

**SPEECH BY GAUTENG MEC FOR FINANCE MR. MANDLA NKOMFE,  
ON THE OCCASION OF THE TABLING OF THE 2011/12 GAUTENG  
BUDGET TO THE LEGISLATURE, 01 MARCH 2010**

Madam Speaker and Deputy Speaker

Honourable Premier, Mrs. Nomvula Mokonyane

Colleagues in the Executive Council

Honourable Members of the Provincial Legislature

Members of Parliament present here today

Mayors and Speakers from various municipalities

Heads of Departments, Government Officials and Leaders of our Agencies

Leaders of various Political Parties

Leaders of the business community

Distinguished Guests

Comrades and Friends

The People of Gauteng

The women and men of our country, entrepreneurs, viewing this Budget

Speech Live from the University of Johannesburg, Soweto campus

***Perfect Day***

***But when Perfect Day dawns, as it must and will come,  
I, shall clothe it Black, for Black is the shade of my dreams,***

***the texture of my soul;***

***my people, waiting in the wings of expectation.***

***And sun and moon, and bird and wind,***

***they all shall lose their old meaning and assume new voice,  
new resonance beaming and tell of the coming glory of freedom***

***then, and only then shall the Perfect Day dawn...***

***(Don Mattera, Faces of Trees, Poems of Struggle, Freedom and kin)***

Madam Speaker, It is indeed humbling that we are once more accorded the rare opportunity to present the 2011/12 budget to this venerable house. We are particularly humbled by the undying yearnings of our people for a certain yet "**perfect day**".

Madam Speaker, on a daily basis our people, whatever their hardships, remain buoyed by hope and are always beaming with the firm assurance of "**the coming glory of freedom**", which they are certain will give birth to the "**dawn of a perfect day**".

Honourable Members, standing here today we assume a special place in the aspirations of our people, for we are the harbingers of their "**perfect days**", and we are of the view that this budget will, like many others before lessen the burden imposed on them by poverty and underdevelopment.

Madam Speaker in order for the perfect day to dawn, the most vulnerable among us must see their rights to development being realised with each passing day, through progressive advances in access to land, shelter, water, sanitation, education, training, health care and economic opportunities "**then and only then shall the perfect day dawn**" in the lives of our people.

Madam Speaker, today we are tabling a post-recessionary budget, by implication a positive and balanced budget, that has benefited from the experiences we learned during the recession, the period of Operation Bhadala, and various other interventions that we have introduced in order to normalise our finances.

Madam Speaker, the austerity measures that were introduced in the previous financial years enabled us to begin to fulfil other key elements of our economic and social modernisation. Of importance are the systems we created to plan and prepare for the long-term, to set in place the policies and institutions that will help us to achieve prosperity for all and social solidarity for future generations.

As our economy adapts to an ever-changing global environment, and as we recognise over time new policy challenges and priorities, our public services must support transition and transformation by providing improved income security and protection to individuals, families, and communities.

Madam Speaker, in line with the decisions of the Executive Council and to further improve government's ability to successfully implement the 2009-2014 Medium Term Strategic Framework (MTSF) objectives, the Medium Term Expenditure Framework (MTEF) is guided by the following key principles:

- Allocating resources in line with provincial outcomes with a particular emphasis on health and education
- Specified funding for key departmental projects and programmes aligned with the outcomes
- Ring fencing of personnel allocations to ensure adequate funding
- Reprioritisation, improvement of efficiencies and alignment of spending towards core service delivery.

Madam Speaker, despite the light that we are seeing towards the end of this financial crisis tunnel, there are still worrying risks, especially with regard to food prices and Brent crude prices.

## **ECONOMIC OUTLOOK**

Madam Speaker, the year 2010 has been characterised by the emergence of positive economic growth rate in Gross Domestic Product (GDP), as the global economy staggered out of the recession of 2008 and early 2009. The recovery remains, however, sluggish, hesitant and fragile.

Developed economies have experienced relatively weak growth, with the Euro zone characterised by the sovereign debt problem. Economic growth in the Euro zone has been sustained mainly by Germany, the dominant economic power in this bloc.

However, as indicated in the previous Economic Outlook, growth within emerging market economies was more resilient, propelled by the superior performance of Asian markets, mainly China and India. The International Monetary Fund (IMF) has revised its estimates of the global output upward for 2010.

The IMF is expecting the world output to reach positive levels for 2011 (4.4%) and 2012 (4.5%). Developed economies, including the United States of America (USA) and the Euro zone are expected to post positive growth rates from 2010 to the end of the period under review. Growth by emerging and developing economies is expected to far exceed the average for developed economies at 6.5% for both 2011 and 2012.

## **NATIONAL ECONOMIC REVIEW AND OUTLOOK**

Madam Speaker, the South African Economy is estimated to have grown by 2.7 per cent in 2010, which was supported by improvements in household consumption and accelerated investment. This is expected to grow to 3.6 per cent in 2011/12, 4.2 per cent in 2012/13, and 4.4 per cent in 2013/14 boosted by low interest rates, low inflation and high household consumption.

Madam Speaker, these figures should move beyond being mere statistics but into making a meaningful difference in the lives of our people.

Therefore, an inclusive economy remains a cornerstone for sustainable development. Inclusive growth also aims to address the low quality of life associated with poverty and inequality.

## **PROVINCIAL ECONOMIC REVIEW AND OUTLOOK**

Madam Speaker, the Gauteng province continues to contribute the highest proportion to the GDP of the country. The province has the smallest land area, but contributes over a third to the economic growth of South Africa.

The global financial crisis led to the GDP-R growth to fall by R11.3 billion in 2009 and the growth rate by -1.8% as the economy entered recession.

Growth is estimated to have picked up in 2010 to reach R645.2 billion and Global Insight forecasts the GDP-R to reach R754.3 billion in 2014. The economy is expected to reach a growth rate of 4.4% by 2014.

Similarly the finance and business services sub-sector contributes the most to the GDP of Gauteng at over 25% for the period under review. The headquarters of most financial institutions are located in the province, thus the dominance of the economy by the finance and business services sub-sector. Contributions by the sub-sector are expected to increase marginally from 26% in 2008 to 27.8% by 2014.

The government, personal and social services sub-sector makes the second highest contributions. However, these contributions are expected to decline from 22.3% (2009) to 21.7% (2014). Manufacturing makes the third largest contribution, and is very important for the economy of the province as many headquarters of the country's manufacturing firms' are based in the province. The Metals, Machinery and Equipment industry makes the highest contribution to both employment and GDP-R within the province's manufacturing sub-sector.

Madam Speaker, the Honourable Premier Nomvula Mokonyane, during the State of the Province Address, hinted on the plan that seeks to transform the lives of the people of Gauteng for the better. On Vision 2055, the Premier said "we now have a base document for the development of the kind of Gauteng we envisage between now and 2055. It is a path that all of us must walk, embrace and help shape so that Gauteng can be in the league of the best Globally Competitive City Regions of the world.

Through vision 2055, we envisage to propel the growth and development of Gauteng to new and greater heights".

Madam Speaker, as part of the contributions towards the realisation of vision 2055, what could be termed “*the dawn of a perfect day*”, for the people of Gauteng; the Department of Economic Department, has spearheaded the development of the Gauteng Employment Growth and Development Strategy (GEGDS), a high-level framework that will drive the creation of decent work, economic growth and sustainable development in the province. The GEGDS has five key pillars:

- Public infrastructure investment
- Industrial Policy
- Green Economy
- Inclusive Economy Initiatives, and
- Social Impact

Madam Speaker the GEGDS in the main seeks to transform our economy to meet the basic needs of our people. In order to accelerate this transformation, we are advised by an Economic Luminary Professor Jeffrey Sachs, that “both the public and private sectors have important complementary roles to play. Without adequate public-sector investment and leadership, the private sector will not be able to operate effectively. Development is inherently interplay between market forces and public policies.

Even though we expect the private sector to be an engine of growth, the public sector must provide critical goods such as infrastructure, which cannot be adequately provided by the private market and without which the private sector cannot thrive.” (Jeffrey Sachs; Commonwealth).



## RESOURCING OUTCOMES

Madam Speaker, we were reminded again by the Premier in her state of the province address last week that “the mandate that we derived from the people of Gauteng remains unchanged. Our approach is outcomes-based and performance driven. The outcomes we announced last year in this House remain the objectives that we seek to achieve”.

Madam Speaker, earlier on I indicated that we are tabling a balanced budget, that benefited immensely from the recession environment and various austerity measures that we undertook as the Department of Finance to normalise our fiscus.

The projected revenue for the 2011/12 financial year is R67.9 billion. This amount is projected to grow to R77.8 billion in 2013/14.

It consists of:

- Equitable share of R50.4 billion which accounts for 74.2 percent of provincial revenues,
- Conditional grants of R14.6 billion, and
- The province’s own revenue of R3 billion.

Over the MTEF, the equitable share is projected to increase by an average of 14.5 percent.

The province’s own Revenue constitutes the smallest portion of the total revenue, but remains significant. To this extent, over the coming financial years, the Department will work tirelessly with all departments to optimise this revenue source. Currently, the department is undertaking a study to ascertain the feasibility of reviewing some of our taxes in line with the legislative framework.

## **INFRASTRUCTURE DEVELOPMENT**

Honourable members, infrastructure spending is still the cornerstone of our economic recovery. R36.5 billion is allocated over the MTEF towards infrastructure development, which aims to meet basic needs and simultaneously improve the productive capacity of our communities.

Madam Speaker, as we announced before in this august house last year that we will be embarking on exploring alternative means of delivering infrastructure projects; I am pleased to announce that significant progress has been made in this regard. Key projects are in Roads and Health infrastructure.

## **CREATING JOBS**

Madam Speaker, as announced by the President during the State of the Nation Address and further elaborated by the Premier during the State of the Province address, the focus of the Provincial Government this financial year is to create Decent Jobs.

In this regard, we have set aside R66 million to support labour absorptive sectors with backward and forward linkages. These include the tooling initiative, foundries, as well as promoting and supporting tourism as a way of promoting employment opportunities.

Madam Speaker, specific focus will also be put on strategic infrastructure investment aimed at lowering the cost of economic participation by focusing on strategic economic infrastructure. Evidently, our priorities are in rail,

roads, freight, transport, ICT, including the rollout of broadband. This is in order to address our socio-economic infrastructure investments as a strategy of stimulating economic growth and job opportunities.

Last week the Premier indicated the jobs targets that we are expected to create during the course of the year, she indicated that “through the Extended Public Works Programme (EPWP) we are going to create 175,000 work opportunities of 100 days each as well as over 88,000 full time equivalents, targeting one individual per household.

Furthermore, the Community Works Programme will generate at least 6000 jobs in Metsweding, Ekurhuleni and Tshwane. We have thus set aside R98 million to fund these job creating opportunities.

In line with the thinking that the public sector must provide critical goods such as infrastructure, we have allocated R1.5 billion for Infrastructure development, specifically for maintenance, repairs, rehabilitation and refurbishment of roads.

## **IMPROVING THE QUALITY OF EDUCATION**

Madam Speaker, Education is the focal point of our social and economic modernization project. As such, we allocated:

- R510 million for the provision of healthy and nutritious meals to public schools,
- R155 million for scholar transport,
- R11 million for the provision of a safe learning environment at our schools,

- R212 million to the secondary school intervention programme and support services,
- R286 million to ensure that first time learners who are in the foundation phase of their development are correctly assessed, are placed in schools, and that we implement school visits by nurses to attend to the primary health issues of these learners,
- R206 million for the implementation of the in-school sports programme,
- R1.5 billion for the construction of new schools, maintenance and upgrading of school infrastructure, and
- In order to lay a solid foundation for our children, we set aside R196 million for early childhood development centre's.

## **ENHANCING HEALTH SERVICES**

Madam Speaker, government remains committed to the provision of quality basic health care services to all. To this end, we allocated R1.6 billion for the programmes and projects aimed at strengthening the fight against HIV and AIDS. An amount of R4.3 billion is earmarked towards National Tertiary Services, out of this amount R1.5 billion has been availed to stabilise public hospital services.

We also acknowledge that the physical state of our public health institutions is not in a desirable condition and have allocated R800 million towards their revitalisation, upgrades, and general maintenance. This amount forms part of the total infrastructure investment of R2.3 billion.

## **MAKING COMMUNITIES SAFER**

Madam Speaker, violent crimes remain a major concern of all South Africans. It also has the potential to crowd out both direct and indirect investment to the province. In an effort to positively impact this situation, we have set aside R15 million to resource the Aggravated Robbery Strategy, which should significantly contribute to the reduction of trio crimes, residential robberies, vehicle hijacking, and business robberies.

An additional R16 million has been set aside for the reduction of crimes against women and children.

Over R33 million has been set aside to fight crime and corruption within government . Furthermore an additional amount of R10 million will be made available for salary adjustments of Traffic Officers in the coming financial year.

Road fatalities are one of the key causes of death in our society, and many lives are lost unnecessarily on our roads. To reduce road fatalities, R88 million will be spent in the coming year to:

- conduct regular road worthy inspections,
- conduct road safety audits and assessments to improve the road user environment, and
- increase visibility and traffic law enforcement especially for dealing with hijackings, excessive speeding, reckless and negligence driving.

However, we need to emphasise the importance of strategic partnerships and cooperation with our communities as key to reducing road fatalities. A

further R6 million has been allocated for the integration and maintenance of the Closed Circuit Television (CCTV) to ensure that all Provincial Law Enforcement Agencies are capable to identify crime scenes and respond quickly.

## **RURAL DEVELOPMENT AND AGRICULTURE**

Madam Speaker, the Provincial Government remains responsible for ensuring food security and to reduce rural poverty. Early this year, we experienced a new phenomena in our climatic conditions, and unprecedented floods which pose a massive threat to food security. In response thereto, we have allocated R49 million over the MTEF for food security programmes, which includes the distribution of food parcels to beneficiaries of Home Community Based-Centre's. To this end, Regional food banks have been established to benefit more than 14 800 people.

R61 million has also been allocated to support local entrepreneurs, associations, producers and cooperatives of farming communities. This intervention will be implemented through the Letsema/ Ilima programme, and the provision of farmer support extension services.

Madam Speaker, an additional R20 million has been set aside for the agricultural sector to provide agro-processing solutions, which will enable the local farmers to improve their abilities to a level where they could compete in both local and international markets.

We also allocated R13 million to protect our biodiversity, with another R19 million being allocated for job creation within the agricultural, environmental, and rural development sectors.

## **HOUSING AND COMMUNITY AMENITIES**

Madam Speaker, Minister Pravin Gordhan referred to research which was published by the Development Policy Research Unit, which confirmed the significant progress made in the delivery of houses, water, and sanitation.

Madam Speaker and Honourable Premier, a significant amount of those houses were built in the Gauteng Province. In recognition of these efforts, National Treasury allocated R3.8 billion to ensure that we continue to provide affordable shelter through the:

- Implementation of mixed-housing developments,
- Eradication of informal settlements,
- Provision of alternative tenure programmes such as hostel redevelopment, small scale rental units, social housing and rental units.

Madam Speaker, the Alexandra Renewal Project remains a special priority for the provincial government. As such, R90 million has been allocated for the completion of this. R5 million has been allocated for the provision of serviced stands, water and sanitation connections from bulk services to homes. An additional R7 million was allocated for the implementation of the land management programme for government owned land.

## **RESPONSIVE, ACCOUNTABLE, EFFICIENT AND EFFECTIVE LOCAL GOVERNMENT**

Madam Speaker, the Provincial Government will continue to provide support to various Municipalities in the province. To this end, R2.2 million has been allocated to:

- Implement accreditation program L1 – L2 in the three Metropolitan Municipalities,
- Provide training to build capacity for existing municipal personnel, and
- Implement municipal turnaround strategies as articulated in their Integrated Development Plans (IDPs).

R16 million has been set aside to accelerate the provision of basic services through municipalities. This amount will also be used to:

- Develop and implement a province-wide infrastructure development plan for water and sanitation,
- Assist municipalities with their Infrastructure Master Plans,
- Implement their Integrated Energy Strategies as well as their Water Demand Management Programmes.

Community Development Workers remain the primary contact and linkage between the government and its people. To cement this relationship, we have allocated an amount of R79 million to Community Development Workers. A further R1.3 million has been allocated towards the implementation of the provincial inter-governmental relations (IGR) framework.



Madam Speaker we are tabling a balanced budget, a budget that has neither surplus nor deficit. We have allocated every cent to the aforementioned Provincial Outcomes. As we speak, I do not have any budget remaining in the Provincial coffers, but I remain happy - because we have allocated all available resources to fund agreed provincial priorities that will improve the lives of our people for the better. The onus remains with those departments that are tasked with implementing government priorities to ensure that, every cent is spent appropriately and can be accounted for.

For us to maintain and sustain the clean fiscal position we are currently enjoying, Accounting Officers must ensure that fiscal resources are managed optimally. This requires greater financial and administrative prudence in everything we do.

Against this background Madam Speaker, we are mindful of the slow spending experienced with regards to infrastructure projects. The Department of Finance has analysed the fundamental causes of this problem, and is collaborating with other Departments to resolve them going forward.

The balanced budget presented to the House today is a clear indication of consolidating fiscal discipline with sound financial management.

Madam Speaker, we must also introduce a culture change regarding the utilisation of tax payers money. All civil servants must exercise the same diligence in managing public funds as would be expected from any equally competent person.

Should Accounting Officers and Chief Financial Officers make commitments that exceed their appropriated budgets, appropriate sanctions should apply which are consistent with the PFMA.

## **In conclusion**

Madam Speaker and Honourable Members, we are at a critical stage of our Social Transformation. Depending on the policy choices we take, we can propel the course of social transformation forward to greater heights and prosperity, or backward to obscurity. This Madam Speaker and Honourable Members depend on how far our people are. Are they with us, or have we left them behind?

In the book, *Eat or be Eaten: Petals of Blood*, Ngugi Wa Thiong'o narrates a story about a Mr. Hawkins who had spoken to the people of Wanja about his analysis of the political situation in the country after independence; he said ***"I look back on the wasted chances, on the missed opportunities, on the hour, the day, the period, when at the crossroads we took the wrong turning. We could have done anything, then, because our people were behind us. But we, the leaders, chose to flirt with the molten god, a blind, deaf master who has plagued us for hundreds of years..... Now see the outcome.... dwellers in Blue Hills, those who have taken on themselves the priesthood of the ministry to the blind god..... a thousand acres of land..... a million acres in the two hands of a priest, while the congregation moans for an acre"***.

Madam Speaker and Honourable Members, whatever policy choices we make and legislation we pass, we should do so with the interest of all our

people at heart, not the narrow self interests of the few, or placing our needs before those of a Nation, so that when we tell a South African story, we do not tell it bemused with regrets, “***on the wasted chances, missed opportunities or wrong turning***” but we tell it with laughter and contentment, because when we were at the crossroads, we took the right turn, because we were walking side by side with our people.

Madam Speaker, let me take this opportunity to thank the Honourable Premier and Members of the Executive Council for their collective leadership that has seen us out of the past recession, and Members of the Premier’s Budget Council who have worked with me in ensuring that all our outcomes are adequately resourced. I also thank Members of the Portfolio Committee of Finance, which is led by the Honourable Hope Papo for their cooperation and support.

I would like to express my gratitude to all Accounting Officers and the respective Chief Financial Officers for assisting us in managing the difficult provincial financial situation, and also thank all Department of Finance Staff members for their sterling work, the HOD Mr. Stewart Lumka, and the Head of Treasury Division Ms Nomfundo Tshabalala for their contribution in the completion of this budget.

Finally, I wish to thank my family for their continued support and encouragement.

Madam Speaker, I now have the pleasure of tabling and introducing the following documents for consideration by the House:

- The Appropriation Bill for 2011/12;
- The explanatory memo to the Bill;
- Estimates of provincial revenue and expenditure;
- Estimates of capital expenditure.

Furthermore, I introduce to the House the Socio-Economic Review and Outlook and the Gazette detailing transfers to the municipalities

**I thank you**