Bobby Stevenson Shadow MEC for Finance and Provincial Expenditure speaking on the overall Provincial Budget.

Honourable Speaker, there are a number of red flags that are being raised when it comes to the provincial finances.

- The one is the pending medical claims in the region of R11,7 Billion.
- The capped leave provision of R6.6 Billion.
- The R776 Million in accruals as at the end of March.

Adding to these red flags, we also face a reduction in our equitable share over the MTEF period of R2,093 Billion.

What this all means is that we all need to insure that we get value for money with everything that we do. There is absolutely no room for wastage, whatsoever.

Getting value for money is therefore critical. We cannot be renting out buildings where we don’t charge market related rentals, this needs to be dealt with as a matter of urgency, to boost provincial revenue.

This is particularly so when it comes to Education. I read that the number of District Offices is going to be reduced considerably, but the reduction will cost R1 Billion. How is it that we can reduce the number of offices, but the cost will be R1 Billion? This does not make economic sense.

And then Honourable Speaker, this department needs to keep a close eye on the Municipalities finances. We have seen recently that the Municipality of Ikwezi has run out of money and it can no longer pay its wage bill. How many other municipalities are tottering on the brink of bankruptcy in the Eastern Cape?

The workers in Ikwezi municipality have not been paid this month; vehicles have been repossessed and internet connections are terminated. There are intermittent disconnections by Eskom and residents cannot buy electricity due to strikes.

We can see that the debt owed to municipalities as at the end of December 2015 is up R2,146 Billion or 45% when compared to with December 2014. A massive R7,78 Billion is owed by consumers to municipalities. Government departments are also not innocent in this regard.

You see these red lights are now flashing for our municipalities. The situation can only worsen this year as consumer’s battle with rising interest rates; inflation and unemployment. Given the tight fiscal space in which this province is operating in, provincial treasury will not be able to meet demands for a bail out.

We have now firmly entered the new era of what I call budgetary politics, where the state of our economy and budgets are now at the top of the political agenda.

3rd of June is a key date when Standard and Poor's will announce the outcome of its latest ratings review of South Africa's sovereign debt. South Africa's debt is just one notch above junk status.

Impacting on this from a political risk perspective, is the ongoing perceived battle between the presidency and the national treasury, as well as issues related to state capture and the waves of social unrest in the country.

A downgrade to junk status will have dire consequences for our economy, the rand will depreciate, and interest rates will rise, which will push up the cost of government debt.

Should Standard & Poor's assign a junk rating, it will impact on the stock market as well. The other major risk is that international investment funds could fly out of the country.

A win for the DA in Nelson Mandela Bay will be seen as evidence that the country is changing and that its citizens want to develop along a new path. This will be viewed very positively by investors and signal that change is imminent in South Africa. It would force the government to deal conclusively with the issues related to NeneGate; the recent Constitutional Court judgement, along with allegations of state capture.

The DA supports the budget as a whole but does not support the budget of Rural Development and Agrarian Reform due to the lack of support for developing farmers as well as the critical shortage of veterinarians and inadequate budget for veterinary products amongst others.