

MTEF Provincial Budget Speech

MEC for Finance

Paul Sebegoe

11 March 2014



**2014/15 PROVINCIAL BUDGET ESTIMATE
DELIVERED TO THE NORTH WEST
PROVINCIAL LEGISLATURE**



Hon. Paul Sebegoe

MEC for Finance

11 March 2014

HON SPEAKER;

HON DEPUTY SPEAKER;

HON PREMIER, MMETHANDIMODISE

HON MEMBERS OF THE EXECUTIVE COUNCIL

CHAIRPERSON OF CHAIRPERSONS

CHAIRPERSON OF SCOPA

CHAIRPERSON OF THE FINANCE COMMITTEE

CHAIRPERSONS OF LEGISLATURE COMMITTEES

HON MEMBERS OF THE PROVINCIAL LEGISLATURE, (MPL'S)

HON EXECUTIVE MAYORS AND MAYORS

SPEAKERS OF MUNICIPAL COUNCILS

CHAIRPERSONS PROVINCIAL HOUSE OF TRADITIONAL LEADERS, KGOSIZIBI

DIKGOSIMAAPARA-NKWEAGAETSHO,

LEADERS OF BUSINESS, CIVIC AND RELIGIOUS ORGANIZATIONS

SENIOR GOVERNMENT OFFICIALS

ESTEEMED GUESTS

Honourable Speaker, once more it is an honour to table the 2014/15 Medium Term Budget Expenditure Framework to this august house. The year 2014 is an eventful calendar year for the country as it marks the celebration of 20 years of freedom and National General Elections.

Indeed, it is an exciting and interesting year, particularly, in that, what makes the upcoming National General Elections fascinating is the fact that young people born in 1994, the 1994 detachment, often called the born-free, will for the first in their lives exercise their democratic right to vote for government of their choice.

Honourable Speaker, it is however very much unfortunate, very painful indeed, that we celebrated the 20 years of democracy at the time the country has lost one of its legends, a true leader, a world acclaimed icon, the Father of our Nation, the Founding President of our democracy, the late statesman, President Rolihlahla Nelson Mandela.

Honourable Speaker, we salute Tata, we honour his legacy, for he has taught us important lessons about what revolution and struggle should mean to us, the sacrifices he has made as a person for the sake of freedom of his people, the statesmanship he has demonstrated in the quest for the Unity of the Nation, and the Ideals he has shared with us, make him an outstanding leader of the 20th Century.

Honourable Speaker, as we take South Africa forward to uphold and honour the Madiba Legacy, appreciative of the foundation he has laid for us, it is upon the generation of today to live to fulfil Mandela's ideals and carry forward his legacy, to build a better South Africa for all.

What resonate with the past 20 years of democracy is that, despite all the challenges we have faced in the government, we have a 'Good story to tell, and that story revolves around' what the government of the people has done since the advent of the democratic dispensation in 1994, and of great significance is that the 'Good story' itself is profoundly embedded in the life and day to day experiences of people Honourable Speaker, allow me to hasten on the broader political issues so that I can begin to dwell much on issues that are pertinent to our province, the Platinum Province, and outlined what the current administration has delivered under the leadership of veterans and legends of the struggle of the people's freedom, the Premier, Mme Thandi Modise over the last five years, has been challenging, yet exciting, for it has filled us with many lessons, to transform the lives of the people of this province for the better.

It is of vital importance that before I outline progress we have made on the implementation of the Province's infrastructure programme and other government priorities in relation to the expenditure of the last five year, (MTEF) that I briefly, reflect on the state of the economy in the North West Province, within the broader context of South Africa's economy and the Global economy.

Overview of economy and the 2014 MTEF budget

Honourable Speaker, we must therefore at all material times make an effort and take pain to understand and comprehend complexities of government and economic systems. For instance, the fact of the matter is that we live in the globalised economy and of necessity, we are expected as a country not only to put in place certain economic fundamentals but to follow global economic policies which sometimes put constraints on the ability of government to deliver on its mandate.

The dollar-rand exchange rate, has had an effect on the current price of fuel, and this has repelling effect on economy, for example, consumer spending has risen due to increase of commodity price, and this illustration outlines basics of the socio-economic effects on issues around global economy versus domestic economies.

Honourable Speaker, I have the honour to present the fifth and last budget of the Ruling Party, the ANC led government under the leadership of the Premier Mme Thandi Modise.

Fellow citizens of the province, albeit the signs of recovery in the global economy, the effects of the 2008 financial crisis are still being felt by some developed and developing economies like South Africa, and in particular the North West province. The North West economy, though having grown by 2 per cent on average over the past twenty years, has not performed satisfactorily in recent times with the province's economic growth as measured by the gross domestic product (GDP), having registered a negative 0,6 per cent, a rate much lower than the National Development Plan (NDP) envisaged growth rate of 5 per cent.

Honourable Speaker, an array of factors contributed to this negative growth, among which, the mushrooming labour unrests in mining, which is one of the key sectors of the North West economy; the slow recovery of the global economy, in particular the Euro zone which is one of South Africa's main trading partners, whose economic growth is still hovering at levels of around 1 per cent alongside the US which registered a slightly higher growth of 1,9 per cent.

Despite this negative growth in the provincial economy, there are some good stories to tell:

- Unemployment in the province declined from 27,1 per cent in the second quarter of 2013 to 26,5 per cent in the third quarter. The provincial government has also been instrumental in driving employment through the EPWP in an effort to reduce unemployment and poverty affecting 41 percent of the inhabitants of our province;
- Agriculture is also one of the important sectors of the North West economy, contributing an average of 5 per cent to the North West economy over the past 20 years and 2,7 per cent in recent times. In an effort to grow the economy of the province and diversify it, it therefore becomes crucial to invest in this sector;

- Total tourism in the province increased from a negative 4,1 per cent in 2008, at the height of the financial crisis, to 11,1 per cent in 2012, with international tourists having increased from 4,7 percent to 14,4 per cent over the same period. As we all might know the first lady of the United States, Mrs Michelle Obama has been one of those tourists in our very own province, in Madikwe game reserve.

The weakness in the rand exchange rate to levels of the above R10 to 1 US dollar have resulted in cheaper exports, coupled with stable growth in Asian economies, particularly China, at around 7 per cent, are expected to contribute positively towards the performance of the mining sector and consequently the economic growth of the province going forward.

Inflation, as measured by the consumer price index averaged 5,7 per cent nationally in 2013, with the North West CPI lower at 4,7 per cent in December 2013. To curb inflation the Reserve Bank monetary authorities raised the repurchase rate at which commercial banks borrow by half a per cent to 5,5 percent, resulting in the prime increasing by the same magnitude to 9 per cent.

Honourable Speaker, inflation alongside fuel price hikes erodes the purchasing power of consumers and in particular the poor who don't have much leg to stand on. Higher interest rates mean higher debt service costs for not just consumers and business but for Government as well, resulting in compounded government debt. According to National Treasury Debt management report (2012/13), for fiscal year 2013/14, government's net borrowing requirement amounted to R178 billion, total debt increased from R1,2 trillion in 2011/12 to R1,4 trillion in 2012/13. Debt is expected to increase further, exacerbated by higher interest rates to R1 ,8 trillion in 2015/16.

Honourable Speaker, debt, if not properly managed can be detrimental to any economy as we have seen in recent times in Portugal, Italy, Greece and Spain. These countries had public debt to GDP levels exceeding 100 per cent and suffered a debt crisis which resulted in government employees losing their jobs and income. We do not aspire to be like these countries and should therefore exercise fiscal discipline and ensure efficient use of government funds in line with the austerity measures outlined in the cost containment policy issued by National Treasury.

Honourable Speaker, this calls on departments and agencies to target spending on policy priorities and programmes with the greatest developmental impact and that they avoid ineffective or wasteful expenditure. Let us not be a generation that says "**Blessed are the young, for they shall inherit the debt.**"

Honourable Speaker, the record of the ANC led Government over the past 20 years speaks for itself.

During last five years of Hon Thandi Modise's administration, we have made impact on the lives of the ordinary people in the North West Province.

Honourable Speaker, in the last five years of this administration, through the governance Cluster which constitutes the Office of the Premier, Department of Finance, Local Government and Traditional Affairs and Public Safety & Liaison jointly spend an amount of R5.8 billion. The Office of the Premier successfully implemented the learnership partnership project together with Anglo Gold Ashanti Limited and Dr. R. S. Mompoti District Municipality. A total number of 20 unemployed youth who were registered in engineering learnerships programme completed the programme, passed the Trade Test and are permanently employed in various local municipalities within the Dr. R. S. Mompoti District Municipality.

Furthermore, the Office the Premier facilitated a grant to an amount of R1.2 million for rural slate project in Groot Marico called slate and tile cooperative from the National Development Agency.

Honourable Speaker, with an amount of R50 million in 2009, 200 new Early Child Development sites were registered, 106 caregivers and 200 Early Child Development practitioners were attracted into the system and provided with training. In 2012/13, there were already 67 689 children who participated in ECD, 2 868 jobs created and 624 ECD Practitioners were appointed in ECD development sites. With an allocation of R55 million that was appropriated in current financial year 97 000 children were able to access ECD centres resulting in the creation of 3 000 job opportunities. Honourable Speaker, the Department of Health provides limited tertiary services through Klerksdorp Hospital, an amount of R134 million was allocated in 2009/10 which increased to R179 million in 2010/11 and further increased to R194 million in 2011/12 and R212 million in 2012/13. The increase was driven by a need to strengthen the provision of tertiary health services in the province.

In improving law enforcement visibility, the department of Public Safety and Liaison has acquired 72 traffic vehicles as well as three number plate recognition systems to among others, detect stolen, unlicensed and unregistered motor vehicles.

Honourable Speaker, from the total infrastructure allocation of R19.6 billion of the past five years, the Provincial Government managed to construct the following facilities: 7 primary schools; 7 secondary schools; 136 toilets, 134 boreholes; 142 schools were fenced and 34 Grade R structures were build; 3 hospitals and 6 clinics; 3 secure care centres; 71 564 houses; 7 libraries and 4 Tribal offices and 60,326 beneficiaries benefited from the the Comprehensive Agricultural Support Programme.

Honourable Speaker, roads infrastructure implementation has improved drastically in the current financial year compared to previous years and almost committed the current year's budget.

The department completed and handed over 4 roads. Rehabilitation and upgrades projects for 18 roads are at varying stages of construction, 17 patch and reseal contracts has been awarded, including for the completion of Koster/Lichtenburg roads and are recording good progress so far. Planning for the 2014/15 financial year is at an advance stage with 7 roads projects already at different procurement stages and 23 other roads within varying planning and design stages which puts the department in a position to absorb their financial allocation for 2014/15.

The department of Public Works, Roads and Transport has already initiated the Vukuphile Contractor Development/Incubator Programme in partnership with the National Department of Public Works to develop 120 contractors between CIDB Grading 1-4 for a period of 3 to 5 years in the build and engineering disciplines.

The department of Education continued to offer learners with meals during school hours. With a budget of R161 million in 2009/10 over 400 000 thousands learners were fed in over 1000 schools. In the current financial year, in excess of 689 000 learners are benefiting from the National School Nutrition Programme in over 1 000 schools.

Honourable Speaker, through the scholar transport programme, government has been able to assist 27000 learners in 2010/11, 34 000 learners in 2011/12 which increased to 46 000 in 2012/13, with the budget of R100 million in 2010/11, R197 million in 2011/12 and R209 million in 2012/13 respectively.

Motlotlegi Mmusakgotla, neelano ya matlawana boithusetso mo dikolong e bothokwa go netefatsa fa thuto e tswelediwa kwa ntle le go kgorelediwa le go neelana ka thupelelo mo maamong a a nang boitekanelo jo bothhomameng go tshegetsa maemo a baithuti le seriti sa bona.

From 2009 a constant allocation of R20 million and increased marginally to R20.9 million in 2011/2012. In the 2011/2012 financial year, thirty two (32) schools were provided with 591 toilet seats. During 2012/13, 229 toilet seats were provided in 76 schools with a budget of R20 million while in 2013/14 the government continues to address the backlog by providing 1222 toilet seats in 34 schools across the province.

Honourable Speaker, there are many good stories to tell and I will telling more stories; the following additional economic initiatives have been embarked upon in the province:

- The airport development project which is aimed at establishing strong transportation network, serve as a trade hub in Mafikeng, increase private sector participation in the local economy and result in job opportunities. The Province has already spent R30 million on the upgrades of instrument landing and ground lighting system projects at the Mafikeng Airport. In the current financial year, an amount of R48 million has been allocated to the department for the upgrading of the runway so as to ensure that the Airport complies with category 6/7 safety standard as well as complying to South African Civil Aviation Authority (SACAA), International Aviation Organization (IAO) and Boarder Control Operational Cordinating Committee (BCOCC);

- The Kgora Project, since inception in 2012, has increased the number of small emerging farmers in the province, with over 75 farmers having been trained through the project thus intensifying rural development and inclusive economic growth in line with the NDP prescripts. Work is also currently underway with the Netherlands government to establish a Kgora Resource Centre and food security centre for those suffering from HIV/AIDS;
- In our endeavour towards the realisation of improved services to support sustainable livelihoods and to bring markets closer to farmers and to ensure proper management and control of stray animals, the department of Agriculture has during the period under review constructed 20 livestock handling facilities which will also be used as animal pounds.
- A total of 2075 farmers were trained on livestock, poultry and crop production. The department has made a commitment to support agrarian projects by addressing infrastructure backlogs over the next 5 years. In starting to realize this output, we supported over 400 smallholder projects, created more than 1912 jobs and over 23 170 farmers were provided with technical advice;
- During the past 5 years 440 students enrolled in both the Taung and Potchefstroom agricultural colleges in an effort to improve training and skills development in agriculture. In 2012 the highest number of female students (12) graduated from these colleges, indeed, agriculture is no longer a male "only" terrain. As part of the student exchange programme, 4 students were sent to the Netherlands to study various farming methods;
- The total EPWP work opportunities created across the spheres of government in the Province for the period April 2013 to December 2013 is 62 333. Further 119 802 EPWP work opportunities are envisaged to be created over the MTEF period to 2016/17.

Honourable Speaker, having noted the achievements mentioned above, the ANC led government continues to say "Together we have done more".

Enhanced Financial Governance in Provincial Government

Honourable Speaker, in an effort to ensure that the Province does not largely depend on the equitable share which is influenced by the general economic performance of the country and is also affected by the global economic pressures, the Province took the initiative of augmenting the expenditure budget by developing the Revenue Enhancement Strategy Policy with the view on increasing our revenue sources including improving collection rate. The Revenue Enhancement Strategy Policy was approved by EXCO in June 2012, and was later rolled out to all Provincial Departments and Municipalities through the establishment of Revenue Forum.

The Revenue Enhancement Strategy is being rolled out in the province, to improve provincial revenue collection and some of the projects aligned with this strategy include, the establishment of Registering Authorities for payment of motor vehicle licenses in Hartebeesportdam, Marikana, Stella, Letlhabile and Moretele. Three of the five are complete and awaiting system installation and appointment of staff. As part of the strategy, Department of Public Works has also solicited skills and expertise to assist in updating its asset register.

Honourable Speaker, following the implementation of the policy document and the establishment of relevant institutional structures, the Province has observed increases and upward adjustment to the revenue budget of R612 073 million in 2009/10 to R891 906 million in 2013/14 financial years. As from 2009/10 to 2012/13 an average of 21 percent over collection has been achieved which contributed to the positive bank balance of the Provincial Revenue Fund.

Honourable Speaker, whilst we continue to look at initiatives of increasing our revenue budget, the Province through examples set by Honourable Premier, where departments were not allowed to buy any unnecessary items in the form of T-shirts, and Bags as part of departmental events, the Province in 2010/2011 introduced cost reduction measures by reducing budgets of non-core expenditure items of all departments and such an exercise resulted in savings of R118 million which was redirected to key provincial priorities like infrastructure.

Honourable Speaker, the ANC government is committed to a process of ensuring that we reduce spending on non-core items. In 2012/2013 financial year, the Executive Council approved the Provincial Cost Containment Policy which imposed limits on the following expenditure items: subsistence and travelling expenses, accommodation, hiring of venues and facilities, telephone costs, catering services, filling of non-core posts and purchasing of furniture. As result of the introduction of the the Provincial Cost Containment Policy in 2012/2013, it was possible through the adjustment budget of the 2012/2013 to redirect R85 million from targeted non-core items to key provincial priorities including but not limited to water and sanitation projects.

Honourable Speaker, as the Province that had already started with cost reduction measures, with the introduction of the National Treasury cost containment policy, we happy to announce that Provincial departments are implementing both cost containment policies and the Provincial Treasury is in the process of ensuring alignment between the two policy and submit a revised policy document to the Executive Council for approval. Furthermore Treasury initiated a programme to assist all provincial departments and public entities to work towards "2104 Clean Audit". Visible progress has been made in this regard which has seen number of departments receiving unqualified audit outcome increasing from five in 2011/12 to seven in 2012/13.

Honourable Speaker, Provincial Treasury has continued in the current financial year to spearhead strategic financial management leadership, leading to positive provincial spending outcomes so far. As at 31 January 2014, total Provincial expenditure was standing at 80.70 per cent which is an improvement of 4.30 per cent from 76.40 per cent in the same period in 2012/13. This improved level of spending is driven by an increase of 1 per cent on conditional grant spending and 9.4 per cent on infrastructure spending as compared to the 13.02 per cent and 57.9 per cent registered in the previous financial year. We are confident that underspending will this time around be minimized to the lowest levels.

Once again, **Honourable Speaker,** I am proud to say "**Together we have done more**".

Improving Financial Governance in Municipalities

Honourable Speaker, Provincial Treasury has assisted municipalities to achieve the objective of "2014 clean audit". Municipalities were assisted through the Municipal Financial Management Improvement Programme (MFIP) with preparation of financial statements, submission of financial statements in time and implementation of the GRAP 17 compliant registers.

Following a detailed assessment of the 2010/2011 audit outcomes of the municipalities in the Province which revealed that only ten (10) municipalities submitted their annual financial statements in accordance with with the period prescribed by MFMA. The Provincial Treasury started a process of intervening by providing assistance and support to municipalities with the view of ensuring that all municipalities submit their financial statements on time within the stipulated timeframes.

Honourable Speaker, I am happy to announce that through the intervention of the Provincial Government under the direction of the Provincial Treasury, thirty three (33) annual financial statements which included outstanding statements of prior years for all municipalities and municipal entities were submitted to the Auditor General on time by 31 August 2012 as opposed to ten (10) submissions in the previous financial year. Whilst noting that much needs to be done to improve the audit outcomes of the municipalities, the Provincial Government together with the municipalities have "defied" the critics by ensuring that municipalities progressively work towards on ensuring that the quality of the audit outcomes are improved.

Honourable Speaker, under the guidance and leadership of Premier Thandi Modise we have been able to record significant progress on this front and that was also confirmed with the 100 per cent submission of the annual financial statements in August last year. It is my considered view that we have laid the foundation through the intervention for better audit results and the focus in terms of the the second phase of interventions is to improve the quality of the audit outcomes by reducing and ultimately addressing all the qualification matters in the audit outcomes.

The Provincial Treasury together with Local Government and Traditional Affairs will be reviewing their intervention measures with the view of ensuring that the interventions directly speaks to the audit qualification matters including ensuring that municipalities have GRAP compliant assets registers after evaluation all consolidated audit report of the Auditor General.

Honourable Speaker, we will continue to tell the good story and in the spirit of Co-operative Governance and in line with Chapter 3 of our Constitution, the current administration has laid the solid foundation for the new administration to take over where it left off by sustaining the initiatives that have already been implemented.

Honourable Speaker, I am proud to say "**The province together with the municipalities have done more**" and this is a "**Good story that deserve to be told**"

Fight Against Corruption

Honourable Speaker, our administration under the capable leadership of Honourable Premier Modise has recognized transparency as a means of ensuring an informed citizenry, good governance and combating corruption at all levels of the provincial government. This administration has narrowed chances of opportunities for officials to calculate that the chances of getting caught or the punishment they may risk, are not great by creating a system of perversely discentifying corrupt behaviour.

This administration in recognizing corruption's negative impacts, which in short include, Undermining of economic growth, Undermining poverty reduction efforts, Undermining the safety of our citizens, environmental health and the sustainability of Provincial Government, and threatening political stability, recognized the need to strengthen implementation of the following measures:

- Good governance checklist which focuses on system for compliance with code of conduct framework, and promote public complaints system;
- Inspection of public record of operations and finance which focuses on performance and financial audits and monthly financial reporting and quarterly performance review in order to match spending to actual delivery on ground;
- Participatory corruption appraisal which focuses on the impact of corruption on the most vulnerable poor communities, since poor people may be unwilling to talk about corrupt behaviour from within the community, in case this could result in retribution for them by those in positions of power.

We must therefore continue to support the Anti-Corruption Programme of the province to ensure that the rule of law is not distorted and the institutional foundation on which economic growth depends gets weakened.

The 2014/15 Medium Term Expenditure Framework (MTEF)

Honourable Speaker, the 2014 MTEF budget proposals supports the National Development Plan and is also informed by the current ANC Manifesto, with great emphasis being placed on improving performance, achieving value for money and containing costs across all the departments. The Manifesto makes reference amongst others to the following programmes:

- Industrialization and infrastructure expansion;
- Ensure more empowered educated and employable youth;
- Provide extensive support to small business and co-operatives;
- Rural development, land and agrarian reform and food security;
- Quality health for all and comprehensive social security;

Honourable Speaker, the 2014 MTEF allocations continue to sustain funding of the following priorities in support of the National Development Plan:

- Improving education, training and innovation;
- Improving health services;
- Creating conducive environment for Economic Development;
- Employment, economic infrastructure, integrated and inclusive rural economy;
- Human settlements and spatial transformation; and
- Building safer communities.

The implementation of the above priorities is funded through four Sectors in the province, namely; Social Sector, Economic Development and Infrastructure Sector, Governance & Administration Sector and the Provincial Legislature.

To improve the quality of spending, the department of Performance Monitoring and Evaluation is working towards defining the performance indicators for each area of expenditure, which will help departments to ensure that their spending plans reflect NDP priorities.

The 2014 Budget Proposals re-commits government spending towards programmes that supports: education, health, infrastructure development and maintenance, protection of the vulnerable and the poor; economic development initiatives through agriculture and tourism, promotion of safety and security, job creation initiatives will remain the largest category of expenditure over the MTEF period and is expected to grow in real terms.

Sources of funding

The Provincial Fiscal Framework is mainly funded from the equitable share, conditional grants and provincial own revenue. The total provincial fiscus amounts to R31.8 billion in 2014/15, R34.3 billion in 2015/16 and R35.3 billion in 2016/17, which is inclusive of equitable share, conditional grants and provincial own revenue.

In 2014/15 the equitable share increased by 7.8 per cent and conditional grants increased by 5.2 per cent. The provincial own revenue shows a strongly increase in 2014/15 by 17 per cent, and then normalize at 6 per cent in 2015/16 and 5.1 per cent in 2016/17. For the 2014/15 financial year the Revenue Budget has increased to R961 452 million which translate to 8 per cent. This increase is due to the implementation of the Provincial Revenue Enhancement Strategy, through expanding revenue collection points for the registering of motor vehicles in areas of Bojanala.

Allocations per Department

Honourable Speaker, the department allocations are aligned to the National Development Plan priorities and seek to promote and ensure continuity with the implementation of current and new programmes are geared towards addressing key socio-economic challenges of our Province. The budget is divided into four cluster in the province, namely; Social Sector, Economic Development and Infrastructure Sector, Governance & Administration Sector and the Provincial Legislature.

Social Sector

Honourable Speaker, the largest proportion of the provincial budget for 2014/15 is allocated to Social Sector at R24.2 billion or 76 per cent or R77.906 billion over the MTEF. Over the last four financial years of the current administration, this sector has spent an amount of R72 billion.

The 2014/2015 MTEF allocation responds to the following key NDP objectives: improving education, training, innovation; promoting health, transforming human settlements and creation of an inclusive social protection system through the following departmental allocations:

- ***Department of Education and Training***

The largest proportion of the 2014/15 provincial budget is allocated to Education at 39 per cent. Education budget increases from R11,522 billion in 2013/14 to R12,423 billion. This translates to an increase of 7.8 per cent year-on-year. This allocation is inclusive among others of funding of National School Nutrition Programme, Education Infrastructure, Learner Teacher Support Material and Provision of Workbooks to ensure that learners and educators are provided with basic Learning and Teaching Support Materials (LTSM) in accordance with the curriculum needs.

From 2014/15 to 2016/17 an allocation for the nutritional programme grows substantially by R1.150 billion in order to address the extension of this scheme to Quintile 3 secondary schools. The programme is set to benefit almost 689 434 learners in 2014/15. The 2014/15 allocation includes an allocation of R 35 million earmarked to address sanitation challenges at 33 schools.

- ***Department of Health***

The department is allocated an amount of R8.184 billion in 2014/15. This is the second highest share of the provincial budget at 26 per cent. The allocation is mainly for funding Infrastructure Maintenance, Medical Supplies, Health Professions Training and Development, Comprehensive HIV and AIDS programme. Allocation for this programme has a consistent growth which is estimated at R3.1 billion over the 2014 MTEF.

The Provincial government remains committed to the provision of quality basic health care services to all. Government's medium term priorities include increasing life expectancy, decreasing maternal and child mortality and combating HIV and AIDS through strengthening the effectiveness of the health system. The allocation includes an amount of R 746 million over the 2014 MTEF period in order to strengthen the tertiary services. This translates to an increase of 500 per cent based on the allocation of R134 million in 2009/2010.

- ***Department of Social Development***

Social Development's budget increases from R1.057 billion in 2013/14 to R1.242 billion in 2014/15. This translates to an increase of 17.2 per cent year-on-year. This allocation takes into account the provision of counseling services to victims of crime and violence, home community-based care for people infected and affected by HIV/AIDS, protection of children and services to women, the elderly and people with disabilities, as well as services to combat substance abuse and services to those in trouble with the law. Included in the 2014/15 allocation, is an amount of R67 million which is geared towards increasing the number of children accessing ECD facilities from 97 000 in 2013/14 to 116 482 in 2014/15. This number will be spread across 983 ECD facilities with a total number of 2675 ECD practitioners.

- ***Department of Human Settlements, Public Safety and Liaison (Human Settlements Branch)***

The department is allocated an amount of R1.763 billion in 2014/15 financial year, increasing from R1.636 billion in 2013/14. The largest share of the department's allocation is Human Settlement Development conditional grant which amounts to R1.517 billion. The allocation intends also to address the current housing backlog in the Province which is estimated at 238 000 households. The allocation is inclusive of providing Housing for qualifying beneficiaries, setting up housing support centres and land acquisitions to accommodate well located housing development.

- **Department of Sports, Arts and Culture**

The department is allocated an amount of R543 million in 2014/15 to ensure that Sport, Arts and Culture are accessible to all communities and to promote talent in the province, provide opportunity to access information and knowledge through Libraries and Museums and to manage and preserve our historical records to all communities and promote and create conditions for the development of a multicultural society and to ensure that previously-marginalized communities are given opportunities. The allocation is inclusive of funds earmarked for the construction of new community libraries and sport facilities in the province.

- **Economic and Infrastructure**

Honourable Speaker, through the Economic and Infrastructure Development Cluster, which has been allocated an R16.250 billion over the 2014/2015 MTEF or R5.343 billion or 17 per cent of the total provincial fiscus, funding is intended to respond to the following National Development Plan objectives: promotion of faster growth and more inclusive economy, building and maintenance of both economic and social infrastructure, ensuring environmental sustainability and promotes integrated and inclusive rural economy. The departmental allocation which supports the priorities mentioned above is as follows:

- **Department of Economic Development, Environment, Conservation and Tourism**

To ensure that the department drives and facilitate a sustainable economic development and environmental services in the North West Province through" among others, coordinate economic planning; integrate economic development services, trade and investment promotion, tourism and environmental management. An amount of R625 million is allocated in 2014/15.

Honourable Speaker, the allocation for implementation of key industrialization projects is inclusive of special economic zones to accelerate economic development in the Province, diversification of the Province economy and creation sustainable jobs. These projects include; Business Processing Hub in Mahikeng, Madibeng Automative Center in Bojanala, Maize Production Facility in Ngaka Modiri Molema, Metal Fabrication and Transport Equipment (MFCTE) Industrial Park in Dr Kenneth Kaunda, Manufacturing of Solar Cells Modules, Agro-Processing Cluster Projects and Green Energy Master Plan.

- ***Department of Public Works, Roads and Transport***

The budget for the department is increased from R3.614 billion in 2013/14 to R3.807 billion in 2014/15 financial year. The increase is mainly to fund among others, the Scholar Learner Transport, Maintenance of provincial roads and Upgrading of key roads. The allocation will also ensure that the department manages to implement programmes and strategies that lead to the development and empowerment of communities and contractors. This includes the provincial management and coordination of the Expanded Public Works Programme.

Honourable Speaker, in line with Government objective of reducing the cost of leasing of office accommodation and deal with current accommodation challenges experienced by the departments, an amount of R320 million has been allocated for acquisition of office accommodation for the provincial departments.

- ***Department of Agriculture and Rural Development***

The Department is allocated an amount of R910 million in 2014/15 financial year, this will ensure that the department will focus primarily on implementing the comprehensive food security and nutrition strategy, developing under-utilised land in communal areas and land reform projects for production, developing and implementing policies promoting the development and support of smallholder producers and expanding land under irrigation.

This allocation is inclusive of funding for Comprehensive Agriculture Support Programme, Ilima/Letsema Projects Kgora Farmer Training Center, Taung Agricultural College and Rural Development function. Furthermore, an amount of R15 million has also been provided for the refurbishment and maintenance of Vryhof silo and the process has already being started in the current financial to refurbish the Springbokpan silo. Included in the department allocation is an amount of R21.9 million for the upgrading Taung Agriculture Colleges as a centre for irrigation technology.

- ***Governance Sector***

Honourable Speaker, in line with the National Development Plan objectives of building a capable and developmental state, fighting corruption and transforming society, building safer communities and uniting the province, an amount of R6.4 billion over the MTEF is allocated to this sector as part of Government programme towards the promotion of good governance and administration. For 2014/15 financial year R2 billion which constitutes 6 per cent of the total provincial fiscal framework is allocated to the following departments:

- ***Office of the Premier***

The Office of the Premier receives an amount of R416 million to enable the department to provide leadership for integrated, coordinated and efficient service delivery that enhances sustainable growth and development for the people and the province.

The funding is inclusive of allocations for Provincial Planning commission, Anti-corruption and fraud prevention, Document Management System, Improvement in information technology, Rebranding and positioning of the North West province and Promotion of quality service delivery in government.

- ***Department of Human Settlements, Public Safety and Liaison (Public Safety branch)***

The allocation increases from R522 million in 2013/14 to R555 million in 2014/15 financial year. The increase is mainly for the funding of for the establishment of the Traffic College in the province, Strengthening of Law Enforcement. The allocation will also ensure that the 24 hours shift system will be rolled out to 4 additional areas with the aim of improving visibility where it is required, for purchases of additional vehicles and building of learner testing centres and Strengthening of Civilian Oversight and Crime Prevention.

- ***Department of Finance***

The department is allocated an amount of R443 million in 2014/15, which is an increase of 7.6 per cent. The allocation for Strengthening of financial management in provincial departments, municipalities, continued the implementation Provincial Turnaround to clean audit, MFMA phase 2 and GRAP 17.

- ***Department of Local Government and Traditional Affairs***

The Department is allocated R595 million in 2014/15 totalling to R1.8 billion over the MTEF to:

- Support and capacitate institutions of Traditional Leadership;
- Intensify hands-on support to municipalities focusing on financial and human resource management to improve audit outcomes; and .
- To support municipal planning to ensure improved access to essential services;
- Building of three tribal offices per financial year, translating to 9 tribal offices over the MTEF including renovations and maintenance of such structures;
- An amount of R140 million for water and sanitation projects which would include rural sanitation, construction of internal reticulation, upgrade and rehabilitation of waste water treatment networks.

The Provincial Legislature

Honourable Speaker, in recognising the separation of powers and ensuring that the Provincial Legislature continues to broader public participation in public administration and strengthen oversight functions over the Executive, this important sector of democratic state being the Provincial Legislature is allocated **R262 million in 2014/15 totalling R825 million over the MTEF** to carry out its Legislature function in supporting of strengthening democratic values.

Construction and maintenance of infrastructure

Honourable Speaker, the National Development Plan requires us the Province to invest in strong network of both economic and social infrastructure designed to support the country and Province medium and long term economic and social objectives. It is for this reason, that an allocation of R16, 637 billion has been allocated to all the departments except Finance and Office of the Premier over the MTEF to make it possible for the government to deliver infrastructure in the forms of schools, clinics, hospitals, upgrading of the tourism facilities, road networks, water and sanitation projects. The NDP also recognise the need for private sector funding for some of infrastructure investments.

Summary of Departmental Allocations	
Department	2014/15
Office of the Premier	416 208
Provincial Legislature	261 889
Health	8 184 022
Sport, Arts and Culture	542 888
Public Safety	554 925
Economic, Development, Environment, Conservation and Tourism	625 153
Finance	442 896
Education and Training	12 422 999
Local Government and Traditional Affairs	595 149
Public Works, Roads and Transport	3 807 440
Social Development	1 242 420
Agriculture and Rural Development	910 394
Human Settlements, Public Safety and Liaison	1 763 408
Total Allocation	31 769 791

Conclusion

Honourable Speaker, we remain firm and resolute in tightening up monitoring of the implementation of the annual budget by reporting timeously on provincial government expenditure and revenue, conditional grants and infrastructure spending, non-financial information including assessments of personnel expenditure.

Honourable Speaker, there are still challenges that lie ahead, we must however, evade the bad habit of poor planning, disproportionate allocation of resources and inefficient implementation of programmes and rollout of infrastructure projects.

We must also find new ways to attract scarce technical skills and expertise and invest immensely on the advancement of public service excellence to put the North West Province on the map of South Africa.

Honourable Speaker, it is my considered view that this budget allocation is fair, equitable, financially sustainable and of uttermost importance it also depicts the impact and the contribution of the North West Province in the furtherance of the objectives of the national development plan. (NDP)

Honourable Speaker, let me humbly thank the Premier of the Province, Mme Thandi Modise for her visionary leadership, guidance and support she accorded us during her tenure.

Special thanks goes to my colleagues in EXCO for their invaluable inputs to the budget process and the collective leadership we have shared together in the provincial administration.

Also special thanks to the Honourable Speaker and Honourable Members of the Legislature, for giving us platform as always to address and present to this August House the provincial budget for 2014.

To the Chairpersons of the Portfolio Committee on Finance and Public Affairs and the Provincial Public Accounts Committee, thank you very much for working tirelessly on holding government to account.

My gratitude to the newly appointed HOD, MR MP. Raedani who has in less than three months in office presided over the administration with distinction and diligence.

To the Accountant General of the department, MR Geo Paul, thank you very much for your sterling work and contribution towards building an accountable public service.

To the Executive Senior Managers of the department, amongst them Mr Ndlela Kunene thanks very much for your unwavering commitment and dedication.

To the staff of the department who always upholds professionalism in their general conduct at work thanks for demonstrable commitment and dedication.

To the Staff in my office, thanks for the support you have given unto me during my tenure as MEC for Local government and Traditional Affairs and now the MEC for Finance.

My very special thanks to my wife and kids for their love, warmth and support, for my work in public office would have not been that easy without you.

The support of my family, friends and comrades has been a great source of inspiration, thank you very much.

To my organisation the ANC I hope one has made the little contribution that adds zest to the life and ideals of the organisation during his deployment tenure in government and thanks for affording me this rare opportunity and space to serve the people of our province.

Lastly, let me assure the people of this province that many hours of research, discussion, debate and decision-making based on well measured and balancing of priorities went into this ground-breaking exercise of compilation of the Budget we are tabling today.

Honourable Speaker, I therefore have the pleasure to present to the house the following documents for consideration:

- 2014 Appropriation Bill
- 2014 Estimates of Provincial Revenue and Expenditure
- Copy of the Budget Speech

Together we have done more, however, as government, business, labour and all other sectors of society we must work together to build a united front, hold the flag high and take South Africa forward.

I thank you