



Northern Cape Provincial Government

Northern Cape Provincial Treasury

PROVINCIAL BUDGET SPEECH 2020

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**ADDRESS TO THE PROVINCIAL LEGISLATURE ON THE
OCCASION OF TABLING OF THE NORTHERN CAPE
APPROPRIATION BILL 2020/21 AND THE SECOND
ADJUSTMENT BILL FOR THE 2019/20 FINANCIAL YEAR BY
MR.M.M LEKWENE (MPL), MEC FOR FINANCE ECONOMIC
DEVELOPMENT AND TOURISM**

HONOURABLE SPEAKER & DEPUTY SPEAKER

HONOURABLE PREMIER, DR ZAMANI SAUL

MEMBERS OF THE EXECUTIVE COUNCIL

**HONOURABLE MEMBERS OF THE PROVINCIAL
LEGISLATURE**

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**DIRECTOR-GENERAL, HEADS OF DEPARTMENTS &
MUNICIPAL MANAGERS**

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COMRADES AND FRIENDS

MEMBERS OF THE MEDIA

OUR LISTENERS AT HOME

LADIES AND GENTLEMEN

Introduction

Honourable Speaker, it is indeed an honour and privilege to stand in this August house to table my maiden budget speech in this 6th administration on the backdrop of a clearly articulated vision by the **Honourable Premier**, Dr Zamani Saul in pursuit of a modern, growing and successful province.

Honourable Speaker and **Members**, in a few days the country will be celebrating Human Rights Day. This year, the Human Rights Day will be marking 60 years.

It is critical that we remind ourselves of the events which took place during that day as history has no blank pages. These commemorations also provide us as a country an opportunity to reflect on the progress made in the promotion and protection of human rights.

The democratic government declared March 21 Human Rights Day to commemorate and honour those who fought for our liberation and the rights we enjoy today. Our constitution is the ultimate protector of these rights which were previously denied under apartheid. We will commemorate Human Rights Day to reinforce our commitment to the bill of rights as enshrined in the constitution.

Honourable Speaker, we are also tabling this budget at a time when the world is battling to contain the outbreak of the Corona Virus. It is also important to note that the effects of this virus to the world economy may not be felt now as is the case already in China, Japan and South Korea.

The next few weeks will be critical to track the path of new confirmed cases of Coronavirus and the potential threat for the economy.

Honourable Speaker, as part of our commitment towards promoting budget transparency and public participation, the department engaged in a process of lobbying public opinion through various social media platforms. We have received more than 300 inputs from people across the length and breadth of the province.

It is prudent to mention some of the inputs from the public and one Mr. Vusi Chitside from Kimberley had this to say: ***“Will the MEC table Economic Growth Fund (EGDF) because we as SMMEs in the Northern Cape are all waiting for the results. We hope the MEC will deliver a good budget for SMMEs”.***

Mr. McGregory Majeng from the John Taolo Gaetsewe District said: ***“JTG SMMEs are in dire need of proper workplace. A place where they can conduct business and house the production equipment”***

Honourable Speaker, these are just but a few ideas from many others which we are considering. Looking at all these inputs, it is quite evident that our people have confidence in the current administration and our job is to ensure that we support all these great initiatives where we can. We need to ensure that we redirect our resources where it matters most by doing away with top down bureaucratic method of services delivery and this calls on the current Administration to direct resources to priorities that progressively lead towards the alleviation of the socio-economic conditions of our people.

In order to have a strong and developmental budget, it will come down to taking basic actions and making tough choices now for the long term benefit of the province. This budget has been particularly challenging due to unprecedented levels of reductions in all fronts, namely, the Provincial Equitable Share (PES) and Conditional Grants have been reduced over

the next three years. On the positive side, the equitable share of local government is largely protected from these cuts, this in acknowledgement of the current economic climate which will hit consumers directly thus affecting revenue generation in municipalities.

Economic Outlook

Honourable Speaker, the International Monetary Fund (IMF) projects that world output will grow at 3.3 and 3.4 per cent in 2020 and 2021 respectively. Advanced Economies are projected to grow at 1.6 per cent in both 2020 and 2021, whilst Emerging Market and Developing Economies' growth is projected at 4.4 and 4.6 per cent respectively over the same period.

To bring this closer to home, economic growth in Sub-Saharan Africa is projected at 3.5 per cent in 2020 and 2021. In October last year during the tabling of the Medium Term Budget Policy Statement (MTBPS) by the Minister of Finance, the national economy was projected to grow at 1.2 per cent in 2020. This has now been revised downwards to only 0.9 per cent. Growth projections for 2021 and 2022 are 1.3 and 1.6 per cent respectively according to the National Budget Review of 2020.

Honourable Members, even though there are so many challenges in the global economy, Sub-Saharan African countries are still performing relatively well and therefore our structural reform agenda must gain traction urgently as indicated by the Minister of Finance.

Honourable Speaker, with the adoption of the African Continental Free Trade Area agreement, the country has more potential to venture into these buoyant African markets. This agreement looks at creating a single

market for goods and services facilitated by movement of persons so as to deepen the economic integration of the African continent:

- Promoting and attaining sustainable and inclusive socio-economic development,
- Gender equality and structural transformation of the Member States;
- Enhancing the competitiveness of the economies of the Member States within the continent and the global market as well as
- Promoting industrial development through diversification and regional value chain development, agricultural development and food security.

South Africa has to take full advantage of the opportunities of this agreement in order to speed up economic growth.

Honourable Speaker, last week Statistics South Africa indicated that the national economy grew by a very low 0.2 per cent in 2019. By recording negative growth of -1.4 per cent in the fourth quarter of 2019, the country again slipped into a technical recession. The *Transport, storage and communication* and *Trade, catering and accommodation* industries were the largest negative contributors to the GDP growth.

The danger of a recession for a country, especially where there is so much reliance on government assistance, is the risk of decreasing tax revenue. Government is reliant on tax revenue to provide social assistance, develop infrastructure and to provide vital services to the people in the country. Further risks, amongst others, are low investor confidence and potential capital outflows.

Honourable Speaker and Members, in the data released by Statistics South Africa last week, it was indicated the provincial economy grew by only 0.5 per cent in 2018, slightly below the national growth of 0.8 per cent for the same period. Only the *Agriculture, forestry and fishing* and *Construction* industries contracted, while the other industries recorded positive but low growth. *Mining and quarrying* remained the largest industry in the province, followed by *General government services*.

Honourable Speaker, when comparing the last two quarters of 2019, the national unemployment rate remained unchanged at 29.1 per cent, while the provincial unemployment rate decreased by 2.9 percentage points to 26.9 per cent. In the province, the number of employed people increased by 13 000 while the unemployed decreased by 14 000. Jobs were lost in *Utilities, Community and social services* and *Private households*, with job gains in *Agriculture, Mining, Manufacturing, Trade, Transport* and *Finance*.

Although the unemployment rate of the youth aged 15 to 24 in the province decreased from the previous quarter, it remained very high at 51.3 per cent in the fourth quarter of 2019. Also of great concern is the high percentage of this age group who are not in employment, education or training. At 37.0 per cent, this was the highest of the nine provinces and much higher than the national rate of 32.0 per cent. Although the 25 to 34 year olds had a lower unemployment rate than the previous age group, 32.1 per cent is still very high.

Municipal Performance & Support

Madam Speaker, the poor state of many municipalities' in the province have led to various role players both at national and province deploying a wide-range of interventions aimed at building capacity of local government for example, Municipal Finance Improvement Programme (MFIP), Back to Basics (B2B) and others, nonetheless, there is growing evidence that government is failing to get the desired results.

Financial distress in this context is defined as the sustained inability of a municipality to fund the delivery of basic public goods and other requirements as required by their constitutional mandate. This has far reaching implications for the political, social and economic state of affairs in a municipality.

Honourable Speaker, sustainable service delivery depends on municipal institutions that are properly managed both financially and administratively. It is therefore imperative that municipalities must appoint competent and skilled individuals in key positions to ensure the achievement of performance targets.

Debt collection is a crucial lever of financial sustainability, with non-payment by debtors putting the ability of municipalities to meet their expenditure plans at risk and hence communities, Public Representatives, public servants, private businesses and Government must pay for services rendered.

One of the major costs in municipalities relates to over staffing. The norm for cost of employment as a percentage of operating expenditure is between 25 per cent and 40 per cent, whenever any municipality exceed this norm, this can be an indication of inefficiencies, overstaffing or even

the incorrect focus due to misdirected expenditure to non-essentials or non-service delivery related expenditure. Regrettably, most of our municipalities rank way above this norm whilst most critical technical posts remain vacant, this must be reversed as a matter of extreme urgency. This is evident by some municipalities' failure to pay salaries and third parties as they become due and persistent negative cash flow positions reported by municipalities.

We need to accept that political problems require political solutions and relevant political structures should enforce consequences for poor performance by municipalities, Office of the Premier, Provincial Treasury, COGHSTA and South Africa Local Government Association (SALGA) will take the lead through the existing inter-governmental forums in this regard.

Honourable Speaker, given the above-mentioned problems, we saw a need to take stock, and consider what needs to be done differently, it is on this basis that we are taking a focused approach in our strategy by profiling municipalities and will support them according to their level of performance. We are in the process of reviewing our municipal support strategy after the realisation that we lack collaborative long-term strategic focus.

We have profiled our municipalities according to well performing to those in financial distress, we therefore are planning to support all municipalities, however, more effort will be deployed to the distressed municipalities and routine monitoring to the better performing in order to ensure that they do not regress.

Of the total 31 municipalities in the province, 17 are regarded as being in financial distress and therefore require urgent intervention and support. Let me once more emphasise that without necessarily neglecting the rest, the strategy is focused on those in financial distress.

Financial Recovery Plans (FRP)

Madam Speaker, we cannot turn a blind eye on the recent occurrences where creditors are initiating legal proceedings to attach municipal properties in instances of non-payment of invoices by municipalities. Section 154(1) of the Constitution requires the national government and provincial government, by legislation and other measures, to support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions. It is on these basis that Provincial Treasury will appoint a rapid response team using funds made available by National Treasury to develop and implement Financial Recovery Plans (FRPs).

We will attach conditions on this assistance as we often provide and deploy financial resources whilst municipalities lack commitment and the will to take ownership of the process to ensure continuity.

Honourable Speaker, with regard to Sol Plaatje, we have already engaged National Treasury to avail Technical Advisors and to date two advisors have been deployed until end March on supply chain management and payroll administration whilst National Treasury is in the process of developing an Financial Recovery Plan for the municipality.

Revenue Value Chain

Madam Speaker, in response to ensuring that municipalities are provided with technologically savvy methods to address revenue management, Provincial Treasury introduced the 1Map system to five municipalities in the province namely Phokwane, Magareng, Dikgatlong, Kai !Garib and Kamiesberg. This will assist with providing municipalities with a management tool that enables them to improve revenue management. The system is effective, however it is not used to its full capacity. We will roll it out to other municipalities in the new financial year and ensure that the service level agreement is monitored and enforced.

Honourable Speaker, we are faced with a challenge of municipalities selling services at a loss which has a direct impact on payment of bulk services e.g. Eskom. Provincial Treasury in collaboration with National Treasury provided training on determination of cost reflective tariffs in municipalities. The training is aimed at providing municipalities with a tool to accurately determine tariffs, however, municipalities should conduct a cost of supply study to obtain long term sustainability of cost reflective tariffs. I also need to emphasise that correct cost reflective tariffs are at the heart of financial sustainability of municipalities and this has been a problem for most of our municipalities for a long time.

Government debt still remains a contentious issue in the province with Sol Plaatjie municipality debt accounting for the highest among our municipalities. We have made strides in addressing the debt owed by government to municipalities in the province by strengthening the inter-governmental relations amongst all spheres of government. The government debt committee continues to resolve all disputes on municipal

accounts. Thus far an amount of **R80 million** has been paid to Sol Plaatje municipality over the past two years for rates and taxes.

Honourable Speaker, we are considering offsetting the debt owed by departments to municipalities as a first charge against equitable share, this will ensure that departments prioritise payments of municipal services and this will be in response to “Thuma Mina campaign pay your accounts on time”. This calls upon municipalities to have an effective billing and customer care process which generates credible and timeous accounts.

Despite these known challenges, we must continue to strive to ensure that municipalities becomes functional to serve the needs of our communities.

Supply Chain Management

Honourable Speaker, to ensure transformation of the local economy, departments were encouraged to update their procurement policies to ensure that they are aligned to the objectives of the Procurement Policy Framework. Departments are regularly provided with their spent analysis statistics to monitor if they support the growth of local business and that of designated groups for purpose of monitoring and better planning.

Honourable Speaker, we will continue to train and register local suppliers on the Central Supplier Database (CSD) to ensure their compliance. This will improve their chances of being selected and appointed by departments and municipalities as service providers.

Infrastructure

Honourable Speaker, with the advent of the Sixth Administration, our position in terms of infrastructure delivery forms the key stimulus to Economic Growth. The importance of infrastructure has been reiterated in this house over years as a catalyst to stimulate the provincial economy. Now is the time for us as a province to strengthen monitoring and evaluation at district and local levels in order to ensure sustainable development whilst accelerating initiatives to deal with the South Africa's triple challenge of poverty, unemployment and inequality.

The current investment levels are insufficient and maintenance programmes are lagging. These investments must however be undertaken in a structured and considered manner to prevent inappropriate initiatives, protect scarce resources and ensure that prioritised investments are efficiently implemented.

There is currently no integrated planning towards infrastructure in the province and therefore we are striving to coordinate our approach through the District Development model which aims to narrow the distance between people and government through a *“One District, One Plan and One Budget”*. This will strengthen the coordination roles and capacity at the level of national, district and local, including private sector.

Honourable Speaker, our collaboration with the Development Bank of Southern Africa (DBSA) with the Department of Cooperative Governance, Human Settlement and Traditional Affairs has led to the establishment of a Project Management Unit (PMU). This unit with the assistance of the Municipal Infrastructure Support Agency (MISA) will drive the realisation of an integrated infrastructure planning and delivery that would contribute to our spatial transformation targets.

Aggregate Infrastructure Estimates

Honourable Speaker, the consolidated infrastructure spending for the next three years will amount to **R11.9 billion** of which **R8.4 billion** relates to provincial infrastructure and **R3.5 billion** to municipal infrastructure. An amount **R1.7 billion** over the MTEF is allocated to Education for the eradication of pit latrines, construction of schools and the maintenance thereof.

We will invest **R3.9 billion** towards our Roads infrastructure focusing on resealing and maintenance of the provincial road network, while an amount of **R99 million** is provided to the Department of Sports Arts & Culture for the construction of Libraries.

COGHSTA is allocated an amount of **R1 billion** for the provision of housing in the province consisting of housing for military veterans and restoration title deeds. Health will spend **R1.3 billion** on the construction and the maintenance of health care facilities, while Social development spends an amount of **R60 million** on maintenance of ECD centres in the province and Agriculture an amount of **R189 million** to construct agro-processing infrastructure for emerging, smallholder and previously disadvantaged farmers.

We will also invest an amount **R3.5 billion** in Local Government infrastructure of which **R1.3 billion** in the John Taolo Gaetsewe; **R293 million** in the Namakwa district; **R479 million** in the Pixley Ka Seme district; **R507 million** in the ZF Mgcawu district and **R856 million** in the Frances Baard district. This funding for infrastructure in local government will come in the form of Municipal Infrastructure Grant (MIG), Regional Bulk Infrastructure Grant (RBIG), Water Services Infrastructure Grant (WSIG) and Integrated Network Electrification Programme (INEP).

Honourable Speaker, climate change is a reality that we as a province need to address as a collective by focusing on climate change risk assessments and adaptation measures to be integrated across existing policy processes for infrastructure. This process of mainstreaming requires the identification of suitable entry points at multiple levels of decision making both at a national, provincial, local government level and project level.

National Treasury has introduced an Infrastructure Fund to support the execution of national priority projects by establishing specialised structures, procedures and criteria for committing fiscal resources to public infrastructure spending.

Through this initiative, the province has been afforded the opportunity to bid at national level for additional infrastructure funding. All applications in the province will be channelled through Provincial Treasury for consolidation and processing. An appraisal and review panel will be established to facilitate the process.

Provincial Fiscal Framework: 2020 MTEF

Honourable Speaker, the total provincial budget over the next three years (2020 to 2023) will total **R60.7 billion** with average growth of 6 per cent. The total provincial receipts are mainly driven by the equitable share which amount to **R45.5 billion** or 75 per cent, followed by conditional grants at **R13.8 billion** or 23 per cent and provincial own revenue contributes **R1.4 billion** or 2 per cent over the 2020 MTEF.

The Provincial Equitable Share shows healthy growth above projected consumer price index (CPI) despite reductions amounting to **R259 million** over the same period, inclusive of an amount of **R17.8 million** due to new

data updates on the equitable share formula. **Honourable Speaker**, the reduction averages 1 per cent or **R259 million** year on year compared to 5 per cent or that was initially communicated in the MTBPS by the National Treasury.

Despite the above indicated cuts, the equitable share grows on average by 6 per cent, whilst conditional grants shows marginal increase of only 2 per cent over the 2020 MTEF, clearly the impact of these reductions are more pronounced on conditional grants compared to the equitable share. Over the next three years, total reductions on conditional grants amounts **R623 million** compared to the 2019 baseline of which the Human Settlements Development Grant accounts for 92 per cent or **R573 million** of the total cuts on grants and the department of Health in respect of the Comprehensive HIV & AIDS grant is reduced by **R50.8 million**, and a further amount of **R31 million** is reduced from the Community Library Services Grant.

Honourable Speaker and **Members**, the Education Infrastructure Grant has received an additional **R117 million** which will bring total planned spending to **R2.5 billion** over the 2020 MTEF. This addition will provide for the improvement of our school infrastructure maintenance.

An amount of **R202 million** in respect of the Provincial Roads Maintenance Grant in the two outer years of the MTEF is reduced due to reprioritisation within the grant to provide for the creation of a Disaster Recovery component with the national department.

Honourable Speaker, total consolidated reductions on the provincial receipts amount to **R882 million** over the next three years. These reductions will have serious ramifications for service delivery in the province and we will not allow any funds to be returned to national

Government in the future. Departments and Municipalities that cannot spend their full allocations will face serious consequences.

Our own revenue budget is mainly driven by three major revenue sources namely; motor vehicle licences which is set to increase from **R293 million** in 2020/21 financial year to **R354 million** in the outer year of the MTEF. The second largest is patient fees, which is increasing from **R50 million** in 2020/21 financial year to **R55 million** in the outer year of the MTEF. Lastly, casino taxes, liquor license and horse racing revenue is set to increase from **R30 million** in 2020/21 financial year to **R34 million** in the outer year of the MTEF.

Honourable Speaker, we have made a firm commitment to deal with our debt obligations in the next three years, this will allow us fiscal space to direct funds earmarked for debt to other policy imperatives and further assist Health and Education in this respect.

The Standing Committee on Public Accounts (SCOPA) is currently engaging various departments through the Legislature process to provide for the current debt amounting to **R965 million** up to the end of the 2019 financial year, to this end, an amount of **R500 million** is available. Against this backdrop, an amount of **R428 million** is further set aside in the 2020 MTEF to provide for the balance of **R465 million**. This will effectively ensure that the province is debt free whilst measures are also being implemented to manage accruals especially in the departments of Health and Education.

Compensation of Employees

Honourable Speaker, the current total personnel numbers for the province are estimated at **29 504** up to the end of March 2020. Compensation of employees continues to be the biggest cost driver in our budget, accounting for **61 per cent** or **R11.6 billion** of the total provincial budget in the 2020/21 financial year. Although there is a projected marginal decrease in the numbers to **28 277** in the 2022/23 financial year compared to **29 504** up to the end of March 2020 representing an average decline of **-1.3 per cent**. However, it is a matter of note that the associated personnel costs during same period increase at an average of 6 per cent.

In 2016, National Treasury introduced a special dispensation in order to reduce the wage bill by targeting employees in the ages between 55 and 59 to take up early retirement. As a province, we have not been able to attract the desired numbers as only 48 employees applied for this dispensation. The estimated costs related to this special dispensation amounts to **R23.9 million**, including the total exit packages and the employer's liability.

Insourcing of Security Services

Honourable Speaker, we are moving full steam with the insourcing of security personnel employed by private companies. The function will move to the Department of Transport, Safety and Liaison in the form of a shared service to service all provincial departments. To give effect to this, Provincial Treasury, Office of the Premier and the Transport, Safety and Liaison are working on an implementation plan in terms of the exact timeframes. Further details will be provided in the respective Vote speeches.

Honourable Speaker, having concluded the study on insourcing of security personnel, we will commence with the second phase of this project to determine the cost benefit analysis on cleaning, gardening and laundry.

Summary of Departmental Allocations: 2020/21 Financial Year

Honourable Speaker, I will now provide a summary on key priorities funded in the 2020/21 financial year.

As indicated earlier in the speech, total reductions on the equitable share amount to **R260 million** over the 2020 MTEF, and we have applied different methods in implementing the cuts to ensure minimal impact for departments. These cuts have targeted areas of inefficiencies, and we do not expect core service delivery programmes to be affected.

Honourable Speaker, we have reiterated many times that Health and Education remain this Administration's apex priorities, and we have managed to insulate both these departments from potential cuts amounting to **R252 million** over the next three years. These would have been detrimental to the functioning of these two departments.

The Department of Education is allocated an amount of **R7.2 billion** in the 2020/21 financial year, of which an amount of **R852.9 million** relates to conditional grants. Education Infrastructure Grant is allocated an amount of **R597 million** to deal with school infrastructure including unsafe structures in the province.

Honourable Speaker, included in the baseline of Education in the 2020/21 financial is an additional amount of **R256 million** which is made up as follows:

- An amount of **R165 million** is provided for the Improvement on Condition of Service (ICS) to cater for the shortfall;
- **R91 million** is allocated to cater for the growth in learner numbers, which translate in the appointment of additional educators in the province;
- Furthermore, an amount of **R4.6 million** is earmarked within the equitable share for the provision of sanitary towels in public schools.

Honourable Speaker, the Department of Health is allocated an amount **R5.5 billion** in the next financial year of which **R1.6 billion** or 29 per cent relates to conditional grants. The Human Resource Capacitation Grant has been increased to **R21.4 million** in the 2020/21 financial year in order for the department to appoint critical staff in health facilities across the province.

The 2020/21 baseline of the department also makes provision for the following priorities:

- An amount of **R194 million** for the Improvement on Conditions of Services;
- An additional amount of **R150 million** as part of the carry through costs for the bail out provided to the department in the 2018 MTEF.

Honourable Speaker, Social Development is allocated an amount of **R1 billion in the 2020/21 financial year** of which conditional grants accounts for **R33.4 million**. Furthermore, the department is also allocated

an additional funding of **R12.3 million** to deal with the scourge of gender-based violence in the province while **R9 million** is made available for the appointment of social workers graduates in the province.

Office of the Premier is allocated a total budget of **R273.3 million** in the 2020/21 final year. Included in this allocation is an additional amount of **R4.9 million** towards the Premier's Bursary Fund in line with the pronouncement of the **Honourable Premier** to centralise external bursaries.

Honourable Speaker, let me also take this opportunity to appraise members on the status of our IT refresh project. **Honourable Members**, due to SITAs inability to implement this project, the province will have to follow a different approach in implementing this project. Office of the Premier is currently looking at other alternatives to refresh our old IT infrastructure. The funds have been surrendered back to Provincial Treasury until OTP is ready to move with the project.

Provincial Legislature is allocated an amount of **R211.2 million** in the 2020/21 financial year whilst the Department of Transport, Safety and Liaison is allocated an amount of **R308 million** in the 2020/21 financial year, of which conditional grants amount to **R64.5 million**.

Roads and Public Works is allocated **R1.9 billion** of which **R1.2 billion** relates to the Provincial Roads Maintenance Grant whilst to **R4.1 million** is provided for EPWP. Furthermore, an amount of **R20 million** is earmarked for the Sol Plaatje Cleaning Project while **R10 million** is provided for the Galeshewe Urban Renewal Programme. An amount of **R20 million** has been reprioritized within the department's baseline towards the settlement of rates and taxes.

Economic Development and Tourism is allocated a total budget of **R352 million** and the Department of **Sport, Arts and Culture** is allocated an amount of **R416 million**, of which **R167 million** is earmarked towards the construction of libraries and the procurement of books and Mass Participation and Sport Development grant is further allocated an amount of **R32 million**.

Honourable Speaker, Provincial Treasury is allocated an amount of **R330.8 million** in the 2020/21 financial year, which takes into account a reduction of **R5 million** that has been shifted to COGHSTA relating to municipal interventions and support.

COGHSTA is allocated an amount of **R720 million** of which conditional grants amounts to **R333 million**. Human Settlement Development Grant is allocated **R320 million** in the 2020/21 and a further amount of **R11 million** is earmarked towards the Title Deed Restoration Grant.

Agriculture, Land Reform and Rural Development is allocated a total budget of **R559.9 million** of which conditional grants total an amount of **R195.6 million**. The Comprehensive Agricultural Support Programme Grant is provided with an amount of **R123 million** to support agriculture activities in the province and the Department of Environment and Nature Conservation has been allocated an amount of **R177.6 million**.

Honourable Speaker, we are taking tough actions on wastage across the provincial departments, we have down scaled considerably on international trips, catering costs have reduced, travelling and subsistence costs have also reduced and further cost containment measures will be announced in my Vote speech. This process is also

aimed at identifying possible areas of duplication in departmental baselines.

2019/20 Second Adjustment Bill

Honourable Speaker, allow me to turn to the 2019/20 financial year second adjustment bill, in light of the poor spending by the Department of Cooperative Governance, Human Settlements and Traditional Affairs, the national transferring officer of the Department of Human Settlements has evoked Section 20 of the 2019 Division of Revenue Act (DORA). Consequently, the province has lost an amount of **R26 million** relating to the Human Settlements Development Grant. The allocation of the department will be adjusted with this reduction and reflected on the payment schedule for the remainder of the 2019/20 financial year.

Conclusion

Honourable Speaker, we are changing the paradigm, expenditure that is not palatable with the vision of this new Administration and is not aimed alleviating poverty and reducing unemployment will be dealt away with. This is important because the budget is not growing, however, we are determined to translate this vision into practical and tangible outputs that are visible on the ground.

Honourable Speaker, we are unambiguous in the articulation of the vision and a solid foundation has been laid. We all know what needs to happen. We need to improve our monitoring and evaluation capabilities to ensure that we keep track and intervene where possible. Our budget trajectory is taking shape and our debt obligations is projected to reduce significantly in the coming three years.

With all our socio-economic challenges in the province, allocative efficiency will be at the centre of the budgetary processes to ensure that our limited resources are directed to the identified policy priorities.

Honourable Speaker and Members, I would like to conclude by saying the following: fiscal discipline and allocative efficiency are the cornerstone of a strong Public Finance Management System (PFMS). We need to be efficient to do more with less.

Public Financial Management is not an end in itself but an enabler and most importantly can't be isolated from economic transformation – this talks to an Activist Treasury, one that seeks to expedite economic growth of the province by being at the forefront of our developmental trajectory of the province.

Let me also thank the **Honourable** Premier, Dr Zamani Saul for his leadership, commitment and his tireless efforts in seeking to change the material conditions of our people in the province. May I also acknowledge the support of the Executive Council and the entire provincial Government colleagues with whom we collectively drive the budget processes especially in the midst of this difficult economic climate.

Honourable Speaker, let me also take this opportunity to thank the Portfolio Committee on Finance for the oversight role that they play. We are all serving the people of the Northern Cape and we can only grow this province when we collectively work together by putting our political differences aside.

Honourable Speaker and Honourable Members, I now table the following documents for consideration by this House:

- *The Northern Cape Appropriation Bill, 2020;*
- *The Northern Cape Second Appropriation Bill, 2019/2020;*
- *The Northern Cape Estimates of Provincial Revenue and Expenditure (EPRE) for the 2020 MTEF;*
- *Northern Cape Socio Economic Review and Outlook 2020;*
- *The Northern Cape Capital Estimates of Provincial Expenditure for the 2020 MTEF;*
- *Gazette of allocations to municipalities.*

I thank you.