

BUDGET SPEECH

2005

Gauteng Provincial Government

3 March 2005



BUDGET SPEECH 2005/2006

Mr S.P Mashatile: MEC for Finance and Economic Affairs

3 MARCH 2005

Comrade Speaker,
Comrade Premier,
Honourable MECs,
Honourable MPLs
Mayors and Speakers of Local Government
Heads of Departments, Government Officials and Leaders of our Agencies
Business Leaders
Members of the Diplomatic Core
Distinguished guests,
The People of Gauteng
Comrades and Friends,

Fifty years ago, on the 26 June 1955, thousands of our people gathered in Kliptown, at a Congress of the People. At this Congress, they declared to all in our country and the world to know that South Africa belongs to all who live in it, black and white, and that no government can justly claim authority unless it is based on the will of the people; and that our country will never be prosperous or free until all our people live in brotherhood, enjoying equal rights and opportunities.

In putting together the Charter, the ANC and its allies, asked people what kind of society they would like to live in. Responses streamed in, written on matchboxes, pieces of toilet paper, basically anything people could use. These responses were processed into the Freedom Charter. Our people's demands were simple and based on an inherent belief in their right to dignity, respect and human rights.

Our people wanted to build a South Africa where:

1. The people shall govern
2. All national groups shall have equal rights
3. The people shall share in the country's wealth
4. The land shall be shared amongst those who work it
5. All shall be equal before the Law
6. All shall enjoy human rights

7. There shall be work and security
8. The doors of learning and culture shall be opened
9. There shall be houses, security and comfort
10. There shall be peace and friendship

When spelling out the true meaning of the Freedom Charter to our country and our people, Comrade Oliver Tambo, in his statement on the 8th of January 1980, said "The Freedom Charter contains the fundamental perspective of the vast majority of the people of South Africa of the kind of liberation that all of us are fighting for. Hence it is not merely the Freedom Charter of the African National Congress and its allies. Rather it is the Charter of the people of South Africa for liberation.....because it came from the people, it remains still a people's Charter, the one basic political statement of our goals to which all genuinely democratic and patriotic forces of South Africa adhere".

Ten years ago, on the 27 April 1994, in our country's first ever democratic elections, our people once again declared to all and the world to know that South Africa indeed belongs to all who live in it, that government must be based on the will of the people; that we will build a new society founded on principles of democratic rule, equality, freedom and justice.

When our first ever democratically elected government took office, it was guided by The Constitution of the Republic of South Africa, 1996, that espouses all the principles of the Freedom Charter. Our Constitution, in Chapter 2, guarantees the people the right to equality, human dignity, freedom and security of the person, life, freedom of expression, privacy, freedom of association, political rights, housing, healthcare, food water and social security, education, language and culture, amongst others.

Ten years into our democracy, we continue to be guided by these values as we forge ahead with our agenda of democratic transformation. It is this vision that determines our approach to governance and will continue to guide us in the years that lie ahead.

As we celebrate ten years of democracy, let us remember to honour men and women who were the architects of the Freedom Charter, some of whom have now passed on like Professor Z.K Mathews, Chief Albert Luthuli, O.R. Tambo, Joe Slovo, Lillian Ngoyi, Walter Sisulu, Rusty Bernstein, Govan Mbeki, Wilton Mkwayi, Raymond Mhlaba and many others.

Those who are still among us like Nelson Mandela, Ahmed Kathrada, Andrew Mlangeni, Albertina Sisulu continue to inspire us with their wisdom, courage and dedication to freedom. Two such heroines are amongst us in this House, they are: Deputy Speaker Comrade Sophie Debryn and Honourable Reverend Chabaku.

Comrade Speaker, as we enter the second decade of our freedom, we pause to look back at the road we have travelled, from protest to challenge from oppression to freedom to reconstruction and transformation. We look back so that we can take with us into the future the critical elements, principles and successes that have helped us deliver the vision and goals of the Freedom Charter into a Constitution on which our country is governed, and a system of governance in which "the people are indeed governing".

The seed of participatory democracy, public accountability, transparency and a developmental State was planted in the process leading up to the development of the Freedom

Charter. The Reconstruction and Development Programme, also a product of mass participation, takes the Freedom Charter one step further in that it unpacks the way and provides concrete steps through which the principles and intent of the Freedom Charter can be implemented. The key principle of the RDP is that all socio-economic development must be people-centred, people-driven, holistic, integrated and sustainable.

In the past decade we ushered in new progressive legislation guided by democratic values, as enshrined in the Freedom Charter, the RDP and the Constitution. More than ninety pieces of legislation and policies were passed by this House, to provide the necessary legislative framework for delivery of services.

We have put in place credible institutions, which are not only geared towards delivering services to our people, but are also accountable to the public. Our system of Government, Legislature and the NCOP continue to focus on the interests of our people, particularly the poor.

Our people, through their voice, have continued to shoulder the wheel of democracy. They have demonstrated this by continuing to vote in local, provincial and national elections. Three successful national and provincial elections and two successful local government elections were held since 1994. All of these elections were found to be free and fair. In each of these elections, the ANC was voted into power by an overwhelming majority. This alone demonstrates that our people continue to show confidence in the leadership of the ANC.

Honourable Members, we have come to the end of our first decade of democracy having made major strides and achievements in our Province, as illustrated in the speech of the Premier last week. Millions of our people today have access to housing, water, sanitation and electricity. Thousands of our people receive a proper education. Our elderly, children and people with disabilities receive grants from the State. South Africa has once more claimed its rightful place amongst the nations of the world. Gauteng can boast successful economic growth and noteworthy achievements in respect of the provision of these basic social services.

PROVINCIAL ECONOMIC OUTLOOK

Gauteng remains the main contributor to our country's economy, accounting for 33% of South Africa's Gross Domestic Product (GDP). It is the largest sub-saharan economy, accounting for more than 33% of Africa's GDP.

In the past five years, our provincial economy grew at an annual rate of 3.7%, ending at 5.6% in the third quarter of 2004. The largest contributors were tertiary industries; contributing a total of 60.8% to the Gauteng GGP. Secondary industries were the second largest contributors with a total of 26.3%. Primary industries have declined by an annual average of 3.3% between 1995 and 2003. This is due to the structural changes of the South African economy generally and Gauteng in particular,

Foreign Direct Investments (FDI) have grown from R450 million in 2001 to R1.5 billion in 2003, signaling increased confidence in the South African economy by foreign investors. Tourism last year increased by 3.1 million visitors.

Our Province is also responsible for 49.6% of all employee remuneration in our country and 52% of all turnover of institutions. A total of 273 SMME's have been assisted by the Provincial Government. Delivery of Blue IQ projects is on track and all 11 projects are at varying stages of implementation.

Our Provincial growth and development context shows a complex duality. On the one hand, we have noteworthy achievements and levels of economic growth that must be sustained and increased. On the other hand we continue to have unacceptably high levels of our people remaining trapped in poverty, which is exacerbated by issues inclusive of ongoing unemployment, lack of jobs, lack of infrastructure development and imbalanced foreign and direct investments. Unemployment remains high, estimated at 28% with the highest being amongst females at 33.7% as opposed to 23.6% amongst males.

Some of the other challenges we continue to face are illiteracy and underdevelopment in many parts of our Province. Our housing backlog is still very high, with thousands of our people living in informal settlements. The scourge of HIV/Aids continues to plague our communities. Most of our people still do not have access to efficient and affordable public transport. Women and people with disabilities remain one of the most marginalized sectors of our society.

Honourable Members, we must applaud our socio-economic successes of the past decade. At the same time, we must remember that the greatest challenge currently facing our Province is to achieve the clause of the Freedom Charter that says "The people shall share in the country's wealth". The ever-increasing divide between our rich and poor is unacceptable. It is our responsibility to narrow the gap between the first and second economy.

We cannot speak of reducing poverty and unemployment and creating jobs and a better life for all if we do not narrow this gap. In narrowing the gap, we must create the environment and opportunities for our people trapped in the poverty of the second economy, to actively engage in economic life and to become equal partners in the 1st economy. Our Black Economic Empowerment initiatives must become more broad based. Our SMME's must be supported and capacitated to become serious players in the economy. There must be a tangible improvement in the lives of our most marginalized sectors such as women and people with disabilities.

Comrade Speaker, we reiterate our understanding that one of the main causes of poverty is economic deprivation. As we state in our Growth and Development Strategy (GDS), our view is that the provision of social infrastructure and services is vital to improving the quality of life of people, but the lack thereof is a manifestation, rather than a cause, of poverty. The existence of a school and the right to education, in and of itself, will not automatically take people out of poverty. The existence of health care facilities itself, will not automatically take people out of poverty. The provision of social grants, itself, does not automatically take people out of poverty.

In providing education, health care and social grants we are contributing to building a skilled, healthy and nourished population, but who will not be able to sustain this in an independent and dignified manner if they remain unemployed, and if we do not provide the opportunities for them to be actively engaged in the economy. Thus we must remember, that the challenges relating to the 2nd economy go beyond just provision of social

infrastructure and services. We must ensure that we intrinsically link issues between the first and second economy. We must be mindful that our growth and development strategies do not inadvertently create an unhealthy distinction between the “two economies”, and increase even more the divide between the rich and poor.

It is important that we move beyond the boundaries of our Province and our country and that we acknowledge the role of GPG and the Province as a whole in the effective rejuvenation of our Continent, and the implementation of NEPAD. Gauteng is classified as Africa’s 4th largest economy (after South Africa, Egypt and Algeria) and as the economic hub of the sub-continent. As such Gauteng is a major determinant and contributor of economic and social development in the Continent. NEPAD’s objectives in respect of poverty reduction, sustainable growth and development, beneficial integration into the global economy and inclusion of particularly marginalized sectors of society such as women, people with disabilities, etc correlate with the objectives and approach of our GDS. As such our GDS identifies strategic levers that GPG will engage to ensure that we contribute to the implementation of NEPAD.

Comrade Speaker, it is against this background and with these imperatives in mind, that we must accelerate the pace of change in the second decade of our democracy.

THE PROVINCIAL BUDGET FRAMEWORK

After the successful democratic elections of last year, we presented to this House, an adjustment budget, with revenue estimates adjusted upwards to R31.3 billion. Expenditure likewise increased from R29.6 to R31.2 billion. We did so because we wanted to ensure that the priorities GPG had set in order to meet the needs of our people, are adequately resourced.

When taking office for the 3rd time in our democratic history, we made a pact with our people, that, in partnership with them, we will reduce poverty and unemployment and create jobs. We committed ourselves to ensuring high levels of economic growth, and increased socio-economic development.

Through the resources we provided last year, we started laying the foundation for constructing our Province’s vision as outlined in its five year strategic plan.

Before I provide you with figures on what revenue GPG will have for the 2005/2006 financial year, and before I provide you with details on how GPG will be allocating this revenue, I wish to restate the fundamental paradigm that underlines GPG’s budget.

This paradigm is that provincial resource allocations are informed by political and provincial strategic priorities, and not vice versa. Today, we commit ourselves to ensuring that all Provincial Treasury decisions are informed by, and reflective of the political priorities of the Province. We will do so, within national and provincial guidelines and frameworks related to sound financial management.

Thus, the budget that we are presenting today, and will do so in the future for the duration of our term, is a budget that has been informed by the political priorities identified by Gauteng Provincial Government. These priorities are:

1. Enable faster economic growth and job creation

2. Fighting poverty and building safe, secure and sustainable communities
3. Fostering healthy, skilled and productive people
4. Deepening democracy and nation building and realizing the constitutional rights of our people
5. Building an effective and caring government

Furthermore, these provincial priorities contribute directly to our country's national goal of growing the economy and reducing poverty and unemployment. As such our budget, like the national budget presented by Minister Trevor Manuel on the 23rd February 2005, makes allowances for increases and allocations towards meeting our national and provincial priorities for economic and social development.

In November last year, we unveiled our provincial Growth and Development Strategy (GDS), at a multi-stakeholder summit. The final GDS, incorporating feedback from the Summit will be officially launched by the Premier later this month. The GDS, which applies to all sectors of society reflects the socio-economic development targets the Province has to reach by 2014. These proposed 10 year targets will be achieved incrementally, starting this year. GPG's budget for 2005/6 reflects the contribution that government will be making this year to meeting these GDS targets.

Briefly, by 2014, we intend to:

- increase economic growth in the Province to 8%
- reduce the unemployment rate by half, from 28% to 14 %
- create approximately 800 000 jobs thereby reducing the figure of 1,7 million unemployed people by 50%
- double our labour absorption rate from 45% to 90%
- increase our human resource capital of skilled people by providing focused skills development and training to 100 000 people
- provide schooling to at least 50% more of the 504 619 learners who currently have no schooling at all
- reduce the housing shortage by 50%, from 23.9% to 12%
- ensure 100% access to, and provision of water, energy, communication and sanitation
- ensure that at least 7,9% of our 15.8% population who currently do not have regular refuse removal services, receive them
- provide measurable support to at least 30 000 SMMEs
- set aside 60% to 70% of our procurement spend to support broad based BEE
- establish at least 10 twinning agreements and partnerships with countries in our Continent within the context of NEPAD.

PROVINCIAL REVENUE AND EXPENDITURE

Comrade Premier, Comrade Speaker; MEC's, Honourable Members and most importantly, the people of Gauteng – the Gauteng Provincial Government will be tabling a budget with revenue estimated at R33.5 billion for the 2005/6 financial year, towards achieving these goals and priorities. Approximately R1,5 billion of this total revenue can be attributed to provincial own revenue. The total revenue has increased by R2, 2 billion (7%) from last year. The increase is a tangible indication of GPG's commitment to creating a better life for all our people in our Province. Expenditure is estimated at R33,4 billion for the 2005/06 financial year.

As part of achieving our provincial priorities and the 2014 GDS targets, we will be allocating R6 billion over the MTEF for the implementation of the following provincial strategic projects:

- Creation of the Provincial Government Precinct
- E-Governance and the creation of a Single Access Point to government services for all citizens
- Implementation of the Gautrain Rapid Rail Link
- Projects arising out of the GDS, particularly socio-economic infrastructure projects.
- Road Safety Plan
- 2010 Soccer World Cup.

Approximately 81% of our Budget will be allocated to social services; namely health, education and social development. This will allow us to reduce poverty and improve the quality of life of the poorest in our Province.

Capital Expenditure (CAPEX) for this financial year amounts to R4.1 billion. We will increase CAPEX to R5.9 billion in 2006 and R6.6 billion in 2007. CAPEX over the MTEF will total an estimated R17 billion.

I hope that our partners in the GDS will come on board to match us in investing in our economy, to increase the level of employment and reduce the high levels of poverty in our Province.

“The doors of learning and culture shall be opened”.

Chapter two of our Constitution says “everyone has the right to a basic education; Everyone has the right to use the language and participate in the cultural life of their choice, freedom of artistic creativity.

GPG’s priorities says we will “fight poverty and build safe, secure and sustainable communities; foster healthy, skilled and productive people and deepen democracy, nation building and realize the constitutional rights of our people.

It is an undisputed fact that education is the foundation of all development, both personal and in society at large. Education offers opportunities for engaging in the economy, and for participating in social life as an equal. The ability of any country to sustain and enhance its economic growth and social services is determined by its ability to harness and gear its human resource capacity and skills to meet the needs of the economy. General, higher and tertiary education are integrally linked and have to be addressed as such.

There has been significant improvement in our provision of education to learners and in 2001, only 8.4% or 504 619 of our people were identified as having no schooling. However, we remain with challenges, such as promoting literacy and numeracy, improving learner support materials and increasing the provision thereof, particularly to public ordinary schools; roll-out of the Education Management Information System (EMIS) to enhance public sector management and performance reporting; construction and maintenance of schools and increasing early childhood development services.

In order to meet these challenges, we are allocating an amount of R10,3 billion to education. By doing so, we are increasing spending on education by 3%, from R10,027 billion in 2004 to R10,3 billion in 2005. Additional resources allocated to the Education Department will assist in the provision of extra classrooms required to cater for the increasing number of learners in public schools and contribute to improved salaries of teachers. An amount of R100 million of the Education budget is earmarked for the implementation of Gauteng Online to fast track provision of computers to all public schools in Gauteng.

Sports, Recreation, Arts and Culture are critical in terms of nation-building, uniting our people, creating a sense of well-being and inclusion and in promoting safe, secure and sustainable community life.

Thus we are allocating an amount of R 148 million to our Department of Sports, Recreation, Arts and Culture for the 2005/6 financial year to begin the process of promoting Gauteng as the home of champions of major sports, arts and cultural events; the development of young sporting and artistic talent; safe, secure and sustainable communities and deepening democracy. An additional R10 million is made available to the department to start with plans for the 2010 Soccer World Cup.

Comrade Speaker, the Freedom Charter says "All shall be equal before the Law; All shall enjoy human rights; There shall be work and security and There shall be houses, security and comfort"

Chapter two of our Constitution says "Everyone is equal before the law; Everyone has inherent dignity; Everyone has the right to freedom and security of person; No one may be deprived of property; Everyone has the right to have access to adequate housing; Everyone has the right to have access to health care services, sufficient food and water and social security and Every child has the right to family care or parental care"

GPG priorities say that we will "Fight poverty and build safe, secure and sustainable communities; foster healthy, skilled and productive people and deepen democracy and nation building and realize the constitutional rights of our people.

Thus, Comrade Speaker, we will be allocating an amount of R9.2 billion for health; R7.5 billion for social development, R1.6 billion for housing; R1.4 billion for public transport, roads and works and R182 million for community safety.

Access to health care remains one of our most important priorities. Since 1994 we have continued to expand access to health services by the majority of our population. Through our primary health care approach, we began providing health care facilities and services in areas previously neglected by the apartheid regime. Today many of our people enjoy access to health care services, particularly women, children and people with disabilities.

The R9.2 billion we will be allocating to our Department of Health will be used, amongst other challenges; towards improving management of hospitals; construction, maintenance and revitalization of our public health facilities, addressing communicable diseases such as tuberculosis, consolidating primary health care services and implementing an effective HIV/Aids prevention campaign and comprehensive HIV/Aids care and treatment programme.

The health budget increases by 4% from R8.9 billion in 2004/5 to R9.2 billion in 2005/6. Additional resources have been made available to enable the Health Department to fulfill its responsibility for primary health services formerly provided by non-metropolitan municipalities.

Our commitment to reducing poverty by half in 2014, has compelled us to continue to pay special attention to those who fall out of the safety net. We will continue to ensure that all those who qualify for grants receive them. This includes people with disabilities, the elderly and children.

The R7,541 billion that we are allocating to the Department of Social Development will be used towards, amongst other things, the funding of social security grants payments. This funding will benefit the elderly, war veterans, the disabled and children in foster care and will also ensure effective social grant administration and implementation of an Integrated Social Development Grant, including the food emergency relief grant.

The social development budget increases by 19% from R6.3 billion in 2004/5 to R7.5 billion in 2005/6. The increase will assist us to address the pressure brought to bear by the ever increasing numbers of social grant beneficiaries, particularly children who require child support grants. On the other hand we are continuing with our efforts to ensure that those who receive grants fraudulently are thrown out of our system.

As a result of increased in-migration, Gauteng's housing backlog continues to grow. GPG's strategic approach is to ensure rapid land release and to provide mixed tenure in mixed income communities to ensure sustainable human settlement.

In particular, government will focus on providing housing on well located land, and eradicating urban sprawl caused by the provision of housing in the periphery of towns.

We will continue with our urban regeneration efforts in Alexandra, Evaton and Bekkersdal townships. Housing provision in Kliptown will be accelerated.

The amount of R1,6 billion that we are allocating to the Housing Department for this year will be used towards addressing, amongst others, issues related to delivery of low cost housing; formalising existing informal settlements; continuing with urban regeneration and hostel conversion programmes; ensuring provision of basic services and infrastructure; social infrastructure to accompany housing provision in twenty old townships and the transfer of old housing units owned by government, to poor people who qualify.

The housing budget increases by 14%, from R1.4 billion in 2004/5 to R1.6 billion for 2005/6. This increased allocation includes an amount of R168 million for the Alexandra Renewal Project. The Human Settlement and Redevelopment Grant will fund projects aimed at improving the quality of the environment in urban communities.

The majority of Gauteng's population is still not mobile and/or have no direct access to reliable and affordable public transport. The main impact of persistently inadequate transport and socio-economic infrastructure development on the quality of lives of our people is that they are excluded from social and economic life and thus are subjected to poverty and unemployment.

Transport and Public Works and its socio-economic infrastructure development programmes are critical to addressing these issues. The Expanded Public Works Programme (EPWP) is critical to addressing the issue of socio-economic infrastructure. Socio-economic infrastructure development should include transport related infrastructure development.

The allocation of R1,4 billion to the Department of Public Transport, Roads and Works, for this year, will be used towards, amongst others, providing accessible, affordable, reliable, integrated and environmentally sustainable public transport system; supporting economic growth and investments through the provision of appropriate transport systems and socio-economic infrastructure and implementing the Expanded Public Works Programmes in a manner that optimizes employment and addresses economic and social needs of the poor.

High levels of crime erode confidence, undermine our sense of security and well-being and have a negative impact on the socio-economic development goals. Similarly, high rates of motor accident injuries and fatalities have deleterious psycho-social consequences for families and communities and impose huge financial problems on the health sector. Reducing crime and increasing road safety therefore requires a comprehensive integrated response by the department of Community Safety, other provincial departments, local government, social partners and other law enforcement agencies.

The R182 million that we are allocating to the Community Safety Department for this year, will be used towards, amongst other issues, reducing crime through monitoring and supporting SAPS, improving crime prevention and community-police relations; implementing social crime prevention programmes; strengthening Community Police Forums and effective traffic law enforcement.

The Community safety budget increases by 12%, from R162 million in 2004/5 to R182 million for 2005/6. An amount of R20 million of the Community Safety budget will be used for Road Safety Projects in order to reduce the high levels of fatalities on our roads.

“The people shall share in the country’s wealth and there shall be work and security”

Chapter two of our Constitution says “no one may be subjected to slavery, servitude or forced labour; every citizen has the right to choose their trade, occupation or profession freely and everyone has the right to fair labour practices.

GPG priorities say that we will “Enable faster economic growth and job creation; fight poverty and building safe, secure and sustainable communities and foster healthy, skilled and productive people.

In order to enable faster economic growth, GPG will prioritise resources to fund socio-economic projects that promote domestic investments and attract foreign direct investments (FDI).

We will continue to promote investments in strategic sectors of our economy as outlined in our Growth and Development Strategy. Investments, particularly in relation to infrastructure development, will be directed towards targeted geographic/special areas. We will continue with implementation of Blue IQ Projects and where necessary begin the process of commercialization of these projects.

We will broaden wealth creation, play a strategic role as a procurer of goods and services to promote the policy of Broad Based Black Economic Empowerment (BB BEE) and support for Small, Medium and Micro Enterprises (SMMEs).

Greater efforts will be pursued to position Gauteng as a major tourist attraction in Africa and an attractive destination for International Film Production.

An amount of R1,6 billion that we are allocating to the Department of Finance and Economic Affairs, for this year will be used towards; amongst other things, facilitating, enhancing and increasing domestic and foreign direct investments in infrastructure, other local development initiatives in targeted zones; increasing tourism and film production in Gauteng; ensuring and promoting development and sustainability of Broad Based Black Economic Empowerment, SMME's and co-operatives in the Province; ensuring sound financial management in the Province and increasing provincial revenue and initiate new sources of own revenue.

The Finance and Economic Affairs budget increases by 43% from R1.1 billion in 2004/5 to R1.6 billion for 2005/6. These resources will be allocated to fund programmes of our agencies including special projects such as Dinokeng Big Five Game Reserve, Cradle of Humankind (World Heritage Site), the Government Precinct, Gautrain and the SMME Agency. Of this amount, R900 million will be allocated this year to start implementation of the Gautrain project.

Over the MTEF an estimated amount of R300 million will be allocated to the SMME Agency in order to provide support to small, medium and micro enterprises. The tax relief for SMME's announced last week by Minister Manuel will help boost growth in this sector.

“The land shall be shared amongst those who work it”.

Chapter two of our Constitution says “everyone has the right to an environment that is not harmful to their health or wellbeing and that we will promote conservation and secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development.

GPG priorities say that we will “Fight poverty, build safe, secure and sustainable communities, deepen democracy and nation building and realize the constitutional rights of our people.

The responsibilities of the Department of Agriculture, Conservation and Environment are primarily focused on natural resource management in the context of the protection and conservation of our province's non-renewable resource base. The protection and sustainable use of our finite natural resources is a critical component of continued economic growth and the creation of a safe and healthy living environment and meeting of basic needs. Sustainable development must meet the needs of the poor in the present but at the same time be environmentally sustainable to ensure that survival is not compromised.

The R229 million that we have allocated to the Department of Agriculture, Conservation and Environment for this year will be used towards, amongst others, implementing an integrated food security strategy, promote and support local food production and

agriculture; optimising the contribution of sustainable agriculture towards the equitable development of all communities; development of black farmers; promoting the sustainable utilization and conservation of bio-diversity and natural processes for the development of all communities.

The Agriculture, Conservation and Environment budget increases by 11%, from R206 million in 2004/5 to R229 million for 2005/6.

“The People shall govern”.

Chapter three of our Constitution deals with issues related to co-operative governance amongst our three spheres of government and Chapter ten deals with issues related to Public Administration.

GPG priorities say that we will build an effective and caring government.

Local government is essentially the implementation sphere of our system of government. Provision of basic social services such as water and refuse removal, are the responsibility of local government.

The system of local government includes ward committees to ensure community participation and participatory democracy in the true sense of the word. Local government is at the coal face of poverty and the socio-economic needs of the poor. As such it is critical for municipalities to function effectively and efficiently.

We have allocated an amount of R107 million to the Department of Local Government for this year, to support and strengthen the capacity of municipalities to develop their IDPs; monitor and support local government to ensure its transformation and strengthen its capacity to service the people; appoint community development workers and monitor and evaluate municipal performance and service delivery.

The Premier’s office serves as the political nerve centre to ensure government excels in fulfilling its mandate. The Premier’s Office has to be innovative, responsive and dynamic in providing strategic support to the Premier and the Executive Council.

We have allocated an amount of R105 million to the Premier’s Office for this year, to continue facilitating the setting of clear provincial priorities; fostering strong inter-governmental relations; building strong partnerships with civil society stakeholders and providing strategic support to the Premier and the Executive Council.

The budget for the Premier’s Office increases by 3% from R99.3 million for 2004/5 to R105 million for 2005/6.

To enable Honourable members of the House to perform effective oversight on the work of the Executive, and to ensure and promote public participation, we need to ensure that the Legislature is adequately resourced.

We are allocating an amount of R113 million for this financial year. We are increasing the budget by 15% from R98 million in 2004/5 to R113 million for 2005/6.

Increased resources will be utilized to provide additional facilities for members, increase allocations for constituency work and for public participation.

Gauteng's Shared Services Centre (GSSC) was established to ensure integrated and holistic administrative and operational support to GPG government departments in respect of human resource management, internal audit and information technology; procurement and financial services.

We have allocated an amount of R585 million towards the effective functioning of the GSSC. This allocation increases by 22,8% from R 476,4 million in 2004/2005. This will increase the efficiency of providing back office support to GPG departments and includes an amount of R48 million to finalise and implement the e-governance strategy.

PROVINCIAL REVENUE OUTLOOK

We will be increasing our revenue estimates to R37 billion for the 2006/7 financial year and to R40,1 billion for the 2007/08 financial year. These increases will include transfers from national and increased provincial own revenue. The increases are intended to incrementally provide the resources required to meet our priorities and goals.

In terms of the constitution and our system of governance, Provinces have limited revenue raising powers. The bulk of our Provincial Budget therefore comprises national transfers. In order to achieve our provincial priorities and the GDS targets we have set for the province for 2014, it is clear that national transfers are insufficient for the socio-economic needs of the Province.

It is thus important that within our Constitutional Framework we develop a strategy and approach for initiating and increasing our provincial sources of revenue. Additional revenue generated through provincial initiatives will be used specifically for socio-economic development, reducing poverty and unemployment.

Comrade Speaker, in line with the provisions of the Provincial Tax regulations Process Act (Act No.33 of 2001), we will this year, table proposals to the Legislature to introduce a new provincial tax.

Once the proposals are finalized by the Executive Council, they will be forwarded to the Minister of Finance for approval. Implementation is planned to start in the financial year 2006/07.

This is in line with the recommendations of the Finance and Fiscal Commission that Provinces be encouraged to raise more own revenue.

We will continue to improve our other collection and revenue generating initiatives and activities such as motor vehicle license fees; patient fees; gambling and betting taxes; sale of goods and services other than capital assets, interest, dividends and rent on land. The awarding of the 6th gambling license and the introduction of limited payout machines (LPMS) will increase revenue collection from gambling taxes.

CONCLUSION

In ending my budget presentation today, I wish to thank all in our Province who have contributed thus far to our socio-economic successes and call on them to continue this active contribution and support.

I am confident, Comrade Speaker, that our elected representatives and our public servants will strive to ensure that we expend our financial resources prudently and effectively. I am equally confident that our people in our Province will monitor, assist and support us to ensure that we use our resources for the purposes we have provided today.

I wish to thank the Premier for his firm and decisive leadership in ensuring that we deliver on our objectives, my colleagues in the Executive Council for their collective wisdom in the process of formulating this Budget; Members of the Finance committees, HOD's, government officials and Treasury who worked hard to produce the documents before the House today.

Lastly but not least I wish to thank family and friends for their continued support.

Comrade Speaker, I now table the following documents for consideration by the House:

- Budget Statement 2005/2006 (Estimates of Revenue and Expenditure)
- Appropriation Bill G001/2005
- Explanatory Memorandum to the Bill
- Budget Booklet 2005/2006
- Budget Speech 2005/2006

Thank you very much!
Keya Leboga!