

**PROVINCIAL BUDGET SPEECH 2016/17 PRESENTED BY HONOURABLE MEC WENDY JOY NELSON FOR FINANCE, ECONOMY AND ENTERPRISE DEVELOPMENT, BOKONE BOPHIRIMA PROVINCIAL LEGISLATURE, MAHIKENG, 03 MARCH 2016.**

Honourable Speaker of the Provincial Legislature,

Honourable Premier of the People's Province of Bokone Bophirima, Ntate SOR Mahumapelo

Honourable Members of the Executive Council,

Honourable Members of the Provincial Legislature,

Executive Mayors, Mayors and Speakers of Municipalities,

Chairperson of the Provincial House of Traditional Leaders, Kgosi Zibi

Dikgosi tsa rona tse di tlotlegang tsa Bokone Bophirima,

Leaders of Political Parties Represented in this House,

Chairpersons and Board Members of Parastatals;

Director General, Heads of Departments and CEO's of State Owned Entities,

Leaders and members of labour movements, civil society, business and faith based-organizations,

Bishop Victor Thalana of the Catholic Diocese of Klerksdorp and all religious leaders

## Distinguished Guests

The road of building a united, non-racial, non-sexist, democratic and prosperous society is perpetually under construction. The ANC government led by Honourable SOR Mahumapelo in Bokone Bophirima Province continues to remind our people that, regardless of the economic outlook and constrained economic growth, we continue to forge ahead with programmes that seek to improve the quality of life of our citizens and unleash the potential of each person.

Hon Speaker, on the 26<sup>th</sup> February 2016, the Premier of the People's Province of Bokone Bophirima, Ntate SOR Mahumapelo, took time to outline the progress made to date by the fifth administration, acknowledged the weaknesses and strengths of provincial government. Furthermore, the Premier reflected on the corrective measures which need to be undertaken and most importantly shared with our people the comprehensive practical and radical socio-economic programmes that would be implemented by the responsive, accountable government in the 2016/17 financial year and beyond.

In moving Bokone Bophirima forward, the Premier re-iterated our commitment and resolve to the implementation of good intentions by adhering to a principled position which says – “that every dark cloud has a silver lining – We see opportunities in these challenges”

Honourable Speaker, the 2016 MTEF budget proposals that I am presenting today constitute a package of funding solutions to the implementation of the National Development Plan through the RRR (Rebranding, Repositioning and Renewal) approach, anchored on the five (5) concretes:

- ACT (agriculture, culture and tourism) and its tributaries;
- VTSD (villages, townships and small dorpiess);
- RHR (reconciliation, healing and renewal);

- Setsokotsane (comprehensive and integrated service delivery campaign);
- Saamwerk-Saamtrek (call for unity of purpose above race divisions)

Honourable Speaker, it is projected that the South African economy will shrink further this year and a strong platform for growth has become necessary and urgent. Resultantly, growth targets have been revised downwards to 0.9 per cent for this year, 1.7 per cent for 2017 and 2.4 per cent for 2018. Lower economic growth has major implications for our country including a slower pace of job creation, lower revenue collection and wider budget deficits.

Honourable Speaker, government consumption expenditure declined by about 1.9 per cent in real terms during the 1<sup>st</sup> quarter of 2015, mainly assisted by the resignation of public servants as a response to the proposals to reform the Government Employee Pension Fund Policy. Despite these challenges, household real consumption contributed 60 per cent towards gross national expenditure during 2015.

The provincial economy grew by 2.3 per cent during 2015 and is projected to grow by 2 per cent during 2016. The mining and agriculture sectors are the main contributors to lower economic growth for the province due to a decline in demand for commodities. The agricultural sector is seriously affected by the current drought.

Honourable Speaker, the National Development Plan envisages that the unemployment rate in South Africa would be reduced from 26.4 to 14 per cent in 2020. During the launch of the National Development Plan, the provincial unemployment rate was about 28.4 per cent and it is now 26.2 per cent, resulting in an improvement of 2.2 per cent. Despite the current economic situation, the Province has increased the number of the employed persons by an additional 15 933 between 2012 and 2014.

As we face constrained global economic conditions and its impact on our economic outlook coupled with current drought conditions, we remain resolute in improving our economic growths prospects owing to the resilient institutional foundations of our

economy. Our ability as a country and the Province to traverse through this difficult situation can best be summarized by the words of the Honourable Minister of Finance, Pravin Gordhan when he delivered the 2016 Budget Speech and said “we are resilient, we are committed, and we are resourceful. We know how to turn adversity into opportunity”

Honourable Speaker, the importance of the resilience of our economy was emphasised by The President of the Republic of South Africa, His Excellency Hon. Jacob Zuma during the State of the Nation Address 2016 when he said, “a resilient and fast growing economy is at the heart of our radical economic transformation agenda and our National Development Plan (NDP)”

Honourable Speaker, I am happy to announce that, amongst other achievement we have registered the following progress:

- Introduction of RRR anchored on five concretes; and embraced by all stakeholders in the Province including traditional leadership and business community;
- Agreement on policy pronouncement that 60 per cent of procurable goods and service items to VTSD in 2015/16; 70 per cent in 2016/17 and 80 per cent in 2017/18;
- 2015/16 was the introductory year on the implementation of directing procurement to VTSD areas. The January 2016 report reflects that R2.5 billion or 41.6 per cent was spent on VTSD.
- Improved our payment rate compliance to 86 per cent of the total value of invoices amounting to R2,2 billion.
- Reduced the number of municipalities with disclaimers from 14 to 6, qualified increased from 6 to 10 and unqualified audit reports increased from 3 to 6 over a period of 3 financial years.

Madam Speaker, may I also take this opportunity to briefly provide highlights on the progress made with regard to the decision of the Executive to implement co-management in three provincial departments;

### **Department of Education and Sport Development**

- The reported backlog of 1 533 (unpaid teachers) was addressed by processing payments and accruals from the previous year amounting to R288 million have been paid;
- Excess Educators have been reduced from 952 in May 2015 to 145 by December 2015;

### **Department of Health**

- The 2014/15 accruals amounting to R751 million have been cleared;
- The budget in respect of Compensation of Employees (CoE) has been contained and resulted in savings of about R100 million;
- Implementation of efficiency measures resulted in savings of about R276 million which was directed towards payment of accruals;

### **Department of Public Works and Roads**

- Reprioritization and efficiency measures implemented and about R198 million was redirected to roads infrastructure programme;
- Contractors who abandoned the construction sites are back on site;
- Accruals of R330 million from the previous financial year have been paid.

As we enter into the 2016/17 financial year, the teams remain committed to dealing with all remaining challenges in the spirit of the Saamwerk - Saamtrek philosophy.

Honourable Speaker, whilst substantial progress has been recorded with regard to audit outcomes of departments, much more work needs to be done on public entities. Minimal improvement has been registered, in that 6 out of 15 audited entities managed to achieve unqualified audit opinions while the balance received unfavourable audit outcomes.

The following intervention programmes will be implemented and monitored by the Executive on a regular basis;

- Monitor the implementation of the audit action plan by departments, entities and municipalities;
- To strengthen consequence management processes, the performance agreements of HOD's, Municipal Managers, CEO's of entities including senior managers would be revised to include specific targets on the implementation of audit action plans;
- Entrench a culture of clean audit by holding bilateral interactions with departments, municipalities and public entities on a quarterly basis;
- Develop standard operating procedures for improved financial statement preparation and payment to creditors within 21 days from the date of receipt of invoice as pronounced by Honourable Premier during State of the Province Address 2016;
- Offer support to Departments and Public Entities to improve the quality of reporting on Performance Information with emphasis on accuracy, reliability and usefulness of the information reported in the Portfolio of Evidence (POE's);
- Identify and take necessary consequence management steps regarding employees who are doing business with Government by implementing disciplinary action.

Honourable Speaker, the compilation of the reduced 2016 MTEF budget was prepared under a constrained fiscal environment due to sluggish growth of the economy. It provided the Province with an opportunity to reduce the budget of non-core expenditure

items and protect funding to programmes that support the implementation of NDP through RRR anchored on five concretes.

Through the Saamwerk-Saamtrek philosophy, all the departments have been directed to engage with the private sector in order to leveraging investment funding. The following are amongst the projects that will be implemented through private sector investment initiatives:

- Construction of Traffic Colleges and Weighbridges;
- Construction of Stadium, Convention Centre, Hotel and Government precinct and the airport project where an investment in excess of R1.5 billion has already been confirmed

Honourable Speaker, the Provincial Treasury tabled a Finance Bill at the Provincial Legislature for outstanding Unauthorized Expenditure incurred by Provincial Departments up to 31 March 2014. National Treasury introduced an amended guideline on Irregular and Fruitless expenditure with effect from 01 April 2015.

The Fifth Administration is committed towards zero tolerance to non-compliance. Performance Agreements of Accounting Officers, CEO's of entities and Municipal Managers will be reviewed such that they include performance targets.

In line with the Minister of Finance's 2016/17 National Budget Speech and also taking into account the current fiscal framework, the Bokone Bophirima Province has also agreed to a Joint Action Plan to eliminate wastage and inefficiencies as well as service delivery improvement challenges. Key measures include but not limited to the following:

- Containment of administrative personnel expenditure by continuation of the flexible moratorium;

- Salaries of officials who could not be verified during the headcount process including officials who are on extended leave period by end of March 2016, will be suspended;
- All PILIR cases which are older than 1 year should be concluded by end of June 2016;
- Rationalization and closure of redundant and underperforming Public Entities;
- Goods and services items, such as catering, printing & stationary, venues and facilities, travel and subsistence will be capped at zero per cent increase compared to the current financial year (2015/16);
- Discussions with the taxi industry on the transportation of public servants would be concluded before end of March 2016;
- Strict enforcement of the 2 500 km by HOD's and travelling in excess of 2 500 km would be considered, subject to detailed motivation by the authorized official;
- Security expenses – As pronounced by the Hon Premier, government will be embarking on a massive security guards programme by encouraging unemployed youth to be trained and posted to all government buildings. This initiative will release about 20 per cent expenditure from the current security commitment;
- As a cost saving exercise, the Provincial Government will be redirecting R630 million meant for operating leases to the development of government buildings over the medium term. Public Works and Roads will fast-track the assessment of all leases and engagement has commenced with stakeholders on the development of single Government complexes in Mahikeng and other areas;
- Realize a saving of about R500 million over the MTEF by limiting the growth rate of non-core items to zero per cent.
- True to our commitment towards cost containment measures, the budget book and the speech have not been printed and the information is provided electronically on the website and memory sticks. In addition, no lunch has been arranged and you are requested to support the SMME's who would be provide meals after the session;

Honourable Speaker, the deteriorating global conditions and the weaker domestic economic outlook has resulted in the reduction of spending for all departments and public entities over the medium term on non-essential goods and services items. Currently, transfers to five (5) active public entities amounts to R437.195 million in 2015/16 financial year, and over the medium term the transfer is estimated at R1.312 billion.

The Province has also started with the process of rationalization and the process has led to the following proposals:

- Requested National Treasury to delist all the inactive public entities as matter of urgency, namely: MIDZ and Invest North West (which form part of the NWDC), North West Youth Development Trust, Heritage Resource Authority, North West Directorate of Entrepreneurial Development;
- Merge Mmabana Arts, Culture and Sports Foundation with the North West Provincial Arts and Culture Council;
- Concluded the de-establishment of the North West Provincial Aids Council and redeployed affected officials to Office of the Premier and Health;
- Completed the transfer of Dirapeng and Signall Hill better known as Leopard Park to North West Development Corporation (NWDC);
- Merge North West Development Corporation (NWDC), North West Housing Corporation (NWHC) and North West Transport Investment (NTI) into one entity;

Honourable Speaker, the rationalization of entities would significantly reduce the goods and services budget in particular the board fees and support functions. The under investment in agriculture, manufacturing and utility sectors (energy and water) has huge implication to the attainment of the 6 per cent growth rate. These sectors should be supported by consumption of their products.

These sectors jointly contribute 21 per cent of the provincial economy. The agricultural sector in particular needs to grow at an annual rate of about 8 per cent in order to assist the provincial economy to reach the six per cent growth target. The electricity sector must grow by at least nine per cent.

Honourable Speaker, this year the Province will be increasing procurable goods and services target from 60 per cent to 70 per cent support of business from villages, townships and small dorpias. For the 2016/17 financial year, the Province will be undertaking the following initiatives as part of ongoing provincial supply chain management reforms:

- Mandatory use of the new **e-tender publication portal** and all companies that wish to do business with government must be registered on the **central supplier database from 1 April 2016** and subsequently implementation by municipalities will follow;
- Massive Registration Programmes drive for all businesses including VTSD areas and Instruction Note and monitor the implementation of payment within 21 days after receiving an invoice

Honourable Speaker, the current economic situation compels us to look for alternative strategies to increase revenue. Provincial Revenue Enhancement Strategy will include municipalities based on two important principles, namely; continue to look at new sources of revenue and improve the collection rate over the MTEF period. To this end, the investigation relating to the mining tax is still on our agenda and it would be concluded by end of April 2016. The Province will engage the National Tourism Board and explore the possibility of utilising tourism levy for tourism related programmes in the Province.

Provincial Treasury has engaged all the municipalities regarding own revenue enhancement initiatives and various options have been discussed for implementation in 2016/17 and this would include:

- Cemeteries: municipalities develop, zone and equitably sell burial sites to members of the community as it is already happening in certain parts of the country;
- Municipal public facilities such as community halls and parks can also be sources of revenue if municipalities can charge access fees or rental fees for community halls;
- Provision of health services to the public and parking fees;
- Building regulations such as issuing fines to building of inappropriate and unsafe structures ;
- Dog taxes and municipal pounds;
- Maximizing Credit Control and enhancement of municipal trading services tariffs to be cost reflective inclusive of the items listed above

Honorable Speaker, it is our considered view that these options must be introduced in the 2016/17 financial year coupled with reviewed tariff and rates structures of both departments and municipalities.

The provincial budget for the first year of the MTEF (2016/17) amounts to R36.2 billion. The Equitable share baseline has been reduced by R1 billion over the MTEF of which R103 million relates to the 2016/17 financial year. It is important to note that in the 2015 MTEF, the 2016/17 financial year experienced a reduction to R457 million as a result of the economic performance. This represents a nominal increase of 3.8 per cent from the 2015/16 Adjusted Appropriation. The equitable share grows by 6.3 per cent, own revenue 10.2 per cent while conditional grants declined by 0.9 per cent.

The real growth for 2016/17 is about negative 2.2 per cent and increasing to 0.7 per cent in the outer year of the MTEF. The equitable share and conditional grants reduction effected in January 2016 exacerbated the pressure on the already reduced baseline from the 2015 MTEF. Conditional grants reflect a reduction of R14 million over the MTEF as a result of R162 million reduced in 2016/17 and an increase of R73.5

million and R64.7 million in the two outer years respectively mainly due to an increase in Education Infrastructure Grant.

Reductions to conditional grants over the 2016 MTEF have been carried out in a manner that protects essential service delivery programmes. Grants that address key social services have been protected with particular reference to the National School Nutrition Programme (NSNP) and the Extended Public Works Programme (EPWP). Despite the reductions to the Equitable Share and Conditional Grant baselines, it is important that provincial departments continue to focus on strengthening their capacity to roll-out priority programmes of government, in particular the delivery of projects on time and within budget.

Honourable Speaker, allow me to unpack the expected service delivery targets that the province wishes to deliver to its citizens and the corresponding budget allocations:

- **Office of the Premier**

The Office of the Premier receives a budget allocation of R492.2 million in 2016/17 increasing to R527.5 million in 2017/18 and further increases to R560.7 million during 2018/19.

The negative growth from the 2015/16 financial year to the 2016/17 financial year in the Office of the Premier is mainly as a result of the relocation of the MRRRP funding, funding for Parks and Tourism board and the once-off allocation in the adjustment budget. The allocation for Provincial Aids Council will be directed towards ICT with the additional R15 million allocated resulting to R30 million.

- **Provincial Legislature**

The Provincial Legislature has been allocated a budget of R349.4 million for 2016/17 financial year. Their budget increases to R399.5 million in 2017/18 and R424.6 million for the 2018/19 financial year.

The 26.5 per cent increase in the Provincial Legislature equitable share is mainly as result of the refurbishment and rehabilitation infrastructure budget including maintenance of Legislature being moved from Public Works and Roads.

- **Social sector**

As we aspire for a better life for our people, the social sector departments have been protected from the budget cut in the 2016/17 financial year. Consequently, the allocation for the social sector increases from R24 billion or 68.9 per cent of the provincial budget in the current financial year, 2015/16 to R25.2 billion or 69.6 per cent of the budget in 2016/17 and 70.4 per cent of the budget in the outer year of the MTEF.

- **Department of Education and Sport Development**

This department has been allocated a budget of R14.3 billion which includes R1.5 billion for Conditional Grants and R18.8 million from own revenue. The budget allocation increases to R15.3 billion in 2017/18 and R16.3 billion in 2018/19 financial year.

The equitable share growth of Education and Sports Development is maintained at 6.8 per cent to 6.5 per cent in the outer year. Consideration was also given to the accruals and compensation of employees' pressures from previous financial year. The departmental allocation makes provision for the following expenditure item:

- An amount of R1.8 billion is allocated for ECD over the medium term;

- R972 million is set aside for education infrastructure in 2016/17 financial year. This amount makes provision for the upgrading of public ordinary schools into full service schools construction and upgrading of boarding schools, and maintenance of schools. Of the R972 million, R77million would be used for boarding schools with one in each district increasing to R500 million over the MTEF.

**Honourable Speaker**, increasingly, access to special schools is a priority. An amount of R23 million has been allocated in the 2016/17 financial year for construction and rehabilitation of Special schools. Furthermore, Learners will be assisted with Assistive devices including transport and it is also fundamental to provide security in our special schools, the budget for Education has made provision for this purpose.

From School Infrastructure perspective, more focus on 2016/17 MTEF will be on maintenance and sanitation with an allocation of R318.9 million allocated over the MTEF to ensure that all public schools in the province have sufficient number of sanitation facilities, easily accessible to learners and educators, provide privacy and security as well as promoting a healthy and hygiene environment.

Only schools infrastructure that is funded through the National Treasury Infrastructure grant with an allocation of R972 million shall be implemented in line with the B5 or project list. The department will also be rolling out ICT Education Phakisa in order to facilitate e-learning and funding to the amount of R13.6 million has been provided for under EMIS to cater for this purpose.

- **Department of Health**

The Department of Health receives a budget allocation of R9.5 billion in 2016/17, increasing to R10.3 billion in 2017/18 and further increases to R11 billion in 2018/19 financial year.

During 2016/17 financial year the budget allocation includes R2 billion for Conditional Grants and R73.1 million own revenue budget. Reductions in Conditional grants relate to Comprehensive HIV/Aids and TB grants which has been reduced over the MTEF by R42.5 million.

The equitable share growth for Health is maintained at 6.9 per cent as in the November 2015 allocations. Consideration was also given to the accruals and compensation of employees' pressures from previous financial year.

Honourable Speaker, the department has potential to increase own revenue collection which could alleviate some pressures over the 2016 MTEF. The overall increase of 4.1 per cent is as a result of the 4.9 per cent reduction on conditional grants allocations. Funds allocated for new projects from the Conditional grant are to be re-directed to maintenance and the equitable share from maintenance to accruals.

- **Department of Social Development**

The department receives a budget of R1.4 billion in 2016/17 increasing to R1.5 billion in 2017/18 and R1.6 billion in the 2018/19 financial year. The department maintains a healthy growth of 6.9 per cent in the first year of the MTEF. The aggregate growth of 5.5 per cent is on account of huge reduction in the conditional grants funding.

The department plans to prioritise the operationalization of the three completed centres (Witrand and Taung Substance abuse and Old age home). In addition, the construction of a new substance abuse centre in Ngaka Modiri Molema district will be prioritized.

- **Focal economic pillars - ACT (Agriculture, Culture and Tourism)**

Regardless of the declining equitable share of R1 billion over the 2016/17 MTEF, the province has protected the funding for ACT departments and reallocated funding from other projects which has been deferred, suspended or stopped to the ACT departments.

In terms of the total provincial economy, Agriculture, Culture and Tourism (ACT) contributed approximately 23 per cent of all value added during the 2014/15 period. Agriculture, which includes agro-processing sub-sectors, contributed 16 per cent of the ACT value added. The protected funding for the ACT is as follows:

- **Department of Culture, Arts and Traditional Affairs**

The department has been allocated a budget of R659.7 million in 2016/17 to deliver its mandate of which R136.5 million is for Conditional Grant and R1.3 million for revenue. The budget allocation increases to R717.4 million and R762.5 million for the 2017/18 and 2018/19 financial years respectively.

Programmes regarding culture, continues to play a role as one of the economic drivers of the Province. Some of the key functions and events supporting the 5 provincial concretes include:

- Promotion and implementation of Mahika Mahikeng Music and Cultural festival, establishment of the North West Arts Agency;
- Re-establishment of the North West Cultural Ensemble, establishing a Publishing House for the creative writers, promotion of the Motswako and Setswana Cultural dance brands;
- Establishing recording studios in all districts as part of the Rebranding, Repositioning and Renewal of Bokone Bophirima Province;
- Commissioning of statues for Provincial icons. The budget to the amount of R7 million has been set aside for the success of the Programme;

In 2016/17, construction of community libraries in Tshing and Setlhabaneng with a budget of R19 million constituting R13 million and R6 million respectively will unfold.

**Honourable Speaker**, the traditional affairs component of CATA will benefit from the construction of traditional council's offices in areas of: Batlharo ba ga Masibi, Ba ga Phoi and Batlhaping ba ga Maldi will commence with construction in the 2016/17 financial year with an amount of R51 million injected on these three projects.

- **Department of Rural, Environment and Agricultural Development**

This department has been allocated a budget of R1.3 billion in 2016/17 to deliver its mandate of which R250.6 million is for Conditional Grant and R18.8 million for revenue. The budget allocation increases to R1.4 billion in 2017/18 and R1.5 billion in the 2018/19 financial year. With a growth rate of 24 per cent, additional funding are earmarked for Agri-Parks and related projects.

An amount of R290 million has been provided for AGRI-Parks in the 2016/17 financial year to address the issue of food security and R40 million for Taung Skull. Total cost of livestock development programme is estimated at R100 million and approximately 350 jobs are envisaged to be created.

The province is in support to improve food Security through Fetsa Tlala Programme. The following project would be implemented in the 2015/16:

- Animal feed manufacturing plant in Taung, Establishing a Feedlot in Mahikeng, Meat processing plant including abattoir and packaging facilities in Mahikeng, Rehabilitation of Springbokpan, Vryhof & Kraaipan grain silos will be looked into;

- **Department of Tourism**

The department of Tourism has been secured with a budget of R229.2 million in 2016/17 financial year, which includes an insignificant revenue budget of R114 thousand. The budget allocation increases to R248.8 million for 2017/18 and R263.8 million for 2018/19 financial year.

As part of the Provincial Strategy to the economic growth, the equitable share of Tourism increases by 58.1 per cent which is above the provincial aggregate growth.

The growth also caters for R73.6 million (16/17) for the Tourism Board. The department maintains a healthy growth over the MTEF at 8.5 per cent and 6 per cent in the two outer years.

In addition, the department will focus on the completion of the Taung Hotel School before embarking on other hotel school projects. Tourism would be working with NWDC for the implementation of other hostel schools in Dr Kenneth Kaunda and Bojanala District by leveraging funding from private sector in the spirit of Saamwerk-Saamtrek. The allocation makes provision for the implementation of the following projects:

- Completion of renovations and improvements of infrastructure to the Taung Hotel School and Convention Center; allocated R28 million;
- Tourism Information and Development Centre in Phela village, allocated R4 million;
- Tourism Information and Development Centre in Tshing, allocated R4 million;
- Tourism Information and Development Centre in Marikana (Cultural Precinct), allocated R6 million.

Funding for Governance and EID cluster departments are as follows:

- **Department of Community Safety and Transport Management**

This department has been allocated a budget of R1.9 billion in 2016/17. The budget allocation increases to R2 billion for 2017/18 and R2.1 billion in 2018/19 financial year. The construction of the traffic colleges and weighbridges would be funded through private partnerships.

- **Department of Local Government and Human Settlements**

The department has been allocated R7.7 billion over the MTEF of which R2.6 billion is in 2016/17 financial year declining to R2.5 billion in 2017/18 and increasing to R2.6 billion in 2018/19 financial year.

Within the allocations of the Human Settlements Development Grant (HSDG) funds have been earmarked and set aside specifically during 2016/17 for mining towns such as Rustenburg for R200.7 million, Madibeng allocated an amount of R240.4 million, Kgetlengrivier to be funded to the tune of R15.4 million, Moses Kotane to receive R60.3 million and Matlosana will benefit an amount of R69 million.

### **Department of Public Works and Roads**

The department has been allocated R8.7 billion over the 2016 MTEF of which R2.7 billion is for the 2016/17 financial year, increasing to R2.9 billion in 2017/18 and R3.1 billion for 2018/19 financial year. The growth is also affected by the once off allocation of R104 million during the 2015/16 adjustment budget.

- **Finance, Economy and Enterprise Development**

### **Finance**

Finance receives a budget of R485.6 million during 2016/17, R508.3 million in 2017/18 and increasing to R535.5 million for 2018/19 financial year. The equitable share increases minimally by 0.7 per cent in the first year then increasing to 6 per cent in the outer year.

## Economic and Enterprise Development

Economy and Enterprise Development receives a budget allocation of R302.7 million in 2016/17; increasing to R337 million in 2017/18 and R366.9 million in 2018/19 financial year. The equitable share reflects a healthy growth of 6 per cent in 2016/17 increasing to 6.3 per cent in the outer years. The aggregate reduction of 2.4 per cent is as a result of the once-off allocation during the 2015/16 adjustment budget set aside for Christiana Hotel.

Own revenue reflects a healthy growth as a result of initiatives through the Gambling Board.

Honourable Speaker, in response to the national economic policy priorities the provincial government has targeted economic growth to be at 6 per cent by the year 2020.

Through North West Development Corporation we will introduce Corporate Finance activities and establish amongst others, a *Growth fund* as well as identify existing companies for Equity Investments and the co-funding of Foreign Direct Investment projects. This will position the Province as a preferred trade and investments destination.

In order to enhance communication and improve government efficiency throughout the province, the NWDC will facilitate private sector investment for the rollout of broadband infrastructure. It is estimated that the project will cost in excess of R 1. 145 billion and this would result into the layout of 1178km of fibre cable.

The 5<sup>th</sup> provincial administration instituted the Shared Services Model to ensure integrated planning and implementation of infrastructure across the National, provincial and local spheres of government including the State Owned Enterprise's (SOEs).

This model was institutionalized through the following structures: Provincial Infrastructure Coordinating Committee (PICOCo), Provincial Infrastructure Technical Committee (PITC), Municipal Infrastructure Forum and lastly Infrastructure Support Forum. Through strict monitoring of infrastructure spending by PICOCo as at end of January 2016 provincial departments recorded 74.8 per cent spending on infrastructure compared to 65 per cent in the previous financial year.

The total conditional grants allocation for infrastructure in the province over 2016 MTEF is estimated at R19.1 billion of which R5 billion is for municipalities and R14.1 billion for Provincial departments. This allocation will be used for various infrastructure development programmes in terms of roads, water and electrification.

Honourable Speaker, in order to sustain allocations and ensure efficient and effective delivery of infrastructure within the Province, departments and municipalities are required to ensure improved planning and monitoring functions i.e. institutionalization of the Infrastructure Delivery Management System (IDMS), improved spending on infrastructure Grants early in the financial year and compliance to regulations.

The National Treasury has developed an Infrastructure Performance Incentive System where the departments of Education and Health are participating. Through this process, the department of Education and Sports Development has successfully secured incentives to the tune of R130 million in 2016/17 additional to the baseline allocation.

Departments and municipalities must continue to ensure appropriate, qualitative and quantitative capacitating of infrastructure units. The Provincial Treasury will play a critical role in this process through facilitation and engagements with other sectors as well. The Chief Procurement Officer is also driving a parallel process of development of Standards for Infrastructure Procurement which seeks to standardise procurement across all spheres of Government and the implementation thereof is July 2016. All Provinces are expected to rollout this initiative and review their policies accordingly to meet the requirements of the Standards.

Honourable Speaker, in line with 2016 SOPA pronouncements, the 2016 MTEF budget makes provision for the economic flagship events aimed at building partnerships with private sector, academia, industries and communities.

Amongst others, an amount of R5 million is allocated for Agricultural Growth & Investment Show; R4 million for the Arts, Culture Growth & Investment Show; R2 million for Tourism Growth & Investment Lekgotla; R5 million for Health & Social Development Show.

Honourable Speaker, FEED will host the Mining Growth and Development Lekgotla as a flagship event to attract investment to the province. An amount of R1.5 million in 2016/17 is allocated for this priority.

The Obesity Awareness campaign which is targeted for politicians, public servants and the public in general is allocated R2.5 million and for the Women and Children Abuse Awareness Campaign an amount of R7 million is set aside. An amount of R25 million is set aside for the Drought Mitigation & Relief Campaign.

Honourable Speaker, the provincial government will continuously monitor, evaluate and intervene to ensure that government departments service their municipal accounts. The department will through its support plan, ensure that provincial government departments make adequate provision on the 2016/17 MTEF budget to sufficiently cover for municipal services and arrears.

In relation to municipalities that persistently default on payment of their Eskom account, Treasury has invoked section 154 of the Constitution by managing their financial affairs.

The following measures will be implemented in the 2016/17 financial year:

- Ring-fence funding for property rates and taxes including service in all the departments for purpose of facilitating direct payment to municipalities by Treasury in instances where departments default;
- Agree with National Treasury on the release of equitable based on the approved cash flows by Provincial Treasury and undisputed Eskom and Water Boards accounts would be prioritized;
- Explore and agree with Eskom on the modalities regarding the direct provision and distribution of electricity to communities

Honourable Speaker, the 2016 MTEF budget proposals requires public servants to be prudent in the utilization of limited resources and work with the less resources at our disposal but not compromise the quality of service. It is a budget that compels us to work together in the spirit of Saamtrek-Saamwerk and we should draw strength from words of our Premier when he says “challenges are necessary platforms for success”

**Summary of 2016 Provincial Allocation to Departments**

Departments	R'000	Medium Term Allocation		
		2016/17	2017/18	2018/19
Office of the Premier		492 243	527 549	560 711
Provincial Legislature		349 435	399 484	424 643
Health		9 460 530	10 300 672	11 047 239
Culture, Arts and T raditional Affairs		659 665	717 420	762 489
Community Safety and T ransport Management		1 851 672	1 971 736	2 085 431
Economy and Enterprise Development		302 685	337 000	366 907
Finance		485 643	508 287	535 483
Education and Sports Development		14 331 224	15 283 047	16 258 437
Local Government and Human Settlements		2 645 675	2 460 464	2 619 622
T ourism		229 261	248 847	263 800
Public Works and Roads		2 720 913	2 904 900	3 082 873
Social Development		1 414 986	1 527 345	1 632 487
Rural, Enviroment and Agricultural Development		1 284 840	1 383 759	1 468 589
<b>Total Allocation</b>		<b>36 228 772</b>	<b>38 570 510</b>	<b>41 108 710</b>

I would like to thank:

- ✓ The Premier for his visionary leadership in navigating the process and ensuring that this budget is delivered. Most importantly, for being exemplary to all of us in containing expenditure and saving government millions of rand at the expense of his own security and privileges;
- ✓ Colleagues in the Executive, for your support and understanding of the current fiscal constraints;
- ✓ Honourable Chairpersons of the Public Accounts Committees for your valued support, Chairperson of the Premier, Treasury Affairs, Finance, Economy and Enterprise Development for your support and oversight over the management of the resources;
- ✓ The Head of Department, Mr. Kunene and the dedicated staff from the department;
- ✓ Honourable Members of this August house for your vigilance;
- ✓ Various media houses for your support and disseminating our information;
- ✓ The People of Bokone Bophirima Province for holding us accountable.

Last but not least, I thank the staff in my office and my family for your continued support and understanding the nature of the work that I am deployed to do, in serving the People of the Bokone Bophirima.

Honourable Speaker, as a responsive and caring government, we have acknowledged our mistakes, took appropriate measures, provided a comprehensive programme of action which is funded through the 2016 MTEF allocation.

We remain focussed on improving the lives of the citizenry of the People's Province of Bokone Bophirima by ensuring full implementation of the NDP through RRR anchored on the five concretes and would like to conclude with the encouraging words of the Premier SOR Mahumapelo -

“Bokone Bophirima is rising again and will go higher and higher. It will do anything necessary to take its rightful place among the Provinces of South Africa”

I therefore table the 2016/17 Appropriation Bill and the accompanying Estimates of Provincial Revenue and Expenditure before the house for consideration.

- May the Good Lord protect our people
- Nkosi Sikelele' iAfrika. Morena boloka setjhaba sa heso
- God seen Suid Afrika. God bless South Africa

I thank you