

**Province of the Eastern Cape**  
**INTRODUCTION OF THE MAIN BUDGET ESTIMATES**  
**AND APPROPRIATION BILL 2011-12:**  
**ADDRESS TO THE PROVINCIAL LEGISLATURE**

**Honourable MEC Phumulo Masualle**

**11 March 2011**

Honourable Speaker, Premier, Members of the House, Members of the House of Traditional leaders, Heads of Departments, guests, comrades, friends, ladies and gentlemen,

Thank you Honourable Speaker for this opportunity to introduce the main budget estimates and appropriation bill for 2011-12.

We all have dreams: every individual, family and nation. Dreaming is natural and easy. The realization of dreams is a different matter. "Dream realization" requires careful planning, hard work, time, tenacity and patience. The realization of large, collective dreams, such as the transformation of our provincial socio-economy, requires these things on a large-scale. The annual provincial budget is an important part of our provincial planning, which is necessary to crystallize our common vision: deciding how to allocate our resources among all the possible activities. In this speech we will show how the allocations over the coming MTEF speak to the various priorities that have been articulated.

We all have problems: every individual, family and nation. Problem-solving is an essential part of being alive. Unlike the proverbial ostrich with its head in the sand we must confront objectively the challenges posed by our problems and solve them. Problem-solving, like dream realization requires careful planning, and this speech will outline the actions that Provincial Treasury is taking to

address the tight fiscal space that we are facing, which has resulted from past over-spending of budgets. Clearly, improved financial management in provincial government is an essential condition for sustainable development. Dream realization requires effective problem-solving.

Honourable Speaker, the structure of this presentation is as follows: firstly we will briefly sketch the political and economic context of the next MTEF allocations; then we will outline the fiscal challenges we are presently facing and our strategic responses to them. We will then present a review of our priority programmes and an overview of the 2011-12 Budget. We conclude with a statement of the Departmental allocations.

Honourable Speaker, while preparing this Budget the Provincial Treasury invited suggestions for the Budget from the general public, through advertisements in the newspapers. We received nearly 100 inputs. These inputs are sincerely appreciated, and provided some useful ideas.

## **Political and economic context**

Honourable Members, we have now well and truly emerged from the recession induced by the the global economic crisis of 2008-9. In the fourth quarter of 2010 South Africa's GDP growth increased to 3.7% year-on-year and our own provincial growth rate also increased to 2.8% in real terms. During 2010 the jobs haemorrhaging caused by the global recession came to an end and in the third and fourth quarters there was even some slight employment growth in our Province.

While the global economic outlook, and so by implication the outlook for our own provincial economy, remains very uncertain, there are some encouraging signs. In particular, we note the recent depreciation of the Rand that will assist our export industries, and the positive news from the motor industry, specifically, the

25% increase in South African vehicle sales recorded in February 2011 and the large investment plans announced by our vehicle assemblers.

However, the Eastern Cape jobs crisis remains very much with us, and our Province remains peripheral to the core South African economy. In particular there is a clear need to upgrade our transport and logistics infrastructure so as to modernize our industrial economy and exploit our coastal competitive advantage.

Our Province lost about 100,000 jobs as a result of the global recession, more than half of them in the manufacturing sector. There is an urgent need to strengthen our job creation efforts.

In 2009, Honourable Members, the ruling party determined five key priorities: education, health, rural development, fighting crime and creating decent work. President Zuma recently announced in his State of the Nation address that 2011 is to be a year of job creation, through meaningful economic transformation and inclusive growth. The “New Growth Path” will guide our work in achieving these goals.

Specifically, Government should work together with the private sector and the other social partners to create jobs in six priority areas: infrastructure development, agriculture development, metals beneficiation, manufacturing, the green economy and tourism.

Honourable Members, later in this speech we will give the fiscal content to the realization of the 2009 priorities and the 2011 jobs focus. In particular we will be making an announcement on two new instruments that are designed to support the implementation of our own Provincial Industrial Development Strategy. But now we must turn to a consideration of our present fiscal challenges. In terms of our opening formulation, we must now direct attention to immediate problem-solving, since this is a pre-condition for “dream realization”.

## **Fiscal challenges**

Honourable Speaker, the major challenge confronting the provincial fiscus remains overspending against budgets. You will recall that in the last financial year of 2009-10 there was an aggregate overspending of nearly R2.1 billion. This overspending was caused by higher personnel costs than budgeted, particularly in the Departments of Health and Education. Factors that contributed to this include: higher than budgeted nationally-negotiated wage agreements, and human resource management issues, such as irregular promotions and new appointments without budget provision.

Honourable Speaker, we are addressing these human resource management issues by, for example, the centralization of HR recruitment at departmental level and the reversal of salary increases that were affected irregularly.

Honourable Members, as was noted in last November's Adjustments speech, this overspending on provincial government employees has continued into the current financial year, with overspending against personnel budgets now expected to be R1.2 billion, or 2.5% above the aggregated provincial expenditure budget. The Department of Education accounts for R1 billion of this over-expenditure and the Department of Health accounts for R200 million.

Honourable Speaker, we wish to announce that the aggregate overspending experienced in 2009-10 has not been repeated in 2010-11. Indeed, we are expecting slight under-spending in 2010-11. Consequently, we are not being forced into external borrowing, as earlier feared. Honourable Speaker, this is a positive development, since we would not wish to have to divert resources from service delivery into debt servicing.

Honourable Members, this slight aggregate under-spending in 2010-11 has been achieved despite the overspending of personnel budgets just mentioned. We

were able to avoid aggregate overspending due to under-spending of non-personnel budgets.

Honourable Speaker, it will be very important moving forward that we strengthen our non-personnel spending capacities, particularly in view of, for example, the huge increase in allocations to educational infrastructure, which we will announce later in this speech.

Simply put, Honourable Members, our present major fiscal challenge is to ensure that there is no recurrence of personnel over-spending and non-personnel under-spending in the new MTEF period.

## **Fiscal strategy**

Honourable Speaker, we now turn to our response to the immediate challenge just outlined and our overall fiscal strategy for the coming MTEF period.

We are very pleased to announce that in preparing the present budget we have been able to identify savings of R700 million in non-core items in goods and services (such as travel, accommodation and catering) which are re-directed to priority service delivery allocations. We have been ruthlessly “trimming the fat” from departmental budgets!

To ensure that there is no further over-expenditure on personnel in the coming financial year we are taking several steps. These include:

- Zero tolerance of unbudgeted expenditures and financial commitments
- The continuing focus on cleaning our payroll system to ensure that every single employee on the payroll is a legitimate employee

- The tightening of monitoring of provincial expenditure by Provincial treasury. Clearly a robust “early warning system” is required; and
- Provincial Treasury reserves the right in terms of PFMA to directly intervene in the financial management of provincial departments.

Honourable Members, the over-spending experienced in 2009-10 (at the aggregate level) and 2010-11 (on personnel) is obviously a symptom of poor departmental internal financial controls and weaknesses in centralized oversight. These will be corrected in the coming year.

Honourable Members, turning now to our overall fiscal strategy for the coming MTEF we can state, at a general level, that this will be to stabilize key departments and thereby protect and increase value creation through public spending, while simultaneously freeing up resources to affect the structural transformation of our socio-economy.

Aside from improved expenditure control already mentioned we are determined to make progress in a number of other areas.

**First**, we will be working with National Government to give greater impetus to the turnaround of our two main departments: Education and Health.

**Second**, we are determined to improve our human resource management. Amongst other things we need to move away from our present “top heavy” organizational structures, and shift personnel to points of delivery.

**Third**, we need a greater focus on own revenue mobilization. At present own revenue accounts for a mere 1.3% of provincial government revenue, mainly from motor vehicle licensing.

**Fourth**, we need to devote much more attention to “off-budget resourcing”. We will be making an announcement on this subject later in this speech.

**Fifth**, we need to improve our spending of conditional grants. In contrast to equitable share, here the problem is typically under-spending. This is particularly important since conditional grants are used to finance high priority programmes, and conditional grants form an increasing share of provincial government revenue. In 2006-07 conditional grants accounted for 9.6% of our total revenue, and in 2011-12 they will comprise 16.6% of total revenue.

**Sixth**, we need to improve our contracts management and supply chain management. Specifically, the 2008 Cabinet resolution to create a “nerve centre” in the Department of Public Works to manage all provincial infrastructure contracts was a step in the right direction, as also was the introduction of the procurement price index.

**Seventh**, as the Premier has already announced, we intend to centralize our provincial planning within Treasury. We will return to this topic shortly.

**Eighth**, we must continue to “trim the fat” and identify new efficiency savings. We must also dig deeper into the impacts of our spending in order to derive more value creation.

Honourable Members, having presented an outline of our fiscal strategy moving forward, we now turn to a review of our present priority programmes.

## Review of Priority Programmes

In this part of the presentation Honourable Speaker, we wish to focus on six priority programme areas: job creation, rural development, infrastructure development, local government, education and health, and provincial planning.

### ***Job Creation:***

In the recent State of the Nation address by the President and the recent Budget speech by Minister Gordhan a number of measures to accelerate employment creation were announced. These include DTI's new R9 billion jobs fund (over three years), IDCs allocation of R10 billion (over the next five years) to finance investment in areas of high jobs potential, and the renewal of tax incentives for manufacturing investment, with a focus on job-creation potential. We were particularly pleased that Minister Gordhan also announced that consideration will be given to expanding incentives for labour-intensive projects in the IDZs, something that our Province has been advocating for many years.

Honourable Members, there are also other initiatives that provide opportunities for our Province to address job creation. For example, DTI has an Employment Creation Fund, financed by EU and DFID, valued at R1.3 billion.

Honourable Speaker, you will recall that earlier we referred to “**off-budget resourcing**”. While our own provincial fiscal position is presently tight, we can see from these recent announcements, that considerable resources are being allocated at national level that ultimately must be spent in the various Provinces. It is important to recognize that Provincial Government is part of one governance system. It is therefore imperative that we work with national departments in a “joined-up” way and ensure that our Province benefits from these new job creation initiatives.



Honourable Members, my colleagues in the Executive Council will be outlining in their coming policy speeches how their departments will be aligning their programmes with the job creation imperative. Without stealing any thunder, we now wish to announce two new policy instruments that are being pursued at provincial level to accelerate job creation in our Province, and which complement the various national initiatives.

The first is the new **Eastern Cape Investment Fund**. This provincially-dedicated investment fund will target major investment projects, both equity and infrastructure-related. The fund is already designed and negotiations are advanced with the Development Finance Institutions and private banks. A project pipeline is already emerging and the fund is planned to be launched by ECDC early in the new financial year. Investments of about R2 billion are planned over the coming MTEF.

The second new instrument is a new **Eastern Cape Industrial Jobs Stimulus Programme**. This will incentivize new job creation in various sectors identified in the Provincial Industrial Development Strategy, such as agro-industries, green industries and non-automotive manufacturing. The incentive will be launched by DEDEA early in the new financial year, and targets the creation of at least 30,000 new jobs over the coming MTEF period. A cash incentive per proven new job created will be paid and the incentive will be administered together with the business chambers.

These provincial initiatives, together with the national initiatives already mentioned, should provide a powerful stimulus to job creation over the coming MTEF. These new initiatives are the first attempt at attacking provincial structural transformation in a systematic manner, and are giving a concrete meaning to the objective of building a “developmental state”.

As the Premier has already announced in her State of the Province address the Expanded Public Works Programme is progressing well, with over 88,000 job opportunities planned for the new financial year.

Honourable Speaker, one of the “budget tips” we received was from Vuyani Kwindla from Stutterheim. He provides a long list of interesting suggestions on how government could support job creation in the Kei River valley. We will definitely be following these up with him.

### ***Rural Development:***

Honourable Members, in a largely rural Province such as ours, rural development is an obvious priority. As our Rural Development Strategy makes clear, rural development is much broader than simply agricultural development.

Honourable Members, we are pleased to report that of the provincial government infrastructure spend, at least 70% is in rural areas, equal to more than R4 billion a year. Similarly, the same proportion of EPWP job opportunities just mentioned is rural. In addition, at municipal level the roll-out of basic services, such as water and sanitation, continues.

Moreover, Honourable Members, the economic potential of our extensive rural areas is undoubtedly high and increasing. Growing global population and Asian affluence is increasing the value of our natural resource base. This points to the need for improved rural area-based development planning to exploit this potential. As the Premier has already announced we are partnering with UN agencies to develop a particularly valuable part of our rural economy, the Wild Coast region. This programme is linked to various infrastructure projects, such as the upgrading of Mthatha airport, the new N2 Wild Coast Toll Road and the completion of the Wild Coast Meander, a tourism route that will link Port St Johns to Kei Mouth.

Honourable Speaker, we are pleased to announce that Provincial Government has completed the packaging of an innovative community-public-private partnership project called “Maize-Meat Hubs”. This is now ready for implementation in the new financial year. It is a remarkable fact, Honourable Members, that all of the seventy butcheries across the Kei river are presently supplied with meat from outside the territory. This project aims to establish a meat industry in OR Tambo District.

The Comprehensive Rural Development Programme will continue to revive land reform projects and irrigation schemes in the former homelands. We will also be supporting the expansion of the National Rural Youth Service Co-ops in our Province.

### ***Infrastructure Development:***

Social and economic infrastructure development is clearly a critical part of our provincial development efforts. Provincial government infrastructure budgets will be more than R5 billion a year over the coming MTEF. This includes improving provincial roads, schools and hospitals. These budgets are well covered by conditional grants from national government. Our largest provincial government infrastructure project is the upgrading of Nelson Mandela Hospital in Mthatha, costing R4 billion and due for completion in 2013.

Our largest economic infrastructure project at present is the new Ngqura port container terminal being implemented by Transnet. This is costing R10 billion and is also due for completion in 2013.

New major projects that are at an advanced stage of negotiation include the N2 toll road already mentioned, the Coega-Gauteng logistics corridor, and the upgrading of East London harbor.

Major economic infrastructure projects are the responsibility of State-owned enterprises, and provincial departments must work with the State-owned enterprises, such as Transnet, to achieve provincial priorities. It is encouraging that State-owned enterprises are responsive to provincial government. This was recently demonstrated when DEDEA successfully moved to halt the closure of the East London port grain elevator, and thereby protected a substantial number of private sector jobs.

### ***Local Government:***

Honourable Members, we have always argued that local government is a key instrument for improving the lives of our people. Our government has sought to reverse the Bantustan character of our municipalities by tackling the inferior infrastructure that we inherited, with the view to creating viable municipalities capable of delivering quality services to our people. The investment in bulk electricity, water and road infrastructure in the King Sabata Dalindyebo Municipality is a concrete measure driven from the apex of government and is aimed at ensuring greater linkage between small towns and the regional centre. Through the Presidential project intervention our government is investing R5 billion in the KSD municipality.

Honourable Members, our general strategy is to increase the economic contribution of our key cities to the Provincial economy through investment in municipal bulk infrastructure.

Our commitment to the process of ensuring that our cities are capacitated to compete with other cities in the country and the world for foreign direct investment and a better quality of life is unwavering. The interventions we are making in Buffalo City are also aimed at ensuring that leadership stability is indeed a prerequisite for sustainable regional economic growth.

Buffalo City and Nelson Mandela Metro are significant contributors to the Province's growth by virtue of being home to auto manufacturers. It is imperative that the leadership of these municipalities recognize the role of these cities to manufacturing growth of the country. The confidence shown by global companies such as Mercedes Benz through additional investment present a challenge to cities such as Buffalo City to provide quality services.

In addition to the interventions that we are making in the Metro and the regional cities, there will be greater focus over the MTEF period to the turnaround of small towns. The Department of Roads and Public Works is leading the government in a programme of small town regeneration. This programme recognizes the role of the government and its services in the sustainable livelihoods in the small towns of our Province.

### ***Education and Health:***

Honourable Speaker, these two departments account for nearly three quarters of total provincial spending; they also call for a disproportionate share of our problem-solving capabilities! Most of our fiscal challenges derive from these two Departments.

Honourable Members, the successful implementation of our fiscal strategy will go a long way towards supporting the improved performance of these two departments.

Honourable Speaker, we are firmly of the view that the underperformance of these two departments derives primarily not from insufficient budget allocations, but from poor management and administrative leadership.

We therefore welcome, Honourable Members, the intervention of the National Department of Basic Education over the coming MTEF, and are determined to support their intervention to make it effective.

Honourable Members, we are totally committed to the delivery of consistently good quality educational and health services over the coming MTEF.

Thanks are due to Bryan Church of Kei Mouth for the following suggestion: “That all people in charge of public funds should be held accountable for wasting money, and then not just moved to another job to waste more money. They should be prosecuted and not suspended”.

### ***Provincial Planning:***

Honourable Speaker, as noted at the beginning of this speech, large and complex projects, such as the transformation of our provincial socio-economy, requires careful and thorough planning, deciding on what needs to be done, when, where and how?

Presently our planning capacities are scattered among delivery departments: the Office of the Premier, ECSECC, ECDC and the IDZs etc, with limited co-ordination of the various planning activities. As has already been announced, a decision has been made to centralize provincial planning. This is intended to improve the quality of provincial planning, avoid unnecessary duplications of effort, and ensure that our various plans are coherent and consistent. It is necessary to integrate demographics, sector planning, spatial planning, economic and industrial planning, infrastructure planning, environmental planning and budgeting over both MTEF and longer-term scenarios.

## Overview of 2011-12 Budget

Honourable Members, the 2011-12 provincial budget is once again strongly stimulatory and countercyclical.

Total Provincial Government revenue for the financial year 2011-12 is budgeted to be R53.7 billion. This is R5.5 billion more than budgeted a year ago for 2010-11, and represents an 11.4% increase. Assuming an average inflation rate of 6% between the two financial years, this represents an increase of more than 5% in **real** terms.

Last year's main budget increased by nearly 15% in nominal terms and about 9% in real terms, so we can see, Honourable Speaker, that although the real increase in total Provincial Government revenue will be slower in 2011-12 than in 2010-11, it is still rising strongly, indeed faster than the provincial economy as a whole.

Of the R53.7 billion total budgeted revenue, R44.1 billion comes as Equitable Share, R8.9 billion comes as Conditional Grants, and R686 million is Own Revenue. The increase of Conditional Grants is nearly one fifth higher in 2011-12 than 2010-11, while Own Revenue remains unchanged.

In particular we wish to highlight the following:

- The grant for Educational Infrastructure increases by 90% to nearly R1 billion, and R3.1 billion over the MTEF. This should go a long way towards the final elimination of our rural mud schools, targeted for 2014.
- The Urban Settlements Development Grant increases by 36% to nearly R2.2 billion, and over R6.8 billion is allocated over the coming MTEF.

- The grant for the School Nutrition Programme increases by 20% to R845 million, and R2.7 billion over the next MTEF period.
- The Comprehensive HIV and AIDS grant increases by 25% to R864 million, and R3.1 billion over the MTEF

Honourable Speaker, we are pleased to announce that in the new MTEF period the historic balance of spending between cost of employees, goods and services, transfers and subsidies and capital expenditure, has been maintained. This has been achieved, despite the increased cost of employees already mentioned, because of increasing conditional grants for infrastructure.

Honourable Members, the current outsourced transport services contract will come to an end at the end of January next year, and the cabinet has resolved that the service will thereafter be provided “in-house”. We have therefore provided R246.8 million for the acquisition of new vehicles in the 2011-12 year.

## **Departmental Allocations**

The Departmental allocations are as follows:

### **Vote 1: Office of the Premier**

The Office of Premier is allocated an additional amount of R6.1 million, bringing the department’s budget for the 2011-12 financial year to R403.9 million. The additional amount is provided to enable the department to speed up the establishment of its internal Audit Unit. This is in line with efforts to improve financial management practices in the department and audit outcomes.



## **Vote 2: Provincial Legislature**

Honourable Speaker, the Legislature has received an additional allocation of R45.6 million or 14 per cent, bringing the total allocation to R371 million. This additional allocation is intended to assist the institution to build capacity for the implementation of Eastern Cape Provincial Legislature Act of 2009, migration to accrual accounting and for the maintenance of the ICT infrastructure in the legislature.

## **Vote 3: Health**

The Department of Health's allocation amounts to R14,2 billion. Over the MTEF period the total investment in the department amounts to R45.5 billion. Of this, R6.7 billion is allocated for improvements in district health services, for establishing more community health clinics in Alfred Nzo, Joe Gqabi, Amathole Districts and in Nelson Mandela Bay; increasing the number of clinics as centers of excellence; and rolling out two new immunization vaccines.

## **Vote 4: Social Development**

The Department of Social Development has received an additional allocation of R151 million or 9.7 per cent bringing the total allocation to R1.7 billion. The department has therefore received an amount of R5.4 billion over the MTEF period. This will contribute to the "war campaign against poverty", and will assist the department in improving and expanding its social welfare services provided to the most vulnerable amongst us.

## **Vote 5: Roads and Public Works**

Honourable Speaker, the total allocation to the Department of Roads and Public Works amounts to R3,3 billion bringing the total allocation to R10,6 billion over

the MTEF period. Of this, R1,052 million will be used for the rehabilitation, maintenance and upgrading of provincial road infrastructure while R292.7 million will be used for the payment of property rates and taxes to municipalities. Other departmental priorities include the improvement of the roll-out of the Infrastructure Development Improvement Programme (IDIP) and to consolidate government's immovable asset register – if we don't know that we own it, we can't manage or use it!

### **Vote 6: Education**

The budget for the Department of Education has increased to R24,6 billion in the 2011-12 financial year. Honourable Speaker, the total allocation towards education in the Province amounts to R64.3 billion over the MTEF period.

I feel I need to mention that R20,4 billion of the total budget for 2011-12 is allocated to Programme 2: Public Ordinary School Education. The budget of the department will be used to intensify the drive towards improving the quality of schooling, expanding the number of no-fee schools in the province, increase access to Grade R facilities, providing learner and teacher support materials, improving the school nutrition program and concentrating efforts to improve the Grade 12 pass rate. These efforts are absolutely essential if we are to grow a provincial skills base.

### **Vote 7: Local Government and Traditional Affairs**

The Department of Local Government and Traditional Affairs has received an allocation of R746 million. This will be used to strengthen the capacity of municipalities to deliver services through, for example, initiatives targeted at infrastructure development, local economic development and spatial planning.

### **Vote 8: Agriculture**

Honourable Speaker, we mentioned earlier that the province needs to intensify its efforts to stimulate rural development and the agricultural sector in the province. The Department of Rural Development and Agrarian Reform has received an allocation of R1.5 billion for the 2011-12 financial year, bringing the total allocation to R4.7 billion over the MTEF period. The priorities to be implemented by the department include food security, provision of agricultural infrastructure, as well as research and development.

### **Vote 9: Economic Affairs, Environment and Tourism**

The budget of the Department of Economic Development and Environment Affairs has been allocated an amount of R884.2 million in the 2011-12 financial year in response to the need to renew efforts to stimulate growth and jobs in the province, implementation of the provincial industrial strategy, advancing the cooperative agenda for the province and the promotion of SMMEs.

### **Vote 10: Transport**

The Department of Transport will receive an additional allocation of R271 million in the 2011-12 financial year bringing the total allocation to R1.4 billion. The additional allocation is for the buyback of the provincial fleet vehicles as the current fleet contract will come to an end on 31 January 2012 and the establishment of a new trading entity for the delivery of fleet services to the provincial departments. The allocation for passenger transport will enhance the access of rural communities to labor markets and service centres while the department will also endeavour to improve traffic law enforcement in the province.

### **Vote 11: Housing**

Honourable Speaker, since the Department of Human Settlements became a fully-fledged department with its own programmes and budget structures its output performance has improved significantly. The budget allocation for this department is R2.4 billion bringing the total allocation to R6.8 billion over the MTEF period. The 2011-12 allocation will be used to complete 15 419 housing units, build 4800 houses in terms of informal settlement upgrades, and provide 11,900 housing subsidies.

### **Vote 12: Provincial Treasury**

The allocation to Provincial Treasury is R302.5 million for the 2011-12 financial year. Honourable Speaker, this represents a decrease of 5 per cent from last year's allocation. The budget will be used towards ensuring improved quality of spend in the province and general financial management. This will be achieved through closer monitoring, increased collaboration with the departments, and a more active coordinating role with the Office of the Premier to ensure budgets follow policy priorities and improved performance.

### **Vote 14: Sports, Recreation, Arts and Culture**

The allocation to the Department of Sports, Recreation, Arts and Culture is increased to R636.3 million. This will be used for the provision library services and the enhancement of community participation in sports, recreation, arts and culture in the province, as a means to enhance social cohesion ,

### **Vote 15: Safety and Liaison**

Honourable Speaker, the budget of the department of Safety and Liaison has increased to R58 million. The increased allocation is allocated to fund the

improvement in the conditions of services, to fill critical vacant posts in the department, to improve community safety and to improve tourism safety in the province

## **Conclusion**

Honourable Members, we trust that you will agree that this budget, despite our fiscal and operational problems, indicates that our dream will not be “deferred” or postponed, but will be realized!

Honourable Members, working together, the government as a whole, with our social partners, can accelerate “dream realization”. In particular, the new national initiatives, combined with the new proposed provincial policy instruments, must provide a powerful stimulus to job creation.

However, Honourable Members, we are not ostriches, and we recognize that the key constraint on the fiscal stimulus contained in this Budget will be the poor operational management of our Departments. The correction of these weaknesses will require the imposition of tough sanctions against underperforming managers. We will not tolerate the inefficient use of state resources in the presence of poverty and underdevelopment.

Let me take the opportunity to thank the Premier, for her leadership and guidance; my colleagues in the Executive Council for their input in putting together this budget; members of the Cabinet Budget Committee for their continued support and critical engagement in the budget process; members of the Portfolio Committee on Finance for their political oversight; DG and his top management, and finally the PT team.

Honourable Speaker, I hereby table “Eastern Cape Overview and Estimates of Provincial Expenditure 2011-12”, the Appropriation Bill and the speech.

I thank you.



