

**SPEECH PRESENTED BY THE MEC FOR FINANCE,
HON. MRS E.M COLEMAN, MPL
TO THE MPUMALANGA PROVINCIAL LEGISLATURE
DURING THE TABLING OF THE 2007/2008
POLICY AND BUDGET SPEECH OF THE DEPARTMENT OF FINANCE
Friday, 22 June 2007**

Madam Speaker, Mrs. Pinky Phosa
Honourable Premier, Mr Thabang Makwetla
Honourable Members of the Legislature
Heads of Departments
Representatives from the Business sector
Representatives from Local Government
Members of the community
The Media
Distinguished Guests
Ladies and Gentlemen
Comrades and Friends

Madam Speaker, Honourable Members. It is an honour for me to table my department's Budget and Policy Speech to this august house. It was also an honour for me, Madame Speaker, to sit in this house during the past week and note various comments made on the Budget Speeches of various departments. I made it a point to remember a few that came out during the debate on Economic Development and Planning, among them the assertion that currently, in our country, the rich are getting richer, the poor are getting poorer, and that 67% of the Youth are unemployed, and therefore the education system is failing them. During the course of my presentation, I hope that the record will be set straight.

The Economy

South Africa

The South African Economy grew by 5 per cent in 2006. The biggest contribution was by the Financial and Business Services Sector at 22,0 per cent, followed by manufacturing at 18,2 per cent. General Government Services at 14,8 per cent, and the lowest being agriculture at 2,7 per cent. Before we get carried away by the percentages, especially General Government services, let us pause and identify what government has achieved thus far in the quest to address the development of the people who were affected by the policies of the pre-1994 governments.

Madame Speaker, instead of speaking about the division of wealth, which brings in a lot of subjectivity, I would rather allude to the development of people in our country, and therefore refer to the Human Development Index, which is a composite, relative index that attempts to quantify the extent of human development of a community. It is based on measures of life expectancy, literacy and income. It is seen as a measure of people's ability to live a long and healthy life, to communicate, to participate in the life of the community, and to have sufficient resources to maintain a reasonable standard of living. The HDI can assume a maximum level of 1 indicating a high level of human development, and a maximum value of 0.

The Human Development Index for Mpumalanga has risen from 0,50 in 1996 to 0,55 in 2004. The largest improvement was among the blacks, with an improvement from 0,43 to 0,50 over a said period.

The Economy of Mpumalanga

The provincial economy since 2004, has averaged 4% and grew by 4.3 per cent in 2006. Both mining and manufacturing sectors contributed 18.5 per cent each, while the Financial and Business Services sector contributed 11,4 per cent, and General Government Services 9.2 per cent. On the downside, unemployment as at the end of September 2006 is at 28,0 per cent, which is above the national average of 25,5 per cent.

The province ranks fourth, compared to other provinces, in the number of jobs created during 2006 in the Expanded Public Works Program (EPWP). The number of jobs created were 37 447. However, the province is leading in the amount spent on EPWP budget, namely, R65,7m, and is also a leader in the percentage EPWP budget spent, namely, 64,66 per cent.

The impact of this is seen in the Gini-coefficient, which has narrowed the income inequality between Blacks in Mpumalanga and other groups by 23,5 per cent, compared to the national average of 20,8 per cent.

Review of the 2006/2007 Financial Year

Madam Speaker, Honourable Members, we promised this august house when we tabled our Policy and Budget Speech on 06 June 2006 to embark on numerous projects. I therefore request that you allow me to report on these.

Assistance to Municipalities

We promised to strengthen the Municipal Finance Unit, in order to vigorously continue to assist municipalities in assessing and analyzing their Integrated Development Plans (IDP's) and Budgets, as the analysis will assist in establishing the extent to which their budgets give expression to national and provincial policies and priorities. I wish to report, Madame Speaker, that we had two officials, one a director, the other a deputy-director, dedicated to assessing and analyzing municipal IDP's. Together with the Department of Local Government and Housing, these officials also ensured that municipal budgets expressed national and provincial priorities.

Capacitate Budget Units of Municipalities

Capacity in the budget units of municipalities was assessed through the analysis of previous Annual Reports, and budgets. Training was therefore focused on those areas where gaps were identified, and also in those municipalities who, on their own, requested training. The target for the training was not only on budget units, but was also focused on Members of the Mayoral Committee.

In Nkomazi, Lekwa, Thaba Chweu, Dipaleseng and Mkhondo, Members of the Mayoral Committees, Municipal Managers, and Section 57 Managers attended. Follow-ups were made in February 2007. Municipalities were requested to indicate in February 2007. Municipalities were requested to indicate in which areas they felt they needed further training. A new schedule of training has been finalized, and will be started as from 1st July 2007.

Assist Departments to identify new Revenue Sources

There are bi-monthly meetings with departments to establish progress with the attainment of their revenue budget targets, and also to identify new revenue sources.

Provide strategic economic direction to the budget process

Although our economic analysis directorate is currently under-staffed, we have managed to provide an updated socio-economic outlook for the province; we have also concluded a study on the impact of the provincial budget on the local economy. Much still needs to be done to capacitate this directorate for it to fulfill its mandate.

In order to capacitate this unit, a new Chief Directorate, under whom this unit will resort, is part of the proposed new organogram. The unit will have two sub-directorates, whose functional responsibilities will include analyzing key economic variables, determining potential and constraints for growth and development, and determining alternative budgeting, revenue and expenditure impact scenarios. The Directorate will also be responsible for assessing the

impact of previous financial objectives. The positions of Director and Deputy Directors have already been advertised.

Develop a customized Preferential Procurement Policy Framework, aimed at ensuring consistency in the adjudication of tenders

Madam Speaker, a draft customized Preferential Procurement Policy Framework has been developed and is currently being critiqued in order to ensure alignment and address provincial specific priorities in line with the Provincial Growth and Development Strategy.

Introduce a complaints register

Madam Speaker, complaint register is in place and is monitored on a regular basis. As a result we are able to follow up on matters raised by tenderes on a continuous basis. It is our objective to strengthen capacities in dealing with complaints including publicizing this facility widely so that the tenderers are made aware of its existence and on a regular basis they can submit issues dissatisfying them.

Establish Bid Advice Centres

Bid Advice Centres were to be established in order to ensure a broad-based submission of bid documents, therefore making it possible for ordinary members of the public, especially women, people with disabilities, and the youth, to have easy access to information on available bids, as well as the pre-requisite for bidding, and how to complete bid documents.

Madam Speaker, our regional offices continue to provide Bid Advisory services to tenders and potential tenders this include within the offices as well as conducting workshops in various communities.

Ensure accessibility to bid documents as widely as possible, including the usage of the Internet

Madam Speaker, we have successfully ensured greater accessibility of bid documents by the broader communities within and outside the province. This

was achieved by the use of our regional and satellite offices as well as workshops and road shows.

Furthermore, our bulletin can be accessed through the internet using our provincial website address of www.mpumalanga.gov.za, on the site of the department of finance, under tenders.

Finalise the Public Private Partnership (PPP) Policy Framework for the Province.

Madam Speaker, allow me to indicate to this august house that the Executive Council has approved the PPP policy framework for the province. It is our commitment to create the necessary environment to engage all citizens of the province, in particular the private sector, so that we can benefit from private sector capital, expertise and to a greater extent, risk sharing and skills transference.

Our Plans for 2007/2008 Financial Year

Our mandate as stipulated by the Constitution of the Republic of South Africa, 1996 (Chapter 13 of Act 108 of 1996), the National Treasury Regulations and the Public Finance Management Act (PFMA) Act 1 of 1999 (as amended by Act 29 of 1999) is to:

- **Prepare and manage the Provincial budget**
- **Enforce uniform treasury norms and standards**
- **Promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of Provincial Departments and Provincial Entities;**
- **Ensure that Provincial fiscal policies do not materially and unreasonably prejudice national economic policies.**

In the 2007/2008 Financial Year, we plan to continue to carry-out our mandate and further continue to strategically oversee and advice Departments. The

following programmes are therefore in place to carry-out the mandate of the Department:

Programme 1: Administration

The programme aims:

- to set priorities and political strategic directives in order for the department to meet its objectives;
- to translate strategic political and policy direction into strategies for effective management and service delivery;
- to co-ordinate, manage and maintain departmental activities and ensure that the Annual Report is compiled and presented to the Executing Authority.
- to implement departmental policies, e.g. transport, procurement, bursary and asset management policies.

Programme 2: Sustainable Resource Management

This programme aims to provide support on fiscal policy, financial regulations and management of the annual budget process.

Madam Speaker, our interactions with departments has made us realise that it is necessary to come up with a Provincial Policy on Budgets and Expenditure. In the proposed policy amongst others, we will suggest the provincial threshold values in terms of under spending; threshold values on maintenance budgets; how to deal with issues such as unauthorized, irregular, fruitless and wasteful expenditure. In terms of roll-overs, the policy will indicate which roll-over requests are likely to be considered for recommendation as well as those that are unlikely to be recommended. It will include guidelines on virements before and after adjustment budget, allocation criteria in terms of National and Provincial priorities. The policy will further set minimum requirements for the monitoring of conditional grants by both Departments and the Provincial Treasury.

Monitoring of infrastructure spending in terms of spatial distribution

More importantly during the 2007/08 fiscal year, as we continue to build our capacity in terms of infrastructure monitoring and reporting, we would like to

monitor provincial departments spending and service delivery gaps in terms of spatial distribution. At the end of first quarter, we will begin to report in which area the infrastructure investment is made as well as the type of that infrastructure.

The purpose of this 'spatial' exercise is to move towards identifying provincial departments' spending and service delivery gaps within a given spatial area.

The Executive Council of the Province will be able to know whether the resources are spread equitably across the three districts or whether backlogs in infrastructure in a particular district, are being addressed or not.

Our aim is also to assist in implementing the Division of Revenue Act, Section 14 (5) in terms of infrastructure delivery and capacity building in provincial departments.

Review of operations of Public Entities

Madam Speaker, Honourable Members, Public entities play a very important role in accelerating services for the government, therefore needs to be afforded a much structured way of reporting than is the case at the moment. As a result, we have nominated a dedicated official to be responsible for the support and monitoring of Provincial Public Entities. This we will do to carry out our mandate with regard to Public Entities, as stated in the framework governing public entities, which indicates that the Provincial Treasury has a role among others, to review Public Entities, monitor and recommend for the establishment, listing and delisting of entities.

We are in the process of registering, with the National Treasury, the new entities of Mpumalanga Economic Growth Agency (MEGA), which is a merger

between the previous Mpumalanga Economic Empowerment Corporation, and Mpumalanga Investment Initiative, and Mpumalanga Tourism and Parks Agency, which is a merger between the previous Mpumalanga Tourism Authority with Mpumalanga Parks Board.

After presentations on the new entities Business Cases, functions and future plans, National Treasury indicated that they are in agreement with the listing of Mpumalanga Parks and Tourism Agency as a Schedule 3c entity and MEGA was supported for registration, also as a schedule 3c entity. These recommendations have been submitted to the Minister of Finance for final decision.

Budget and Expenditure Management

Madam Speaker, the Budget and Expenditure Management Unit in the Provincial Treasury is a key link between Provincial Departments and the National Treasury. The unit seeks to promote the development of provincial budget that is in line with National Treasury requirements and aligned to the departmental strategic plan and performance plan, and to also monitor budget implementation as approved by the Provincial Legislature. The unit will therefore continue to analyze the alignment of departmental strategic plans, performance plans and budgets. It will continue to conduct analysis of departmental budget documentation and provide advice to departments to ensure that departmental budgets are aligned with the broad national and provincial policies and priorities.

The unit will monitor the implementation of the provincial budgets to ensure compliance with the PFMA, Division of Revenue Act (DORA), Treasury Regulations and Provincial legislative mandates. We commit to provide financial and non-financial performance information to the Provincial Legislature that will enable them to exercise their oversight function on service delivery.

Our focus will continue to be on building provincial capacity on budget process,

expenditure management and non-financial data collection, processing and analysis so as to link this information to departmental Annual Performance Plans (APPs). A series of workshops has already been planned to address these challenges.

Furthermore, we shall endeavour to improve communication of information and co-operative governance within the province on all treasury issues through the Budget process schedule.

The Budget Process allows Government to:

- Strengthen and evaluate the alignment between medium and long-term plans;
- Revise its policy priorities, macro-economic framework and resource envelope;
- Evaluate departmental plans in line with the objectives of the PGDS and IDPs;
- Involve various role-players that provide political and technical advice when faced with trade-offs between competing spending priorities; and obtain the required authority from the Provincial Legislature to spend.

Madam Speaker, Honourable Members, the focus of the Medium-Term Expenditure Committee hearings, which will be held during September 2007, will be on the following areas:

- assessment of progress with implementation of the 2007/08 budget as well as the identification of possible risks of under-spending or indication of no risk should be made;
- assessment of in-year budget pressures, assisting departments to reprioritise their departmental budgets;
- assessment of progress with infrastructure planning, especially with regard to confirmation of projects and start of project planning, design
- and initiation of procurement processes for 2008/09. At the same time, ensuring alignment of the budget with the relevant objectives of the

Provincial Growth and Development Strategy (PGDS) and Integrated Development Plans (IDPs).

Provision of Infrastructure Service Delivery Improvement Assistance to the Provincial Government over the 2007/08 MTEF period

The emphasis on service delivery, particularly infrastructure, has been gaining prominence over the last four financial years. This has given birth to a National Treasury-driven initiative, IDIP (Infrastructure Delivery Improvement Programme) which has attempted to address the underlying causes for poor infrastructure delivery and expenditure across all nine Provinces. Part of the corrective action in improving the current trends, is the introduction of the new regulations, which have linked budgets and funding to the implementation of best practice, as well as to conditions in the case of the Infrastructure Grant to Provinces.

Mpumalanga Province has benefited from the IDIP, with the introduction of Technical Assistants in the Departments of Public Works and Education, and the Department of Health and Social Services will soon benefit. The primary focus of this technical support has been strategic in nature, with the emphasis being on improved Department structuring, planning, resource development, capacitation and implementation of best practice and principles. This support was extended from a pilot project in the Department of Education in the 2004/05 financial year to the commencement of Phase 2 in 2005/06 financial year. A further one (and possibly two) year extension of this support is currently envisaged. This technical support has no financial bearing to the Province, as it is funded directly by the National Treasury.

Furthermore, this Province has been extremely pro-active in making use of the current regulatory framework of the Division of Revenue Act (DORA) in actively identifying the need for, and procuring additional technical support to turn-around infrastructure delivery and expenditure in the Province. This support has

been procured in the form of Operational Support Teams, managed by an outsourced Delivery Management Unit, which have been placed in the seven Provincial Departments which have infrastructure budgets.

Different from the strategic support provided by IDIP, these teams are contracted to, and managed by the Provincial Treasury, provide gap-filling or direct operational support as part of the organisational structure of Departments.

We are proud to announce, Madam Speaker, that, unlike in the past financial year when the transfer of infrastructure grants would be withheld by National Treasury due to slow spending, all transfers due to the province have been effected. The interventions we have just mentioned are bearing fruit. We have in place work plans to address backlogs, and also for the implementation of future projects. Infrastructure delivery departments have established Infrastructure Units, with dedicated officials. This therefore makes it possible for the transfer of skills to take place, so that at the end of the contractual periods of the service providers, sufficient capacity has been build within departments to continue with these functions on their own, successfully.

Own Revenue Budget Outcomes

One of the objectives of the Fiscal Policy Unit is to assist the provincial departments to optimize own revenue collection for the effective allocation of resources in line with government priorities over the MTEF.

The target for the 2006/07 financial year was to assist provincial departments to collect estimated own revenue amounting to R322 727 million.

The departments were assisted to collect R381 487 million, which is R58 760 million or 18 % above the estimated collection. Although the yearly target has been met, however two departments failed to meet targets, namely Provincial Legislature and Health.

The Provincial Treasury will continue to assist the departments through monthly Own Revenue forums, cash offices site visits and monitoring of monthly revenue trends to ensure that all departments collect against set targets.

Identification of Own Revenue Sources:

We derive our mandate from Chapter 7 of the Treasury Regulations which states that provinces should continuously identify new sources of provincial own revenue.

During our interactions with the provincial departments at the monthly revenue forums or during visits to the cash offices, departments are encouraged to constantly identify potential sources of own revenue.

The **Department of Public Works** has introduced two new sources of revenue namely:

- Sale of waste paper
- Sale of empty ink cartridges,

while the **Department of Education** has introduced the following new revenue sources:

- Recoveries on telephone and faxes,
- Recoveries on photocopies
- Rental on hire of boardrooms
- Rental of departmental halls.

The **Department of Health** has identified and introduced:

- The hire of departmental halls to the public, as a new source of revenue.

The **Department of Roads and Transport** has introduced the following new revenue sources:

- Application for registration of a vehicle testing station
- Application for registration of a driving licence testing centre
- Application for registration as number plate manufacturer

Looking Forward:

The Provincial Treasury will continue to assist provincial departments with identifying new potential sources of revenue.

It is important for the province to continue to identify new sources in order to expand our revenue collection potential.

The Provincial Treasury as well as the Department of Economic Development and Planning are currently investigating the possible introduction of a Tourism levy. The expansion of Mpumalanga own revenue sources is currently limited to the introduction of this levy. If approved by all role-players the Tourism levy would add to the existing tax base in the province. The analysis is still at a very early stage and various stakeholders will be contacted as the process unfolds.

Municipal Finance

Coming to Municipal Finance, we have compiled an action plan to assist municipalities to comply with the reports required by legislation, such as Annual Financial Statements, Annual Reports, Annual Budget, Monthly Budget Statements, Service Delivery and Budget Implementation Plan, and so forth.

We are continuously engaging our counterparts in the Department of Local Government and Housing to operationalise the Memorandum of Understanding signed by both the MEC for Finance and the MEC for Local Government. A programme of Action is being drafted to operationalise our MOU. We have already cooperated, for intervention purposes, with regard to municipalities, but we feel we need to be pro-active so that we do not act as fire-fighters i.e. wait until the situation is bad in order to only then fight fires.

As indicated earlier, we have trained municipalities in budget and financial management, in the last financial year. Training in other budget and finance – related issues will continue in this financial year.

Programme 3: Assets and Liabilities Management

This programme aims:

- to monitor the implementation of Supply Chain Management and assets management in all departments and municipalities to improve procurement of goods and services;
- to monitor and support departments and municipalities with regard to debt management policies and procedures to improve service delivery;
- to monitor Provincial Exchequer and PMG Accounts for effective cash and banking management to maximize yields on investments.

Madam Speaker, the challenge to improve and strengthen our human and non-human capabilities in order to speedily deliver public services to the majority of the people of our province remains a major one and can never be underestimated. It is for these reasons, that we will at all times and at all cost, explore and build long lasting and sustainable solutions for the delivery of a better life for all our people in the province. Having said that, and in order to improve on the awarding of business opportunities to the historically disadvantaged individuals, the Provincial Treasury is currently finalising a provincial customized preferential procurement policy framework.

Once approved by the Executive Council, the policy will provide for uniform interpretation and application, and therefore yield better results.

Supply Chain Management

We have in the previous year committed ourselves to going on road-shows and tender advisory services targeting the historically disadvantaged individuals, particularly those living in rural areas, women, people with disabilities and youth. Indeed, we have achieved this objective. We have during the financial

year under review reached at least three thousand (3000) people who benefited from our interventions in partnership with stakeholders including Small Enterprise Development Agency, Construction Industry Development Board, Khula Finance, just to mention a few.

Allow me Madam Speaker to highlight the fact that the Government and NAFCOC conference was very fruitful in highlighting challenges facing both government and the SMMEs. These challenges include Government being unable to pay within 30 days after receipt of an invoice, collusion, bribery amongst our officials and suppliers, there is therefore a need to develop proper capacities in order to improve our efficiencies.

We are in deed delighted to reflect as follows on the issues raised above;

- Rigorous training for supply chain management practitioners and bid committees was conducted in order to ensure uniformity in interpretation and application of policies. Furthermore, more work is being done to negotiate and implement an exchange programme on good practices with private sector Companies.
- We have established the Supply Chain Management Forum which is used to continuously emphasise good ethics as well as the importance of paying suppliers within 30 days.

Linked to this, a draft code of conduct for practitioners and committees is in place and consultative processes are currently being finalised and will be signed by all involved in procurement before the end of the 2nd quarter of the Financial Year. It is our opinion that this will contribute to minimising and doing away with bribery and collusion amongst officials and suppliers, and strengthen the understanding to pay contractors timeously.

Asset Management

Madam Speaker, our work as well was centered on assisting departments deal with the 2005/6 audit outcomes which have been a primary worry for the

province. In this regard more work was done around issues of asset management.

An inspection was carried out through all departments to verify the existence of asset registers, and also the processes being used to register new assets and de-register old, obsolete assets. All departments have asset registers.

There are challenges with regard to the update of the registers. These were brought to the attention of the Heads of Departments, and we are satisfied that these have been rectified. It is our plan to finalise a program of action on the audit outcomes of the 2006/7 financial year to address issues raised by the Auditor-General, and to have quarterly inspections in all departments in the 2007/2008 Financial Year.

Liabilities Management

As we continue creating a conducive environment for service delivery to take place, it is our continued objective to ensure that we streamline and introduce innovative and creative interventions to safeguard and protect the State against losses.

It is for this purpose that the provincial treasury will also establish a Liabilities Management Unit which will be responsible for provincial debt management in order to maintain and ensure a healthy provincial liquidity. The unit will also ensure that commitments to our creditors are dispensed within 30 days as stipulated in the PFMA. In addition, mention should be made that debt owed to the province includes debts by staff members. The unit will ensure that all debts are recovered within the stipulated time periods, in terms of regulations.

Information Technology

The implementation of Information Technology (I.T.) in our department, as with all other departments, is informed by the State Information Technology Agency (SITA) Act, in order to ensure uniformity in processes and in software and hardware applications. In order to ensure uniformity, departments have to sign Business Agreements with SITA. The Business Agreement for the current

financial year has not yet been signed. In terms of the SITA Act, the network connectivity, and transversal system, can only be acquired through SITA, as well as the procurement of I.T. goods and services. Indeed, all network upgrades, procurement of I.T. goods and services, have been done with and through SITA.

The Master Systems Plan (MSP), which will lead to the development of the Integrated Information Technology plan, which is a plan to assist the deployment of IT in the province, will be finalized at the end of this month. The plan will also identify gaps in terms of human and infrastructure capacity and the processes to close these gaps. The MSP has been the missing link, and once finalized, the way forward will be easier to chart.

Madam Speaker, integrated in all processes is the provision of a reliable, up to date and accurate Information Technology back up which has supports the entire provincial government in the implementation of business innovation. In this regard we have upgraded the speed for systems by installing a 24 mega bites pipe which results in payments being processed faster. Indeed all these efforts support our objective of contributing to building an information super-highway.

Programme 4: Financial Governance

The programme aims:

- to facilitate, monitor, support and provide professional advice to ensure financial and non-financial compliance and to enable enhanced service delivery;
- to develop and analyse financial and non-financial norms and standards in line with PFMA and MFMA to monitor and evaluate compliance;
- to develop, set and monitor risk management framework within the province to facilitate and implement a standard and uniform approach to risk management;
- to enable departments to access financial and non-financial systems to improve operational efficiency.

Accounting Services

Madam Speaker, we are proud to announce that the 2005/2006 audit outcomes did not only see the province performing the best out of all the provinces, but also saw us improving in terms of number of 'Matter of Emphasis' raised.

We will put in place, as we have done before, a Provincial Plan of Action to address all matters of emphasis raised by the Auditor General.

We will continue to give support to Departments and Public Entities, so as to make sure that all Departments and Public Entities submit their annual financial statements to the Provincial Auditor General in time, as required by the Public Finance Management Act. I'm once again pleased to inform the house that all thirteen (13) Departments submitted their 2006/07 Annual Financial Statements to the Auditor General on May 31, 2007 as per stipulated timeframe. What is important is whether departments have managed to sustain the good performance as seen in the 2005/06 outcomes.

Risk Management

To ensure standardised framework for risk management in the Province. The unit shall monitor the establishment of risk management units within the provincial departments and municipalities. This is as required by the Public Finance Management Act (sec 38(1) (a)) and Municipal Finance Management Act (sec 62 (1) (c)) that the Accounting Officer must ensure effective, efficient and transparent systems of financial and risk management. The establishment of risk management units will result in improvement of good governance.

Norms and Standards

The unit monitors compliance with financial and non-financial norms and standards to ensure proper financial management in the provincial departments and municipalities. This involves checking compliance with management matters, planning, budgeting, revenue and expenditure, assets and liabilities

management and infrastructure capital projects. The unit monitors that accounting and reporting requirements are met on regular basis.

Budget Proposal: 2007/2008

Madam Speaker, Honourable Members, we believe that the budget we are proposing here this morning, will enable us to deliver on our mandate and according the planned outputs for 2007/2008 Financial Year.

Allow me then Madam Speaker, to table the proposed 2007-2008 budget for the Department of Finance (Vote 3), which amounts to **R145, 052 million (One hundred and forty-five million and fifty-two thousand Rand)** broken down as follows:

Programme 1: Administration

The objective of the programme is to provide overall leadership and strategic Management, and to ensure appropriate support to all departmental programmes in terms of human and non-human resources management. A total of **R54, 727 million** has been budgeted for the programme to provide policy direction on public expenditure priorities, and to improve the effective and efficient use of resources within an affordable level as required by the PFMA.

Programme 2: Sustainable Resource Management

An amount of **R21, 201 million** has been budgeted for this programme, to provide professional advice and support to the Member of the Executive Council on Provincial Fiscal Policy, Public Finance, the development and management of the annual budget process.

Programme 3: Assets and Liabilities Management

This programme will receive an amount of **R13, 870 million** to provide effective and efficient management of assets, the implementation of the PPP projects and the supply chain management framework by all Departments. The programme also provides functional support on financial and non-financial systems.

Programme 4: Financial Governance

In order to continue to provide support on economic and fiscal policy, financial regulations and management of the annual budget process, Programme 4 (Financial Governance) receives an amount of **R55, 254 million**.

Overall Budget

Madam Speaker, I now table the expenditure proposal of **R145, 052 million** and the Policy and Budget Speech of the Department of Finance for the 2007/2008 Financial Year, for consideration and approval by the house.

Conclusion

In conclusion, let me thank the Honourable Premier, Mr T.S.P Makwetla for the confidence he showed in our department, through the work he has delegated to us, and the continuous good advice and guidance he has given. I wish to thank our stakeholders – provincial departments, municipalities, the private sector, banks, and organized business. I also wish to thank the HOD for Finance, Mr Rabeng Tshukudu, members of Senior Management Service and staff of Finance, immediate staff of the MEC's Office, especially Thembi and Mandla, who have been with me from my deployment in government, for the unwavering support, understanding, commitment and dedication.

Lastly, I wish to thank my family – my mother, my husband and my daughter Charmaine, for the support they have given me, and the tolerance of the late hours I repeatedly have to work, and continuous absence.

Madame Speaker, as we ponder what the future holds for us as a country, and for us as individuals, I wish to leave you with some words of caution, said by Lawrence of Arabia, namely:

**“All men dream, but not equally
Those who dream by night in the dusty recesses of their minds
Wake in the day to find that it was vanity; but the dreamers
of the day are dangerous men
For they may act their dreams with open eyes
to make it possible”.**

I thank you.