF have been set aside in the Provincial Revenue Fund for possible allocation to the Department of Economic Development and Tourism during the 2008/09 Adjustments Estimate. These amounts are subject to the finalisation of substantive business plans for sustainable and economically efficient job creation projects.

The total budget for the Department of **Agriculture** increases to R344.7 million in 2008/09 – a growth of 8.6 per cent from the revised estimates for 2007/08. The Department will continue to offer learnerships, internships, bursaries and training, especially to previously disadvantaged individuals. The additional funds will support land reform beneficiaries, emerging farmers and commercial farmers. For this purpose an amount of R22 million over the next three years will support land reform activities and AgriBEE; R23 million in 2008/09 for agricultural disaster management; and R4 million in 2010/11 to establish a Disaster Management Unit.

**Transport and Public Works** also contributes to skills development in the Province, especially skills development in the built environment sector. Over the MTEF R17 million of provincial funds has been set aside as a contribution to the Department's broad efforts to build skills. These resources will be used to partially fund a bursary scheme that Transport and Public Works offers to the public, covering degree-based technical and professional courses. In partnership with the National Skills Fund, the Department is facilitating the provision of 1 200 learnerships over a three-year period, ending in 2008/09, through a programme called Learnership 1 000.

Over the last year, the Province's Expanded Public Works Programme (EPWP) Unit, housed in Transport and Public Works, has deepened its role in supporting and co-ordinating the implementation of the EPWP in the Province. To increase the numbers drawn into labour intensive government service production and thus raise employment level, support has been given to delivery agencies, including municipalities, to improve the quality of their EPWP reporting and to set EPWP targets in their project planning processes in 2008/09. The Unit has also set up the provincial charter of the National Youth Service Programme in the Province. The

National Youth Service Programme is aimed at building artisan skills and providing building maintenance work opportunities to 500 youths over a 2-year period.

Allocations to the social sector EPWP are set to grow by 52.4 per cent this year. In the Health sector community based care will receive a boost of R74 million through which 1 840 people will be trained as community based health workers and 170 matriculants as data capturers through one-year internships. With regards to ECD, some 3 000 practitioners will receive accredited training. Through additional funding the Department of Social Development is able to increase the number of youth participating in Home Community Based Care Programmes from the current 604 to 900.

**EXPAND AND IMPROVE THE STRATEGIC AND ECONOMIC INFRASTRUCTURE, INCLUDING ROADS AND PUBLIC TRANSPORT, AND HOUSING**

*Dance with us a dance of the Future. They will not let us sit in peace.*

*(Molara Ogundipe-Leslie: Nigerian poet)*

The Western Cape economy is largely dominated by the services and light manufacturing industries, often linked to agriculture. We need to improve the networks of public infrastructure servicing and connecting settlements to boost the agility of the Province and sub-regions to compete with other regions in Africa and globally.

**Transport and Public Works** is allocated R2.6 billion budget in 2008/09, a growth of 18.3 per cent or R404 million from the 2007 Budget. This Department receives about 10.5 per cent of the total provincial budget in 2008/09 and approximately R1.4 billion of its budget targets the design, construction, upgrade and maintenance of roads. Of



this amount, R394 million is budgeted for projects aimed at unblocking bottlenecks and intersections that are of economic importance and that will be essential for a successful 2010 FIFA World Cup. In preparation for the latter, spending is calculated to amount to R797 million.

The provincial road network remains fundamental to the functioning of the economy. Over the MTEF, R4.5 billion has been allocated for the building and up-keep of road infrastructure, preserving the significantly higher level of roads funding reached in 2006/07.

In addition to the bus subsidies, which are projected at R621.6 million in 2008/09, expenditure on Public Transport will amount to R598 million over the MTEF.

As much has been invested in innovative planning ideas by the Department of Transport and Public Works, it is sincerely hoped that a collaborative effort between MEC Fransman, the Premier, myself and our various departments, will see the finalisation and implementation of an affordable public transport plan for both the 2010 FIFA World Cup event, as well as over a longer time horizon, and closely integrated with City planning initiatives and other affected municipalities.

The manner in which infrastructure is to be managed in the public sector is set to change fundamentally over the next few years. The Government Infrastructure Asset Management Act (GIAMA) seeks to improve the efficiency with which government uses infrastructure by amongst others, making user departments explicitly accountable for the use and up-keep of their infrastructure.

**Local Government and Housing** is responsible for the provision of subsidised housing in liaison with our colleagues at municipalities. The overall provision for housing increases by 26.9 per cent from Budget 2007 to R1.2 billion in the 2008/09 budget to, amongst others, provide for improved quality houses and to defray inflationary building cost increases.

Achieving well functioning settlements and infrastructure networks is a very critical part of creating an environment, which enables private, community and public groupings to work together, to create and take opportunities, and thereby to grow and share in the economy. Government-subsidised housing is therefore a key structural element in towns and cities and the location, quality and density of subsidised housing are important factors in building well functioning urban settlements that enhance the social-economic standing of our citizens.

Within many towns and cities, the physical distances between different social groups, neighbourhoods, urban centres and facilities help prevent economic growth from being shared. The departments of Local Government and Housing; Environmental Affairs and Development Planning; and Economic Development and Tourism are working together to set up a programme aimed at redirecting physical growth within our towns and cities so that these physical distances can be reduced, and settlements restructured.

Following more detailed design work on the urban restructuring programme, as it is called, resources currently held in reserve for this project will be allocated in the 2008/09 Adjustments Estimate.

**IMPROVE THE ENVIRONMENT, EXPAND BUSINESS SUPPORT SERVICES AND  
CREATE MORE JOB OPPORTUNITIES IN THE ECONOMIC AND  
AGRICULTURAL ARENA**

Speaker, the earth was given to us to both protect and cultivate responsibly!

*The world was not given to you by your parents, it was lent to you by your  
children. (Kenyan Proverb)*

The Department of **Environmental Affairs and Development Planning** is tasked with: controlling pollution; administering environmental and planning approval processes, and preserving the unique habitat reserves and develop eco-tourism. The Department is given a budget of R198.8 million in 2008/09. Many activities aimed at slowing climate change and adapting our behaviour already exist and are being undertaken by a wide range of public, private and community players. An amount of R12 million is added over 3 years to establish a unit that will deepen and better coordinate the Province's response to climate change.

Natural areas are also key elements in the Province's space economy, and CapeNature is the custodian of many of these areas. Over the MTEF, R56.5 million is made available to protect nature reserves from fires and remove alien vegetation. These actions will enhance the capacity of many of the Province's water catchment areas to store water and preserve water quality and thus help to meet a crucial pre-condition for the continued growth of the provincial economy.

The budget also provides R47.1 million over the MTEF to CapeNature to develop its planned tourism infrastructure offerings and thus increase its economic sustainability and also expand the eco-tourism industry in the Province.

Speaker, we also have to become more efficient in our use of water and energy – something, which Eskom is unintentionally helping us with. An amount of R20 million has been set-aside in the Provincial Revenue Fund to mainly aid the financing of the redesign of the Tower block (4 Dorp Street) into a green building. This is in addition to the amount, which has been set-aside in the contingency reserve, for repairs to the façade of the building.

#### **INITIATIVES TO IMPROVE COLLABORATIVE EFFICIENCY IN PLANNING AND SPENDING**

*Africa can be a meeting place among peoples, a land of reconciliation. We Africans cannot accept isolation. We (must) cooperate fraternally on a basis of absolute equality of rights and duties. (Felix Houphouet-Boigny, first president of Cote d'Ivoire)*

We will continue and strengthen the practical implementation of the various strategies that we have adopted; build on past achievements; refine initiatives undertaken in previous MTEFs; and facilitate processes in pursuit of greater synergies and complementarity in the way we work and use public resources.

The clusters into which provincial departments are grouped have started to explore possibilities for greater efficiency among themselves and with municipalities. A number of areas, where possibilities for complementing activities and synergy exist, have been identified and include: Planning and research; urban restructuring and the development of spatial development planning; Early Childhood Development; training and skills development; revenue enhancement strategies; and capacity building initiatives at municipalities.

This year's interaction between the Province and municipalities (during the LG MTEC engagements) have established a platform via the social and economic clusters to obtain agreement on mechanisms to improve on the practical and operational alignment of municipal and provincial planning and budgeting processes.

Positive interaction in this regard has borne some fruits in that the City, Overberg and Central Karoo have institutionalised regular technical meetings between them and the Province. I trust the others will follow suit.

Speaker, it is recognised that collaborative projects require improved coordination and intensive and integrated planning in a very real way. For this reason that we have reserved funding for the following three projects: Urban restructuring; sustainable job creation projects; and the Green Building Project.

A number of transversal projects run across votes and require much better coordination to ensure the effectiveness and efficiency in planning and spending. Some of the more prominent ones include: 2010 FIFA World Cup and the Festivals and Events Organising Committee (FEOC) and Early Childhood Development.

## **CONCLUSION**

Let me leave the House with my last quote for the day: *"!ke e: / xarra // ke"*, written in the Khoisan language of the Xam people, literally meaning diverse people unite. It addresses each individual effort to harness the unity between thought and action. On a collective scale it calls on us to unite, across provincial, municipal and other boundaries, so that we can achieve a common sense of belonging, doing and pride in whom we are - unity in diversity.

Speaker allow me to thank the:

- Premier and my colleagues in the Provincial Cabinet for their invaluable leadership throughout the budget process;
- Head of Clusters and Departments and their supporting personnel; and
- Ever-diligent Provincial Treasury team and others behind the scenes that have spent long hours compiling the inputs to this document.

Speaker, it gives me great pleasure to table the 2008 Budget Overview, Estimates of Provincial Expenditure, Budget Summary, Western Cape Appropriation Bill, Local Government Allocations and accompanying Provincial Gazette, and of course this Speech, for discussion and consideration by this House.

I thank you.

Lynne Brown