

FOREWORD

**Honourable Premier,
Members of the Provincial Legislature,
People of the Eastern Cape Province and the rest
of South Africa
Partners in civil society and in business.**



The Provincial Government of the Eastern Cape and its social partners have formulated a Provincial Growth and Development Plan (PGDP), in line with national policy framework for socio-economic planning at provincial level. The PGDP has provided the strategic framework, sectoral strategies and programmes aimed at a rapid rural improvement in the quality of life of the poorest people of the Province. This new Strategic Framework is a product of joint deliberations by all stakeholders and constitutes a consensus position on our growth and development path for the next ten years.

The ten year Provincial Growth and Development Plan (2004 – 2010), therefore places strong emphasis on rural growth and development as this is where the most severe poverty lies. It is in this context that projects and programmes were set out in three main documents:

- The PGDP Strategic Framework adopted by the Provincial Cabinet in June 2003.
- The PGDP Priority Programme Intervention adopted by the Budget Indibano on the 8th August 2003 as the framework for prioritising provincial resources for the forth coming MTEF period 2004/05 to 2006/07
- A review of provincial department Strategic Plans presented by departments to reflect PGDP priority programmes and projects that they could implement during the new MTEF period.

The strategic framework sets out the following six strategic objectives, with poverty eradication as an overall strategic goal for the plan:

- Poverty eradication
- Agrarian transformation and household food security
- Manufacturing growth and diversification and tourism development
- Human Resource Development
- Infrastructure Development
- Public Sector Transformation

It is these key areas that our departments will particularly seek to address in the 2004/05 financial year. In pursuance of these departmental objectives, this budget statement outlines our spending plans for the various programmes and allocation of resources to spending agencies.

As part of the budget reforms that we continue to pursue, I do hope that this budget submission will go a long way in enhancing our understanding and debate about our budget.

A handwritten signature in black ink, appearing to read 'E Godongwana', with a long horizontal stroke extending to the right.

E Godongwana,
MEC for Finance, Economic Affairs, Environment and Tourism.

CONTENTS

Foreword.....	(i)
1.Budget Statement No1: Budget strategy and aggregates.....	1
1.1 Introduction.....	1
1.2 Summary budget aggregates.....	1
1.3 Financing.....	2
2. Budget process and the Medium-Term Expenditure Framework.....	2
2.1 Preparatory work on the budget by government.....	2
2.2 Medium term budget policy statement.....	2
2.3 Integrated Development Planning (IDP) as a support to the budget Process.....	3
2.4 Budget Indibano.....	3
2.5 Linkage to National Processes.....	3
2.6 Diagramatical presentation of the budget process.....	3
3. Socio-economic outlook.....	4
3.1 Demographic characteristics.....	4
3.2 Socio-economic characteristics.....	9
3.3 Economic circumstances.....	11
3.4 Conclusion.....	13
4. Receipts.....	14
4.1 Overall position.....	14
4.2 Equitable share.....	16
4.3 Conditional grants.....	16
4.4 Own Revenue.....	18
4.5 Donor funding.....	20
5. Expense.....	21
5.1 Overall position.....	21
5.2 Expense by Vote.....	22
5.3 Expense by economic classification.....	23
5.4 Expense by policy area.....	23
5.5 Transfers to public entities.....	23
5.6 Transfers to local government.....	24
5.7 Personnel numbers and costs.....	24
5.10 Expense on training.....	25

Annexure A (Annexure to Budget Statement No.1)	26
Budget Statement No.2: (Departmental Estimates)	34
Vote 1: Office of the Premier	34
Vote 2: Provincial Legislature	48
Vote 3: Department of Health	55
Vote 4: Department of Social Development	81
Vote 5: Department of Roads and Public Works	98
Vote 6: Department of Education	113
Vote 7: Department of Housing, Local Government and Traditional Leaders	144
Vote 8: Department of Agriculture and Land Affairs	172
Vote 9: Department of Economic Affairs, Environment and Tourism	199
Vote 10: Department of Transport	222
Vote 12: Provincial Treasury	236
Vote 14: Department of Sport, Recreation, Arts and Culture	250
Vote 15: Department of Safety and Liaison	274