

**2017/18 PROVINCIAL BUDGET SPEECH PRESENTED BY MEC
WENDY NELSON, MEC FOR FINANCE, ECONOMY AND
ENTERPRISE DEVELOPMENT AT THE NORTH WEST
PROVINCIAL LEGISLATURE ON 07 MARCH 2017**

Honourable Speaker of the Provincial Legislature

Honourable Premier of People's Province of Bokone Bophirima, Rre Supra
Obakeng Ramoetsi Mahumapelo

Honourable Members of the Provincial Legislature

Honourable Members of the Executive Council

Executive Mayors, Mayors and Speakers, MMC's for Finance of Municipalities

Chairperson of Provincial House of Traditional Leaders, Kgosi Zibi

Dikgosi tsa rona tse di tlotlegang tsa Bokone Bophirima

Leaders of Political Parties represented in this august 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 and faith based
organisations in particular our special guest, Reverend Otto Mbangula

Comrades and friends

Distinguished guests

Honourable Speaker, the life and legacy of Oliver Reginald Tambo, who selflessly fought for the liberation of our country, remains an inspiration to the People of Bokone Bophirima as we forge ahead with the implementation of radical economic transformation programmes anchored on the five concretes, pursuant to the attainment of the NDP objectives.

His contribution to the creation of a united, democratic, non-sexist, non-racial and prosperous South Africa inspires us to use the 2017 MTEF budgets to radically transform the lives of our people by accelerating the delivery of services in addressing the triple challenges of poverty, inequality and unemployment.

In celebrating the Year of Oliver Reginald Tambo, the Year of Unity in Action, let us embrace the profound call by the people's teacher and lawyer to increase the pace of radically transforming the economy of our Province, as he believed that "South African transformation will be built through economic participation and mobilisation of all our capacities and that without transformation, growth will reinforce inequality, without growth, transformation will be distorted by patronage."

Honourable Speaker, irrespective of our political affiliation, we should all thank the people's movement, the African National Congress for dedicating the year 2017 to honour, remember and celebrate the life of OR Tambo as an inspiration by increasing the speed at which we construct the second transition of our national democratic revolution through the implementation of the five concretes.

Since assumption of office by the Fifth Administration, led by our fearless Premier SOR Mahumapelo, funding has been redirected to programmes that seek to dismantle the apartheid legacy of poverty, inequality and unemployment which mainly affect Africans, in particular those who live in villages, townships and small dorpias (VTSD).

Honourable Speaker, President Jacob Zuma and Premier Mahumapelo, through the 2017 State of the Nation and Province addresses, respectively provided guidance and commitment that government would focus on the implementation of practical programmes for radical economic transformation; therefore the 2017 budget plays a central role in transformation by affirming these directives through redistribution and redirecting scarce resources towards programmes that supports the implementation of the five concretes in particular ACT and VTSD in the context of Rebranding, Repositioning and Renewal (RRR).

As the Province, we agree with President Jacob Zuma that radical socio economic transformation represents “fundamental change in the structure, systems, institutions and patterns of ownership, management and control of the economy in favour of all South Africans, especially the poor, the majority of whom are African and female, as defined by the governing party, which makes policy for our democratic government.”

In the words of Hon Premier Mahumapelo and in recognition of those who have worked hard to build and develop our country, like OR Tambo, Walter Sisulu, Nelson Mandela and the others, the 2017 State of the Province address has been dedicated to the 20th anniversary celebration of the Constitution of the Republic of South Africa.

As we celebrate the 20th anniversary of our Constitution, we must always remember the words of the Premier when he said “the African National Congress together with progressive forces in our broader alliance and society in general, believe that this Constitution is the most progressive and revolutionary document to be used to effect fundamental change in this country”.

Honourable Speaker, our Province is predominantly rural and under-developed in VTSD areas, therefore our plans, programmes and budgets must unapologetically address the socio-economic challenges faced by our people in particular those who live in these areas.

As we table the 2017/18 Provincial Budget, we are mindful of the uncertain and complex global economic environment within which we operate. This unpredictable volatile economic outlook has not stopped the Province from funding programmes that ensures the attainment of NDP goals through five concretes, because we put our people at the centre of our business.

Honourable Speaker, the limited resources at our disposal amounting to R39 billion for 2017/18 increasing to R44 billion in the 2019/20 financial year, provide us with an opportunity to build meaningful partnerships by working with both private sector and civil society in providing services to our people, and most importantly accelerate the delivery of services in a cost effective manner.

Guided by the commitment to continue dismantling the legacy of apartheid, through this budget, government is increasing the pace of investing in programmes that will accelerate radical economic transformation and the 2017 MTEF budget proposal sets a solid framework for implementation of such programmes.

Economic Outlook

Honourable Speaker, the year 2016 will be remembered as one of the most challenging years. Our Province has experienced one of the most severe droughts in history. This has been a stressful experience for our farmers in particular emerging black farmers whose investments were severely affected by the drought.

Government through the Department of Rural, Environmental and Agricultural Development addressed this plight through provision of temporary relief in the form of construction of irrigation systems, drilling of boreholes, water tankering and the provision of fodder to the amount of R38 million to more than 21 000 farmers. This is because we put our people first.

Provincial government has aligned the allocation of resources towards improving the wellbeing of the population that increased from 2.9 million in 1996 to reach 3.7 million in 2016. The majority of the 1.6 million persons classified as poor in the province live in abject poverty within the villages, townships and small dorpias (VTSD) with minimal access to economic opportunities.

Bokone Bophirima Province contributes about R180 billion or 7% of the national gross domestic product. Provincial spending by government contributes 30% to the provincial economy. About 77% of those employed are working in the formal sector with an average wage of about R4 500 per month.

Income inequality in the Province has widened from 0.56 in 1999 to 0.60 in 2016 with Blacks in rural areas being the most disadvantaged compared to other racial groups. These are the most unemployed population in the province with women and youth taking the largest share in VTSD areas.

Madame Speaker, the North West economy managed to grow by 1% during 2016. The number of the employed persons increased from 561 926 in 1996 to 830 215 out of which 180 905 were employed by the provincial public sector in 2016 which reflects a net gain of about 270 000 jobs during the last 22 years.

The availability of mineral resources has made Bokone Bophirima an attractive investment destination in South Africa, resulting in an increase in migration that has led to substantial population growth, especially in Bojanala district.

The adoption of friendly and progressive business policies by the provincial government is manifested by the presence of a vibrant informal business sector especially in agriculture, transport and retail industries of which Bokone Bophirima contributes 14% to the total number of people employed by the sector in the country and contributes over 7% to the provincial economy in 2016. Investors both local and international interested to trade in high quality products are welcome to invest in the North West, however they must work together with the established VTSD Chamber of Commerce as we put our people first.

Budget Reform and Expenditure Reviews

Honourable Speaker, the budget proposals for the 2017/18 financial year are premised on strengthening, reinforcing and ensuring collaborative efforts and consolidation of resources towards the implementation of radical economic transformation initiatives in the context of Rebranding, Repositioning and Renewal (RRR) anchored on the five concretes, in pursuit of achieving the cardinal objectives espoused in the National Development Plan (NDP).

The negative inheritances of the past, namely: drought spell, increasing compensation of employees, constrained fiscal framework due to payment of the accruals, slow spending on infrastructure and conditional grants, narrow own revenue base, over-commitments on roads projects, unsustainable litigation costs, non-compliance to the PFMA payment provisions, irregular and fruitless expenditure and negative audit outcomes in particular for municipalities and entities and heavy reliance on consultants have had a huge negative bearing on how the Fifth Administration had to start with the implementation of RRR.

Apart from the costs associated with clearing many of the past inheritances, the Fifth Administration had to ensure that the allocation of the last three financial years caters for prior and current debt including future programmes.

It is through the implementation of cost containment measures, the flexible moratorium and allocative efficiency by the Executive Council under the leadership of Hon Premier Mahumapelo that we have been able to deliver services with the limited resources in the context of the five concretes, without any bail-out from the national government.

The Province is on a sound financial footing and I am confident that we will close the 2016/17 books without any liquidity challenges.

Honourable Speaker, this has been made possible due to visionary leadership which the Premier in his State of the Province Address defined eloquently as follows **“Visionary leadership is the ability to use lessons of the past to act in the present such that there is broad convergence of thought and action in determining future history”**.

In “determining future history” and having learnt from the “lessons of the past”, the following will be implemented as part of forward planning:

- ✓ All supply chain management processes including awarding of contracts for 2017/18 budget will be concluded before end of May 2017 by departments and entities;
- ✓ With regard to 2018/19 financial year, all SCM processes are to be concluded by October 2017 for implementation effective from April 2018;
- ✓ The final infrastructure projects list for 2018/19 will be finalized by end of the second quarter of 2017;
- ✓ The 2018/19 Conditional grant business plans will be finalized by the end September 2017;

- ✓ Any changes to the project list and business plans beyond September 2017 will be subject to approval by the Executive Council;
- ✓ Appointment of EPWP must be concluded before end of March 2017 for implementation, similarly for 2018/19 such process would be concluded by March 2018 for implementation effective from April 2018;
- ✓ All 2018/19 projects to be implemented effective from April 2018.

Provincial government remains focused and determined to achieve set targets despite the constrained fiscal envelope.

Consistent with the policy pronouncement by the Premier, the “three quotations system” for sourcing of goods and services only from compliant VTSD service providers will be implemented effective from April 2017 and Treasury Instruction in this regard has already been issued for implementation by departments, entities and municipalities. This opens up participation to SMME’s in villages, townships and small dorpiés and enables us to sustainably grow our SMME’s and Co-operatives base.

Highlights of achievements

Honourable Speaker, despite the difficult and unpredictable economic environment within which the Province has had to implement the adjusted 2016/17 budget of R36.6 billion, the following have been achieved:

- ✓ The provincial departments have registered VTSD spending of R2.6 billion or 53.4 % of the procurable goods and services and transfers as at the end of January 2017. From the R2.6 billion, 43.5 % was spent in Townships while 29.1 % and 25.6 % was spent in Villages and Small Dorpiés respectively. The expenditure is distributed across a total of 4 354 VTSD suppliers which represent 43 % of the total number of suppliers doing business with the province;

- ✓ Progress on co-management – Not only have we managed to reduce accruals in the three departments substantially, we have also managed to improve the turnaround time for payment to service providers. The cash flow position of the Department of Health has improved despite the challenges of other budget pressures. Systems have been put in place to ensure improved management of personnel especially in the Department of Education and Sports Development;
- ✓ Over the last two years, the following infrastructure has been delivered at a cost of R14.6 billion:
 - We have completed 27 617 housing units;
 - 6 Clinics and 1 Community Health Centre;
 - 2 Psychiatric Hospitals;
 - 13 Schools and 1 Hostel;
 - 7 Libraries;
 - 1 Old Age Home and Inpatient Centre;
 - 422 Kilometers of Road network has been upgraded;
 - 272 Kilometers of Road network has been rehabilitated and refurbished;
 - 1 Industrial Laundry for a community cooperative; and
 - 202 Kilometres of new Road networks have been completed
- ✓ The oversight role and support provided by the Provincial Treasury has resulted in departments achieving revenue collection targets for three successive quarters since April 2016;
- ✓ In comparison to the 2015/16 financial year where we registered 60% revenue collection up to the month of December and for the same period in 2016, we had already collected about 76% of the target which reflects an improvement of almost 15%;

- ✓ Our projections indicate that we are going to meet our annual target by the end of February 2017, and also slightly exceed our overall provincial target by the end of the current financial year;
- ✓ Revenue collection commissions are to be charged only against outstanding debt and no longer on current debt;
- ✓ Revenue collection commissions is now capped at maximum of 10%;
- ✓ All municipalities in the Province are at different stages of implementing their revenue enhancement strategies compiled under the guidance of the Provincial Treasury. The overall projections are encouraging with few exceptions which will be addressed through the implementation of Provincial Revenue Enhancement Strategy; and
- ✓ The 2017 municipal budget policies will include new sources of revenue as identified during the 2016 financial year.

Honourable Speaker, against the backdrop of budget constraints and releasing funds from employee costs to service delivery programmes, the Executive Council took the decision to implement flexible moratorium which has assisted in the stabilisation of the provincial wage bill and making money available for programmes that supports five concretes.

During the tabling of the 2016/17 Adjustment budget, we announced that more than R500 million had been saved from compensation of employees by the end of the second quarter.

Our projections indicate that by the end of the current financial year another R250 million will be saved adding up to R750 million for the year. Consequently, the provincial compensation of employees (CoE) has been rebased from 58% to 56% of the provincial budget. This represents an additional R750 million injection into service delivery related expenditure and programmes.

We have also witnessed a shift in spending from non-core items, through the implementation of the cost containment measures. Besides the inflationary price adjustment, we have spent R100 million less in 2015/16 compared to 2014/15 on goods and services items that we identified for cost containment.

Honourable Speaker, last year we committed to pay service providers within 21 days. I am glad to announce that in April 2016 we paid 63% of invoices within 21 days and by December 2016 we were paying 80% of the invoices within 21 days. We continue to aspire for 100% in 2017/18.

The Province has done a lot in improving the financial management and budget execution in the departments. Regrettably, the same cannot be said about the municipalities in particular the 2015/16 municipal audit outcomes.

Madam Speaker, in terms of the 2015/16 Auditor General reports issued and tabled to municipal Councils as part of the Annual Reports, the audit outcome of municipalities have regressed in compared to 2014/15 with less unqualified opinions. Of the 23 municipalities:

- 4 or 18% received an unqualified audit with findings which is a decrease of 9% or 2 compared to 2014/2015;
- The qualification with findings opinion was achieved by 12 or 52%;
- The number of adverse or disclaimer opinion remained the same and has not changed from last year.

Government's greatest concern is an amount of R130 million which has been paid to consultants without material improvement to the audit outcomes. Having assessed the current support by the Province together with the contribution by municipalities, **the following intervention programmes are being implemented jointly with immediate effect by the Office of the Premier, Finance, Economy and Enterprise Development, Local Government and Human Settlement and municipalities:**

- Shared services model for each district for implementation of audit intervention improvement programme;
- One standard performance contract for Section 56 and 57 managers and include key deliverables and target for improved audit outcome as the key deliverable and output;
- Performance to include audit improvement, consequence management and revenue enhancement;
- Treasury to work with Mayors and MMC's for Finance and unpack Section 71 reports on a monthly basis;
- The three departments to finalise the framework and modalities of deployment of excess public servants with appropriate finance related skills, experience and expertise to municipalities by the end of March 2017;
- Fast-track and finalise the appointment of Section 56 and 57 in all municipalities by end June 2017; and
- Enhance the capacity of both MFMA Units by end of the second quarter of the same year.

Honourable Speaker, I have provided this august House with some of the key highlights achieved to date and challenges relating to municipalities, as way of acknowledging our weakness as well as excellent performance areas for improvement and sustainability.

Having noted these challenges and our determination to address such, allow me to repeat the profound words of the Honourable Premier S.O.R Mahumapelo during delivery of the State of Province Address in Taung when he said: **“The past is an important platform from which to use the present in order to shape the unknown future”**.

As we table the 2017/18 budget proposals which support the attainment of the five concretes, I have to once more remind the People of our Province that we have learnt from the past, which constitutes a solid foundation for implementation of remedial plans, which have already started.

2017/18 Fiscal framework

Honourable Speaker, the 2017/18 budget proposals are presented in the context of uncertain global economic environment which compels us to be vigilant and focused in implementing the programme of action for government, which has been articulated by Honourable Premier during the 2017 State of the Province Address.

The total provincial budget amounts to R39.1 billion for 2017/18 and it adds-up to R124.9 billion over the medium term. The 2017/18 fiscal framework comprises of R30.3 billion as equitable share, R7.6 billion conditional grants and R1.2 billion own revenue.

Honourable Speaker, the 2017 MTEF budget includes critical revisions, additions and reductions to the conditional grant allocations:

- ✓ The downward adjustment of 72 % on the ***EPWP integrated grant*** from R51 million in 2016/17 to R14.4 million in 2017/18 which has an adverse impact on the quest to increase job creation. In an effort to improve the spending and upwards adjustment to this allocation, departments have already started with recruitment processes which normally starts after the end of the financial year. This intervention would ensure that the Province secures future funding and spend the allocation in time;

- ✓ The introduction of an **Early Childhood Development Grant**, with its first allocation of R32.7 million in 2017/18, followed by R51.7 million in 2018/19 and R54.6 million in 2019/20
 - The grant seeks to address access of poor children to early childhood education and to ensure appropriateness of the infrastructure where children access early childhood development programmes.

- ✓ **Social Worker Employment Grant** receives its first allocation of R6.7 million in 2017/18 which grows to R7.2 million and R7.8 million in the two outer years, respectively. This grant will assist the province to address the need for social workers and to reduce the backlog with regards to absorption of unemployed social work graduates.

- ✓ **Substance Abuse Treatment Grant** which is aimed at providing treatment for substance abuse and improving access to public substance dependency treatment facilities is allocated R14.2 million in 2017/18.

- ✓ Introduction of a new grant called **Learners with Profound Intellectual Disabilities Grant** has been introduced with an allocation of R17.1 million over the medium term. The purpose is to provide educational opportunities to learners with severe and profound Intellectual Disabilities. OR Tambo said “A nation that does not take care of its youth has no future and does not deserve one.” This ANC Government remains committed to supporting young people in becoming the greatest of citizens.

Honourable Speaker, the departmental allocations including the Provincial Legislature for the 2017/18 financial year for which detailed spending plans and programmes will be presented to the Legislature by Premier, Speaker and Members of the Executive Council are as follows:

Office of the Premier

The allocation of the Office of the Premier for 2017/18 amounts to R648.9 million, R713 million in 2018/19 and R795.3 million in 2019/20.

This allocation includes an amount of R32.9 million in 2017/18 for North West Development Corporation (NWDC). In our quest to improve ICT infrastructure and services, an additional amount of R120 million is earmarked for ICT transformation programme in 2017/18, totalling to R465.8 million over the MTEF.

Honourable Speaker, the Province is on course with the establishment of People's Economic Growth Agency (PEGA) as a catalyst investment attraction entity. NWDC is mandated to source development funding for all key projects that are geared towards stimulating economic growth and creation of job opportunities. It is expected that NWDC will raise in excess of R10 billion over the MTEF for key investment strategic projects in the Province.

As part of ICT, Energy and Science and Technology programme, we reaffirm our commitment to work with the University of North West for implementation of amongst others the following resolutions flowing from the recent ICT Lekgotla:

- Implementation of Innovation hub and Energy plan;
- Rollout of solar geysers and matching the national contribution of R50 million;
- Municipal plans and budget to prioritise issues of energy, science and ICT.

North West Provincial Legislature

The Provincial Legislature receives an allocation of R449.5 million in 2017/18, R471.4 million in 2018/19 and R489.6 million in the outer year. Included in this allocation is an additional R30 million to allow the provincial legislature to intensify its programmes such as “Basadi re aga Setshaba”, “O re Bone re go Bone” and other key deliverables of the Legislature which are key to the implementation of public participation programmes as provided for in the constitution.

- **Social Sector**

Honourable speaker, we fully agree with Professor Ronnie Lotriet from North West Chamber of Commerce and Industry’s submission that “Investment in the human capital of the province through education and training to address the structural side of unemployment and social ills” is important.

The social welfare of the provincial population has always been a concern. This can be evidenced by many social ills such as crime, drug abuse, and the increased burden of diseases which may aggravate economic instability. The social cluster receives R87.5 billion over the Medium Term.

- **Health**

The Department of Health will intensify its focus on strengthening primary health care services. During the current financial year the department implemented an initiative of branding clinics as the “Ideal Clinic”. To date 40 clinics in the province received “Ideal Clinics” status and are now able to provide quality health service required by our people.

In response to the VTSD initiative, the department has established seventy eight (78) mobile clinics and thirty three (33) of these are already providing Anti-Retroviral Treatment (ART) to patients.

Health is allocated R10.5 billion for the first year of the MTEF and the allocation increases to R11.1 billion and R12 billion for 2018/19 and 2019/20 respectively. Included in the 2017/18 allocation is an amount of R220 million to assist the department with accruals.

The allocation will allow the department to respond to the five concrete through amongst others:

- ✓ Patient transport for the rural areas in collaboration with Taxi associations;
- ✓ Establishment of a Provincial Pharmacovigilance committee to monitor ART treatment failure; and
- ✓ TB targeted intervention in collaboration with the department of Correctional Services, Mines as well as Developmental partners.

• **Education and Sports Development**

Access to quality education is a basic right. Over the last six years, Annual National Assessment (ANA) were introduced to complement the Grade 12 examination and to provide a more objective assessment of learner performance across all Grades.

The 2017 MTEF budget continues to focus on improving the quality of education in the province. An amount of R15.3 billion in 2017/18, R16.3 billion in 2018/19 and R17.4 billion for 2019/20 is allocated. Amongst others this allocation will benefit 32 Special Schools catering for about 7 434 learners; we remain committed to supporting our youth.

To ensure an active society from an early age, R16.9 million has been set aside for sporting at schools from which, 39 Sport Coordinators will be trained to improve the standard of school sport.

R1.076 billion has been set aside in 2017/18 MTEF for infrastructure development for construction and maintenance of schools. The allocation makes provision for the following:

- ✓ Expansion of boarding schools by utilization of the “closed middle schools”;
- ✓ Allocated an amount of R240 million over the MTEF for implementation of consistent push as opposed to the last push; and
- ✓ Assessment and publication of results for all the grades.

- **Social Development**

The allocation for Social Development amounts to R1.5 billion in 2017/18 and it sums up to R4.9 billion over the MTEF. This allocation includes 3 new conditional grants to assist the department to expand its services to the community. As part of the contribution to the five concretes, the department will focus on the following priorities:

- ✓ Increase access to Early Childhood Development (ECD) services through partial care facilities to poor children. The allocation allows the departments to increase the number of days and children subsidized;
- ✓ Operationalize the newly constructed old age home and In-patient treatment center to care for older persons and victims of substance abuse; and

- ✓ The department will sustain food distribution centres in the 2017/18 financial year through food security programmes; this food hampers will be procured from agricultural cooperatives in support of ACT;

Funding of the ACT concrete

The implementation of ACT, led by the Departments of Rural, Environment and Agricultural Development; Culture, Arts and Traditional Affairs and Tourism and all departments and municipalities are expected to make their contribution in the realization of this concrete.

These departments receive R2.3 billion in 2017/18 financial year for the implementation of ACT which is an increase of R575 million from their initial allocation in 2014/15 financial year. ACT departments receive R7.4 billion over the 2017 Medium term period.

- **Rural, Environment and Agricultural Development**

The allocation for the department of Rural, Environment and Agricultural Development amounts to R1.4 billion for 2017/18, and sums up to R4.4 billion over the MTEF. Included in the allocation, is funding from various conditional grants with a percentage share of 18 % of the total budget.

An additional amount of R75 million has been set aside for Agri-Parks and R10 million is added in 2017/18 as an adjustment to the baseline allocation for Parks Board. The department's budget registers a growth of R270 million over the medium term or 21 % of the 2016/17 adjusted budget.

Honourable Speaker, the departmental allocation will also be directed amongst others to the following key programmes and projects:

- Taung Skull World Heritage sites;
- Establishment of AGRI-PARKS to the enhance food security programme;
- Donkey Production and Processing Programme;
- Resuscitation and expansion of irrigation scheme in Taung

The department will continue to provide beneficiaries in the poorest wards with seeds and other resources to assist them to produce their own food.

- **Culture, Arts and Traditional Affairs**

Total allocation for the department for the MTEF amounts to R711.4 million in 2017/18, R732.6 for 2018/19 and R802 million for 2019/20. The allocation increases by R134.2 million over the medium term based on the 2016/17 adjustment budget.

The 2017/18 allocation includes an amount of R7 million to finalize investigations on Bogosi disputes and claims and R7.9 million over the MTEF to support traditional leaders.

The departmental budget also caters for the following service delivery areas such as:

- ✓ Construction of 22 Cultural villages in partnership with Dikgosi and community leaders; and
- ✓ Hosting of a provincial choral music festival in honour of the late Oliver Reginald Tambo;

- **Tourism**

Tourism receives R245.8 million in 2017/18 and adds up to R782.7 million over the MTEF period. This allocation will allow the department to focus on the following key activities and priorities in the next financial year:

- ✓ VTSD Tourism Growth and Development Strategy;
- ✓ Conduct research studies to support tourism growth;
- ✓ Hosting of the Provincial Tourism Lekgotla; and
- ✓ Hosting of Local Economic Development (LED) consultations on tourism planning

- **Community Safety & Transport Management**

The department's allocation over the MTEF period is R2 billion in 2017/18, R2.1 billion in 2018/19 and R2.2 billion in 2019/20. Community Safety and Transport Management has successfully implemented the Provincial Revenue Enhancement strategy. Consequently the Own Revenue baseline for this department is increased by R10.5 million in 2017/18. Included in the allocation are the following key priorities:

- ✓ R1.8 million funded through the Expanded Public Works Programme grant for the appointment of community patrollers;
- ✓ The establishment of a Denel Technical Academy;
- ✓ Subsidy for Scholar Transport and Commuter Bus services; and
- ✓ Construction of the weigh bridges

Finance, Economy and Enterprise Development

- **Finance**

Finance is allocated R486.3 million in 2017/18, R512.1 million for 2018/19 and R545.7 million. The budget for 2017/18 grows by R21.6 million or 4.7% which is below the inflationary target of 6.1% by 1.4 percentage points. The departmental budget will, amongst others, cater for the following:

- ✓ Partnership with the University of North West to assist with financial management expertise as part of agreement with Provincial government;
- ✓ Support to municipalities through Municipal Finance Management unit; and
- ✓ Registration of supplier in the CSD as part of outreach programmes.

- **Economy and Enterprise Development**

Economy and Enterprise Development is allocated R305.3 million in 2017/18; R333.4 million in 2018/19 and R353.8 million in 2019/20. The budget increases by R78 million over the medium term and it is focused to support local economic development activities which include amongst others:

- The hosting of 2017 VTSD Economic Lekgotla;
- Implementation of Manufacturing and Industrialisation Projects within the VTSD Context;
- The establishment of Industrial Laundries in the VTSD areas that will be linked to health and correctional services facilities;
- Creating Empowerment Opportunities for enterprises owned by Women, Youth and person living with disabilities and developing the Provincial Clothing & Textile Manufacturing Strategy;
- Support to Municipalities for LED Strategies aligned to government priorities; and

- Support to the North West Gambling Board for expansion of activities and revenue generation.

- **Local Government & Human Settlements**

The department of Local Government and Human Settlements is allocated R2.7 billion in 2017/18, R2.8 billion and R2.9 billion in 2018/19 and 2019/20. Included in the allocation is an amount of R82.7 million for Water and Sanitation projects in the Province. The departmental budget includes funding in the form of Human Settlement Development Grant that amounts to R2.2 billion in 2017/18. This budget will enable the department to improve its focused approach on service delivery through the following programmes and projects:

- Increasing housing opportunities in VTSD's by 17 979 housing opportunities through allocation of 50 units per contractor;
- Facilitation, co-ordination and monitoring of Disaster Management and Fire Rescue Services within 22 municipalities and all provincial government departments; and
- Mobilisation of multi-departmental teams to tackle dysfunctional municipalities (mobilise national and provincial resources).

- **Public Works & Roads**

Total allocation for the department of Public Works and Roads amounts to R2.9 billion in 2017/18 and adds up to R9.1 billion over the MTEF. A substantial amount of the department's allocation is for maintenance and construction of buildings and roads; payment of rates and taxes of all government owned properties; property payments such as security services and utilities.

Included within the equitable share allocation for roads infrastructure of R960 million over the MTEF, is the funding for upgrading and construction of the dual carriageway from Rooigrond to Mahikeng which is expected to be completed within the first two years of the 2017 MTEF.

In order to ensure a focused approach for service delivery, the departmental budget includes funding for the following programmes and projects:

- ✓ The road projects to be implemented through contractor development programme, which includes upgrading, rehabilitation and maintenance of various roads in the province;
- ✓ An allocation for district-based road maintenance activities which includes procurement of maintenance supplies; and
- ✓ An allocation for the payment of municipal rates and taxes.

The department will also continue to implement brick-making projects as a means for the creation of employment opportunities for the unemployed youth.

Honourable Speaker, we have succeeded with the implementation of flexible moratorium without compromising the quality of service to the Bokone Bophirima citizens and redirected funds to key priorities including adjusting the budget of Health in order to deal with accruals.

To further manage down the cost of employees in the Province which has the potential to crowd out critical service delivery spending plans, the Provincial Treasury will issue a Treasury directive on compensation of employees to guide department and entities on issues of personnel budgeting and filling of vacant positions.

Madam Speaker, our Province has made substantial progress in reducing spending on non-core goods and services including managing down the personnel costs.

Spending on non-essential goods and services fell in real terms by 7.1% in 2014/15, 6.1% in 2015/16 and is anticipated to decline by 4.5% annually over the medium term. The proportion of provincial spending on personnel has declined to under 60% in 2016/17, freeing up in excess of R200 million resources and investing in programmes that support ACT, VTSD, RHR, Setsokotsane and Saamwerk-Saamtrek.

Honourable Speaker, beyond the allocation of budgets to departments, follows the most important aspect within the budget cycle, which is budget execution.

Budget execution entails implementation of the budget in accordance with the programme of action as elucidated in the State of the Province Address.

The 2017/18 budget allocation also provides private sector, business and civil society with an opportunity to stretch the rand by making an equal contribution as part of our collaborative efforts in economically changing the fortunes of the less privileged citizens of our Province in the spirit of Saamwerk-Saamtrek.

I need to remind the People of Bokone Bophirima that had it not been through the sacrifice of a gallant leaders like OR Tambo, the adoption of the most progressive Constitution of the Republic of South Africa, the National Development Plan, RRR with its five concretes, it would not have been possible to stand before this august house and proclaim the Fifth Administration's commitment of dismantling the legacy of apartheid of poverty, inequality and unemployment through effective and efficient implementation of the 2017 MTEF budget.

On behalf of the Executive Council of Bokone Bophirima, led by Hon SOR Mahumapelo, I reaffirm our resolve to improve our performance monitoring, evaluation and intervention programmes by providing regular feedback to our people on the implementation of this budget. Such feedback will be done on a quarterly basis and would be led by the Premier.

As pronounced by the Honourable Premier, we are currently engaging our provincial banker, ABSA on our current contract and further development on this matter will be communicated as part of our regular feedback to our people.

Honourable Speaker, let me take this opportunity to thank the following:

- ✓ Humble and servant of the People, Honourable Premier Supra Obakeng Mahumapelo for his collective leadership and guidance;
- ✓ My colleagues, Members of the Executive Council for their support and understanding of the difficult balancing act of funding unlimited priorities with limited resources;
- ✓ Chairpersons and Members of both Public Accounts and Finance Committees for holding us accountable and providing valuable suggestions for improvement;
- ✓ The Auditor General for the sound working relationship;
- ✓ Head of the department, Mr Ndlela Israel Kunene, the budget team and the entire FEED staff for the work well done; and
- ✓ My family and staff from my office for their support and understanding of the need to serve the People of Bokone Bophirima.

Honourable Speaker, I need to close by making reference to the need and the speed at which we have to urgently transform the economy for inclusive growth and empowerment of our people who mostly stay in under-developed areas of VTSD.

As part of growing our economy and the implementation of both investment programme, SMME development and the five concretes we will be working hard with NWDC to secure available development funds from DFI's for investment in the Province.

In doing so, I am compelled to quote the words of the Provincial Chair of the African National Congress who is also the Premier of the Province when he said "Government will no longer feed the greed of white monopoly capital at the expense of black entrepreneurs, majority of whom live in villages, townships and small dorpiens. We will not use public funds to perpetuate skewed accumulation of wealth and privilege by a section of the society mainly white and male, who constitute a small number of the population of Bokone Bophirima".

Honourable Speaker, allow me to table the following documents:

- North West Appropriation Bill 2017/18;
- Estimates of Provincial Revenue and Expenditure;
- A copy of the Provincial Budget Speech 2017.

A copy of the Budget Speech will also be availed in Braille.

Ke a leboga.