

ADJUSTMENTS ESTIMATE BUDGET SPEECH

PRESENTED BY:

M.L. MABE

MEC FOR PROVINCIAL TREASURY

DATE: 26TH NOVEMBER 2009

2009 ADJUSTMENT ESTIMATES

TABLED BY HONOURABLE LOUISA MABE,

**MEC FOR PROVINCIAL TREASURY
NORTH WEST PROVINCE**

DATE : 26 NOVEMBER, 2009

Introduction:

Honourable Speaker

Honourable Premier Modiselle

Honourable Members of the Executive Council

Honourable Members of the Provincial Legislature

Ladies and Gentlemen

Comrades and Citizens of the North West Province

Honourable Speaker, it is an honour and privilege to table before this house:

The Budget Estimates 2009/10

As we present these estimates the world economic weather and the South African economic weather have not changed. I sometimes ponder and pose a question of whether all of us who are expected to service the people of our province and those who do business with us understand that it is very cold in this economic environment. We are in a rough storm that we cannot determine its duration with certainty and precision.

Minister Pravin Gordhan in the Medium Term Budget Policy Statement in October stated that “This is indeed a difficult time for most of the world and for South Africa. But it is also a time of opportunity – a time to face down adversity and proclaim that we will overcome its challenges. We will not hesitate to do things differently and to act boldly! This is our essential. Yes indeed we must not hesitate to do things differently and to act boldly as a province in order to navigate in the recession and become victors for the sake of our people. If we do not act differently in the way we do our business we will be trapped in the current quality of services delivered to our people. It is highly possible that as a provincial and local government we can turn the tide around to deliver high quality services irrespective of the existence of the recession.

The Minister further stated that “We have to achieve more with less. We cannot spend money on wasteful extravagances (like expensive media adverts, closing parties, expensive conferences and workshops) we cannot tolerate unnecessary bureaucratic structures, and we must achieve greater value for money in contracting goods and services”.

But it seems that some of us think and believe that it is still business as usual. They continue to do less with the valuable resources they have with the expectation that National Treasury will allocate additional financial resources.

As more people are being laid off in the private sector, in particular in the mining sector, we need to expand job creation through Expanded Public Works Programme. Although the jobs created are unsustainable but some can be permanent to continue with maintenance which to a certain extent has been neglected. The Unemployment Insurance Fund has seen monthly claims double since April last year.

I want to reiterate what Minister Gordhan stated that for us to succeed, we need a shared compact across all the dividers in this House and indeed across the province and the nation that:

- We will not tolerate corruption
- We will act forcefully against wastage
- We will insist on value for money for billions that we spend
- We will clean up the procurement system and take strong action against those who feed selfishly off the state! We will not have pick pocketing from the fiscus.

Re tshwanetse go lwantsha bao ba utswetsang puso ya rona, re feditse bopelotelele mo manyofonyofong go bao baleng pelotshetlha ba sena pelotlhomogi go batlhoki ba ba kobodikhutswane.

Dingwe tsa dikgwetlho tse di re lebaneng jaaka puso ke go thusa bomasepala ka ditirelo tse di botoka tsa boleng jo bo kgotsofatsang. Bomasepala bana le mananeo a a bokoa a lotseno le go tlisa ditirelo go setshaba. Ba ba dinalanyana ba rekisetsa bomasepala mananeo a a tlhwatlhwa godimo mme a sena boleng a be a fetsa a sa ba thuse ka sepe.

The days when service providers charged provincial and local government exorbitant prices should be history. This has led to unsustainable municipalities and the provincial government services. The current situation in road construction has led us down as government and should not be allowed to continue because it is a risk and lead to the collapse of government. We cannot wait for the national government's intervention but, as citizens and provincial government must turn around this wagon before it collapses over a cliff.

Honourable members, section 31(2) of the PFMA, stipulate that adjustment budget of a province may only provide for the following:

- The appropriation of funds that have become available to the Province.
- Unforeseeable 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
- Any expenditure in terms of section 25 of 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

Honourable Members, the recession compelled us to develop measures to manage the budget shortfall during the year. Some of these measures are:

- Identifying non-core budgets and re-channelling funds to address core service delivery items
- Develop mechanisms to address wastage and leakages kgotsa go thibela go dutla ga madi mo sekgwameng sa puso ka lebaka la megagaru.
- Implementing policies to deal with procurement fraud and corruption, le go tsenya tirisong melawana ya go lwantsha manyofonyofo mo go tendareng le bogodu mo pusong.
- Go fokotsa go duedisiwa madi a a kwa godimo etswa ditirelo tsa teng e le tsa maemo a a kwa tlase ga tlhwatlwa e re e duedisiwang.
- Tlhoba-boroko ke diphatlatiro tse di sa tladiweng mme bothhoka –tiro bo le kwa godimo.

The Adjustment Budget

At this moment allow me to present the Adjustment Budget.

Furthermore, the departments have projected to spend an additional R1,4 billion in this financial year to address pressures. A large portion of this projected overspending is for Road Infrastructure and Occupational specific Dispensation (OSD) for doctors and teachers.

With regard to the infrastructure spending, the Provincial Treasury has noticed a major challenge in the planning, implementation, project management and monitoring of value for money, mme se sea makatsa gone puso e thapa dikhampani tsa go dira project management mme re be re tswelela ka bothata kgotsa bokowa ba project management.

Adjusted figures for 2009/10 Financial year

Revenue that became available to the province has been reduced tremendously due to less revenue collected by South African Revenue Services (SARS). The additional revenue that is allocated to the province is R744,569m. It is made up of:

- R583,388 million for OSD and Improvement of Conditions of Service (ICS) for Health and Education and Conditional grants for Health

- Rollover of unspent Conditional grants of R46, 569 million from 2008/09 financial year.
- Cost- savings by provincial departments of R105,941 million. This amount will be channelled to address critical service delivery.

Departmental adjustments are detailed as follows:

The additional allocation of R744, 569 million to the adjustments budget represents an increase of 3.748% of the original budget of R19 866 210 million which increase to the total provincial budget of R20 610, 779 million.

The adjustments budget is allocated to the various departments as follows:

Office of the Premier

The Department's main Budget reduces by R68, 720 million to R192, 669 million due to the transfer of the function of Traditional Leadership.

An amount of R7 million has been provided for the implementation of the Forensic investigations recently announced and for the Legal Services.

Provincial Legislature

The additional allocation of R19, 014 million increases Legislature to R152, 296 million for the 2009/10 year.

Department of Health

The Department of Health main budget increased by R256, 083 million to R5 175, 391 million.

An amount of R1, 931 million has been rolled over from the previous financial year 2008/09 in respect of the Comprehensive HIV and AIDS conditional grant, and an additional amount of R99, 023 million for the same programme to meet the greater demands that arise due to the faster ARV take up rate and the 2010 World Cup Health Preparation Strategy.

An additional funding of R51, 847 million is earmarked for a shortfall on OSD for medical doctors, dentists, pharmacists, etc. and amount of R30 million has been provided for Pharmaceuticals and Laboratory services.

Department of Social Development

The budget for the Department of Social Development has decreased from R724, 527 million to R658, 829 million due to the implementation of the reconfiguration of departments.

Department of Sport, Arts and Culture

The Department's main budget decreases by R28, 238 million to R459, 933 million due to the reduction of the funds that were previously allocated for Confederations Cup and not utilised.

The following conditional grants were rolled over: R3, 865 million for the Mass Sport Participation Grant and R1, 972 for Community Library Services Grant. It is a concern that these grants were not utilised when we have many young sports people in the province who need assistance from the government.

Department of Public Safety

The total adjusted budget of the Department of Public Safety amounts to R316, 155 million, an increase of R36, 342 million mainly due to adjustments made during the creation of the new department.

Department of Economic Development and Tourism

The total adjusted budget of the Department of Economic Development and Tourism amounts to R290, 539 million an increase of R2, 518 million.

An additional R2, 518 million is allocated to the Department to stimulate job creation, Economic participation and growth.

Department of Provincial Treasury

The adjusted budget of the Department has decreased by R48, 861 million due to the funds earmarked for Learnerships and OSD for doctors, educators and nurses.

Department of Education

The total additional allocation for the Department of Education amounts to R347, 816 million, which amounts to an increase of 4.27% of the original budget to R8 439, 135 million.

As already stated above, their budget increased as a result of funding for salary increases on OSD for Educators, National School Nutrition Programme. (NSNP), and Learner Teacher Support Material, it increased by R347, 816 million. We hope that as we continue allocating more funds to Education the quality of education will also increase.

Department of Developmental Local Government and Traditional Affairs

The Department received an additional allocation of R27, 727 million, of which R25 million is earmarked for the implementation of the municipal turnaround strategy that will be implemented jointly with Provincial Treasury.

Department of Public Works, Roads and Transport

This Department receives an additional allocation of R94, 879 million of which R41, 165 million is earmarked to address the bus subsidies and R29, 374 million to cover the shortfall on road infrastructure projects. Let me remind this august house that the Premier has invoked section 18 of the PFMA as a result of challenges experienced with regard to challenge with the road infrastructure in the department. We are fully conscious of the fact that we need more money to stabilise the completion of those projects.

Department of Agriculture, Conservation, Environment and Rural Development

The budget of this Department increased by R20, 703 million due to unspent conditional grants. We call on this Department to provide a plan to spent the R32 million that National Government withheld because it may be redirected to another Province. We cannot afford to lose such an amount when we are faced with retrenchments in a rural province that must increase the number of people who must actively participate in agricultural sector.

Department of Human Settlement

The adjusted budget of this Department amounts to R1 212,897 million, a net decrease of R4, 510 million due to adjustments made during the establishment of the department.

As a Provincial Government we are really concerned about the quality of some houses that have been constructed. There is no way that we can continue to have business with construction companies that let us down, by constructing houses of inferior quality. So we want to comment the National Department of Human Settlement for the drastic action that they are taking against such companies.

Additional Appropriation

Honourable Speaker, let me table the additional estimates amounting to R744, 569 million as contained in the Schedule to the Adjustments Appropriation Bill, 2009, which I humbly request your august house to appropriate.

The Adjustments Appropriation Bill tabled here today is a product of hardship and many sleepless nights we spent as Provincial treasury and Department's finance teams. Many alternatives were considered in the preparation of this bill due to the huge financial constraints emanating from the current economic recession.

Conclusion

Ka tlhompho e kgolo ke leboga mafapha othle gonna le tirisano mmogo gore re fetse re tlisitse tokomane e go ntlo kgolo ya Bokone Bophirima.

Go tlhokega thata gore mo isagong, jaaka mafapha a puso re lomagane go phetagatsa ditshepiso tsa rona go baagi ba Bokone Bophirima.

Ke rata go leboga tshegetso e ke e boneng go tswa go Premier Mme Modiselle, maloko a kuduthamaga, modula setilo wa

komiti ya Finance and Economic Development, Mme Tebogo Modise le komiti ya gagwe, le maloko otlhe a ntlo eno.

A ke gopotse ntlo eno gore bonnyane ba madi a re a fiwang ke puso ya bogareng, re tshwanetse re dire go le gontsi ka ona.

Let the culture of cost saving mechanisms be upheld over the Medium Term Strategic Framework(MTSF). It is my belief that if we work together in the interest of improving the lives of the residents of this Province we can achieve more.

Thank you very much

Baie dankie

Ke leboga go menagane