

BUDGET SPEECH
BY
MEC FOR FINANCE AND ECONOMIC DEVELOPMENT
MR D.E. AFRICA

Honourable Speaker/Deputy Speaker,
Honourable Premier,
Honourable MEC's and MPL's,
Mayors and Speakers of Local Government,
Chairperson of SALGA,
Traditional Leaders,
Heads of Departments,
CEO's of our Parastatals,
Business Leaders,
Representatives from the Financial Services Sector
Baagi ba Bokone-Bophirima,
Leaders of Sanco and Sangoco and other Civil Society
formations,
Church Leaders,
Distinguished Guests,
Comrades and Friends.

Madam Speaker,

At the beginning of Charles Dickens classic novel, *Hard Times*, the main protagonist, the principal and a man of wisdom, Thomas Grandgrind implores a new teacher:

“Now, what I want Sir is, Facts. Teach these boys and girls nothing but Facts. Facts alone are wanted in life.

Plant nothing else, and root out everything else. You can only form the minds of reasoning animals upon Facts: nothing else will ever be of any service to them.

This is the foundation upon which I bring up my own children, and this is the principle on which I bring up these children. Stick to Facts, Sir!”

However, confronted with the wisdom of the rebellious daughter, Louisa and the reality of changed conditions, Mr. Grandgrind concedes:

“Some persons hold...that there is wisdom of the Head, and that there is wisdom of the Heart. I have not supposed so, but, as I have said, I mistrust myself now. I have supposed the head to be all-sufficient. It may not be all-sufficient; how can I venture this morning to say it is! If that other kind of wisdom should be what I have neglected, and should be the instinct that is wanted, Louisa-”.

The First Decade of our democracy served as a platform for implementing appropriate policies and strategies that enhanced the ability of government to realise the vision that: *“All shall share in the Country’s Wealth”*.

This was subsequently translated into a Constitutional vision *“to improve the quality of life of all citizens and free the potential of each person”*.

Needless to say, the experience of governing over the preceding years and the accompanying challenges accruing from underdevelopment and neglect, unemployment and underemployment, social-political and economic marginalisation, necessitated a reconsideration of the institutional configuration and economic trajectory of the country.

Like Dickens’ Mr. Grandgrind, as government we could not but acknowledge the material conditions confronted by our country and people.

Accordingly, we vehemently rejected invitations to partake in choruses that put the individual above society, hence our people-centered approach to development, articulated in the Freedom Charter and the RDP.

Notwithstanding the serious challenges we were faced with, the majority of which many observers thought were insurmountable, we registered a higher return than expected.

First and foremost, we attained freedom and political stability, which in turn created a climate conducive for investment in an array of economic activities in the country.

This freedom and stability has indeed set a foundation for economic development in the period ahead and will afford us an opportunity to consolidate the gains we made in the past ten years.

The consolidation I am referring to, is the one which, in the next decade, should result in increased opportunities for jobs, increased foreign direct investment, improved safety of the vulnerable groups of our society, improved public

services, improved economic and social infrastructure and better management of public resources, so that our people can reap the benefit of a true democracy.

Madam Speaker, these developments will ensure that we expand the benefits of freedom equitably across all sectors of our society, a task, which can be made even more easy when a positive partnership exists between government, business, civil society and communities.

Macro Economic context

Defying the general slack in the growth of the global economy due to the phenomenal increases in oil prices and rising interest rates, the South African economy has had a sustained average growth rate of 3,2 percent over the past four years.

Continued growth of between 4 and 4,5 percent per annum over the next three years is expected. Such growth prospects are supported by low and stable inflation and interest rates.

An average CPIX inflation rate of between 3 to 6 percent target range is expected over the period and interest rates are at a 24-year low.

This, in turn has seen growth in fixed capital formation of an estimated 7,5 percent in 2004. Along with creating an investment platform for future growth and productivity advances, this strong monetary position has also aided the domestic economy in the form of sound growth in value added in the construction sector and strong growth in the residential property market.

For the year ahead, economists also see strong growth in the primary sector with high commodity prices and volumes of exports reflecting the weaker dollar and high demand from Asia.

In the manufacturing sector, the motor and chemical industries are also doing well. In the services sector, retailing, communication and financial services are expected to benefit from the higher than average growth.

These developments are the result of the excellent management of the macro-economic environment by our national government and the fiscal prudence spearheaded by our Minister of Finance.

The challenge recently has been the increasing oil prices, which have rocketed above US\$40 per barrel for the better part of 2004, and that price level is still persisting.

Whilst the strong Rand has adversely affected the competitiveness of our exports and therefore lowered profitability in the mining and manufacturing industries, on the other hand it did contribute towards lower domestic rates of inflation against the sharp increases in the international price of crude oil in 2004.

Notwithstanding the pressures exerted by a strong Rand on exports, our country is currently benefiting from the most significant commodity price boom since the 1970s.

Commodity prices including prices of minerals are likely to increase until at least 2008.

Ka jalo, ga gona pelaelo epe gore Afrika Borwa e itumelela maungo a dipholesi tsa yona tse di tsepameng tsa ikonomi mme go sa ntse go bonelwa pele dipoelo tse dingwe mo bogautshwaneng.

Maungo a tiragatso ya dipholesi tseno ke phokotsego ya molato wa puso, infoleišene e e kwa tlase, jaaka ke setse ke kaile, le kelo e e kwa tlase ya morokotso e e susumetsang tlhokego ya kerediti (credit) mme gape e oketsa tiriso jaaka re sa tswa go lemoga fa gautshwane.

Seemo sa ga jaana sa ikonomi se siametse dipeeletso le kgolo mme se tsositse boikanyo jwa babeeletsi. Ntlha e e bonalang ya ikonomi ya rona ke kgolo ya dikago, e leng sesusumetsi se segolo sa kgolo ya ikonomi le ntšhwafatso ya metsetoropo. Toropo ya Mafikeng le yona e itemogela seno, fela Rustenburg e itlhomile kwa pele mo ntlheng eno.

Economic profile of the North West

According to the latest figures released in November 2004 by Statistics South Africa the economy of the North West grew by 3,8 percent in 2003.

This higher than the national average growth is mainly attributable to a 9 percent growth in the mining and quarrying industry, 4,9 percent in trade and tourism and 4,3 percent in the financial services sector over the same period. We expect a growth of 4 to 4,5 percent for the North West, going forward with 6 percent growth possible.

Madam Speaker, in spite of these great strides, external factors continue to pose serious challenges to our efforts at developing the economy of the province. These include:

- The strength of the Rand, which is putting pressure on the viability of gold mines. Gold production has been falling steadily – output has fallen by a third since 1995 and the trend remains downward.

A recent article in *The Economist* highlighted that the Rand costs of mining gold in South Africa is making it difficult for mines to viably compete in the world market.

Already this has begun to pose serious challenges for gold dependent regions and municipalities such as the KOSH area, where the continued economic survival of these

localities must be sought within other sectors of the economy through the employment of creative thinking around some of the inherent possibilities that currently prevail in these areas.

- Drought conditions and low agricultural commodity prices, which are adversely affecting farmers, particularly emerging farmers. Currently, agriculture in the North West is suffering from a regional drought and poor world prices as well as a strong Rand.

Though agriculture is a small sector of the national economy (contributing less than 4% to GDP) disturbances tend to have significant effects on the conditions of the local economies and the communities that coexist around these areas.

- It is important to note though that the province is gradually turning the tide against dependence on mining and is diversifying towards other sectors of the economy other than agriculture and mining.

Mining is still however, the most important sector in the economy of the province with production of more than 35% of South Africa's output of precious metals.

Consolidating a foundation for sustainable development

Over the last ten years, we have succeeded to create a solid foundation for sustainable development by managing our resources and finances prudently and continuously investing in good financial management.

This was fundamental to ensure that our resources will continuously be deployed to address the developmental challenges facing our country and simultaneously addressing the socio-economic challenges facing our province.

The result of managing our resources effectively and efficiently in the last decade is now making more resources available to us to intensify our fight against poverty, and give momentum to our development trajectory. The budget we are presenting today will attest to this fact.

To quote Amartya Sen: *“the ends and means of development require understanding of the development process, it is simply not adequate to take as our basic objective just the maximisation of income or wealth. Development has to be more concerned with enhancing the lives we lead and the freedoms we enjoy”*.

This is what the Freedom Charter is about, fully realising its vision means making our people *fuller social persons, enjoying their humanity with pride*.

Through the budget - we speak of freedom

The budget is a critical tool for implementing government policy priorities and realising its broad development objectives, and addressing the real needs of its people, and giving meaning to the freedom we attained a decade ago.

In this decade, we will use our budget to effectively and realistically invest in growth and development. We will lead others, through the budget to join us in this regard, thus realising the injunction of the Freedom Charter – that *side-by-side* we will give meaning to these freedoms.

Realising the objective of the Provincial Growth and Development Strategy.

Before sharing with the house our plan on the Provincial Growth and Development Strategy, I wish to take this opportunity to announce that one of our principal advisors on the Provincial Growth and Development Strategy Professor Guy Mhone passed away last week and we are indeed saddened by his passing.

Professor Mhone was instrumental in providing the framework for our Growth and Development Summit. Our condolences go to his family at this time of grief.

For the next ten years our growth and development path will be guided by the Provincial Growth and Development Strategy, which provides a framework within which our economic development efforts will be undertaken.

Our major focus, in pursuit of the objectives of our Provincial Growth and Development Strategy will be economic growth, infrastructure, skills development, agriculture and urban renewal, so that we could create the almost 40 000 jobs needed annually to halve unemployment by 2014 or earlier.

The development of the Provincial Growth and Development Strategy was guided by the National Vision 2014. Through the PGDS we committed ourselves to the following objectives, among others:

- Halving the unemployment rate, which currently stands at 48%.
- Pursue targeted provincial growth of 6,6% per annum (from the current growth rate of 3,8%)
- Provide skills for development and economic growth.
- Vigorously promote investments.

Responding to the implementation of the strategy with a view to achieving the objectives of Vision 2014 we plan to do the following:

Promoting SMME's as stimulators of growth in the second economy.

We will continue to focus on the development of sustainable co-operatives and SMME's, which in turn can contribute towards job creation, particularly in the rural communities where unemployment is rife.

We will also have a special focus on the creation of the capacity of SMME's and entrepreneurship, which are critical to ensure that their profile is properly enhanced in the economy and particularly the growth of the second economy.

In an effort to promote SMME development Invest North West is facilitating the signing of a Memorandum of Understanding between the State of Delhi in India and the North West Province on specific sectors, namely:

- Beef beneficiation
- Agro-processing
- Diamond cutting (jewellery)
- Human resource development.

I believe that the signing of such a Memorandum of Understanding will benefit our province, as INDIA is known for its strong support for SMME's.

Improving critical infrastructure for economic growth

The road network is critical for efficient economic services in the province and with a strong road network we will be in a position to compete for investment opportunities and attract potential investors to the North West. Our budget must seriously address our weaknesses in this regard.

Fighting rural poverty and rural development.

Rural development and agricultural growth and support, are crucial if we are to address rural poverty and bridge the dichotomy between urban and rural communities.

Support for land reform and emerging farmers, working together with established farmers will be our main focus so that our efforts at poverty eradication are strengthened.

MIDZ and SDI-critical for growth.

Our main focus in the MTEF will be on the Mafikeng Industrial Development Zone and Spatial Development Initiatives. We will be commencing with the construction of basic infrastructure around the airport so that the planned investments from the private sector can take place.

The Minister of the Department of Trade and Industry supports our initiatives on the Industrial Development Zone and a joint working team from DTI and the Department of Finance and Economic Development has been formed to look at the proposed implementation plan.

Kago ya bokgoni gore go nne le kgolo e e nnelang ruri

Go godisa bokgoni jwa badiri go botlhokwa thata mo tlihabololong ya ikonomi. Bokgoni jwa tiro mo maphateng otlhe a ikonomi le botsamaisi bo botlhokwa tota mo tsamaisong ya puso.

Gore re atlege mo maitekong a rona a go aga le go godisa ikonomi ya rona, re tla tlhoka go tiisa maiteko a rona a go netefatsa gore go na le bokgoni jo bo maleba mo Porofenseng. Seno se tlile go tlotiwa thata mo tekanyetsokabong eno.

Urban management and change

In most parts of the province, many continue to be subjected to deplorable conditions, with many even today still using the bucket system.

The urban environment needs to be altered so that our people can live in dignity with proper sanitary arrangements, and an urban environment, which restores their dignity and pride. Our resources must therefore seriously tackle this challenge.

Restoring the aesthetics of our surroundings and infrastructure.

In the context of the Provincial Growth and Development Strategy, we have taken a conscious decision to accelerate the maintenance of our infrastructure so that we do not reverse the gains we made in providing these assets. All government buildings will be given a face-lift, creating jobs in the process.

Building Human Settlement to improve the quality of life of communities.

Delivery of basic needs remains one of our key responsibilities and indeed we will continue to ensure that we deliver these needs.

Municipalities will be given greater attention so that they can meet their constitutional obligation and become centers of hope and solace for our communities, always ready to communicate and serve them through the ward committees rather than become city halls of despair.

Building better environments for the social development of communities.

We need to strike a balance of investing in economic and social infrastructure.

Taking into consideration the inherited backlogs in social infrastructure it is important that we invest aggressively in this area to ensure that we have classrooms, clinics, recreational facilities which can contribute to enhancing the lives of our people and ensuring that they enjoy their freedom and become fuller social beings. This budget must address this challenge.

Creating conditions conducive to our civil servants.

Due to the shortage of office space both at the head quarters and the districts we have taken a decision to build offices to accommodate our officials who are squatting in areas where it is difficult to deliver services to the public, in an effective and efficient manner.

In the construction of these offices we will ensure that broad based black economic empowerment is promoted effectively.

Poverty alleviation through social security

The Minister of Finance, Hon. Trevor Manuel, in his budget speech announced that with effect from 1st April 2005 the maximum old age, disability and care dependency grants will rise by R40 to R780 a month, foster care grants increase by R30 to R560 and the child support grant goes up by R10 to R180 a month.

Madam Speaker, the social security net is one of our key intervention strategies to ensure that we curb the increase of hunger and poverty. In the coming financial year we will provide the social grant to 965 325 beneficiaries.

However, Madam Speaker, we must caution that this development is not sustainable, we must also ensure that we reduce dependency by investing more in economic growth and development, so that more people should be weaned from grants and be given sustainable jobs and security.

Procurement reform

With effect from 1 April 2005 the procurement of goods and services will be the responsibility of government departments. The Tender Board will be phased out with effect from the 31st March 2005.

The bill, which transfers the procurement authority to departments, will be tabled in the Legislature shortly and will be finalised before the 31st of March 2005.

Madam Speaker, our challenge now is to set up a committee, which will adjudicate transversal tenders so that such tenders can be dealt with speedily to serve the departments. This development, we believe, will speed up delivery and remove tensions between the Tender Board and Departments.

Modernizing resource management at local level

The management of resources prudently at local level is crucial to services delivery.

The Provincial Treasury is currently building internal capacity in order to fulfill the responsibilities placed upon treasuries by the Municipal Finance Management Act, to ensure that municipalities develop the necessary capacity to manage their financial and other related resources prudently and deploy such for more and better service delivery to local communities.

We will work together with municipalities to ensure that they have the necessary capacity to manage their resources and improve on service delivery.

Raising Revenue through Gambling

Gambling has a significant role in the economy of our province. Spin offs from the regulation of this industry contribute significantly to various socio-economic imperatives on the provincial agenda such as job creation, investments, creation of business opportunities, revenue and tourism promotion.

The five casinos currently licensed in the province account for approximately R2 billion in investments within the province. As an important part of our provincial economy, the gambling industry within the province is also undergoing transformation.

As part of broad based black economic empowerment, the North West Gambling Board has imposed conditions of license on the five casinos in the province relating to the following black economic empowerment imperatives:

- Employment of PDI's in supervisory and management positions within casinos;
- Equity shareholding for PDI's in licensed casinos;
- Training and skills transfer;
- Procurement of goods and services from SMME's in the province;
- Contribution to needy projects/communities.

These measures are aimed at ensuring that the socio-economic benefits of the gambling industry also filter through to PDI's in the province through equity, skills transfer,

procurement of goods and services and contribution to needy causes.

As part of the effort to advance Black Economic Empowerment and create opportunities for SMME's in the gambling industry, the Gambling Board has invited and will soon consider applications for limited payout machines

Bothata jo re lebaneng nabo ke jwa ditiro tse di seng ka fa molaong tsa itekolesego (gambling), tse di nang le bokgoni jo bo boitshegang jwa go nyeletsa lotseno la rona. Mo dikgweding tse somepedi tse di fetileng, re thopile dikgwebo tse di dirang e seng ka fa molaong di feta sekete le kgolamararo (1 300), mme re lekanyetsa gore go sa ntse go na le metšhini ya mefuta eno e feta dikete tse tharo (3 000) e e sa ntseng e dira.

Gore re fedise seno, ke tla tlhagisa molaotlhommo o o baakanyang Molao o mogolo, go netefatsa gore re thiba diphatlha tsotlhe tse di dirisiwang ke badirisi ba ba seng mo molaong mo Porofenseng.

Liquor Act

Following the passing of the National Liquor Act the province is in the process of drafting the Provincial Liquor Act to regulate both the licensed and the currently unlicensed operations.

Currently there are one thousand eight hundred and fifty licensed shebeens and our estimate is that more than double this number are unlicensed. We will launch an aggressive strategy to license all unlicensed shebeens and improve their profile as significant players in the second economy.

Our plan is to bring the Act into operation by end of March 2005. This approach will further improve our revenue raising capacity.

Establishment of an agency to manage the social grants.

The National Government has decided to set up an agency whose responsibility is to manage the social security grants.

The agency will start operating in April 2006. As a start however, the social security budget has been transferred to the National Department of Social Development and will be transferred as a conditional grant to provinces to render the service.

Madam Speaker, twenty four percent of our equitable share which amounts to R3,6 billion has been transferred to the national department as a result of the creation of the new agency.

Details of how the agency and the interim arrangement will work will be outlined by the responsible MEC in her budget vote presentation.

Shaping the Budget Process

Madam Speaker, before I announce our budget per department I wish to share with you the process we followed in preparing the budget being presented today.

Historically, the budget has been biased towards recurrent expenditure hence depriving us of an opportunity to allocate more funds for development, growth and skills.

As a measure to start releasing more funds towards development, we took steps to transform and restructure our budget to align it with our development objectives and priorities more strategically.

Firstly, the budget process was guided by the Budget Oversight Committee appointed by EXCO, to ensure that we maximise the funding for our policy priorities.

Secondly, departments were requested to go back to the basics by motivating each item they were requesting funding for.

Thirdly, we quantified the fixed commitments and essential expenditure of all departments .The balance was not allocated and could only be allocated to departments once satisfactory motivations were presented.

The fourth and the most critical is the decision to deliberately increase development spending as a percentage of the total budget from about 6% to 12,2%, a move which I believe will give us the capacity to address economic infrastructure in the context of the Provincial Growth and Development Strategy.

The development budget was allocated to departments and ring fenced for use, specifically for development and policy initiative.

Beneficiary departments are required to submit business plans of development projects by the 31st March 2005, to the Premier's Office for evaluation and approval.

If business plans are not submitted, the funds will not be released for any other purpose but instead will be reallocated to departments with capacity to spend on our development objectives and priorities.

This approach makes sense to us because we will avoid the problem of rolling funds over and over when our

communities are in dire need for services and therefore susceptible to agitation to wreak havoc at local level.

We have also cut back on the administrative expenditure and each department's share of this type of expenditure has been proportionately aligned to the size of administration load.

The Budget Framework

Revenue

The total budgeted revenue for 2005/06 financial year amounts to R17,459 billion.

This amount is made up as follows:

- Equitable share R11,086 billion
- Conditional grants R 5,947 billion
- Own sourced revenue R 0,426 billion

Revenue increases to R19,173 billion and R20,769 billion in the outer years of the MTEF period.

Expenditure

We are providing for a balanced budget and the budgeted expenditure therefore is limited to the available revenue.

Madam Speaker, The budget being presented today is reflecting a shift towards growth, economic and infrastructure development, creating conditions to realise the vision of the Freedom Charter.

The amount allocated for purposes of improving growth, economic development and infrastructure is R1,356 billion, an increase of 41% over the last year allocation.

Dikgwebopotlana (SMME's)

Puso e tlametse ka bokana dimilione tse somamabedi tlhano (R25 million), e e tshwanetseng go lekalekanngwa ke lephata la poraefete gore go nne le tshegetso e e lekaneng ya dikgwebopotlana.

Letlole leno le tla dirisediwa katiso, tšhelete ya thuso, tšhelete ya tekatekano ya dikgwebo, tšhelete ya katoloso ya dikgwebo tse di ntseng di le gona, le ditshegetso tsa mefuta e mengwe tse di ka dirang gore dikgwebopotlana di tswelele pele. Dintlha malebana le go fitlhelela letlole di tla itsisewe ka kgwedi ya Motsheganong 2005.

Re tla tswelela go batlisisa mekgwa e maleba ya go tshegetsa dikgwebopotlana ka maikaelelo a go ditsweletsa pele.

Mo pakeng eno ya MTEF, re tla beela thoko bokana ka dimilione tse lekgolo (R100million) go maatlafatsa dikgwebopotlana le go lemoga seabe sa tsona mo kgodisong ya ikonomi ya rona.

Transport Infrastructure

The budget provides an amount of R274,8 million for the construction of roads infrastructure. This allocation is 38% more than the 2004/05 amount and increases by 16% to R318,9 million by the end of the MTEF period.

Included in this amount is R14 million provided for the repair of Mafikeng Airport runway, which the Premier, in her state of the Province address, referred to.

Landelike en Landbouontwikkeling

Ons het 'n bedrag van R150 miljoen in die MTUR tydperk opsy gesit vir naskikking, asook die ondersteuning van die landbou teen 'n bedrag van R50 miljoen per jaar.

Die jaarlikse toedeling is 67% meer as die 2004/2005 begroting. Hierdie toedeling stel die Provinsie in staat om landelike en landbouontwikkeling te bevorder, om herverdeling van grond te bespoedig en om opkomende boere te ondersteun.

Mafikeng Industrial Development Zone

Preparatory work has already begun and government has set aside R22 million in the current financial year for basic infrastructure around the Mafikeng Airport to support the MIDZ.

In the MTEF period a total amount of R100 million will be availed for Mafikeng Industrial Development Zone (MIDZ) with R20 million in the first year and R40 million for each of the two outer years of the MTEF period. We will continue to use the main budget to give impetus to the MIDZ and other SDI infrastructure.

This investment will leverage 30% additional funds from the Department of Trade and Industry.

Private sector investment is expected to be in excess of R220 million over a ten-year period starting with a R60 million minerals cluster project in the not too distant future.

Human Resource Development

The budget provides R73 million for training and research in the coming year, an increase of 72% over the 2004/05 budget of R43 million. This amount increases to R81,7 million and R86,7 respectively in the two outer years of the MTEF period, to ensure that we build proper skills for governance and economic development.

Urban Renewal

We are providing R170 million in the MTEF for the Bucket Replacement Programme with R30 million next year and R70 million in each of the two outer years of the MTEF period.

The deplorable conditions, which undermine the dignity of our local communities, cannot be justified any further, ten years later.

The bucket system undermines the vision of the Freedom Charter, which states, *“slums shall be demolished and new suburbs built where all have transport, roads, lighting, playing fields, creches and social centres”*. The eradication of the bucket system is therefore critical to give hope to our people in pursuit of this vision of the Freedom Charter.

Maintenance

We are providing R441,6 million for the maintenance of infrastructure, an increase of 68% over the 2004/05

allocation. This amount increases to R472,4 million and R508,9 million respectively in the MTEF period.

Human Settlement

An amount of R467,9 million has been provided to the housing fund from which houses are to be built and thus create sustainable human settlement and realise the injunction of the Freedom Charter- "*There shall be houses and security*".

This allocation reflects an increase of 9% and increases to R546,8 million and R668,3 million in the MTEF period.

Social Infrastructure

We have set aside R348,5 million to cater for Health facilities (R139 million); Education facilities (R167,4 million) and building places of safety (R30 million). This amount is 17% more than the 2004/5 allocation.

The budget for social infrastructure increases to R453,6 million and R494,6 million in the MTEF period.

Office Accommodation

An amount of R73 million has been provided in the next financial year and further amounts of R108 million and R104,5 million have been provided respectively in the outer two years of the MTEF period for building of offices for the entire provincial administration in an integrated manner.

Coming to the allocation Madam Speaker, the total budget amounts to R17,459 billion and includes an amount of R5,947 billion in respect of conditional grants of which R4,616 billion is money earmarked for social grants.

It is important to note that we are funding the social services sector to the tune of 78% of the total budget to ensure that we deliver quality education, effective health services and social grants to our people.

The budget is allocated as follows:

Office of the Premier receives R196, 648 million. Some of the key programmes the Office is driving are the learnership programmes, policy management and building offices for traditional leaders at R4 million for next year and another R17 million in the two outer years of the MTEF period.

This budget has increased by 33,9% to allow the Premier to effectively manage and provide strategic leadership to all Departments with the relevant internal capacity.

Office of the Legislature receives R103,255 million. The coming financial year will see the Office completing the extension of the Legislature building at a further cost of R10,8 million. This budget is increased by 21,3%. The increased resources will enable the Office to create capacity to manage parliamentary operations to our benefit increase its oversight and promote democracy in general.

Health receives R2,894 billion, an increase of 11,4% over its 2004/05 allocation. Some of the funds have been targeted for TB services (R15 million) ambulances and patient transport at R14,6 million and hospital reconstruction at R99 million. HIV/AIDS programme will receive R100,92 million to implement the operational plan for comprehensive HIV/AIDS care.

The HIV/AIDS allocation increases to R142,32 million and R149,43 million in the outer two years of the MTEF period.

Sport, Arts and Culture receives R201,071 million. Of the amount allocated, R12 million is earmarked for the building of libraries. Part of these funds will need to be focused on preparations for 2010 soccer world cup. This budget increases by 23,7%.

Safety and Liaison receives an amount of R25,316 million, an increase of 27,5%. This department is key in building and maintaining good relations between the police and the community and ensuring that a conducive environment prevails to realise and consolidate the injunction of the Freedom Charter – *“All shall be equal before the law”*.

Finance and Economic Development receives R316,679 million, an increase of 6,1% to allow the department to effectively lead the implementation of the PGDS. Some of the key programmes the department will embark upon are increased support to SMME's and the intensification of the implementation of the Mafikeng Industrial Development Zone (MIDZ).

Education receives R5,833 billion, an increase of 9,4% over its 2004/05 allocation. Some of the funds will go towards payment of pay progression of educators (R68,5 million), purchase of text books is allocated R90 million and the amount increases to R100 million and R120 million in the outer two years of the MTEF period.

Further Education and Training (FET) receives R20 million while ABET is allocated additional R10 million over and above its current financial year allocation.

Developmental Local Government and Housing receives R613,560 million an increase of 5,2%. The bulk of this money goes towards the housing fund to ensure that we built sustainable human settlements, referred to earlier.

This will increase our capacity to eradicate slums and eliminate informal settlements in the next decade.

Transport and Roads receives R1,343 billion. Key programmes are the construction and maintenance of roads, scholar transport and commuter subsidies have also been provided in this vote. The allocation to this department increased by 24,9%.

Public Works receives R464,5 million, an increase of 28,6% over the 2004/05 allocation. This department has been assigned the responsibility of investigating and leading the construction of new office blocks for government. These funds will also be utilized for the EPWP.

Public Works is responsible for co-ordinating the Expanded Public Works Programme to ensure that we create jobs and skills for our people through the design and implementation of infrastructure and other job creating initiatives.

I believe that with the increased development budget we are tabling today, we can do more to create jobs and develop skills in our province and meet the priorities set by

both the Premier and President in their respective speeches recently.

Social Development receives R4, 949 billion, an increase of 22,4% of which R4,674 billion is conditional grant for mainly social grants (R4,616 million), HIV/AIDS grant in respect of life skills development (R15,9 million) and food relief for R46 million. An amount of R7 million is also provided for the upgrading and retention of social workers.

Agriculture, Conservation, Environment and Tourism receives R494, 677 million, an increase of 5,3%. Other areas of focus will be land reform, post-settlement support and actual support to emerging farmers. Tourism promotion services receives R31 million of the Agriculture budget,

Managing the Budget for effective service delivery.

The budget being presented here today belongs to the people we serve. We in government are just custodians of it and our responsibility is to manage it to ensure that it is used for purposes it has been allocated for.

We will manage the budget in accordance with the prescripts of the Public Finance Management Act.

The Budget Oversight Committee will interrogate monthly expenditure reports, ensure that Departments submit financial and non-financial reports in terms of the PFMA to ensure that we eradicate under expenditure.

On a quarterly basis, the Committee will undertake an extensive interrogation on expenditure and performance against the strategic plans of departments to ensure that we deliver to our people.

The Committee will deal seriously with material over or under expenditure together with the various portfolio committees whose role is to provide oversight and give feedback to our various constituencies on how we are managing our resources, implementing our policies and the impact such are making on the communities.

This budget is the basis to realise the vision of the Freedom Charter and give meaning to the values enshrined in our Constitution.

Madam Speaker, this budget is for development and economic growth. This is a budget, which speaks about Freedom – therefore pursuing the vision of the Freedom Charter.

Madam Speaker, allow me to now table the following:

- North West Appropriation Bill 2005
- Revenue and Expenditure estimates
- People's Guide to the Budget
- A copy of the Budget Speech.

Conclusion

In conclusion, Madam Speaker, allow me to remind this house of the words of one of the most distinguished icons in our liberation struggle, who voluntarily dedicated his entire life to free his people from the shackles of apartheid, Comrade Oliver Reginald Tambo, from his 1971, New Year message entitled 'We who are free to eat and sleep at will' he said ,

" We who are free to eat and sleep at will, to write, to speak, to travel as we please; we who are free to make or break a revolution, let us use our comparative freedom, not to perpetuate the misery of those who suffer, nor to give indirect aid to the enemy they fight by withholding our own contribution."

Although Oliver Tambo has passed on, his words are true to our own challenges today as they were to the situation he was addressing in 1971, because indeed those of us who are free to eat and sleep at will should not perpetuate the misery of those who suffer, those who have no economic power, those who are marginalised and those who constitute the majority of our people, by refusing to empower them so that, they too, can eat and sleep at will.

Madam Speaker, in our quest to realise the vision of the Freedom Charter, and the values of our Constitution, we must constantly ensure that our resources are deployed efficiently.

For some time now, the Provincial Government has been owning the Leopard Park Golf Estate.

Madam Speaker, I want to inform this house that we will be selling this Estate. We are inviting any interested person, even my colleagues or anybody who plays golf to bid for the Estate. (The cost is yet to be determined).

Let me take this opportunity to extend my gratitude to the following:

The Honourable Premier for her leadership and advice in the construction of this budget. Mme Premier re a leboga.

Members of the Budget Oversight Committee (BOC) for their excellent contributions and all my colleagues in EXCO.

Honourable Mahumapelo and Honourable Matladi, for their oversight as chairpersons of Finance and Economic Development and Public Accounts Committees respectively.

Mr Tjie, the ever-smiling Superintendent General, Mr Ernst Van Wyk, Mr Geo Paul, Mr Andrew Kyereh, Mr Kingsley Sehularo, Chief Financial Officer and Heads of our Parastatals and the Budget Team, and all other HOD's for their efforts in helping us shape this budget.

Management of the Department and staff in my office, including everybody in the Department of Finance and Economic Development for the excellent reception when I came into the Department and their support, even those in our District Offices.

The Office of the Auditor General and the Provincial Audit Committee.

Chairperson of the Tender Board, members and staff of the Board. Even though the Board is being phased out, you will remain critical in our continued efforts to give credibility to our procurement process and promote Black Economic Empowerment.

Chairperson of the Provincial Gambling Board. Ms Thebi Moja.

To my wife Thandi and the family thanks for your continued understanding and support.

To the people who are here today and the public in general, thanks for listening to us.

To the media in general, your support and dissemination of our information is valued.

Madam Speaker, in this second decade of Democracy, **LET US SPEAK OF FREEDOM** and do even more to realise the vision of the Freedom Charter.

Thank You!

Kea leboga !

Baie Dankie!