

BUDGET SPEECH DELIVERED BY MEC DAVID MASONDO OF PROVINCIAL TREASURY, LIMPOPO GOVERNMENT TO THE SECOND SESSION OF THE FOURTH DEMOCRATIC LEGISLATURE, LEBOWAKGOMO

08 March 2011

Honourable Speaker

Honourable Deputy Speaker of the Provincial Legislature

Honourable Premier

Members of the Executive Council

Honourable Members of the Provincial Legislature

Members of the National Assembly

District, Executive Mayors and Mayors of Local Municipalities

Provincial Secretary of the ANC, cde Joe Maswanganyi

Leaders of the opposition parties

Stalwarts and veterans of our struggle

Chairperson of the House of Traditional Leaders,

Director General and Heads of Departments

Leadership of labour and business

Leadership of the student and youth movement

Religious Leaders and the Media Fraternity

Distinguished Guests

Comrades, friends, ladies and gentlemen

May I present the second Limpopo provincial budget speech under the leadership of comrade Premier Cassel Mathale.

2011 Theme

On behalf of the ANC-led government, our Honourable Premier, comrade Mathale, declared '2011 a year of job creation through meaningful economic transformation and inclusive growth'. This programmatic theme is in line with thrust of the State President's vision on job creation.

In line with this programmatic theme, the Premier pointed out that our province – Limpopo, is:

'expected to create more than four-hundred thousand jobs in the next nine years as part of contributing to the national target of creating 5 million employment opportunities by the year 2020'.

The task of this budget is to elaborate the financial framework and allocation to enable government to implement this goal outlined by the Premier which is also linked to government's five priorities as well as our Limpopo Employment, Growth and Development Plan and Medium Term Budget Policy Statements, and more importantly our ANC January 8 Statement.

Honourable Speaker,

Creating jobs under the conditions of global economic crisis

As Karl Marx once said, we make our own history but not in conditions of our own choosing.

Indeed Honourable Speaker, we seek to create jobs through meaningful transformation of the economy and inclusive growth out of the conditions that are not of our own making.

We seek to do so in the midst of an on-going global economic crisis, notwithstanding mild recovery.

The released of the USA government report titled: The Financial Crisis Inquiry Report in January 2011, requires us to say a few words on the causes of the on-going crisis. This is necessary for three reasons.

One being that the report will set the terms of debates on the recovery measures.

Secondly, through the World Bank and International Monetary Fund (IMF), the report is more likely to influence how the world, particularly developing countries deal with the on-going crisis.

Thirdly, we need to do so in order to deepen our understanding of the on-going crisis, if we are to find immediate and long-term solutions to the crisis, including using our 2011/2012 budget to ward off the negative effects of the crisis on the poor.

The Financial Crisis Inquiry Report argues that the on-going global economic crisis was mainly caused by (a) the lack or inability to enforce regulations and (b) excessive borrowing by irresponsible borrowers. The report argues that the:

'More than 30 years of deregulation and reliance on self-regulation by financial institutions...supported by successive administrations and Congresses, and actively pushed by the powerful financial industry... had stripped away key safeguards, which could have helped avoid the catastrophe'.

This report simply argues that self-regulation led to the laxity in banks' lending practices, which eventually enabled borrowers to borrow above their incomes. As a result, the 'irresponsible' borrowers defaulted and left the 'irresponsible' banks without cash, hence banks were plunged into crisis, requiring them to be bailed out.

Honourable Speaker,

This explanation is question begging in that it does not explain why banks relaxed their lending practices and why people borrowed above their incomes.

A credible answer to this puzzle lies in the 1998 ANC's analysis of the 1997 Asian economic crisis.

The ANC correctly argued that the 1997 Asian crisis was a crisis of falling rate of profitability, which was a continuation of a new phase of the global economic crisis, which started in the early 1970s. The same is true about the current crisis.

Honourable Speaker,

One of the founders of modern macroeconomics, John Maynard Keynes argued in his book - *Treatise on Money* that 'The engine which drives Enterprise is ... Profit'.

Honourable Speaker,

All things being equal, it is not rocket science to grasp that the profit rate of an enterprise is determined by how much labour produces and the total cost of production minus the interest rate and taxation. In short, the higher the capacity of the workers to produce more, and the lower the production costs, the higher the profit rate. And profits can only be realized if a commodity has been bought in the market. That is to say, without sale, there is no profit.

In the process of competition for market share, efficient and highly cost cutting entrepreneurs are more likely to get higher market share because they produce more with low production costs and sell at relatively lower prices.

Business competition forces the less efficient entrepreneurs to close their business. The efficient entrepreneurs are more likely to temporarily generate the profit rate above

average. However, the same drive towards profit maximization tends to lead to the decline in the profit rate in that other entrepreneurs are more likely to enter the lucrative markets, thus increasing competition which eventually leads to a fall in the profit rate.

It is this analytical logic that informed the ANC in 1998 to conclude that the Asian crisis signified a new phase of a worldwide falling rate of profit, which started in the early 1970s.

Robert Brenner in his two books— *The Economics of Global Turbulence and Bubble and Boom: The US in the Global Economy* argues that the decline in profit margins was mainly caused by amongst other key things, new corporations from Germany, Japan, the South East Asian countries, and lately China, which were producing the same goods that were being produced by advanced economies such as the USA at lower costs, which resulted in the over-supply. This resulted in falling prices, which in turn led to lower profit rates.

As entrepreneurs were getting lower returns on their investments, they slowed down their investment, which had an aggregate negative effect on economic growth, employment and state revenue.

In trying to restore the profit rates, in the late 1960s and 1970s, the US corporations increased their investments in Latin America. Apartheid South Africa was also able to benefit from this US investment strategy in that auto assembly plants were established in places such as Rosslyn.

In trying to increase their returns, the Japanese and German corporations also aggressively invested in low wage countries. Japan invested in Taiwan, South Korea, Malaysia, and more importantly in China.

This partly explains why China has been experiencing high levels of economic growth since the 1980s. And the projected growth in China as outlined by Minister Pravin Gordhan in the National Budget Speech can be understood against this background.

Honourable Speaker,

The logic behind investment in these countries of the global south was largely informed by cutting wage costs, which led to the declining wage rate across the world.

The decline in income distribution to the poor was also enabled by three major factors. The first being the mechanization of the labour process associated with technological changes, which shed jobs.

Secondly, the collapse of the Soviet Union and the entire Eastern bloc has doubled the number of unemployed workers available for sale to the entrepreneurs from 1.5 billion to 3 billion.

Thirdly, it is estimated that in 1950 over one million people worldwide lived in cities, but in 2004, 400 million lived in cities. The urbanization of the world has meant that, people who live by tilling the land in the countryside to produce their own food has declined. This partly explains the on-going food crisis.

Honourable Speaker,

Many of us may wonder: in what way(s) does the increasing number of people without any means of livelihood except their ability to sell their labour lead to declining income distribution and how it does set conditions for failure to realize profits, thus triggering the crisis?

The answer is this:

The higher the number of the unemployed, the higher the competition for jobs amongst workers, which decreases their bargaining power, thus reducing their ability to increase their share of national income.

Taken together, the abovementioned factors stunted the incomes for the poor and the middle classes.

Honourable Speaker,

Banks are financial enterprises in the business of generating higher returns through borrowing private individuals, government and other non-financial enterprises. The higher the number of creditors, the more likely they are able to generate profits.

In the context of intense competition and the falling rate of profit in the 'real' economy, it became rational for industries to invest more in the financial sector. The high profit rate arising out of financial activities made the financial sector one of the fastest growing sectors. In South Africa, the financial sector contributes 20% of the GDP. In the USA, the financial sector profits increased from 15% in 1980 to 33% in 2003.

In the context of stagnating and declining levels of incomes triggered by the restructuring of the economy, it became rational for people to meet their needs through borrowing from the formal and informal financial sector.

In South Africa, domestic credit expansion increased from 60% of the GDP in 1994 to over 85% in 2007, and Limpopo constituted almost 4% of the total domestic credit. In 2009 over 90% of the domestic credit had been channeled to consumption as opposed to production that generates more jobs.

In the context of competition for clients, banks relaxed the regulation so that they could lend to poor borrowers. This also explains the rise of subprime lending in some of the developed countries.

In South Africa our regulatory framework enabled us to mitigate the trends towards excessive borrowing, thanks to the South African Communist Party-led Financial Sector campaign. However, it does not mean that our country – our province - has not been seriously affected by the on-going global economic crisis.

Our provincial socio-economic situation

Honourable Speaker,

Our province largely depends on mineral resources. Mining constitutes 27% of the Limpopo GDP. The performance of the mining sector is largely influenced by the demand in the international markets, particularly China and India. To illustrate, as a province we export iron ore, which constitutes 16% of our provincial exports.

The current economic crisis has not only led to negative 1.8 percent economic growth in Limpopo, but we have also lost a number of jobs in the mining sector. This is partly because of the decline in the demand for our mineral resources in the world market as a result of the crisis.

However, all is not gloomy. The Minister of Finance, Pravin Gordhan pointed out in the 2011 Budget speech that low interest rates, strong commodity prices and faster global growth particularly in China, have set good conditions for the economic recovery.

The renewed demand for our mineral resources will enable us to create more jobs in the province.

However, we cannot rely on exporting our raw materials to low-wage countries such as China and India.

Exporting raw materials is exporting jobs. We are encouraged that the national Department of Mineral Resources is finalizing the minerals beneficiation strategy, which will enable us to add more value to our minerals resources, thus creating more jobs.

Honourable Speaker,

I would like to repeat: despite the current economic crisis, all is not gloomy. There is hope.

In the State of the Province address, our Honourable Premier indicated that, 'our unemployment rate has declined from 25% to 16% in 2010'.

The independent research institute – *The Plus Economics* also predicts that employment in the province is expected to increase in 2011.

Government infrastructure programs will also increase the Gross Domestic Product in the 2011/2012.

At the national level, President Jacob Zuma in the State of the Nation Address last month announced that R9 billion has been set aside for job creation.

As the Honourable Premier announced in the State of the Province Address our provincial government through our departmental activities will directly create more than one hundred and sixty thousands jobs in the 2011/2012 financial year, and 40% of these jobs will be targeted for the youth.

The Department of Local Government and Housing will create 36 503.

The Department of Agriculture will create 7670.

The Department of Public Works will contribute 3740.

The Department of Sports and Culture will create 1502.

The Department of Education will create 22 242.

The Department of Safety and Security and Liaison will create 697.

Provincial Treasury will contribute 30 jobs.

The Department of Transport will create 31 876.

The Department of Health will create 10701

The Department of Health and Social Development will create 25063.

Department of Economic Development, Environment and Tourism will generate 36 846.

The ANC government is fully aware this is not enough hence we say together we can do more.

Government's commitments must be judged by its achievements

Honourable Speaker,

The track record of the ANC-led government shows that it will not fail our people.

Under the ANC government, the life expectancy rate in South Africa is 53.3 years for males and 55.2 years for females. In Limpopo the life expectancy rate is 55.0 years for males and 68.0 years for females.

As Limpopo, we have also increased our matric pass rate from 47% to 57% in the matric year 2010.

Honourable Speaker

From the 2009/10 municipal financial year, the initiatives were introduced to support municipalities to gradually improve their financial and performance audit outcomes to reach the 2014 clean audit target.

Although there has been no significant improvement in the number of financially unqualified audit opinions compared to the prior year, namely 8 unqualified audit opinions; there has been a notable improvement in the overall audit outcomes for the province as a whole.

It is inspiring and encouraging to note that for the first time Fetakgomo Municipality obtained a “clean audit” report, meaning a financially unqualified opinion with no findings on predetermined objectives and/or compliance with laws and regulations.

One of our obstacles to achieve clean audit is the appointment of people without required technical skills. We would like to reiterate the point made by the State President and our Premier, that we must appoint people with appropriate expertise to serve the people in right positions in municipalities and government in general.

No one can deny the fact that under the ANC-led municipalities access to basic services for the poor has significantly improved.

The provision of basic services for the province is at 83.6% for water, 58.9% for sanitation and 81% for electricity.

The ANC led government has made an undertaking to ensure that all households are provided with basic services by 2014.

The major challenge for the provision of basic services, however, is the availability of bulk services, mainly water and sanitation.

The Premier has already mentioned that the construction of raw water pipeline from Nandoni to Giyani is currently underway.

The construction of De Hoop dam is underway in Sekhukhune district.

In the Waterberg district, an allocation of R318 million has been made by national government in the 2011/2012 financial years for installation of required bulk services in Lephalale for human settlements.

Honourable Speaker,

Despite the achievements of the ANC government and commendable progress on these fronts, we still have a 16% unemployment rate in the province of Limpopo. The

government is fully aware that our people need education, houses, food, transport and more land.

What is being done? What is our budget trying to do?

Honourable Speaker

Karl Marx also pointed out that philosophers have interpreted the world, the point however is to change it.

In the midst of the on-going economic crisis, the dominant question in the current period is also about the best recovery measures from the crisis.

Let us be honest, the debate about the recovery is mainly about the restoration of higher profit rates. The notion of the inclusive growth signifies the ANC-led government's commitment to the immediate goal of ensuring that the means we adopt as profit recovery measures do not worsen the conditions of our people.

In the global north, corporations and governments believe that the best way out of the crisis is through exclusive growth, which includes amongst other things, lower taxation and wages and anti-poor austerity measures, which have led to intense struggles between workers and business in countries such as France and Greece.

It is argued that the state should abandon its redistributive role and directing investments in partnership with business towards strategic industries through an activist industrial strategy.

As opposed to a state that does not intervene in the economy in the interest of the poor, the ANC has sought to build a developmental state.

Honourable Speaker

It is worth noting that, in contrast to the global north countries, countries such as India in the global south have maintained their strategic fiscal expansion to increase their economic growth, including providing credit through their own state-owned bank. Brazil is also imposing taxes on speculative investment to encourage the finance of productive investment.

The point is: there is no single way to economic crisis recovery. There are many. South Africa, Limpopo should think outside the normal box.

Departmental Allocations

Honourable Speaker

Before we outline the 2011/2012 allocation for each department, and how the budget is aligned to the ANC-led government's commitment to create jobs through economic transformation and inclusive growth as articulated in the 2011 State of the Province Address, let us indicate that the provincial source of revenue for 2011 MTEF estimated receipts consists of:

- Equitable share amounting R 36,35 billion
- Conditional Grants amounting to R 6,91 billion
- Own Revenue amounting R 583,53 million
- Total R 43,84 amounting billion

The budget has grown compared to the 2010/11 MTEF against the revised MTEF statement. Conditional grant has increased by 17.9 percent and our provincial revenue grew by 5.4%. The Equitable Share has increased by a real growth of R2.350 billion or 6.9%.

Let me also bring to the attention of this honourable house that there has been a constant, profound reduction on Limpopo's share of the total provincial equitable share allocation by National, on an annual basis since the 2006/07 financial year, from 13.8% to a projected 12.3% in 2013/14, due to partly, the unavailability of reliable data from the social sector. The demarcation process has also contributed significantly to this, with an obvious negative impact on the provincial funding.

We cannot afford to have a further reduction as this contributes directly to our ability to provide for the needs of our people. Working with government research agencies, we will improve on our data collection and analysis on the Social Sector Cluster and devise mechanisms to mitigate the risk of any further reduction.

The people of Limpopo cannot afford a decline in the equitable share allocation, which is due to them because of our failure to compile basic social cluster statistics. Despite this decline, we are making significant advances in infrastructure spending.

Out of the R4.4 billion, being the total amount allocated to infrastructure for the financial year 2010/2011, so far our provincial government at 31 December 2010 has spent 62% of this infrastructure allocation, and according to the submitted departmental projections by the end of the financial year the government would have spent 98% of its infrastructure allocation.

In the main, departments have implemented stringent measures on buying unnecessary goods and services resulting in a projected saving of approximately R123 million at 31 December 2010.

Honourable Speaker

The ANC government continues to prioritise the provision of services that are central to the welfare and development of our people. At a combined estimate of 81.6% of the provincial equitable share, once more, our budget prioritises the Social Services Sector with Education and Health taking a substantial amount of the Provincial Budget for the 2011 MTEF.

The increase in social expenditure is also informed by the fact that there is no contradiction between building a welfare state and a developmental state. Disposable income in the hands of the poor generates demand for consumer goods thus generating business opportunities for entrepreneurs.

Job creation through government-led infrastructure spending

Honourable Speaker,

It is through this budget that we seek to create jobs through infrastructure development in order to generate income for our people, thus making their cost of living affordable and enjoyable.

By building infrastructure we will also be reducing the cost of production, thus setting conditions for higher economic growth, which under the guidance of our aspirant developmental state should be invested further into the production to reduce our economic dependence on the global markets.

It is for this reason that the ANC-led provincial government has allocated R6.2 billion for total infrastructure program for the financial year 2011/12.

Strategic planning, monitoring and evaluation of job creation through the Office of the Premier

Honourable Speaker,

The overall budget allocated to the office of the Honourable Premier for financial year 2011/2012 is **R324.6 million**.

This allocation will enable our Premier's office to providing overarching planning, monitoring and evaluation of government programs

The 2011/12 budget for the Office of the Premier is lower than the 2010/2011 budget due to once off payments for the 2010 Soccer World Cup, especially the building of cultural village and several function shifts to other departments.

Job Creation through Building our Legislative oversight

Honourable speaker, the legislative and oversight role of the legislature to ensure that our people's aspirations are met cannot be over-emphasized. Hence, the overall budget allocated to the legislature is **R221 million** for financial year 2011/2012.

Based on the adjusted appropriation budget of 2010/11, the overall budget shows a positive growth of 9.3% as a result of additional funds for constituency allowance and political parties support amounting to R20 million.

Currently the institution utilizes donations from Palama for capacity building, which will be discontinued in 2011/12. An amount of R860 thousands has been provided to support and build the capacity of both the political staff and members of the house.

We are convinced Speaker, that under your leadership these amounts will go a long way in strengthening capacity in law making and oversight.

Honourable Speaker, in 1996 a decision was taken to relocate the legislature from Lebowakgomo to Polokwane. We are currently working on a funding model for the building of the new legislature.

Job Creation through road and transport infrastructure

The overall budget allocated to the department of Roads and Transport is **R3.630 billion**.

Based on the adjusted appropriation budget of 2010/11, the overall budget shows a positive growth rate of 5.5% year-on-year and 5.4% in the outer year of the MTEF.

Under the leadership of Honourable Pinky Kekana, the ANC-led government will be spending 2 billion rands on infrastructure projects such as traffic stations, intermodal facilities, weighbridges, bridges, roads and roads maintenance.

In addition to the above, the department will also be spending R318 million through its Extended Public Works Program (EPWP) to upgrade and rehabilitate access roads, routine road maintenance such as pothole repairs and drainage structures and build capacity through its program of Learnership Contractors.

Amongst other key priorities included in the current MTEF budget are the R33 and R36 roads, which serve as a very important link between Lephalale and Marble Hall. The growing economic developments and investments associated with amongst other things, the building of the Medupi Power Station and the Lephalale Coal to Liquid Project necessitates the building of this road infrastructure.

Job Creation through Arts and Culture

The overall budget for the Department of Sports and Culture is **R279.7 million**.

Based on the adjusted appropriation budget of 2010/11, the overall budget shows a positive growth rate of 2.7% in 2011/12 and 4.3% in the outer year of the MTEF. The minimal growth is due to once-off payments of R9 million and R6 million for Mapungubwe Arts Festival and personnel pressures respectively in the 2010/11 financial year.

The department also received Conditional Grant, which amounted to 43 percent of the department's total budget.

Whilst building our cultural diversity to build our nation in line with the Premier State of the Address, the department under leadership of Honourable Joyce Mashamba, will spend R42 million for infrastructure, which will include amongst other the building of libraries infrastructure.

Creating jobs in the safe and secure environment

The Department of Safety and Security under Honourable George Phadagi is allocated **R62.4 million** to ensure that we implement our crime prevention strategy and oversight on South African Police Services (SAPS) in order to ensure our communities are safe and secured.

Based on the adjusted appropriation budget of 2010/11 the overall budget shows a positive growth rate of 12.1% year on year and 8.1% in the outer year of the MTEF. An increase in budget allocation of 12.1% in 2011/12 is provided to cater for anticipated shortfall in personnel costs, filling of posts and the provision of unauthorised expenditure.

Creating Jobs through Education

Honourable Speaker,

Education is one of the key priorities for this ANC-led government. It is for this reason, that the education under the leadership of Honourable Dickson Masemola is allocated the largest share of the total provincial budget at **R20.9 billion** for 2011/12.

Based on the 2010/11 adjusted appropriation budget the overall departmental budget grows by 7.3% year on year and 4.6 % in the outer year of the MTEF.

The department also manages seven Conditional Grants at an amount of R2, 3 billion. The largest share of this amount is for infrastructure development and school nutrition programme at R875 million and R830 million respectively.

Creating Jobs through Health

Honourable Speaker, the ANC-led government has declared health as one of its priorities. Hence we allocate the total amount of **R11.6 billion** for the 2011/12 financial year.

The overall adjusted appropriation budget allocated to the department for the financial year 2010/2011, is R10.7 billion.

The overall budget shows a positive growth rate of 8.2% year-on-year and 6.1% in the outer year of the MTEF period based on the 2010/11 adjusted appropriation budget. The growth of the department budget includes the provision made for the Occupational Specific Dispensation (OSD) for Health Professionals amounting to R174 million. An amount of R1.7 billion has been allocated for Conditional Grants and a total of R9.7 billion allocated for National and Provincial priorities.

The fight against TB remains crucial to the department and to this effect an amount of R153 million has been allocated for 2011/12.

Because the health of our people is also dependent on good public health facilities, the Department under the leadership of Honourable Dikeledi Magadzi has been allocated R1 billion to build health infrastructure.

Job Creation through Social Development

The overall budget allocated to the department for 2011/2012 is **R1.159 billion**.

In the new financial year 2011/2012 the department will be separated from Health, but still under political leadership of one MEC.

The lion's share of the budget is allocated to NGOs of which 2 306 are funded in the 2010/2011 financial year.

Some of the key priorities catered in the department's budget include support to early childhood development, home community based care, support to older persons and disabilities, sustainable livelihoods and substance abuse programs.

More jobs through Public Works

Honourable Speaker,

The Department of Public Works has been allocated an amount of **R837million** for financial year 2011/2012.

Under the leadership of Honourable Thabitha Mohlala, the provincial administration will be spending approximately R1 billion to construct, maintain and refurbish government buildings and pay leases and rentals.

Because the ANC-led government is committed to the creation of jobs through public infrastructure, there has been a positive growth of 9.7% year on year and 50.9% over the MTEF to cater for job creation through the Extended Public Works Program.

The Department will also consolidate and upscale the implementation of EPWP. In this financial year, 2010/2011 the Department would have created 59, 733 work opportunities. In the next financial year 2011/2012, the Department will create 77, 505 work opportunities rising to 132, 397 work opportunities in 2013/14.

Job creation through building a strong Local Government and Housing

Honourable Speaker,

Shelter is one of the basic human needs. Running efficient municipalities is one of the necessary conditions for job creation and eradication of poverty.

The overall budget allocated to the department is **R2.209 billion**

Emanating from the outstanding performance of the Department under the political leadership of Honourable Soviet Lekganyane, in this financial year 2010/11, the Department received additional funding of R130 million from national government.

The overall department budget grows by 16.3% year-on-year and by 5% in the outer year of the MTEF period based on the 2010/11 adjusted appropriation budget. The significant increase in growth rate is as a result of additional funding of R318 million to Lephalale Municipality for water and sanitation and the function shift of Traditional Affairs from the Premier's office.

The major priority of the department is Integrated Housing and Human Settlement Development Grant with a growth rate of 13.3% year-on-year and 7.6% over the MTEF. This grant aims at accelerating the delivery of houses to the needy and deserving communities.

Some of the provincial priorities catered for in the budget allocation are demarcation of sites, development of Land Use Management Scheme and operation Clean Audit and Municipal Financial Systems.

Creating Jobs through joint strategic allocation, management and monitoring of provincial finance

The overall budget allocated to the Provincial Treasury for financial year 2011/2012 is **R308.9 million**.

Based on the adjusted appropriated budget of 2010/11, the overall budget shows a negative growth of 20.5% year-on-year and a 4.4 % positive growth in the outer year of the MTEF.

The negative growth is due to the transfer of function to other provincial departments. During the Adjustments Estimates of 2010/11, the department inherited the Internal Audit Unit from Office of the Premier.

Creating more jobs through Economic Development, Environment and Tourism

The overall budget allocated to the department for 2011/2012 is **R957.9 million**.

Included in the Departments 2011/12 budget is funding that will enable the Department under Honourable Pitsi Moloto to focus on its departmental priorities such as rolling out of Broadband and providing support to SMMEs and cooperatives as well as mining development.

Creating jobs through Agriculture

The overall budget allocated to the department for 2011/2012 is **R1.495 billion**.

Based on the adjusted appropriation budget of 2010/11, the overall budget shows a positive growth rate of 7% year-on-year and 5 % in the outer year of the MTEF.

The department's budget growth of 7 per cent in 2011/12 can be attributed to additional funding being allocated to conditional grants from National Government such as comprehensive agricultural support program aimed at supporting newly settled and emerging farmers through quality extension services.

Honourable Speaker,

This is what the ANC government intends to do in the 2011/2012 financial year.

However, the government alone cannot create jobs. If the private sector does not invest in the economy, there will not be enough jobs. As a result, government will fail in its endeavors to create jobs including meeting the target of 5 million jobs by 2020.

Our normative commitments aside, the state's ability to create jobs, including generating revenue necessary to build social and economic infrastructure largely depends on the private sector investment decisions determined by their rate of profits, and class struggle over these questions.

Without naturalizing the current state of affairs, there will be no meaningful job creation, economic growth and income distribution without the investment by the private sector.

In our modern economy, business needs the state, and the state needs business. In order to generate revenue the state needs business to invest. Investment does not only create jobs, but also enables the state to generate revenue through taxation to fund its programs, including the state-led job creation infrastructure programs.

Honourable Speaker

It is in this context we call on the private sector to invest in the productive sectors of our economy in order to create more jobs in Limpopo, and enable the state to create more state revenue to finance further development of our country, and our province.

Business should not just demand sacrifices from the state and workers, which includes amongst other things, a wage subsidy without a clear strategy on how these profits are going to be re-invested back into the productive economy and building our manufacturing base.

Certainly, the state can set conditions that will enable the private sector to generate higher returns, but it becomes counter-productive if these profits are not re-invested into our country and our province, instead get expatriated to the developed countries, leaving us without adequate investable surplus to create jobs.

Macro-economic policy and turn around time on payment of suppliers

Honourable Speaker,

As the province we have no control over the macro-economic policy instruments such as capital control, interest rates, exchange rates, and taxation to shape the structure and aggregate performance of our economy. It is for this reason that this House should amongst other things debate ways and means of ensuring our macro-economic policy instruments and goals are compatible with our provincial developmental goals.

Whilst we do not control the macro-economic policy instruments, we do have control over certain micro-economic instruments and institutions that can enable us to set conditions for the economic performance of our provincial entrepreneurs and co-operatives and create more jobs.

Honourable Speaker,

The provincial government is fully aware that many departments are unable to pay creditors within 30 days from receipt of an invoice as required by government regulations. This does not only pose serious cash flow challenges to small and medium size businesses, which renders many SMME cash strapped and facing insolvency, but it also defeats our goals of creating jobs and fighting poverty. A delay in payment is a delay in the provision of social and economic infrastructure, which delays our job creation efforts.

The Provincial Treasury is in the process of reviewing the provincial Supply Chain Management policy and enhancing its capacity to overcome these challenges. To this end systems will be enhanced to be able to track the payment of an invoice with an objective to reducing payments from within 30 to 14 days.

Honourable Speaker

As government we commit ourselves to fast-tracking government infrastructure spending through, amongst other things, forward planning. This will include, making sure that infrastructure tenders 2011/12 to be awarded by no later than 31 March 2011 and if not yet done so, then by no later than 30 April 2011.

In doing so, we shall also take up measures to deal with imagined and real acts of corruption in line with the established laws and regulations of our country.

Critical discussion – a necessary condition for our democracy

Honourable Premier in the State of the Province Address you pointed that out critical debates are crucial for our political life without which our democracy will be more hollow. We have no reason to doubt your words because you always believed that those who fear critical debates have no confidence in their arguments. This has been attested by your political leadership in the youth movement, ANC and government. As a younger generation, whenever we asked you hard questions, you never used your rich history in the struggle, or organizational or state power to quell us into silences and fear.

It is in this context that we also invite the opposition parties to critically debate on the 2011/2012 budget, not only because the ANC-led government under Honourable Cassel Mathale has nothing to fear from your critical comments, but also that the ANC-led can also learn from the constructive criticisms from the opposition parties.

Thanking all

Honourable Speaker, Premier and Honourable Members of the House, comrades and friends, the preparation of this budget relied on hard work and inputs from a number of stakeholders and role players within and outside the government.

The inputs of my colleagues in EXCO have been incredible.

We further wish to extend our sincerest gratitude to the people of Limpopo as well as the valued role-players who are in attendance for the overwhelming support we continue to receive.

I would like to thank the management and staff of the Provincial Treasury under the leadership of the Head of Department (HoD), Mr. Kevin Ramdharie for their sterling contribution to the success of this budget event.

To the media, we say thank you for working with us to keep the citizenry informed about the programmes and priorities of this government.

Our Traditional Leadership, other community leaders and our religious community, we also thank you for the role you continue to play in our communities.

A special thanks to my entire family, especially my wife Trudy Modikadiketso Moshodi and my two sons – Akani and Tirhani, who continue to sacrifice family time to enable me to serve the people our country through the ANC and its Allies, the SACP and COSATU.

To my friends and comrades, and my generation, many thanks for always being my second important family.

Honourable, speaker

I would also like to thank the veterans of our movement and many revolutionaries who came before us.

We say thanks to Bra Ike Maphoto, Flag Boshielo, Peter Nchabeleng, Lawrence Phokanoka, Lillian Ngoyi, Sharlotte Maxeke, Bettie Du Doit, Alphius Maleba.

We say thanks to Ngaoko Ramalepe, Aitken Ramudzuri, Zinjiva Nkondo, George Phadagi, Nkondo, Ratshaka Ratshitanga, George and Joyce Mashamba, and many more of this generation.

We say thanks to the young lions of the 1980s from Limpopo – Peter Mokaba, yourself comrade Premier Mathale, Frans Mohlala, Norman Mashabana, Castro Pilusa, Sparks Ramagona, Joe Maswanganyi, sesi Bongi Mabunda, Tracy Malatji and many more of your generation who are with us today. Thanks so much for making South Africa ungovernable until governed by the people.

Thanks for teaching us many things, including the importance of drawing a distinction between reforms and revolution. Thanks for teaching us that the difference between the reformers and revolutionaries is not that the revolutionaries are opposed to reforms. You taught us that revolutionaries are interested in reforms that improve the conditions of the poor, but are also interested in revolution. So ours is reform and revolution.

Guided by these words of revolutionary wisdom by the revolutionaries who came before us, we would like to submit to the House that the budget in itself will not immediately transform our economy, and achieve Economic Freedom in Our Life as the current African National Congress Youth League's strategic slogan requires us to do. But it will set us on the right path towards economic freedom.

Honourable Speaker

It is my honour to table before this Honourable House:

- The Appropriation Bill 2011
- Estimates of Receipts and Payments

- The Limpopo Budget Citizens' Guide and
- The Limpopo Provincial Budget Speech for 2011/12

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

Thank you!

Ndaa!

Re a leboga!

Baie Dankie !

Ha nkensa !