



provincial treasury

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

PROVINCIAL ADJUSTMENT BUDGET SPEECH 2023 -2024



Let's Grow North West together.

PROVINCIAL ADJUSTMENT BUDGET SPEECH 2023/2024



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MEC for Finance

29 NOVEMBER 2023

**THE 2023 PROVINCIAL ADJUSTMENT BUDGET SPEECH
PRESENTED BY MEC FOR FINANCE, MEC MOTLALEPULA ROSHO
AT THE NORTH WEST PROVINCIAL LEGISLATURE ON THE
29TH NOVEMBER 2023**

Honourable Speaker, Ms. Susanna Bassetsana Dantjie

Honourable Deputy Speaker, Ms. Lenah Miga

Honourable Premier, Bushy Kaobitsa Maape

Honourable Members of the Executive Council

Honourable Members of the Provincial Legislature

Chairperson of the Provincial House of Traditional Leaders Kgosi

Thari Maotwe II

Ladies and Gentlemen

Bagaetsho Dumelang.

Mmusakgotla, tloga tloga e tloga gale, modisa wa dikgomo o tswa natso sakeng. Go bothokwa go lemoga dikgwetlho tse ditlang di re lebagane gore re kgone go ithulaganya mme re ipaakanyetse go mekamekana le diteko tsothe segolo jang tse di nang le matshosetsi a go ama baagi ba rona ka fa tseleng e e sa siamang. Re tshwere phage ka mangana bagaetsho, maemo a ikonomi a ketefalela go ya pele.

Ga go bonolo mme go bothokwa go lemoga dikgwetlho tse di re lebaganeng mme e bile go matshwanedi thata gore bagaetsho ba itse ka ga dikgwetlho tseno. Ka go rialo, Setswana sa re “tshwene ke naiwa mmeleng, makopong ga ke naiwe”. We know our own challenges and shortcomings and no amount of delusions will sway our resolve to diligently serve our people.

Mmusakgotla, tla ke tseye tšhono eno go neela fa pele ga Kgotlatheomolao eno ditokomane tse di latelang:

- Molao-kakangwa wa tekanyetso-kabo ya paka-gare ya ngwaga wa dichelete wa 2023/24 ya Porofense (***The North West Adjustment Appropriation Bill of 2023/24***)
- Tekanyetso-kabo ya paka-gare ya lotseno la Porofense le tiriso-yamadi ya ngwaga wa dichelete wa 2023/24 (***The Adjustment Estimates on Provincial Revenue and Expenditure of 2023/24***)
- Pegelo mabapi le tsheka-tsheko ya ikonomi le ponelo-pele ya porofense mo ngwageng wa 2023 (***The Provincial Economic Review and Outlook (PERO) Report 2023***)

Honourable Speaker, “there are no joys without mountains having been climbed. There are no joys without the nightmares that precede them and spring them into light the joys that spring from the challenges are profound. Challenges will always be there, as long as there are human beings there will be challenges. No one can tell me of frontiers we have exhausted, hoops and hurdles we have jumped as well as hills and valleys we have traversed. There is always the joy of discovering, uncovering, and forging new forms, new ways.” These are words by one of the African writers Ben Okri, in his book titled: *A Way of Being Free*, 1997.

The budget proposals being tabled resonate with our understanding of the service delivery obligations of government alongside the development impetus of active citizenship. Even though we are faced with this rough terrain that we have to traverse, our faith in the ***Most-High*** will see us through till we realise the joys referred to by Ben Okri.

Honourable Speaker, the financial constraints we face compel us to reassess our spending priorities and eliminate inefficiencies. In these challenging times, cost containment becomes a necessary intervention, not because it is our desire, but because it is the responsible path forward. Resources need to be directed where they are needed most without compromising the well-being of our people and jeopardizing our ability to deliver on our commitments to the citizens of the North West.

Economic Outlook

The country's economy has been growing at a pedestrian pace over the past few years. According to the latest Statistics South Africa (Stats SA) release, the country's economy grew at a meagre 0.6 per cent during the second quarter of this year. The tax revenue outlook has also been negatively affected and this has led to a downward revision in the anticipated collection for the 2023/24 financial year. All these factors exert more pressure on an already tight fiscal position within which the government finds itself.

Honourable Speaker, since the tabling of the 2023 Budget, the National Treasury forecast for real GDP was adjusted downwards from 0.9 per cent to 0.8 per cent. The weaker projection reflects lower household consumption expenditure due to higher inflation and interest rates. Growth is projected to average 1.4 per cent from 2024 to 2026. This growth rate is below the 6 per cent targeted within the National Development Plan (NDP) and is not sufficient to drive economic growth and job creation.

The provincial economy is expected to follow a similar trend to that of the country. The economy experienced a decline in commodity prices within the mining sector and the expectation is that the output of the province will be negatively affected as mining, with a contribution of about 32 per cent which is the single largest contributor to our provincial economy. The country is experiencing more intense energy disruptions, and these will lead to decreased productivity due to higher operational costs and intermittent closures for business across all sectors. In response to this energy challenge, government has commenced with critical interventions led by the Minister of Electricity, Dr. Ramokgopa which are beginning to gradually improve the electricity supply.

During the main budget appropriation, the provincial own revenue target was set at R1,279 billion and is adjusted to R1.298 billion which is an increase of R18.371 million or 1.44 per cent growth. Due to the tight fiscus and the continuous reduction in equitable share, provincial departments are encouraged to invest in resources and strategies that will ensure maximum collection of the identified revenue sources.

Honourable Speaker, let me reflect on the progress registered since the commencement of this financial year by outlining some of the milestones achieved with regards to key service delivery programmes.

Procurement Spend / Plans

During the tabling of the 2023/24 Provincial Budget in March 2023, it was pronounced that the Provincial Treasury will monitor the implementation of the procurement policies by organs of state with a view of ensuring that procurement meets the 40 per cent target for women, youth, people with disabilities and military veterans.

Honourable Speaker, I am glad to announce that as at 30th September 2023, designated groups that were given business by Provincial Departments and their Entities are as follows: 55 per cent women, 13 per cent youth, 3 per cent people with disabilities and 1 per cent military veterans. We are hopeful that these numbers will increase with time.

Municipal Planning and Implementation of Recovery Plans

In an effort by government to resolve Eskom's financial and debt crisis which also requires a solution to the non-payment of electricity consumption by municipalities, the MFMA Circular No. 124 on Municipal Debt Relief was issued in March 2023 requiring municipalities to apply for participation in the programme. Government's debt relief package for Eskom is intended to improve the utility's balance sheet and facilitate the proposal for Eskom to write-off municipal debt.

Honourable Speaker, as a result, ten (10) municipalities within our province have applied to participate in the programme and to date Matlosana, Ditsobotla, Maquassi Hills, Kgetlengrivier, Tswaing and Madibeng have been approved to participate in the programme. These municipalities must comply with the conditions set out in the circular which stipulate that they need to maintain and fully pay their Eskom bulk account on a monthly basis in order to qualify for the write-off of arrears accumulated as at 31st March 2023. The programme is expected to run for 36 months.

The Provincial Treasury will continue to monitor progress on compliance on a monthly basis in order to confirm adherence by affected municipalities to the debt relief conditions.

Honourable Speaker, the Financial Recovery Plans (FRP's) for Kgetlengrivier, Ditsobotla, Tswaing, Ramotshere Moiloa, Dr Ruth Segomotsi Mompati, Naledi and Madibeng have been approved for implementation by municipalities in line with section 143(2) of MFMA.

The key success factors for FRP Implementation will require, amongst others:

- Institutionalization of Inter-Governmental Relations (IGR) Structure/ steering committee for FRP monitoring and oversight by Provincial Executive Representatives (PER's), Department of Cooperative Governance (DCOG) and National Treasury (NT) Municipal Financial Recovery System (MFRS);
- Monthly progress reporting in accordance with the reporting framework by all municipal managers of each municipality supported by the Intervention Team and Provincial Treasury;
- Quarterly FRP assessment review reports on the intervention will be submitted to the Municipality, Minister of CoGTA, MEC for COGHSTA, NW Provincial Legislature, SALGA (Section 147 (1)(b) of the MFMA) by MEC for Finance assisted by National Treasury Municipal Finance Recovery Services.

Intensification of District Development Model (DDM)

Honourable Speaker, the implementation of the District Development Model (DDM) requires that the political leadership plays a vital role in integration as well as the rollout thereof. The DDM, in a nutshell, intends to ensure inclusivity by integrated budgeting based on the needs and aspirations of our communities at a local level.

Since the launch of the District Development Model (DDM) in March 2022 in the province by President Cyril Ramaphosa, we are pleased to announce that work on the 25 Mega Litre Ikageng Reservoir. This project is funded through the Regional Bulk Infrastructure Grant (RBIG) with the municipality being appointed as the implementing agent through its Water Services Authority is on track. Work commenced in January this year and is expected to be completed by July 2024, creating more than 100 job opportunities for the local community of Dr. Kenneth Kaunda District. Approximately 22 000 households and a population of 94 201 will be provided with water at the completion of the reservoir.

The reservoir and the new bulk distribution pipeline will supply water to communities in Ikageng Proper, Ikageng Ext. 1, 4, 5, 9, 12, Northern portion of Ikageng Ext. 7, Potchindustria as well as Mohadin.

Fast Tracking Infrastructure Spend

The Department of Public Works and Roads successfully resubmitted an application for Window 7 to National Treasury for the Budget Facility for Infrastructure (BFI) on the 14th July 2023 after it was reviewed by Infrastructure South Africa (ISA). The submission of the Department consists of 39 roads projects to the value of R13 billion across all district municipalities of the province. Twenty-seven (27) of these roads' projects are shovel ready. ISA has appointed technical personnel specifically to provide assistance and support to ensure that the submission meets the requirements for the technical assessment process for funding to be approved.

Improvements in Audit Outcomes

Honourable Speaker, there has been a remarkable improvement in audit outcomes for the year ended 31st March 2023. Ten (10) departments received unqualified audit opinions as compared to eight (8) in the previous financial year. The audit outcome of public entities also improved from seven (7) unqualified opinions in the previous financial year to eight (8). It is also important to note that there were no disclaimers of opinion for both departments and entities for the year ended 31st March 2023.

This year marks five (5) years into the roll out of the targeted provincial initiative for obtaining clean audit outcomes through entrenching a clean administration. The number of clean audits has increased to four (4) from two (2) in the previous financial year of 2022/23. The main reason that prevents departments from obtaining clean audits is the inability to prevent and deal with irregular expenditure that continues to be incurred.

2023/24 Adjustment Budget Framework

Honourable Speaker, the Adjustment Budget seeks to address the ever-evolving needs and challenges facing our people. The North West Provincial Fiscal Framework for the 2023/24 financial year has been adjusted upwards by R1.860 billion from R50.856 billion to R52.716 billion. The public sector wage agreement was concluded in March 2023 between Government and Labour. The Minister of Finance, Hon. Godongwana, stated in the Medium-Term Budget Policy Statement that trade-offs needed to be made in government spending in order to fund this agreement.

Honourable Speaker, the public sector wage agreement provides for an increase of 7.5 per cent on remuneration of public sector employees whereby cash gratuities were converted into pensionable salaries, which constituted 4.2 per cent and an additional 3.3 per cent. Resultantly, an amount of R1.193 billion has been made available for the Departments of Health and Education to address the impact of the wage agreement with the rest of the departments forced to absorb the carry-through costs and reprioritise within their existing baselines. This calls for greater spending efficiency and stringent financial management measures.

Several reductions have been made to the provincial conditional grants for 2023/24 amounting to R581.327 million due to the fiscal challenges faced by Government. Furthermore, National Treasury has approved Conditional grant rollovers from the previous financial year amounting to R574.879 million. The impact of both reductions and rollovers for affected departments is as follows:

- **The Department of Agriculture and Rural Development:** Conditional grants have been reduced by R22.041 million and the approved rollovers amounts to R28.125 million, mainly relating to the Comprehensive Agricultural Support Programme and Illima/Letsema Projects Grants;
- **Department of Education:** Conditional grant rollovers amounting to R151.217 million have been approved and the reduction on conditional grants amounts to R169.331 million, primarily affecting the Education Infrastructure Grant and the Early Childhood Development Grant;

- The conditional grant reductions in the **Department of Health** amount to R106.922 million on District Health Programme Grant and the Health Facility Revitalization Grant (HFRG). An amount of R168.413 million was approved as rollovers for the National Health Insurance Grant, National Tertiary Services Grant and the HFRG from the previous year;
- The allocation on conditional grants in the **Department of Arts, Culture, Sport and Recreation** reflects a minimal change relating to approved Library Services Grant rollover of R14.250 million and the reductions of R14.264 million;
- The Expanded Public Works Programme (EPWP) Grant allocation for the Departments of **Community Safety and Transport Management, Economic Development, Environment, Conservation and Tourism, Cooperative Governance and Traditional Affairs and Social Development** have been reduced by R114 thousand, R242 thousand, R211 thousand and R527 thousand, respectively;
- The **Department of Public Works and Roads** has been allocated a rollover on the Provincial Road Maintenance Grant (PRMG) of R206.309 million and the reduction on their conditional grants equals R55.179 million on the EPWP and PRMG grants;
- The **Department of Human Settlements** has a reduced conditional grant allocation based on the national conditional grant reduction of R212.496 million, namely on the Human Settlement Development Grant by R167.735 million together with the Informal Settlement Upgrading Partnership Grant by R44.761 million. An amount of R6.565 million has been approved as rollovers from the previous financial year.

Honourable Speaker, in addition to the approved conditional grants rollover, the equitable share rollovers amounting to R150.587 million have been made available and this allocation relates to the following departments:

- The **Department of Arts, Culture, Sports and Recreation** receives an amount of R1.926 million for Mmabana Arts, Culture and Sports Foundation for electrification and two diesel tanks;
- The **Department of Community Safety and Transport Management** is allocated R5.224 million of which R2.443 million is for renovations of Lichtenburg Weighbridge, Mogwase DLTC and Pilanesberg Airport and R2.781 million is for Government Fleet;
- The **Department of Economic Development, Environment, Conservation and Tourism** receives R8.344 million for the Taung Skull Heritage Site infrastructure project;
- **Education** is the main beneficiary of the rollover amounting to R118.066 million and these funds will be used for R58.048 for Learner Teacher Support Material, R3.777 million for School Library Services, R13.778 million for Learner Attainment Implementation Plan and R42.463 million for the Presidential Employment Initiative;
- Approved rollover for **Department of Agriculture and Rural Development** amounts to R15.538 million of which R6.803 million is for Kgora Farmer Training Center - Agriparks Dual Fence, R1.771 million relates to Research Farm – Milton, R5.725 million will be used for Agriparks – Springbokpan; and R1.239 million to be directed towards maintenance of local administration offices;
- Lastly, the **Department of Human Settlements** receives R1.489 million towards the payment of the NWDC leased office space.

Departmental Adjustments

Honourable Speaker, based on the conditional grant changes, equitable share rollovers and additional funding to cover the shortfall in the wage agreement, in particular the social sector departments, the net adjustments to the 2023/24 financial year in respect of the departments are as follows: -

- The budget allocation for the **Office of the Premier** reduces by R11 million from the R482.201 million to R471.201 million;
- The **Provincial Legislature's** budget is adjusted upwards from R503.392 million to R541.491 million. This is an increase of R38.099 million attributed to the upwards adjustment on their own revenue. This allocation includes an amount of R20 million for Democracy Funding in support of the 2024 national elections;
- The **Department of Health's** budget increases from R15.219 billion to R15.831 billion. This is an increase of R611.491 million, primarily due the additional funding to address the Cost-of-Living Adjustments and the approved conditional grant rollovers;
- An amount of R22.184 million has been added to the budget allocation for the **Department of Arts, Culture, Sports and Recreation** to address the budget pressures on goods and services inclusive of the rollover approved for Mmabana Arts, Culture and Sports Foundation. The departmental budget increases from R742.065 million to R764.249 million;
- **Community Safety and Transport Management's** budget increases with R389.110 million, from R2.332 billion to R2.722 billion;

- The **Department of Community Safety and Transport Management**'s adjusted allocation is inclusive of the R389 million to address the funding challenges of National Transport Investment (NTI). This allocation is subject to conditions which will be outlined as part of these budget announcements;
- The budget for the **Department of Economic Development, Environment, Conservation and Tourism** has been adjusted upwards with R8.102 million; increasing the budget from R1.009 billion to R1.017 billion;
- The budget allocation for the **Provincial Treasury** has been reduced with R11 million, resulting in an adjustment budget of R554.908 million;
- The **Department of Education** receives an increase to their allocated budget amounting to R909.952 million, due to the adjustments on their conditional grants and the funding set aside for the Cost-of-Living Adjustments. This translates to an adjusted budget of R21.485 billion;
- The **Department of Cooperative Governance and Traditional Affairs** has a budget adjustment of R14.789 million to address goods and services pressures as well as support to municipalities, resulting in an adjusted budget of R674.075 million;
- The **Department of Public Works and Roads**' budget is adjusted from R3.824 billion to R3.875 billion; resulting in a net increase of R51.130 million. The net increase is as a result of R100 million reduction which funds have been used for NTI, increase through conditional grants and equitable share rollovers;

- The budget for the **Department of Social Development** has been adjusted upwards with R29.473 million, increasing their budget from R1.713 billion to R1.742 billion.
- An amount of R11.622 million has been added to the budget for the **Department of Agriculture and Rural Development**, increasing their appropriation from R1.229 billion to R1.241 billion;
- The allocation for the **Department of Human Settlements** decreases with R204.442 million from R1.999 billion to R1.794 billion mainly due to the reductions on their Conditional Grant allocations.

Honourable Speaker, it is important for this August House to be appraised about the NTI financial situation. Its financial position is in a state of flux and the entity has failed to submit financial statements over a period of four (4) financial years. The appointed Business Rescue Practitioner has not delivered as expected and the situation continues to deteriorate. The process to turn the entity around has been slow and there is a need to urgently implement a new plan for NTI as the fiscus is unable to perpetually fund bailouts to this entity.

Honourable Speaker, the Executive Council, in approving the funding for NTI, has directed Community Safety and Transport Management to disburse these funds subject to the following conditions:

- Appropriate internal control measures must be implemented to ensure that the disbursement of NTI funds is in line with all applicable legislation and periodical reporting is mandatory;
- Payments should be based on verified claims and these funds must be used for critical funding issues related to NTI;

- The implementation of all Internal Audit Report recommendations;
- NTI funds must be secured through appropriate legal instruments.

Honourable Speaker, this Adjustment Budget is being tabled amidst very challenging economic times. It is our collective responsibility to maintain financial stability by ensuring that we spend within the allocated budgets. In so doing, government will ensure that all service delivery programmes aimed at improving the lives of our communities are sustained.

Conclusion

As we implement this Adjustment Budget, let us remember that the challenges we face do not define us, but our response to the challenges does. Let us stand together, work together and move forward with the common purpose of creating a brighter and more equitable future for all.

Honourable Speaker, please allow me to share these beautiful and courageous words by William Smith O'Brien from his poem titled "**Never Despair**" where he penned down "*Never Despair! Never despair! Let the feeble in spirit, Bow like the willow that stoops to the blast. Droop not in peril! 'T is manhood's true merit, Nobly to struggle and hope to the last. When by the sunshine of fortune forsaken, Faint sinks the heart of the feeble with fear, Stand like the oak of the forest—unshaken, Never despair—Boys—oh! never despair.!*"

Drawing on the words of William Smith O'Brien, we are reminded to never despair regardless of the adversities and challenges we face. We will continue to work with our communities to overcome these challenges and bring about positive change for the people of our province.

Honourable Speaker, before I conclude, please allow me to convey my deepest condolences to the families of the eleven (11) mine workers who perished in an accident on Monday 27th November at 11 Shaft Impala Platinum (Implats) in Rustenburg. May their souls rest in peace and pray that their families find strength and support during this incredibly difficult time. Our thoughts and prayers are with them, and we share in their loss. Bagaetsho Lalang ka ntho madi a tshologa! We pray for the speedy recovery of the seventy-five (75) others that sustained injuries during the same mining accident.

Mmusakgotla, ke rata go tsaya sebaka se go leboga Modimo ka pholo ya tonakgolo Kaobitsa Bushy Maape mme e bile re itumeletse go boela ga gagwe mo tirong. Re mo eleletsa pholo ya leruri. Ke rata le gore re tseye tšhono eno go leboga Mokhuduthamaga Rre Nono Maloyi, yo e leng moeteledipele wa tsamaiso ya merero ya puso, fa a ne a tshwara marapo mme a dira tiro e e manontlhotlho. Mokhuduthamaga Maloyi o ile a netefatsa gore ditirelo di ya kwa baaging mme a tsaya le karolo mo go konosetseng tekanyatsokabo ya paka gare ya bosetšhaba.

Ke rata gape le go lebogela tshegetso le dikgakololo tsotlhe tse ke di amogetseng mo legatong lwa go kgobokanya tekanyetso kabo ya pakagare ya ngwaga ono wa dichelete go tswa mo go ba o ba latelang:

- Motlotlegi Tonakgolo Kaobitsa Bushy Maape;
- Maloko a tlotlegang a Kokoanotheomolao eno;
- Badiramogo ba khuduthamaga ya porofense;
- Tlhogo ya lefapha gammogo le badiri ba lefapha la matlotlo; le
- Badiri ba kantoro yame gammogo le ba lelapa la me.

Ke a leboga!

The 2023/24 Adjustment Allocations Per Department

R Thousand	2023/24 Adjustment		
	Main Appropriation	Total Adjustments	Adjustment Appropriation
Office of the Premier	482 201	(11 000)	471 201
Provincial Legislature	503 392	38 099	541 491
Health	15 219 592	611 491	15 831 083
Arts, Culture, Sports and Recreation	742 065	22 184	764 249
Community Safety and Transport Management	2 332 901	389 110	2 722 011
Economic Development, Environment, Conservation and Tourism	1 009 340	8 102	1 017 442
Provincial Treasury	565 908	(11 000)	554 908
Education	20 575 525	909 952	21 485 477
Cooperative Governance and Traditional Affairs	659 286	14 789	674 075
Public Works and Roads	3 824 517	51 130	3 875 647
Social Development	1 713 072	29 473	1 742 545
Agriculture and Rural Development	1 229 449	11 622	1 241 071
Human Settlements	1 999 243	(204 442)	1 794 801
Total Allocation	50 856 491	1 859 510	52 716 001



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WE CARE



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