Address to the National Assembly on the tabling of the Medium Term Policy Statement, the Adjustments Appropriation Bill and the Revenue Laws Amendment Bill.

Madam Speaker, President Mbeki, Honourable Members, South Africans…

NgoFebruary satyala umthi, ngoku ihlobo lithwasile.

In February this year, we planted a tree. Now it is springtime. Our trees are flowering, full of colour, full of energy, filled with passion. The spirit of springtime inspires South Africans to reach new heights.

The 2004 MTBPS is tabled in an environment of rising economic growth, increased investment, strong business confidence, low inflation and low interest rates. The economy has recovered remarkably well from the slowdown experienced in 2003. Encouraging signs of a significant increase in employment are also evident.

A year ago, we had to report an uneven scorecard: rapid growth in the retail sector and strong increases in corporate investment combined with weak manufacturing production and a decline in exports. Today, the economy is expanding in a much more balanced fashion. Investment is growing across a wide range of sectors, manufacturing is recovering strongly, the housing boom has contributed to an upswing in construction and the services sector continues to expand steadily. Inflation is firmly within the target range and the low interest environment should last into 2005 and beyond.

While the factors driving the present economic boom include a strong international economy, high commodity prices and improved confidence, the main reason that we find ourselves in this position is that the reforms of the past decade are bearing fruit. Sound fiscal policy and the introduction of inflation targeting have contributed to low interest rates, and a buoyant property market. The trade reforms implemented during the 1990s mean that we are able to penetrate a range of international markets with a diverse array of products. Eight years ago, the current account deficit (the difference between our imports and exports) was seen as a binding constraint to higher growth.

Today, the capital inflows and the resilience of the economy show that our economy can grow faster and can finance a higher current account deficit.

We are mindful that the current strength of the rand, particularly against the dollar, creates difficulties for some of our mines and other exporters or import-competing industries. We would like to see greater stability in the exchange rate. But Finance Ministers and central bankers throughout the world have learnt the hard way over the past two decades – attempts to fix the price of currencies carry huge costs for taxpayers. And while there are adjustment problems for industry at R6 to the dollar, there would also be growth-inhibiting stresses at R10 to the dollar, particularly with oil prices at current levels.

Madam Speaker, because of the tough choices we have consciously made over the years and because we continue to pursue sound economic policies, we are in a position to make faster progress in creating work and fighting poverty. After a decade of reform, business now sees lower risk, substantial productivity gains and a more resilient and competitive productive sector.

While unemployment remains a critical policy challenge in South Africa, encouraging signs are beginning to emerge that growth is being translated into employment gains across the economy. Between March 2003 and March 2004, the labour force survey estimates that employment increased by around 400 000 jobs and that the unemployment rate fell by 3,4 percentage points.

Honourable members, we are not pursuing economic growth for the sake of economic growth. Our approach is part of a broad-based development strategy to create work and improved opportunities for the millions of South Africans who survive on meagre subsistence activities or on remittances or grants. We pursue higher economic growth so that we can generate the resources to plough into education, health care, social security, fighting crime and reducing poverty. We pursue higher economic growth as part of a sustainable strategy to address deep-seated poverty and social exclusion in our society.

In opening the third term of Parliament in May this year, President Mbeki stated:

"the core of our response to all these challenges is the struggle against poverty and underdevelopment, which rests on three pillars. These are:

- *Encouraging the growth and development of the First Economy, increasing its possibility to create jobs;*
- *Implementing our programme to address the challenges of the Second Economy; and*
- *Building a social security net to meet the objective of poverty alleviation."*

Our policy agenda focuses on both growing the formal economy and expanding the economic opportunities of those who are marginalized, those who, without direct policy interventions, will not benefit from the fruits of a growing economy. Reducing this social exclusion through drawing in the millions who find themselves trapped in the second economy is a fundamental principle of our policy stance. To achieve this objective, we will have to intervene directly in the way in which the fruits of economic growth are shared, in the way in which economic opportunities are parcelled out.

South Africa's development challenge is to build a single and integrated economy that benefits all, encompassing both growing, competitive relations with the global economy and a caring, inclusive network of social services and support for the disadvantaged. This is, on a larger scale, the central challenge also of international relations – the struggle for modernisation and solidarity against deeply embedded inequalities, conflict and prejudice.

The policy challenge we face involves important choices about the sequencing and complementarity of critical interventions.

In the short-term, investment and job creation can be accelerated through targeted incentives and public works programmes; for sustained longer-term growth, interventions required include investment in economic infrastructure, spatial development reforms, and a more effective competition policy. In the short-term, immigrant skills may be critical; in the longer term, further education and training yield increasing returns. In the short-term the distribution and pricing of water and energy resources can be made more efficient, in the longer term new supply capacity has to be built.

Similarly, in social policy there are sequencing and coordination issues. Housing development can be accelerated, but it also needs to be better aligned with spatial plans, job creation and community services. Integration of public and private health networks through social health insurance is a long-term goal, but the modernisation of public hospital infrastructure and administration is a critical precondition. Land redistribution and agricultural development need to be given greater impetus, but completion of the restitution programme is the pressing claim on resources over the MTEF period ahead.

The *Medium Term Budget Policy Statement* outlines the choices that Government has made about the sequencing of reforms and priorities for the period ahead. The Statement presents an overview of Government's economic, social and development policy priorities, in the context of projections for the performance of the economy over the next three years and a coherent framework for fiscal policy and the national budget.

Let me comment briefly on certain aspects of our medium term strategic framework.

Increasing the rate of investment

First, government aims to facilitate an increase in the rate of investment – gross fixed capital formation in both the public and private sectors – from 16 per cent of GDP at present to 25 per cent by 2014.

The investment required for growth must largely come from the business sector. Private sector gross fixed capital formation growth of 7,0 per cent in 2003 and 7,6 per cent a year in the first half of 2004 is encouraging. An environment supportive of continued investment growth in the years ahead will include moderate inflation, low real interest rates, a broadly stable competitive currency and the implementation of appropriate microeconomic reforms.

Overhauling public transport systems, investment in ports and renewal of rail rolling stock are key challenges for the public sector, and will rely in part on appropriately structured public-private partnerships. Public sector investment priorities also include health and education infrastructure, roads, housing and water and electricity services.

Facilitating economic activity within the second economy

Second, in intervening in the second economy, we must balance direct income support with investing in human capital amongst poor communities. Acquisition of skills, emergence of new businesses and agricultural improvements, better work opportunities and improved livelihoods are critical determinants of social and economic mobility, and are links between the first and second economies, between security and vulnerability, between accumulation and survival.

Policies and programmes organised around this objective cover a wide spectrum:

- The expanded public works programme aims to extend job creation into a widening array of public services and infrastructure needs.
- New directions in housing and municipal grants seek to give greater impetus to community development.
- Small and micro-enterprise development is set to be boosted by regulatory reforms, micro-credit initiatives and business support
- A progressive expansion of investment in skills is under way, including growing numbers of registered learners in workplace opportunities, revitalisation of further education and stepped up financial assistance for students.
- Land restitution, land reform and agricultural support programmes aim to expand the opportunities and resources of rural communities.

Social services, income support and human development

Our third objective deals with social services, income support and human development. We need to acknowledge that our social security net is under severe strain. Rapid growth in disability and foster care grant applications indicate both rising income support needs and apparent deficiencies in administrative systems. A sustainable social security system must balance bringing in everyone who is entitled to grants and keeping out everyone who is not entitled to them.

The caseloads of public hospitals and clinics reflect large numbers of victims of crime and road accidents and a rising burden of HIV and Aids, TB and other diseases. Unemployment and social dislocation impact on crime and household insecurity. Social welfare services are unable to respond adequately to the range of needs and distress that confront them.

There are several important directions for reform:

- The creation of a single Social Security Agency should contribute in time to more cost-efficient grants distribution and improved targeting of income support programmes.
- Government is putting in place steps to reduce the number of grants going to people who do not warrant them. These include a clear definition of disability and tightening procedures for other grants.
- Comprehensive proposals for the modernisation of tertiary health services have been developed, building on the successful implementation of targeted hospital rehabilitation projects.
- Renewal of the primary school nutrition programme is in progress, following its transfer to provincial education departments. Steady progress is being made with early childhood development programmes and the reorientation of further education colleges.

In strengthening social services, we must be mindful of the continuous challenge to enhance the quality of services, increase value for money and improve the targeting of our services.

Improving the capacity of the state

Fourthly, a challenge for the decade ahead is to improve the performance of the State – to consolidate the institutional reforms of the democratic transition, to build capacity where service delivery falls short and to promote greater participation and interaction of people with organs of government.

This is partly about creating an environment conducive to growth and development, particularly in respect of local government planning, administration and promotion of business opportunities.

Government's responsibilities for combating crime and violence, ensuring safety on our roads and security in commuter transport services, promoting an efficient and effective justice system enjoy particular priority. Expanding public services needs to be appropriately balanced against the costs of equitable compensation of public service employees. The 2005 Budget will provide for further improvements in remuneration of police and educators.

International relations for growth and development

Fifthly, South Africa's partnerships with other states in the SADC region and across Africa are aimed at promoting both democracy and more rapid development. Priorities include development of efficient transport and communications networks, cooperation in energy and water affairs, expansion of business and trade links and promotion of shared interests in the wider international community. We also share in the international responsibility to address the impact of drought and famines.

Pressing challenges include normalisation of the situation in certain Southern African countries with a view to faster economic growth and strengthened relations within the SADC region. Participation in peace-keeping missions will remain an important responsibility. Within the context of NEPAD, strengthening the institutions of the African Union and the SADC is an ongoing priority.

South Africa continues to play an active role in multilateral institutions, in pursuit of a more just international order and more rapid growth and development in Africa.

Greater coordination between government and the private sector is needed in South Africa's own international marketing – tourism promotion, trade and industrial relations, a financial centre for Africa and hosting of international events. Planning is under way for South Africa's largest international opportunity yet, the hosting of the 2010 Soccer World Cup.

Economic performance

While the economy grew by just under 3 per cent a year between 1994 and 2004, our projections, and those of most analysts, suggest that the economy is set to grow at a sustainable higher rate over the next five years. When we forecast that the economy would grow by 2,9 per cent this year, most analysts stated that our projections were too optimistic. Today, we are able to reaffirm that we anticipate that we will reach this level of growth, and that most other economic analysts have had to revise upwards their projections towards our own.

Continued fiscal impetus, firm commodity prices and a more competitive real exchange rate are expected to reinforce the effects of lower interest rates and rising disposable income to support average growth of around 4 per cent in the medium term.

Our projection for CPIX confirms the wise leadership that Governor Mboweni has given to monetary policy – CPIX will remain firmly within the target range over the next three years. For 2004, CPIX inflation is projected to average 4,4 per cent, despite the rapid increase in the international price of oil this year. With this success in hand, we reaffirm our commitment to low inflation and to the inflation target range of between 3 and 6 per cent. The changes we made to the inflation-targeting framework last year, the shift towards a continuous target, have reinforced the credibility of the target and contributed towards the lowering of inflation expectations.

Although high oil prices pose risks to both global growth and our inflation outlook, we are confident that the inflation-targeting framework can deal with such external shocks without damaging the long-term trajectory of declining inflation. We are also confident that the resilience in our economy will mitigate the negative impact of high oil prices.

We are mindful that various prices or price trends in our economy are controlled or influenced by government. Statistics South Africa has released a discussion document on administered prices, proposing the introduction of an index to monitor this component of consumer price inflation. The regulation of tariff setting by public utilities is a complex matter, requiring detailed understanding of underlying costs, investment requirements, demand conditions and the impact of prices on many different users. Administered prices in the electricity, water, transport, education and health sectors have been examined, and we recognise that in all these sectors there is room for improvement in the price-setting process and the efficiency of prices.

Cabinet has agreed that we should extend further our work on administered prices with a view to achieving an appropriate balance between price stability, financing investment requirements and meeting service delivery objectives.

Continued progressive liberalisation of exchange controls

Madam Speaker, as in other aspects of public policy, the sequencing of reforms is critical in respect of exchange controls. Our end goal is to abolish exchange controls on individuals and companies and put in place a set of prudent financial benchmarks to protect the institutional savings built up over decades by our working people.

Following discussion with the Governor of the Reserve Bank, I am pleased to announce several further steps. We propose to abolish exchange control limits on new outward foreign direct investments by South African corporates. Application to the South African Reserve Bank’s Exchange Control Department will still be required in terms of existing foreign direct investment criteria, including demonstrated benefit to South Africa.

In addition, South African corporates will be allowed to retain foreign dividends offshore. Foreign dividends repatriated to South Africa after 26 October 2004 may be transferred offshore again at any time for any purpose. Further details will be published by the South African Reserve Bank.

In line with promoting foreign investment into South Africa and positioning ourselves as a financial centre for Africa, we announced in February this year that foreign companies, governments and institutions may list on South Africa’s bond and securities exchanges. Next month, we will have our first foreign listing in the form of Aquarius Platinum, an Australian mining concern. To support these aims further, we are eliminating all restrictions on investment by South Africans in these companies.

Black economic empowerment

In pursuing broad-based economic development, black economic empowerment remains a key objective. Over time, we have to extend economic opportunities to those who were denied access to own the means of production because of their race or gender. As the economy grows, and opportunities expand, we must ensure that a larger proportion of these opportunities go to historically disadvantaged people. Broad-based black economic empowerment is about extending the number of women and black people who own their own businesses, broadening the number of black people who own meaningful stakes in larger companies and achieving greater representativeness in management positions in industry.

Quite correctly, therefore, the financial services charter places ownership as one important dimension of empowerment. It also identifies human resource development, increasing access to financial services, outsourcing and procurement from black companies and investment in community development as key elements of economic transformation. Members of this house will, I am sure, share my concern that many of the proposals appearing today do not contain such a multi-dimensional view of black economic empowerment. In some cases, the ownership criteria in these draft charters are not realistic, leading to unnecessarily complex and risky financing structures. This is self-defeating. While increasing the level of ownership of black people in corporate South Africa is absolutely important; building the economy, increasing production, creating jobs, developing young black managers and investing in social development are just as critical in shaping economic transformation.

In a tangible sign of how soundly structured charters can contribute towards increasing access to services, major banks launched uMzansi bank account yesterday. This initiative stems directly from the Financial Sector Charter and will go a long way towards bringing in the 'unbanked' millions into our financial system.

Fiscal framework

One of our most successful areas of economic reform has been in the implementation of fiscal policy. After a concerted effort to reduce the deficit between 1996 and 2001, we were able to use the dividends of lower interest costs to increase public expenditure in real terms. In addition, we were able to use fiscal policy as a means of stabilising the economy during the economic slowdown earlier this decade.

In 2003/04, we recorded a budget deficit outcome of 2,4 per cent, although revenue fell somewhat below expectations. This year, while our revenue forecasts suggest a marginally higher revenue performance, higher spending on social security grants and higher personnel costs result in borrowing rising to 3,2 per cent of GDP compared to a budgeted 3,1 per cent.

For the 2005 Budget, it is expected that rising corporate profits, continued strength in VAT and personal income tax receipts and further broadening of the tax base will result in a moderate increase of the overall tax burden.

The budget deficit will widen to 3,5 per cent next year, bringing the net borrowing requirement to its highest level relative to GDP since 1997/98. Recognising the importance of maintaining a sustainable fiscal stance over the medium term, the deficit will be reduced to 2,7 per cent by 2007/08. The costs of servicing our debt stabilise at 3,6 per cent of GDP.

Non-interest spending on services is projected to rise by 4,3 per cent a year in real terms over the next three years. The revised fiscal framework makes provision for an additional R50 billion to be added to departmental budget estimates.

Of this, about R21 billion is required to finance rapid growth in the take-up of disability and foster care grants. The recently signed salary agreement has also required additional resources to be added to personnel budgets. The requirement of land restitution proposals, social grants and salary adjustments will take up the greater part of available additional resources in the first and second years of the MTEF. In the third year, additional allocations will also be made for infrastructure, further education and training, municipal services and other key priorities.

The budget framework also takes account of a rising public sector borrowing requirement as state owned enterprises fund a large proportion of their capital investment plans by borrowing from capital markets. In addition, strong growth in infrastructure spending by provincial and municipal government will contribute to the general government borrowing requirement. The public sector borrowing requirement is expected to reach 4,6 per cent of GDP in 2007. Although this borrowing increases the overall debt of the public sector, the increased investment, targeted at economic infrastructure, is strongly supportive of economic growth.

Tax policy

However, Madam Speaker, it is not our borrowing but our revenue capacity that is the foundation of our fiscal position. After a decade of fundamental reforms of our tax structure and improvements in revenue administration, these foundations are firm.

We are once again able to report that revenue is likely to exceed its target for the current fiscal year. Last year, the outcome was R5,1 billion short of the original budget estimate, mainly because of lower profits in the resources sectors. The contribution of companies to tax revenue remains below target this year, but this is offset by a notable recovery in personal income tax and VAT receipts.

Tax amnesty

In 2003, we announced an exchange control amnesty partly in order to broaden our tax base. We received about 43 000 applications. To date 16 033 have been adjudicated, yielding a total of R826 million in levies payable. At this stage, indications are that the value of foreign assets declared by applicants will be about R65 billion, raising about R2,2 billion in levies. The long-term benefit to the economy is a wider tax base and a new relationship of trust between citizens and the authorities. We take this opportunity to thank South Africans for their participation in this amnesty.

Implementation of 2004 tax proposals

Madam Speaker, the 2004 Revenue Laws Amendment Bill, which gives effect to the main tax proposals announced in the Budget Speech on 18 February 2004, is hereby tabled before the House.

Allow me to highlight a few areas that are dealt with in this Bill. We announced several measures to encourage investment inflows and to underpin South Africa's role as a regional economic centre. Government is eliminating the existing tax on interest-bearing investments by residents from Swaziland, Namibia and Lesotho. Changes have also been made to the VAT system to support our position as a freight distribution hub.

The proposals contained in the Revenue Laws Amendment Bill will also contribute to broad-based empowerment by offering tax breaks for broad-based share plans directed to lower level employees. Companies will be permitted to provide shares of up to R9 000 in value to employees over a three-year period without any fringe benefit tax consequences, provided these arrangement meet prescribed conditions. At the same time, tax benefits from share options for high-income earners become subject to more stringent limitations.

Tax policy issues for the 2005 Budget

Against the background of the robust trend in consumer spending and our need to avoid undue reliance on borrowing, tax relief will not be a prominent feature of the 2005 Budget. However, efforts to simplify the income tax system and reduce the compliance burden on small businesses will continue. Consideration is also being given to possible reforms of the tax treatment of medical scheme membership and health insurance.

To limit the ease with which deemed business travel cost can be claimed against the existing motor vehicle tax allowance, taxpayers can expect certain adjustments in these tax rules. These changes will have the effect of reducing the present encouragement of high-value vehicle purchases financed, in effect, through travel allowances incorporated into cost-to-company salary structures. The tax system should allow for legitimate business travel costs, but this need not be accompanied by such a high tax loss as is presently the case.

The National Treasury is currently undertaking parallel reviews of the South African retirement fund industry from both a regulatory and a tax perspective. The new regulatory framework will form the foundation of an improved retirement industry, directed at the following key policy objectives:

- More transparent disclosure rules regarding cost structures of retirement and risk benefits;
- Encouragement of preservation of built-up reserves while discouraging early withdrawals; and
- Improving competition in the industry by providing incentives for portability.

A discussion paper on the regulatory aspects of pension funds will be released for comment later this year. A subsequent tax policy discussion paper will deal with the existing shortcomings of the retirement fund tax regime and proposals to align the South African tax position with international best practice. The central aim of the pension fund reform initiative is to promote and protect individuals' savings for their own retirement.

In respect of the mining industry, two tax initiatives will be advanced during 2005. The 2003 Mineral and Petroleum Royalty Bill will be revised, taking into account comments from various stakeholders. It will address outstanding issues such as differentiation of royalty rates, marginal mine treatment, the elimination of the double royalty risk and transitional matters. Secondly, a holistic review of the mining sector will focus on the low effective tax rates of mining companies, recommendations relating to the gold mining tax formula, the appropriateness and international comparability of the current mining investment allowances and the consideration of special allowances for exploration activities and mining rehabilitation programmes. Possible tax measures to assist the small-scale mining sector will also be investigated.

Proposals will also be brought to Parliament next year to deal with tax matters relating to South Africa's hosting of the 2010 FIFA Soccer World Cup Competition.

Adjustments budget for 2004/05

I turn now to the Adjustments Appropriation Bill, through which the Executive seeks Parliamentary authority for its revised spending plans for the current fiscal year.

The Adjustments Appropriation provides for various kinds of changes to spending plans, detailed in section 30(2) of the Public Finance Management Act. As Members will recall, the law sets strict limits to the adjustments that may be proposed.

This year, adjustments raise the estimated Main Budget expenditure level of R368,9 billion by a further R2,8 billion. Details are set out in the *2004 Adjusted Estimates of National Expenditure*, which includes breakdowns of all the changes on each national budget vote.

In the February Budget, funds were set aside for contributions for black economic empowerment and drought relief. The Adjusted Appropriations include R150 million for the National Empowerment Fund to finance proposed BEE financing products based on an agreed business plan. An amount of R430 million is allocated towards emergency drought relief interventions on the votes of the Departments of Provincial and Local Government, Water Affairs and Forestry and Agriculture.

The revised estimates include R1,65 billion for unforeseeable and unavoidable expenditure, recommended by the Treasury Committee. A total of R2,0 billion in roll-overs of funds unspent in 2003/04 is added to national department appropriations.

Including adjustments to conditional grants, the additional allocations to provinces amount to R4,2 billion and will assist in meeting the revisions arising out of the wage settlement and for faster than expected growth in social grants beneficiary numbers.

As in the past, the Treasury Committee has been scrupulous in reviewing requests from national departments for funding of unforeseeable and unavoidable expenses.

The larger amounts are the following.

- R599 million on the Department of Public Works vote to settle outstanding claims for rates and service charges owed to municipalities
- R500 million for working capital requirements of the Pebble Bed Modular Reactor company, following unanticipated delays in its negotiations to secure a foreign equity investment partnership
- R200 million to settle targeted land restitution claims on the Land Affairs vote
- R45 million for the Independent Communications Authority of South Africa's VAT liability resulting from a dispute that has, as usual, been resolved in favour of the South African Revenue Service
- R73 million to Public Works for essential repair work on important buildings, for the installation of lifts and for office and residential accommodation for members of the executive appointed after the 2004 elections
- R40 million to Social Development for improving the integrity of the grant system and for implementing steps to address deficiencies in the administration of social grants.

There are also smaller adjustments arising from important matters:

- The Department of Sport and Recreation receives an allocation of R1,6 million for the additional capacity required for the department's responsibilities relating to the 2010 FIFA World Cup.

- Provision is also made, members will be relieved to hear, for salaries and office staff of the newly appointed deputy ministers in the departments of Sport and Recreation, Foreign Affairs, Communications, Science and Technology, and a new ministry for Arts and Culture.

Madam Speaker, these and other changes are set out in the Adjusted Estimates.

I am also pleased to be able to report that, partially offsetting these increases in expenditure, departments have identified savings of R1,1 billion mainly resulting from downward revisions in the costs of the strategic arms procurement programme of the Department of Defence. The National Treasury has also reduced its projection of the costs of servicing state debt by R815 million.

Taking these changes into account, we expect expenditure on the national budget this year to amount to R371,7 billion. The revised estimate of revenue is R328,2 billion, bringing the projected deficit for the year to R43,5 billion, or 3,2 per cent of GDP.

Division of revenue

For the next three years, national transfers to provinces and local government will grow by 4,0 per cent and 4,3 per cent a year in real terms. Provinces receive an additional R33,5 billion while municipalities will receive a further R2,8 billion. The additional amounts for provinces provide for the increased take-up in social grants, higher personnel costs, increased infrastructure spending and a consolidation of education and health spending.

The payment of social security grants will shift to the national sphere once the social security agency is up and running. As an interim measure, provinces will continue to deliver social grants but these will now be financed out of a conditional grant as opposed to their equitable share components.

The provincial equitable share formula is adjusted to take account of this shift as well as new data from the 2001 Census. The restructured equitable share formula has larger education and health components as well as elements taking into account backlogs in infrastructure and an economic activity component. The shift in the social grants function will allow for better planning and budgeting, which should allow for more stable education and health budgets going forward.

In addition to a step up in the provincial infrastructure grant, the housing grant and allocations for the municipal equitable share and municipal infrastructure grants receive substantial boosts. This will allow for the new housing strategy to be phased in over the next three years, together with expanded provision of basic household services.

Conclusion

Madam Speaker, South Africa is reconstructing its social and economic order under intense international scrutiny. For those who believe that inequality and fear can give way to development and compassion, our progress during the first decade of freedom has been a source of hope. Our success in building a dynamic economy and better opportunities for our children and grandchildren will assist in charting a new course for overcoming divisions in a fragmented world.

Governing is about making choices. The privilege of hard-won democracy carries with it the profound responsibility to make these choices, rather than have then imposed on us. We make these choices guided by our vision of a people-centred society in which the interests of the poor are advanced, in which economic growth is accompanied by broad-based development and in which the divisions between our first and second economies progressively diminish.

Madam Speaker, I hereby table for the consideration of the house, the:

- 2004 Adjustments Appropriation Bill [Bill 21 – 2004];
- 2004 Revenue Laws Amendment Bill [Bill 22 – 2004];
- 2004 Adjusted Estimates of National Expenditure; and the
- 2004 Medium Term Budget Policy Statement.

Thank You.