

finance

Department:

Finance

North West Provincial Government
Republic of South Africa

2013 - 2014

Provincial Budget Speech

Presented by:
Paul Mosetlha Sebegoe
(MPL)
12 March 2013

PROVINCIAL BUDGET SPEECH PRESENTED AT THE NORTH WEST PROVINCIAL LEGISLATURE



Hon. Paul Sebegoe

MEC for Finance

12 MARCH 2013

Hon Speaker;
Hon Deputy Speaker;
Hon Premier, Mme Thandi Modise
Hon Members of the Executive Council,
Hon Members of the Provincial Legislature,
Chairperson of Chairpersons
Chairpersons of Legislature Committees
Hon Executive Mayors, Mayors, Speakers of Municipalities,
Chairpersons of the National and of the Provincial House of
Traditional Leaders Kgosi Maubane and Kgosi Mabe
Maapara-nkwe a gaetsho,
Leaders of the Progressive Labour Movements
All members of the business, civic and religious societies,
All senior officials of departments,
Esteemed Guests

Honourable Speaker, it is an honour to present to this August House the provincial budget for 2013.

Honourable Speaker, the start to any new year is a time to review what is past and ponder what is yet to come. As we all know, on the 1st of April every year, it's a start of the new financial year; as we move closer towards the end of the 2012/13 financial year this month, as the people of the province we must seek to understand where we come from in order to shape our future and destiny.

In this contemplative spirit, mindful of our own historic past, all of us together, have a collective moral and political obligation to work towards improving the lives of the masses of the people of this province, most of whom continue to live under appalling conditions, particularly the rural masses, for they too, have a right to human dignity, pride and decent living.

We must continuously remind ourselves that they have entrusted us with a mammoth task to carry forward their hopes and aspirations for a better future.

We must forsake our individual desires and aspirations and remain forever committed and true to the values of our historic struggle of selflessness, popularly known as the '**people's struggle for freedom**', that came to be renowned throughout the world as among the most popular struggles of the people in the history of humankind in which political freedom was ultimately attained through negotiations.

As we look back and take stock of our own past, whilst we applaud the miraculous 1994 democratic dispensation as a turning point in the history of South Africa, which marked the end of the unpopular and undemocratic Apartheid Regime, we pay tribute to the many young people of this country for waging a fierce battle against the cruel apartheid system.

We salute them!

For the people's struggle in this country has not been without bloodshed and many people laid their lives for the freedom we enjoy today, less we forget.

We also salute the forebearers and all the legends of the movement who championed the cause of our struggle, and hail their visionary leadership and wisdom which carried us through the years of the struggle and led us to political freedom in 1994, if it was not for them, we would not have the freedom that we enjoy today.

Honourable Speaker, the common values of our struggle as espoused in the freedom charter must continue to inspire us to work tirelessly and endlessly to build a better future for the people of this country.

Yes We Can!

South Africans have a rich history and proud legacy of selflessness and sacrifice in the pursuit of the struggle for freedom, in the famous words of the American President, President Barrack Obama!

Yes We Can!

For yesterday we have fought and defeated the monstrous and cruel apartheid system, against all odds and today we can succeed in waging a prosperous struggle against the frontiers of poverty and unemployment to transform the lives of ordinary citizen into better life.

Nothing will deter us.

Yes We Can, if we remain committed and united, as depicted in the state of province's address by the **Premier, Mme Thandi Modise**, as she relates the invaluable importance of unity as an important pillar of our struggle, when she said ***'I stand here, inspired by the hope that the masses have in us to resolve the vexing challenges they face. I stand here, unshaken in my conviction that the angels of history did not conspire in bad faith to put us in the social space. It is in this that our unity lies. It is in this that we draw strength to build a non-racial, non sexist society, mindful of its sad past but inspired by the bright future that beckons'.***

The inspiration that can be drawn from the clarion call that the Premier made during her state of the province is that *'Unity of Purpose'* should define what we stand for, neither our political differences nor personal ambitions must lead us to destruction and despair, nor should we be distracted from carrying the principal task of changing the lives of the people of this province for the better and broadly contribute immensely towards building the ***'Non-Racial, Non-Sexist Democratic South Africa'*** as envisaged in the Freedom Charter.

Indeed honourable speaker, we also remind ourselves that the social space we occupy today, does not belong to us, we are merely privileged to be entrusted with the enormous responsibility to lead society, for we are servants of the people, yet the responsibility itself is not as easy as many of us may want to believe but demand that men and women of courage and character live up to principle and conviction, confront the task that lie ahead with courage than fear and harbour no illusions of self-enrichment nor glory, for there is no easy walk to freedom and the words of the former President Mandela, tells the moral of story when he once said ***'After climbing a hill, one only finds that there are many hills to climb'***

Overview of the budget to support National Development Plan (NDP).

Honourable Speaker, we live in the interesting times of our lives, very exciting times yet most difficult.

The 2013 MTEF budget is tabled under constrained domestic economic environment and an uncertain global economic outlook which will be with us for some time. The current unfavourable economic outlook is continuing to have a negative impact on the country and Province's limited resources and is placing unprecedented strain on our provincial resources.

However, in tabling the National Budget Speech, the Minister of Finance, Mr Pravin Gordon has reassured the nation that South Africa's economy is growing, though at a slower rate than projected during the 2012 Budget.

As we present the provincial budget we should take serious cognisance of the major government priorities as outlined during the state of the nation's address by the President of Republic, President, J.G. Zuma, in which the National Development Plan (NDP) set the developmental path for the country, wherein the President said **'The NDP contains proposals for tackling the problems of poverty, inequality and unemployment.**

It is a roadmap to a South Africa where all will have water, electricity, sanitation, jobs, housing, public transport, adequate nutrition, education, social protection, quality healthcare, recreation and a clean environment.

The 2013 Provincial Budget seeks to place the NDP on the agenda of the provincial administration through ensuring that we do not constrain growth on programmes that supports the National Development Plan (NDP) and government priorities.

However, the emphasis is and would remain over the MTEF, implementation of the cost saving measures by reducing the budgets of non-core items and reprioritization within the limited resources with the main objective of directing savings towards initiatives and programmes that support the government priorities in the context of the National Development Plan.

Global Economic Outlook

Honourable Speaker, economic growth prospects in a number of the major advanced economies or regions remain constrained, despite some improvements in the global financial market sentiments following the interim deal related to the fiscal cliff in the US. Downside risks to the economic outlook persist as the structural problems in many countries and in the Eurozone, which is one of South Africa's main trading partners, still remain unresolved. Monetary policies in

most countries are likely to remain accommodative, with interest rates being kept low in the absence of clear evidence of a sustained recovery, particularly against the backdrop of a relatively benign global inflation environment.

The global economic situation still poses a threat into developing and emerging economies and South Africa is not necessarily immune from such global influences. Some economist in other parts of the world have called the times we live in '**The New Age of Uncertainty**'

What is critical though is that we must find new ways and inventions to contend with the pressure of the Global Economy and how we deal with these challenges as a province remain vital

In presenting the National Budget to the National Assembly on the 27th of February 2013, the Minister of Finance, Mr Pravin Gordon allude to this situation as he said '**So there are parallels between the global economic discourse and our own policy challenges. In seeking a pragmatic balance between recovery and consolidation, between economic power and social solidarity, between infrastructure investment and human development, between encouraging enterprise and regulating markets-we are grappling with issues that confront other nations.**

We therefore need to be prudent in our spending and remain practical and realistic in our approach and if I may, **Honourable Speaker**, borrow from the words of **Antonio Gramsci, one of the Marxist scholars of Italy**, who once said '**The point of modernity is to live without illusions while not becoming disillusioned.**

Indeed we are not illusionary about the global economic situation nor disillusioned about the prospects of a brighter future, all what we need is to find new ways to contend with the constraints of the global economy and the effects it has on developing economies. In the

process we must master the technique of knowing how to sail on the side of the winds to weather the storm as we navigate to our destiny, otherwise our vessel too will sink like the **TITANIC**.

Honourable Speaker, The current global economic situation that remains unfavourable to developing economies is however, not a permanent feature of our lives, like the **1929 Great Economic Depression**, it too will dissipate and indeed, as we all know that '**the darkest hour always come before dawn**', difficult as it may look now we remain optimistic about the future and prosperity of this country

South Africa's Economic Outlook

Honourable Speaker, ongoing labour conflict, the proposed scaling down of mining operations and ratings agency downgrades depict a challenging domestic outlook. In the absence of coherent and consistent structural policy initiatives, domestic economic growth which registered only 1.2 per cent for the third quarter of 2012 is expected to continue to be well below both what is possible and required to curb unemployment.

The president, in his state of the Nation address highlighted the need for our country to grow at levels not less than 5 per cent to address unemployment, poverty and inequality. The National Development Plan, which is a blueprint of a South Africa where all will have water, electricity, sanitation, jobs, housing, public transport, adequate nutrition, education, social protection, quality healthcare, recreation and a clean environment, has so far been undermined by the global economic downturn.

In contrast to the situation in most advanced economies, the risks to the inflation outlook here at home remain on the upside, due to mainly continued exchange rate and wage cost pressures. The consumer price index (CPI) for all urban areas, which is a measure of consumer inflation, averaged 5.6 per cent in 2012 and is expected to average 5.8 per cent in 2013, and 5.2 per cent in 2014.

North West Economic Outlook

The Provincial Government led by Honourable Premier Modise is concerned about the rate at which services are delivered and the increasing backlogs in electricity, schools, clinics, roads and water. The North West economy, is driven mainly by the following sectors, ***Mining, Agriculture and Tourism*** and is expected to grow by around 2 per cent on average in 2013.

The events in Marikana and other mines in the province undermines GDP growth in the province and also continue to underpin unemployment and contract trade with other countries. Annual CPI Inflation for the North West was 6.1 per cent for 2012, and the unemployment rate was at 23.3 per cent for the fourth quarter of 2012, emanating from the Provincial socio-economic pressures and challenges.

Honourable Speaker, in order for the Province to record economic growth in excess of 5 per cent we need collaborative efforts between public and private sector. To this end, we call upon the private sector in particular mining houses, banks, academic institutions and broader private sector community to join hands with government in creating and building the economy which will assist us overcome current economic crisis.

We are convinced as government that the contribution by the private sector will go a long way in creating much needed jobs whilst government creates policy environment conducive for investment and private sector participation.

It is for this reason that we call upon mines in the Province to make provision and where necessary review their policies in order to ensure that substantial part of their investment and or procurement remains within this Province.

According to the census 2011 report, the mining sector accounts for 33.6 percent of the province GDP, yet on average in excess of R366 billion procurement spend within the mining sector does not benefit the citizens of the Province and this form of skewed investment must be reviewed to ensure that mining investment benefit local people in the province.

We are therefore appealing to the mining sector that as part of its social responsibility it must seriously consider the establishment of the Mining Supplier Park in the Bojanala District.

The Fiscal Framework and Long-term Sustainability

Honourable Speaker, the provincial expenditure trends as at January 2013 paints a gloomy picture and demand that we move with speed to implement reforms in the implementation of infrastructure projects.

Let me seize this opportunity to present a synopsis of the departmental spending performance before I proceed with the 2013 MTEF Fiscal Framework. Of the adjusted provincial budget of R26.909 billion, as at end of January 2013, the province recorded actual expenditure of R20.600 billion or 76 per cent which is low compared to the expected target.

Of great concern to the Provincial Treasury and Executive Council is the slow spending on conditional grant and infrastructure, which does not only impact on service delivery but most importantly on the ability of government to improve the lives of citizens of this Province.

Furthermore, infrastructure development and investment is the cornerstone of the province's economic growth and sustainability, and the noticeable slow spending on infrastructure grants remains a chief impediment to economic growth and must be tackled by all of us.

The Executive Council has resolved on the roll-out of the best practices and methodologies of the Infrastructure Delivery Improvement Programme (**IDIP**) in 2007 and had recently, in 2012, adopted the use of the Infrastructure Delivery Management System (**IDMS**).

The Infrastructure Delivery Improvement Programme is the roadmap for improved infrastructure spending and economic spin-offs for the province. Of necessity, is the fact that funding has been allocated for development of the requisite HR Technical Capacity in the Infrastructure Sector and all participating departments must play their part and contribute meaningfully towards increased spending on infrastructure during the 2013/14 financial year.

The province's quest for the realisation of economic growth, development and sustainability is heavily depended on the extent to which we succeed in turning the tide against low spending in terms of infrastructure and conditional grant.

What should be of concern to all of us is how best we can improve the conditions of our roads in the province, such that visitors from other provinces can enjoy their stay in the province before we begin to have deficit in the tourism economic spin-offs due to the poor state of our roads.

Honourable Speaker, as we grappled with critical question of how best we can tackle under-spending in infrastructure, we should not lose sight of the fact that whilst infrastructure transfer to provinces have increased in recent years, notably, is the fact that, to improve quality spending, the application process for infrastructure grants is being revised. Provinces will be required to submit building plans two (2) years ahead of implementation and would only receive allocations if plans meet certain benchmarks.

This poses a serious challenge to the province and if the spending patterns of the previous three financial years are anything to go by, then there would be dire consequences for the province unless urgent, strategic interventions are put into place to mitigate against these undesirable and unacceptable levels of spending.

Honourable Speaker, The wisdom of the question therefore is, '**what should be done**', and I submit that the success of the province to be able to spend adequately on its infrastructure budget is a collective responsibility and all of us must play our part. As we grapple with this principal question, we must acknowledge the efforts of MEC for the Department of Public Works, Roads and Transport for his endeavours to turn around the department.

We all know the challenges the department is facing and all what we need to do is to continue to support the department and ready ourselves to confront the challenges that lie ahead.

We cannot afford to deny the masses of our people their right to dignity and decent life, and infrastructure development remains key towards unlocking development opportunities for the people of this province and if we do not succeed we would have failed all of us.

As one young lady wrote in her budget tip 'Dear Honourable MEC Mr. Sebegoe, yesterday I passed the road from town to Setlopo via the railway line/Lomanyaneng which is full of dangerous potholes. I came across five young energetic guys with a wheelbarrow with a back of cement inside. They were repairing the road filling up the potholes and asked for donations from drivers. I gave them R 10 and praised them for their work. What about engaging all these young guys sitting around all day long, call them and let them fill up all the potholes around Mafikeng?

I guess they will be busy when winter settles in. Give them money for each pothole, not for the day like the orange guys, they should be paid according to work done not for roaming around, sitting in the shade in big numbers. One should form committees of youth who are willing to contribute to their community and ask them how and when they would be prepared to step in and do something useful.

With kind regards

Lorato Hermann (community worker)

Communities are not oblivious about their own surroundings, and together, we can do more to bring about changes in our lives, for as long as we are able to integrate into planning such inputs from people as Lorato and learn to do new things, and indeed, there is a need for paradigm shift in the manner we do things if we are to become true Agents of Change.

The North West provincial population share to the total population of the country was 7,2 per cent in 1996; 6,7 per cent in 2001 and further decreased to 6,3 per cent in 2007. The recently published census data by StatsSA indicated that the Province has 3.5 million population, resulting into a slight increase in population share of the province from 6,3 per cent in 2007 to 6,8 per cent in 2011.

This has implications on equitable share to the province. The population size of the province remains one of the key variables of the equitable share formula in the calculation of the provincial share of the nationally raised revenue. The increase in population size is as a result of various factors such as migration, increased birth rate and increased life expectancy.

Honourable Speaker, it is important to know and understand the changing patterns of the provincial population as they impact directly on planning and ultimately service delivery. Noting the small size of the provincial population, it remains critical to ensure effective, efficient and economical spending culture of the allocated budgets to respective provincial government departments.

Unemployment and poverty

The unemployment rate of South Africa is showing a declining trend. This is based on census published in 1996 and 2011; the country's employment rate was recorded as 33.9 per cent and 29.8 per cent respectively. This downward trend in unemployment is also observed in North West province over the same periods where the province's unemployment has declined from 37.0 per cent in 1996 to 31.5 per cent in 2011. The downward trend can be attributed to increase in employment in the agricultural and manufacturing sectors.

A number of initiatives have been flagged to aggressively curb the unemployment scourge and demonstrate social spinoff to reduce poverty and inequality in the province. To name but a few, there is Taung Skull Project, War on Poverty Project in Taung, and infrastructure development plans in Mahikeng. These projects are robustly aligned to the national development plan and the new growth path.

Honourable Speaker, the details on the strategic gains to be made in respect of projections of employment and job opportunities to be created during the current financial year in relation to roads and other infrastructure projects will be outlined in the budget speeches of various departments that have intensive job creation programmes.

The huge investment on Infrastructure spending, which includes grants and equitable shares that totals to 4.1. Billion for the 2013/14 and cumulatively 12.3 billion for the MTEF period must be used to create more jobs and alleviate poverty.

In this regard, mindful of the fact that young people constitute the larger percentage of unemployment country-wide, infrastructure implementing departments must design their procurement and employment strategies to favour young people, in order for us to maximise impact in the reduction of unemployment and alleviation of poverty.

'Mmusu Kgotla, ka boripana ke rata kere, a loleme lwame le mororo le kgomarele magalapa a me, fa nka lebala kgwetlo-kgolo e e shenametseng basha ba gaetsho ka meno, e bong botlhoka tiro jwa majadikata. Ka jalo tekanyetso-kabo e ikaelela go diragatsa moonono o oreng, kgaka-kgolo ga kena mebala, mebala e dikgakaneng'

Ke ka moo seripa se se rokotsang mathe sa matlole ano se lebisitswe mo go netefatseng gore re beeletsa segolo-bogolo mo bokamosong jwa basha, ka go bo letlhaku le leswa le tiya le go tlhomama –go bo le ageletswe mo go le legolo-golo

Procurement and Combating of Fraud and Corruption

Honourable Speaker, my office have been inundated with complaints from suppliers, particularly, **SMME's**, who are coerced to pay bribery to government employees, despite the fact that registration is offered free of charge by government, in order for them to be registered on the supplier database.

Empowerment of the Small, Medium and Micro Enterprises (SMME's) is a government policy and SMME's play a pivotal role in job creation and the growth of the economy, and therefore we must confront all the obstacles that seek to undermine government policy and dis-empower SMME's who are an important component of our economy.

Measures will be put into place to examine the extent to which the current procurement system (**Proqoute System**) allows for equitable distribution of business opportunities within the **SMME's** sector and whether the system itself is not susceptible to manipulation by systems operators who may be engaged in corrupt and fraudulent practices for personal gain through promotion of interests of one supplier at the expense of the development of other SMME's

Access of SMME's to registration on the province's supplier data base will also receive attention including close monitoring of payment of suppliers within the required 30days.

These measures will be put into place solely to ensure that SMME's occupy their rightful place in the local economy and contribute meaningfully towards economic growth and development within the North West Province.

Yet we must continue to support the Anti-Corruption Programme of the province to ensure that resources aimed at service delivery do not dissipate into thin air due to fraud and corruption,

We must be vigilant in the fight against corruption and this new form of oppression only advances the greed of individuals hell-bent to amass wealth in means that are not acceptable and undermine the rights of citizens to dignity and humanity, thereby obliterate all our efforts to build to a 'true, democratic, non-racial, non-sexist South Africa' and since corruption knows no colour, creed nor political affiliation, it remains the responsibility of all of us.

I therefore wish to call upon civic organisations, non-government organisations, Labour organisations, political and religious organisations to unite and join hands with government to support all the initiatives that the North West Provincial Government have put into place to fight corruption.

'Mmusa-Kgotla ga kena pelaelo epe, gore mo ntlheng ya go lwantshana le letsogo-le kobong, re le bokone-bophirima rare eno ke tsela e ka yone re reng re tla nna seopo-sengwe, re tsamaye ka mosito ole esi, re bue puo e e tshwanang, Mme ruri gore re kgaogane motho a kampe a re tlola re eme'

he 2013 Medium Term Expenditure Framework (MTEF) Allocations

Honourable Speaker, in preparing the 2013 MTEF budget and having considered the minimal growth in the equitable share as a result of the updates to the equitable share formula based on the 2011 Census data, the budget continues to support outcomes approach; the National Development Plan (NDP) and the funding proposals are informed by the following key assumptions:

- Alignment to the 2011 Medium Term Strategic Framework and resource constraints;
- Allocations support funding for government outcomes approach and the implementation of National Development Plan (NDP);
- Sustained growth for education, health, social welfare and security services;
- Provision for key government priorities: economic and social infrastructure development and maintenance, provision of water and sanitation, improvements in education and health, strengthening growth and employment creation of jobs, reducing the levels of poverty in the Province and promotion of progress towards a more equal society and an inclusive growth path;
- Departmental spending patterns including the capacity and readiness to implement infrastructure projects

The priority area with the highest funding is social sector and had been increased steadily over the next three years of the MTEF. Funding for economic, investment, employment cluster including governance and administration sector also continue to record moderate growth over the MTEF.

The 2013 MTEF allocations are as a result of detailed and extensive intergovernmental consultations. The Province followed a credible and inclusive budget process which ensured support and endorsement by the Executive Council. In implementing the budget, the Province should at all times guard against fruitless and wasteful expenditure and this would be achieved through quality spending in support of the Annual Performance Plans aligned programmes which supports the government priorities and departmental mandates.

We must appreciate and acknowledge the limited resources at our disposal and therefore the wisdom of the question always remains, 'how do we reprioritise such limited resources to maximise impact in respect of service delivery. This is a major challenge ahead of all of us and as we contend with all the conflicting interests and other needs, we must find a balancing act and place service delivery at the helm of our efforts as the budget should be about changing the lives of ordinary people of this province

Therefore, emphasis is that departments are expected to respond by making every effort to find savings and reprioritise these towards government's priorities in particular programmes that support the implementation of National Development Plan (NDP), stimulate economic growth and facilitate job creation including sustained funding key government priorities, like education, health and infrastructure maintenance and development.

Honourable Speaker, the 2013 Medium Term Expenditure Framework makes provision for an amount of R28.566 billion to be expended in 2013/14 financial year. On aggregate, this budget allocates R91.099 billion to provincial departments over the MTEF period.

Sources of Funding

The provincial budget is mainly financed through the nationally raised revenue allocated in the through the equitable share formula. Revision to the equitable share and impact of the new data updates based on 2011 Census report resulted in additional R1.664 billion to the provincial baseline over the 2013 MTEF.

Honourable Speaker, in an attempt to reduce national government debt level, Provinces had to reduce their budget by 1 per cent, 2 per cent and 3 per cent over the MTEF. This has resulted in the province

allocation been decreased by R344.6 million over the 2013 MTEF period. The total provincial equitable share allocation grows from R22.754 billion in the 2013/14 financial year to R26.217 billion in the 2015/16 financial year, which represents an average growth of 7.7 per cent over the MTEF.

The second largest source of funding is Conditional Grants. These are earmarked funds and are meant for specific purpose. Due to the revision of the conditional grant framework, allocation for this source of funding is decreasing with an average of 4.3 per cent in 2013/14 and by 5.1 per cent in 2014/15 and in 2015/16 the growth is 13.8 per cent. These reforms includes the revision of the Further Education and Training grants, of which the portion will now be paid directly to colleges by the National Department of Higher Education as a subsidy, the downward revision of the Human Settlement Development grant in the two outer year of the MTEF amounting to R544.865 million in 2014/15 and R603.263 million in 2015/16 as a result of the pending revision of the grant formula and updating the formula with the recent data.

The last source of funding is the provincial own revenue which forms a small proportion of the total provincial fiscal framework. The main contributors to the provincial own revenue are motor vehicle licenses fees, casino taxes and patient fees. The provincial revenue increases by 5 per cent every year of the MTEF period. The province has taken a strategic initiative to formalize and contribute to the maximization of revenue collection in the province and local government. This framework is designed to avail the much needed resources to fuel economic growth and development in the province. Currently the province heavily relies on grants for funding development activities.

The following are some of the initiatives identified to generate province own revenue;

- ✓ Indirect provincial revenue enhancement initiatives
 - Better budget planning, this is aimed at addressing provincial priorities.
 - Fraud prevention, the value of fraud deterrence and wasteful expenditure elimination can accumulate to provincial savings and of which the funds can be redirected to acceleration of service delivery and other provincial priorities.
- ✓ Direct provincial revenue enhancement initiatives
 - Department of Human Settlement, Public, Safety and Liaison- can improve service delivery thereby attracting citizens to utilise their services rather than using other provinces services. Revenue will be collected in the form of vehicle licenses and registration fees.
 - Rentals and sales of government property- rentals and sales of government property could potentially be a large source of provincial revenue if properly managed.

Key Strategic Initiatives

Consistent with Premier's State of the Province address, an amount of R235 million in 2013/14 has been allocated to following key strategic projects:

Funding of these projects will not only result in the job creation, it also touches on the aspect of tourism, improved infrastructure and municipal services in Mahikeng and initiatives to address water and sanitation challenges in the province. The benefits that the Province and the communities of the affected areas would result into the following:

- Taung Skull Project – job creation and tourism development within the Taung area;
- Procurement of Land in Marikana – low cost housing development in Marikana as part of the broader human settlement strategy within that area;
- Water, Sanitation and Mahikeng Revitalization Initiative – upgrading and improving infrastructure in Mahikeng;
- War on Poverty Project in Taung – provision social and economic infrastructure in the Ward 4 and 14 in Taung

Allocations per Department

Honourable Speaker, having funded key strategic projects which would be implemented by different departments, allow me to present the 2013 MTEF allocations per sector/cluster which includes funding proposal for departments and Legislature. The 2013 MTEF budget provide for a considerable growth in spending with the sole purpose of improving service delivery and increase investment in infrastructure.

Honourable Speaker, the departmental allocations as per the three clusters are as follows:

Social Cluster

The Social cluster receives the biggest share of the provincial budget at R22.028 billion or 77 per cent of the provincial fiscus and the departmental allocation is as follows:

Department of Education and Training

The largest portion of the provincial budget goes to Education at 40 per cent. The ***Department of Education and Training's*** allocation increased from R10.969 billion in 2012/13 to R11.321 billion in 2013/14 which constitute 3.2 per cent increase.

The low increase is as a result of the substantial portion of the Further Education and Training (FET) grant would be administered by the National Department of Higher Education. Cumulatively, the department is allocated an amount of R36.930 billion over the 2013 MTEF translating to an average increase of 6.6 per cent. This allocation include an amount of R1 billion in 2013/14 for conditional grants which accounts for R3.3 billion over the MTEF

The allocation also makes provision for the following policy priorities to strengthen and improve the quality of education in the province;

- An amount of R599.294 million have been allocated over the MTEF period for improvement in condition of service and other personnel related pressures;
- An amount of R69. 821 million for Grade R teachers in the two outer years of the MTEF; and
- R69.314 million for the increased number of teachers in the last year of the MTEF;

Honourable Speaker, Education is a key priority not only to this government but also the National Government takes keen interest in the quality of education provided to the citizens of the Province. Resultantly, the Department allocation is intended to ensure the implementation of the following key programmes:

- Adequate provision of Learner Support Material
- To provide for mathematics, science and technology services
- Provision of water, electricity and sanitation facilities in schools
- Universalisation of Grade R
- Ensuring that all Quintile 1-3 schools receive the minimum basic numeracy resources and assisting in the implementation and use of these resources
- Expansion of no-fee school

Honourable Speaker, as make funding to promote education and learning in the province we commend the department of education in the province for the improved matric results of last year's matric exams.

Honourable Speaker, the three students from the province who received awards to be amongst the best performers in the country has made us proud, they held the flag of the province high, put us on the map of South Africa and we can only hope that they will remain true ambassadors of this province as they start a new journey to pursue their tertiary studies, we hold them high and wish them well.

As we commend the department on the job well done, we are confident that the department will do everything in its power to ensure the effective management of compensation of employee's budget as this expenditure item is the main cost driver of the departmental expenditure and as such if not managed properly might negatively affect the departmental budget.

Department of Health

The budget allocated to the ***Department of Health*** increases from R7.083 billion in 2012/13 to R7.667 billion in 2013/14, which translate to a growth of 8.2 per cent. This is the second highest share of the provincial budget at 27 per cent. The allocation of this department increases to R8.569 billion in the 2015/16 financial year.

Included in this budget is an additional funding of R91 million in the first year of the MTEF as well as the R188 million in the two outer years of the MTEF to strengthen programmes already funded in the baseline such as Laundry Services, Multi Drug Resistance or Extreme Drug Resistance (MDR/XDR), Pharmaceutical, Maintenance of Health Facilities and Primary Health Care Reengineering.

Furthermore the department receives funding for the following policy priorities;

- An amount of R293.656 million over the MTEF for the Improvement in Conditions of Services (ICS) and an amount of R170.252 million for other personnel related pressures specifically Medical Professionals over the MTEF.
- R2 million in the first year of the MTEF and R21 million in the two outer years of the MTEF for Tuberculosis;

Honourable Speaker, this budget allocation will ensure that the department continues to strive for the attainment of;

- Increased life expectancy at birth;
- Decreasing the Maternal and child mortality rate;
- Combating HIV and AIDS and decreasing the burden of diseases from TB; and

- Strengthening the health systems' effectiveness.

Department of Social Development, Women, Children and Persons with Disabilities

The department received an allocation of R1.082 billion for 2013/14 compared to R963 million for 2012/13 which is an increase of 12.3 per cent rising to R1.268 billion in 2015/16. This allocation is for the provision of integrated, comprehensive and high quality social protection services to maximize the capacity of the poor and vulnerable individuals, households and communities.

Included in the budget allocation is an additional funding for the following items:

- R13 million in the first year of the MTEF as well as R81 million in the two outer years for the Improvement in Conditions of Service and other salary related pressures
- R2.3 million in the first year of the MTEF and R31 million in the two outer years for the Early Childhood Development (ECD) Massification
- R22 million over the MTEF for the provision of Early Childhood Development (ECD) – Equipment

The budget allocation also makes provision for the absorption of social workers graduates, support to the non-governmental organization sector and maintenance of social development facilities over the MTEF period.

Department of Sports, Arts and Culture

The budget allocated to the ***Department of Sports, Arts and Culture*** increases from the initial budget of R447 million in 2012/13 to R466 million in 2013/14 which translate to a growth of 4.2 per cent and in the last two years cumulatively an amount of R1.1 billion has been set aside for this department.

The allocation makes provision for the following programmes;

- Promotion of talent and opportunity to access information and knowledge through Libraries and Museums
- Building and construction of libraries and sport facilities
- Promotion of Mass Participation within communities and schools through selected sport and recreation activities

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

This department receives R1.491 billion in 2013/14, which represent an increase of 18.4 per cent from the 2012/13 adjusted allocation of R1.259 billion. This allocation is intended to address issues of informal settlements, provision of affordable rental stock, and acquisition of land for human settlement purpose. This programme is funded mainly through the Human Settlement Development Grant which amounts to R1.224 billion in 2013/14.

It is important Honourable Speaker, to note that the conditional grant funding have been almost halved in each of the two outer years of the MTEF due to pending reviewing and finalization of the funding formula.

The departmental allocation includes R75 million earmarked for land acquisition in Marikana which would be used for the development of mixed typology housing project as part of building sustainable human settlement and improve the quality of household life in Marikana following the tragic incident which we witnessed last year in that area.

This is just one of the government's initiatives of ensuring that we improve the situation of affected communities in Marikana, however, we must call upon the private sector, in particular, the mining sector, to invest in the development of human settlement in Marikana and contribute to other programmes for social upliftment of the lives of miners in that area.

The department's allocation must assist in the winding-off the assets of the Housing Corporation during the 2013/14 financial year. This process must be expedited so that the provincial administration can grant ownership of the houses that were under Housing Corp to the people of the province, most of whom spend their better lives under the shelter of these houses.

This will help bring an end to brokering through property agents that has merely sought to maximise profits at the expense of government and the people of the province who are anxiously awaiting their title deeds to grant them legal status as rightful owners of these houses.

Economic and Infrastructure Development Cluster

Honourable Speaker, the Economic and Infrastructure Development cluster is allocated R4.714 billion or 16.5 per cent of the provincial fiscus. This allocation increases to R5.352 billion of the total provincial budget in the outer year of the MTEF, which confirms government determination of ensuring that funds are allocated to programmes and initiatives that promotes investment, infrastructure development and maintenance, job creation and stimulates economic growth. The allocation for this cluster has been divided as follows:

Department of Economic Development, Environment, Conservation and Tourism

The Department of Economic Development, Environment, Conservation and Tourism is allocated R486.062 million in 2013/14 which represent an increase of 9.6 per cent from the 2012/13 financial year adjusted allocation of R443 million. Cumulatively, the department is allocated an amount of R1.6 billion over the 2013 MTEF. The funding includes allocations for provincial public entities that are under review for merging, Economic Development projects (which include SMME development) and Taung Skull Project.

The funding will also ensure that the department drive and facilitate sustainable economic development and environmental services in the North West Province through the following key programmes:

- Coordinated economic planning;
- Integrated economic development services;
- Trade and investment promotion;
- Tourism, environmental management and effective business regulations.

Department of Public Works, Roads and Transport

The department of Public Works, Roads and Transport receives the third largest portion of the provincial budget at R3.393 billion or 12 per cent of the provincial fiscus for 2013/14, rising to R3.872 billion in 2015/16 financial year. The allocation of this department caters for the refurbishment and maintenance of our road network, the upgrading of the Legislature and funding for scholar transport. The allocation also caters for the implementation of War on Poverty Projects over the MTEF. Furthermore, the budget also makes provision for the attraction of the necessary skills in order to improve the technical capacity of the department. The departmental allocation makes provision for the following key programmes;

- Devolution of property rates – R203 million
- Provincial Road maintenance – R639.9 million
- Public Transport operations – R85 million

Department of Agriculture and Rural Development

The budget allocated to the department amounts to R834.804 million in 2013/14 financial year and is increasing to R931.933 million in 2015/16. Over the MTEF, the allocation of the department would amount to R2.6 billion. This allocation will ensure that the department focus on rural development, agrarian reform, social and economic infrastructure development and sustainable natural resource management.

Departmental funding is in support of government outcomes of “vibrant, equitable and sustainable rural communities contributing to food security for all” as well as “protected and enhanced environmental assets and natural resources. The allocation is inclusive of funding for Kgora Farmer Training Centre, Taung Agricultural College and Rural Development function.

Governance and Administration Cluster

The governance and administration cluster received a total amount of R1.823 billion in the first year of the MTEF and rising to R2.625 billion in 2015/16 financial year. This allocation is divided amongst the following departments;

Provincial Legislature

The provincial legislature has been allocated an amount of R217.142 million in the 2013/14 financial year, increasing to R239.716 million in the outer year of the MTEF. The increase to the Legislature budget based on the initial allocation for 2012/2013 amounts R52 million which translates to 31 per cent or 20 per cent compared to the adjusted budget of R181 million. The additional funding for Legislature is intended to correct the baseline budget and as such ensure that the Legislature execute its mandate as per constitution.

Funding for the Provincial Legislature is intended to ensure that the Legislature exercise effective oversight over the Executive, enhance the policy and legislative capacity of the Legislature in order to pass transformative legislation, promote good corporate governance, enhance public awareness and effective participation of the public and stakeholders in the Legislature's activities and business.

Office of the Premier

The budget for the Office of the Premier increases from R239 million in 2012/13 to R259.669 million in 2013/14 representing an increase of 8.8 per cent, and is rising to R273 million in the last outer year of the MTEF period. The funding is to ensure that the department provide leadership for integrated, coordinated and efficient service delivery that enhances sustainable growth and development for the community of the North West province.

This allocation whilst it includes the funding to sustain the operations of the Provincial Planning Commission it also provides for the Planning Commission to carry some of the new tasks in terms of realignment of the province's Growth and Development Strategy and Key Priority Programmes with the National Development Plan (NDP), particularly, in relation to planning for infrastructure investment as per the object of the NDP.

Other related programmes provided in this allocation include activities of the Provincial Council on AIDS. Furthermore, included in the allocations is an additional amount of R55 million over the MTEF for the Archive Project. Funding over the MTEF further makes provision for the implementation of the following key strategic programmes of the department:

- Promotion of quality service delivery in government;
- Co-operative governance at all spheres;
- Establish a skilled, motivated and healthy human resource base in government; and
- Information and knowledge gathering and sharing to promote evidence based decisions

Department of Finance

The Department of Finance receives an allocation of R465 million in 2013/14, which represent an increase of 19 per cent from the 2012/13 adjusted allocation. The additional funding in this department is geared towards capacity building programmes for both provincial departments and municipalities. Funds have also been earmarked for the Provincial Asset Management project and initiatives towards clean audit.

Honourable Speaker, It is important to note that an amount of R20 million in 2013/14, R21.1 million in 2014/15 and R22.1 million in 2015/16 has been transferred to provincial departments for the decentralisation of the CCP (Centralised Creditors' Payment).

Honourable Speaker, with this allocation, the Department of Finance intends to implement the following capacity building programmes for provincial departments and municipalities:

- Implementation of the Financial Management Training;
- Provincial Turn Around to 2014 clean audit;
- GRAP 17 Implementation;
- Implementation of the MFMA Phase 2 and financial management systems for municipalities

With the implementation of the revenue enhancement strategy, which requires the support from the provincial departments and municipalities, we are hopeful that process would lead to the identification on new sources of revenue which could be used to fund key government programmes for the benefit of the citizens.

As we continue with initiatives that are intended to ensure sound financial management based on good governance principles, the wastage and incidents which borders on the fruitless and wasteful expenditure patterns would not be tolerated. To this end and as directed by the Executive Council, Accounting Officers who are not complying with the 30 days payment period would be disciplined. All these efforts including capacitating both provincial departments and municipalities are geared towards ensuring that as a Province we remain focus on the principles of efficiency and effective utilization of government resources.

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

The budget allocation of this Department is set to grow from R381.740 million in 2012/13 financial year to R451.612 million in 2013/14, which is an average nominal increase of 18 per cent. Amongst others, the additional allocation to this department is to provide for the following;

- Strengthening of Civilian oversight and Crime Prevention;
- Upgrade and Refurbishment of Testing Centres;
- Strengthening of Law Enforcement; and
- Implementation of the 24 hours shift for law enforcement.

Included in the departmental allocation is R16 million for Weigh Bridges and as well as R24 million for the two outer years of the MTEF. Departmental allocation makes provision for the implementation of the following programmes:

- Monitor police conduct;
- Oversee the effectiveness and efficiency of the police service, including receiving reports on the police service;
- Promote good relations between the police and the community;
- Assess the effectiveness of visible policing; and

Department of Local Government and Traditional Affairs

Honourable Speaker, an amount to R430.960 million has been budgeted for Local Government and Traditional Affairs in the 2013/14 financial year. This is an increase of 18 per cent from the 2012/13 allocation. Cumulatively, the department receives an amount of R1.480 billion over the MTEF. This includes funding for disaster management centre, traditional leadership disputes and municipal support.

The challenge of water continues to impact negatively on the quality of life of our citizens in the Province, more specially in Mahikeng. To mitigate these challenges, an amount of R60 million in the first year of the MTEF as well as R236 million in the last two outer years of the MTEF is allocated for Water, Sanitation and Mahikeng Revitalization programmes. We urge all municipalities to ensure that allocations made towards provision of water services are prudently spend.

Furthermore, the funding will ensure that the department achieve the following strategic objectives:

- Support municipalities with the fast tracking of basic service delivery to the communities.
- Building capacity within the department and in municipalities to improve service delivery and administration.
- Supporting institutions of traditional leadership to ensure fair and just succession for traditional leadership.

Conclusion

Honourable Speaker, key to the challenges we are facing as a province is the growing trend around ***unauthorised, wasteful and fruitless expenditure*** which is unwarranted and counter-productive and must just be rooted out from our administration in the interest of good governance and efficiency.

However, on the technical landscape key challenges relate to poor planning, budgeting and implementation infrastructure capital projects due to the following.

- Shortages of scarce technical skills and expertise, coupled with a lack of comprehensive strategy for attraction and retention of these skills.

- The growing trend in under-spending, which is neither a desirable nor ideal situation for a province with service delivery baglogs, is actually, the manifestation of the inherent technical skills capacity that i have indicated.

In dealing with all these challenges, redress measures and strategic interventions must be put into place during the implementation of the 2013/14 budget, which includes. Inter alia;

- The infrastructure departments coming up with clear-cut plans on spending and implementing these plans at the beginning of the financial year in April.
- The infrastructure departments should expedite the implementation of the HR Strategy of the National Treasury in relation to the technical skills, including the Infrastructure Delivery Improvement Programme (**IDIP**) together with Infrastructure Delivery Management System (**IDMS**).
- These departments must design measures to attract and retain technical skills in the province for effective delivery of infrastructure projects.
- The department of finance must strength its oversight and monitoring role and design early warning systems to detect under-spending on infrastructure in time.
- The has to be a review of the baseline budget of under-spending departments, with a view to redirect such funding to those departments that have demonstrable capacity on infrastructure spending to avert roll-overs and possibilities of losing these funds to other province.

- In the main, these measures will assist the province to fast-track service delivery that is most needed amongst poor communities.

The improvement measures on infrastructure spending is an important determining factor on the extent of impact we would make in terms of service delivery and must be one of the key priorities of the provincial administration during the 2013/14 financial in the best interest of the poor communities that we all represent.

Honourable Speaker, the challenges we are facing as a province are cumbersome yet not insurmountable, and we can only succeed if we forge a united front.

I therefore submit to the house, that what we present here today, is the 'people's budget' and appeal to all of us, business, labour, political and religious formations, civic organisations and non-governmental organisations to join the government of the North West Province in the ownership of this budget, it is ours. It must serve our interest and change our lives for the better.

Goriamo Mmusa-Kgotla, re mo mokgapeng wa go tswelletsa tirisano mmogo ya puso ya profense, dipuso-motse-selegae, ga mmogo le ditheo tse e seng tsa puso ka kakaretso, e le fare diragatsa puo ya motsogapele fa a ne are mo malobeng, bana ba kgwale ba bitsana ka melodi, le mororo mabogo dinku a thebana'

Honourable Speaker let me seize this opportunity to send my gratitude and special thanks to the Premier of the Province, Mme Thandi Modise for her visionary leadership, guidance and support.

My sincere gratitude to my colleagues in EXCO, for the support and cooperation and understanding that the budget issue remains our collective responsibility.

Special Thanks to the Honourable Speaker for allowing us to present the 2013 Provincial Budget.

Many thanks to the chairpersons of the Portfolio Committee on Finance and the Provincial Public Accounts Committee respectively for their continued support.

My sincere appreciation to all the Chairpersons of Committees of the Legislature for their role and support.

Many thanks to the members of the provincial legislature across political lines for their continued support

The Mayors, Executive Mayors, Speakers and Chairpersons of Finance Portfolio Committees together with Chairpersons of Municipal Public Accounts Committees, for their continued support to turn around financial management situations in municipalities

Special Thanks to the Director-General of the Province, Deputy-Director Generals of departments, CEO's and Executive Manager's of the Province's Parastatals for all the contributions you are making in taking this province forward.

Special Thanks to the Acting HOD, DDG and Senior Managers in the department of finance for your invaluable support and unwavering commitment

Special Thanks to the Management Team that worked tirelessly on the budget speech, including the staff in my office and the entire staff of the department.

My special thanks to my wife for the love, warmth and support that keeps me going and enables me to carry out this mammoth task with relative ease.

To my family, friends and Comrades thank you very much for the support you are giving me, it is highly appreciated.

Honourable Speaker, as we confront the challenge that lies ahead, 'let no feeling of discouragement prey upon us, and in the end we will succeed.

Let me remind this house of what the former president of the USA , President Bill Clinton once said, ***No generation has had the opportunity, as we have now, to build a global economy that leaves no one behind. It is a wonderful opportunity, but also a profound responsibility***'.

In conclusion, what we do today will impact over the generation of tomorrow, but what is important is the legacy we leave behind as today's generation and in all this history will judge us and we can only find inspiration and fulfilment as we continue with our daily responsibilities from the words of wisdom from, ***The former President, the Icon of the International World, President Mandela when he once said, 'Sometimes it falls upon a generation to be great, you can be that generation'***

Despite all the challenges, as the people of the province we must remain courageous to shape our own future and destiny, we must know that to travel hopefully is better than to arrive.

Pula!!!!!!!!!!!!

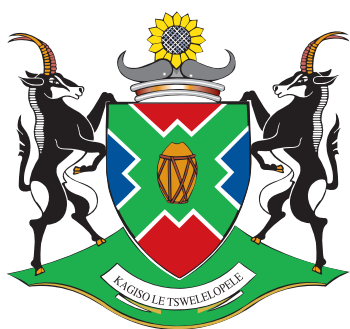
I thank you

Notes

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