



provincial treasury

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

DEPARTMENTAL BUDGET SPEECH 2023/24



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MS. MOTLALEPULA ROSHO
MEC for Finance

01 JUNE 2023

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PRESENTED BY MEC MOTLALEPULA ROSHO
AT THE NORTH WEST
PROVINCIAL LEGISLATURE

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**THE DEPARTMENTAL BUDGET SPEECH PRESENTED BY MEC FOR
FINANCE, MS MOTLALEPULA ROSHO AT THE NORTH WEST
PROVINCIAL LEGISLATURE ON THE 01ST JUNE 2023**

**Honourable Speaker, Ms Susanna Dantjie
Honourable Deputy Speaker, Ms Lenah Miga
Honourable Premier, Kaobitsa Bushy Maape
Leader of Government Business, Hon. Maloyi
Honourable Members of the Executive Council
Chief Whip of the House, Hon. Mokgosi
Honourable Members of the Provincial Legislature
Chairperson of the House of Traditional and Khoi-San Leaders,
Kgosi Maotoe II
Executive Mayors and Mayors
MMC's for Finance at Municipalities
Chairpersons and CEO's of Public Entities
Ladies and Gentlemen
Bagaetsho, Dumelang.**

Honourable Speaker, “there is indeed a great force in the world, a force spiritual and able to shape the physical universe, but that force is not something cut off, not something separate from ourselves. It is the energy in us, the strongest in our working, breathing, thinking together as one people; weakest when we are scattered, confused, broken into individual unconnected fragments.” This is a quote by a Ghanaian writer, Ayi Kwei Armah who is most famous for his book titled “*The Beautiful Ones Are Not Yet Born*” which chronicles the struggles of a young civil servant with political corruption, family pressures and disillusionment in post-colonial Ghana.

As I present the 2023/24 Departmental Budget before this August house, these words by Kwei Armah resonate with the journey we have taken as a collective. We need to find that force within us, that will drive us in the direction needed to bring about positive change to our people in the Province.

Honourable Speaker, this is the fifth time I stand before this esteemed House to present the Departmental Budget and throughout the past four years we have remained committed to our goals of reconstruction and development as well as adapting to the challenges we face. We have acknowledged the reality of our responsibilities as custodians of the provincial purse, particularly by the impact it makes on the livelihoods of the people of the North West.

The path has not been easy as a result of financial constraints we faced, we have however displayed courage and our history urges us to use our freedom to create a more compassionate society. It compels us to overcome fear, embrace transformation and understand the complexities of our world, moving beyond self-created illusions and truths.

Honourable Speaker, our journey has been challenging but the unwavering support of the people of North West has shown us that we can effect change and improve the lives of future generations. We have learned that to grow and develop we must remain resilient, adapt to change and take care of those affected by it. The unprecedented events we have faced have taught us humility and the value of learning from suffering.

Baagi ba porofense ya rona, re lebogela tshono ya gore lo re tshepe ka matlotlo le dithoto tsa puso, mme ebile ra re mo re fosang teng, lo re inele matsogo metsing. E kgojwa ele maoto mane. Dikgwetlho di teng mme e bile ke tsona tse di re tsibosang gore re dire ka tolamo le boikanyego gonne re ithuta go tswa mo go tsona. Motswana o rile metsi a kgoberegela go itsheka.

We are grateful for the constructive criticism we continue to receive which encourages us to seek solutions beyond simplistic illusions. We will forever appreciate the involvement and engagement of ordinary people who come together to demand change, we are conscious of the fact that progress can only occur when our people actively participate in our democracy.

PROVINCIAL SOCIO-ECONOMIC OUTLOOK

Honourable Speaker, the Departmental Budget is tabled during a period where the North West Province is faced with several socio-economic challenges and the persistent energy crisis has exacerbated the situation. Electricity is essential for effective production in industries and households need it for their day-to-day operations. The energy supply inconsistencies have shown to be an impediment to growth nationwide. We welcome the recent strategic measures that government is taking to bring stability in the energy sector and we are confident that these measures would speed up the process to bring an end to this crisis.

The Province is experiencing sluggish growth and high unemployment. The Provincial Gross Domestic Product (GDP) growth has averaged 1.0 per cent for the years from 2018 to 2021 which is a far cry from the 6.0 per cent growth targeted by the National Development Plan (NDP).

Honourable Speaker, based on Statistics South Africa (Stats SA) Quarterly Labour Force Survey Reports, the unemployment rate in the province was at 38.0 per cent in quarter 1 of 2023 which was higher than the same period at 30.1 per cent in 2022. The most affected across all provinces are the Africans who currently still endure double digit unemployment rates coupled with other socio-economic challenges.

These problems are exacerbated by a provincial population that is growing at 1.6 per cent which is at a faster rate than the average economic growth of 1.0 per cent as stated above. The manifestation of these socio-economic problems includes increasing levels of opportunistic crime and juvenile delinquencies across all four districts in the province. The contribution by the provincial government towards addressing these issues include implementation of learnership and internship programmes which provide on-the-job training opportunities to unemployed graduates to enhance their prospects of securing employment.

DEPARTMENTAL OWN REVENUE

Honourable Speaker, one of the critical functions of the department is to ensure equitable distribution and allocation of resources to departments in line with national and provincial fiscal policy plans. To enhance discretionary spending and to address provincial specific needs, the provinces are allowed to collect own revenue. The Provincial Treasury contribution towards provincial own revenue target of R1.2 billion for 2023/24 is R195 million.

REFLECTIONS ON 2022/2023 FINANCIAL YEAR

In an effort to address the financial crisis identified in Naledi, Tswaing, Madibeng, Ramotshere Moiloa, Ditsobotla and Kgetlengrivier Local Municipalities as well as the Dr Ruth Segomotsi Mompati District Municipality, the Provincial Executive Representatives (PER's) and Provincial Municipal Financial Recovery Services (MFRS) teams have been deployed to assist with the implementation of interim rescue plans and development of the financial recovery plans.

Honourable Speaker, these plans aim to deal with immediate issues that require urgent attention such as cash flow management, investigation of Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIF&WE), setting budget parameters and developing sound financial plans to mention a few. Provincial Treasury extended the process to three (3) additional municipalities namely, Maquassie Hills, Mamusa and City of Matlosana to provide support of developing the Financial Recovery Plan in line with section 154 of the Constitution.

Provincial Treasury is yet to finalise the process of appointing the PER's for Mamusa and City of Matlosana. These appointed Provincial Executive Representatives will be responsible for implementation of the financial recovery plans for the said municipalities. These important support initiatives are being implemented jointly with the Department of Cooperative Governance and Traditional Affairs (COGTA).

Honourable Speaker, Provincial Treasury in collaboration with FASSET implemented an internship programme for the placement of fifty-seven (57) interns in Budget and Treasury Offices (BTO's) of various municipalities.

The project is aimed at capacitating learners from TVET colleges and Higher Education institutions with practical experience necessary to access the job market.

Provincial Treasury capacitated all municipalities within the province on the utilisation of the web enabled system for capturing audit action plans and reporting progress thereof in an endeavour to improve audit outcomes. The Municipal Standard Chart of Accounts (mSCOA) training on the individual municipal BTO's is underway and is yielding positive results which will enhance compliance. This will be a continuous project for all municipalities in the province until the compliance status is entrenched.

Honourable Speaker, Provincial Treasury in its quest to contribute towards improving financial management as well as alleviating unemployment and poverty in the province achieved the following:

- Internship opportunities were offered to fifty-five 55 unemployed young people for a period of twelve months. This includes ten (10) from TVET colleges and forty-five (45) graduates from other tertiary institutions. These were placed in various programmes within the Provincial Treasury;
- In collaboration with the Institute of Internal Auditors (IIAT), the Provincial Treasury through the Provincial Internal Audit has commenced with the Internal Audit Learnership for sixteen (16) learners who are placed in the Department. Of these sixteen (16), eleven (11) are unemployed youth and five (5) are from within the department;
- Career guidance was offered to grade 10 to 12 commerce learners in seventeen (17) schools in the province.

Honourable Speaker, in the 2022/23 Departmental Budget Speech, it was reported that the Provincial Treasury's oversight role of monitoring infrastructure projects had been resourced through the use of drone technology. This measure assisted in improving reporting on infrastructure outcomes by providing evidence-based reports.

In October 2022, Provincial Treasury in collaboration with National Treasury conducted infrastructure sites visits wherein eight (8) projects across the four districts were visited. The outcome of the site visit was shared at the Provincial Infrastructure Coordinating Meeting (PICM) at National Treasury which includes all Provincial Treasuries. The department was commended on the use of the drone technology as being at the cutting edge of the Fourth Industrial Revolution (4IR).

Honourable Speaker, the resolutions taken at PICM advised all Provincial Treasuries to benchmark with the North West on project site visit planning and delivery processes. The Provincial Treasury together with Office of the Premier successfully assisted the Department of Public Works and Roads to submit comprehensive roads projects for funding from the Budget Facility for Infrastructure (BFI). Infrastructure South Africa (ISA) and National Treasury are currently assessing the submission to ensure that it moves to the next stage.

During 2022/2023 the Provincial Internal Audit Unit performed two hundred and fifty-six (256) internal audit assignments. These include audits of risk management, supply chain management, the pre-award audit of bids above R10 million, financial statements, reporting on pre-determined objectives and the implementation of audit action plans.

Based on the internal audit work performed, recommendations were made to the departments for the enhancement and improvement of the effectiveness of risk management, governance and internal control processes.

Honourable Speaker, the office of the Provincial Accountant General provided technical financial management support to all departments and public entities through training and capacity building on accounting, audit, reviewing of interim and annual financial statements as well as monitoring of post audit action plans. The audit outcomes for 2021/2022 for departments remained the same as in the previous financial year where eight (8) departments obtained unqualified audit opinions and five (5) departments were qualified.

Public entities on the other hand, improved slightly in 2021/2022 as eight (8) entities obtained unqualified audit opinions compared to six (6) in the previous year, four (4) entities were qualified in 2021/ 2022 as compared to five (5) in the previous year and three (3) disclaimers remained unchanged.

The project to improve the number of departments achieving clean audits in the province is making steady progress. It has been expanded to include an additional department whilst also targeting public entities. Through this initiative, four (4) departments, one (1) public entity as well as the North West Provincial Legislature received unqualified audit opinions with reduced audit findings. We are pleased to announce that the North West Gambling Board has joined the Provincial Treasury in obtaining a clean audit.

Honourable Speaker, in the 2022/2023 provincial budget speech, the department pronounced to establish a call centre that will deal with 30 day payments queries and supply chain management complaints. To date, the Provincial Treasury has developed the structure/organogram, operational procedure and is currently in the process of acquiring call centre equipment. The call centre is expected to be operational in the 2024/2025 financial year.

Notwithstanding the fact that the call centre is not yet operational, Provincial Treasury continues to monitor the performance of departments on 30-day payments through quarterly reports that are processed through the Executive Council. We will continue to roll-out the 30-day payment outreach programmes across the Province with Dr. Ruth Segomotsi Mompati District being identified as the next host district.

Provincial Treasury conducted training for the three bid committees for all departments and entities. This training was attended by all Supply Chain Management (SCM) practitioners and members of the Bid Specification, Evaluation and Adjudication Committees. The aim of the training was to capacitate SCM practitioners with the knowledge on the requirements of each stage of the SCM process.

Honourable Speaker, the new Preferential Procurement Regulation (PPR 2022) was approved in November 2022 for implementation effective 16th January 2023. Provincial Treasury provided extensive training on the new regulations to all SCM practitioners in departments and entities.

KEY INITIATIVES FOR 2023/24

Honourable Speaker, in line with section 154 of the Constitution which directs national and provincial government to support and strengthen the capacity of municipalities to manage their own affairs, the Provincial Treasury in collaboration with COGTA and South African Local Government Association (SALGA) will intensify the following support initiatives to all municipalities focusing on the following areas:

- Training municipal officials on the revenue value chain by conducting a revenue master class programme;
- Collaborating with National Treasury to build awareness on the implementation of circular 124 debt relief programme;
- Capacity building for efficient, effective, and transparent financial management through training and workshops for both individual and organisational capacity;
- Capacitation of municipalities for full utilisation and reporting of progress on the implementation of audit action plans of the web enabled system.

In order to improve infrastructure monitoring and support, Provincial Treasury in collaboration with National Treasury will enhance the Infrastructure Reporting Model through the rollout of the Infrastructure Delivery Management System (IDMS) Helpdesk to all provincial infrastructure delivery departments. I am pleased to report that the IDMS help and support desk was rolled out on the 29th of March 2023. This is a 24-hour system available to all users. Our plea to all provincial departments, municipalities and public entities is to register on the IDMS help and support desk to gain access and retrieve information and engage on issues related to infrastructure planning and delivery.

Honourable Speaker, as part of the enforcement of Section 18 of the Public Finance Management Act (PFMA), regarding monitoring of infrastructure delivery and performance, site visit processes will be intensified to various infrastructure projects through utilisation of drones as well as annual coordinated site visits with the National Treasury, National Sector Departments and Provincial Institutions of which the outcomes will be shared with the Executive Council.

Through the office of the Provincial Accountant General, we shall continue to provide financial management oversight and support to all departments and public entities on accounting, audit, asset as well as risk management, reviewing of financial statements and monitoring of the post audit action plans for improved audit outcomes.

The Auditor-General has highlighted the lack of skills and competencies as one of the key contributing factors to breakdowns in internal control causing audit findings in provincial departments and public entities. Therefore, the identification of skills gaps through a skills assessment on all departments and public entities' Chief Financial Officers and their respective managers will be performed in line with best practice. The skills assessment outcomes will inform the areas requiring development and must be followed by specific appropriate training programmes to strengthen knowledge and skills at an individual level.

Honourable Speaker, with regard to Provincial Internal Audit, focused audit work will again be performed on the adequacy and effectiveness of risk management and post audit action plan systems. These two (2) systems remain central for the improvement of service delivery and clean administration in the province.

Provincial Internal Audit will also perform assessments of combined assurance systems. Combined assurance represents a coordinated approach to ensure that all assurance activities provided by management, internal and external assurance providers adequately and effectively address significant risks facing the organisation and that suitable controls exist to mitigate the risks. The audit of bids in excess of R10 million before award will also continue to be provided.

Honourable Speaker, in our quest to empower Provincial Departments and Entities with the implementation of the new Preferential Procurement Regulation (PPR 22), Provincial Treasury is embarking on intensive training of all bid committees. The training program will be rolled out in the beginning of the second quarter of 2023/2024 financial year.

In line with the government's priority to address unemployment especially with our youth, the department will continue with offering Learnerships and internships targeted at unemployed youth; as well as career guidance in Commercial Schools to encourage learners to consider careers in financial management.

Honourable Speaker, this tabling happens on the first day of Youth Month which is set aside to celebrate the bravery of the youth of 1976.

In recognition of our young people being at the core of our developmental agenda, the department will be hosting a Youth Summit for learners from rural areas across the province to educate and expose them to career opportunities available in the finance and commerce sectors.

Provincial Treasury will be rolling out the assessment of key internal controls for departments as a focus area which reviews adequacy and effectiveness of internal controls over Governance, Annual Financial Statements, Compliance with laws and regulations and Performance Information. This initiative also seeks to address internal control weaknesses and deficiencies which are the root causes of ineffective or poor financial management.

Honourable Speaker, our progress on addressing socio-economic challenges experienced by our communities has been slow and the work of democracy has always been arduous and daunting. Nevertheless, throughout our province's history, we have consistently moved forward, expanding our founding principles to embrace all individuals, not just a select few.

We remain hopeful that the ongoing efforts will eventually yield positive results. Despite the real progress we have made, we acknowledge that it is insufficient. The true potential can only be realized if our democracy functions effectively. We possess all the necessary tools to overcome any challenge that confronts us. It is imperative that each of us, regardless of political affiliation or personal interests, restore the sense of common purpose we urgently require. This is why we serve, not to gain points or claim credit but to enhance the lives of our people.

As President Mbeki stated during the 4th Nelson Mandela Lecture on 29th July 2006, "To achieve the social cohesion and human solidarity we seek, we must vigorously confront the legacy of poverty, racism and sexism." This serves as a reminder that every human life has equal value, urging us to do more with fewer resources for the betterment of our people.

Mmusakgotla, ke santse ke boeletsa gore “metsi a kgoberegela go itsheka”. Tsatsi lengwe metsi a tlaabo a itshekile, didiba di le phepa mme re kgona go nwa mo go tsona ntle le pelaelo. Seno se ka kgonagala fela fa re ka nna mo nneteng le mo motlhaleng o re o segetsweng ke balwelakgololosego ba rona ba ba iketseng badimong le ba ba santseng ba na le rona mo botshelong.

Modimo wa mautlwelobotlhoko, Yo O tletseng boitshwarelo O tla re fa maatla gore re kgone go falola dinteelo, dikgogakgogano le dikgakgauthano gonne e le dilo tse mmaba a le kang ka natla go re faposa ka tsona mo leetong la kgololosego.

Allow me, **Honourable Speaker**, to extend my sincere appreciation to the people of North West for entrusting me with the role of MEC for Finance during these past five years. It is an honour and a privilege to serve in my current portfolio, as well as in other responsibilities to which I was deployed previously.

I express my gratitude to the African National Congress for deploying me to this position. I further wish to convey my appreciation to the Premier under whose authority I serve, my colleagues in the Executive, and chairpersons of the portfolio committees for their support and guidance. The past five years have been immensely fulfilling, allowing me to gain invaluable experience in the workings of the Provincial Treasury as well as advancing the strategy to strengthen internal controls and promoting good governance.

I also wish to convey my appreciation to the Head of Department together with Team Provincial Treasury and the support staff in my office. I am continually humbled by the dedication and service of this team. I am forever indebted for the vast knowledge shared and professionalism displayed throughout my tenure in the department. These attributes are the ones that enable Team Treasury to bring positive change to the financial management discipline in the province.

I wish to borrow words from a renowned writer, Dr Lincoln Cave, who is a certified ethics officer holding a Doctorate in Public Management and a Master's in Security Studies. He reminds us that: "the logic and relevance of ethics management strategy in the workplace is to promote an attitude of compliance."

Throughout my stay in Provincial Treasury, I have come to learn and see that ethics management and compliance within the workplace is deeply entrenched in the fabric of the department and this propels staff to be exemplary ambassadors of good governance in the province. I urge the team to keep this up.

In conclusion, I wish to convey my appreciation to my family which has allowed me to steal time away from them to carry on with my important work of government as well as that of my political home of African National Congress.

Honourable Speaker, allow me to table the 2023/2024 departmental budget as follows:

2023/24 BUDGET ALLOCATION PER PROGRAMME	
PROGRAMME	R'000
ADMINISTRATION	174 700 000
SUSTAINABLE RESOURCE MANAGEMENT	136 887 000
ASSETS & LIABILITIES MANAGEMENT	64 621 000
FINANCIAL GOVERNANCE	189 700 000
Grand Total	565 908 000

I thank you.



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Let's Grow North West Together.

