

ADJUSTMENTS ESTIMATE BUDGET SPEECH

PRESENTED BY:

MAUREEN MODISELLE

MEC FOR FINANCE

DATE: 27th NOVEMBER 2008

DRAFT SPEECH - 2008 ADJUSTMENT STIMATES

TABLED BY HONOURABLE MAUREEN MODISELLE,

MEC FOR FINANCE IN THE NORTH WEST PROVINCE

DATE : 27th NOVEMBER, 2008

Introduction:

Madam Speaker, budgets are not about markets, bonds or statistics. Budgets are about **PEOPLE!**

This is a timely reminder because we have just lived through one of the most turbulent months in modern economic history – the United States of America’s economic meltdown. Because when a trader presses a button in New York City, it has an effect on the lives of millions of people around the globe.

Bearing this in mind, it is government’s responsibility to ensure that what happens in the rest of the world economy, and how it happens, is communicated properly to our constituencies.

Therefore Madam Speaker, this adjustment budget is about how we respond to what Minister Trevor Manuel calls 'an International Storm'.

As usual today, we must prioritize Education, Health-care, Rural Development, Housing, Water, Roads, Sanitation, Electricity, etc. We must continue to adopt policies which support growth and development. Most important, we must continue to invest in "a better life for all".

Madam Speaker, it is on the basis of the global economic trend that provision has been made in Section 31 of the Public Finance Management Act (PFMA) for the Member of the Executive Council for Finance to table the 2008 Adjustment Budget to your august house, for its consideration.

I am pleased to respond to the requirements of Section 31 of the PFMA and accordingly table the Adjustment Appropriation Bill of 2008.

In terms of this section of the PFMA, an adjustment budget may contain the following:

- Additional funds that have become available to the Province.
- Unforeseen and unavoidable expenditure.
- Money to be appropriated which was not announced in the main budget speech.
- Money approved by the Member of the Executive Council for Finance in terms of Section 25 of the PFMA.
- Shifting of funds within and between votes.
- Funds rolled over from the preceding financial year.
- Utilisation of savings under a main division within a vote

Madam Speaker, the budget shortfall in the province, is still as a result of the dis-establishment of the municipal boundaries, and affected the outer years of the Medium Term Expenditure Framework (MTEF). The reduction of the infrastructure budgets in 2008/09 with a view to addressing the shortfall created by the municipal demarcation has to a greater extent affected the growth on infrastructure funding and the level of service delivery.

To ensure that the number of officials and assets transferred to and received from Gauteng and Northern Cape Provinces reconcile perfectly, we have established the provincial team to verify the information.

The increase in inflation, fuel, electricity and food prices has further contributed in the reduction of the service delivery levels.

The global economic storm compels us to be more careful in allocating funds to address government priorities that contribute to the well-being of the people.

However, the decrease in oil prices will definitely help to bring inflation to a single digit number.

Madam Speaker, the Treasury has established partnership(s) with all departments to ensure that available resources are directed to fund priorities that have more impact to the community of the North West Province.

The 2008 Adjustment Estimate is a joint product of the interaction with Chief Financial Officers and Heads of Departments, where the province was put first before the narrow interests of departments.

Hon. Speaker, cost saving measures have been identified as a means of improving budget efficiency in departments. In about four months we would have developed provincial policies which will further unlock funds mainly in administration to be used to address priorities in the province.

The Adjustments Budget

Honourable Speaker, I wish to remind the House that the financial resources allocated to provinces are in the main earmarked for Education, Health and Social Development and lately for Housing.

Provincial spending as at the end of September 2008 was R8 217,037 (eight billion, two hundred and seventeen million and thirty seven thousand Rand) or 48%.

However, some under-spending on conditional grants and infrastructure has been identified in some areas up to the end of September 2008.

Plans have been developed by departments with the assistance of the Infrastructure Development Improvement Programme (IDIP) and support by the Technical Advisors (TAs) from the National Treasury to improve on our spending.

Honourable Speaker, by the end of October 2008, capacity to spend had improved significantly in departments to 58% as a result of our intervention. In spite of this improvement Treasury will continue to assist and monitor spending by departments.

The Adjusted Figures for 2008/09 Financial Year.

Revenue Sources

Hon. Speaker, revenue made available to fund expenditure in the 2008/09 Provincial Adjustments Budget, makes provision for an additional amount of R836,091 million (eight hundred and thirty six million ninety-one thousand Rand).

The available revenue is as follows:

- Unspent funds from the financial year 2007/08:
R33.7 million (thirty-three million seven hundred thousand Rand).

- Additional equitable share funding received from National Treasury is R322.9 million (three hundred and twenty-two million and nine hundred thousand Rand).
- Additional conditional grants funding received from National Treasury is R139,7 million (one hundred and thirty-nine million and seven hundred thousand Rand).
- Other available revenue: R78.1 million (seventy eight million one hundred thousand), which is R33 076 million (thirty three million seventy-six thousand Rand) on own provincial revenue, and R52.8 million (fifty two million eight hundred thousand Rand) for amounts rolled over in Contingency Reserve.

Surrenders

The following departments surrendered funds to be allocated to address the provincial budget pressures.

The Department of Agriculture, Conservation and Environment R18 500 million (eighteen million and five hundred thousand Rand).

The Department of Education: R17 398 million (Seventeen million three hundred and ninety- eight thousand Rand).

The Department of Economic Development and Tourism: R2 million (Two million Rand).

The Departmental adjustments are as follows:

The total additional allocation to be included in the adjustments budget amount to R836 091 million (eight hundred and thirty six million ninety-one thousand Rand).

This amount represents an increase of 4.91% of the original budget of R16 937 569 million (sixteen billion nine hundred and thirty seven million, five hundred and sixty nine thousand Rand) to R17 773 660 (seventeen billion, seven hundred and seventy-seven, three million, six hundred and sixty thousand Rand).

It is allocated as follows to the various departments:

Office of the Premier

The Department's main Budget increases by R2.390 million (two million three hundred and ninety thousand Rand), to R250.685 million (Two hundred and fifty million, six hundred and eighty-five thousand Rand).

An amount of R2 million (two million Rand) has been provided for the Research Project.

The Provincial Legislature

With additional funds amounting to R14,479 million (fourteen million four hundred and seventy nine thousand Rand), the total budget for the Legislature increases to R120,890 million (one hundred and twenty million eight hundred and ninety thousand Rand). This increase is for the improvement on conditions of service (ICS), opening of the Legislature R4 million (four million Rand) and community public hearings R4,5 million (four million five hundred thousand Rand).

The Department of Health

The Department's main budget increases by R222,575 billion (two billion two hundred and twenty- two million five hundred and seventy five thousand Rand) to R4, 445,124 billion (four billion four hundred and forty-five million one hundred twenty-four thousand Rand).

The increase of R32,7 million (thirty two million seven hundred Rand) covers the higher than anticipated medical equipment and medicine costs exerting pressures on current health budgets due to inflation.

A total amount of R16,614 million (sixteen million, six hundred and fourteen thousand Rand) has been rolled over from the 2007/08 financial year mainly for TB and this includes conditional grants amounting to R6,857 million (six million, eight hundred and fifty-seven thousand Rand).

The Department also received an additional amount of R69 million (sixty nine million Rand), to assist in dealing with the pressures arising from the Occupation Specific Dispensation (OSD) for nurses.

R3 million (three million Rand), has been received for the introduction of two new vaccines the (pneumococcal conjugate and rotavirus), R38 million (thirty eight million Rand), for the Comprehensive HIV/AIDS program to meet the demand on the faster ARV take up rate, and R7 million (seven million Rand), for the Forensic Pathology services.

Provision was made for Learnership funds amounting to R1,588 million (one million five hundred and eighty eight thousand Rand), which includes a donation of R290 000 (two hundred and ninety thousand Rand) from the Health and Welfare SETA to support learnership programmes.

Department of Sport, Arts and Culture

The Department's main budget increases from R327,150 million (three hundred and twenty-seven million one hundred and fifty thousand Rand) by R28,501 million (twenty eight million and five hundred and one thousand Rand) to R355,651 million (Three hundred and fifty-five million, six hundred and fifty-one thousand Rand).

An amount of R2,864 million (two million, eight hundred and sixty four thousand Rand) was rolled over for the upgrading of the Mmabatho Stadium, Library services and the Archive Building.

An amount of R21 million (twenty one million Rand) was provided partly to fund the budget pressure on the construction of the Library and archive building.

Department of Economic Development and Tourism

The total adjusted budget for the Department of Economic Development and Tourism amounts to R259,668 million, (two hundred and fifty-nine million, six hundred and sixty-eight thousand Rand), which is an increase of R26,281 million (twenty-six million two hundred and eighty-one thousand Rand).

Included in this amount is R10,868 (ten million eight hundred and sixty-eight thousand Rand) for rollovers mainly on the Mafikeng Industrial Development Zone (MIDZ).

The department also received an amount of R2,5 million (two million five hundred Rand) to address the salary shortfall in MIDZ.

Department of Finance

The adjusted budget of the Department increases by R11,824 million (eleven million eight hundred and twenty-four thousand Rand), to R267,111 million (two hundred and sixty-seven million one hundred and eleven thousand Rand).

An amount of R9 million (nine million Rand) has been provided for the Provincial Information Technology , Licences and maintenance contracts mainly due to the change in the Rand dollar exchange rate.

Department of Education

The total additional allocation for the Department amounts to R216,853 million (two hundred and sixteen million, eight hundred and fifty-three thousand Rand), increases the adjustment budget to R7 212,335 million (seven billion, two hundred and twelve million, three hundred and thirty-five thousand Rand).

The rollover of R995 000 (nine hundred and ninety-five thousand Rand) was on HIV/AIDS conditional grants has been provided for from the previous year.

The department received a donation of R40 million (forty million Rand) from the Netherland's Embassy for the Education Development Support Centres.

An additional R22 million (twenty two million Rand) has been provided for inflationary adjustments on the National School Nutrition Programme conditional grant.

Department of Developmental Local Government and Housing

This Department has been allocated an additional amount of R116, 916 million (one hundred and sixteen million, nine hundred and sixteen thousand Rand), increasing the total budget to R1 261,661 billion (one billion, two hundred sixty-one million and six hundred and sixty-one thousand Rand).

An amount of R89, 662 million (eighty nine million, six hundred and sixty-two thousand Rand) was rolled over for the Integrated Housing Resettlement grant and Learnerships allocation amounts to R2,150 million (two million and one hundred and fifty thousand Rand).

The allocated budget includes provision for the establishment of township development and tribunal boards as well as the monitoring of the housing project.

An additional amount of R18,631 million (eighteen million, six hundred and thirty-one thousand Rand) has been received as an inflationary adjustment to protect the real value of spending on the Integrated Housing Development Grant.

Department of Transport, Roads and Community Safety

The Department receives an additional allocation of R59,808 million (fifty nine million, eight hundred and eight thousand Rand) increasing the original budget to R1 721,185 million (one billion, seven hundred and twenty-one million, one hundred and eighty-five thousand Rand).

The Department received a donation of R21 million (twenty one million Rand) from the Bojanala District Municipality for co-funding the construction of road projects. An amount of R10 million (ten million Rand) has been provided for the commuter bus subsidy and R12 million (twelve million Rand) for the maintenance of the government fleet.

Department of Public Works

The Department receives an amount of R32,336 million (thirty-two million, three hundred and thirty-six thousand Rand), increasing the original budget to R662,279 million (six hundred and twenty-two million, two hundred and seventy-nine thousand Rand).

Of the additional allocation, R1 million (one million Rand) was rolledover from the previous financial year for major and routine maintenance.

An amount of R12,719 million (twelve million, seven hundred and nineteen thousand Rand) has been provided to accommodate the increase in construction costs.

Department of Social Development

The adjusted budget of this Department amounts to R614,429 million (six hundred and fourteen million, four hundred and twenty-nine thousand Rand) increasing to R6,906 million (six million, hundred and six thousand Rand).

An additional amount of R3 million (three million Rand) has been provided for the secure care centres.

Department of Agriculture, Conservation and Environment

The Departments' budget increased to R645,378 million (six hundred and forty-five million, three hundred and seventy-eight thousand Rand), a net increase of R99,958 million (ninety-nine million, nine hundred and fifty-eight thousand Rand).

An amount of R59,865 million (fifty nine million, eight hundred and sixty-five thousand Rand) was mainly for the drought relief and was rolled over from the previous financial year.

The Department receives an additional conditional grants of R51 723 million (fifty-one million, seven hundred and twenty-three thousand Rand) which is for Comprehensive Agricultural Support Programme R9,723 million (nine million seven hundred and twenty three thousand Rand), Ilima/Letsema Projects R40 million (fourty million Rand) and Agricultural Disaster Management R2 million (two million Rand) was received from the National Treasury.

Contingency Reserve

The contingency reserve is a holding vote approved by the Legislature and provides mainly for unforeseen and unavoidable expenditure.

The closing balance in this vote is zero.

The budget we are tabling today amounts to R836,091 million (eight hundred and thirty six million ninety one thousand Rand).

This, increases the provincial budget for 2008/09 to R17,773, 660 (seventeen billion seven hundred and seventy three million six hundred and sixty thousand Rand).

I Thank You