

- And therefore, we, the people of South Africa, black and white together as equals, country men and brothers, adopt this Freedom Charter;
- And we pledge ourselves to strive together, sparing neither strength nor courage, until the democratic changes here set out have been won!

And in conclusion, the Freedom Charter reads:

Let all the people who love their people and their country now say; as we say here today: these freedoms we will fight for, side by side, throughout our lives, until we have won our liberty!

Then, Comrade Speaker and the House, the Freedom Charter goes on to spell out these freedoms thus:

The People Shall Govern!
All National Groups Shall have Equal Rights!
The People Shall Share in the Country's Wealth.
The Land shall be shared among those who work it!
All shall be equal before the Law.
All shall enjoy Equal Human Rights!
There shall be Work and Security!
The Doors of Learning and Culture shall be open.
There shall be Houses, Security and Comfort
There shall be Peace and Friendship.

And in conclusion, the Freedom Charter reads:

Let all the people who love their people and their country now say; as we say here today: these freedoms we will fight for, side by side , throughout our lives, until we have won our liberty!

And, indeed, Comrade Speaker and Honourable Members, J.B. Marks, Ida Mntwana, Bram Fishscher, Chief Luthuli, Yusuf Dadoo, Jack Simons, Yettah Barenblatt, Ray Alexander Simons, Manyembe, Chris Hani, Govan Mbeki, OR Tambo, Harry Gwala, Helen Joseph, Walter Sisulu, now Raymond Mhlaba, and many other dedicated patriots have honoured their pledge to strive together throughout their lives for the democratic rights and freedoms set out in the Freedom Charter. In fact, the Freedom Charter has remained the founding mandate of our freedom and of the new democratic South Africa.

In 1994 the great cloud of freedom burst open and the political rain of liberation fell. Big changes took place. First, the Freedom Charter was unpacked into the reconstruction and development programme by the ruling party, and then this programme was adapted and adopted by the new government of National Unity. A new democratic Constitution embodying the ideals of the Freedom Charter was also adopted. As the saying goes, "in the seed there is the potential tree trunk, branches, leaves, flowers and fruit". However, whether this potential will be realized depends on many contingencies.

One such contingency in our case has been the era in which we

have achieved our freedom, the era of globalization; and another contingency has been the challenge of creating unity in our diversity as we reconstruct and develop our country. Regarding the challenges of globalization, the national macro-economic strategy, generally known as GEAR, has, in spite of the controversies that surrounded its adoption, succeeded in bringing about economic stability and laying a solid foundation for economic growth.

However, the dynamics of national integration in both the public and private sectors of our society and economy have been more challenging. Hence, one might say, our failure, after ten years of our democracy, to successfully respond to the needs of our economy and our society, even where the material financial resources are available. Witness, for example, the yearly roll-overs and under-spending while our people's needs largely remain unmet!

Comrade Speaker and Honourable Members, this is not to deny the obvious fact that in our Province, as in all other provinces in our country, some great steps have been taken towards meeting the needs of our people. In our Province for instance, the sustained economic growth, the infrastructure provisioning, social grant distribution, housing provision, the tremendous qualitative improvement in our matriculation results, the progress made in agriculture and the peace and stability that prevails, all indicate that we have really progressed. However, we still have problems of unemployment and poverty; problems of illiteracy; child and women abuse; and poor service delivery in some instances. And, all this, in the context of endemic under-spending, year after year.

Comrade Speaker and Honourable Members, it is in the light of all these developments that the President has called on all of us to participate in the Peoples Contract, to create a government that cares for it's people, to provide service delivery in the spirit of Batho Pele, and to ensure that the culture of under-spending in our departments be a thing of the past as we enter the second decade of our democracy.

Our Budget this year is, therefore, underpinned by a commitment to build on the foundations laid down in the first decade of our freedom, and a pledge to participate, side by side with other South Africans, sparing neither strength nor courage, in the reconstruction and development of our country until the democratic changes enshrined in the Freedom Charter have been attained.

We appeal to all the people of Limpopo, in both the public and private sectors, as well as in community based formations, to enter into this partnership for rebuilding our country.

As government, we cannot tolerate a situation where the administration fails to champion the budgeted programmes and the resources that have been made available at their request. We cannot for a moment, Mr. Speaker, subject our people to endless suffering, because our administration becomes overwhelmed by the allocation that in actual fact it has

requested. Under spending or holding funds for no specific reason should be a punishable offence as is the case with fruitless expenditure and corruption.

In this regard, the President, Comrade Thabo Mbeki has this to say: "Those of us working in government, whether we are members of the ANC or not, must know that our obligation to meet the commitments we made to the people, as well as the imperative to respect the overwhelming mandate given to us by the people, necessitate that those who are not ready and prepared to serve the people of South Africa should be ready and prepared to leave government."

We should however, be appreciative of the fact that the majority of our civil servants are dedicated, honest and hardworking, and that they are determined to improve the lives of our people with probity. We must applaud and encourage them to continue with their excellent work.

Further, in order to reduce the bottlenecks, tensions and slow pace of delivery, the Provincial Treasury is championing a Bill that seeks to repeal the Northern Province Tender Board Act. The unhealthy competition between the Tender Board and the Departments was not conducive to effective and efficient delivery of goods and services. We hope that the Bill will become law before the end of this month [March].

Above all else, let us all put our shoulders to the wheel and make our second decade of democracy a decade of hope and prosperity. Let us work harder to create a better life for all our people, so that no one can be justified to stand up and mock us by asking: what democracy exists for the homeless child on the street, what democracy exists for the starving, the illiterate and the unemployed, for those who have nothing, whom no one seems to think of, whom no one respects, whom anyone with money may treat like a dog? What democracy exists where alongside the poor, the hungry and the beggars, live the millionaires and billionaires? What kind of equality exists, what kind of fraternity and fellowship, where no one helps anyone else, and one person is an enemy to another person?

Yes, let us create a caring society, let us improve our government departments and civil service with the spirit of Batho Pele, of Ubuntu, of human solidarity! Let us embrace the spiritual building blocks of the moral regeneration programme, so that the spirit of Masakhane, of Vuk'uzenzele, of voluntarism, may come to prevail in both our public and private lives.

To that end we, therefore present to you, Comrade Speaker and Honourable Members, the 2005/06 People's Budget as a modest contribution to the People's Contract, to create jobs and fight poverty in Limpopo, hoping that everyone in our province will come to the party and make the one time poorest province a success story in our lifetime. Remember, to say that something SHALL happen, as the Freedom Charter says, is to stress that it is definitely going to happen-----What a challenge!!!

Mr. Speaker, the input by Comrade Trevor Manuel that: "our

social intent embodies our commitment to build a more just, more equal society, in which steady progress is made in reducing the gulfs that divide rich and poor, black and white, men and women, rural and urban”, is our point of departure.

Linkages with National and Provincial Priorities

Guided by the Freedom Charter’s assertion that “all people shall be entitled to take part in the administration of the country”, we took the time to consult various stakeholders across the province. The inputs and advice gained during these consultations is, to say the least, inspirational. We thank them all for their participation and invaluable contributions. We wish to humbly apologise to the communities that we could not reach. Our plan is to go to as many communities as possible in the new financial year, because we are serious about our intention to have a participatory process of budget formulation. We are committed to work hand-in-hand with our people so that they can assist us to engineer a budget that is directly informed by their own needs and aspirations.

Mr. Speaker, the youth of all our districts indicated that the government should step up the establishment of youth empowerment programmes. At the centre of their dissatisfaction is the flow of information. Their request is that more information centres should be established and special attention must be given to make these centres and the information accessible to young people who are physically challenged. Included in the information packages must be information on bursary schemes and how they can be accessed.

The most heart-warming issue is that our people across all sectors have indicated that they appreciate the work that government is doing. They are fully aware of the fact that government has limited resources and appreciate the fact that they also have a role to play in their own development. They did, however, emphasize that we must do more to eliminate corruption and all forms of malpractice where it still exists.

We have heard all the inputs and suggestions and we are committed to respond decisively to bring about visible change, starting with this Budget.

This People’s Budget, therefore, aims at responding to the issues raised during consultations and to further strengthen social service delivery, including:

- Scaling up of HIV/AIDS treatment programmes through the roll out of the necessary drugs alongside prevention measures.
- The reduction of morbidity and mortality in women and children, and reduction of malaria and cholera incidences.
- A renewed focus on employment creation through an Expanded Public Works Programmes and a series of intervention to strengthen the skills base and empower communities.
- Support for provincial economic development programmes with high potential for creating employment opportunities with specific focus on the development of industrial

clusters and the provision of infrastructure that supports economic growth.

- Enhanced spending on education programmes, specifically relating to the roll-out of the Early Childhood Development Programme, and other inputs needed to further strengthen the quality of school education – focusing on mathematics, science and management sciences – particularly in poor communities.
- Consolidate local government, financial management, and budget reforms as envisaged in the Municipal Finance Management Act (Act 56 of 2003)
- Poverty alleviation including social security and support for municipalities in providing basic services.
- The reduction of crime
- Taking core administrative services to citizens, particularly in rural areas where access is limited.

This budget, therefore, bears a direct linkage with the national priorities as well as the provincial imperatives.

THE PROVINCIAL ECONOMIC OUTLOOK

The provincial economy is dominated by the commodity driven mining sector. The increase in the value of the rand and the decline in prices in the commodity markets do pose a threat to continued economic success of the province. Fortunately, while the bullion markets have subdued price performance the platinum markets are performing well dollar terms creating the welcomed natural hedge.

Nationally the manufacturing and the construction sectors continue to register impressive growth rates. These are the very sectors in which the provincial economy is weak.

Our estimation is that for every R1 million investment in mining eight jobs are created. The same amount of investment will create 50 jobs in agriculture, 22 in manufacturing, 19 in the construction and 17 in wholesale, retail trade, hotels and restaurant sectors. Mr/Madam Speaker these are the sectors of the economy that need to be targeted in order to bring about improved pace of job creation in our provincial economy.

The Provincial Growth and Development Strategy aims to grow these sectors through the development of industrial clusters. This budget proposes substantial increase in infrastructure expenditure in order to improve the pace of industrialisation of the province and concomitantly increase opportunities for both Black Economic Empowerment and employment for our people.

The 2005/06 Budget Framework

The total estimated receipts for the province consist of the following:

Equitable share	R18, 376 billion
Conditional grants	R 9,205 billion
Own Revenue	R 0,377 billion
<u>Total</u>	<u>R27, 958 billion</u>

The baseline figures include the new social security grants amounting to R7,385 billion for 2005/06, R7,966 billion for 2006/07 and R8,595 billion for 2007/08. These amounts are now conditional grants that are administered by the province on behalf of the South African Social Security Agency.

The equitable share constitutes the bulk of the provincial allocation at 65,7% whilst the conditional grants are 32,9% with own revenue accounting for 1,4%. Provincial revenue is mainly from motor vehicle licenses, interest on investments, dividends and pension fees.

Expenses by Economic classification

The Bill before this House seeks to appropriate R27, 958 billion for the 2005/06 financial year. The MTEF estimates for allocation reflect R27, 958 billion for this year; as well as R30, 317 billion and R32, 730 billion for the outer years.

Current Expenditure account for the largest year on year allocation and account for R17, 536 billion or 62,7% of the total expenses proposed for 2005/06.

Five years ago compensation to employees was 62.42% of total provincial budget. In 2003/4 the ratio dropped to 52.46%. In this proposed budget allocation, compensation of employees receives an allocation of R13, 430 billion or 48% of the total provincial budget. The reduction in personnel expenditure as a proportion of total budget means that as provincial resources increase a gradually larger proportion is distributed towards service delivery.

Transfers and subsidies receive an allocation of R8, 929 billion or 31,9% of the budget. Social Security grants constitute the major portion of the transfers and account for 26.3% of the provincial budget. Poverty alleviation through the provision of social security grants has now reached 322 648 of our senior citizens, 96 523 people with disability, 613 651 children from needy families and 13 051 foster care beneficiaries. The maximum old age, disability and care dependency grants will increase by R40 from R740 to R780, and the Child Support grant increases from R170 to R180. War veterans' grant increases from R758 to R798 whilst foster care grant increases by R30 from R530 to R560.

During the last two years, payment for capital assets averaged 6% of budget. Current budget proposes capital expenditure of R2, 723 billion or 9,7% of total proposed budget. This amount represents an increase of 55,6% from the baseline of 2004/05.

An amount of R875 million is allocated to the Social Cluster for the building of classrooms and toilets at schools, the improvement of pay points for the social security grants and the improvement of hospitals and upgrading of clinics. The unacceptable situation of children studying under trees must and will be addressed as a matter of top priority.

The Economic Cluster is allocated a total amount of R1.199 billion mainly to provide for the development of infrastructure in

support of the Provincial Growth and Development Strategy. In the first decade of our democracy 712 km of roads were tarred. In this capital budget we provide for the tarring of no less than 270 km of roads during the coming financial year. This is 38% of the total kilometres tarred in ten years. At this rate it is possible to double the kilometres of tarred roads in our province in seven years. Additionally this capital budget will develop irrigation systems to boost the agricultural sector in the province, the maintenance of government buildings and the preparation of the development of Peter Mokaba Stadium in Polokwane – the project that will attract a further R250 million investment.

The Governance and Administration Cluster is allocated capital budget of R649 million to cater for the housing development for the less fortunate. The balance of R196 million is an infrastructure reserve fund aimed at leveraging additional capital for the development of further economic infrastructure. This latter point is under discussion with National Treasury and the Development Bank of Southern Africa.

One half of the capital budget contracts will be allocated to Black Business. This Mr/Madam Speaker amount to capital contracts of no less than R1.36 billion. The financial institutions, Limpopo Economic Development Agency and Road Agency Limpopo will play a major part in assisting the SMME's to benefit from this opportunity.

Expense allocation per sector

The provincial budget includes full complement of personnel related costs of salary increases, overtime, medical aid contributions, homeowner's allowances and cost of pay-progression.

The total budget of R27, 958 billion is equitably allocated to the provincial departments according to national and provincial priorities.

SOCIAL SECTOR

The total social sector budget grows by 15,8% from R19, 522 billion in 2004/05 to R22,607 billion in 2005/06 and accounts for 80,8% of the total budget.

Education budget grows by 6,3% from R9,3 billion to R9,8 billion. Educators pay progression is budgeted for as follows:

R48,107 million in 2005/06, R132,569 million in 2006/07 and R216,634 million in 2007/08.

The budget will also be used in the recapitalisation of the Further Education and Training (FET) Colleges estimated at R30 million for 2005/06, R35 million for 2006/07 and R40 million for 2007/08 as well as Adult Basic Education and Training (ABET) whose allocation is R53 million in 2005/06, R159 million in 2006/07 and R16 million in 2007/08. The budget will also fund the norms and standards for public ordinary schools for R563 million in 2005/06, R596 million in 2006/07 and R612 million in

2007/08.

The Education budget is also to cater for a total number of 1449 classrooms, 3584 toilets and security fencing of 60 schools in 2005/06.

The capital budget for 2005/06 is R482 million and is earmarked to reduce classroom backlog. It also includes an amount of R115 million specifically allocated to fast track the project of children attending school under trees. The department has focused its strategic planning on the reduction of backlogs which was 14 284 at the end of 2003/04 and it is anticipated that 940 classrooms will be completed by the end of 2004/05 financial year, reducing the backlog to 13,344. The classroom/learner ratio of the province stood at 1:46 i.e. in 2004. To reach the average target of 38 learners per classroom the province needs 15,814 additional classrooms. The projected number of learners who will be provided with stationery in 2005/06 is 1,892,131.

The Health budget grows by 26,9% from R3, 9 billion to R5,0 billion. It caters for R2, 9 billion for compensation of employees that includes R91 million for filling of critical vacant posts. It also caters for the purchase of machinery and equipment and goods and services, scarce skills and rural allowances. The budget also contains R111 million for the Public Private Partnership in laundry services at R31,6m and accommodation for staff at R79,9m.

The department is also required to take over Pathological Forensic Services from the South African Police Services as from the 1st of April 2005. An amount of R36 million has therefore been included in the budget to cater for the provision of mortuary facilities as a result of the takeover. In addition, an amount of R68 million over and above the baseline for 2005/06 has also been provided to raise stock levels of drugs to an acceptable norm.

The budget also provides for primary health care in rural municipalities to the tune of R11 million, R17 million and R23 million over the MTEF period. The budget of this department will also be utilised for the reduction of morbidity and mortality in women and children, widening accessibility of emergency services at hospitals and clinics.

The budget also caters for the protection against malaria and cholera and awareness to the risk of these diseases reduce HIV/AIDS prevalence from the current 15,6% through improved access to antiretroviral treatment and increased TB cure rate. Increase 24 hours service in 250 clinics and management of Emergency medical services in line with national and provincial policies.

Social Development budget increased by 22,7% from R6, 2 billion to R7, 7 billion. However, R7, 5 billion of the social grants are run by the South African Social Services Agency (SASSA) on behalf of the National Department of Social Development. The SASSA conditional grants cover the following: -

- HIV/Aids;
- Social assistance grants;
- Social assistance administration; and
- Integrated social development services.

The balance of R351 million includes R128 million for personnel, catering also for pay progressions and salary increases for social workers.

Safety Security and Liaison – the budget increases by 67,2% from R14, 1 million to R23, 674 million. The budget will be used for the core functions of combating crime. It also caters for the maintenance and running of the Manyeleti Youth Academy.

ECONOMIC SECTOR

The total economic sector budget grows by 34,2% from R 2,7 billion to R3, 7 billion and accounts for 13,1% of the total provincial spending.

Economic Development, Environment & Tourism – the allocation for the department is R571, 337 million for 2005/06. The budget caters for 5,5% personnel adjustment in July 2005, 1% pay progression, housing allowances as well as filling of critical posts. The budget also caters for co-operatives, and other Public entities eg: Limpopo Economic Development Enterprise. An amount of R66,4 million has been provided for the promotion of Industrial, Mining and Agro Processing Development. R207, 2 million is to cater for enterprise and co-operative development. An amount of R33, 2 million is to cater for trade regulation viz: licensing and registration of business and consumer affairs. An amount of R35, 4 million is provided to cater for regulatory and environmental impact management. An amount of R102, 3 million is for the promotion of tourism in line with the Provincial Growth and Development Strategy.

Agriculture receives R906, 719 million. We have heard the needs of the farming community and it is indeed proper that government should respond appropriately. In this allocation this coming year 36 irrigation schemes will be revitalised with a further 114 in the next five years.

The Comprehensive Agricultural Support Programme (CASP) has also been funded in order to support the communal farmers in our province. Focus areas for the programme have been livestock production as well as irrigation rehabilitation.

Mr/Madam Speaker, I have said that our farming communities have requested government to develop markets for their produce. Investigations on developing a fresh produce market in Polokwane have, as we speak, been prioritised by the Economic Cluster. It is one of the flagship projects in support of the Provincial Growth and Development Strategy.

Roads and Transport budget grows by 241% from R495, 372 million to R1, 501,152 billion. This allocation includes the Roads function that was shifted from Public Works. The budget includes R264, 359 million R291,786 million and R379,218 million over

the MTEF period for infrastructure conditional grant. The allocation for the Transport function is mainly to cater for negotiated bus contracts. The department is targeting to tar 270 kilometers of roads. The department also intends to rollout the integrated transport system in line with the Provincial Growth and Development Strategy.

Public Works – the budget decreases by 55% to R600, 804 million due to the shift of the Roads function to the Department of Transport. The department disposed 6 flats and sold 220 houses and are currently processing the sale of 70 houses. During the 2004/05 financial year they purchased 6 office buildings for provincial departments.

The budget for 2005/06 is earmarked for the completion of the new clubhouse at the parliamentary village, refurbishment, upgrading and maintenance of equipment – air condition equipment at 3 government complexes and the legislature, refurbishment, upgrading and maintenance of government offices. Building 10 residential units for parliamentarians at a cost of R10 million.

Sports, Arts and Culture the budget for the department increased by 60,3% from R57, 811million to R92, 670 million. The increase is mainly due to the once off payment of R20 million to assist the Polokwane Municipality to upgrade the Peter Mokaba stadium for the 2010 soccer World Cup and personnel related costs.

The increase also seeks to cater for the development of access channels to the main arts and culture institutions.

GOVERNANCE & ADMINISTRATION SECTOR

The Governance & Administration sector's budget increases by 50,3%. From R1, 116 billion in 2004/05 to R1,678 in 2005/06.

Office of the Premier - The Premier's office budget grows by 84,4% from R202, 216 million to R372,912 million. The budget of the Office of the Premier has been adjusted upwards mainly due to the function shift of the Traditional Affairs function from the Department of Local Government and Housing which is R101, 107m as well as Community Development Workers function which is R17m. The budget also caters for the marketing of the province, Learnership training as well as filling of critical posts.

Provincial Treasury – The department is allocated R451, 819 million that includes R196, 529 million earmarked for infrastructure development. The budget also caters for 5,5% salary increases, 1% pay progression, housing allowance as well as filling of critical posts.

The budget will cater for systems development; preparation of the Provincial Medium Term Expenditure framework; movement from cash to accrual accounting; planning and allocation of budget to provincial departments as well as support departments in their planning and reporting; implementation of the Municipal

Finance Management Act; support the budgetary and reporting process of municipalities.

The budget will also be used to pilot all reforms introduced by the National Treasury and will also be implementing all Executive Resolutions which have financial implications.

The Local Government & Housing – budget decreases by 7,4% from R821, 982 to R761, 170 million. The decrease is as a result of the function shift of Traditional Affairs to the Office of the Premier. The department is allocated the amount of R34, 700 million for demarcation of sites in the province. The department has the following conditional grants: Integrated Housing programme R397, 650 million and Human Settlement and Redevelopment grant R1,418 million.

The budget for 2005/06 will be used to increase accommodation for personnel and rural housing development. The department will also demarcate 33 000 sites at a cost of R59, 4 million. R2 million is budgeted for the 2005 municipal elections and for building 2 disaster management centres and for the purchase of equipment at a cost of R11 million. 18 former -R293 towns will be transferred to municipalities at a cost of R1, 5 million.

The Provincial Legislature's budget decreases by 0,2% from R92, 167 million to R92, 023 million. The budget caters for policy changes/developments within the Legislature such as, strengthening of public participation, oversight functions and the implementation of Job Evaluation.

Honourable Speaker, the total capital infrastructure budget has increased from R1, 750 billion to R2,723 billion which is a growth of 55,6 % from 2004/05 to 2005/06. One of the priorities of the Provincial Growth and Development Strategy is the provision of infrastructure with the aim of employment creation. The budget we are proposing for the 2005/06 therefore responds directly to this government policy. Overall the infrastructure budget shows a growing trend over this period, which is an indication of a policy shift by Government to direct more resources toward infrastructure development.

Comrade Speaker, Comrade Premier and Honourable Members, comrades and friends, this is the first Budget Speech of the second decade of our freedom,. I therefore extends my sincerest gratitude to the people of Limpopo, especially the valued stakeholders who are in attendance this morning for participating in the formulation of this Budget and whose overwhelming support we enjoy.

I would like to thank my predecessor and comrade, Honourable T. A. Mufamadi, for the sterling job that he has done towards the development of our province for the ten years that he was responsible for the Department of Finance and Economic Development. I shall do my utmost best to build on the foundation that you have laid, Honourable Comrade Mufamadi.

I shall not have completed my task if I fail to appreciate the hard and sterling work that the Head of the Department, Mr Ben

Mphahlele and his management team, have so tirelessly performed. I further wish to acknowledge the contribution and support of all the employees of the Department of Finance, it is truly appreciated. Your commitment to the success of the Department is immeasurable. Please keep it up!

To all the people of the media who tirelessly assist us in conveying government's messages to the people, I say thank you very much for acting as active partners in the struggle for development. You are our cornerstone in the promotion and deepening of our democracy through transparent governance. Accept our sincerest gratitude.

Our Traditional Leadership and other community leaders, you are the torchbearers of our various communities. Continue to instill in our people the spirit of Vuk'uzenzele and Letsema so that we continue to stand united in a people's contract to create jobs and fight poverty.

I also wish to acknowledge the contribution of the religious fraternity in our province. Please continue with your sterling work in championing the cause of our moral regeneration so that all of us together may build a winning nation united in each diversity.

Mr Speaker, I dare not fail to acknowledge the unsolicited and unending support from my family, whose stood by me during the best and worst of times. To them I remain forever indebted.

Mr Speaker, Honourable Premier, Honourable Members of the House, it is my honour to table before this Honourable House

The Appropriation Bill 2005-03-02

Estimates of Receipts and Payments

The Citizen Guide to the Provincial Budget

The Provincial Budget Speech for 2005/06

I sincerely thank you all!