



provincial treasury

Department:
Provincial Treasury
North West Provincial Government
Republic of South Africa

PROVINCIAL BUDGET SPEECH 2022/23

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MS. MOTLALEPULA ROSHO
MEC for Finance

08TH MARCH 2022

**2022 PROVINCIAL BUDGET SPEECH PRESENTED BY MEC FOR
FINANCE, Ms. MOTLALEPULA ROSHO AT THE NORTH WEST
PROVINCIAL LEGISLATURE ON 08TH MARCH 2022**

Honourable Speaker, Ms. Basetsana Susanna Dantjie

Honourable Deputy Speaker, Ms. Viola Motsumi

Honourable Premier, Bushy Kaobitsa Maape

Honourable Deputy Minister of Finance, Dr David Masondo

Honourable Members of the Executive Council

Honourable Members of the Provincial Legislature

Executive Mayors and Mayors of Municipalities

Modulasetilo wa Ntlo ya Dikgosi, Kgosi Moshe Mabe

Dikgosi tsa rona

Chairpersons and Board Members of Public Entities

Administrators, Heads of Departments and CEO's of State-Owned Entities

Distinguished Guests

Ladies and Gentlemen

Bagaetsho, Dumelang.

Honourable Speaker, tabling of the 2022 MTEF Budget proposals coincides with the International Women's Day which has been earmarked for the celebration of the historical, cultural and political achievements of women of the world. Throughout history, women have always had to fight for their recognition in social, political and economic spaces.

We salute women like: Dr Ngozi Okonjo-Iweala, the first female and first African to head the World Trade Organisation; Dr Ellen Johnson Sirleaf, former President of Liberia who is a recipient of the Nobel Peace Prize for her efforts to further women's rights; and our own Dr Phumzile Mlambo-Ngcuka, the former Deputy President of the country and former Executive Director of United Nations Women. These women are an inspiration to young people all over the world who aspire to serve their nations.

The tabling of the Provincial Budget falls within the Human Rights month which is celebrated to honour victims who lost their lives for the liberation of our country. We would never have realised the democracy we enjoy today without contributions of the many fearless heroes and heroines of South Africa.

ECONOMIC OUTLOOK

Honourable Speaker, we need to be mindful that our economy has been reeling from the negative impact that the COVID-19 pandemic unleashed over the past two years. Our provincial economy was not spared from the negative impact of this pandemic.

IHS Markit released the North West GDP data estimates which show that the provincial economy declined by six (6) per cent in 2020. Most of the economic sectors were negatively affected with only agriculture registering a 10.9 per cent growth whilst the rest declined for the same period. Since the outbreak of the pandemic, we have had to intermittently close some of our economic sectors to mitigate against the spread of the virus. These closures contributed to the decline in economic activity and negatively impacted our growth trajectory.

Poverty, inequality and unemployment remains a challenge in our province. The North West Province recorded an unemployment rate of 35.7 per cent in the third quarter of 2021 which was higher than the national figure of 34.9 per cent for the same period. Compared to other provinces, North West Province registered the fifth highest unemployment rate for that quarter.

The province needs a much faster growing economy that will create more job opportunities. Recently, the economy has gradually started showing signs of recovery since all the sectors have been reopened. GDP growth for the country is projected at 2.1 per cent for 2022 by National Treasury and is expected to average at 1.8 per cent over the next three years. The 2022 MTEF Budget proposals that we will be presenting today, are geared towards stimulating the economy and our hope is that working with various stakeholders, we will be able to inject life back into our economy.

Honourable Speaker, we are also mindful of the unfortunate developments unfolding in Eastern Europe involving Russia and Ukraine. This impasse could have a negative impact on our economic growth plans. The developments in that part of the world have caused uncertainties and are affecting global economic prospects.

PROGRESS REPORT

Honourable Speaker, during the tabling of the 2021 Budget, we made certain pronouncements which we would like to give a progress report on:

- The clean audit initiatives in four (4) Departments and North West Legislature is progressing well and there has been a reduction in audit findings from 240 in 2018/19 to 180 in 2020/21.

- Phase one (1) of the Irregular expenditure assessment project consisting of forty (40) cases, has been finalised and is undergoing the condonement process. Accounting Officers are expected to implement the recommendations which should include consequence management;
- A multi-disciplinary team has been established to provide support to municipalities that are in financial crisis;
- Capacity building programmes focusing on contract management have been implemented in all twenty-two (22) municipalities;
- Five (5) officials have been awarded Membership of the Chartered Institute of Purchasing and Supplies (MCIPS) designation as an outcome of our efforts to professionalise Supply Chain Management (SCM) in the Province.

FISCAL FRAMEWORK

Honourable Speaker, Minister of Finance Enoch Godongwana, in his maiden National Budget Speech stated that: “I would like to reiterate government's commitment to the reconstruction and recovery of our economy; saving lives and restoring livelihoods, as well as securing the long-term prosperity of our nation.” We agree with the Minister that it is critical to accelerate programmes that are aimed at addressing unemployment, inequality and poverty. To this end, the Provincial Budget is informed by the following resourcing principles:

- Sustained and protected funding for the social, health and education sectors;

- Ensuring food security by supporting the agriculture, tourism and other economic sectors with a potential for sustainable job-creation;
- Investment in infrastructure projects with high job-creation potential and to grow the provincial economy; and
- Fiscal discipline, good governance and accountability.

Consistent with the above principles, we commit to use the limited fiscal resources in order to achieve value for money and create a conducive environment for job creation. We need all hands on deck to take our province to a new economic growth trajectory.

Allocations to Departments

Honourable Speaker, let me now turn to the budget allocations for the 2022/23 MTEF. The total budget for the province amounts to R49.712 billion in 2022/23 financial year and R97.880 billion in the last two years of the MTEF. The 2022/23 budget allocation is made up of Provincial Equitable Share amounting to R39.540 billion, R8.568 billion for the Conditional Grants, R1.366 billion from Provincial Own Revenue and R238 million from reprioritisations.

The Provincial Budget incorporates the restructuring of some of the conditional grants and changes to accommodate the planned function shifts in the agricultural sector as well as the social development and education sectors.

Social Cluster

Honourable Speaker, in alignment with national priority outcomes, the province has ensured that the budget of social sector departments is protected over the MTEF. This is to ensure that the province continues to provide and expand services provided by the Departments of Education, Health, Social Development, Human Settlements and Arts, Culture, Sports and Recreation. These departments collectively receive a lion's share of the provincial budget estimated at 80 per cent. This translates into a budget allocation of R39.852 billion in the 2022/23 financial year and cumulatively amounts to R77.708 billion in the last two years of the MTEF.

To ensure that effective teaching and learning takes place in our schools, the **Department of Education** is allocated R20.346 billion in 2022/23 and R39.834 billion for the two outer years of the MTEF period. This translates into the largest share of 40.9 per cent of the provincial budget. The total allocation is inclusive of R1.237 billion in the 2022/23 financial year and R2.411 billion over the MTEF for education infrastructure provision.

Other key programmes to be funded, include Early Childhood Development (ECD) at the Grade R and Pre-Grade R levels, the Sanitary Dignity Project which ensures that young girls remain in school and access sanitary dignity products in all public schools, the National School Nutrition Programme Grant which provides more than 191 000 learners with a hot meal at school every day.

Included in the budget allocation for 2022/23, is an amount of R633.794 million to cater for budget pressures created by the increasing number of educators and other shortfalls within the sector. Education will continue to implement the Presidential Youth Employment Initiative which will benefit more than 800 unemployed youth. Resultantly, an amount of R815 million is allocated in the first two years of the MTEF. The function for Early Childhood Development has been transferred from Social Development to Education resulting in an amount of R90.453 million being shifted in 2022/23 and R179.361 million in the outer years of the MTEF.

Honourable Speaker, the *Department of Health* receives the second largest budget allocation in the province which accounts for 30.5 per cent of the total provincial budget. In 2022/23 financial year, the department is allocated an amount of R15.186 billion which accumulates to R28.973 billion in the last two years of the MTEF.

Inclusive in this allocation is an amount of R652 million for Health Facility Revitalization, R811 million for both medical supplies and medicine and R1.525 billion for the fight against HIV and AIDS. Other programmes funded within this budget are for Community Health Workers, Emergency Transport and Planned Patient Transport.

Included in the budget for the Department of Health, is an amount of R522.847 million for the COVID-19 pandemic and essential medical supplies in the department. In recent years, the department faced pressure in covering the costs associated with the placement of the growing number of medical graduates.

To support the department in responding to the placement of medical graduates, an additional R79 million is allocated to the Statutory Human Resource Grant in 2022/23 financial year accumulating to R152 million in the two outer years of the MTEF.

Honourable Speaker, the departmental accruals hamper the provision of effective services and the payment of creditors within the prescribed 30 day period. The department is projecting accruals of R1.1 billion by the end of the current financial year. To address this challenge within the current tight fiscal envelope, the department will be implementing a three-year funding strategy that will also facilitate the provision of medicine and medical consumables while mitigating against cash flow challenges in the department. To this end, an amount of R200 million is added to the departmental budget.

In addition, the department reprioritised R150 million from the baseline towards accruals. Resultantly, an amount of R350 million is set aside for Health accruals in the 2022/23 financial year.

The **Department of Social Development** receives R1.654 billion in 2022/23 financial year and increases to R1.698 billion in the last year of the MTEF. This allocation is meant for the provision of the comprehensive social welfare services to vulnerable groups.

The **Department of Human Settlements** is allocated R1.921 billion in 2022/23 and an additional R4.077 billion for the two outer years of the MTEF. This allocation includes R4 billion for the Human Settlements Development Grant (HSDG) over the MTEF.

With this funding, the department will be able to provide housing opportunities for the population of the province, revitalize mining towns, as well as attend to the issuing of title deeds.

Honourable Speaker, we solicited budget tips from citizens of the North West Province as a demonstration that we are a government that listens to its people and that the budget speaks to the needs of our people. This resonates with what Ben Fine argues in his book titled Social Capital Versus Social Theory, when he said that “Social capital is the incorporation of social considerations into mainstream economic thinking.” This means that these social considerations cannot be judged in terms of mathematical methods but rather by the impact on society.

One of the budget tips was received from, Thom McDonald Vuyani. In his budget tip, he requested that funding must be provided for artists and to projects that promote community development as well as learnerships to alleviate unemployment. In response to McDonald's budget tip, the **Department of Arts, Culture, Sports and Recreation** has been allocated an amount of R744 million in the 2022/23 financial year.

This allocation will allow the department to provide various sports and recreation activities through the provision of various sports programmes that encourage active and healthy lifestyles. Included in the allocation, is an amount of R153 million for Community Library Services Grant meant for the construction and maintenance of libraries and R47 million for Mass Participation and Sport Development Grant. An amount of R152 million is allocated for the development of sports, arts, culture and heritage activities to advance socio-economic transformation and social cohesion as advised by McDonald.

Economic Cluster

Honourable Speaker, the economic cluster focuses on stimulating economic growth, job creation, providing sustainable food security, provision of quality provincial infrastructure, development of new roads, reconstruction, upgrading, rehabilitation and maintenance of roads infrastructure. This cluster consists of the Department of Economic Development, Environment, Conservation and Tourism, Department of Agriculture and Rural Development and Department of Public Works and Roads. The cluster receives R16.766 billion over the MTEF period.

The ***Department of Economic Development, Environment, Conservation and Tourism*** has been allocated an amount of R958 million for 2022/23 financial year. Critical to this allocation, is to sustain the support to SMME's and cooperatives for increased participation in the mainstream economy, promote tourism and provide for sustainable environmental services.

To continue with the work that has already commenced related to the establishment of the Bojanala Special Economic Zone (SEZ), an amount of R108 million over the MTEF is allocated for the implementation of this catalytic programme.

Honourable Speaker, President Cyril Ramaphosa, in his State of the Nation Address, said "small businesses, micro businesses and informal businesses can create most jobs and provide the most opportunities for poor people to earn a living". To this end, included in the departmental budget is an amount of R37.3 million which is directed towards supporting small business and enterprise development.

The Department of Agriculture and Rural Development, as a sector, has a significant potential for job creation through the support of smallholder and commercial farmers in livestock, grain and horticultural production. As such, this department receives R1.2 billion in 2022/2023 financial year growing to R1.3 billion in the last year of the MTEF. Included in this allocation is an amount of R224 million over the MTEF for Ilima/Letsema Projects Grant and R185 million is allocated in 2022/23 for Comprehensive Agricultural Support Programme Grant.

To ensure sustainable development and management of agricultural resources through provision of agricultural support services to farmers inclusive of Kgora, an amount of R216 million is allocated to this important programme.

The ***Department of Public Works and Roads*** receives a budget of R3.352 billion in 2022/23 and R6.813 billion in the last two outer years of the MTEF. Through this budget, the department will be able to provide for both building and road infrastructure that is accessible, integrated and environmentally sensitive.

An amount of R363 million is allocated to Community Based Programme to ensure the implementation of Expanded Public Works Programs (EPWP) and through this programme, the department will coordinate the creation of 25 882 job opportunities across all departments in the province.

Governance Cluster

Honourable Speaker, the core business of the governance cluster is to ensure proper coordination of all government programmes at provincial and local government level, fostering an integrated approach to governance that is aimed at improving government planning, decision making and service delivery. Over the MTEF period, an amount of R11.781 billion is allocated to this cluster.

The **Office of the Premier** receives R473 million in 2022/23 and a total of R965 million in the last two outer years of the MTEF. This allocation includes funding for the review of public entities, development of the Provincial Growth and Development Strategy, implementation of the ICT Transformation Strategy and organizational structure review.

The **Provincial Treasury** receives R532 million in 2022/23 financial year, R548 million in 2023/24 and R567 million 2024/25. This allocation will facilitate the initiatives related to improving audit outcomes of departments and public entities, improve budget spending across the province, intensify technical support to delegated municipalities on the preparation of budgets and monitoring implementation in line with section 154 of the constitution, as well as compliance with the annual reporting framework.

The **Department of Cooperative Governance and Traditional Affairs** receives R600 million in 2022/23 financial year. This allocation is inclusive of R36.4 million for Capacity Building and R99 million for Community Development Workers Programme. With this allocation, the department will continue to support municipalities in improving good governance and enhance better service delivery in line with section 154 of the constitution.

The department will also continue providing support and building capacity of the institutions of Traditional Leadership. Included in the main budget of the Department is an amount of R25 million allocated for water and R12.5 million has been allocated for the finalisation of the Rooigrond Water Treatment Plant.

Honourable Speaker, the *Department of Community Safety and Transport Management* receives R2.248 billion in 2022/23 and it grows to R2.379 billion in the last year of the MTEF. This will ensure improvement of public and learner transport systems across the province. Included in this budget is R131 million for Public Transport Operations Grant (PTOG), and R300 million for scholar transport.

Provincial Legislature

Honourable Speaker, as an arm of government, the **Provincial Legislature** receives an amount of R488 million in 2022/23, increasing to R996 million in the last two years of the MTEF. This allocation is meant to provide for effective and efficient oversight over the executive, enhance public participation and strengthen law-making.

Provincial Infrastructure Delivery

Motlotlegi Mmusakgotla, boemo jwa popegotheo ya porofense ga bo kgatlhise fa ebileng bo etegeletsang koafalo ya thebolelo ya ditirelo go baagi. Tshekatsheko e e dirilweng mabapi le boemo jwa thebolo ya ditirelo le seemo sa popegotheo, e netefatsa gore go tlhokega diphetogo tsa ka bonako go tokafatsa seemo se.

Honourable speaker, Mildred Sechele who submitted a budget tip on how we should allocate our budget said that “Government should put more money in infrastructure.” We would like to reassure Ms Sechele that government takes infrastructure provision and maintenance as a priority. To this end, an amount of R5.338 billion for the 2022/23 financial year has been allocated for infrastructure provision of which maintenance constituted R998 million or 18.7 per cent whereas new capital projects is allocated R817 million or 15.3 per cent of the budget.

To ensure accountability in the planning and delivery of infrastructure, the Provincial Treasury working with other departments and municipalities will finalize the development of the Provincial Infrastructure Delivery Management System (IDMS) Framework/Protocol which clarifies the mandates, functions, roles and responsibilities of the provincial departments and municipalities before the end of the first quarter of 2022/23.

Honourable Speaker, the declaration made by the Premier in this year's SOPA address regarding the Accelerated Service Delivery Programme will assist to expedite the creation of the much-needed jobs. The Honourable Premier, in his address further alluded that funding has been made available in departments for the delivery of key provincial priorities.

We are happy to announce that in line with the Premier's pronouncement, we can confirm some of the areas where funding has been provided for in the budget proposals that we are making today. The details of the funding for these and other priorities will be unpacked by the respective Executive Authorities when they present their departmental Budget Votes.

Amongst others, the following priorities have been catered for as part of these budget proposals:

- R193.068 million earmarked for COVID-19 vaccination sites to be increased from sixty-two (62) to three hundred and four (304);
- R652.491 million set aside for the maintenance, rehabilitation, and construction of health facilities across the province;
- R26.285 million for the renovation of child and youth care facilities including in-patient treatment centres and old age homes and a secure care centre;
- R10 million for the construction of the Desmond Tutu Old Age Home and Memorial Site;
- R5 million for the review of public entities and R10 million for the Economic Reconstruction and Recovery Plan;
- R1.2 billion for job creation initiatives related to maintenance and construction of new schools;
- R20 million for the construction of the Pilanesberg internal road;
- R62 million for the Crop Massification Programme, R6.932 million for the Taung Irrigation Scheme and R2.151 million for the Disaneng Irrigation Scheme; and
- R10.962 million is earmarked for the placement of 120 unemployed graduates within the Agricultural Graduate Programme.

TRANSVERSAL ISSUES

Honourable Speaker, on the 1st of February 2022, the Provincial Treasury launched the 30-Day Payment of Creditors Intervention Programme to improve settlement of obligations by Provincial Departments, Municipalities and their Entities as prescribed by the relevant Finance Management Acts and their regulations.

Some of the intervention measures would inter alia include, the establishment of a call centre, which will deal with 30-Day payments queries and Supply Chain Management practices complaints.

Honourable Speaker, Provincial Treasury is currently engaging with stakeholders on a collaborative framework for the development of the financial recovery plans for implementation in the municipalities experiencing financial crisis. Capacity building programmes focusing on training municipal officials will continue to be provided to all municipalities with regards to budget management, mSCOA – GRAP and strengthening internal controls. Similarly for provincial departments and their entities, Provincial Treasury will extend the clean audit project and continue with financial management capacity building programmes.

CONCLUSION

Honourable Speaker, the Premier of North West Province, Honourable Bushy Maape in his 2022 SOPA shared the view that ours is a special and beautiful province. He said our people are warm-hearted, talented and love their country, their province and their localities. The Premier however, shared the downside to the brand of our province that is often undermined by negative stories, emanating from acts of corruption, instability, infighting, poor service delivery and general perceptions of incompetence.

Honourable Speaker, to correct the situation, the Premier said: “we want to turn the North West into a working province guided by values of respect, accountability, professionalism, listening, caring and responsive government. We need to change these negative perceptions of the Province, and we are doing this by developing a new culture of service delivery and good governance.”

Tonakgolo, mafoko a kgosi a mantle otlhe mme ebile a agelwa mosako. Re go utlwile, mme re netefatsa gore motlhala o segilwe ebile re tla gata fela mo go one.

The leadership of this province, irrespective of their political affiliation has the responsibility to unite around the implementation of this budget for improved service delivery and dismantling the triple challenges of poverty, unemployment and inequality. Collectively, we have the responsibility to use the limited resources for the benefit of our communities and account to the people of the province in the spirit of good governance.

Honourable Speaker, having outlined the fiscal framework and allocations which support the SOPA injunctions to the departments, please allow me to table the following documents which provide much more detail to what I have outlined:

- Appropriation Bill, 2022;
- Estimates of Provincial Revenue and Expenditure;
- Socio-Economic Review and Outlook Report; and
- The Budget Speech.

Honourable Speaker, I wish to express my sincere gratitude for the guidance and support received during the compilation of the 2022/23 Budget to:

- Honourable Premier Maape and my colleagues in EXCO;
- Honourable Members of the Legislature, Chairpersons and members of the two portfolio committees that we engage and interact with Provincial Treasury; and
- The Head of Department, Team Treasury, support staff in my office and my family.

Honourable Speaker, it is with great sadness that I have to announce the departure of Mr. Mosimanegape Bogosi who is the head of the Budget and Public Finance Programme within the Provincial Treasury. The programme is the one that is responsible for resourcing the province and providing oversight on expenditure.

Mr. Bogosi has been a model public servant who went above and beyond the call of duty to ensure that the implementation of the Provincial Budget is geared towards continuous improvement of service delivery. Parting is always such sweet sorrow, and we are very sad to see him leave. We would like to take this opportunity to wish him well in all his future endeavours.

I thank you.

MTEF ALLOCATIONS

Departments	R'000	2022/23	2023/24	2024/25
Office of the Premier		472 511	475 392	489 660
Provincial Legislature		487 588	490 520	505 264
Health		15 186 040	14 127 974	14 845 368
Arts ,Culture, Sports & Recreation		744 487	727 344	752 922
Community Safety and Transport Management		2 248 075	2 293 564	2 378 563
Economic Development, Environment, Conservation & Tourism		958 259	969 970	1 001 035
Provincial Treasury		531 754	547 529	566 879
Education		20 346 143	19 668 024	20 166 335
Cooperative Governance & Traditional Affairs		600 092	579 944	597 350
Public Works and Roads		3 351 819	3 345 721	3 467 661
Social Development		1 654 392	1 645 705	1 697 927
Agriculture and Rural Development		1 209 118	1 211 100	1 251 614
Human Settlements		1 921 385	1 995 582	2 081 211
Total Allocation		49 711 662	48 078 368	49 801 791



Let's grow North West Together.



WE BELONG



WE CARE



WE SERVE