

# NORTHERN CAPE PROVINCIAL GOVERNMENT



## **BUDGET SPEECH** **07 March 2018**

**MN JACK**  
**MEC for Finance, Economic Development  
and Tourism**



**ADDRESS TO THE PROVINCIAL LEGISLATURE ON THE  
TABLING OF THE NORTHERN CAPE APPROPRIATION  
BILL 2018 AND SECOND ADJUSTMENT APPROPRIATION  
BILL 2018**

**BY MR.M.N JACK (MPL), MEC FOR FINANCE ECONOMIC  
DEVELOPMENT AND TOURISM**

**HONOURABLE SPEAKER & DEPUTY SPEAKER**

**HONOURABLE PREMIER, MS SYLVIA LUCAS**

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**OUR LISTERNERS AT HOME**

**LADIES AND GENTLEMEN**

**Introduction**

Honourable Speaker, thank you for the opportunity to present the Annual Provincial Budget Speech to the people of the Northern Cape for their reflection.

As our country is in a cheerful mood, a period of change, renewal and hope, I am reminded of our late Statesman, Nelson Mandela's favourite hymn. - **Lizalis' idinga lakho**. The song is one of the best-known Xhosa hymns composed by the Reverend Tiyo Soga.

Loosely translated in English, the Hymn drives the message to Heaven; fulfil your promise, God, Lord of truth. It captures the hope of making a difference in the world. It speaks of a God who fulfils his promise of saving all races. The song speaks of grace and forgiveness that makes a person whole.

An understanding of this kind of forgiveness helps us consider Madiba's own choice of reconciliation and grace after he was released from prison.

As President Cyril Ramaphosa has declared 2018 the year of change, renewal and hope, we are all eager to build our country and move our nation forward - The Madiba Style.

Paying tribute to Madiba in Parliament in 2009, former President Thabo Mbeki captured the Madiba moment very well by saying;

"You have walked along the road of the heroes and the heroines. You have borne the pain of those who have known fear and learnt to conquer it. You have marched in front when comfort was in the midst of the ranks. You have laughed to contend against a river of tears.

You have cried to broadcast a story of joy. And now, Madiba, you leave this hallowed place to continue to march in front of a different detachment of the same army of the sun.”

Ten opsigte van die besef van hierdie visie, is die begroting wat ons vandag aanbied 'n geleentheid om te besin oor die toestand van ons provinsiale finansies en die ekonomiese oorsig, maar bowenal om te verstaan hoe dit ons maatskaplike en ekonomiese doelwitte ondersteun.

Honourable Speaker, the Budget is not about numbers. It is about people, their desires, their needs and hopes. It therefore gives us an opportunity to reflect on the goals and aspirations of our people. In this regard, we reaffirm our unshakeable belief that we shall overcome the legacy of our past. Our struggle was never only about political democracy but also economic freedom. It was and is about equity, access to resources, and decent housing. It is about schools and better education of our children. It is about lifting the despair of poverty from a parent's shoulders. It is about reaching out to the grandmother to ease the years of pain and humiliation. It is about eliminating the hopelessness and despair of joblessness. It is indeed, about our families and our communities and the safety and well-being of our society.

Government alone cannot achieve the equity and prosperity that the present and future generations demand of us.

This is a collective endeavour, one that as South Africans we must all embrace. As a nation, we must be unequivocal in our commitment to achieving a better life for all.

The Budget we place before this house today provides an expenditure framework that supports the plans expressed in the National Development Programme (NDP). As we all know, the NDP is the policy framework within which government pursues its objectives thus the Medium Term Strategic Framework (MTSF) is one of the principal instruments for realising these objectives.

We have increased the number of children going to school since 1994 by offering no fee school education. Schools, TVET colleges and universities continue to enrol millions of learners since the dawn of freedom.

We provide a meal daily to millions of primary school children and a sizeable number in quintile four and five – improving their ability to learn.

New clinics have been built, increasing access to healthcare and bringing health services closer to millions of people. We provide free health care to millions of our people largely without medical aid. Since 1994, millions of women and children in rural areas have gained access to clean water supply.

An increased number of homes have been connected to electricity, there has been an increase in the number of houses that have been built and millions of housing subsidies have been earmarked and granted. Implementation of the EPWP programme has been an anchor in ensuring that government is an enabler for the creation of job opportunities.

We have built solid foundations in the betterment of the lives of our people. We are proud of how far we have come.

We know that there are no shortcuts in budget choices. Given tight fiscal constraints, achieving sustainable growth and development requires us to sometimes make difficult choices. It means prioritising and reprioritising. It demands a constant and honest evaluation of what we are doing and how we are doing it. It means that we have to strive to do things better.

In these economic difficulties, revenue growth is slowing while demands on the fiscus are greater than ever before. We can only therefore plan to spend what is available to us. It is therefore important to manage our resources prudently, focusing on the need to ensure value for money.

Honourable Speaker, for us to achieve this, we have to root out corruption to ensure that every rand is spent on delivering better services to more people. Corruption is the form of abuse of entrusted power for private benefit in both the public and private sectors.

As we commemorate centenaries of uTat'uMandela and uMam'uAlbertina Sisulu, we must remember that their cause was not about personal, narrow and selfish interests but it was political and economic liberation of the destitute masses. Therefore, any form of corruption and deviation from the revolution in society reverses and betrays that for which they stood for. Corruption eats away at the fabric of society. For that reason, we have to do everything in our power to eradicate it, in government and private sector.

## **MACRO-ECONOMIC OUTLOOK**

### **Global outlook**

Honourable Speaker, in 2017 we have seen positive growth in the global economy with world output estimated at 3.7 per cent which is largely attributable to unexpected growth upswings in Europe and Asia. It is anticipated that the fast growth experienced in 2017 is expected to continue into 2018 and 2019 with global growth projected at 3.9 per cent for both years. According to the International Monetary Fund, it is projected that advanced economies will grow at 2.3 per cent, emerging, and Developing Economies at 4.9 per cent respectively in 2018.

### **National and Provincial Economy**

It is worth mentioning that the South African economy is forecasted to grow at 1.5 per cent in 2018, following an estimated growth rate of 1 per cent in 2017.

It is forecasted that growth will further pick up to 1.8 per cent in 2019 and 2.1 per cent in 2020 and that inflation will remain below 6 per cent between 2018 and 2020.

At a national level, there was a slight increase in the unemployment rate from 26.5 to 26.7 per cent in the last quarter of 2016 and 2017. The provincial unemployment rate however decreased over this period from 32.0 per cent to 27.1 per cent. The number of employed people increased by 24 000 and the number of unemployed people decreased by 21 000. The largest number of jobs created is recorded in the Community and Social Services and Finance Sectors respectively.

Northern Cape economy grew at 0.3 per cent in 2016. The province continued to contribute around 2 per cent to the national economy, with community services and mining remaining the largest industries as such two district municipalities namely, Frances Baard and ZF Mgcawu were the largest contributors in the provincial economy at 38 per cent and 25 per cent respectively.

## **PRUDENT FINANCIAL MANAGEMENT**

### **Provincial and municipal revenue**

Honourable Speaker, the revenue streams are limited yet play a pivotal role in augmenting the national transfers.

It has been proven that revenue collection is not performing in a manner that we envisaged due to limited revenue base; however, we will continue with the full rollout of the motor vehicle licence (MVL) function to all post offices in the province. One of the major challenges experienced is that municipalities do not pay over monies collected for MVL on behalf of the Department of Transport, Safety and Liaison.

We will review the tariffs that have not being reviewed in prior years in some departments, however, this will be done gradually and in a phased in approach in order to avoid major changes.

In an effort to increase revenue, Treasury will be assisting departments to collect debt. We will also embark on strengthening the systems of collection processes at all cash collecting points in departments. The aim is therefore to ensure the alignment between the monies collected, banked and reconciled at head office.

As part of our commitment in supporting and assisting municipalities with revenue generation and maximisation, we have singled out revenue as a game changer both at provincial and national level. Furthermore, as emphasised by the Honourable Premier in her State of the Province Address; we will continue to support and assist municipalities to ensure that they enhance their revenue generation.

Honourable Speaker, we will in the coming financial year rollout data cleansing to other municipalities as this has proven to be a solution on the billing information of municipalities. Municipalities are faced with serious challenges regarding the inability to collect revenue and pay their creditors. To address the issue of outstanding debt owed to municipalities, we have established a municipal debt steering committee and technical committee, which deals with all municipal debt including Eskom.

### **Municipal standard chart of accounts (MSCOA)**

Honourable Speaker, on 01 July 2017, municipalities had to be fully compliant with the municipal standard chart of accounts (MSCOA) regulations, which required all transactions to be processed on this new system. However, some municipalities experienced challenges ranging from information technology, funding and capacity that resulted in the inability to comply.

Post implementation evaluation has indicated that there are still challenges as municipal budgets for the 2017/18 financial year are not aligned to the chart. Of the thirty (30) delegated municipalities, only twenty-two (22) are partially transacting on the new standard chart of accounts while the remaining eight (8) are still utilising their old chart of accounts.

We remain committed in encouraging and supporting municipalities to be fully compliant with the requirements of MSCOA. To achieve this we have appointed a dedicated team to provide hands-on support and to build the necessary capacity which will enable them to transact successfully.

The importance of municipalities fully transacting on MSCOA must be emphasised as failure to do so will result in the withholding of their equitable share by National Treasury.

## **FISCAL SUSTAINABILITY**

### **Supply Chain Management Reforms**

Honourable Speaker, the provincial government is currently spending 38 per cent of its public procurement budget on black owned companies, of which 17 per cent are women, 8 per cent youth, and 7 per cent people with disabilities and 8 per cent people living in rural or under developed areas or townships.

We will continue to prioritise the promotion and support of Small Medium Micro Enterprises (SMME's), as such, we would like to urge suppliers to register and utilise the Central Supplier Database office, which is there to provide the necessary support and to get reports on procurement spent on designated groups.

However, we are still experiencing challenges with the completeness of supplier information on the database, which does not comply, with the requirements of the Preferential Procurement Regulations promulgated in April 2017.

We will increase our efforts to engage with suppliers in the province to update their credentials on the Central Supplier Database in order to enable procurement opportunities to advance designated groups and apply pre-qualification criteria stipulated in the regulation.

### **Payment of creditors within 30 days**

We are guided by the law to pay our suppliers within 30 days due to the impact that none or late payment has on the continuity of local businesses. The issue of 30-day payments finds strong expression and heightened emphasis in the speech rendered by the former Minister of Finance, Mr Malusi Gigaba who announced that National Treasury will issue a directive to all government departments and public institutions instructing them to pay suppliers within 30 days. Any Accounting Officer or Accounting Authority that fails to implement the directive will be charged with financial misconduct. The directive will also emphasize on the internal monitoring role of the Accounting Officer to ensure that responsible officials comply with the Public Finance Management Act.

In my previous budget speech, I reported that Provincial Treasury will investigate the possibility of the province implementing an automated invoice tracking system. I can comfortably report that the task was concluded and that two departments will be selected to pilot of such a system. The automated invoice tracking system will provide management reports that will flag red lights of invoices that are not moving within the payment process. This system will therefore ensure that invoices will be paid in priority order of receipt date.

### **Irregular expenditure**

Mr Speaker, continuous non-compliance due to the disregard of recommendations from assurance providers has reached unacceptable levels in the province. The effects of such neglect is seen in the increase of the accumulated unauthorised, irregular and fruitless and wasteful expenditure. This practice can no longer be tolerated, as such, it is time that we hold accounting officers accountable for breaching their fiduciary responsibilities.

Provincial Treasury has commenced with a project to assist departments in addressing their accumulated irregular expenditure. The project has started at the Department of Health and will be rolled out to departments that have legacy irregular expenditure.

Going forward, this will ensure that we attain clean administration and prudent financial management systems in the province. The support to be provided will entail:

- Assisting the department to have a complete register where necessary;
- Ensure that the transgressions are investigated and root causes identified;
- Implementation of recommendations of the investigation in terms of actions to be taken to condone and recover;
- Recommend changes in internal controls to prevent recurrence of irregular expenditure.

### **Infrastructure**

Honourable Speaker, the relationship between socio-economic growth & development and infrastructure delivery has been strongly emphasised in the past. Infrastructure delivery is crucial in supporting government's objective of extending access of social services to the poor and especially to rural communities. Public infrastructure therefore provide a means to an end, it supports sustainable improvement in the quality of life and economic development in communities through the delivery of accessible and reliable services.

Total infrastructure spending for the next three years will be **R8.3 billion** of which **R2.8 billion** will be spent in the 2018/19 financial year. Over the next three years, **R1.2 billion** for new and expanded infrastructure including schools, health facilities, and social housing, **R804 million** for the rehabilitation and refurbishment, **446 million** is set aside for non-infrastructure assets such as machinery and equipment, **R4.4 billion** will be utilised for the maintenance, repairs and upgrading. This clearly demonstrates government's commitment to not only concentrate on building new infrastructure asset but to also maintain the existing ones.

### **Provincial Fiscal Framework**

Honourable Speaker, the province is funded through own revenue, equitable share allocations and conditional grants. Total receipts for the 2018/19 budget year is projected at **R17.2 billion**, which is 5 per cent increase compared to 2017/18. Over the MTEF the provincial receipts total to **R54.3 billion** of which **R40.2 billion** present equitable share, **R12.9 billion** Conditional Grants and **R1.1 billion** in own revenue.

Revisions to the equitable share formula are informed by data from census 2011 age cohorts, 2017 mid-year population estimates, preliminary 2017 learner enrolment numbers from Learner Unit Record Information and Tracking System (LURITS), 2015 Regional GDP; District Health Information service for patient load data (2015/16-2016/17) risk adjusted index, insured population and the 2010/11 income and expenditure survey.

The provincial equitable share formula is updated annually and consequently adjustments to provincial baseline due to the new data updates has resulted in an additional amount of **R289 million** over the 2018 MTEF. However, during the same period Cabinet approved reductions on the provincial equitable share amounting to **R124.9 million**. An amount of **R20.9 million** in respect of violence against women and **R11.7 million** related to Nawango Court Case is made available in the outer two financial year. Furthermore, an amount of **R256.6 million** to provide for the historical carry through costs related to improvement of conditions of service (ICS) is made available in 2020/21 financial year.

Over the 2018 MTEF, an amount of **R254.7 million** in respect of ICS has been allocated to all provincial departments. Departments are required to note that these funds are not for additional appointments but to sustain current warm bodies in the system.

Conditional Grants are projected to decrease by an average growth of -2.9 per cent over the MTEF from **R4.5 billion** in 2018/19 to **R4.3 billion** in the 2020/21 financial year.

The decrease in conditional grants has been affected by government's fiscal consolidation efforts and reprioritisation between grants especially underperforming grants.

Honourable Speaker, in the 2018 MTEF a new grant has been added namely Title Deed Restoration Grant. This grant is meant for the eradication of the backlog in title deed registration that has been slower than expected.

Provincial own revenue is budgeted at **R360 million** in 2018/19 financial year and is projected to increase to **R402 million** in the last year of MTEF with an average growth of 3.9 per cent over the 2018 MTEF.

Our own revenue budget is mainly driven by three major revenue sources namely; motor vehicle licences is set to increase from **R247 million** in 2018/19 financial year to **R277 million** in the outer year of the MTEF. The second largest is patient fees, which is increasing from **R55 million** in 2018/19 financial year to **R61 million** in the outer year of the MTEF. Lastly, casino taxes, liquor license and horse racing revenue is set to increase from **R33 million** in 2018/19 financial year to **R36 million** in the outer year of the MTEF.

In the 2018/19 financial year we received **R57.4 million** in respect of the Extended Public Works Programme (EPWP) for the creation of jobs opportunities. Department of Roads and Public Works will be coordinating the programme while allocation is made to various departments.

### **Medium Term Expenditure Estimates**

Mr Speaker, an aggregate expenditure of **R17.2 billion** is proposed for the main budget of the 2018/19 fiscal year, representing a modest increase of about 3.6 per cent over the **R16.6 billion** appropriated for 2017/18. This is made up of **R12.1 billion** equitable share inclusive of own revenue and **R4.5 billion** for conditional grants. For the MTEF, total spending is projected to remain relatively flat, with indicative allocation for 2019/20 set at **R17.1 billion** and **R18.9 billion** for 2020/21. Of the proposed aggregate in 2018/19, **R14.2 billion** represent current payments, **R1.8 billion** transfers and subsidies and **R1.2 billion** will be invested in capital expenditure.

These aggregates reflect a delicate balance among the difficult choices that we have made and is pointing to the absolute imperative to get the economy growing at a faster pace. The context of the budget and the realities of our situation leave very little room for major new spending.

This has forced a cut in real terms in many critical areas of expenditure and has required us to engage in expenditure prioritization. Importantly, we have had to find room to protect the most vulnerable and marginalized in the society by increasing expenditure in targeted social sectors and programs.

## **Expenditure Priorities**

Honourable Speaker, let me now give a synopsis of the main budgetary provisions made in this budget and over the MTEF and the details are set out in the Estimates of Provincial Revenue and Expenditure (EPRE).

## **Social Sector**

We have consistently invested a significant share of the budget in the social sector for human capital development, improvement of the quality of life for our people and overall living standards. 72.5 per cent of total expenditure is allocated to the social sector among others to support programmes in education, health, poverty eradication and housing. The total budget to the social sectors is **R12.4 billion** in 2018/19, or **R39.6 billion** over the MTEF. I should however, state that sizeable allocations in themselves do not buy success. Efficiency gains and improvement in the quality of outcomes are needed to achieve value for money.

## Investing in Education

Honourable Speaker, **R6.4 billion** is allocated to the Department of Education and **R20.2 billion** over the MTEF. This is the highest budget allocation, in keeping with the historical priority accorded to education.

Key priorities in education include extending the no-fee schools policy, expanding the school nutrition program, reducing average class sizes in schools serving lower income communities, increasing expenditure on school buildings, and strengthening teacher training program.

Last year I announced that an amount of **R165 million** starting from the 2018/19 financial year has been allocated to deal with the impact of learner growth in numbers. An additional amount of **R92 million** over the MTEF has been made available in this regard.

Compensation of employees remains the main cost driver and account for **R4.9 billion** or 77 per cent of the total budget of the department in the 2018/19 financial year. To provide for the salary adjustments, this came at higher than what was budgeted for. An amount of **R239.5 million** over the 2018 MTEF is provided to deal with this shortfall.

With effect from 01 April 2018, Learner Transport function will shift from Department of Transport, Safety and Liaison back to the Department of Education and in this regard an amount of

**R465 million** over the 2018 MTEF has been shifted from the former to the latter. In an effort to ensure the implementation of the National Department of Basic Education's ministerial determination on rural incentives, an additional amount of **R15.8 million** is allocated over the 2018 MTEF as a baseline adjustment.

Total conditional grants allocation amounts to **R784 million** in the 2018/19 financial year. An amount of **R1.5 billion** in respect of Education Infrastructure grant is provided over the MTEF in order to deliver the required school infrastructure as well as maintain our current infrastructure at school level. This will result in continuation of construction of new school infrastructure in line with national norms and standards.

An appropriate nutrition is essential to the academic success of our children and that the school feeding program is designed to support the nutritional needs of our children. To ensure that the programme continues to contribute to the national development plan's priority of eliminating poverty, an amount of **R540 million** over the MTEF is provided for the National School Nutrition Programme as a conditional grant, an increase by **R30 million** compared to 2017 MTEF.

The department will through the Maths, Science and Technology Grant continue with programmes that are aimed at improving the outcomes on Mathematics and Physical Science

especially in matric in order to ensure that we produce the skills required to boost economic growth. An amount of **R78.9 million** over the MTEF is made available towards the realisation of this objective.

A new grant called Learners with Profound Intellectual Disabilities Grant which was introduced during the last MTEF, and meant to provide educational opportunities to learners with severe and profound intellectual disabilities has been increased from **R15 million** to **R26 million** over the MTEF an increase by **R11 million** or 58 per cent.

### **Promoting Health**

Honourable Speaker, the Department of Health receives the second highest allocation of **R4.7 billion** and **R15.4 billion** over the MTEF.

Let me reiterate this government's commitment to provide quality health care services and improve access towards the achievement of a universal health care coverage with the main focus on district health services which should be our primary focus moving forward.

The 2018 MTEF baseline of the department has been adjusted up by **R764 million** over the MTEF.

This adjustment seek to assist the department to address clinical staff shortages such as recruitment of doctors,

professional nurses and ideal clinic initiatives of which an amount of **R150.4 million** over the MTEF is made available to address Improvement on Conditions of Service (ICS) shortfall.

Honourable Speaker, conditional grants allocated to the department amounts to **R4.3 billion** over the MTEF, a reduction of **R165 million** compared to the previous MTEF, this is mainly as a result of following conditional grants:

- Health Facility Revitalization Grant is reduced by an amount of **R32 million** over the MTEF as there no incentive grant for 2018/19 financial year.
- Comprehensive HIV, AIDS and TB grant is reduced by an amount of **R133 million** over the MTEF. Within the reduced baseline an amount of **R223 million** over the MTEF was earmarked for a new introduced component called Community Outreach Services. This component is aimed to harmonise and standardise the work of the ward based primary health care outreach teams.

## Social Protection

Mr Speaker, Social Development is allocated an amount of **R871 million** in the 2018/19 financial year for the provision of Social Safety Nets and other antipoverty intervention measures. Over the MTEF, this allocation amounts to **R2.8 billion**.

The Department of Social Development has a leading responsibility to build an all-inclusive and responsive social protection system.

An additional amount of **R33 million** over the MTEF has been made available to the department to address among others the early intervention and prevention programmes to fight the violence against women and children and Nawango Court Case judgement which relates to funding of non-governmental organisations that render social welfare services to provinces.

Conditional grants allocated to department total to **R128 million** over the MTEF period. This includes Early Childhood Development (ECD) to expand services and improve basic maintenance of ECD facilities at **R59 million**, Substance Abuse Treatment Grant at **R56 million** and the Social Worker Employment Grant at **R2 million**.

A total amount of **R13 million** over the MTEF is provided to cater for the carry through effects of ICS.

## Social Cohesion

Honourable Speaker, the Department of Sport, Arts and Culture is allocated an amount of **R383 million** in the 2018/19 financial year and **R1.2 billion** in the over the MTEF. An additional amount of **R24 million** over the MTEF is made available this include among others an amount of **R15 million** in respect of Mervin Erlank Building renovation for office space. This amount represents an advance to the department and will be repaid back into the Provincial Revenue Fund when the existing lease agreement expires in 2021.

Conditional grants allocated to department total to **R605 million** over the MTEF period. This includes Community Library Services Grant at **R505 million**, Mass participation and Sport Development Grant **R96 million** and **R4 million** in respect of EPWP Grants.

Community Library Services Grant is reduced by **R12.5 million** in 2018/19, due to reprioritisation nationally, where reductions were made to conditional grants with fast growth but low spending.

## Economic Sector

Honourable Speaker, economic sector is a primary domain for the public-sector investment programme and a means through which fiscal policy support to the economy is deployed.

Twenty-two per cent of total expenditure or some **R4 billion** is allocated to the economic Sector part of the 2018/19 budget. Over the MTEF, the allocation is approximately **R11.1 billion**.

We cannot over emphasise our drive towards radical economic transformation in our province. For us to succeed we will require robust engagements with business, organised labour and civil society partners in the province.

Infrastructure development remains an important vehicle to drive economic growth and development to ensure better quality life of all our people.

The Department of Roads and Public Works expenditure will amount to **R1.7 billion** in the 2018/19 financial year and **R5.2 billion** over the MTEF. Included in the total allocation of the department is an amount of **R7.3 million** over the MTEF in respect of the ICS.

Conditional grants allocated to this department total to **R3.3 billion** over the MTEF period. This includes the Provincial Roads Maintenance Grant at **R3.2 billion** and **R4 million** in respect of EPWP Grants.

Honourable Speaker, the Department of Economic Development and Tourism drive economic growth and development initiatives in the province. This department is allocated an amount of **R315 million** in the 2018/19 financial year and **R1 billion** over the MTEF.

This amount includes transfers to the entities under the stewardship of the department.

An amount of **R35.9 million** over the MTEF is made available for Northern Cape Economic Development, Trade and Investment Promotion Agency to expedite the implementation of the Special Economic Zone programmes in the province. Furthermore, an amount of **R12 million** for 2018/19 financial year is made available to the department to revive Kimberley Diamond Cup.

Mr Speaker, the mandate of the Department of Environment and Nature Conservation is to conserve and protect the natural environment for the benefit, enjoyment and welfare of present and future generation by integrating sustainable utilisation with socio economic development.

The department is provided with a total amount of **R158 million** in the 2018/19 financial and **R500 million** over the MTEF.

Included in this amount is **R3.4 million** over the next three years to deal with the shortfall in ICS and an amount of **R2 million** is added in the 2018/19 in respect of EPWP grant.

Honourable Speaker, the Department of Agriculture, Rural Development and Land Reform remain a key lead agent in championing land and agrarian transformation as well as food security in the province.

The department is allocated an amount of **R649 million** in the 2018/19 financial year and **R1.7 billion** over the MTEF. Included in the allocation of the department is an amount of **R9.3 million** provided to deal with the ICS shortfall.

An amount of **R727 million** over the next three years is provided for the conditional grants, of which **R508 million** is provided for Comprehensive Agriculture Support Programme (CASP) to expand the provision of agricultural support services, promote and facilitate agricultural development by targeting smallholder and previously disadvantaged farmers in the province. In addition an amount of **R193 million** over the MTEF is provided from Ilima/Letsema Project Grant, **R25 million** for Land Care Programme Grant and 2.3 million for the EPWP Grant.

The vision of the Department of Co-operative Governance, Human Settlements, and Traditional Affairs is to build towards integrated human settlements, with responsive, accountable and highly effective municipalities and traditional institutions in the province. The budget of the department amounts to **R812 million** in the 2018/19 financial year and grows to **R914 million** in the outer year of the MTEF. Over the MTEF, it totals **R2.6 billion**. This includes an amount of **R7.4 million** made available to cater for the shortfall in ICS over the MTEF. However, the baseline of the department is reduced by **R16 million** over the MTEF to cushion fiscal framework reduction.

The conditional grants allocation to the department amounts to **R1.5 billion** over the MTEF of which Human Settlements Development Grant an amount of **R1.4 billion**.

Of this amount, **R78 million** is ring fenced over the MTEF period for the development of mining towns. Title deeds amount has been shifted away from HSDG to introduce a new grant called Title Deed Restoration Grant. This shift was implemented because of slow delivery on eradication of backlog in title deed registration. In this regard, an amount of **R65 million** over the MTEF has been allocated.

### **Governance and Administration Sector**

Honourable Speaker, a total allocation of **R1 billion** is made to the Governance and Administration Sector to support effective governance and efficient administration of the public sector. Over the MTEF, this allocation is **R3.2 billion**.

This sector is linked to Outcome 12 which talks to “an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship” and Outcome 9 which relates to a “responsive, accountable, effective and efficient local government”.

Honourable Speaker, the Department of Transport, Safety and Liaison is working towards a creation and co-ordination of a safe, secure and sustainable transport and policing systems for a crime free Northern Cape Province.

The department is allocated an amount of **R292 million** in the 2018/19 financial year and projects to spend **R897 million** over the MTEF. The baseline of the department has been reduced as a result of the function shift of Learner Transport to the Department of Education. An amount of **R47.3 million** has been added over the first two years as a carry-through in respect of Boegoebaai project, which was funded during the 2017/18 adjustment budget. An amount of **R25.2 million** is made available to address among others the baseline and commission for motor vehicle licence function as performed by SAPO.

The Public Transport Operations Grant for bus subsidies has been allocated an amount of **R54 million** in the 2018/19 financial year, **R172 million** over the MTEF and **R5.2 million** is made available for EPWP.

Honourable Speaker, Provincial Treasury derives its mandate from the Public Finance Management Act (PFMA) and Municipal Finance Management Act (MFMA). This include all reforms that are introduced by national government, some of the current reforms include Supply Chain Reforms, Municipal Standard Chart of Accounts (mSCOA) and Minimum Competency Framework reforms in both provincial departments and municipalities.

Provincial Treasury is allocated an amount **R302 million** in the 2018/19 financial year and **R932 million** over the MTEF. What mainly drives this growth is the earmarked funds to municipalities amounting to **R63.3 million** over three years to institutionalise Treasury oversight and strengthen support to municipalities as well as **R15 million** in the 2018/19 financial year in respect of Department of Health intervention. An additional amount of **R7.9 million** over the MTEF is made available for infrastructure capacity building within Provincial Treasury.

Mr Speaker, Office of the Premier is allocated an amount of **R248 million** in the 2018/19 financial year and **R775 million** over the MTEF. Included in this allocation is an amount of **R13.3 million** in 2018/19 financial year to promote youth development as indicated by the Premier during her State of the Province Address that the importance of young people as agents for change is acknowledged. Included in this is an allocation for Premiers Bursary Fund, Provincial Growth and Development Plan (PGDP)/SPLUMA, and ICS. An amount of **R15.8 million** over the MTEF is allocated to capacitate the provincial planning commission.

Honourable Members, Provincial Legislature is allocated an amount of **R200 million** in 2018/19 financial year and **R613 million** over the MTEF.

Included in this allocation is an amount of **R12 million** in 2018/19 for the rehabilitation of the precinct and political party study tour. An amount of **R3.6 million** is provided to cover the shortfall of the ICS.

### **Second adjustment**

Honourable Speaker, the Department of Co-operative Governance, Human Settlement and Traditional Affairs received an amount of **R100 million** which relates to Human Settlements Development Grant from National Department of Human Settlements in respect of 2017/18 financial year.

In line with the Division of Revenue Act, this amount has been re-directed from other provinces due to the slow spending by these provinces. This was also made possible by the fact that our province has demonstrated the ability to spend accordingly in the past recent financial years.

Over the past decade or so we have lost many lives as a result of car accidents in the busiest intersections on our roads that is N8 and R31 (Douglas Road intersection) and N12 intersection in Kimberley. To curb this, South African National Roads Agency (SANRAL) has made available an amount of **R137 million** to assist the province. Work has already commenced to construct traffic circles at these intersections.

## Conclusion

Honourable Speaker, there is, therefore, more to this Budget than the tightening of the fiscal purse. The budget gives scope to maintain the provision of essential services. It calls for greater resource prioritization and quality of spending so that we can make impact where it matters the most.

Amidst the challenging economic and financial environment, we have managed to realign the budgetary framework to the new reality and propose a realistic and credible budget. Targeted resource allocation proposals have been made. What matters is effective implementation and results-based management. And we need to act decisively. I thus seek your support and insights going forward.

Last but not least, Speaker, we urge all the eligible voters to visit their voting stations over the weekend of the 10th and 11th March 2018, as part of the national campaign to update the voters' roll in preparation for the 2019 elections. Voting stations around the province will open for the public between 8h00 and 17h00.

Let me thank the Honourable Premier, Me Sylvia Lucas for her leadership and support.

I must also place on record my appreciation for the support of my Executive Council colleagues and Treasury Committee who shares with me the responsibilities in this line of duty. I wish to express a personal appreciation for their support and dedication to the cause of sound public finance.

I would also like to recognize the contribution of the HODs, CFOs and staff in the departments for their invaluable assistance in the budget preparation process.

Honourable Speaker, let me also take this opportunity to thank my family and most importantly my beautiful wife for their understanding and support when I come home in the late hours from work tired and not eat her well-prepared food

Honourable Members, Provincial Treasury is the department in the service of other departments – this is an unbelievably difficult task to manage. Thanks, to the Acting HOD and his staff for their unwavering and professional support; and my Ministry staff for their patience and commitment, particularly in those difficult moments, which come with the territory.

In closing, the budget we present today is not easy and the choices we have had to make are difficult, but the Reverend Tiyo Soga's hymn - **Lizalis' idinga lakho**, reminds us that, indeed we are living in times of God's fulfilment to his promises.

**Lizalis idinga lakho** (*Fulfill your promise*)

**Thixo Nkosi yenyano** (*Faithful God*)

**Zonk' iintlanga zonki zizwe** (*All races, all nations*)

**Ma zizuze usindiso** (*Must be saved*)

**Amadolo kwelilizwe** (*All knees in this world*)

**Makagobe phambi kwakho** (*Must bow before you*)

**Zide zithi zonk' iilwimi** (*So that all tongues*)

**Ziluxele udumo lwakho** (*Proclaim your glory*)

**Law'la law'la Nkosi Yesu** (*Govern our God*)

**Koza ngaWe ukonwaba** (*Happiness can only come through you*)

**Ngeziphithi-phithi zethu** (*Because of our challenges*)

**Yonakele imihlaba** (*The world is damaged*)

**Bona izwe lakowethu** (*Look at our world*)

**Uxolel' iizono zalo** (*Forgive our sins*)

**Ungayithob'ingqumbo yakho** (*Do not send your wrath*)

**Luze luf'usapho lwalo** (*To kill the children*)

**Yaala, Nkosi, singadeli** (*Prohibit us God from disobeying*)

**limfundiso zezwi lakho** (*The teachings of your word*)

**Uze usivuselele** (*Revive us*)

**Sive inyaniso yakho** (*So to hear your truth*)

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

- *The Northern Cape Appropriation Bill, 2018;*
- *The Northern Cape Second Appropriation Bill, 2018;*
- *The Northern Cape Estimates of Provincial Revenue and Expenditure for the 2018 MTEF,*
- *Provincial, Socio Economic Review*
- *The Northern Cape Capital Estimates of Provincial Expenditure for the 2018 MTEF*
- *The budget Speech*
- *Gazette of allocations to municipalities*

I thank you.