



provincial treasury

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

DEPARTMENTAL BUDGET SPEECH 2024 -2025



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**MS. KENETSWE MOSENOGI
MEC FOR FINANCE**

23 JULY 2024

**THE PROVINCIAL TREASURY BUDGET SPEECH PRESENTED BY
MEC FOR FINANCE, MS KENETSWE MOSENOGI AT THE NORTH
WEST PROVINCIAL LEGISLATURE ON THE 23RD JULY 2024**

Honourable Speaker, Ms. Desbo Mohono

Honourable Deputy Speaker, Mr. Tshepo Khoza

Honourable Premier, Mr. Kagiso Lazarus Mokgosi

Leader of Government Business, Ms. Viola Ntsetsao Motsumi

Honourable Members of the Executive Council

Honourable Members of the Provincial Legislature

Chairperson of the House of Traditional and Khoi-San Leaders,

Kgosi Maotoe II

Executive Mayors and Mayors

The Director-General and Heads of Departments

Chairpersons and CEO's of Public Entities

Ladies and Gentlemen, Bagaetsho Dumelang

Honourable Speaker, It gives me an immense honour and humility to present before this August House and to the people of the North West Province the Provincial Treasury Budget Vote speech. This budget vote takes place within the context of 30 years of democracy and freedom in our land.

We have emerged victorious from the National and Provincial Government elections regardless of which political line we stand on, we can all testify that our democracy has and will stand the test of time regardless of the difficulties our country faces, however, we strive to ensure that we respond with implementation of policies that continue speak to the issues affecting our country and I must say that we are amongst the few in the African continent.

The outcome of this elections has reaffirmed the constitutional principle of a multi-party democracy, and as a result, we are once again in a Government of National Unity. It is crucial to acknowledge that our 7th Administration represents a significant shift in our political landscape. As we navigate the complexities of the Government of National Unity (GNU) at a national level, our party, the African National Congress (ANC), stands with a commanding 58.64 per cent majority in the province, positioning us at the forefront of addressing the socio-economic challenges confronting our people.

This substantial mandate given by the voters comes with an equally significant responsibility of recommitting ourselves to responsive and robust programs that will change the provincial developments, social and economic landscape for the betterment of our people's lives as well as improved quality of life.

Honourable Speaker, let me emphasize that our democracy's vitality hinges on active engagement and participation. We must craft initiatives that resonate with the aspirations of our younger generation, ensuring they are not mere spectators but active contributors to our collective future giving resonance to "*let's do more together*".

This is our solemn duty to ensure that our democratic institutions remain robust and unyielding.

Honourable Speaker, Most importantly this budget policy statement takes place during the birth month of the founding father of this hard earned democracy, the late President Rolihlahla Nelson Mandela. As we celebrate we are once again reminded of his profound legacy. His unwavering commitment to social justice and freedom has paved the way for the democratic South Africa we cherish today.

This month, we are once making a call to all that are within their day to day activities, to dedicate 67 minutes to acts of unity and service, embodying the spirit of Ubuntu under the theme “***it is still in our hands to combat poverty and inequality***”.

Guided by the legacy of our late stalwart, this government is mindful that as much as the implementation processes of some of our policies and programmes may seem daunting, and as though sometimes we are less successful the first time around, we need to remain resilient and focused on our efforts to bring change. This administration will continue to persevere, consistently explore better ways to attain success and ensure that we conquer all adversities in our pursuit of providing better lives for our people inspired by Tata’s words when he said: “***The greatest glory in living, lies not in never falling, but in rising every time we fall.***”

The country and the province have noted significant changes over the past thirty (30) years to the public finance discipline through the introduction of the Public Finance Management Act (PFMA) and the Municipal Finance Management Act (MFMA); where we derive our mandate as the Provincial Treasury. Both of these Acts have significantly influenced the governance and accountability framework from which we are able to report on the financial performance of departments, public entities and municipalities.

As custodians of this pieces of legislation our responsibility is to ensure that we bring efficiencies within government processes, that public representatives and accounting officers not only report, but account for their outputs and outcomes as outlined within their respective strategic plans and annual performance plans.

I would also like to acknowledge the crucial role played by the leadership of the 6th Administration lead by Premier Maape and the Acting Premier Maloyi in addressing the needs of our people through the accelerated service delivery (Thuntsa Lerole, beke le beke). This progamme brought all entirety of government and its entities in the province to work together in responding to the needs of our people, it actually amplified the district development model.

ACHIEVEMENTS OF THE 2023/24 FINANCIAL YEAR

Honourable Speaker, the departmental budget that is being tabled today takes cognisance of the challenges we face and lays out plans to tackle them.

The budget aims to invest in critical areas that cut across all the departmental core programmes to enable us to play our critical role in fostering a thriving province where businesses can flourish.

During the previous financial year, the Provincial Treasury has managed to deliver on its mandate and has successfully reached key milestones. The department, through its supporting and monitoring role to departments, public entities and municipalities has recorded a number of notable achievements.

Honourable Speaker, the department continued to support municipalities to adopt funded budgets and as a result the municipalities that adopted funded budgets increased from three (3) to seven (7). Furthermore, corporate calendars were institutionalised for council and committee meetings were adopted and aligned to the Municipal Finance Management Act (MFMA) and Municipal Structures Act (MSA) reporting cycles.

Through the collective effort of the Provincial Treasury and Cooperative Governance, Human Settlement and Traditional Affairs the Provincial Executive Council approved seven (7) mandatory and three (3) voluntary Municipal Financial Recovery Plans (FRPs). Following the approval of the FRPs, measures have been put in place to monitor the implementation of these plans. In addition, the department has provided support to the ten (10) municipalities participating in the debt relief programme.

Resultantly, three (3) municipalities, namely, Ramotshere Moiloa, Maquassi Hills and Madibeng local municipalities were able to honour their respective current Eskom accounts and stand to benefit from the incentive programme.

Honourable Speaker, Provincial Treasury assisted Departments of Education and Health to comply with the requirements of the Performance Based Incentive Grant System (PBIS) introduced by National Treasury. Both departments qualified for the 2023/24 incentives with Health receiving R72.9 million and Education R89.0 million.

In a quest to improve infrastructure performance, Provincial Treasury conducted infrastructure reviews and site visits in collaboration with the National Treasury and Provincial Departments throughout the four districts. A total of forty (40) site visits were conducted in the previous year and the reports with recommendations have been shared with departments for implementation of corrective measures.

Honourable Speaker, the Provincial Treasury managed to align the procurement plans received from departments with project information captured on Table B5 (Departmental Infrastructure Project List) and Infrastructure Reporting Model (IRM). There are improvements noted from this process which will ensure that alignment and credibility of information planned against the one reported.

Provincial Treasury intensified its outreach programmes which, in the 2023/24 financial year, saw nine hundred and twenty-five (925) new suppliers from the province registered on the Central Supplier Database (CSD).

Eleven thousand six hundred and fifty (11 650) CSD related maintenance and support activities and one hundred and forty-six (146) sessions have been delivered in SCM related trainings and workshops. The objective of these sessions was to ensure that suppliers are empowered to position themselves adequately to compete in public procurement.

Progress has been realized in the professionalization of the Supply Chain Management (SCM) discipline in the province. This has resulted in several heads of SCM sections being affiliated with various professional bodies. Six (6) practitioners have passed the examinations that make them qualify for registration as members of the Chartered Institute of Procurement and Supply (MCIPS). One hundred (100) SCM officials have also been trained through the Transport Education and Training Authority (TETA), (SCM Learnership). The training included bid committee members.

Honourable Speaker, Provincial Treasury in conjunction with National Treasury conducted a learnership training programme to upskill sixty (60) unemployed young people in accounting skills earmarked for the public sector by placing them across departments and public entities.

The training programme involved classroom attendance under the Accounting Technician Public sector (AAT) training programme offered by South African Institute of Chartered Accountants of South Africa (SAICA). The programme is pegged at NQF Level 4 and involves on-the-job training for incumbents within the CFO sections.

The programme took a period of eighteen (18) months and was funded by FASSET. Fifty-two (52) participants managed to complete the programme and were mentored in various CFO units across all departments.

All of them have successfully completed the programme of which eight (8) managed to get employment after attending the programme.

The Provincial Treasury in collaboration with the Department Cooperative Governance and Traditional Affairs as well as Office of the Premier conducted visitations to all Traditional Authorities in the Province as part of the “D” account handover project. This important initiative culminated in the handing over of ninety-six (96) packages of financial records of the “D” account spanning over twenty-nine 29 years to all Traditional Leaders in the Province. A commitment was made to make these submissions available to Traditional Authorities on an annual basis.

Provincial Treasury in consultation with affected Public Entities went through a process to establish audit and risk management committees. This was in done to respond to concerns raised by the Auditor General in previous years to create structures that would strengthen governance at these organisations.

Honourable Speaker, the Provincial Internal Audit function successfully performed three hundred and three (303) internal audit assignments. This included the 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, when considering the submission of Annual Financial Statements (AFS's) for audit for the 2023/24 financial year, Provincial Treasury deployed officials to all departments and public entities to ensure they submitted their Annual Financial Statements to the Auditor General on 31st May 2024 in as per the prescribed PFMA requirements. All departments and entities except for National Transport Investment (NTI) Group successfully submitted.

The Department continued to provide internships and learnerships in the quest to address youth unemployment and contribute to the skill base of the country, and the province in particular. As at the end of the financial year 2023/2024, the following programmes were implemented:

- Ninety-nine (99) Graduate and TVET interns placed at different programmes within the department;
- Forty-seven (47) Graduate and TVET interns placed at various sections across the municipalities and seventeen (17) internal audit learnerships have also been activated

KEY FOCUS AREAS FOR 2024/25

Honourable Speaker, the persistent late payment of suppliers is concerning since it does not only lead to cashflow problems for emerging suppliers, but also results in reputational damage for the province.

This non-compliance can potentially lead to costly litigations including fruitless and wasteful expenditure as suppliers transfer the non-payment cost to the state in the form of interest.

Provincial Treasury will continue to impress upon Heads of Departments (HoDs) to adhere to the thirty-day payment regulation, we will take it further to report monthly to the Provincial Executive on the performance of each department so that we too as Executive Authorities we are able to hold Accounting Officers accountable and that it should be included in all Annual Performance Plans of departments and entities as a performance indicator and importantly should form part of the performance agreement of responsible officials.

In addition, Provincial Supply Chain Management (PSCM) will implement the following measures going forward:

- Analysis of commonly procured commodities in order to consider facilitating transversal contracts to minimise procurement risks, provide some impetus in the sourcing and service delivery rate and where possible, leverage economies of scale;
- The continuous updating of the North West Provincial Government SCM Policy Framework issued in 2019. This Framework will be updated to ensure that it conforms with new changes in the SCM environment;
- In our pursuit of a robust, and technologically smart and sound financial system across the province we will ensure that we introduce modern technology platform in keeping with the fourth industrial revolution and Internet of Things (IoT) to drive e-procurement solution;
- Training of SCM practitioners to avoid non-compliance which largely results in instances of irregular expenditure;

- Continued capacitation (training), transversal contracting, and focused institutional support of specific departments and entities to improve compliance and audit outcomes;
- PSCM has started with the process of interpreting and simplifying legislation/regulations (s) including reviewing the instruction notes and technical write-ups and advice. This will be escalated further into more formal Supply Chain Management workshops and institutions/ department focused contact sessions; and
- Continuation with outreach programmes to capacitate suppliers, including assisting emerging SMME's with the necessary capacitation workshops including CSD registrations and support. We will also launch an online platform that seek to encourage all businesses in all industries operating in the province to register, this will enable us to take informed policy decision and intervention.

Honourable Speaker, Provincial Treasury will intensify its efforts in supporting and capacitating departments and public entities to obtain more clean audits to at least three (3) for Departments and three (3) for Public Entities. This target for clean audit will progressively be increased over the medium term. Monitoring of Post Audit Actions Plans (PAAP) will be the central to eliminating audit findings that were not adequately addressed in the previous year.

The review of Interim Financial Statements as well as providing feedback to Heads of Departments and CFO's will be done meticulously to improve on the quality of the Annual Financial Statements that are submitted to the Auditor General.

The department will deliver on the commitment made to Traditional Authorities to provide them with accounting support inclusive of the provision of their financial records on an annual basis. Continuous support to NTI Group with preparation of Annual Financial Statements to facilitate submission to the Auditor General as well as clearing the backlog will be given.

Provincial Treasury will implement a provincial-wide asset management system for departments and public entities in the province. This system will ensure that all assets of public entities are maintained under one system that will encompass all categories of assets under the custody of different entities. We believe through this system it can assist public entities to eliminate audit findings raised by the Auditor General over the years in terms of its assets register and management.

Honourable Speaker, the strengthening of CFO forums will be done in a more practical and interactive way to ensure matters affecting departments and entities are escalated to HoD's and CEO's as well as audit and risk committees to fast track resolving of issues timeously. The annual audit plans will be implemented for each department as proposed by Provincial Internal Audit supported by the Accounting Officer of each department and approved by the Provincial Audit Committee. Each plan is based on a risk assessment tailored for the specific department.

Additional emphasis will be placed on the evaluation of assurance provided by management and departmental internal assurance functions such as risk management, internal control and monitoring and evaluation for each department as well as assurance provided by co-ordinating departments such as the Office of the Premier and Provincial Treasury.

Honourable Speaker, the Provincial Internal Audit Unit will also consider how assurance from these multiple sources can be co-ordinated and further leveraged to contribute adequately and effectively to clean administration and service delivery to the citizens of the province. This process will be inclusive of the external assurance on financial statements, performance information and compliance with laws and regulations.

Majority of our public entities in the province are under financial distress. The Provincial Treasury will conduct a financial viability assessment of these entities and develop specific initiatives to improve their financial health working with the relevant departments.

Across departments and public entities, there is an upward trend in relation to expenditure where Compensation of Employees (CoE) is concerned. Provincial Treasury will continue to monitor and put measures to curb the increasing costs of personnel without impacting negatively on service delivery programmes.

Honourable Speaker, to curb the under-expenditure of infrastructure conditional grants, the department will continue to conduct expenditure review engagements with all departments on a regular basis to assess the timeous planning and implementation of infrastructure projects.

In addition, available alternatives must be explored by Public Works and Roads in attracting and retaining the requisite Built Environment Professionals to the province and maximise the utilization of the human resource capacity allocation.

It is expected that the Departments of Health and Education will work closely with Public Works and Road in the exploration process.

Honourable Speaker, the Provincial Treasury will embark on a project to improve the credibility of data on the Infrastructure Reporting Model (IRM) to match actual data from various project sites, starting with small infrastructure budget departments and later roll it out to big departments. Site visits will also be increased to ensure alignment between what is reported versus actual delivery on site. This process will include auditing of the IRM.

Nationally the economy has not been performing well whilst at the same time there has been an upward trend in expenditure. This has necessitated government to approach the markets to borrow to finance the shortfall between revenue and expenditure.

Honourable Speaker, this move resulted in government being faced with large debt service costs which continue to erode its ability to finance service delivery obligations. To mitigate against the funding shortfall, government took a position of fiscal consolidation to stabilize its financial position. The fiscal consolidation initiative has led to reductions in equitable share allocations across all provinces.

It is in this vein that provinces have had to come up with innovative ways to fund service delivery initiatives. The North West Province has taken a stance to roll out the following initiatives through the Provincial Treasury led by the Office of the Premier to increase the revenue collection to fund key programmes:

- The establishment of the “*North West Development Fund*” (to be canvassed and finalised through EXCO Processes);
- Exploration of programme and project development through an aggressive donor funding model; and
- Credible revenue enhancement strategies to be developed and implemented by provincial departments, public entities and municipalities in line with their respective mandates.

Honourable Speaker, the Provincial Treasury will embark on an intensification and massification of the Skills Development Programme targeted at unemployed individuals with matric and those with post matric qualifications. This will be done through an engagement process with the relevant Sectoral Education and Training Authorities (SETAs) to ensure proper accreditation for the intended trainees. The aim of the programme is for the province to be able to increase the number of skilled personnel to be placed in municipalities across the province.

The province will be commencing engagements with all stakeholders for the development and introduction of a standardized financial system that will be utilized by all municipalities in the province. The system is intended to be a transversal system that will be used for reporting by all municipalities.

This will enable Provincial Treasury to monitor performance of municipalities on financial management issues with the view of having continuous improvement in that space. This will empower the province to be able to enhance its oversight responsibility within municipalities.

It has also become clear that for all the challenges we face as a country, for all the disagreements among us as South Africans, ours is a true democracy with so much to offer to the world. Freedom is not guaranteed. It carries with it a value which each generation must weigh up and, if necessary, defend. This fight will not be comfortable with nice, clear answers. It asks of us at the very least to engage in awkward conversations when generalities, niceties and banalities would be so much easier.

Our nation should not fear the muddiness of debate but should see it as something for which we must be incredibly grateful, for it is in the shades of grey that we find common ground and shared values.

It is when thought is pure and entrenched that we often face greatest danger. The will of the people has been heard and the will of the people will be heeded.

- ***We have learned again that democracy is precious.***
- ***Democracy is fragile.***
- ***And at this hour, my friends, democracy has prevailed.***

Honourable Speaker, President Cyril Matamela Ramaphosa during the Opening of Parliament Address highlighted three key focus areas of the Government of National Unity which are inclusive growth and job creation, reducing poverty and tackling high cost of living and lastly building an ethical and development state.

Provincial Treasury in its role of monitoring and oversight will ensure that as departments and public entities spend their budgets these key focus areas are prioritised.

We will do so with the support of our communities through introducing online communication platform and kiosks which will be linked to our provincial wide digital platform in the information communication technology environment in the province.

The digital platform will introduce a shift in financial transformation, it will enhance service delivery, introduce a communication Chabot where our communities can have access to government officials on their figure tips or through the e-government kiosks, introduce e-recruitment, e-procurement and broadly address the weaknesses that has characterised our current service delivery model. In most cases citizens of this province submit requests but with no track-record of where they have submitted, how far is the process/ request/application and often no response.

Honourable Speaker, please allow me to present the 2024/25 budget for Provincial Treasury amounting to Five Hundred and Seventy-Three Million, Eight Hundred and Eight Thousand Rands (R573 808 000) allocated to the following programmes:

- **Administration** – One Hundred and Seventy-Eight Million, Five Hundred and Forty-Five Thousand Rands (R178 545 000);
- **Sustainable Resource Management** – One Hundred and Thirty-Six Million Five Hundred and Sixty-Nine Thousand Rands (R136 569 000);

- ***Assets and Liability Management*** – Sixty-Two Million, Two Hundred and Ninety-Two Thousand Rands (R62 292 000); and
- ***Financial Governance*** – One Hundred and Ninety-Six Million, Four Hundred and Two Thousand Rands (R196 402 000).

CONCLUSION

Honourable Speaker, in conclusion, I wish to express my gratitude to my political home, the African National Congress which has deployed me to this important portfolio. The Premier, Honourable Kagiso Lazarus Mokgosi who have confidently bestowed this responsibility on me. I can only commit that I will not disappoint this glorious movement of the people and with your support Premier ours is to serve and put people first.

I wish to extend my gratitude to the Portfolio Committee led by the Chairperson - Honourable Tlhapi. We have noted your valuable inputs and looking forward to work with you in making the lives of our people better.

I would also like to thank Team of Provincial Treasury lead by its SG Ntate Kunene for welcoming me and taking me through the operations, achievement and challenges of the department and committing yourselves to bring solutions on lessons learned and I am looking forward to receiving their unwavering support.

To my Chief Whip and predecessor Hon Rosho thank you for handing over a stable department and stirring this ship the team has attested that you have been a true and a visionary captain. I can only build on a solid foundation you have laid.

To my family which include comrades and friends thank you for your support and believe in the African National Congress. Most of you had sleepless nights praying, many waking up early in the morning especially volunteers to deliver victory for the ANC.

To civil society, all sectors which includes the traditional and religious leaders; women; youth, the LGBTQI+; persons living with disability; arts, culture, heritage, farmers, biodiversity and sport organisations amongst others we thank you for opening your doors, taking our calls, telling it like it is and most importantly for your support. We can only do better and more collectively with you by our side. #Let's do more together.

I thank you.

PROVINCIAL TREASURY 2024/25 BUDGET ALLOCATION PER PROGRAMME	
PROGRAMME	R'000
<i>ADMINISTRATION</i>	<i>178 545</i>
<i>SUSTAINABLE RESOURCE MANAGEMENT</i>	<i>136 569</i>
<i>ASSETS & LIABILITIES MANAGEMENT</i>	<i>62 292</i>
<i>FINANCIAL GOVERNANCE</i>	<i>196 402</i>
Grand Total	573 808

Notes

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NORTH WEST
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