

Honourable Speaker
Cabinet Colleagues
Leader of the Opposition
Members of the Provincial Parliament
Director-General and Heads of Departments
Colleagues and friends
Citizens of the Western Cape

It is with great pleasure that I stand before you today to table Provincial Treasury's budget for 2011/12.

When Premier Zille opened this house last month, she stated clearly that the focus of the Western Cape Government was to provide each and every citizen with a better life by growing our economy and creating jobs.

Speaker, these are not quick or easy tasks. They require of us to turn this administration around and steer against the prevailing tide. Despite the challenges that this has and will continue to pose, we will stay the course until we achieve these goals because we are certain that doing so will create a sustainable, open opportunity society for all the people of the Western Cape.

We have devised a twelve-pronged plan to deliver growth and jobs, and in 2011/12, our budgets fully reflect these objectives.

With a total budget of R144.976 million, which is a 10% increase on the adjusted appropriation of 2010/11, Provincial Treasury is a key stakeholder in achieving Strategic Objective 10 – Integrated service delivery for maximum impact, and Strategic Objective 12 – Building the best-run regional government in the world.

Strategic Objective 10 – Integrated service delivery for maximum impact – recognises the important role that provincial governments’ play in linking local and national government priorities, delivering housing opportunities, healthcare and education, and in making sure that local government does its work.

Despite calls for the various spheres of government to work in partnership, our plans remain uncoordinated, which has led to duplication and the fragmentation of service delivery. This is best represented by the fact that a decade after integrated development planning at municipalities was introduced, IDPs exclude the capital spending priorities of provincial and national departments. Likewise, provincial and national plans do not include municipal priorities.

There are also no standard financial systems by which our municipalities operate. This has led to a large variance between the efficiency and effectiveness of municipalities.

This uncoordinated and disparate approach is felt most keenly by the people on the ground who require government services to lead lives of value.

As the leaders of performance planning and budget management, Provincial Treasury has a crucial role to play in closing the gap between the spheres of government and the various municipalities. Through four programme areas, Provincial Treasury provides us with the tools we need to spend our money wisely, credibly and efficiently.

In 2011/12, Programme 2 – **Sustainable Resource Management** – receives R59.363 million to map the social and economic needs of our people. Based on this information, which guides us on where we are succeeding and where more

resources and attention need to be channelled, departments, entities and municipalities within the Western Cape will be positioned to devise responsive plans and budgets that will change lives for the better.

This year, Programme 2 will also build on the foundations that they laid in 2010/11 by devising a Budget Management Framework that provincial departments' must adhere to. They will also capacitate our provincial budget offices to prepare measurable plans and budgets that are aligned to them. These initiatives will be extended to municipalities to drive the improvement of budgeting at that level.

Throughout the year, this team will compile MTEC assessment reports for all provincial departments', entities' and municipalities' budgets. In addition, on a monthly and quarterly basis, they will provide provincial departments and municipalities with monitoring reports on the implementation of their budgets. These reports will pick up any deviations before they become problematic, and advise on remedial steps to get the department back on track.

In the coming year, we will also conduct a comprehensive assessment of the ability of relevant departments, such as Education, Human Settlements, Health and Transport and Public Works, to deliver infrastructure. Based on these findings, we will develop a Provincial Infrastructure Plan, and Framework for Infrastructure Procurement, to improve our spending performance in this area.

Through year-round support and monitoring, Provincial Treasury will ensure that the Western Cape delivers meaningful services to all of its people, on time and on budget. These steps will further raise the excellent audit outcomes that the province's departments received, and ensure that municipalities begin to achieve better and more uniform results as we move toward level 3+ financial

management capability across the board in the Western Cape. At level 3+ capability, officials have the correct training to carry out their functions effectively, and financial information is reliable.

Lastly, Programme 2 will conduct research into how we can better the way the collect revenue at provincial and local level, and into additional revenue sources for the province. These efforts will improve our cash flow. Thus far, we have already announced our intention to review the casino exclusivity tax regime and associated tax rates.

Provincial Treasury is also a major stakeholder in Strategic Objective 12 - building the best-run regional government in the world.

Well-run regional governments have defined values that they live by, and structures that support their values.

Provincial Government Western Cape stands against corruption. Stealing from taxpayers is morally reprehensible. In addition, it further entrenches the view that government has little regard for its own financial laws. This is detrimental for growth and job creation because it scares away investors, businessmen and entrepreneurs.

If we are to succeed in growing our economy, we must regain the confidence of investors by providing strong evidence that the DA-led Western Cape is governed with integrity, and with the highest regard for the Public Finance Management Act and Municipal Finance Management Act.

In 2010/11, Programme 3 – **Asset and Liabilities Management** – receives R28.781 million to enforce the effective and efficient management of our financial

systems, moveable and financial assets, and supply chain through virtuous cycle assessments, targeted training interventions and dedicated helpdesk support services.

Over the past two years, under the guidance of the Red Flag team, we have embarked on a mission to permanently shut down any loopholes that allow for corruption. The Red Flag team began their mission with an in-depth analysis of provincial department systems and have since instituted changes that have produced pleasing results.

In the coming year, we will embark on a similar evaluation of municipal budget processes so that we can stamp out corruption here too, and ensure that taxpayers' money is not being abused.

During 2010/11, the Red Flag team revised the Provincial Treasury instructions for supply chain management to further strengthen these systems. In 2011/12, we will acquire a new supply chain management system to address supplier management, quotations, bids and contract management issues that were not fully covered by the previous system. The above projects will be implemented in the coming financial year, and system users will be trained in their correct and optimal application. Through the implementation of strict systems and user training, our anti-corruption efforts will be further bolstered.

Programme 4 – **Financial Governance** – receives R20.645 million to develop accounting and financial management practices within provincial and local government that will further improve our audits.

Last year, the Provincial Government achieved a clean sweep of 25 unqualified audits for the first time in documented history. Our municipalities garnered a less

impressive score card, with only 22 out of 30 achieved unqualified audits. While this is a marked improvement on the results of 5 years ago when only 9 of 30 municipalities received unqualified audits, we must and will ensure better results here. As the primary drivers of service delivery to the people of the Western Cape, it is vital that the finances of our municipalities are beyond reproach. In line with this, we have and will continue to increase our oversight role of municipal fiscal discipline.

We will also roll out the Generally Recognised Accounting Practice (GRAP) standards across municipalities of the Western Cape, and conduct a full review of the accounting systems and processes of municipalities to identify the training needs of budget office staff. These initiatives will improve the integrity of financial data across the board, so that when the auditor-general visits, we are fully prepared to achieve unqualified audits.

Speaker, in 2010, the Public Service Commission awarded our senior managers with 100% reporting compliance for the disclosure of their interests. This coming year, we will implement the Western Cape Procurement (Business Interests of Employees) Act, which was assented to by Premier Zille on the 10th of December last year. This Act makes it compulsory for *all* provincial government employees to declare their business interests. It also prohibits them from doing business with the government. Tenderpreneurs take opportunities away from law-abiding businesses by using their proximity to the state to serve their own interests above the interests of our people. In our province, this has been made illegal, slamming another door on corrupt officials.

Behind the plans and projects of Provincial Treasury, lies a strong team. Programme 1 – **Administration** – has been allocated R36.187 million to give strategic direction and quality financial and administrative support services to

me, and to the Head of Department. Without this team, Provincial Treasury would certainly not run as smoothly, or as efficiently, as it does.

Speaker, my thanks go to the Provincial Treasury's 255 staff members. Despite the ongoing constrained economic climate, which requires of us to do more with less, this team is unwavering in its quest for level 3+ financial management capability. They are setting the standards for financial governance that other provinces should aspire to meet. Through their determination, service delivery at provincial and local government will improve over the coming year, and we will move closer to being the best-run regional government in the world.

ENDS