

**Provincial Government Western Cape
Provincial Treasury**

BUDGET 2006 SPEECH

***Minister of Finance and Tourism
L Brown***

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Speaker, Premier, Members and distinguished guests:

We have come a long way since 1994: the advent of our democracy. We have reshaped our economy, the face of our country, our relations with the rest of the world, established new links within our continent and made many improvements in the lives of ordinary people. Most of these were covered by the President in his State of the Nation Address and further elaborated on my Minister Manuel on Wednesday. Few would disagree that we are increasingly getting to grips with the fine-tuning and testing of our policies, living as we do in the fish tank called Africa, where our every move is scrutinised and analysed, all the more so in South Africa.

But even the most cynical analysts would concede that over the last decade we are getting better at what we do. The numbers also speak for themselves. We have started well and astounded our critics, domestically and abroad. Therefore we can identify with the Ghanaian Kofi Awoonor, when he writes:

In our beginnings lies our journey's end.

So we are ready to engage the future and turn it to our advantage. As the Western Cape Government, we have done the research and formulated our shared growth and development plans, called *iKapa Elihlumayo*, in full recognition of similar national initiatives and municipal IDPs.

There is an old Ashanti proverb that says:

*Only when you have crossed the river can you say that
the crocodile has a lump on his snout.*

After 12 years, we are on the other side of the river, with Budget 2006/07 as a manifestation and consolidation of all the intense work that precedes it, starting with the Premier's "burning old grass" 2003 Budget Speech.

Although we have not as yet reached our end point, the Budget is tabled today in an environment alive with the promise of 'accelerated shared economic growth', an idea highlighted in the President's State of the Nation Address and developed under the leadership of the Deputy President as the *Accelerated Shared Growth Initiative for South Africa (ASGI-SA)*.

The road ahead is not going to be easy. As Sophocles tells us:

There is no success without hardship.

Possibly the really difficult part of our transformation, that of changing our economic and spatial landscape, is only starting now in all earnest.

Last Friday the Premier laid out his 8-point battle plan to achieve shared growth here in the Western Cape. My task today is to set forth the economic framework and resource allocation decisions which provide the ammunition for that battle plan.

Accelerated and Shared Economic Growth

We know that higher levels of economic growth are critical to reducing unemployment and poverty and to encouraging investment in South Africa's economy. But up to now, growth has largely tended to benefit those already well-off or well-positioned, while the poor did not share in the same benefits. Government is now recognising that we cannot chase after higher growth alone, or focus exclusively on pro-poor growth.

Nevertheless we need to take steps to make sure that the gains from higher economic growth reach the poor and make concrete improvements in their daily lives on an increasing scale. Shared growth is about a more prosperous *and* more equal society. These ideas are at the core of the Western Cape's Budget 2006/07.

The Western Cape has certainly shared in the historic upswing phase of the South African economy, with real GDP growth in the region estimated at 5,3 per cent for 2004/05. In the same fiscal year, total output in the Western

Cape reached nearly R186,3 billion, or 16,0 per cent of South Africa's GDP. Economic growth is set to maintain its high pace of 5,3 per cent in 2005/06 and then drop slightly to 4,7 per cent in 2006/07.

All in all, it would appear that our growth upswing has taken both Eskom and our fuel suppliers by surprise. Perhaps this is a belated indicator for the rest of our private sector colleagues to not also run the risk of under investing.

The Western Cape also compares positively to the rest of the country in terms of the overall poverty rate. But this aggregate view masks worrying trends in poverty pockets.

Unemployment further persists at unacceptably high levels, making job creation and skills development fundamental themes which tie into all of the *iKapa Elihlumayo* strategies. Furthermore, the gains and pains of economic trends are not felt equally among us. The strengthening of the Rand exchange rate has had a disproportionate impact on the region's industrial and agricultural base. In line with national experience, manufacturing exports in the region declined, whilst import competition (particularly from China and India) picked up strongly.

The fact that the Western Cape economy was able to achieve the estimated 5,3 per cent growth rate in 2004/05 in the face of these headwinds is testimony to the strong economic performances of: the Construction; Retail and Wholesale; Financial and Business services; and Transport and Communication sectors.

Overall, the short-term outlook for the Western Cape economy remains upbeat. This is despite external risks, particularly in relation to the exchange rate volatility and crude oil price pressures.

Internally, we face socio economic challenges which may constrain our regional growth if not properly addressed. These include: skewed income distribution; lack of skills to support the regional economy; high school drop out rate; housing and infrastructure requirements; burden of disease; immigration; increasing road fatalities and drug-related crime rate. Therefore it

is these challenges which the *iKapa Elihlumayo* strategies are specifically designed to tackle head-on.

iKapa Elihlumayo Development Strategy

Since the launch of *iKapa Elihlumayo* three years ago, we have done our homework, so that today we have a better grip on the problems facing the Province. Led by the Department of the Premier, by the end of this year, all the various strategies, together with the key elements of municipal IDPs, will be welded together into a single battle plan, the Provincial Growth and Development Strategy. The PGDS would exist as a living document, as our environment and challenges are not static.

The English poet Lord Alfred Tennyson wrote:

*Come, my friends,
'Tis not too late to seek a newer world...
for our purpose holds
To sail beyond the sunset...
Though much is taken, much abides; and though
We are not now that strength which in old days
Moved earth and heaven; that which we are, we are;
One equal temper of heroic hearts,
Made weak by time and fate, but strong in will
To strive, to seek, to find, and not to yield.*

As we embark upon the implementation of these development strategies in the upcoming year, we do so having looked at these problems seriously, knowledgeable of the obstacles before us and the environment around us. We understand that *'that which we are, we are'*, and armed with a comprehensive strategy for change captured in *iKapa Elihlumayo*, we have crafted an *'equal temper of heroic hearts.'*

At the same time that it reflects our regional needs and aims, the Budget incorporates the new slants and priorities that have emerged from our national processes. The fundamental goals of *iKapa Elihlumayo*, economic

growth, social capital formation, and human resource development are therefore threads which run all through this Budget.

Speaker, this is the year when implementation of these strategies moves forward full-force. This is the year that the lead strategies are to take off, where we set sail, *to strive, to seek, to find, and not to yield*.

Our best-laid plans may go awry. Our success with the *iKapa Elihlumayo* strategies may be uneven; we may need to redirect our resources and our plans mid-stream. Similarly, as we learn new information along this journey and begin to get feedback on the results of our efforts, we need to be brave enough to look at that information, to listen, and to redirect where necessary. The province-wide service delivery monitoring and evaluation system, being developed under the leadership of the Department of the Premier, is critical to this.

This year's Budget is also exciting because it marks the first time that provincial departments have publicly summarised specific departmental objectives that they commit to realise in the upcoming year. More detail can be found in the Budget Review and the Estimates of Provincial Expenditure. These key deliverables will form the reference point for the Province's nascent monitoring and evaluation system. In that way, the people of the Western Cape can hold the Provincial Government accountable for our commitments to shared growth and development.

In his State of the Nation Address, the President gave evidence of the optimistic and positive outlook of South Africans towards the future of the country, as reflected in national survey results.

In 2005 the Provincial Treasury commissioned its own survey to look at how our people felt about service delivery in the Province. A random sample of 4000 citizens participated in the province-wide survey, to tell us about their needs and concerns; what they thought of Government's track record of service delivery; and where they thought Government should be focusing its energy and resources.

Those results — to be launched officially in April 2006 — help to tell us what people care most about and how they view government progress thus far. Approximately half of the respondents expected economic conditions in the Western Cape to be better or much better in 12 months' time. Respondents felt government needed to do more to narrow the gap between rich and poor.

The preliminary findings of the Survey are conveying a strong mandate for the priority areas identified in the *iKapa Elihlumayo* strategies. The respondents identified crime, job creation, and housing as the most urgent problems for government to focus on. This year's Budget aims to address these concerns, by increasing budget allocations to key sectors, and by specifically earmarking funds for particular priorities, thus ensuring efficacy in expenditure.

Main Elements of Budget 2006

The detail of the Budget can be found in the documents I am tabling today, but this morning I will only speak about its four main themes.

- First, education and the drive to develop skills of our youth so that they can access the job market.
- Second, the importance of creating jobs and the economic infrastructure — roads and public transport — that helps our economy to grow.
- Third, I will speak about how this Budget strengthens our focus on families and communities, and allocates resources to fight the forces that are undermining social capital.
- Finally, I want to speak about what we are doing to not just construct houses, but to build liveable sustainable neighbourhoods.

Education, and Skills Development to Access the Job Market

In March, Minister Dugmore will launch the Human Capital Development Strategy, which is the Province's overall plan for better education and skills development. Overall the Department of **Education** receives 38 per cent of the total provincial Budget, that is R7 billion or R728 million more compared to

Budget 2005. Within the framework of the Strategy, the entire orientation for the Department will be upon ensuring all our learners have access to good quality education, and are equipped with the necessary knowledge and skills to productively enter the job market. Part of the process includes an update of an agreement between myself and my colleague Minister Dugmore at Education to cover a range of steps to improve the quality and outcomes of our education system.

The most basic means to improve access is to eliminate the fees for very poor learners who are deterred from education and opportunity due to poverty. In order to put this policy into action, the Department of Education receives R29,3 million in 2006/07, increasing each year to reach R404,4 million in total over the MTEF. The Department will also provide increased support to disadvantaged schools by setting a higher revised benchmark norms and standards subsidy of R527 per learner.

However the battle to ensure greater access, equity and better cognitive abilities starts before our learners even enter schools. Therefore we have boosted Education's total allocation for Grade R by 49 per cent from 2005/06 to R107,4 million in 2006/07. Over the MTEF, an amount of R534,3 million will be spent to ensure that an increasing number of our learners have access to quality Grade R programmes.

A conducive physical environment for our learners is essential if we expect the investments in curriculum and teacher development to bear fruit. Safety in schools, the provision of decent infrastructure, and the elimination of overcrowding are basic elements which protect the dignity of our learners, teachers, principals and school staff. Over the MTEF, we will spend R228,1 million additionally for quality and upliftment programmes that will address equipment backlogs and rundown school equipment in disadvantaged schools. On the infrastructure side we added an earmarked allocation of R40 million to speed up school delivery.

Our schools must be places of safety in order to be effective places of learning. This is an issue for both Community Safety and Education who have joined forces to create a safer environment at schools. The Department of

Community Safety will have an extra R6,7 million this year to deploy 500 volunteers to schools most at risk. The focus will be on enhancing security at the same time harnessing community energy and promoting participation and social networks.

Our Service Delivery Survey suggests that when parents become closely involved in supporting their schools and participating in decisions around their children's education, then communities become stronger and schools and learners thrive. In 2006, the Education Department will establish a provincial Representative Council of Learners to facilitate the interaction of school youth in education policy as well as their participation in leadership development initiatives. The Department will also promote the establishment of a provincial School Governing Body.

An additional amount of R68,8 million is allocated in 2006/07 for the implementation of the national curriculum statement, ensuring that learners at schools are taught a modernised curriculum in line with the needs of a modern economy.

We need to do our best to insure our children achieve Grade 12 and are adequately prepared for the world of work — whether through academic studies at school, or learning at FET colleges. A key factor hindering economic growth and employment within the Province is the shortage of specific skills both at the intermediate and higher level. This represents a clear bottleneck which we have the ability and the will to tackle head-on.

The number of Focus and Dinaledi Schools will be expanded in order to promote participation rates in mathematics, physical science and technology. This will enable the Province to increase the number of learners, particularly black learners, achieving pass marks high enough to enter tertiary education.

All six Further Education and Training (FET) colleges in the Province are to be re-capitalised, using funds from a new conditional grant for this purpose which totals R70 million in 2006/07 and R227 million over the MTEF. This results in a total of R259,9 million available in 2006/07 for Further Education and Training, representing an increase of 63 per cent over the 2005/06

budget. The funds will be used to support increased student enrolment, upgrade the college sites (including physical infrastructure and equipment) and introduce new and modern programmes.

We also plan to spend more money on bursaries for financially needy and academically deserving learners, especially in those skill areas most in demand by the provincial economy right now.

- In order to promote access and equity at FET Colleges, R25 million is provided in 2006/07 for the *iKapa Elihlumayo* Financial Aid Plan aimed at FET college learners. It is anticipated that 1 500 learners will benefit during 2006/07.
- Additional funds allow the Department of Transport and Public Works to provide R15 million over the MTEF for bursaries for engineering and construction students as part of the Masakh' iSizwe Project – Let Us Build the Nation. These are joined by the Department of Agriculture who plans to award a number of bursaries to farm workers, as well as to historically disadvantaged individuals in the fields of agriculture, engineering and veterinary science.

Our **Expanded Public Works Programme** (EPWP) and its extension into the social sector is another critical feature of this Budget. Training for Early Childhood Development (ECD) practitioners aims at upgrading the skills of our existing practitioners, but also providing a career opportunity for new entrants. This initiative is of critical importance as it forms part of an integrated ECD strategy. By providing a safe, secure and stimulating environment for our children, we also create the necessary space for women to partly free themselves of the unequally shared responsibility of childcare and to access the labour market.

We have added R53 million in 2006/07 and R369 million over the MTEF for ECD, Community Home Based Care Workers and Community Health Workers. In the first year of implementation we have set a target to train 900 ECD practitioners and 233 ECD assistants, as well as 300 HIV and Aids home and community-based care workers; 1 430 community-based ancillary health workers; and 220 community-based ARV and VCT workers.

Overall our EPWP will give more unemployed people a chance to earn an income and at the same time gain some concrete skills which will stand them in good stead over the medium term.

A successful EPWP project — whether it be in construction or social services — will have to strike the right balance between three concerns: short term poverty relief and social inclusion; medium term goals to develop skills for the job market and benefit from social service programmes; and long term aims to achieve positive economic outcomes from the creation of solid infrastructure. This is what we are aiming for.

Growing the Economy and Creating Jobs

The second overall theme of this Budget is job creation and growing the economy. We will focus on providing better information to connect entrepreneurs to business development services and to inform citizens about job opportunities.

To achieve this, the Department of **Economic Development and Tourism** receives a boost in this year's budget. The Department's R188,4 million budget for 2006, R43 million more than was allocated in 2005, will be used to proactively support particular economic sectors which have good potential to create jobs and foster Broad Based Black Economic Empowerment. The five sectors identified in the Premier's battle plan will be targeted. In addition, support will be provided to: Clothing and Textiles; the Craft sectors; and the Film industry.

For 2006/07, R47,9 million is earmarked for implementation of sector initiatives developed as part of the MEDS, the Province's Micro economic Development Strategy, and R3,9 million set aside to promote Business Process Outsourcing and Call Centres in particular.

The pursuit of accelerated and shared growth also calls us to provide increased support to small and emerging entrepreneurs. Our Service Delivery Survey indicated that people are not asking for financial handouts from government. They say they need better information about what

business development services the government can offer. Government will spend R49,6 million in 2006/07 to increase economic participation, up 46 per cent from last year's budget. This will be used to further refine the services offered at the RED Door offices, to increase the number of RED Door Offices, and to launch the mobile Red Door.

To give further support to local economies, a 'Die Plek Plan' office will be established in every municipal district. These district offices will be responsible for identifying viable business opportunities in local areas, as well as assisting local municipalities to further articulate their economic development strategies and implementation plans. This initiative also includes a specific focus on investigating viable business opportunities in rural areas.

Agriculture is a key sector in the Western Cape – as a sector its products directly or indirectly constitute over 40 per cent of total exports from the Province. Through its support to the land reform programme, provision of extension and support services to emerging farmers and its human capital development interventions aimed at farm workers and farmers, the Department is building the basis on which groups previously marginalised can share in this prosperity. In total the Department of Agriculture receives R254 million in 2006/07, which is R15,8 million more than what was budgeted in 2005/06.

The Farm Worker Development Programme will focus on improving farm worker productivity, thus assisting farm workers to increase their income. An additional allocation of R30,2 million over the MTEF will be used to support initiatives which include: technical training programmes for farm workers; programmes to recognise prior learning; and financial support for children of farm workers to study at Elsenburg College.

Water availability is a critical constraint to the development of the agricultural sector. Therefore the Department is exploring ways to carefully supplement existing agriculture water sources with new sources, in order to open up new areas in the Province for emerging farmers. One such area is the middle to upper reaches of the Olifants River Valley. The Department is also working to

increase the efficiency of irrigation systems. Together these water projects will receive a total of R7,8 million over the MTEF funded specifically for this purpose from additional allocations.

Infrastructure investment is a key mechanism for increasing the productivity of economies, and thus boosting economic growth. Physical investment opens up economic opportunities and reduces costs for businesses in the Western Cape.

The Premier described infrastructure as the nervous system of our economy. Total infrastructure spending, across all departments, is budgeted to reach R2 billion in 2006/07, 21,6 per cent higher than in the 2005/06 budget. Together Health and Education infrastructure spending is budgeted to make up just over 30 per cent of the infrastructure budget in 2006/07.

The **roads** network is also critical to the success of the Western Cape economy. It allows agricultural produce to be timeously and affordably marketed, public transport to operate effectively and tourists to access unique amenities, thus contributing to local economies.

Public transport builds us as a Province because it connects people to jobs and to each other; it shortens distances between communities, and allows us to take advantage of the public spaces and opportunities in our beautiful province.

In recognition of this, the Province has prioritised expenditure on roads and protected that priority through earmarked allocations which amount to R3,5 billion over the MTEF. For the first time, this year the budgeted annual expenditure on roads rises above the R1 billion mark to R1,2 billion. Continuing a trend begun last year, the roads programme is set to increase by 13,1 per cent on average each year over the MTEF.

Key highway infrastructure in the City will be rehabilitated, including the N1 and the N2, and an interchange at Potsdam on the N7 will be completed. In anticipation of the 2010 FIFA Soccer World Cup, the dedicated bus and taxi lane along N2 will be extended.

During 2006/07 the Department of **Transport and Public Works**, in partnership with the City of Cape Town, will enter the construction phase of the Klipfontein Corridor Project. The Department's total contribution to the infrastructure aspects of the project is budgeted at R190 million over MTEF.

The Department will continue its work on improving public transport in large towns, for instance George and Mossel Bay, and relatively densely populated networks of towns outside of Cape Town. To address the poor safety record which mars public transport, the Department will launch a comprehensive safety and enforcement programme. As a whole, Transport and Public Works is budgeted to receive R2,1 billion in 2006/07 — a 20,6 per cent increase compared to what was originally allocated to the Department for 2005/06.

Supporting families and communities

Speaker, our various efforts to support families and communities all tie back into our lead *iKapa Elihlumayo* strategy: Social Capital Formation (SCFS), launched in October 2005 by Minister Mqulwana. In alignment with national priorities, it aims to strengthen social cohesion by creating safer and healthier communities, strengthening networks and increasing access to government services and information. Implementation is already underway; but in 2006/07 we will see acceleration and expansion of these and other new programmes to arrest and reverse the decline in social capital in the Province.

The SCFS adopts an emphasis on youth, reflected in youth protection and development programmes related to safety in schools, drug abuse, and sports in schools.

Alcohol and drug use are the biggest contributors to high levels of crime in our Province. Research has shown that substance abuse, especially the abuse of 'Tik Tik' amongst our youth under the age of 20 years, has increased by 50 per cent since 2003.

Under the leadership of the Departments of Social Development and Community Safety, the Social Cluster in the past year began the rollout of anti-drug campaigns in 10 hotspot areas in the Cape Flats. To further strengthen these initiatives, the Department of **Social Development** (our new proposed name) has increased its substance abuse budget by 40 per cent to a total of R32 million in 2006/07. Approximately 1 000 community-based fieldworkers will be recruited to support substance abusers after their first phase of rehabilitation, to assist them to avoid relapse. On their part, the Department of Health has set aside R1,6 million for the upgrade and expansion of detoxification facilities at Stikland Hospital.

Women and children remain the most vulnerable groups in our communities, with high levels of alcohol and drug abuse too often resulting in violence against our children and women, and leading to risky sexual behaviour, rape, murder and violence. The Department of Social Development continues to work with non-governmental organisations to equip women to participate in economic activities and opportunities, while the Department of Health plans to increase support of rape survivors and expand the reach of services for women to undergo screening for cervical cancer.

As soon as the Bills are passed, the Department of Social Development will begin work in 2006 to implement the Children's Bill and the Child Justice Bill, as well as the Older Person's Bill. Additional amounts of R4,8 million have been given in 2006/07, R34,6 million in 2007/08 and R72 million in 2008/09, for the progressive realisation of these three bills to protect our children and the aged.

Speaker, too many people continue to die on our roads. In Cape Town transport injuries were the second leading apparent manner of non-natural deaths after violent deaths, accounting for 25 per cent of all deaths. According to the Road Traffic Management Report of November 2005, road fatalities in the Western Cape increased by 11,5 per cent relative to the corresponding period in 2004, with 130 fatal crashes (mostly cars) on average per month, at an economic cost of R110 million each month.

This fatality and injury rate remains unacceptably high, and what is worrying is the rate of increase year on year, in spite of many efforts. As experience in other countries has shown, this is largely preventable. In this next year, the Department of **Community Safety** in liaison with municipalities and the Departments of Transport and Public Works and Health, have undertaken to implement its researched Motor Vehicle Accident Intervention strategy to create a safer road system in the Province.

Overall the Department of Community Safety receives a total budget of R181,3 million in 2006/07 — R7,5 million more than was allocated last year.

The Department of **Cultural Affairs and Sport** is focusing its energy on reviving school sport to keep our youth away from drugs and violence by providing them with positive alternatives. In the coming year the Department receives R2 million to begin the process of establishing a sport school at the Old Education College in Kuils River. The total allocation made available for the establishment of the School Sport over the MTEF period is R10,4 million.

Additional funds amounting to R14,5 million have been allocated to Cultural Affairs and Sport over the next three years to prepare the Province for the Western Cape leg of the 2010 FIFA World Cup. The Department will use these funds to capacitate a high-powered unit to co-ordinate preparations for the Western Cape leg of this event.

The key priority for the Department of **Health** in the 2006/07 financial year is the finalisation and implementation of the service plan which will give effect to Health Care 2010. In 2006/07 the Department receives 34 per cent of the total Provincial Budget, amounting to R6,3 billion and totaling R20,4 billion over the MTEF. That is R2 billion more than the previous MTEF.

Primary Health Care services are provided with an additional R27,9 million, with the total amount allocated to PHC in 2006/07 standing at R1,4 billion. Over the MTEF an additional R211,6 million has been made available for PHC. In 2006/07 the Health Department expects to conclude the shifting of full responsibility to it for the provisioning of Primary Health Care services that were previously the domain of the non-metro municipalities. The advantage

of this shift is that health care service delivery will be unified, thus simplifying the experience for the beneficiary and improving efficiency and the quality of overall health care. Primary health care will further benefit from additional staff, longer opening hours at community health centres and the computerisation of PHC services.

New resources have also been made available for the modernisation of tertiary services. Over the MTEF, an additional R94,8 million will be spent to replace medical equipment in specialist hospitals, strengthening cancer oncology services and increasing the number of medical specialists, while R382 million will be used to revitalise provincial hospitals.

Emergency medical services benefits from an injection of R62,5 million over the MTEF, allowing implementation of a new expanded and improved national ambulance model, cutting response times and improving care and patient survival rates.

In the past few years the Department of Health witnessed an exodus of qualified staff especially nurses to seek greener pastures elsewhere. Funds have been provided to boost numbers of health professionals, totaling R20 million in 2006/07 and R127 million over the MTEF.

The HIV and Aids epidemic is a standing concern which requires our continued effort, vigilance and attention. HIV and Aids and TB are twin dangers which together create a more serious epidemic. It is reported that 30 per cent of TB patients in the Province are co-infected with HIV, resulting in high morbidity and mortality rates in this group.

The Department of Health has set aside R12,5 million to strengthen the tuberculosis programmes. With support from conditional grant and grant funds from the Global Fund, the Department seeks to strengthen and expand programmes to effectively manage the dual epidemic caused by TB and HIV. Four hospitals will be upgraded to care for the more acutely ill patients.

As part of the response in addressing these issues, the Department of Health plans to recruit, train and deploy 4 876 HIV and Aids new peer educators, working with NGOs in communities and classrooms, in order to guide and counsel young people on the prevention of disease and the adoption of healthy lifestyles.

Building on initiatives already started in 2005, the Department of Health together with the four institutions of higher learning will proceed with research to get a better grip on the burden of disease and its informants in the Western Cape. That in turn will allow us to direct and shape our health services more appropriately.

More Housing and Basic Services

Speaker, the fourth theme of this Budget is *sustainable human settlements*. The Province has to make sure its investment into housing is used to the maximum effect and that it has the greatest economic spin-offs. The Provincial Spatial Development Framework (PSDF) is the policy framework for achieving sustainability in our settlements. During the coming year, Minister Essop and her department will continue to roll out the PSDF, launched in December 2005, and to fine-tune the mechanism for its implementation. The Department of **Environmental Affairs and Development Planning** has received additional resources of R2 million in 2006/07 to facilitate the implementation of the PSDF.

One of the critical factors confounding development in the Western Cape is the time taken to get a decision on a development application. Much innovative thinking has occurred under the auspices of the Integrated Law Programme about how that decision-making time can be dramatically cut down, while maintaining and even improving the quality of decisions. Environmental Affairs will continue guiding its draft legislation and building awareness and municipal understanding and capacity to implement the provisions during the course of this year. The draft Bill is due for release very soon.

Environmental Affairs is also spearheading the development of a comprehensive response to climate change in the Western Cape. Climate change impacts negatively on water, a resource which already severely constrains growth in the Western Cape. The Department will work with Cape Nature and the Department of Agriculture to continue to develop and finalise a climate change strategy which also improves the management of water quality and demand.

The Department of Environmental Affairs and Development Planning receives a total budget of R175,5 million or R16,8 million more than in 2005/06, to carry out its responsibilities in 2006/07.

The Department of **Local Government and Housing** has been thinking hard about how, together with municipalities, it can increase the number of subsidised housing units that are delivered, the quality of the housing, the coverage of basic municipal services, and the overall governance of neighbourhoods and settlements in which they fall.

To realise the potential contribution that housing units can make to increase the asset portfolio of the poor, housing has to be well-located in relation to economic opportunity, and the units and their associated services well-maintained. As part of the PSDF, the Department is developing a "Sustainability Framework" to allow it to screen out housing subsidy applications from municipalities for projects that are not located in the areas of economic potential. The Housing Programme receives R2,4 billion over the MTEF and R663 million in 2006/07, which is R135 million or 26 per cent more than was allocated for 2005/06.

2005/06 saw the establishment of a provincial Disaster Management Centre in partnership with the Departments of Health and Community Safety. By pooling resources, the Centre will allow for better response times to emergencies in the metropolitan area and across the province more generally (due to improved inter-district dispatching). The Department aims to establish a network of similar emergency management centres at district-level in collaboration with municipalities.

The Department will also spend R14,5 million over the MTEF on a new capacity building programme for local government. Although considerable resources have been pumped into improving the capacity of municipalities over the last 10 years, many of the responses have failed to recognise and build on the capacity that already exists within municipalities.

The Local Government and Housing programme will create measures to retain and expand existing capacity from within local government itself, and to encourage municipalities to take ownership of the process, balancing this with the use of external experts that has often dominated programmes of the past.

Overall the Department of Local Government and Housing receives R777 million in 2006/07 and R2,7 billion over the MTEF, which is up 23 per cent on what the Department was originally allocated in 2005/06.

Fiscal Framework

Speaker, the Budget I table this morning totals R18,4 billion in expenditure for 2006/07, rising to R21,6 billion in 2008/09. This represents a nominal increase of 12 per cent from 2005/06.

Provincial payments exceed provincial receipts in 2006/07 by R604,0 million. This amount will be financed by R622,7 million from the Asset Financing Reserve, plus a small amount of R3,3 million from Compulsory Savings.

Total Provincial receipts are projected to increase at an average annual real rate of 8,5 per cent over the MTEF, from R17,8 billion in 2005/06 to R21,5 billion in 2008/09. This rise is fuelled mainly by increasing transfers from national government. Receipts sourced internally through own receipts and financing are projected to decrease from R2,1 billion in 2005/06 to R1,8 billion in 2008/09. The numbers above discount the shift of social assistance grants to SASSA from 1 April 2006. However, the Province will continue to render an agency service for the interim.

Conclusion

In conclusion, we recollect how three years ago, we set forward on a path of change articulated in the *iKapa Elihlumayo* strategies. With Budget 2006/07, we now step forward with the implementation of these strategies, inside the framework of accelerated and shared growth.

Ellen Sirleaf Johnson, the new Liberian President who took office 17 January as the first elected female leader in Africa, stated in her inaugural address:

*We pledge to live up to your expectations of creating a government
that is attentive and responsive to your needs, concerns,
and the development and progress of our country.*

We make a similar commitment here today, recognising that we cannot do this alone. Apart from cooperation between ourselves and the national and municipal spheres, we also need the assistance of the private sector and civil society, to each bring to the equation its own unique skills and resources.

Together we commit ourselves to push forward to pursuing economic growth which benefits all our people, and which extends opportunities to all. This is our newer world, of which Tennyson spoke:

*Come, my friends,
'Tis not too late to seek a newer world...
for our purpose holds
To sail beyond the sunset...
To strive, to seek, to find, and not to yield.*

I would like to thank Minister Manuel who is always ready with advice.

Secondly, the heads of the departments, many of their staff, municipal managers and their staff who collectively gave Budget 2006 its inclusive flavour and who provided much of the substance that went into shaping this year's budget.

The Provincial Treasury team who led the process, consolidating all the inputs into what I believe is a budget that will go a long way in getting us to the not-so-unattainable shared growth rate of 6 per cent.

To all my special guests, family and friends here today, thanks for your contributions in so many fields.

The Premier and my colleagues in Cabinet, thank for your support and guidance in shaping this budget.

To you, Speaker, and Members of this House, accept my sincere appreciation for your own inputs over the last year on many occasions.

Lastly, this Budget was assembled by us together, but the trick lies in its implementation. If we can be as good with the implementation as we were in its design, then we will be successful in achieving our goals of shared and sustainable growth and development. Remember, the old DRC proverb:

A single bracelet does not jingle.

I thank you.
