

## **OPENING AND WELCOME SPEECH**

### **2007 BUDGET DIALOGUE**

#### **BOARDROOM – DEVELOPMENT BANK OF SOUTHERN AFRICA**

The Chief Executive Officer of the South African Cities Network – Mr. Sithole Mbanga,

Our Keynote Speaker and Representative of National Treasury – Mr. Kenneth Brown,

Our Respondents, Ms Mankodi Moitse, and Mr. Phillip van Reyneveld;

Representatives of National and Provincial Government Departments;

Chief Financial Officers of the respective cities and municipalities, and other official representatives of municipalities and local government in general;

Our Honoured guests;

Ladies and Gentlemen.

A very warm welcome from all of us at DBSA

Today, we at the DBSA are humbled to welcome you in our shores, in this budget dialogue, which is collaboration between ourselves and the South African Cities Network.

You have honoured us with your presence to help us grapple with and attempt to demystify the 2007 Budget: Fiscal Space for Municipal Action.

The very nature and theme of this dialogue is quite apt, especially in view of the announcement by the Minister of Finance during his Budget Speech on February 21<sup>st</sup>. The Minister of Finance announced that the theme for this year's G20 Summit that will be held in Cape Town towards the end of this year is "Sharing – Influence, Responsibility, Knowledge". The Minister of Finance also announced that among the three focus areas of the work programme of the G20 Summit for this year is an examination of the fiscal space. Hence, it is pertinent that the theme for the dialogue today is "2007 Budget: Fiscal Space for Municipal Action.

We at the DBSA are faced with several challenges emanating from our mandate. Forums such as this one where we share ideas and views with relevant stakeholders therefore become important in working towards delivering on that mandate. We have also been called upon by our Governor, the Minister of Finance to think through the entirety of our mandate.

We have interpreted this to mean that we have been called upon to look broadly at our mandate of financing infrastructure in general, and municipal infrastructure in particular. Indeed, we acknowledge that information and knowledge sharing forums such as the one we are having today will assist us in working towards a broader understanding of our clients. In turn this will assist us to look broadly at our mandate.

Our Governor has emphasized that our base clients are municipalities.  
Honoured Guests, Ladies and Gentlemen,  
Understanding the space, particularly the fiscal space within which municipalities operate is by no means an easy task.

It requires of us to tap into resources and networks such as yourselves. Indeed, the challenges of the fiscal space for municipal action are vast, and can not be solved in one day. We understand and appreciate this.

However, even as we appreciate this limitation, we are ever mindful that the synergies that flow from collaborative efforts such as this dialogue will go a long way in helping us understand the diverse and heterogeneous nature of our local government.

I am mindful that there are presentations that have been prepared to address the theme of today's dialogue, which is "2007 Budget: Fiscal Space for Municipal Action".

Let me then ask for your indulgence in allowing me to point out a few salient points that I believe characterize the fiscal space for municipal action.

Firstly, the fiscal space that we are talking about today is premised on the government's resolve "to accelerate economic growth and work opportunities, modernize our public services and infrastructure and fight poverty and inequality, because we have a shared pledge to work together in action." (Minister Trevor Manuel, 2007 Budget Speech). Municipalities , therefore need to create their space or niche within this framework created by the national government to fulfill their mandate to the communities they serve. We at the DBSA, together with our partners and associates such as yourselves need to join hands with municipalities towards the actualization of these goals.

Secondly, the fiscal stance that is taken by national government is one that adopts policies that seek to increase the fiscal space and reduce vulnerability to financial instability. Local government, as an integral part of the entire South African government system needs to mirror this fiscal stance in the way that it discharges its duty to the communities that it serves. As we all know, local government can not do this on its own. It will need our collaborative efforts to work with it towards the achievement of these goals.

In Conclusion,  
Honoured Guests, Ladies and Gentlemen  
I wish to reiterate that we at the DBSA are quite enthused and humbled by your presence here today.  
I wish you all a fruitful day of discussions and deliberations, and  
A safe journey going back to your respective destinations.  
Thank You

