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**Speaker**

**Premier**

**Leader of the Opposition**

**Members of the Provincial Legislature**

**Representatives of labour, business and civil society**

**Director-General and Heads of Departments**

**Honoured guests**

In the Premier's State of the Province Address, she outlined ten strategic objectives for the Province and how this government intends to meet them in the next five years. These strategic objectives, taken together, will help us build an open, opportunity society for all in the Western Cape.

My job today is to show how we will allocate resources to meet these objectives, to demonstrate what funding will go to which projects and programmes. In other words, it is our chance to put our money where our mouths are.

Speaker, when I stood before this house in May last year to deliver my inaugural budget for the Province it was with some sense of detachment. We were in government, but the budget had been decided by our predecessors. It was an ANC budget.

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The budget I shall announce today, Speaker, is very much a DA budget. It emphasises value for money and efficiency. It places a premium on open and transparent government. And it focuses on expanding opportunities for more and more people to take control of their lives.

I must emphasise something that the Premier made quite clear in her State of the Province Address. She said that the people of the Western Cape voted for an alternative, not more of the same. We will implement the policies that give effect to our vision of an open, opportunity society for all.

That said, we will, in the spirit of co-operation, work with other spheres of government to achieve our aims – many of which happen to align reasonably well with national and local government priorities.

In this regard, my interactions with Minister Pravin Gordhan have been exemplary. A good example of how we can work together with national government was our joint response to the drought in Eden and the Karoo – the worst in 130 years. It was due to his speedy response to our requests for funding that we were able to mitigate a sure disaster.

Just as we will continue to forge strong partnerships with our counterparts in other spheres of government, we must build and maintain excellent relations with the private sector. Governments do not grow the economy and create jobs, businesses do. We cannot reduce poverty in the Province unless we encourage investment that creates jobs. This is why we want to make the Western Cape *the* place to do business in South Africa.

Speaker, we are a long way from achieving this. We are faced with a number of challenges that we must overcome if we are to compete in the global economy.

### **The economic challenge**

South Africa, a relatively small economy, has not escaped the effects of the global recession from which we have just emerged. However, the national government's expansionary macroeconomic policies and substantial investment in infrastructure have helped to mute its impacts. So too has our conservative banking stance, which sees us placed 6<sup>th</sup> on the World Economic Forum's banking risk assessment, way ahead of the USA at 108, and the UK at 126 (alongside Burundi and Chad).

All indications are that we are recovering more quickly than we initially expected to. National Treasury forecasts South Africa's Gross Domestic Product to grow at 2.3 per cent for 2010, aided mostly by the manufacturing, mining, general government, construction and personal services sectors.

Our provincial economy is expected to grow at a rate of 2.6 per cent in 2010, aided by recoveries in the finance & insurance, wholesale & retail, communication, general government and manufacturing sectors.

The pace of recovery in the Western Cape is directly dependant on the global and national economy. Primary product exports contribute 30 per cent to the Province's GDP. Therefore, any uncertainty in our trading partners' markets leaves us vulnerable to job losses.

While figures for the last two quarters of 2009 gave us reason to be optimistic, overall, we saw a decline in employment of 1.9 per cent last year. This was due to the effects of the recession, and an increase in working age people in our Province for whom we need to find sufficient job opportunities.

### **Estimated Receipts**

The past year has been one of the most challenging periods for national government revenue collection since 1994. As a consequence of the R69 billion projected national revenue shortfall, less money is available for distribution to provinces and municipalities than was originally anticipated.

This Province will finance its proposed expenditure via three sources: national transfers, which contribute 94 per cent to our revenue, provincial own receipts and internal financing.

Speaker, despite revenue challenges, by being prudent and allocating our budget effectively, we will table balanced budgets for each of the respective MTEF years. This means that we will not be borrowing from future years anymore, which will reduce some fiscal risks. By all accounts, some of the other provinces in South Africa are projected to overspend by many millions.

Our total estimated receipts for 2010/11 is R33.7 billion, which is R2.7 billion, or 8.5 per cent, larger than last year's revised estimate. Compared with the 2009/10 main budget, our revenue has grown by 15.6 per cent. Between this year and last year's MTEF period, the increased revenue allowed our expenditure levels to rise by R12.9 billion.

As mentioned, we expect our economy to recover in 2010. However, it is clear that we will continue to face challenges collecting provincial taxes. We expect our own receipts to decline from R1.8 billion in 2009/10, to R1.7 billion this year. These poorer collection figures are expected to remain until 2012/13. Discounting these estimates for inflation would present an even bleaker picture of the future.

These challenges have forced us to do more with less. We have shifted away from spending on non-core service delivery items, in favour of those that give us greater value for money.

Speaker, I am pleased to announce that through careful reprioritisation that has not affected the quantity or quality of our frontline services, such as health and education, we have managed to free up R2.1 billion. The lion's share of these efficiency savings have been channelled into our Health budget, where they will be used to the greatest impact of the people of the Western Cape.

Now that I have sketched the context within which our strategic objectives have been formulated, I will move towards providing details of how the budget has been allocated per strategic objective.

### **Ten strategic objectives**

Our first strategic objective is to **create opportunities for businesses and citizens to grow the economy and drive employment.**

The Department of Transport and Public Works receives an allocation of R11.5 billion over the next three years that will be invested in, amongst others, infrastructure

projects that enable economic growth. These include schools, classrooms, the Khayelitsha and Mitchell's Plain hospitals, and roads.

The Department of Transport and Public Works will position itself as the champion of a safe and efficient integrated transport system in the Province. This includes influencing a 13 per cent modal shift from private to public transport into the City of Cape Town CBD. We will do this by promoting improved rail transport, supporting integrated transport networks through infrastructure provision, and formalising the minibus taxi industry.

As custodian of the provincial property portfolio, this Department will look toward leveraging strategic properties owned by the Province in the CBD to finance the 2020 Head Office Accommodation. Minister Carlisle will elaborate more on his plans during his budget vote.

With a total budget of R1.4 billion over the next three years, the Department of Agriculture will prioritise providing land reform beneficiaries with comprehensive support. In collaboration with farmers and industry, we will increase agricultural production by 10 per cent over the next 10 years.

In 2010/11, this Department will create 25 000 EPWP jobs, provide accredited Higher Education Training (HET) to 400 students and accredited training courses to 240 farmers. It will support over 200 farmers with advice, and facilitate market access to 35 Agri businesses. In addition, about 600 food insecure households will benefit from their interventions.

The Department of Economic Development and Tourism receives a budget of R770 million over the 2010 MTEF, which will be used to grow our economy and create employment opportunities by stimulating trade and investment. In 2010/11, the Province will proactively attract and facilitate foreign investments and trade to the value of R2.2 billion and R4.2 billion respectively.

Over the next three years, the Department has set itself the target of establishing and/or expanding over 4 500 SMMEs, and facilitating and/or sustaining more than 9 000 job opportunities within the SMME sector.

The Enterprise Development unit within the Department is tasked with increasing access to market and procurement opportunities for our entrepreneurs. We are currently in the process of constructing a programme that will see up and coming small business owners receive guidance from experienced and knowledgeable mentors in the Province.

Speaker, while skills development initiatives are vital to our economy, creating a robust workforce begins with proper schooling.

We are therefore committed to **improving education outcomes** in this Province. As such, this vote receives the second largest share of the Provincial budget - approximately R38 billion over the next three years.

Turning education outcomes around involves a multi-pronged approach that begins with strengthening accountability within the education system; upgrading and improving the content knowledge and pedagogical skills of teachers; enhancing

managerial skills amongst principals; providing quality text materials; and addressing the infrastructure backlog.

The Department intends to increase grade 3, 6 and 9 literacy and numeracy levels by at least 10 per cent between 2010 and 2012. A joint research project to improve literacy and numeracy in the foundation phase is currently underway. The findings are expected later this year and will form part of our future efforts.

The Department will also strive to increase the matric pass rate from 75.7 per cent to 80 per cent in 2010. In addition, the Department plans to reduce the number of schools with a less than 60 per cent pass rate from 85 at present to 55 in 2010.

Critical to achieving these goals, is the quality of our educators.

To ensure that we retain better and more experienced teaching staff at schools and FET colleges, we have implemented the Occupation Specific Dispensation for school and FET college educators.

My colleague, Minister Grant, will say more about the planned deliverables of his Department in his budget vote.

It is equally essential that we **achieve better Health outcomes.**

The Health Department has been allocated an amount of R38.3 billion over the 2010 MTEF. This budget represents 36 per cent of the total provincial expenditure, and reflects our commitment to dealing with the burden of disease and demand for health services in our Province.

Our primary responsibility is to provide health services to around 3.8 million people, roughly 73 per cent of the total population of this Province, who rely on the government for primary health care. In 2010/11, we expect more than 17 million patient visits at our 450 primary health care facilities in the Province. A priority for this Department is to provide better quality health care to patients. To accomplish this, we will reduce waiting times, investigate and report on all complaints, manage our agency staff better, and make more efficient use of medical and surgical items.

The number of people receiving anti-retroviral treatment will be expanded from about 68 000 to over 90 000 in 2010/11. Health interventions will also target the reversal of the spread of both HIV and Aids as well as TB.

We have earmarked funding for the improvement of our Emergency Medical Services. Over the next five years, we aim to ensure that 90 per cent of priority calls in urban areas are responded to within 15 minutes and in rural areas within 40 minutes.

The budget also makes provision for the Occupation Specific Dispensation for doctors and associated professionals. This is to ensure that quality health professionals are recruited and retained in the public sector.

Interventions to reduce alcohol abuse and traffic related injuries will be tackled by Health, in conjunction with Community Safety and Transport.

Our fourth strategic priority is to **fight crime**.

The Department of Community Safety receives R287.8 million in 2010/11 to create a safer and more secure environment. Over the 2010 MTEF, the allocation to Community Safety amounts to R921.3 million.

In 2010/11, the Department aims to improve civilian oversight of law enforcement agencies. The Department will also implement systems that increase their accountability, and monitors and evaluates police performance, efficiency and effectiveness.

Almost 50 per cent of the Department's budget will be spent on the promotion of traffic safety. The Province's zero tolerance approach will see reduced road accident fatalities, strengthened traffic law enforcement on the Province's roads and increased road safety awareness. Public transport inspectorates have been established in collaboration with the City of Cape Town and George. These units will focus on improving the safety of commuters and preventing lawlessness on public transport.

The Department of Social Development conducts crime prevention programmes with a focus on our youth. The aim is to divert children who have transgressed from the criminal justice system to a range of other options.

The Department of Environmental Affairs and Development Planning is responsible for compliance and enforcement of environmental matters and for sustaining the Western Cape Environmental Crime Networking and Skill Sharing Forum.

Our fifth strategic priority is to create **Housing opportunities**.

Housing has received an allocation of R6.6 billion for the next three years, which represents an increase of close to R400 million on the previous MTEF. In 2010/11, the Housing budget will grow 15.6 per cent from the 2009/10 revised estimate to reach just over R2 billion. Of this amount, R1.9 billion has been funded by the Housing and Human Settlement Development Grant.

In order to accelerate the provision of housing opportunities to those most in need, the Department of Housing will focus on up-scaling the provision of serviced sites. In 2010/11, 18 250 serviced sites will be delivered. We plan to provide 150 000 over the next 5 years.

A total of 15 000 houses will be delivered in this financial year with a planned total of 54 000 over the 5-year period. We will place emphasis on increasing the number of People's Housing Projects, which encourages communities to actively participate in the design, construction and project management of their homes. This not only promotes a sense of ownership, but ensures that housing is built to essential standards.

The Department will focus on acquiring land for housing opportunities that is located close to economic opportunities, transport corridors and social amenities. In order to close the gap in the property market, the Department will work closely with the private sector to encourage the development of a state-backed finance scheme that will reduce the risk of borrowing. We will also look toward developing inclusionary and mixed housing developments, and increasing rental stock.

To ensure that houses are allocated more fairly, we will improve the administration of housing stock, and track the housing backlog through the development of a municipal data support programme. A coordinated and integrated approach for human settlement planning will be followed in conjunction with high potential municipalities who may become accredited housing developers.

Our next objective is to promote **sustainable resource development**.

The Department of Environmental Affairs and Development Planning has been allocated an amount of R973 million over the MTEF period to assist with mainstreaming sustainability and optimising resource-use efficiency in the Province.

The key outputs of this Department are the development of a Provincial Spatial Plan and the implementation of land-use legislation. Once finalised, these will assist with better integration, the reduction of red tape and quicker development approvals across the Province.

Under our Built Environment Support Programme we have launched a pilot project in six municipalities, which will improve the Human Settlement and Spatial Development Plans. This pilot will be extended to more municipalities over the next three years.

Green economy initiatives by the Department of Environmental Affairs and Development Planning include publishing the Green Procurement White Paper, stimulating the recycling economy, mainstreaming 2Wise2Waste initiatives and exploring the production of waste into energy.

Speaker, biodiversity management and the maintenance of ecosystems are the foundation of sustainable development in the Province. As the implementing agent, CapeNature has been given R511 million to achieve this over the next 3 years.

In light of climate change, one of the key challenges over the period ahead is to promote efficient water use by the Province's farmers. The national government has set a target of reducing water allocated for agricultural purposes by 10 per cent, and our Province will work hard to achieve this.

While the above initiatives are aimed at improving the physical circumstances of our citizenry, we are also determined to foster **social cohesion**.

To this end, the Department of Cultural Affairs and Sport receives a total budget of R289 million in 2010/11, which will be used to encourage participation in civic and social life, and empower our communities.

This allocation will be used to provide for facilities and opportunities in sport, art and culture. To stimulate a culture of learning, library materials, books and internet access will be made available.

The Department of Social Development receives an amount of R3.9 billion over the next three years.

A key priority for this Province is to prevent and treat substance abuse, support our older and disabled persons, and assist those who have been victims of criminal

activity. We are also concerned with caring for those suffering from HIV and Aids. Our social welfare services budget will be spent on the above.

The Education Department will make 2010 FIFA World Cup initiatives part of the school curriculum. In addition, through their Safe Schools Programme, they will ensure that our Province's learners are provided with a holiday programme for June 2010 that includes sports and developmental activities.

Speaker, our budget could not have been achieved without **improving our governance**.

In order to maximise the investments that we have made, we must ensure that our government is clean, value-driven and responsive.

The Department of the Premier, Provincial Parliament, Provincial Treasury and the Department of Local Government will be collectively responsible for ensuring that the governance arrangements of this Province are maintained and progressively improved upon over the MTEF. To achieve this, these Departments receive R2.9 billion.

The Department of the Premier will focus on implementing the modernisation process, which is aimed at improving service delivery, co-ordination, monitoring, accountability and standardisation across departments. A key modernisation proposal that will be implemented over the MTEF is the IT service delivery improvement plan.

The corporatisation of certain functions, most notably human resource management, internal audit, enterprise risk management and forensic investigation, will also be implemented during 2010/11.

Provincial Treasury will remain responsible for ensuring the financial integrity of this administration. They will provide financial management advice and institute necessary processes to improve the overall financial management practices of departments, entities and municipalities. In addition, they will produce in-year early warning financial and non-financial reports and tighten systems and processes that will reduce the possibility of abuse and corruption. I will further expand on this when I deliver my budget vote for Provincial Treasury.

Going forward, the Department of the Premier and Provincial Treasury will streamline the in-year performance reporting system so that greater coherence is obtained between the quarterly performance reports, the dashboard reporting system and the performance management information system. More focused tracking of performance information will eventually lead to better accountability, better service delivery and improved organisational and personnel management practices.

The newly formed Department of Local Government will be responsible for implementing various capacity building interventions that will enhance the performance of, and promote good governance practices within municipalities. A key focus will be on the early detection of governance and service delivery breakdowns so that they can be rectified quickly. They will also provide support so that the objectives of the recently introduced “Local Government Turnaround Strategy” are realised. If we want municipalities to be more effective and have a greater impact on the socio-economic landscape of this Province, it is imperative that we assist them to

improve the quality and content of their integrated development plans and hold them to account for their actions.

This Province is serious about being held accountable to the electorate. As such, the expenditure proposals of our executive and accounting officers will be interrogated to ensure that every rand is used wisely. Collectively, we must ensure that our money achieves the greatest possible impact for the people of this Province.

**In conclusion**, Speaker, the budget I have outlined today will take us closer to fulfilling the mandate we have been given. Change will not happen overnight. It will be gradual, but it will come.

Just by getting the basics right, such as with the savings we have made thus far, we will make a great deal of progress. Efficiency will be the hallmark of this government's tenure.

Speaker, we have seen how, in other provinces and municipalities, increased corruption and poor financial systems have destroyed the capacity of government to deliver. We will not go down that road. We know that if we can become the national benchmark for good governance, we can optimise service delivery too.

We also know that, if we are to achieve our objectives in this economic environment we must do more with less.

Cutting red tape, speeding up planning approvals, better co-ordination and less duplication across departments, more accountability, strong performance management systems, better auditing and improved forensic capacity are vital to

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ensure greater value for money, increased transparency and, ultimately, expanding opportunities for more people.

Speaker, allow me to thank the Premier for her leadership and my fellow MECs for their invaluable support and guidance throughout this budget process. I would also like to thank the Heads of Departments and Chief Financial Officers of all departments, as well as the CEOs of our public entities. I am grateful to the Chair and standing committee who provide valuable oversight, and I wish them well for their budget deliberations over the coming weeks. And of course, a big thanks to the Budget Council and Pravin Gordhan for their inputs.

Most of all, I would like to thank JC Stegmann and his team at Provincial Treasury for their support, hard work, and dedication. I would also like to thank them for working around the clock over the last months.

I need to say a special thank you to my home family for their unending support. Last but not least, I must thank my work family in the office of the Ministry for all that they do for me.

Speaker, it gives me great pleasure to table the 2010 Budget Overview of Provincial Expenditure, Estimates of Provincial Expenditure, Budget Summary, Western Cape Appropriation Bill, Local Government Allocations and accompanying Provincial Gazette, and this Speech, for discussion and consideration by this House.

Thank You.