

**ADDRESS BY MS. T. MADIKANE (MPL) MEC FOR FINANCE TO THE  
PROVINCIAL LEGISLATURE ON THE OCCASION OF TABLING THE  
NORTHERN CAPE APPROPRIATION BILL OF 2009  
26 FEBRUARY 2009**

**Madame Speaker**

**Honourable Premier, Mme Dipuo Peters**

**Members of the Executive Council**

**Honourable Members of the Provincial Legislature**

**Mayors and Councilors**

**Distinguished guests**

**Comrades and Friends**

**Ladies and Gentlemen**

Reflecting on where it all began is always important in understanding the happenings of today and in approaching the future. The greatest statesman and South Africa's moral and political leader, Tata Nelson Mandela, noted upon his inauguration as the first President of an all inclusive democratic South Africa that, and I quote: "*The task at hand will not be easy. But you have mandated us to change South Africa from a country in which the majority lived with little hope, to one in which they can live and work with dignity, with a sense of self-esteem and confidence in the future*".

Transforming South Africa into a non-racial, non-sexist and democratic country remained the principal task of the three successive governments elected since a decade and half ago. Our responsibility was to respond to a question posed more than five decades ago by another late leader of the people's struggle for liberation, Walter Sisulu, and I quote "*But what of our own people? What of the tasks that lie before us who have to turn the decision into living reality?*". Indeed, those privileged to have served in leadership are challenged to report to the people and say this is what we have individually and collectively done to transform your aspirations for a better life into reality.

In this respect, this day, we table the ultimate budget of the 3<sup>rd</sup> democratically elected government. In so doing we are guided by the principles of continuity and

change. Our statement on the budget is both the report card, taking stock of what happened in the term of the out-going government since 2004 and the transitional management tool, managing change and continuity in governance and service delivery.

From the womb of the current government shall be borne the new administration, with the same DNA and genealogy as those flowing in the blood of this government. This is what we talk about when we talk about continuity. The incoming government will, of course, assume its own independent personality and craft its own philosophy of governance and service delivery; it will even set new priorities and targets. This is what we talk about when we talk about change.

*Madame Speaker, we are inclined to ask once again, "but what of our own people?"*

In 2004 the overwhelming majority of the people of the Northern Cape endorsed and entered into the people's contract to fight poverty and create work. Implementation of the people's contract as profoundly expressed in all government development policies, required maintenance of healthy finances, budget allocations consistent with people's preferences and efficient management of the allocated resources. Provision of shelter, quality education and healthcare, infrastructure development and facilitation of economic growth required of us extraordinary measures in the light of limited public financial resources.

In the light of the magnanimity of our task and challenges, we remained inspired by the saying that we *should never become despondent because the weather is bad nor should we turn triumphalist because the sun shines*. Indeed we understand that ours is the responsibility to do everything possible to improve the quality of life for all. The task of our government was appropriately outlined by the Honourable Premier during her inaugural speech in 2004, amongst other things as:

- reduction and eradication of poverty;
- job creation and opportunities for all;
- improving levels of skills and expertise;

- deepening health-care for all;
- enhancing the capacities of local governments to deliver more efficient social services;
- dealing with abuse of women and children and neglect of the elderly;
- creating and enabling environment for greater participation of differently abled people;

Today, Madame Speaker, it gives me pleasure to be able to report that the manner in which we used resources available to us and the concerted effort and commitment we dedicated to undertaking tasks I have just outlined have borne fruits. The State of the Province Address delivered by the Honourable Premier reported comprehensively on the positive progress made during the term of this government. Nonetheless, in response to the question: *“but what of own people?”* it is useful to reflect on some of these milestones.

In 2007 the Community Survey released by Statistics South Africa found that generally access to services improved and expanded. Amongst other things, the percentage of households living in formal dwellings has increased from 79 percent in 1996 to about 81 percent in 2007; the percentage of households using electricity for lighting in our province increased from 72, 4 percent in 2001 to 87, 3 percent in 2007; The percentage of households that have access to piped water increased from 86, 6 percent in 2001 to 90 percent in 2007.

This day, we also publish together with other budget documents the Northern Cape Socio-Economic Review. The socio-economic review is our own internal assessment of progress made in the past few years and serves as a tool that informs the proposed allocation we present to this august house. It brings to reality Treasury’s long standing wish that the provincial budget formulation process be informed by scientific evidence so that it can achieve the principle of allocative efficiency.

Most importantly, the review shows that significant progress has been made in terms of improving access and quality of services to the people of the Northern Cape. Today, considerably more people have access to basic services such as water, electricity, healthcare and education. Over the years the unemployment situation has

marginally improved while the province managed to turn the tide on the negative economic growth rate of -1.7 percent recorded in 2001 by recording 3.1 percent growth rate in 2006. The general measure of development, the Human Development Index, shows an improvement during the period 2000 – 2007.

Honourable Members, at times numbers and statistics are not sufficient indicators of the impact that government programmes have on the people. In this respect we are inspired and encouraged that the people of the Northern Cape have expressed their opinion on our performance since 2004. The Markinor Public Opinion Survey Report 2004-2008 on government performance finds inter alia that our people say their happy with government work in relation to reducing crime; promoting access to land; building houses for the homeless; delivery of basic services; addressing educational needs of the citizenry and improving basic healthcare.

In their honest and frank evaluation of our performance, the Northern Cape people also encourage government to do more in terms of creating employment opportunities; controlling inflation and the general management of the provincial economy. We have come thus far because we understood that and I quote *“Those who complete the course will do so only because they do not, as fatigue sets in, convince themselves that the road ahead is still too long, the inclines too steep, the loneliness impossible to bear and the prize itself of doubtful value”* (Thabo Mbeki, 2008).

### ***Economic Outlook***

Madame Speaker, despite good progress made in respect of access and quality of services, the 2009/10 financial year budget is tabled amidst unfavourable and difficult global economic outlook. The global financial crisis brewing for a while became greatly visible in September 2008 with failure of several large USA and European investment banks, insurance firms and mortgage banks consequent to the subprime mortgage crisis. Beginning with failures of large financial institutions it

rapidly evolved into a global credit crisis, deflation, declines in various stock indexes and commodities worldwide.

The consequences of this sharp economic downturn are felt enormously with the global growth forecasted at 0.5 percent in 2009. Major economies took the most knock with USA and United Kingdom expected to contract by 1.6 percent and 2.8 percent respectively while leading emerging economies like China, projects 6.7 percent growth in 2009 which is its lowest rate since 1990. The Sub- Saharan region is no exception, especially with effects of commodity prices plummeting, the region is projected to slow down to 3.5 percent in 2009 from 5.4 percent in 2008.

In the mist of this financial crisis it is almost impossible for our country to escape the fallout of the current crisis as it is intertwined in the global economy. At the end of 2008 growth rate registered at 3.1 percent from 5.1 percent in 2007 and is further expected to slow down to 1.2 percent in 2009. Demand for our exports has declined; access to finance and inflows of capital has slowed down and there has been rapid increase in input cost. Reduction in demand leads to a scaling down of production which has negatively affected jobs.

Our national economic outlook was further exacerbated by series of economic shocks including electricity shortages, higher interest rates and a volatile rand. Despite this dim outlook infrastructure investment continues to boost sectors like civil construction. The agricultural sector has also performed better in response to higher prices and better rains. Although the South Africa's economy has taken a severer battering recently it is better placed to weather the storms with its sound macro-prudential framework. On the positive side, the banking system looks healthy and inflation, in double digits for most of last year, is projected to sink to under 6% by the end of 2009.

Like the National economy the Northern Cape economy has been exposed to the full wrath of the global crisis. Manufacturing, mining and the retail trade, which together account for more than one-third of the provincial GDP, are already struggling. Although we don't have the most recent actual economic growth rate data of the

province, we can report that it was forecasted to slow down to 2.1 percent in 2007 from 3.1 percent in 2006. Despite the challenge in the Northern Cape's economic progress the provincial government continues to implement the initiatives aimed at accelerating economic growth and development as well as fight poverty and create work. The economy created jobs at an average rate of 2.6 percent between 2000 and 2007.

### ***Financial Management***

The beginning of the term of our government was marred by a number of challenges relating to weak fiscal discipline in most areas. Lack of requisite skills in financial management, commitment to sound fiscal practice and discipline as well as more efficient management of state resources were some of the pressing issues that required immediate attention of government. They required our undivided attention because over-expenditure and under-expenditure as well as inefficiency impact negatively on the ability of government to deliver services and improve quality of life for our people.

The measures instituted included stringent fiscal discipline and saving mechanisms to control expenditure and to ensure more efficient utilization of state resources. Concomitantly, provincial departments and entities were assisted in building capacity for efficient, effective and transparent financial management. Throughout this period we remained resolute that the challenges facing our province with regard to poverty and unemployment as well as limited state resources, obliged us not to tolerate unauthorized, irregular, fruitless and wasteful expenditure.

Today, Madame Speaker, we are able to report that apart from challenges in certain quarters, financial management in the province has generally improved. Amongst other things most departments have improved their spending as evident in the fact that actual Provincial Expenditure as at 31 December 2008 amounted to **R5, 385 billion** or **76%** of the total provincial adjusted budget of **R7, 062 billion**.

Exactly what is the cash flow position of the province? The media has reported what sells their newspapers, and that is, that the Northern Cape Province is bankrupt. Such statements are intended to unsettle the minds of employees of provincial government as well as the general public. Employees wonder whether they will receive their salaries or wages on the pay day. Service providers wonder whether to continue extending credit to government. The general public wonders whether government service delivery machinery will provide houses to the homeless, health care to the sick, school children wonder whether the national school nutrition programme will provide them with meals the next day, the black emerging farmer wonders whether the starter pack promised will actually be delivered, and the commercial farmer ponders whether the assistance for his drought stricken farm will ever be made available to pay the “Kooperasie” from which he bought on credit the fertilizer.

I would like to assure this house that the Northern Cape Government is not bankrupt. We will continue to discharge our obligations towards our employees, we will continue to build houses, feed school children, provide the emerging farmer with the starter pack, and assist those commercial farmers affected by drought. Madam Speaker, when you have ten children and one of them is sick, you do not stand on top of the mountain and tell the whole world that your children are all sick, but you find out who of the ten children is actually sick and find out what is the cause of the sickness. Having established the cause of the sickness you then decide on the appropriate treatment to help the child to recover.

Madam Speaker, the following are facts:

During October 2008 budget management review almost all departments indicated that they will collectively overspend their budgets by **R664 million**, 80% or **R528 million** was attributed to the social sector. To ensure that the province remains liquid, all departments were directed to curtail projected over expenditure without necessarily affecting services delivery.

Such over expenditure if allowed would have resulted into an overdraft of more than **R860 million** which would have caused unmanageable cash flow problems. As part

of ensuring that departments do not cause unmanageable cash flow problems, departments were directed to synchronize their payments with the national payment schedule that sets out when the different amounts will be received by the province whether being equitable share or conditional grants, This process though painful to departments was necessary in order to stabilize cash flow management.

During the payment synchronization process it became clear that some departments were feeling the synchronization pain much more than others. Where the synchronization pain lasted more than the initial planned period of three weeks, Provincial Treasury intensified budget interrogation processes further and found that Department of Education was the sick child I referred to earlier on. The sickness in the Department of Education is not the cash flow synchronization pain but management. Extensive work by Provincial Treasury has been done in this regard to determine the extent of the pain. A strategy has been agreed upon to address the identified weakness that perpetuates the challenges.

Madam Speaker, I would like to assure this house, the teachers and office based employees of the Department of Education, as well as the service providers that the situation as far as the finances of the department are concerned is under control. Office based employees were paid on the 13<sup>th</sup> of February 2009, teachers as well as those who will receive their salaries tomorrow will be paid. Office based employees will be paid again on the 13<sup>th</sup> March 2009, teachers will be paid again on the last day of March 2009. Service providers will also be paid on the basis of first in first out principle which implies that those who are owed the longest will be the first to be paid after proper verification and reconciliation of outstanding amounts.

Madam Speaker, the prophets of doom in 2004 said that we were bankrupt; in 2009 they have come back again to say that we are bankrupt. The question that the prophets of doom must answer is, how did we survive the last five years if we were bankrupt?

Honourable Members, as indicated earlier that at the beginning of the term of our government, we had a number of challenges including lack of the requisite skills in financial management as a result of which Provincial Treasury was unable to

prepare consolidated annual financial statements for departments and public entities as well as annual financial statements for the Provincial Revenue Fund. Today I can proudly report that the situation has changed. During this term of government, Provincial Treasury has been able to build the required capacity that has enable it to address the backlog of preparing consolidated annual financial statements for departments and public entities. These consolidated annual financial statements of departments and public entities were subjected to agree upon procedures by the Auditor General and in all the five years of backlog, the Auditor General was satisfied with the consolidated financial information as presented by Provincial Treasury. No opinion is expressed by the Auditor General on the consolidated financial statements in terms of the agreed upon procedures.

Indeed, Madam Speaker, financial management has improved during the term of office of this government. This is evidenced by the fact that despite it not being a legal requirement, Provincial Treasury in its quest to promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of provincial departments and public entities, it initiated the process to audit the Provincial Revenue Fund for the last five years. The outcome of this audit surprised many. The Auditor General expressed a favourable audit opinion for all the five years that were audited. In other words for all the five years that were audited the audit opinion was unqualified. This is a clear reflection that the finances of the province are in good hands, that Provincial Treasury is hard at work in ensuring that provincial financial funds are well managed.

Madam Speaker, last year we reported that the Office of the Accountant General has been undergoing restructuring and transformation. We can now report that the Provincial Accountant General hit the ground running. This is one of those areas where Provincial Treasury did not have the capacity in the past. The restructuring and transformation of the Provincial Accountant General's office has enabled Provincial Treasury to assist not only provincial departments to improve their audit outcomes but this assistance is also provided to municipalities to improve their audit outcomes.

Planned strategic intervention will address concerns raised by the auditor general and to improve provincial audit outcomes. Continued support and assistance will be provided to provincial departments, public entities and municipalities through targeted training on public finance management to existing financial practitioners.

Madam Speaker, let me remind this house what we reported last year around the accumulated unauthorised expenditure inherited from the previous government. What is important in this regard is that we are not only going to hand over new debt to the new provincial government but we will also hand over a strategy tried and tested over the last five financial years together with the resources to deal with the new debt which resulted from accumulated over expenditure of the Department of Health.

The current Executive Council inherited from the previous Government unauthorized expenditure amounting to **R845, 6 million** at the beginning of the current term of office. By the end of the 2004/05 financial year, the province had managed to reduce this debt by **R414, 8 million** or 49%. This was made possible by the decision of the Executive Council which directed that any unspent funds surrendered to the Provincial Revenue Fund should not be used to increase departmental expenditure but be utilized to reduce the debt inherited from the previous Government. At the end of the 2004/05 financial year the unauthorised expenditure had a balance of **R430, 8 million**. During the same period the Executive Council resolved and adopted a debt redemption strategy that required the Executive Council to set aside each year of the MTEF starting from 2006 an amount not less than **R80 million** to finance accumulated unauthorized expenditure with the proviso that no department overspends its budget.

An amount of **R168, 8 million** was set aside in 2005/06 to further reduce the accumulated unauthorized expenditure of the previous financial years. However, it is unfortunate that SCOPA did not consider the unauthorized expenditure during that period. This amount would have further reduced accumulated unauthorized expenditure from the balance of **R430, 8 million** to **R262 million**.

During the 2004/05 financial year the Executive Council resolved and implemented management budgets to address pending overspending in the department of Social Services and Population Development. This resulted in all departments remaining within their budgets except the Department of Health that overspend by **R16, 4 million** for the 2004/05 financial year.

During the 2005/06 financial year only the Department of Health overspend its budget by **R76, 3 million** and the 2006/07 budget by **R187 million**. To this end Executive Council has resolve that the Department of Health must be placed under administration and that Provincial Treasury should establish the exact causes of over expenditure in the Department of Health and recommend measures to be endorsed by Executive Council.

To finance this over expenditure by the Department of Health will require a new strategy. Provincial Treasury has been tasked to develop alternatives that will not affect adversely the service delivery. In reality had the Department of Health not continuously overspend its allocated budget the debt redemption strategy would have ended during the 2007/08 financial year. This would have enabled the Executive Council to allocate the much needed resources to pressing policy imperatives.

I am more than happy to announce that the Finance Bill in respect of **R168.5 million** has been passed and assent into law on 11 December 2008. Provincial Treasury is currently dealing with administrative issues in this regard. I must further report that SCOPA is currently deliberating on the balance of **R262, 2 million** which I have already mentioned above. Once approved this process will wipe off the old debt.

Madame Speaker, we must note that unfortunately addressing the problematic areas in the department of health as per the administration process have not moved as smoothly as we anticipated. Perhaps we must be reminded that and I quote *“Those who complete the course will do so only because they do not, as fatigue sets in, convince themselves that the road ahead is still too long, the inclines too steep, the loneliness impossible to bear and the prize itself of doubtful value”*. Therefore, the

Provincial Treasury will continue with endeavors to address the challenges in the Department of Health.

Madame Speaker, the Constitution of the Republic provides that national, provincial and municipal budgets and budgetary processes must promote transparency, accountability and the effective financial management of the economy, debt and the public sector. Transparency remains one of the cornerstone of our democracy hence our budgets must give expression to this principle.

In 2006 the Provincial Treasury was tasked by the Executive Council to deepen political participation in the budget preparation process and to provide budget technical assistance to the Portfolio Committee on Finance. It is through this process we sought to achieve the notion of allocative efficiency which relates to existence of adequate capacity to ensure that resources are deployed in line with the priorities of government.

In addition, last year during the Adjustment Estimates, Provincial Treasury tabled for the first time, the Provincial Medium Term Budget Policy Statement. By tabling the PMTBPS we aimed to inform stakeholders about the thinking of the provincial administration and how resources will be allocated to advance identified priorities for the 2009/10 financial year. It gave effect to our quest to make the budget process transparent and facilitate public participation in government planning processes. These and other measures have ensured that the budgets we table are not only credible but also conform to the broad developmental agenda of the government elected by the multitudes of Northern Cape residents in the 2004 general elections.

Madame Speaker, who would have thought that other than building capacity for financial management, Provincial Treasury would have also build capacity to engage in economic and social research? This demonstrates the capacity of Provincial Treasury to go beyond financial management in its quest to understand the situation on the ground that informs budget allocations.

### ***Infrastructure Development***

Honourable Members, special attention has been awarded to infrastructure delivery to ensure that infrastructure allocations are spent correctly and the intended output is delivered. The importance of infrastructure development lies not only on its job creation capability and social impact but also in strengthening participation and inclusion of those trapped in the second economy.

Our commitment to infrastructure development as a vehicle for economic growth and job creation is demonstrated by the fact that since 2004/05 a total amount of **R 3,252 billion** has been spent on infrastructure. The total infrastructure budget for the province amounts to **R4, 163 billion**; over the MTEF. Included in the total infrastructure budget is the Infrastructure Grant to Provinces (IGP) which amounts to **R1, 761 billion** over the MTEF.

Apart from allocating money, the provincial government continues to make considerable efforts to improve Infrastructure Delivery Processes. Amongst other things the Infrastructure Delivery Improvement Programme (IDIP) which was designed to help address challenges relating to capacity of delivery processes including skills, systems and governance - was implemented in the immovable asset intensive departments, namely the Department of Transport, Roads and Public Works, the Department of Education and the Department of Health. This long term programme has helped identify and address deficiencies to effective and efficient delivery of infrastructure.

Although this programme has been implemented a number of challenges remain particularly the lack of forward planning, poor alignment of the planning and budgeting cycles for infrastructure projects, insufficient life cycle costing and inadequate assessment of infrastructure plans and budgets. It is self evident that failure of infrastructure services has dire consequences for social and cultural development, sustainable poverty alleviation, effective environmental management and long term economic growth.

We have impressed upon this house in the past the importance of maintenance, while there has been much emphasis on “delivery” of infrastructure, it should be noted that delivery does not end with the commissioning of that infrastructure asset. Delivery needs to be universally understood as embracing not only constructing the infrastructure, but the appropriate operation and maintenance of that infrastructure throughout its intended life. If the appropriate infrastructure services have been provided and these services are effectively managed, they promote economic growth, equity, access to services, sustainable social and cultural development, effective environmental management and sustainable job creation.

Infrastructure maintenance must therefore be regarded as a strategic tool to promote improved service delivery, to unlock funding to extend infrastructure to historically disadvantaged communities, and to support the province's economy. It is the primary means of ensuring that life cycle expenditure on infrastructure remains in the province. Maintenance of existing assets should therefore not be seen as being of secondary importance to the apparently more attractive prospect of new infrastructure.

### ***Fiscal Framework***

Madame Speaker, the budget process is characterized by contestation for resources by different departments and public entities. Resources are not always available to fund the priorities identified by sector departments. Often than not departments are forced to reprioritize within available resources and more efficient use of available resources remains a rule.

Today we table a total budget of **R7. 9 billion** for the province for the 2009/10 financial year. This amount includes **R1. 8 billion** in the form of conditional grants and **R141 million** in provincial own receipts. Since the tabling of the 2008 Medium Term Budget Policy Statement, both the global economic environment and the domestic economic outlook have deteriorated significantly. One of the consequences of this deterioration is that revenue growth has slowed faster than

anticipated. In addition, conditions for emerging markets to raise debt have also worsened considerably.

In order to mitigate the impact on government's fiscal position and to increase the policy scope for responding to this economic crisis. In this regard the Minister's Committee on the Budget has approved spending reduction across provinces over the next three years. This reduction was finally endorsed by the Budget Council. Accordingly, the Northern Cape's Provincial Equitable Share has been reduced by **R54 million in 2009/10** financial year, **R67 million** and **R81 million** in the 2010/11 and 2011/12 financial years respectively. As a result the new debt redemption strategy will have to be extended over a longer period, mainly because the unallocated portion that was meant to increase the new debt strategy allocation had to be redirected to cushion the impact of the baseline reduction indicated above.

### ***Allocations***

Madame Speaker, let me take this opportunity to elaborate on departmental allocations for the 2009 MTEF period. It should be noted henceforth that our budget priorities continue to be characterized and informed by a pro-poor spending pattern to broaden access to basic services such as Education, Health and Housing for the poor.

In this framework consideration has also been given to the economic sector departments to deal with the economic challenges in the province and give credibility to our provincial budget process insofar as the policy priorities are concerned. Madame Speaker, obviously not all provincial priorities could be funded as a result of limited resources and not withstanding our Debt Redemption Strategy and obligations.

Our funded policy priorities emanates from a rigorous process of consultation and engagement in the Provincial Medium-Term and Expenditure Committee (PMTEC) and the MEC's bilateral that took place subsequent to the process of the PMTEC

meetings, and as such we can conclusively attest to each individual priority that has been funded as a result.

### ***Social Services Sector***

Madame Speaker, the poverty levels in our country and the morally repugnant and social destructive forms of social inequality based on factors such as class, gender and ethnicity necessitates that unashamedly and unapologetically government prioritize social services. Accordingly, in the current budget cycle we seek to expand and improve quality of health and education services through various national and provincial policy interventions.

In this respect, the Department of Education's major priorities in the 2009 MTEF is to improve access and quality of education. Areas such as Early Childhood Development, Adult Basic Education, Further Education and Training are expected to contribute to the social capital development, benefiting all the citizens of the Northern Cape. Furthermore, the provision of basic infrastructure to schools such as clean water, decent sanitation, and electricity as well as speedy delivery of classrooms continues to be a key policy thrusts.

Development and maintenance of high quality and efficient education system that contributes to expansion of the skills base is not only critical fighting poverty but also for growth and development of the economy. Our commitment in this respect finds expression in the proposed allocation that includes conditional grants amounting to **R2. 9 billion** for the 2009/10 financial year.

An additional amount of **R55 million** over the MTEF has been allocated to reduce the teacher: learner ratio in quintile 1 schools. Inflation related increases over the MTEF of **R9.2 million** are made to protect the value of real spending on learner support material. Further additional allocation is intended to provide for extension of no fee schools in quintile 3 learners and making public ordinary schools more inclusive an amount of **R56, 4 million** in the two outer years has been provided for in this regard.

Education's share in respect of the Infrastructure Grant to Provinces (IGP) amounts to **R354. 4 million** over the MTEF. This figure consists of **R24. 7 million** over the MTEF to address inflationary adjustments; **R53. 5 million** earmarked in the two outer years of the MTEF to deal with school safety infrastructure; and **R11. 6 million** in the two outer years to address Grade R infrastructure.

Department of Health is allocated a total budget amounting to **R2. 2 billion** including conditional grants. Given the difficult economic situation world over provision is made for Inflation related increases over the MTEF of **R53.7 million** to protect the value of real spending on medical goods and services.

In addition to the allocation in the baseline for nursing OSD, an additional **R88.5 million** has been allocated over the MTEF to provide for the shortfall and carry through cost for nursing OSD. An additional allocation of **R48.3 million** over the MTEF has been provided for reducing maternal and child mortality while Extreme Drug Resistance (XDR) and Multi-Drug Resistance (MDR) Tuberculosis receives **R12.6 million** and an allocation of **R37. 6 million** is made in respect of general capacity in the health sector particularly for primary healthcare services. In respect of the Infrastructure Grant to Provinces an amount of **R220 million** is provided over the MTEF.

Madame Speaker, proposed allocations to the Department of Social Services and Population Development seeks to give impetus to the enhancement of social welfare to the citizens of this province to ensure the greatest impact on poverty alleviation. The total budget for this department amounts to **R407 million** for the 2009/10 financial year.

The priorities for the Department of Social Services and Population Development include extending Early Childhood Development; expanding secure care services to Children in conflict with the law and strengthening access to home and community-based care. In this respect an additional allocation of **R13.4 million** has been allocated to the department to provide for the extension of Early childhood Development (ECD) in the 2011/12 financial year.

The Department of Sports, Arts and Culture 2009 MTEF priorities relates to FIFA 2010 World Cup initiatives, sport development, promotion and preservation of heritage and libraries transformation. The province has developed and implemented specific initiatives aimed at ensuring that it is ready for FIFA 2010 World Cup. More focus will be on increasing and expanding the diversity of the tourism market; infrastructure upgrades and development.

In this respect the department of Sports, Arts and Culture is allocated an amount of **R177 million** for the 2009/10 financial year. This allocation includes **R78 million** in conditional grants in respect of the Community Library Services and Mass Sport Recreation Participation Programme grants.

### **Economic Sector**

Madame Speaker, former President Thabo Mbeki once reminded as to what should constitute budget of a developmental state. He argued that the thrusts of such budget constitute a balance between two elements. These relates to how much the state spends fighting poverty and deprivation? and how much of the country's resources go towards expanding the economic opportunities of all citizens? Today we still grapple with this notion because as much we need to fight poverty there is an equally important need to grow and develop the provincial economy. Marginal increases in the budget of the economic cluster seeks to incremental arrive at the balance referred by former President Mbeki.

The Economic cluster remains focused on championing the implementation of initiatives to grow, transform and diversify the provincial economy as well as integrated infrastructure investment to support economic growth and development. Land and Agrarian Reform Initiatives, implementation of the Northern Cape Diamond Strategy; economic and social infrastructure development and delivery of houses are some of the key issues on the programme of the Economic cluster. In the 2009 MTEF the policy priorities include initiatives to accelerate economic growth and development, as well as integrated infrastructure development and maintenance.

In terms of departmental allocations, the Department of Economic Affairs is allocated an amount of **R121 million** for the 2009/10 financial year. In respect of its mandate and policy priorities an additional amount of **R2.4 million** has been allocated in the 2011/12 year to stimulate economic growth in the Province.

The target to provide adequate infrastructure for economic growth and development as set out in the PGDS is primarily driven by the Department of Transport, Roads and Public Works. Integrated infrastructure investment, Expanded Public Works Programme, and implementation of the Public Transport Strategy are the key priorities for the department in the 2009 MTEF.

In this respect the Department is allocated an amount of **R738 million** for the 2009/10 financial year. An additional amount of **R6.3 million** has been allocated in the 2011/12 year for the rehabilitation and maintenance of roads. The department also receives two new conditional grants in respect of Expanded Public Works Programme Incentive grant and Public Transport Operations grant.

The EPWP grant is aimed to increase labour intensive employment through programmes that maximize job creation and skills development. A once off amount of **R500 thousand** has been allocated in the 2009/10 financial year. The Public Transport Operations Grant is introduced to allow for improved monitoring and control of expenditure related to bus subsidies and other transport operations, a once off amount of **R22 million** has been allocated in the 2009/10 financial year.

Madame Speaker, the department of Agriculture and Land Reform is charged with the responsibility to lead in the development of the agricultural sector and contribute towards the improvement of livelihoods in the province, by ensuring equitable access and participation in the agricultural value chain, improving global competitiveness, promoting sustainable use of natural resources and ensuring food security. The policy priorities in the 2009 MTEF include land and agrarian reform project initiatives, commercialization of goats and food security

The department's allocation including conditional grants amounts to **R250 million** for the financial year 2009/10. An amount of **R80 million** is allocated in the form of

conditional grants that include comprehensive Agricultural Support Programme; Agriculture Disaster Management; Land Care Programme; Infrastructure Development and Illima/Letsema Projects. In respect of Infrastructure Grant to Provinces an additional amount of **R 2 million** over the MTEF is earmarked for specific economic intervention in the agriculture sector.

In Housing and Local Government the focus remains to promote and facilitate sustainable, integrated human settlements and infrastructure development for effective service delivery. Key priorities for the department are provision of houses and sanitation as well as implementation of the Five Year Strategic Agenda. In the 2009/10 financial year the Department is allocated an amount of **R520 million** including conditional grants. This includes an amount of **R325 million** in respect of Integrated Housing and Human Settlement Development Grant. Included in this amount is a significant increase of **R114 million** to accelerate delivery of houses in the province. Furthermore an additional of **R52 million** has been redirected from North West Province to our province to deal with incomplete houses in Kgalagadi.

The PGDS identified development of the Tourism industry as a priority because of its potential to diversify and grow the provincial economy as well as create employment opportunities. Furthermore in light of the imminent FIFA 2010 World Cup, the province must be better positioned and exposed to ensure that it benefits from opportunities related to this event. For this purpose the Department of Tourism, Environment and Conservation is allocated a total budget amounting to **R106 million** for the 2009/10 financial year. An additional allocation of **R2 million** in the **2011/12** year has been allocated to promote Tourism in the Province.

### **Governance Sector**

The Governance and Administration cluster endeavours to promote greater cooperation between all departments and municipalities by coordinating and implementing integrated and coherent provincial and local economic development strategies. Building capacity of the state, social cohesion and moral regeneration initiatives are some of the key areas of focus in this cluster.

In this sector the Office of the Premier is allocated an amount of **R137 million** for the 2009 financial year, the Provincial Legislature receives **R92 million**, while Safety and Liaison is allocated an amount of **R95 million**. In this sector no additional allocations have been except provision for inflationary adjustment and Improvement in conditions of service.

### **Conclusion**

Therefore as far as we are concerned there is no contradiction and there is no crisis of transition, for we believe in the principle of continuity and change. This budget is the testimony to the fact that we intend to hand-over, as this outgoing government, to the incoming government, a working administration. This is continuity.

But the budget will be flexible and open enough to address some, if not most of the new priorities, and that already talks to the principle of change. To my colleagues who may not return to the Legislature and Executive I say heed the words from a poem by Max Ehrmann titled 'Desderata'

*"Go placidly amid the noise and haste, and remember what peace there may be in silence. As far as possible without surrender be on good terms with all persons. Speak your truth quietly and clearly; and listen to others, even the dull and ignorant; they too have their story.*

*Avoid loud and aggressive persons, they are vexations to the spirit. If you compare yourself with others, you may become vain and bitter; for always there will be greater and lesser persons than yourself. Enjoy your achievements as well as your plans."*

*"Nurture strength of spirit to shield you in sudden misfortune. But do not distress yourself with imaginings. Many fears are born of fatigue and loneliness. Beyond a wholesome discipline, be gentle with yourself."*

To the incoming Legislature and Executive I have this advice, also taken from Desiderata;

*“Keep interested in your own career, however humble; it is a real possession in the changing fortunes of time. Exercise caution in your business affairs; for the world is full of trickery. But let this not blind you to what virtue there is; many persons strive for high ideals; and everywhere life is full of heroism.*

*Be yourself. Especially, do not feign affection. Neither be cynical about love; for in the face of all aridity and disenchantment it is perennial as the grass. Take kindly the counsel of the years, gracefully surrendering the things of youth.”*

My sincerest and heartfelt appreciation goes to the Honourable Premier Me. Dipuo Peters for her immeasurable support. Any achievement made in this term of government was due to her wisdom and uncompromising leadership. The collective support and dedication of the Members of the Executive Council is hereby commended and appreciated.

I must also thank the Heads of Department and Chief Financial Officers for ensuring that the Provincial Treasury receives the necessary information and documentation thereby assisting to table a credible budget. Recognition must also go to officials of the Provincial Treasury 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 2009
- The Budget Statement for the 2009/10 MTEF which takes into account Estimates of Revenue and Expenditure
- General Notice of Allocation to Municipalities
- The Northern Cape Socio-economic Review 2008

I thank you!