



provincial treasury

Department:
Provincial Treasury
North West Provincial Government
REPUBLIC OF SOUTH AFRICA

PROVINCIAL BUDGET SPEECH 2023 -2024



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PROVINCIAL BUDGET SPEECH 2023/2024



MS. MOTLALEPULA ROSHO
MEC for Finance

07 MARCH 2023

THE PROVINCIAL BUDGET SPEECH PRESENTED BY MEC FOR FINANCE, MEC MOTLALEPULA ROSHO AT THE NORTH WEST PROVINCIAL LEGISLATURE ON THE 07TH MARCH 2023

Honourable Speaker, Ms. Susanna Basetsana Dantjie;
Honourable Deputy Speaker, Ms. Lenah Miga;
Honourable Premier, Kaobitsa Bushy Maape;
Honourable Members of the Executive Council;
Honourable Members of the Provincial Legislature;
Executive Mayors, Mayors and speakers of Municipalities;
Modulasetilo wa ntlo ya Dikgosi, Kgosi Ofentse Thari Maotwe II;
Dikgosi tsa rona tse di tlotlegang;
Chairpersons and Board Members of Public Entities;
Heads of Departments and CEO's of Public Entities;
Leaders and Members of Labour Movements, Civil Society and Faith Based Organisations;
Distinguished Guests;
Ladies and Gentlemen;
Bagaetsho, Dumelang;

Honourable Speaker, it gives me great pleasure to stand here today to present the 2023/24 Budget Proposals to this August House which sets out the funding proposals for various service delivery programmes that will be executed as part of the 2023 MTEF.

To enable us to communicate the proposals, we will be tabling the following documents for the indulgence and consideration by this August House:

- The 2023 Appropriation Bill;
- The 2023/24 Estimates of the Provincial Revenue and Expenditure;
- The Provincial Socio-Economic Review and Outlook; and
- The Provincial Budget Speech.

Honourable Speaker, this budget embodies the accomplishments and pledges made since the commencement of our journey in 2019. When the current administration began its term in 2019, it inherited the administration with huge service delivery challenges which was exacerbated by the COVID-19 pandemic in 2020.

Despite these challenges, government continued to ensure sustained funding for key service delivery programmes. In response to the COVID-19 pandemic, the province revised the 2020/21 budget thrice, which was unprecedented. The budget had to be reprioritized to provide for socio-economic relief, increased public health spending and a vaccine rollout.

This budget aims to showcase the government's commitment towards funding service delivery programmes and sets a solid foundation for the next administration to sustain the execution of the programmes meant to eradicate the triple challenges of poverty, unemployment and inequality.

Loeto la rona le ntse le se bonolo e bile ga le kitla le nna bonolo ka ntlha ya dikgwetlho di le dintsi tse bagarona ba itemogelang tsona jaaka kwelotlase ya ikonomi, mathothapelolo a tlhago, botlhokatiro, lehuma le malwetse a tswelolang go runya.

Seno se baya puso ka fa tlase ga kgatelelo e e seng kana ka sepe. Bagaetsho, ke a lo netefaletsa gore puso ga e na go felelwa ke ditlhale merutsheng, e tla tswelela gore ka bonnyane jo e nang le bone, e kgaoganye bonnye go rebola ditirelo. Ga go nke go lekana mme ga re kitla re phutha matsogo re re re reteletswe.

Honourable Speaker, Premier Bushy Maape stated in his 2023 State of the Province Address (SOPA) that the government's primary focus for the next twelve months will be the "biggest ever government delivery programme," which involves abandoning planning and conferences and instead working in the neighbourhoods and streets to improve service delivery.

We pledge to use public funds responsibly by reducing unnecessary spending, increasing efficiency and savings through appropriate use of technology and economies of scale.

Economic Overview

Honourable Speaker, the Minister of Finance, Mr. Enoch Godongwana, has reported that the national economy has grown by 2.5 per cent in 2022 which growth is attributable to increased demand of our minerals, swift recovery from COVID-19 induced economic decline as well as gains from the latest economic rebase as reported during the third (3rd) quarter of 2022.

The combined private sector and public sector investment 13 per cent of Gross Domestic Product (GDP) is well below the National Development Plan (NDP) target of 30 per cent as well as the international norm of 20 per cent.

This growth rate is still below the NDP target of 6 per cent which was meant to eliminate the persistent socio-economic problems including the current national and provincial unemployment rate of 32 per cent and 39 per cent respectively. The most affected are the youth or those who enter the labour market for the first time.

Honourable Speaker, the provincial economy is performing at a sub-optimal level. The North West Province has a total real GDP of R231.748 billion. Overall, the provincial economy is expected to register an average annual growth rate of 1.48 per cent from 2021 to 2026. The province contributes 7 per cent of the national population and national economy. In return, the province is entitled to 7 per cent of the nationally collected tax revenue through equitable share in 2023.

The greatest contributor to the North West Province economy in 2021 was the Bojanala Platinum District which contributed R98.3 billion, which is reduction from R106.7 billion in 2019. The lowest contributing region is the Dr Ruth Segomotsi Mompati District which contributed R19.8 billion in 2021. Overall, the provincial economy is expected to register an average annual growth rate of 1.48 per cent from 2021 to 2026.

Provincial Own Revenue

Honourable Speaker, the province is able to meet its revenue targets mainly because of the joint planning between Provincial Treasury and Departments. Through these collaborations, I am glad to announce that our overall revenue performance has reached the pre-COVID-19 levels.

We are on course towards revising the long-term strategy that provincial own revenue should progressively contribute 5 per cent of the total budget in line with international best practices. Our revenue tariffs will remain generally cost reflective and competitive.

Fiscal Framework

Honourable Speaker, the overall allocation for the Province is R50.856 billion, R51.932 billion and R54.379 billion in 2023/24, 2024/25 and 2025/26 financial years respectively.

The Provincial Fiscal Framework reflects equitable share as the main source of funding for the provincial budget. The 2023/24 equitable share allocation shows a slight decrease in the first year by 0.4 per cent when compared to the 2022/23 Adjustment Budget. It improves to 4.9 per cent in the outer year of the MTEF. The growth creates an opportunity for expansion and sustainability of critical services to the communities of the North West Province.

Allocations to Departments and Provincial Legislature

Honourable Speaker, included in the main allocations per year are increases in Conditional Grants of R742.197 million in 2023/24, R49.185 million in 2024/25 and R83.977 million in 2025/26. These increases are mainly attributed to Health, Education and Public Works & Roads.

The **North West Provincial Legislature** receives an amount of R503 million. Included in this allocation is an additional R12.8 million of which R5.8 million is for improvement in conditions of service and R7 million for general budget pressures and revision for organisational structure.

The **Office of the Premier** receives an amount of R482 million. The ICT Transformation in the province has been allocated R119 million each year to enable connectivity across the province in most public institutions including schools, libraries, clinics and hospitals and upgrading of the government ICT systems. Projects and programmes pronounced by the Honourable Premier in the State of the Province Address have been funded and the Office of the Premier is expected to ensure that they find expression in the Annual Performance Plans of all the respective departments including entities.

Honourable Speaker, the **Provincial Treasury** receives an amount of R565 million to continue with the provision of technical support to municipalities, Departments and Public Entities.

The **Department of Community Safety and Transport Management** is allocated R2.333 billion. Provincial Executive Council has resolved to decentralize the management of the government fleet from the Department of Community Safety and Transport Management to all Provincial Departments effective from 1st April 2023. This will reduce the departmental own revenue by R506 million over the MTEF.

The log-sheet revenue budgets from individual departments will be utilised to maintain, repair and refuel the departmental pool vehicles in departments and no additional funding will be allocated to departments with the exception of the Department of Community Safety and Transport Management (COSATMA) for this purpose. To cushion the department from the related own revenue loss as a result of this de-centralisation process, an allocation of R90 million over the MTEF, translating to R30 million each year, will be added to the department's budget.

Honourable Speaker, the Scholar Transport is a critical component of the right to Basic Education and without it, thousands of learners will continue to struggle to gain access to schools in a safe and dignified way. As a result of this collaborated effort, a total amount of R1.350 billion over the 2023/24 MTEF is set aside for Scholar Transport with the single year allocation of R450 million.

To address the challenges that are related to the implementation of Scholar Transport programme, the three departments Education, COSATMA, and Provincial Treasury have agreed to work together to address all scholar transport related challenges. Part of addressing these challenges relates to the verification of all routes and ensure that they all fall within the prescribed policy.

The three departments have also agreed to curb inefficiencies by strengthening monitoring towards the impact of deviation from the national standards. Part of the solution towards scholar transport, the Department of Education would fast-track the development of the Mega Schools to release the financial burden relating to this expenditure item.

Honourable Speaker, the **Department of Cooperative Governance and Traditional Affairs** is allocated an amount of R659 million to effectively monitor, support and promote local government and institutions of traditional leaderships through cooperative governance system. Inclusive in this allocation is an amount of R155.221 million over the MTEF for water and sanitation. This allocation is for the short-term water intervention initiatives. Conditional grants for provision of water within municipalities will continue to serve as the main source of funding for addressing water challenges in the province.

The department should take the lead and support municipalities in drafting practical and implementable plans for water related initiatives and ensure that those plans are successfully implemented.

The **Department of Health** receives an amount R15.219 billion. The additions to the conditional grant allocations for the Department of Health amounts to R113 million for 2023/24 for Health Facility Revitalisation Grant, Human Resource & Training Grant, National Health Insurance Grant, National Tertiary Services Grant and Expanded Public Works Programme (EPWP).

Availability of medicine and medical supplies in clinics and hospitals is key to preserve lives and improve conditions thereof. Medical inflation is normally higher than normal goods and services inflation, however, provincial budgets are not growing at a faster rate compared to medical expenditure. This results in the Department of Health registering accruals on medicines and medical supplies year-on-year.

The budget makes provision for R200 million each year of the MTEF towards accruals and the department is also expected to ring-fence an additional amount of R150 million within the same period towards accruals. Additional allocations of R533.660 million for 2023/24, R557.073 million for 2024/25 and R578.855 million for 2025/26 financial years have been added to address budget pressures and shortfall on compensation of employees.

Honourable Speaker, the *Department of Education* is allocated a budget of R20.575 billion. Included in this budget is an amount of R153 million in the 2023/24 financial year for Early Childhood Development Grant, National School Nutrition Programme Grant and Education Infrastructure Grant. Early Childhood Development Grant receives a top-up subsidy amount of R30 million in the outer two years for increasing access to the Early Childhood subsidy (ECD), pre-registration support packages and nutrition support and results-based finance initiative.

In addition, an amount of R109 million has been allocated to the Education Infrastructure Grant in 2023/24 financial year for the carry through costs associated with the repairs and rehabilitation of schools damaged by the floods. An additional allocation of R36 million to the National School Nutrition Programme Grant throughout the MTEF is geared towards the continuation of the provision of nutritious meals to 744 320 learners each day at school.

Honourable Speaker, job creation within the education sector is funded to the tune of R405.590 million in 2023/24 financial year through the Presidential Youth Employment Initiative.

This budget also makes provision for Learner and Teacher Support Material (LTSM) to the value of R672 million. Furthermore, to facilitate effective learning and reducing the impact of high costs of airtime, internet data for learners and for the rollout of access to internet through WIFI connectivity at schools, an amount of R97.384 million is allocated for these critical expenditure items over the MTEF.

This government is committed to improve performance of our learners in the province by reclaiming the status of the second-best performing province and this budget makes provision of R443.691 million over the MTEF for that purpose through the review of learner attainment improvement strategies.

Honourable Speaker, on Sunday 5th March we were awakened to very sad news of the passing away of one of the greatest contributors to the education sector our country has ever seen. The loss of MEC Tate Makgoe in the Free State Province was untimely and will leave a devastating impact within the sector and the country at large. We wish to take this opportunity to pay our respects to him and we send our condolences to his family and the people of the Free State. We pray for their strength during this challenging period. May the soul of Comrade Tate rest in eternal peace.

The ***Department of Social Development*** is allocated R1.713 billion. Included in the allocation for Social Development are allocations for absorption of Social Worker graduates which amounts to R161.404 million, food relief programme at R24.249 million, R71.368 million for the fight against substance abuse and R171.6 million for expansion of social work services and these funds are allocated over the MTEF.

The **Department of Arts, Culture, Sports and Recreation** receives R742 million. In terms of the programmes, Cultural Affairs is allocated R230.710 million, Libraries and Archives services R206.147 million and Sports and Recreation R178.288 million in the first year on the MTEF.

Mmabatho Stadium, strategically located in the capital city of the province is meant to promote healthy lifestyles through different sporting and cultural activities. The stadium is well positioned to bring economic spinoffs for the province as it hosts different events and an amount of R7.029 million is made available in the first two years of the MTEF period for maintenance and upkeep of this facility.

Honourable Speaker, Public Works and Roads receives R3.825 billion including an increase to the Provincial Roads Maintenance Grant of R421 million to incentivize comprehensive road maintenance planning, to improve the road network through maintenance and rehabilitation of provincial roads. The funding is added for the 2023/24 financial year.

Inclusive in the departmental allocation is an amount of R1.087 billion for Public Works Infrastructure Programme to provide the provincial government building infrastructure that is accessible, integrated, and environmentally sensitive. Included in these funding, are allocations for revamping or renovation of Garona Building, securing of additional office space and disposal of obsolete assets.

Honourable Speaker, the Department of Human Settlements is allocated R1.999 billion. Provincial Emergency Housing Grant previously in the Department of Human Settlement has now been moved to the National Department of Human Settlements and therefore ceases to exist as a conditional grant in Provinces.

The Province will continue to benefit from the national allocations for emergency housing projects which would be administered by the National Department. An allocation of R20 million has been availed in 2023/24 financial year to address the housing challenges as a result of the devastating effects of the floods disaster in Deelpan.

Honourable Speaker, The *Department of Economic Development, Environment, Conservation and Tourism* receives an amount R1.009 billion.

His Excellency President Cyril Ramaphosa, has announced in his State of the Nation Address that energy crisis has been declared a national disaster. To give effect to this, an amount of R30 million has been made available in 2023/24 for renewable energy related initiatives. This will assist the province to contribute to the national efforts to move towards greener energy as well as to mitigate the effects of load shedding in the Province. This allocation will be made to the North West Development Corporation for planning purposes and rollout of activities that will attract private sector investment on renewable energy. The allocation is to be utilised as a catalyst to unlocking sector related investment and to stimulate manufacturing capabilities within the sector.

The North West Province has the potential to attract private sector investment in renewable energy projects because of the availability of platinum and conducive climatic conditions both of which are important inputs for renewable energy generation.

Honourable Speaker, the ideal location for these projects would be around the Dr. Kenneth Kaunda District with more focus in the City of Matlosana which requires an economic injection to revive the mining towns after the closure of some of the gold mines that were the main drivers of the economy.

This will be the provincial contribution towards the national initiatives to invest in renewable energy to address the negative effects of excessive carbon emissions from fossil fuel consumption.

Honourable Speaker, we are pleased to announce that the merger of two Public Entities, North West Parks Board and North West Tourism Board, has been finalised and will operate as **North West Parks and Tourism Board** effective from 1st April 2023. An amount of R221 million has been allocated for the new entity for each year.

The ***Department of Agriculture and Rural Development*** is allocated an amount of R1.229 billion. The province has been experiencing high rainfalls resulting in floods in some parts of the province. These floods threaten job creation and food security.

Honourable Speaker, support to farmers is critical to ensure that we continue to increase number of those who are able to enter and compete in the larger markets through commercialization. The budget provides for R245 million in each of the MTEF periods to support farmers and increase food production in order to mitigate against the effects of poverty, unemployment and inequality.

Focus areas for 2023/24

Honourable Speaker, in acknowledging the importance of accelerating service delivery, the following are the key deliverables for the 2023/24 financial year:

- Provincial Treasury in support to the municipal councils will continue with the implementation of the Financial Recovery Plans.
- Nine (9) Provincial Executive Representative (PER's) have been appointed for Naledi, Tswaing, Madibeng, Ramotshere Moiloa, Ditsobotla and Kgetlengrivier local municipalities as well as the Dr. Ruth Segomotsi Mompati District Municipality, including Mamusa and Maquassie Hills who are being supported through section 154 of the Constitution.
- In an endeavor to improve the audit outcomes in municipalities, Provincial Treasury will continue to monitor and capacitate municipalities for full utilisation of web enabled systems where the audit action plans will be captured on the system and progress on the implementation of action plan is reported on monthly basis.

Honourable Speaker, as the current administration, we will not sleep well until we get to see Municipalities turned around or re-engineered.

- The audit outcomes of Departments have consistently been improving since 2019. To date with Provincial Treasury having maintained a clean audit for consecutive nine years. The Clean Audit Initiative is progressing well and six departments are now managed under this project.

The support function in the Public Entities is steadily recording progress which has yielded one (1) clean audit. This is a remarkable achievement given the challenges that Public Entities have gone through. We must now replicate this excellent work to our municipalities.

The Provincial Treasury will continue to support Departments and Public Entities by facilitating them with skills to improve audit outcomes. Public Entities with severe capacity challenges will be supported by providing resources that will bridge the gaps that have been identified. The Clean Audit project will be extended to more Departments and Entities.

- Infrastructure delivery and maintenance has been identified by the current administration as one of the drivers of the economy in the province. In our endeavor to ensure that infrastructure delivery as a discipline is elevated in the province, the Provincial Treasury will embark on the review of the North West Infrastructure Delivery Management System (NWIDMS) Protocol utilised to guide infrastructure planning and delivery.

In the new financial year, Provincial Treasury in collaboration with National Treasury will roll out the IDMS Helpdesk to all provincial departments. The introduction of the helpdesk will to a certain extent, address the poor infrastructure performance in the province, lack of integrated planning and the implementation of projects that are not well conceptualized.

As part of these budget proposals that are being tabled, a total allocation of R5.9 billion has been earmarked for infrastructure implementation and delivery for the province. About 60 per cent of the total infrastructure allocation is budgeted for existing infrastructure assets which comprise of maintenance and repairs, upgrades and additions, rehabilitation and refurbishment.

The new infrastructure allocation budget share amounts to 8 per cent whilst infrastructure transfers which is made up of current and capital amounted to 29 per cent. The bulk of infrastructure transfers include the construction of new infrastructure assets particularly housing projects. The departments are expected to intensify labour-intensive programmes and promote the massification of jobs through the utilization of the R5.9 billion for infrastructure.

Honourable Speaker, as part of this budget process, we received several budget tips from ordinary members of the public. “Lucky Jazzman advised that more funds needed to be directed to Public Works so that more jobs could be created through infrastructure delivery”. Jazzman’s concern is indeed addressed as jobs will be created through our infrastructure delivery programme.

- National Treasury has reviewed and disseminated new Preferential Procurement Regulations to be implemented with effect from 16 January 2023. These regulations empower Accounting Officers of all organs of State to develop Preferential Procurement Policies with specific goals, to enact the regulations.

Honourable Speaker, the Provincial Treasury will be monitoring the implementation of the Procurement Policies by organs of state with the view of ensuring that procurement meet the 40 per cent target for women, youth, people with disabilities and military veterans through the strict adherence to the specific goals. Non-compliance with the provisions of the 2022 Preferential Procurement Regulations will lead to incurring Irregular expenditure. The training is continuing for Chief Financial Officers of municipalities, departments and entities and is envisaged to be finalized before the end of the current financial year.

Conclusion

Honourable Speaker, let me re-assure the People of the North West Province that despite the scarcity of resources, the budget tabled today will address the needs of our people which are mainly, provision of quality health care, improving education standards, and investing in adequate Infrastructure. Furthermore, the budget also addresses issues of building safer communities, restoring the dignity of vulnerable people, provision of housing and promotion of arts, culture and sports mainly for the youth of our Province.

This budget has been prepared under tremendous pressure and I therefore want to thank all Heads of Departments, Chief Financial Officers and all officials who have worked around the clock to finalise all the related budget books for consolidation by the Provincial Treasury.

Honourable Speaker, the book of Proverbs 24: 10 which reads as follows ***"If you falter in a time of trouble, how small is your strength"***. This passage reminds us that setbacks and difficulties are part of our realities however it is important that we embrace them and reject feelings of defeat at all material times.

The strength of wisdom is not solitary, it's in having an understanding and relying on the wisdom of others. It is thus that I take this opportunity to thank and express my sincere gratitude to the following for their guidance and support during the compilation of the 2023/24 Provincial Budget:

- Honourable Premier Kaobitsa Bushy Maape
- Honourable Members of the Legislature
- My colleagues in the Executive Council
- The Head of Department and Team Provincial Treasury
- Support staff in my Office and my family.

Honourable Speaker, in closing, I wish to take this opportunity to thank my political home, the glorious **African National Congress**, for affording me this golden opportunity to serve in my current role. Through my active participation in office, I have had the honour to be at the forefront of advancing the social transformation agenda through decisive action in response to acceleration of service delivery to the people of the North West. Through the budgetary processes, the **ANC government** has consistently ensured that the budgets of departments, entities and municipalities continue to benefit the large majority of the disenfranchised members of our communities.

I thank you

2023 Departmental Allocations and the Provincial Legislature

Department	2023 Medium Term Allocation		
	2023/24	2024/25	2025/26
Office of the Premier	482 201	496 739	519 541
Provincial Legislature	503 392	511 371	534 853
Health	15 219 592	15 841 131	16 545 284
Arts ,Culture, Sports and Recreation	742 065	767 985	803 453
Community Safety and Transport Management	2 332 901	2 408 417	2 510 629
Economic Development, Environment, Conservation and Tourism	1 009 340	1 008 194	1 054 523
Provincial Treasury	565 908	585 591	612 470
Education	20 575 525	21 053 842	22 089 753
Cooperative Governance and Traditional Affairs	659 286	652 091	706 722
Public Works and Roads	3 824 517	3 489 772	3 648 885
Social Development	1 713 072	1 764 746	1 848 905
Agriculture and Rural Development	1 229 449	1 267 383	1 325 237
Human Settlements	1 999 243	2 085 017	2 178 736
Total Allocations	50 856 491	51 932 279	54 378 991



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