

FOREWORD

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



The budget for 2006/07 builds on the commitment we made when we tabled the previous budget on 4 March 2005. The commitment gives effect to the realisation of the quantified vision as encapsulated in our strategy framework for growth and development, the Provincial Growth and Development Plan (PGDP).

In line with the comprehensive programme of action to deliver on the “People’s Contract” as captured in the State of the Nation Address delivered by President Mbeki on 21 May 2004, the PGDP sets out the following broad policy goals, which will not only improve the lives of people today, but will lay the foundation for creating a better future for generations to come:

- The systematic eradication of poverty;
- The transformation of the agrarian economy;
- Developing and diversifying our manufacturing and tourism sectors;
- Building our human resource capabilities;
- Infrastructure, including the eradication of backlogs and the development of enabling infrastructure for economic growth and development;
- Public sector and institutional transformation in support of improved service delivery;

The 2006/07 budget, which is contextualized within a principle of creating a stable fiscal environment, is therefore another step in our long journey to improve access to public services; address vulnerability and inequality through proper targeting of services; increase investment in communities to ensure sustainable livelihoods; and develop the skills needed for the economy through enhanced further education and training.

The 2006/07 Budget Statements, as in previous years, comprise two parts: Budget Statement 1, otherwise known as the Budget Overview, and Budget Statement 2 (Departmental Estimates). The Budget Overview, as the name implies, presents an overview of the Budget, discusses and anticipates budget trends and developments over the current and forthcoming Medium Term Expenditure Framework (MTEF) periods. It also provides a snapshot of the socio-economic and demographic profile of the province. It offers a more detailed analysis of receipts and payments performance, covering infrastructure payments and transfers to local government and public entities. In addition, it devotes a whole new section to analysing the province’s fiscal performance over recent years, drawing attention to the fiscal challenges confronting the province. The challenges, for the most part, arise from endeavours to raise receipts and contain expenditure pressures on a wide range of issues. Budget Statement 2 provides a broader overview of departmental estimates based on the standardised budget and programme structures followed by strategic service delivery data quantifying performance targets as defined in the Strategic and Performance Plans.

A debt of gratitude is owed to the Premier for constantly providing leadership and vision, my fellow members of the Executive Council and members of the Cabinet Committee on the Budget for their support and inspiration. To my own Treasury staff, all departmental HODs and CFOs and everyone else who

participated and contributed to the successful conclusion of the budget process and making this important document a reality, my sincere appreciation.

Willem Hugh Nel
MEC for Finance
20th February 2006

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