



# Northern Cape Province

## *Budget Speech 2007*

*O.P. Dikgetsi • MEC for Finance • 5 March 2007*

**ADDRESS BY MR. O.P DIKGETSI MEC FOR FINANCE TO THE  
PROVINCIAL LEGISLATURE ON THE OCCASION OF TABLING THE  
NORTHERN CAPE APPROPRIATION BILL OF 2007  
05 MARCH 2007**

**Madame Speaker**

**Honourable Premier Mme Dipuo Peters**

**Members of the Executive Council**

**Honourable Members of the Provincial Legislature**

**Mayors and Councilors**

**Ladies and Gentlemen**

**Comrades and Friends**

*Our common purpose in the current trajectory is to intensify the fight against  
poverty*

The idea of common purpose means we move in unison and in one direction; that whatever we do and wherever we do it, must aim at the common purpose of poverty eradication and making inroads in the trenches of the so-called second economy to uplift our people from the misery of poverty and want.

Let me think back and remind the house, madam speaker, of the historical nightmare that the legal doctrine of common purpose has given us during the height of apartheid, particularly in the late 1980's. It is the legal doctrine of common purposes that condemned the Sharpeville Six. It is the legal doctrine of common purpose that saw the conviction of Uppington 25, and condemned 14 of them to death penalty. So, if the doctrine was so nightmarish, why invoke it in the fight against poverty?

The answer is here: we must redefine the concept of common purpose and strip it of its apartheid legal connotation. In fact we must develop a new definition of political common purpose.

Political common purpose has as its key tenets and values:

- launching a common onslaught against poverty and want, irrespective of political affiliation;
- ensuring deployment of financial resources to projects that will have maximum impact in achieving the vision of a better life for all; and
- bringing our endeavors together to efficiently, effectively and economically allocate and manage the provincial resources to win the war against poverty.

One of the things we need to address through the new doctrine of common purpose, as the Legislature, the Executive and the Public Service, is to move people from ‘too much thinking’ to ‘too much doing’. This is a common purpose against procrastination. In this sense, Madam Speaker, we must remember the old African idiom ‘*sekhukhune se bonwa ke sebataladi*’ – we pick out procrastination like a hawk do a helpless chick.

With the vision of common purpose, we need to speak like the ancient Romans who had a saying “*sauviter in modo, fortiter in re*” meaning we are an ‘iron hand in a velvet glove’. We will be considerate, assistive and educative in engagements with one another but we will do so aggressively because we have an urgent business to do: a common purpose against poverty and want.

Today we table the third budget of the third session of the democratically elected Provincial Legislature. Since the inception of democracy in 1994 our point of departure has always been that fighting poverty and deprivation must be the priority of a democratically elected government.

Ukuvumelana nembono zezigidi zabantu baseMzantsi Afrika abinike uRhulumente wethu inxaso enkulu kunyulo jikele luka 2004, inzame zokulwa indlala nentlupheko ziyakusoloko ziyeyona ndima siyinikela ingqalelo ekwakheni uMzantsi Afrika omtsha. Kungesosizathu ukuba uhlahlo lwabiwo mali lwethu silusebenzisa njengesixhobo sokunciphisa indlala nentlupheko.

Accordingly, today as we did in the past thirteen years, we table a budget indicative of our quest and commitment to relieve our people of the plight of poverty and improve their quality of life. The policies pursued by our government during this period around economic management, fiscal discipline and good governance provide us today with an opportunity to spend more resources in the fight against poverty. So, it gives me pleasure to note that through the budget we table today government is able to intensify the fight against poverty.

We table this budget recognizing the fact that this year marks the mid-term of the life of a government born of our last, 2004, general elections. Thus, this necessitates that we reflect on the question posed by the President during the State of the Nation address and I quote - "what progress have we made in the quest to achieve the objectives to which we honestly told the nation we were committed, as a result of which our people gave us the overwhelming authority to govern our country from 2004 until the next elections in 2009".

Our reflection on this issue requires us to identify those areas where we have fallen short with regard to our own and the people's expectations as well as determine what needs to be done to address any shortcomings and further build on what has been done. Our reflection on progress made has to be brutally honest yet constructive enough not to underscore both progress and backlogs.

In this respect it gives me pleasure to note that under the uncompromising leadership of our Premier Mme Dipuo Peters, tremendous progress has been recorded in terms of both provision of basic services to our people and the extension of social security to those in need. Amongst other things a total of 5 895 housing units in the period 2004-2006 have been constructed. Out of a total of 24 390 by December 2005, 17 544 bucket sanitation units have been replaced. This has put the province on course for the 2007 target of eradicating the bucket system. In 2006, 162 Public Ordinary Schools became no fee schools benefiting about 70 603 learners. In the extension of social

security safety net to the vulnerable, the province has reached 19 540 beneficiaries out of the target of 25 149.

## **ECONOMIC OVERVIEW**

Madame Speaker, in tabling the 2007/08 budget we are encouraged by the fact that our collective and concerted interventions in the provincial economy in the past two years are starting to bear fruits. Last year we announced that in 2004 the Provincial economy grew by 2, 7 per cent. The recently released StatsSA statistics reveal that the Northern Cape economy grew by 3, 9 per cent year on year during 2005. This makes us confident that when the 2006 economic growth statistics are released our province may come within 4-6 per cent rate as set out in the Provincial Growth and Development Strategy.

Although we welcome this development we recognize the need for us to increase efforts aimed at accelerating economic growth as well as redistribution of resources. We also note that the growth in our economy continues to depend mainly on the primary sectors of mining and agriculture. The growth in the primary sector in 2005 can be attributed to a very good year for the agricultural sector in the Northern Cape. In this regard, we need to double our efforts aimed at diversification of the Provincial economy as set out in the PGDS.

Nonetheless we must recognize that other sectors of the economy are beginning to make slow but very significant progress. Amongst other things, the services sector made a significant contribution to the economic performance in the province during 2005 with a growth rate of higher than 5 per cent. The biggest contributors to the growth in the services sector was the finance, real estate and business services sectors, with a growth of 7, 6 percent. This growth in the services sector includes the contribution of the provincial government to the local economy. The secondary sector highlights a need for improvement with a contribution of only 7, 1 per cent to GDP during 2005.

The sub-sector with the highest year on year growth rate was construction which grew by 8, 9 per cent during the period 2004 to 2005. One should however caution that this growth was from a very low base as this sector's contribution to the Provincial economy remained low at 1, 4 per cent in 2005. The contribution of the Northern Cape economy to the national economy remains at 2, 2 percent albeit the recorded growth.

Puso ya kapa Bokone e ikemiseditse go dira mmogo le baagi mo ntweng kgatthanong le botlhoka tiro. Maiteko a rona mo dingwageng tse pedi tse di fetileng a bontsha fa go nale tswelelopele mo ntlheng eno. Goya ka dipalopalo tsa StatsSA botlhoka tiro mo Kapa Bokone bo fokotsegile go tswa go dipersente dile some a mabedi le borobongwe ka Mopitlwe 2005 go ya go dipersente dile some a mabedi le boraro ka Mopitlwe 2006. Dilo tse ntle di a itirelwa. Ruri ngwagakgolo ya tshepo e atametse, mme mahube a naka tsa kgomo a simolola go bonala.

The progress being made with regard to creation of work is not only demonstrated by statistical data provided by various institutions but also because our people feel that we are making progress. According to the study conducted by Markinor which assessed how well government is reducing unemployment and creating jobs from provincial perspectives, seven out of ten residents in the Northern Cape believe that the government is reducing unemployment very or fairly well. This demonstrates the impact of the work of our government on the residents of the province.

Although considerable progress is being made with regard to the interventions and targets set in the Provincial Growth and Development Strategy much needs to be done in order to accelerate the current rate of economic growth and development in general. The demands of a more complex and changing economy characterized by increasing use of information technology, more complex technologies and a general rise in the skill requirements of jobs, means that our people must possess rising levels of applied competence. It is for this reason that government, business and Labour organizations established the Joint Initiative on Priority Skills Acquisition (JIPSA).

The purpose of this initiative is to speed up the acquisition of skills most needed in our country to help the economy grow.

In the context of our province a number of initiatives have been implemented in order to give effect to the objects of JIPSA. Amongst other things in January this year we launched the Human Resources Development Strategy. The objective of this strategy is to accelerate skills development in the six key areas enshrined in the PGDS.

Tot hierdie effek is n vaardigheids ontwikkelings projek tans in n gevorderde stadium, dit is daarop gerig ,om n wesenlike bydrae te maak tot die vaardigheids vlak van die Noord Kaapse ekonomie. Hierdie projek beoog om 1694 leerlinge op te lei teen n koste van R100 miljoen oor n tydperk van drie jaar. Meer as n duisend van die begunstigdes sal op gelei word in leerlingskap en vaardigheids opleiding in kleinsake ondernemings (smme). Daar word beoog dat hierdie ingrypings n drastiese impak sal maak op die Provinsie se ekonomiese groei asook werkloosheid en om armoede te bekamp.

In 2006 we announced the full implementation of the Northern Cape Supply Chain Management policy resulting in decentralisation of supply chain processes to respective government departments. This process culminated in the phasing out of the Northern Cape Provincial Tender Board. Apart from giving expression to government policies on Broad-Based Black Economic Empowerment and Preferential Procurement one of the biggest challenges in this respect is building the necessary supply chain capacity across all provincial departments and municipalities. To this end, the Premier ordered generic training of persons involved with supply chain management in the province. It gives pleasure to note that considerable progress has been made in this regard.

Amongst others, fourteen SCM practice notes have been issued to Provincial Departments since 1 April 2006 to support the implementation of provincial supply chain policy and 51 officials have been trained around SCM by SAMDI. In Municipalities 117 officials received similar training from SAMDI.

Our training has also extended to business resulting in 78 entrepreneurs being trained on a basic bid procedure course and the compilation of business plans within the province. Recognizing the need to continuously support departments around supply chain process a help desk has been established for this purpose. We are mindful that proper implementation of the Supply Chain policy may contribute immensely to both transformation and growth of the provincial economy.

At this stage, Madam Speaker, I turn my attention to the issue of fiscal management. The manner in which we manage the financial resources of our province is central to achieving the objectives of halving poverty and unemployment by 2014. During the past two years the provincial government has implemented various measures aimed at dealing with the challenges of weak financial management and installation of fiscal discipline. In the main, these measures were intended at positioning our fiscus better to allow us to further intensify the fight against poverty and create work. Under the astute leadership of the Premier and the collective will of the Executive Council considerable progress has been recorded in this regard.

It gives me pleasure to note that today we table a budget that is not only credible but also conforms to the broad developmental agenda of the government elected by the multitudes of Northern Cape residents in the 2004 general elections. It is a product of transparent and consultative process aimed at giving expression to the needs of our people. Inter-alia, we are proud to note that our budget is able to fund all national policy priorities and that social spending has increased considerably. Through this budget we aim to first and foremost intensify the fight against poverty, create environment conducive for sustainable accelerated economic growth that is able to create job opportunities for our people.

An analysis of our spending trends reveals that there has been considerable improvement in spending amongst all sectors. Amongst others as of the end of January 82 percent or **R3, 7 billion** of the adjusted budget had been spent across all departments of which most departments projects to spend within



the allocated budget. However, it is still necessary to reflect on whether the provincial government receives value for money? If we are to make any significant impact on the poverty and development situation of our province, it is critical that our spending speaks directly to the priorities of government. An important and positive development in this regard is that government has moved towards performance budgeting. Implementation of this initiative allows us to assess and evaluate the impact of the budget on the lives of our people. In this respect departments are already reporting on a quarterly basis on set outputs.

Madam Speaker, today marks the third year of the implementation of the debt redemption strategy. This naturally compels us to reflect on the progress made in this regard.

Members would recall that during the 2004/05 financial year the total cumulative provincial debt totaled **R845, 6 million**. The province managed to reduce this cumulative debt to only **R430, 7 million** as at the end of 2004/05. An amount of **R168, 5 million** was set aside during 2005/06 to further reduce this debt to **R262, 2 million**. However, this could not materialize as SCOPA could not consider the unauthorized expenditure in that particular year. A further **R95 million** in 2006/07 (R85 million plus R10 million), **R95 million** in 2007/8 and **R113 million** has been set aside to finally clear the debt by the end of 2008/9 financial year. This is based on the assumption that no department will over-spend.

It is important to note that our approach on fiscal discipline and sound financial management remains unchanged. Our provincial government remains committed to ensuring effective implementation of the debt redemption strategy by translating our commitment to this strategy into action. We do so in recognition of the fact that slow progress in addressing the debt situation of the province denies us an opportunity to effectively and efficiently address the challenges of poverty and underdevelopment.

One of the pressing challenges in fully achieving the objectives of our fiscal policy is the need to augment provincial own revenue. By now it is an open secret that provincial own revenue forms a very small proportion of total provincial revenue which stands at an average of 2.6 percent over the period between 2003/04 and 2009/10 financial years. On the other hand the total actual own revenue collection experienced a nominal growth of 13.3 percent and negative growth of 2.8 percent in 2004/05 and 2005/06 respectively. Our forecast show a growth rate of 11.3 percent in the 2006/07 and 12 percent growth is projected for the 2007/08 financial year.

Motor vehicle license fees, which is the single largest contributor to our own revenue is projected to increase by about 7 percent from **R66 million** 2006/07 to **R70 million** in 2007/08 financial year. Furthermore we expect a further increase at an annual average of about 6 percent to **R78 million** in 2009/10 financial year. This increase is in part as a result of the new Provincial demarcations.

Our provincial government will continue to explore ways through which own revenue could be augmented and collection improved. In this respect the following interventions would be developed and implemented; Provincial Own Revenue Enhancement Strategy, policies and procedures for the management and control of revenue collection, adequate IT system for monitoring and controlling outstanding amounts and debts, as well as application of existing policies and procedures governing debt management. To this effect an amount of **R4, 7 million** over the MTEF will be allocated for upgrading of the NaTIS data system.

Madame Speaker, without commitment and dedication towards maximizing the generation and collection of own revenue by relevant institutions these initiatives would be undermined. Therefore we need to ensure that the strategic objectives of major revenue collecting departments address revenue collection as a strategic question. Accordingly, an amount of **R2, 4 million** over the MTEF has been allocated to the Department of Safety and Liaison to build capacity for optimal revenue collection and management.

## Local Government

Part of the common purpose we talk about is the continued support to the municipalities, both technical and human resources. To realize the objectives of integrated planning and development, we need to allocate adequate financial resources to this important sphere of government, which is at the coalface of service delivery.

The government's commitment to building the strong local government, as envisaged in the Five Year Strategic Agenda, is further illustrated by the conditional grants as outlined here below:

- Municipal Infrastructure Grant for the next three years stands at **R443, 082 million**.
- For the purpose of promoting reforms in financial management by building the capacity in municipalities to implement the MFMA a grant of **R47, 3 million** has been set aside over the MTEF.
- DWAF is transferring about **R42, 5 million** to Kgalagadi and Frances Baard Districts for subsidizing water schemes to be transferred to municipalities.
- In order to assist the municipalities to improve their internal administrative system and governance as required by the Municipal Systems Act, 2000 a grant of **R75, 4 million** over the MTEF is made available.
- Bucket eradication remains a key and urgent delivery point for our people. For this reason a grant of **R34, 8 million** has been set aside for 2007/8 financial year. We are still committed to complete eradication of

buckets by December 2007 as announced by the State President two years ago.

- To provide for accelerated planning, establishment, construction and improvement of new and existing public transport and non-motorised transport infrastructure, a grant of **R11 million** for the 2007/8 financial year is made available.
- A total amount of **R24, 6 million** over the MTER is allocated to Municipalities for purposes of subsidizing community libraries in order to enable communities to gain access to knowledge and information that will improve their social, economic and political situation.

## INFRASTRUCTURE

Madame Speaker our point of departure remains that provincial economic growth and creation of work can be significantly enhanced through investment in infrastructure development. The commitment of our provincial government in this regard is demonstrated by the fact since 2004 a total amount of **R1, 6 billion** has been spent on infrastructure. Some of the developments worth noting in this regard includes but are not limited to the Mayibuye Multi-purpose Cultural Centre project in which government has already invested about R46 million, the Kimberley Psychiatric Hospital, Barkley West Hospital, planning and design of the access road to the SKA project.

We have impressed upon this house in the past that in order to give effect to the objects of infrastructure development our province will continue to focus on the Expanded Public Works Programme as part of our programme to extend and build new infrastructure as well as strengthen participation and inclusion of those trapped in the second economy. It is encouraging indeed to note that this approach is bearing fruits as far as job creation and poverty eradication is concerned. This point is demonstrated by the report of the Premier during the State of the Province Address that 10 000 jobs have been created through our infrastructure development programme since 2005.

Madame Speaker, although remarkable progress has been made around infrastructure development in the province there is still a need to improve infrastructure delivery processes. It is for this reason that in the past two years considerable efforts were dedicated to the improvement of the Infrastructure Delivery Process. Amongst other things the Infrastructure Delivery Improvement Programme (IDIP) was designed in order to address challenges relating to planning as well as slow and poor quality of spending of infrastructure budgets.

Although this programme has been implemented in the past two years, a number of challenges remains particularly around the spending of Capex Budgets. Our own analysis of the prevailing challenges reveals the lack of forward planning, poor alignment of planning and budgeting cycle for infrastructure projects, inadequate assessment of infrastructure plans and budgets by departments and the commitment of large multi-year projects to one financial year as the main causes of under-spending problems.

In order to address these, Parliament has approved the framework to align the infrastructure delivery cycle with the MTEF budget cycle with the view to improve planning and deal with the fourth quarter expenditure spike. The infrastructure Delivery Cycle will be amended to include an Infrastructure Programme Management Plan (IPMP) and Infrastructure Programme Implementation Plan (IPIP) which will be mandatory for all infrastructure departments. This framework will require the appointment of appropriately skilled built environment professionals across all relevant departments and local government.

The total infrastructure budget for the province amounts to **R769 million; R875 million and R1, 024 billion** in 2007/08; 2008/09 and 2009/10 respectively. Included in the total infrastructure budget is the Provincial Infrastructure Grant which amounts to **R351, 3 million; R390, 6 million and R456, 2 million** in 2007/08; 2008/09 and 2009/10 respectively. These allocations were allocated to the infrastructure departments, Education

increases from R26, 8 million in 2006/07 to **R48 million** in this financial year; Transport, Roads and Public Works increases from R155 million in 2006/07 to R258 million this financial year; Health increases from R11, 9 million in 2006/07 to R36 million this financial year while Agriculture and Land Reform increases from R3, 2 million in 2006/07 to R8, 8 million this financial year

In order to ensure that these allocations give us value for money, the Provincial Government is setting up mechanisms to monitor the implementation of the infrastructure projects in terms of quality, timeous delivery and social impact. In addition National government has deployed Technical Advisors to further boost and improve our infrastructure delivery.

## **FISCAL FRAMEWORK**

Madame Speaker, a number of factors underpin the framework of the budget we table today. Amongst others the demarcation of provincial boundaries to incorporate Kgalagadi and Pampierstad into the Northern Cape, has had a significant impact on the total envelope of resources available to our province. In addition, rebasing conducted by StatsSA has adjusted our population figures by 198 000 marking an increasing from 903 000 to 1, 1 million. This represents an increase of 22 percent on our total population figures.

This development has impacted on the education, health, basic services, poverty and economic activity components of the equitable share because of the inter-provincial movement or migration of population and school learners. These components were updated in the equitable share formula.

The new provincial equitable share has increased our baseline from **R3, 790 billion** to **R4, 598 billion** in 2007/08 financial year. This represents a total increase of 21 percent or an amount of **R807 million**, of which **R652 million** comes as a result of new provincial demarcations. Madame Speaker this represents a very significant increase on total provincial budget.

Although this development is welcomed we need to be mindful of the challenges that come with the new demarcations. Inter-alia, we need to further extend services to the incorporated areas particularly around Education, Health and Social Development whose norms and standards differ to that of the pre-demarcation Northern Cape areas. For an example North West norms and standards on Social Services per capita funding for 2006/07 financial year is R106 while in the Northern Cape it is R206 representing a funding gap of R144. This means that we need to dedicate more resources in these areas to ensure consistent and equitable delivery of services across the entire province.

Regarding our fiscal outlook, similar to last year's budget, we are budgeting for surplus of **R597, 8 million** over the MTEF, of which **R488, 7 million** over the MTEF is set aside for debt reduction including the unforeseeable and unavoidable expenditure which may arise as a result of demarcation and **R97, 2 million** is set aside for the Government Employee Medical Scheme (GEMS).

The total provincial revenue including conditional grants and provincial own revenue amounts to **R5, 8 billion**, **R6, 5 billion** and **R7, 3 billion** for 2007/08, 2008/09 and 2009/10 respectively. The total expenditure for the respective financial years is **R5, 7 billion**, **R6, 3 billion** and **R7 billion**. A total percentage of 73 is allocated to the social sector which increases to 74 percentage in the outer years. Economic sector receives 21 percent in the current year, 20 percent in 2008/09 and 20 percent in 2009/10. The remaining 6 percent is allocated to the Governance and Administration in the first two financial years and reduces to five percent in the outer year.

Compensation of employees accounts for **R3, 1 billion** or 55 percent of the total 2007/08 budget. Transfer and subsidies which includes transfers to public entities and municipalities accounts for **R654 million** or 12 percent while capital expenditure including infrastructure expenditure amounts to about **R567 million** or 10 percent of the total budget. Goods and services

which include medicines and learner support material account for **R1, 3 billion** or 23 percent of the total budget.

A large proportion of our additional allocations seeks to consolidate education, health, social welfare services and infrastructure (social and economic) programmes prioritised during the tabling of the 2006 Budget. In particular, the additions to the provincial equitable share are aimed at strengthening the ability of provinces to improve access to and quality of 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 education and training.

In this regard a total additional amount of **R651, 4 million**, excluding demarcation funding, over the MTEF is allocated, of which:

- **R459, 9 million** over the MTEF is allocated to social services sector to improve remuneration packages of selected personnel, employment of professional staff, particularly in health, education and social development.
- **R191, 5 million** in the same spending period to programmes aimed at improving the quality of social services and to allow for provincial-specific interventions in social and economic services.

## **ALLOCATIONS**

Madame Speaker, let me take this opportunity to unpack the specific allocations for the financial year 2007/08. Individual departmental allocations can be found in the attached annexure. The following allocations are in addition to the current baseline allocations, duly adjusted after the new provincial demarcations.

## **GOVERNANCE**

The current phase of governance continues to pose serious challenges with regard to policy co-ordination and implementation in order to ensure



integrated and coherent provincial and local economic development. As we reach the middle of a term of government that began in 2004 there is a need for evaluation of progress made and identification of shortfalls. Effective implementation of these activities requires adequate human and financial resources.

In order to address these challenges an additional amount of **R25, 7 million** has been allocated over the MTEF period in order to ensure that the Office of the Premier renders efficient management as well as effectively monitor and evaluate the implementation of policies and programmes by provincial departments. This allocation will also ensure that the Provincial Administration continues to benefit from the strong and uncompromising guidance of the Office of the Premier.

The additional allocation to the legislature is **R39, 5 million** over the MTEF period to amongst other things build the research capacity and extend public education programmes.

## **ECONOMIC SECTOR**

The Premier announced during the State of the Province address that the province will continue to work hard to achieve our targeted 6 percent economic growth for the province and the country. This means that much more needs to be done in terms of local economic development, attraction of investors, infrastructure development and improvement of the provincial regulatory framework particularly around Liquor and Gambling. Accordingly, the following allocations are proposed in this sector for the 2007/08 financial year:

In accordance with the relevant liquor and gambling legislations, the relevant public entities should be established to regulate and monitor liquor trading and gambling and betting activities in the Northern Cape Province. The Department of Economic Affairs is in the process of establishing both the Liquor and Gambling public entities. This should further enable us to regulate and control both industries more efficiently and effectively.

The Gambling Public Entity is allocated an amount of **R10, 088 million** over the MTEF, while the Liquor Board Public Entity is allocated **R7, 881 million** over the MTEF.

In line with our effort to grow the provincial economy through inter alia foreign direct investment, the province will this year host the Northern Cape International Trade Expo and an International Investor's Conference. Furthermore, the Provincial Government has decided to establish an independent Trade and Investment Agency to house all the investment initiatives of the province. Accordingly, an amount of **R11, 034 million** has been allocated for trade expos to be held over the MTEF.

The implementation plan for 5 Year Local Government Strategic Agenda has indicated Local Economic Development as one of the Key Performance Areas with set timeframes. In recognition of the importance of local economic development the Provincial Local Economic Development Framework will be developed in close interaction and consultation with District Municipalities in order to strengthen the District IDP's and local economic development initiatives. In this regard an amount of **R9, 7 million** is allocated over the next three years.

An additional amount of **R15 million** is allocated to Provincial Economic Growth Fund over the MTEF in order to further facilitate development of innovative business initiatives in the province. A further additional amount of **R18, 7 million** over the next three years is set aside to fund SMME Development as a Provincial Specific Economic Intervention.

Tourism forms an important part of our strategy to grow, diversify and transform the provincial economy. This is particularly critical in the context of the role of our province in the 2010 World Cup processes. Some of the pressing tasks in this regard includes but not limited to the roll out of the Tourism Brand, improved capacity for Environmental Impact Assessment and the construction of an International Convention Centre as part of the Big Hole project. In respect of these tasks the Department of Tourism, Environment

and Conservation has been allocated an additional **R66, 9 million** over the MTEF. An amount of **R14 million** will be channeled to the Big Hole Project, **R8,5 million** for Environmental Impact Assessment capacity building as well as **R15, 9 million** to accelerate the roll-out of the Tourism Brand in order to make the campaign more visible through advertising, publicity, promotions and so on. These allocations are over the MTEF period.

Agriculture remains one of the key pillars of the provincial economy and an important sector that contributes towards the improvement of livelihoods in the province, by ensuring equitable access and participation in the Agricultural value chain, improve global competitiveness and promotion of sustainable use of natural resources as well as ensure food security. In this regard the baseline of the Department of Agriculture and Land Reform is increased by **R29, 5 million** over the MTEF period. Additional allocations in this regard include an amount of **R20, 8 million** allocated for Agricultural Support programmes as well as **R4, 8 million** for the Commercialization of Goats Project. An amount of **R3, 9 million** over the next three years for the appointment of Industrial Technicians and Epidemiologists.

The total budget for the Department of Transport, Roads and Public Works over the MTEF amounts to **R1, 8 billion** of which **R864 million** pertains to Provincial Infrastructure Development. An important element of this allocation will contribute to upgrading of access roads which are expected to contribute tremendously to the social benefits of the communities by the training and employment of community members in line with the EPWP principles.

## **SOCIAL SERVICES**

Madame Speaker, our government moves from the premise that fighting poverty and deprivation must form the cornerstone of a democratic government. This year we have made it our common purpose to intensify the fight against poverty. Accordingly, we continue to priorities the social services with over 70 percent of our budget allocated to the Social Sector.

The Honourable Premier reaffirmed during the State of the Province address that it is a standing commitment of government that we should continue increasing access and quality of education for all our learners. In order to give expression to this commitment an additional amount of **R393, 9 million** is allocated to the Department of Education over the MTEF. An amount **R305 million** over the MTEF is allocated as conditional grants for amongst other things Recapitalization of FET colleges, School Nutrition programme, Provincial Infrastructure Grant and HIV and AIDS life skills education. Other policy priorities in this regard includes Rural and Farm Schools development which receives **R28 million** over the MTEF and Teacher Development which allocated **R46, 7 million** over the MTEF.

Our government remains resolute that a healthy nation is central to a better life and development in general. This means that access to health care services has to improve and communicable diseases prevented. To this end the Department of Health has been allocated additional **R201, 7 million** over the MTEF for amongst other things improvement in the Emergency Medical Services and the Review of remuneration of Health Professionals. This means that the Department is allocated a total budget of **R4, 9 billion** over the MTEF of which **R1, 6 billion** or 33 percent represents conditional grants.

Madame Speaker, earlier this year the media in general and the BBC in particular incorrectly reported that I quote "A hospital building programme in South Africa has been put back, to help pay for the football World Cup which the country is hosting in 2010". Amongst other things the BBC reports that specifically in the Northern Cape the construction of the De Aar and Upington hospitals have been delayed as a result. Nothing could be further from the truth as attested by the budget we table today. The Health sector undertook a reprioritization exercise pertaining to the construction of hospitals. This exercise resulted in a misunderstanding within this sector. Consultative processes are currently underway at the national level to find resolution to this misunderstanding. However, the bottom-line is that no money earmarked for construction of hospitals was shifted to 2010 processes.

Social Services and Population is allocated an additional of **R46 million** over the MTEF for purposes of amongst other things employment of Auxiliary Social Workers, upgrading of salaries for Community Development Practitioners and Children in Children's Homes.

Madame Speaker, our position with regard to 2010 World Cup is that although we are not hosting any official match, efforts must be made to ensure that our province benefits optimally from this tournament. The National Deputy Minister Sport and Recreation made an announcement that despite the fact that Kimberley does not have a hosting status it would at least be provided with an opportunity to host official FIFA 2010 practice matches. In this respect the Department of Sports, Arts and Culture has been allocated an amount of **R13, 9 million** over the MTEF to prepare and promote the role of the Province in the 2010 processes.

In anticipation of the 2010 World Cup increased capacity in the Traffic Law Enforcement and management in general is of critical importance. In addition due to the breakdown of road user discipline, traffic law enforcement is certainly a priority for the province. In this respect an additional allocation of **R7, 9 million** has been allocated to the Department of Safety and Liaison for purposes of increasing capacity for Traffic Law enforcement.

The total budget for the Department of Housing and Local Government amounts to **R1 billion** over the MTEF. This allocation includes a total amount of **R487 million** over the MTEF in conditional grants that includes Integrated Housing and Human Settlement Development Grant. The implementation of the Five Year Strategic Agenda is also allocated an amount of **R27 million** over the MTEF.

## **Conclusion**

Let me send my sincerest and profound gratitude and appreciation to the following people and institutions:

- The Honourable Premier, Mme Dipuo Peters not only for her leadership and guidance but also for her continued support;
- Members of the Executive Council for ensuring that we give effect to our collective undertaking to ensure sound financial management and fiscal discipline;
- Heads of Departments and their Chief Financial Officers for ensuring that the Provincial Treasury receives the necessary information;
- Officials of the Provincial Treasury and Ministry who labored diligently and meticulously to ensure that the Budget is tabled correctly.

Madame Speaker and Honourable Members I commend to you:

- The Northern Cape Appropriation Bill 2007
- The Budget Statement for the 2007/2008, MTEF including the two outer years which takes into account Estimates of Revenue and Expenditure.

In conclusion we say:

Common enemy is identified – poverty!

Common weaponry is provided – this budget!

Common spirit is prevailing,

Common purpose is built,

Hence victory is nigh.

Thank you.







