

Speech Notes Bobby Stevenson, speaking on the Budget Debate of the Provincial Treasury.

Honourable Speaker, the job of any government is to set the policy environment so the economy can grow, jobs be created and poverty and inequality reduced in our society.

The government is failing to create the right environment for economic growth. The increase in the unemployment rate in the Eastern Cape is a bitter blow. The pain of which will be felt in people's stomachs as they battle to put food on the table. According to the latest Labour Force Survey, the unemployment rate is now at 28,6%.

An expanded rate now stands at 44,5% up from 40,3% in the previous quarter. The largest increase in the country of 4,2 percentage points.

Nelson Mandela Bay Metro has continually experienced the highest official unemployment rate of all metros. This has gone up from 30,6% in the previous quarter, to 33,2% in January-March 2016.

This must surely be a wakeup call for the provincial government that every decision or policy that we implement needs to be interrogated as to whether or not it will boost our economy and create jobs.

The focus of local and provincial government must be to insure job creation is prioritised. Our cities and towns must be drivers of job creating growth.

Local government and provincial government must create the environment so that business wants to invest and entrepreneurs can thrive.

Clean government and good financial management is a key part of this environment. Yesterday the Auditor General report on audit outcomes of Local Government once again showed that the Western Cape had the highest amount of municipalities with clean audits. 73% of municipalities in the Western Cape received clean audits, that being 22 out of 30 municipalities. In contrast to only 11%, those being a low 5 out of 45 municipalities in the Eastern Cape that received clean audits.

We need to make the starting point of growing of businesses easier, because we know that businesses are the engine of job creation. They can jump start our provinces economy and create jobs where we need them most. At local government level we need to make the changes that will eliminate excessive red tape and ensure rezoning and planning approvals take place speedily. One stop shops need to be set up to assist investors.

The problem is that the government's economic policies have stalled. This is because of the ideological contradictions within the alliance. This is no more clearly spelt out than when it comes to the issue of outsourcing.

You see on the one hand you cannot be in favour of small businesses and on the other hand, in favour of insourcing to the maximum. You see, when one outsources, one gives opportunities to emerging entrepreneurs to get their businesses off the ground. Small business and entrepreneurs have the potential to be the engines of job creation.

You cannot say big business outsource some of your functions so small business can grow, while in government you want to insource everything. You are either for small business development or you are against it.

What this province needs to do is to follow the example of the DA in the Western Cape and introduce a red tape reduction unit. Since the launch of this unit in the Western Cape it has assisted in almost 4000 cases.

What South Africa needs is a million small businesses so we can create jobs for the 9 million unemployed.

This province also needs to ensure value for money spending when it comes to infrastructure spending. This is why it is urgent that the price index for low volume, high value items is completed as soon as possible. It is common cause that this province has over the top prices for infrastructure spending. We need to stop the exploitation of provincial resources by unscrupulous tenderpreneurs who connive with authorities to get their dirty deals through.

Cost containment measures need to be vigorously implemented. When one looks at areas such as entertainment; communications; advertising; consultants, subsistence and travel, one can see that there has been very little reduction over the last few years. This is despite the pleas and various pronouncements.

The budget for these items at the beginning of the previous financial year was R1.429 Billion, but the revised estimates came in at R1.921 Billion. The original budget for subsistence and travel was R542 Million and the revised estimate was R762 Million. In the 2014/15 financial year, the amounts spent on travel and accommodation were R770 million. So despite all the pronouncements and all the pleas, there is very little reduction.

This is quite understandable, when splurging takes place at the top; it is very difficult to get officials on the ground to cut back. The latest example of this splurging is the R8.6 Million that has been spent on a fleet of vehicles for the wives of the President Jacob Zuma. A lot of this funding came from the police budget of which R3,6 Million is in the current financial year. We cannot be spending that amount of money on luxury vehicles for the President's family, when the flying squad in Port Elizabeth doesn't have a single high performance vehicle.

Chairperson, and then I come to the crunch issue that this province is dealing with, that being the Cost of Employment, namely the COE. First of all let me welcome the fact that this matter is now firmly on the provincial agenda. This has been a long time coming.

Our bloated bureaucracy now accounts for 65% of all provincial expenditure, whereas in the Western Cape it amounts to 54% which is considerably less.

We note that some positive measures have been taken, such as the freezing of admin posts and withdrawing of funding for vacant posts that have not been filled for some time.

The DA also supports the move to centralise civil servant appointments. We welcome this move because it will limit the opportunity for cadre deployment and jobs for pals.

But what one needs is strong leadership to deal with some of the big causes of our high cost of COE. One of which is the 4121 additional teachers in the province. This costs in the region of about R1,2 Billion a year. There is also the lack of action in dealing with the thousands of civil servants who are on sick leave, dealing with pillar cases (policy on ill health and retirement) needs to be prioritised.

Why do we have to have a service provider to deal with this issue? In the Western Cape, the Human Resources section of each government department deals with the pillar cases. It makes no sense to rely on service providers to do this when we have HR departments. Why are they not performing?

You see, we have people employed to deal with these functions, but they cannot deal with it and we have to outsource. Why is it that core functions, like Human Resources get outsourced, whereas non-core functions, such as catering some people want to insource? This is a complete contradiction when it comes to prioritising the provincial budget.

A plan needs to be put on the table when it comes to offering people who are over the age of 63 early retirement, that are not involved in core positions.

There needs to be strong political will to enforce a wage ceiling in all departments, but there also needs to be the leadership to take the tough decisions to reduce the wage bill.

We also support the view that public entities are costing the province too much, with the average salary at the East London Industrial Development Zone, for example, being R730 000, salaries at the Eastern Cape Gambling and Betting Board averaging R626 000 and R460 000 at the Eastern Cape Liquor Board.

It is therefore critical that we get our economy moving again and create jobs so the revenue basis grows, this is the only long term solution to creating a financially viable state, province and municipalities.

Change needs to come when it comes to government policy. The problem that the government faces is that everyone wants growth, but no one wants change when it comes to economic policy. The current economic policies of the government are simply not resulting in job creation. You need to bite the bullet now and introduce the necessary reforms so we can get economic growth in this country and create jobs and alleviate poverty. The longer you leave it, the more painful the political adjustment is going to be. Growth and employment must be at the top of our agenda. Government needs to adopt a new strategy for growth, and you will never achieve this without some form of labour market flexibility.

The writing is on the wall, change is in the air. The people in this province are looking for policies that will take this province forward again. We believe that this province can become a place of rising opportunity for all.