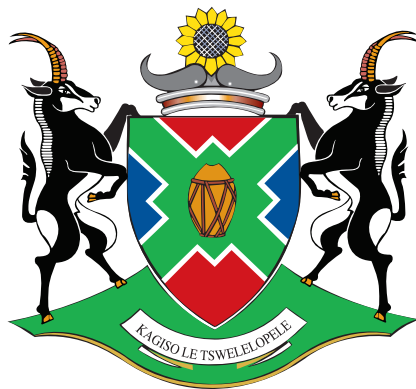


**PROVINCIAL BUDGET SPEECH PRESENTED AT
THE BOKONE BOPHIRIMA PROVINCIAL
LEGISLATURE.**

WENDY JOY NELSON
**MEC for Finance, Economy and
Enterprise Development**

12 March 2015



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Honourable Speaker of the Provincial Legislature,

Honourable Premier of the People's Province of Bokone Bophirima,

Honourable Members of the Executive Council,

Honourable Members of the Provincial Legislature,

Honourable Executive Mayors, Mayors, Speakers and MMC's

Chairperson of the Provincial House of Traditional Leaders, KgosiZibi;

Respected Traditional Leaders of Bokone Bophirima

Leaders of Political Parties Represented in this House,

Leaders of labour movements, business and faith based-organization,

Acting Director General, Heads of Departments, Senior Managers and Municipal Managers

Distinguished Guests and Fellow Comrades,

I convey my revolutionary greetings to you all.

Honourable Speaker, the current unfavourable economic conditions, should neither be a stumbling block nor an excuse for the Government of Bokone Bophirima not to implement programmes that seek to comprehensively deal with the tripple challenges of unemployment (youth and women in particular), poverty and inequality.

I wish to remind our people, that we have made a commitment based on the National Development Plan (NDP) which constitutes a 30 year contractual obligation to the citizens of our Province, pursuant to the fight against the triple challenges. The Plan further recognises the objectives of the Reconstruction and Development Programme by stating that "No political democracy can survive and flourish if the mass of our people remain in poverty, without land, without tangible prospect for better life. Attacking poverty and deprivation must therefore be the first priority of the a democratic government"

In response to these challenges, the Honourable Premier of the People's Province of Bokone Bophirima, Supra Obakeng Ramoeletsi Mahumapelo, has announced during the State of the Province Address held in the Moses Kotane Municipality that for the purpose of predictability and certainty, our compass would be to pursue the objectives of the National Development Plan through:

- ✓ Rebranding, Repositioning and Renewal;
- ✓ Focus on Agriculture, Culture and Tourism (ACT) as the strategic economic pillars, and that all other sectors including mining are tributaries,
- ✓ Reconciliation Healing and Renewal (RHR);
- ✓ Setsokotsane;
- ✓ Bua le Puso; and the
- ✓ Saamwerk Saamtrek Philosophy.

As part of Radical Socio Economic transformation, this compass would not be complete without dedicating resources and efforts towards villages, townships and small “*dorpiess*” (VTSD). In this regard, the 2015 MTEF budget proposals are therefore an enabler which seeks to ensure that the comprehensive programme of action announced by the Premier during the State of the Province is realised.

Honourable members, the People of the province of Bokone Bophirima must remain hopeful that the 2015 MTEF budget proposals will bring change and maximise positive impact in their lives. Being true to our “Saamwerk Saamtrek” Philosophy and given the limited resources at our disposal, it is therefore necessary to call upon our people, our government, business and civil society to work together in order to contribute to the economic growth and job opportunities in our Province.

Economic outlook

Honourable Speaker, before I table the detailed departmental budget proposals, it is necessary to highlight the economic conditions within which this budget is tabled.

The weakness in the rand exchange rate to levels of around R11.50 to one USD has resulted in cheaper exports and more expensive imports. The Asian economy, particularly China which consumes the bulk of our minerals, is slowing down in growth, at around 7 per cent.

Fellow citizens of the Province, notwithstanding 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 including South Africa. Bokone Bophirima as a major contributor to the high volume trade of minerals in the country, remains vulnerable to the prevailing global economic conditions.

Despite these global economic challenges, we have reason to believe that our provincial economy has the potential to achieve the projected growth of 6 per cent by 2019 as announced by the Premier.

Our expectation as the Province is that any slight increase in the provincial GDP and in particular for every 2 per cent increase, unemployment should also decrease by at least one percentage point. In other words, GDP growth should translate to job creation. Notably, for quarter one in 2014, **the unemployment rate for our Province was 27.7 per cent and declined to 25.2 per cent for the quarter ending December 2014.**

Due to the sluggish economic performance of the Province, the economy is not growing at the required rate to generate revenue to adequately fund government programmes.

Therefore, austerity and prudent management of financial resources is essential to ensure that the Province maximises the utilization of limited resources in order to change the lives of our people through sustained funding and provision of social services, in particular for the 42 per cent of our population (which is estimated at 3.6 million in terms of mid-year estimates) who are still living in poverty and below the breadline of around R20 per day.

Pursuant to the 6 per cent growth rate target for the Province in 2019, it is the right time for government to proactively develop the Agriculture, Culture and Tourism (ACT) sectors.

The Province will also over the MTEF increase the levels of investment and economic activities in villages, townships and small “*dorpies*”(VTSD) by focusing on the establishment of sustainable Co-operatives, SMMEs and the support of all rural development initiatives in line with the nine key priority areas as pronounced by His Excellency, President Zuma in his 2015 State of the Nation Address.

Honourable Speaker, having noted the economic outlook, the 2015 budget allocation and in the context of the “Bokone Bophirima Compass”, which entails pursuing the objectives of NDP complemented by “***A Re Yeng Bokone Bophirima***”. Vote speeches by my colleagues will provide concrete and practical programmes on how the Province will address the triple challenges.

Sources of funding

The Provincial expenditure is funded through transfers from National Government, which is made up of the provincial Equitable Share, Conditional Grants as well as Provincial Own Revenue.

As a result of fiscal constraints as tabled by the Minister of Finance, Honourable Nene, the provincial equitable share has been **reduced by R137.9 million in 2015/16 and a further reduction of R457.8 million in 2016/17.**

Honourable Speaker, given our limited resources and the state of the economy, we cannot over emphasize the need for efficiency, effectiveness and economy in how we deliver services and transform our institutions to make them more responsive to the needs of our People. It therefore requires us to heed the words of Mr Benjamin Franklin who said, “Beware of the little expenses. A small leak will sink a great ship”.

Despite these reductions, the equitable share grows from R24.7 billion in the 2014/15 financial year, to R26.2 billion in the 2015/16 financial year, which represents a growth of 6.1 per cent. Conditional grants amounts to R6.9 billion in 2015/16 increasing to R7.4 billion in the outer year of the MTEF period.

Provincial own revenue increases from R961 million in 2014/15 to R1 billion in 2015/16, which represents an annual average increase of 6.0 per cent over the MTEF.

Honourable Speaker, irrespective of the downward revision of the provincial equitable share, budget proposals make provision for the following:

- ✓ Prioritization of funding for all government programmes that support the attainment of National Development Plan (NDP) objectives;
- ✓ Continued protection of funding for the social sector; Education, Health and Social Development and allocation to the Provincial Strategic Economic Pillars, which are Agriculture, Culture and Tourism (ACT) will be protected and increased; and
- ✓ Sustained funding for social and economic infrastructure maintenance and development.

Own revenue enhancement revolution

Honourable Speaker, the own revenue enhancement revolution is critical and as such all departments, public entities and municipalities should embark on revenue enhancement initiatives, these will ensure provincial own revenue as a proportion of the total provincial fiscal envelope increases from the current 3.1 per cent to 4.5 per cent over the MTEF.

The measures that we will undertake in order to realize the desired increase in own revenue includes:

- ✓ The weighbridge along the Ventersdorp road will be commissioned during 2015/16 financial year and Province will also be looking at increasing the number of weigh bridges moving forward;
- ✓ Effective from the April 2015; departments, public entities and municipalities who use service providers for collecting revenue, would only be allowed to enter into contracts where service providers would be charging maximum of ten percent for collection fees;
- ✓ During the 2015/2016 financial year, as part of the review of the terms and conditions of employment, all public servants including public entities and municipalities in the Province will be encouraged to register their cars in the Province as pronounced by the Premier in his State of Province Address;
- ✓ Similarly, Bokone Bophirima residents with “non-NW” registration numbers would be encouraged to register their cars in the Province;

- ✓ Consider the introduction of parking fees with respect to designated parking for public servants;
- ✓ Provincial Treasury will lead the initiative to investigate practical ways of introducing sub-national taxes (tax base sharing) and particularly tax on mining operations during 2015;
- ✓ All tariffs and rates will be reviewed to ensure that they are competitive and the reviewed tariffs will be applicable in the second quarter of the 2015/16 financial year;
- ✓ A “tariff package” for all transactions that requires registration in the Province would be developed;
- ✓ Continued work with municipalities to enhance and strengthen all avenues of revenue enhancement through the introduction and review of by-laws;
- ✓ Introduction of market related rental fee for all government houses and exploring the creation of a trading account for maintenance of properties without using provincial resources;
- ✓ Engagement will be facilitated for vehicle registration by all national departments, state owned entities and mining houses and such engagements will be led by the Premier;
- ✓ Disposal of redundant and obsolete movable assets must be done on a quarterly basis by all departments, municipalities and state owned entities and the
- ✓ Finalization of the Provincial Liquor Bill;

Honourable Speaker, together with the Department of Community Safety and Transport Management, the Provincial Treasury will engage the Post Office and negotiate favourable rates for commission payable in respect of motor vehicle registration services on behalf of the Province.

As another measure of maximising revenue, during the second year of the 2015/16 MTEF, the Provincial Treasury will ensure that the revenue forecast is based on credible scientific methods of estimation. For example, forecasts should not be less than the total revenue collected for the previous year, or the projected end-of-year collection for the current (2014/15) financial year.

Lastly on the aspect of revenue enhancement, we are calling on the people of Bokone Bophirima to make further suggestions on how we could enhance the revenue of the Province. Suggestions can be sent to Acting Head of Department at (018) 388 4441 or (018) 388 4410 or email kgill@nwpg.co.za

2015 MTEF allocations

Honourable Speaker, our 2015 budget framework is compiled to achieve national and provincial objectives in a constrained fiscal environment. The Budget reflects the policy priorities contained in government's Medium-Term Strategic Framework (MTSF), which identifies key actions required to implement the National Development Plan (NDP). Over and above the MTSF and NDP the following principles informed the 2015 MTEF allocations;

- ✓ Promoting the Key Provincial Strategic Economic Pillars – Agriculture, Culture and Tourism (ACT);
- ✓ Promoting economic growth through investment in key economic infrastructure, enterprise development with more emphasis on the villages, townships and small “*dorpiés*”(VTSD) economy as part of Radical Socio Economic Transformation;
- ✓ Incentivise departments undertaking socio-economic projects that translate into job creation;
- ✓ Sustaining funding for social sector departments (Education, Health and Social Development), crime prevention initiatives, infrastructure development and maintenance, and programmes that support effective administration;
- ✓ Implementing projects that create jobs and alleviate poverty;
- ✓ Contain and reduce expenditure on non-essential items such as, catering, unnecessary consultancy work and general administration;
- ✓ Gradual reduction of the wage bill as a proportion of the total budget and effective administration of human resource management; and the
- ✓ Introduction of relevant technology which would facilitate the delivering of quality services with less resources.

Honourable Speaker, the budget proposals that I will be presenting today, should serve as a reminder to all of us that we should at all times strive towards the achievement of the ideals of the Freedom Charter as adopted on the 26 June 1955. As we celebrate the 60th anniversary of the Freedom Charter, the 2015 MTEF budget proposals confirm our belief that **“The People shall share in the wealth of the Country”**

Inspired by the ideals of the Freedom Charter, I now present the 2015 MTEF departmental budget allocations to this august house.

Social Cluster – which consists of the departments of Education and Sports Development, Health and the department Social Development

- ***Education and Sports Development***

Pursuant to Outcome 1 of the NDP, the department of Education and Sports Development receives R13.4 billion, which translates to 39.4 per cent of the provincial budget in the 2015/16 financial year, to provide quality basic education for high learner achievement through educator excellence, as well as sport development; Reconciliation Healing and Renewal (RHR). Cumulatively, the department receives R42.4 billion over the MTEF.

Honourable Members, the departments' budget reaffirms our commitment to the ideals of the Freedom Charter, which stipulates that **“the doors of learning and culture shall be opened,”** this is consistently proven in our overall grade 12 results.

The departmental allocation includes an amount of R408.2 million for Learner Teacher Support Materials (LTSM), R39.2 million for Grade R implementation, R52.5 million for inclusive education and R43.2 million for employee development.

Honourable Speaker, Mr. Jimmy Kgamadi of Tlokwe pleaded with government to spend money on improving recreational sport facilities so that regular sport codes are active and sustained.

Government agrees with Mr. Kgamadi and for that reason budget makes provision for R7 million in 2015/16 for the improvement of sporting facilities across the Province including areas like Manthe and Ipelegeng. Sporting activities will be promoted through school sport, tournaments and other events which will also contribute to one of the pillars of Bokone Bophirima economic growth strategy.

Honourable Speaker; because **“adult illiteracy must be ended by a mass state education plan”** The Adult Training and Further Education and Training colleges' functions will be shifted from provincial to national government from 1st April 2015. As a result of the function shift, an amount of R677.3 million over the MTEF period will be shifted to the national department of Higher Education and Training.

- ***Health***

Honourable Speaker, the Freedom Charter reminds us “**to create a preventative healthcare scheme run by the state, free medical care and hospitalisation, with special care for mothers and children.**”

In order to realise this ideal, we make the following commitment; in funding primary health care services, hospital services, forensic pathology service and emergency medical rescue services to the residents of Bokone Bophirima, the ***Department of Health*** receives R8.9 billion in 2015/16, which translates to 8.8 per cent growth.

Honourable Speaker, this funding includes R1 billion for Comprehensive HIV/AIDS Conditional Grant and R695 million for Health Facility Revitalisation Grant which includes R10 million for Primary Health Care Re-engineering.

In line with the NDP, this allocation will ensure that life expectancy is increased, maternal and child mortality is decreased, HIV and AIDS combated and TB incidents decreased. In his State of the Province address, the Honourable Premier highlighted the challenge of TB in our province and called for urgent intervention. To this end, an amount of R15.6 million has been set aside to specifically deal with this epidemic.

An amount of R79.023 million has been shifted to the National Department of Health to fund the National Health Laboratory Services (NHLS) and also account for the shifting of Port Health services which would be the responsibility of the National Department.

- ***Social Development***

Social Development, receives R1.3 billion for 2015/16 increasing to R1.5 billion in the outer year of the MTEF, this translates to 6.1 per cent year-on-year growth.

The budget makes provision for intensification of the Early Childhood Development amounting to R17.6 million and R20.5 million to support NGO's.

Furthermore, the allocation is inclusive of funds earmarked for the construction of the **Taung In-Patient Treatment Centre, an Old Age Home in Dr. Ruth Segomotsi Mompoti as well as the rehabilitation and refurbishment of the Witrand Hospital In-Patient Treatment Centre in Dr Kenneth Kaunda District with a total allocation of R47.4 million.**

Honourable Speaker, this allocation will ensure that the department continues to implement the National Integrated Social Information System. Furthermore, the department will also contribute to job creation by creating opportunities through the Early Childhood Development (ECD) Programme and the absorption of social work graduates.

This remains our focus because **“the aged, orphans, the disabled and the sick shall be cared by for the state”**, which remains the commitment of the 5th Administration.

Economic Cluster including ACT as the Strategic Economic Pillar

- ***Rural, Environment and Agricultural Development***

For the implementation of the National Development Plan (NDP) priorities, in order to achieve the 2030 vision of spatially, socially and economically well integrated rural areas as well as environmental sustainability and resilience, the **Department of Rural, Environment and Agricultural Development** is allocated **R1.1 billion** for the 2015/16 financial year. **Cumulatively, the department will receive R3.5 billion over the 2015 MTEF period.**

This allocation will allow the department to intensify the “Smallholder Farmer and Development Support Programme”. Honourable Speaker, we believe that this is one of the programmes that will stimulate the agricultural economy in the province and that it will pave the way for most of our small farmers to move from subsistence to commercial farming.

In response to the food security challenges, an amount of R28 million is set aside for the Crop Massification Programme and R15 million for the rehabilitation of the grain silos in the 2015/16 financial year.

As directed by the Freedom Charter, and I quote **“Our people will not be robbed of their cattle, the state remains committed to help the peasants with implements, seeds, tractors and dams to save the soil and assist the tillers”**, close quote, we have done this in the past and we will accelerate the pace because Agriculture is a strategic pillar in the economy of our Province. In so doing we will ensure that there is **“Food for all.”**

- ***Culture, Arts and Traditional Affairs***

Culture has also been identified as one of the Strategic Economic Pillars for the Province. To implement programmes that will stimulate economic growth, the **Department of Culture, Arts and Traditional Affairs** is allocated **R628.6 million** in the 2015/16 financial year increasing to **R718.8 million** in the outer year of the MTEF period.

Honourable Speaker, because **“the doors of education and culture have been opened,”** this allocation allows the department to embark on the promotion of Mahika Mahikeng Music and Cultural Festival, establishing a publishing house for creative writers, promoting the Motswako and Setswana cultural dance brands, establishing recording studios in all districts as part of the Rebranding, Repositioning and Renewal of Bokone Bophirima Province and enhancing the villages, townships and small *“dorpies”* economy.

This allocation also allows the department to contribute to outcome 1 and 9 of the NDP through the construction of Libraries, development and promotion of previously marginalised languages and the support of our community to sustain their artistic and cultural skills to create opportunities for economic development.

Honourable Speaker, as we prepare for the re-burial of our leaders, Cde J.B. Marks and Cde Moses Kotane, I am glad to announce that included in the departmental allocation, is an amount of R3 million that has been set aside for the commissioning of J.B. Marks and Moses Kotane's statues, we celebrate them for their selfless struggles.

The allocation includes R36 million for the building projects of community libraries, R11 million for library books and R5 million for Promoting the Mahika Mahikeng Music & Cultural Festival.

As pronounced by the Premier during the State of Province Address, the departmental budget makes provision for the hosting of all MK Cadres who passed through Mahikeng/Zeerust“ en route to exile” as part Reconciliation Healing and Renewal.

- ***Tourism***

Honourable Speaker, the Premier of “**the People's Province**” Bokone Bophirima, has also pronounced Tourism as one of the Strategic Economic Pillars for Provincial economic growth. The Department of Tourism is allocated R478 million over the MTEF period to promote the tourism initiative and market Bokone Bophirima as the ultimate Tourism Destination of Choice. For the 2015/16 financial year, the allocated budget is R145 million. “**A Re Yeng Bokone Bophirima**”

The allocation includes an amount of R1.5 million for tourism product development in nineteen (19) townships, fifty six (56) villages and R3 million to increase the Economic Profile of tourism in the province.

Honourable Speaker; growth in the tourism sector, measured by total tourists, was significantly affected by the global financial crisis where provincial tourism activity registered a negative growth in 2008. Nevertheless, the sector recovered significantly as it grew by 2.9 per cent in 2012 and reached the height of 12 per cent in 2014, because people have “**the right to recreation and leisure**”.

More policy emphasis and investment in promoting tourism, should see this sector gaining momentum in future by growing the provincial economy and creating the much needed jobs, especially for the vulnerable groups of our society.

Finance, Economy and Enterprise Development

- ***Economy and Enterprise Development***

To drive and facilitate a sustainable economic development in the Bokone Bophirima Province, ***Economy and Enterprise Development*** is allocated an amount of R255.1 million in the 2015/16 financial year.

The allocation includes, funds set aside to build stalls for hawkers, establishment of bakeries through alternative building methods and the rollout of Enterprise and Development Centres in all municipalities “**because we endeavour to restore heritage and our wealth to the people**” of South Africa in particular the people of Bokone Bophirima, together we will achieve this if we remain focused on a better life for all.

Informed by the villages, townships and small “*dorpiess*” economic development strategy, which would be developed and finalised in the first quarter, the current tuckshop, salon and taxi rank economic profiling initiative, the Department would be implementing the following programmes with the current allocation:

- ✓ Establishment of Co-operatives for tuckshop owners and maximize their profit through the establishment of bulk buying and warehousing activities;
- ✓ Encourage tuckshops owners and hair salon owners to form consortiums;
- ✓ Assist taxi rank vendors and encourage them to use the Co-operative vehicle for cost reduction through bulk purchasing including warehousing;
- ✓ Improved access to SMME's and Co-operatives by using the Enterprise and Development Centres for dissemination of information, market linkages, innovation, access to finance and referrals to DFI's; and
- ✓ Ensure the registration of Co-operatives into the Provincial and Municipal suppliers' data base.

Included in the departmental allocation is an amount of R56 million for Integrated Economic Development Services, R46 million for Trade and Sector Development and R71 million for Business Regulations and Governance.

- ***Finance***

Honourable Speaker, we remain focussed and resolute on attaining the ideal of the freedom charter and as set out in the constitution. The management of financial resources is critical to ensure the sustainable implementation of government programmes and priorities.

In order to provide leadership in the management of public resources for efficient, effective and economic service delivery through well-coordinated support to Provincial Departments, Public Entities and Municipalities, **Finance** is allocated an amount of **R486 million in the 2015/16** financial year. This allocation increases to R506.7 million in the outer year of the MTEF.

The department will continue to provide support to provincial departments, public entities and municipalities to improve financial management and the audit outcomes. In the spirit of the “Saamwerk Saamtrek” Philosophy, the department will continue to assist municipalities to collect debt owed by government departments with the objective of improving their financial position.

The allocation makes further provision for the implementation of the shared services model for infrastructure development and the recruitment of experts in the local government sphere.

- ***Public Works and Roads***

To unlock the economic potential of our villages, townships and small “*dorpies*”, investment in infrastructure and the management of the asset portfolio of our Province is of paramount importance. The Department of Public Works and Roads, which is responsible for the delivery and maintenance of quality infrastructure, for sustainable growth and development, is allocated **R7.9 billion** over the MTEF, from R2.6 billion in the first year to R2.8 billion in the outer year of the MTEF.

Speaker, of the R2.8 billion an amount of R788.1 million is for Provincial Road Maintenance Grant, R153 million for Property rates and taxes and R11.1 million for Public Works Technical Capacity Building. In line with Freedom Charter, we must ensure “**that slums be demolished and new suburbs be built where all have transport, roads and lighting.**”

This allocation should enable the department to maintain the road network in the province with specific emphasis on villages, townships and small “*dorpies*” and the upgrade of gravel roads.

Governance and Administration Cluster

- ***Local Government and Human Settlement***

Through integrated and sustainable human settlements programmes, the **Department of Local Government and Human Settlement** will contribute to the Rebranding, Repositioning and Renewal of Bokone Bophirima.

In line with the Back to Basics Strategic Strategy, the department will work with municipalities to improve the governance and system issues and collectively work towards the commitment of ensuring that “**all people shall have the right to live where they choose, be decently housed, and bring up their families in comfort and security**”

To this end, the department receives **R2.5 billion in the first year** of the MTEF increasing to R2.95 billion in the outer year. This allocation will allow the department to implement amongst others outcome 9 of the National Development Plan by implementing a differentiated municipal planning approach and improving Access to Basic Services. Furthermore, an amount of R20 million is earmarked to accelerate the repositioning of the Housing Corporation and deal with all housing related issues.

The allocation is inclusive of the Human Settlement Development Grant of R2.1 billion, R4 million for Expanded Public Works Programme and R38.5 million for the repair of houses affected by the earthquake that took place last year in Dr Kenneth Kaunda District.

- ***Office of the Premier***

To provide leadership for integrated, coordinated and efficient service delivery that enhances sustainable growth and development for the people and the province, the **Office of the Premier** receives R730.6 million in 2015/16.

Honourable Speaker, because we remain focussed on the attainment of the ideals of the Freedom Charter, monitoring and evaluation remains a key critical function of the Office of the Premier and 80% of the departmental efforts would be directed towards this function.

Given the importance of the MRRRP, which is the Mafikeng Rebranding, Renewal and Repositioning Programme, the budget of the department includes an amount of R100 million for MRRRP and R10.6 million for the Strategic Infrastructure Project Management Unit.

- ***Community Safety and Transport Management***

People of Bokone Bophirima must “**live in comfort and security**” as directed by the Freedom Charter, to improve community and road safety, exercise civilian oversight of police and coordinate transport services through an integrated approach the department of ***Community Safety and Transport Management*** receive R1.8 billion.

Our people in rural areas struggle with transportation, therefore the department will ensure that a proper bus system is in place to serve rural communities at reasonable costs so that they can easily commute. An amount of R92.3 million is set aside to realize this priority. Inclusive of the R1.8 billion is an allocation of R316.5 million for law enforcement and R22 million for social crime prevention.

The budget also makes provision for the resuscitation of the Mahikeng and Pilanesburg airports. As pronounced by the Honorable Premier, an amount of R84 million is allocated in the 2015/16 financial year to ensure that by May 2015 these airline routes are operational.

Honourable Speaker, Executive Council has taken a decision to improve the general transport network and system in support of enhancing our efforts on villages, townships and small “*dorpi*es” economies.

Provincial Legislature

For an effective oversight function and to encourage public participation in the affairs of the Bokone Bophirima, the ***Provincial Legislature*** receives R273 million growing to R307.4 million in the outer year of the MTEF.

To strengthen the oversight functions of the Legislature and to ensure that the “**people shall govern**”, an amount of R56 million and R15.9 million has been allocated for Committee Services and Public Participation, respectively. Through this allocation, the Provincial Legislature is expected to ensure implementation of the Financial Management for Parliament and Provincial Legislatures Act.

Infrastructure and shared services model

Due to the high level of accruals by the Department of Health, the Department Education and Sports Development as well as the Department of Public Works and Roads, this has triggered the implementation of very stringent expenditure control measures by Provincial Treasury to contain expenditure.

Infrastructure continues to be a strategic platform towards economic growth and service delivery. The Infrastructure funding for the 2015 MTEF is geared towards the realisation of the following key priority areas;

- ✓ Supporting the co-funding for the Bulk Water Infrastructure projects funded through the Department of Water and Sanitation;
- ✓ Strengthening the Infrastructure and HR Capacitation in the departments of Health and Education in line with Conditional Grant Bidding Process;
- ✓ Addressing the Provincial Roads Infrastructure Challenges and backlogs with specific focus on villages, townships and small “*dorpies*”;
- ✓ Mitigating on the housing needs for impoverished communities;
- ✓ Creation of employment opportunities and growing the provincial construction and consulting capacity;
- ✓ Under the leadership of the Premiers Infrastructure Coordination Council (PICC), a shared services model for integrated planning, implementation and reporting in respect of infrastructure delivery in the departments, municipalities, provincial state owned entities including Special Infrastructure Projects would be established. This Institutional structure to manage the shared services model would be located within FEED.

Madame Speaker, **an amount of R5.7 billion is set aside for infrastructure development and maintenance in the 2015/16 financial year because our people deserve better infrastructure.** This includes an allocation of R97 million in 2015/16 and R51 million in 2016/17 million for the Disaster Recovery Programme for Orkney as a result of the tremor that happened in August 2014. This government will never forget its people, because together we move South Africa forward.

Given the infrastructure backlog in the province and the limited resources at our disposal, Finance, Economy and Enterprise Development will coordinate the engagement with national departments such as Department of Water Affairs and Sanitation, Department of Transport and the DBSA to secure support and funding for the maintenance and construction of other key infrastructure in the province.

Progress has already been recorded in this regard and I am happy to announce that the Province has already signed the Memorandum of Understanding with the Development Bank of South Africa and the areas of cooperation are the following:

- ✓ Repositioning, rebranding and renewal;
- ✓ Municipal infrastructure planning and implementation support;
- ✓ Water technology research and development;
- ✓ Explore the funding of water, sanitation and electrification;
- ✓ Identification of key stakeholders to assist with economic growth rate with specific focus on ACT;
- ✓ Improvement on extension of broadband network and as well as ICT capabilities

Whilst recognising the financial constraints within which we operate and the need for government to do more, provincial government will in due course Request for Proposals on newer and greener construction mechanisms which are cost effective. This intervention will accelerate the construction of various buildings, using new building innovations because we must do more at a cheaper price and we must remain committed to protecting the environment.

Integrated planning and budgeting

Honourable Members, The fifth administration of the Bokone Bophirima Provincial Government has deemed it fit to review its budgeting model by introducing a ward based budget system. This system assists to integrate the Integrated Development Plans (IDP) of municipalities and the Annual Performance Plans (APP) of provincial departments in the spirit of the “Saamwerk Saamtrek” philosophy.

Honourable Speaker, Provincial Treasury will issue a booklet detailing funded projects implemented in the province by departments, district and local municipalities at Ward level by the end of July 2015.

Finance will continue to work with the Office to the Premier as well as the Department of Local Government and Human Settlement in the 2015/16 financial year to compile a comprehensive report on the needs analysis of every ward in the province.

Procurement reforms

Madam Speaker, Provincial Treasury has embarked on the Commodity Price Referencing Project. This is aimed at ensuring that government procures at market related prices, the project is rolled out in collaboration with National Treasury and it will be piloted during the coming financial year.

For the 2015/16 financial year, the Province would be undertaking the following initiatives as part of ongoing provincial supply chain management reforms:

- ✓ Centralisation of the procurement of identified goods and services. This will include common goods and services, and department-specific goods. This will enable the Government to benefit from the economies of scale, value for money and best practices. Further, this will contribute towards the improvement of compliance with legislation, leading to the reduction and elimination of litigations and irregular expenditure;
- ✓ Gradually move towards a transversal and centralized tendering process;
- ✓ Centralisation of procurement is intended to benefit Co-operatives and SMME's in villages, townships and small "*dorpies*";
- ✓ Issue and implement the Treasury directive on **enhancing transparency and accountability of the bidding processes**(e.g. - opening of bids in the presence of bidders and other interested parties);
- ✓ Initiate the establishment of a supply chain management **centre of excellence**. This will entail amongst others, the improvement of the structural arrangements and human resource capacity;

As a responsive government, in addition to the current payment mechanisms, government led by the Premier facilitated a special intervention programme where service providers owed by government had to present themselves at Mmabatho Convention Centre with supporting documents as part of resolving the non-payment of invoices within 30 days.

I want to take this opportunity to apologise to service providers not paid within 30 days and assure them of our continued effort to realising 30 days payment periods, in this regard, Provincial Treasury is in the process of compiling a consolidated report which would highlight payment arrangements between departments and service providers, such a report would be presented to the Executive Council in due course.

On behalf of government, we thank all service providers for responding to the invitation and government apology for any inconvenience it may have caused as result of the delayed payment.

In support of the economic development of villages, townships and small “*dorpies*”(VTSD) as pronounced by the Premier during the State of the Province Address, **60 per cent of procurable items should be sourced from village, township and small “dorpies” suppliers.**

This is over and above what was pronounced by the President in the State of the Nation Address where government would set aside 30 per cent of appropriate categories of state procurement for purchasing from SMME's, Co-operatives as well as township and rural enterprises.

Cost containment or reduction measures

Honourable Speaker, the Province is currently implementing the cost containment measures prescribed by National Treasury and further measures that would be introduced in the current financial year will include but not be limited to the following:

- ✓ Re-negotiation of rental agreements with all service providers to negotiate reasonable terms which do not disadvantage government;
- ✓ Telephones including cellphone limits would be revised downwards;

- ✓ To reduce government contingent liability, no litigation matter will be finalized without Executive Council approval and the Office of the Premier will be establishing a panel of expert advisors to consider litigious matter and advise EXCO accordingly
- ✓ Variation orders which exceeds the prescribed limit should not be processed without the consent of Treasury;
- ✓ Reduction fruitless, wasteful and irregular expenditure by implementing punitive measures;
- ✓ Implement strict approval processes for travel claims and close monitoring thereof;
- ✓ Cutting non-essentials, such as catering for meetings for Senior Managers
- ✓ Introduction of lease to own/buy for heavy duty machinery, yellow fleet, other movable assets including motor vehicles for Members of the Executive Council;
- ✓ Buying of bottled water will be discontinued;
- ✓ Heavy penalties for contractors who do sub-standard work; and
- ✓ Investigate the escalation of the retention fees with respect to construction related activities

In order to contain expenditure on compensation of employees, as indicated by the Premier in his State of the Province Address, Government will be undertaking a physical verification of all Government Employees, to ensure that we do not have any “ghost employees”. The process will be started with the Department of Education and Sports Development followed by Department of Health and others.

As a responsive government, we will be introducing punitive measures as part of consequence management through Heads of Department for non-compliance of the cost containment or cost reduction policy.

This will include stringent measures in instances where officials fail to execute supply chain and personnel related transactions (including retirement, appointment and leave) which result in unauthorised, fruitless and wasteful expenditure.

Overall, tighter expenditure control mechanisms to monitor expenditure would be implemented in the 2015/2016 financial year for all the departments and budgets of departments would be revised downwards in the adjustment budget in instances where departments continue to incur unauthorized, fruitless and wasteful expenditure with weak/lack of effective financial management.

Key to the objective of service delivery is to re-direct the budgets of department from non-essential items to tangible government programmes which seek to improve on the lives of our people and respond to triple challenges. The Premier has directed Executive Council not to hesitate in implementing Section 18 of the PFMA in departments where effective financial management is lacking.

Honourable Speaker, furthermore I wish to announce that effective from April 2015, ABSA will be the official banker of the Province and they will be responsible for all Paymaster General Accounts as well as the Provincial Revenue Fund.

The Province is looking forward to working together with the institution and hope that through the current process of developing the “CSI Contract Document”, the institution would align their programme with our priorities and demonstrate this by embracing the “Saamwerk Saamtrek” philosophy.

In the same vein, Government wishes to express its gratitude to our former banker, FNB for the professional manner in which they have conducted their business.

I am hopeful that, as an institution that has a footprint in the Province, our relationship should not be defined by the “banking contract” alone, but it should be bigger than that and for that reason Government is also looking forward to collectively implementing the programmes of the Bokone Bophirima Government in the interest of Province.

Honourable Speaker, as announced by the Premier, the “Kgetsi Ya Tsie Education and Skills Development Fund” has been opened with ABSA and will be operational from 01 April 2015.

The comprehensive package for collaboration with ABSA would be announced in due course as part of the “CSI Contractual Document”. We wish to emphasize that Government will not compromise in ensuring banking services are available as part of supporting the villages, townships and small dorpiés in our Province.

Honourable Speaker, allow me to reassure the people of Bokone Bophirima that the budget allocations for respective departments, considered inputs received from citizens.

The department engaged with our people in the four districts through a departmental public participation programme by sourcing budget tips and quite a bit of advice was received.

Honourable Speaker, most of the issues raised by our people were addressed by the Premier in his State of the Province Address. To name but a few:

- ✓ Moalusi Cynthia Kebone who resides in Lichtenburg advises government to prioritise rural areas and ensure that the budget of the province meet the needs of rural people;
- ✓ Bongani Sekgonyana of Matlosana urged government to intensify its youth development programmes through enterprise development - Government would be responding to Mr Sekgonyana through the Youth Enterprise Service (YES) programme which is located in the Office of the Premier in collaboration with Finance, Economy and Enterprise Development in particular and all Departments in general.
- ✓ Kate Ramatlhale of Rustenburg indicated that people in rural areas need proper sanitation as well as fresh and clean water. Government response to Kate's was addressed during the State of Province Address in which the Premier indicated that the Department of Water and Sanitation has made available R1.9 billion to address various water and sanitation infrastructure challenges in the Province.

It is indeed true, Honourable Speaker; the fifth administration led by Honourable Premier, Supra Mahumapelo, has announced and indicated our determination to bring about Radical Socio Economic Transformation to Bokone Bophirima Province as we move out of the 10 months transitional period from the 4th to the 5th Administration as announced by the Premier. Therefore, the programme of the 5th Administration will be characterised by taking decisive, revolutionary, radical socio economic transformation.

The winds of change are now upon us and we must all realign and do away with excessive planning, planning and more planning; we must hit the ground running and moving forward it will always be about “implementation, implementation and implementation” as pronounced by the Premier last year.

Honourable Speaker, the budget that is presented today requires Public Servants and Politicians to get out of their comfort zones and begin to restore the dignity of our people by providing them with much needed services through the progressive programmes of government such as Bua le Puso; Setsokotsane; Reconciliation Healing and Renewal; Rebranding Repositioning and Renewal and ACT.

This will allow implementation of programmes that foster development and economic growth in our villages, townships and small “*dorpies*”.

The national budget speech delivered by Minister Nene in February 2015, reminded us all that if government, labour, business and all South Africans “work and pull together” we would register progress towards a just and prosperous future, pursuant to the achievement of NDP objectives.

Honourable Speaker, we will all agree that the Minister's words resonate well with the “Saamtrek Saamwerk” Philosophy which was shared with our people during the SOPA by the Premier. Therefore, the budget we are tabling today requires all of us to “pull and work together” as of yesterday as we cannot afford to postpone the implementation of this philosophy which is to the benefits of the citizens of this Province.

The negative impacts of corruption have ability to undermine service delivery and improvement of the lives of our people. Therefore, Honourable Members we must support the call made by the Premier during the State of the Province Address when he indicated that this administration is determined to fight against crime and corruption.

We are in the process of collating all forensic reports and detailed processes on implementing the recommendations of the report will be announced during the Premier's Vote Speech.

Honourable Speaker, Section 195 (1) (a) and (b) of the Constitution requires that at all times public representatives and officials must demonstrate high standard of professional ethics and promote the efficient, economic and effective use of resources. At this stage I need to congratulate the Premier for being exemplary to all us in taking the following decisions which demonstrate commitment to these principles:

- ✓ Suspension of major renovations at his official residence and opted to stay at his own private residence;
- ✓ Stopped the installation of a generator, security upgrades and construction of a guardhouse in excess of R500 000-00 at his private residence;
- ✓ Utilising vehicles of his predecessors even though they are beyond 120 000km's

I thank Premier for his modesty and the leadership shown. In the same token, let me thank my colleagues, our MEC's for using vehicles which in most instances are way over the 120 000km mark, some of these vehicles are over 200 000km and giving problems.

I thank you for putting up with the frustration of getting stuck along the road and being inconvenienced on so many occasions over the last 10 months.

The decision by the Executive Council to purchase executive vehicles ranging between R500 000 and R600 000 even though the policy makes provision for an amount in excess of R1.2 million, should also be noted as all these efforts are intended to demonstrate that this government is committed towards prudent financial management and promotion of effective service delivery.

In conclusion, I would like to thank:

- ✓ The Premier for the visionary leadership in navigating the process and ensuring that this budget is delivered;
- ✓ Colleagues in the Executive Council for your support and understanding of the current fiscal constraints;
- ✓ Honourable Chairperson of the Public Accounts Committee for your valued support as well as the Chairperson of the Provincial Affairs, Finance, Economy and Enterprise Development Portfolio Committee for your support and oversight over the management of the resources;

- ✓ Honourable Members of this house for your vigilance;
- ✓ Various media houses for your support and disseminating our information;
- ✓ The Acting Head of Department, Mr Kunene and the dedicated staff from the Department;
- ✓ And most importantly we thank the People of Bokone Bophirima for holding us accountable;

Last but not least, I want to thank the Chief of Staff in my office, Mr Oliphant and the staff. I also extend gratitude to my family for your continued support, and understanding the nature of the work that I am deployed to, serving the People of the Bokone Bophirima.

Honourable Members, I therefore table the 2015 Appropriation Bill and the accompanying Estimates of Provincial Revenue and Expenditure before the house for consideration.

Ke a leboga

Baie Dankie

I thank you

Notes

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