

**ADDRESS TO THE PROVINCIAL LEGISLATURE ON THE TABLING OF
THE NORTHERN CAPE ADJUSTMENT APPROPRIATION BILL 2015
AND PROVINCIAL MEDIUM TERM BUDGET POLICY STATEMENT BY
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DEVELOPMENT AND TOURISM.**

18 NOVEMBER 2015

HONOURABLE SPEAKER

HONOURABLE PREMIER, Ms SYLVIA LUCAS

MEMBERS OF THE EXECUTIVE COUNCIL

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Introduction

Honourable Speaker, it is my privilege and honour to present to this esteemed House the 2015 provincial Medium Term Budget Policy Statement (MTBPS), together with the Adjustments Appropriation Bill.

Honourable Speaker, when citizens voted us into power, they gave us a mandate: it is a mandate for stability and prosperity; a mandate for inclusive growth and equitable development. It is a mandate that we accepted with humility and a firm resolve to do all we can for the welfare of this province.

I am deeply conscious of the faith reposed by the people in our government and the responsibilities that come with it. I am sensitive to the great challenge of rising expectations of young people. It reflects a population that is active, and ready to seize the opportunities presented to them.

There are justifiable reasons for us to create, facilitate and sustain those opportunities. We want our people to realise their aspirations through better opportunities in a prosperous, competitive and open economy.

To this effect, Honourable Speaker, South Africa adopted the National Development Plan (NDP) to create a better life for its entire citizens in an inclusive society. The first implementation phase of the NDP finds expression in the Medium Term Strategic Framework (MTSF) 2014-2019.

The central message of NDP is clear, that is, to accelerate progress, deepen democracy and build a more inclusive society, translate political emancipation into economic wellbeing for all.

This provincial MTBPS demonstrates our commitment to implement the NDP so as to accelerate growth and resolve the triple challenge of unemployment, poverty and inequality.

We recognise the challenges that this task entails, particularly at a time when the world is still struggling with an unprecedented economic slowdown that has also affected us.

While we are determined to convert our words into deeds, Honourable Members would appreciate that a single budget cannot solve all our problems, nor is it the only instrument to do so. Yet, it is an important building block towards the attainment of government's vision.

The global economic growth has slowed and as such our growth is considerably lower than it was projected in February 2015. A sustainable expansion of public services is an important developmental goal and cannot be achieved without economic growth. Stronger economic growth means higher revenue and without economic growth government's revenue collection rate will decline.

This has a negative effect on fiscal space at a time when we are experiencing pressing demands for public services. Our approach to improving provision of public services, given lower revenue, is therefore focused on better use of existing resources and shift in the composition of spending, rather than raising overall expenditure.

This means that less effective spending should be redirected to higher priority areas and resources must be channeled into key social programmes to ensure that they target and protect the most vulnerable.

We are also focusing on improving the effectiveness of spending across the board.

Our aim is not about cutting government spending; it is about spending less on non-core functions and more on core functions.

Honourable Speaker, we need to deepen and broaden the agenda for an inclusive economic growth and development to ensure that no individual, community or region is denied the opportunity to participate and benefit from developmental processes.

Honourable Members, as substantial resources are mobilised to fuel the growth of the economy and make it more inclusive in character, efficiency of delivery must become the focus of each department. In addition to this, our departments must further provide high quality public services to all citizens with transparency and accountability.

Economic Outlook

Honourable Members, in recent years South Africa's economic growth has been exceptionally weak. Although immediately after 1994 the growth averaged 3.1 per cent, the country has been nowhere near that since 2012 and the outlook is not rosy. The South African Reserve Bank and the National Treasury have revised down the medium term growth expectations significantly.

The Gross Domestic Product (GDP) is expected to hover around 1.5 per cent in 2015 and 2016. The 2015 National Treasury's Medium Term Budget Policy Statement showed that South Africa is not expecting the economy to reach 3 per cent growth as far as 2018.

The economic growth is expected at 1.4 per cent this year (2015), slowing to 1.2 per cent next year. Electricity supply constraints, falling commodity prices and lower consumer and business confidence levels have resulted in our growth forecasts being revised downward. This forecast, if delivered, would represent persistent underperformance.

Honourable Speaker, there are two key trends that are shaping the aforementioned outlook. These are the growth in domestic expenditure and soft industrial production as well as export volumes. Export and industrial volumes will remain weak thus offering only partial compensation for weak expenditure. Due to all these, growth in consumption expenditure will moderate.

There will be continuous fiscal consolidation until the time when economic growth is adequate to bring about desired results. There has been significant reduction in real government spending growth since the 2012/13 fiscal year to levels well below what transpired in the previous decade.

Furthermore, to meet its main medium term objective of stabilising the debt burden, government has committed to continued moderate growth in spending to achieve its spending ceiling.

Employment growth is expected to remain weak over the forecast period and growth in the public sector employment is likely to be the victim of fiscal consolidation. As evident in the Northern Cape, Statistics South Africa shows that employment was unchanged between the quarter of July to September of 2014 and that of 2015 at 302 000 people.

With regards to unemployment for the same period, the unemployment using the official definition was at 29.7 per cent increasing to 34.8. This demonstrates a year on year increase of 5.1 percentage points.

Honourable Members, the consumer confidence remains extremely low.

In an environment of weak growth and low consumer confidence, growth in credit extension to households is likely to remain weak. Consequently, the Reserve Bank is expected to increase rates further over the next two years which will have a negative impact on investment and consumers.

Tax revenue continues to perform below initial budget projections as government debt rise as a percentage of GDP. This is not in itself a bad thing if it was directed at financing investment in future productive capacity, but there is not enough investment currently.

Late Payments (30 days) and Accruals

Honourable Speaker, Small Micro and Medium Enterprises (SMMEs) play an important role in the economic growth of the province. The NDP identified late payments to SMMEs as one of the challenges hindering their sustainability.

Late payments represent a significant cost to creditors and in general strains the cash flow, adds financial costs, reduces potential for investment opportunities and fuels uncertainty for many creditors especially in times of limited and expensive access to finance. The result is that their competitiveness and solvency are often compromised.

In April 2015 the average percentage share of late payments to total expenditure was 7 percent which was above the national norm of 5 percent. This is an indication that most of the invoices relating to 2014/15 financial year were paid in April 2015.

However, there was a positive decline to around 2 per cent as at the end of September 2015. Provincial Treasury is working closely with departments that are contributing to the late payments.

The escalation of this problem is seen in the accruals recorded at **R1 billion** as at end March 2015, which is almost 10 per cent of the total expenditure recorded for the 2014/15 financial year. These accruals represents invoices received for services rendered but not yet paid at year end.

If such expenditure had to be matched to the period that they relate to, it would have meant that the expenditure for the previous financial year far exceeded the available budget. Accruals must be managed to an acceptable level and must be cash backed.

Biometric Headcount

Honourable Speaker, we embarked on a Biometric Aided Headcount process in 2014 with the intention of eliminating ghost workers. I wish to report that from the total population of 14 135 government employees in September 2014, we managed to verify 13 942 employees which left us with an unverified number of 193 employees. The unverified employees' salaries in this regard were frozen with immediate effect in September 2014 and their services were terminated on the system in March 2015.

Honourable Members, of the unverified total of 193, the Department of Health accounted for 127 of which 104 were said to be students and the Department of Sport, Arts and Culture accounted for 66 of which all are said to be EPWP employees.

The Department of Health and our officials are currently engaging different learning institutions across the country to verify the existence of 104 students.

The remaining 23, in the same department, relates to cases of Procedure on Incapacity Leave and Ill-Health Retirement (PILIR) and employees that left the employ of the department but not yet terminated from the system.

Once the verification has been concluded we will establish the number of employees that continued to receive salaries after they had left the employ of the departments concerned. Those who are found to have unduly benefited from the state moneys will be dealt with accordingly.

Supply Chain Reforms

Honourable Speaker, in order to prevent corruption in the supply chain system, a central supply chain unit was established in the National Treasury with the purpose of overseeing supply chain in all spheres of government.

Therefore, the Office of the Chief Procurement Officer has introduced a Public Sector Supply Chain Management (SCM) review with the aim to improve effectiveness and efficiency of government practices through the modernisation of SCM legislation, practices, development of capacity, Information and Communication Technology (ICT) practices.

The modernisation of SCM business process will simplify, standardise and automate SCM in the public sector.

Honourable Speaker, on the 1st April 2015, the eTender portal site went live, wherein all competitive tenders and awards should be advertised. This means that all suppliers are no longer travelling long distances within the province looking for tenders. eTender portal makes access of tender information easy thus reducing travelling costs for the suppliers.

It also affords suppliers an opportunity to monitor government through the published procurement plans.

The National Central Supplier Database (NCSD) was also launched which is the first step towards standardising, automating and simplifying the fragmented supply chain management system and is a precursor to eProcurement in government.

This database will interface with the South African Revenue Services (SARS) to enable tax clearance certificate verification and the Companies Intellectual Property Commission for verification of business registration and business ownership information.

These efforts are intended to modernise procurement which is first and foremost established on the principle of buying the right commodity, at the right time, at the right price from the right supplier.

Honourable Members, the Northern Cape Province is one of the five pilot provinces to roll out the database and the roll out process started in August 2015 and the following has been rolled out:

- A media campaign to sensitise all suppliers in the province to register on the database;
- A roadshow by Provincial Treasury officials visiting all departmental heads and regional offices to train officials to assist suppliers to register on the database;
- Direct assistance to suppliers during the roadshows in Kimberley, De Aar, Springbok, Upington and Kuruman to register.

A second round of roadshows will start in February 2016. The Department of Sport, Arts and Culture availed their free internet facility for supplier registration in 144 libraries throughout the province. The modernisation of supply chain business processes are ongoing and further changes will be effected in 2016/17 financial year.

These reforms will improve transparency, efficiency and effectiveness of supply chain management by simplifying the processes of doing business with government.

Eliminating waste, Inefficiency and Corruption

Honourable Members, we must improve the quality of our spending by eliminating waste, inefficiency and corruption. This government has committed itself to weed out corruption and maladministration.

It is our resolve that the procurement reforms are necessary to eliminate the abuse of the below R500 000 quotations threshold. This has become the fashionable area that seems easy to manipulate the quotations that leads to the multiple break down of budgets that could have gone on tender.

This resulted in the escalation of corrupt practices in government and this will have to be carefully monitored. Therefore, when multiple quotations are sought in the same area investigations must be mandatory to ascertain the causes.

Improving financial accountability and fighting corruption are essential for good governance. Corruption undermines the whole fabric of the economy and society. The ANC led government is committed to ensure that action is taken to address the challenges we face in this regard.

As part of our efforts to strengthen institutional capacity to prevent and combat corruption, there will be more training and awareness programmes. Furthermore we will designate ethics officers to build and strengthen competencies around preventing, detecting, investigating and eradicating corruption.

Municipal Support

Honourable Speaker, municipalities are at the coal face of service delivery. Audit outcomes produced by the Auditor-General in previous financial years have shown that the service delivery crises in many municipalities are often the result of poor financial management.

The ability of municipalities to manage their finances efficiently and effectively is critical in ensuring that resources are spent on providing services to citizens.

The Auditor-General has also highlighted that the key obstacles to clean audits in our province are control weaknesses in supply chain management, human resource management, information technology controls and some significant errors in financial reports.

Another challenge is the political instability in municipal councils, which despite our various interventions, paralyses the administration and prevents them from performing their duties, including complying with Municipal Finance Management Act (MFMA) regulations. These problems pose challenges to the success of some of our interventions.

Honourable Speaker, in terms of the MFMA, councillors have a greater responsibility in overseeing financial management and will need to account to their communities on the performance of their municipalities.

The Act demands more accurate and timely financial reporting to better inform councils and communities of the results of implementing decisions and the progress made in meeting approved objectives.

Accountability is an important requirement in public administration as the roles of political office bearers and officials are clearly-defined with the separation of oversight and operational responsibilities and therefore the various role players should be held accountable for the results produced.

Leadership within the municipalities must accept accountability and be held responsible. The value of this is also highlighted by the Auditor-General's report, which confirms that where the political leadership within municipalities take their oversight roles seriously audit outcomes generally showed an improvement.

Public representatives and government officials in this regard must accept that they are responsible to all citizens for their decisions and actions. One of the basic values and principles governing public administration is enshrined in the Constitution of the Republic of South Africa, 1996, Chapter 10, which refers to a high standard of professional ethics that must be promoted and maintained, this further finds expression in Outcome 9 of the 2014-2019 MTSF which requires a responsive, accountable, effective and efficient developmental local government system.

Good governance is a step further in the development of a financially-sustainable and viable local government. Governance is broader than government as it requires leaders who are selfless.

Honourable Speaker, it is crystal clear that municipalities need to drastically improve their performance in order to move out of the negative audit outcomes. The Northern Cape Government has a constitutional mandate to assist our municipalities in this regard.

While we are determined to ensure that a culture of financial accountability becomes firmly entrenched in the municipalities, it is also crucial that leaders in municipalities take responsibility for ensuring that their municipalities are running effectively and efficiently, and that service delivery to citizens is their primary objective.

Honourable Speaker, I would like to congratulate the leaders of both Francis Baard and ZF Mgcawu district municipalities for the leadership they have shown when it comes to ensuring their municipalities receive clean audit outcomes for the 2013/14 financial year.

I would also like to commend the leaders of all municipalities who have improved their audit outcomes.

These municipalities are examples of what can be achieved if leaders are committed to promoting good governance, and improving the financial management in their municipalities.

Honourable Speaker, the National Development Plan (NDP) clearly states that to achieve the vision of a capable state we will have to amongst others strengthen delegation, accountability and oversight and make it easier for citizens to hold public servants and politicians accountable, particularly for the quality of service delivery.

In partnership with all municipalities in the province, we will continue to work towards ensuring improved financial accountability and audit outcomes which translates into better service delivery for the citizens.

Honourable Speaker, we announced during the main budget speech that we will provide support to struggling municipalities. The lack of human and financial resources have continuously hindered some of these municipalities from executing their legislative mandate.

We are offering support to Renosterberg, Dikgatlong, Tsantsabane, Kgatelopele and Richtersveld municipalities in various forms including the compilation of GRAP compliant annual financial statements, asset registers and audit processes, verification of infrastructure and movable assets.

We are reviewing asset management policies and monitoring the implementation of service level agreements, assist with record keeping and internal controls as well as the preparation of audit working paper files.

We have set aside **R4.7 million** to provide financial assistance to Dikgatlong and Renosterberg Municipalities to assist them to improve the overall asset management and quality of annual financial statements, internal controls, records management and reporting processes.

Municipalities are required to submit credible business plans to Provincial Treasury which will address intended outputs and outcomes as stipulated above. This financial assistance will be coupled with strict conditions such as among others good governance, appropriate controls and stability within the municipalities. Failure to adhere to the conditions will result in Provincial Treasury's immediate withdrawal of its assistance.

Honourable Speaker, considerable progress has been made with regard to revenue, cash flow and outstanding debt management support as these areas are a problem in almost all municipalities in the province. The inability of municipal officials to prepare cash flow statements with credible projections and own revenue budgets including poor debt management is a matter of great concern and these need urgent attention.

The Municipal revenue unit within Provincial Treasury continues with its intervention plans to address these problems, however, the challenge is that the majority of municipalities do not show any willingness and/or commitment in implementing Provincial Treasury's recommendations. For the intervention to bear fruits we require willingness and commitment from the side of the municipalities.

Enforcement of Minimum Competency Regulations

Honourable Speaker, the financial management reforms in municipalities were introduced in 2003 with the enactment of the Municipal Finance Management Act (MFMA). Government had committed to a phased implementation approach mindful of the need to ensure that we build a capable state consistent with the constitutional principles and enabling frameworks.

In 2007, Honourable Speaker, the minimum competencies were regulated for officials responsible for financial and supply chain management in order to ensure that we modernise and professionalise the financial management in municipalities and in keeping with the principles of accountability, transparency, effective and efficient utilisation of public resources.

The affected municipal officials had 8 years to attain the prescribed requirements.

Honourable Members, since the introduction of this reform, National Treasury has extended the deadline for full implementation twice, namely; from 1 July 2014 and 30 September 2015 to give officials and municipalities enough time to comply. Minister of Department of Cooperative Governance and the Department of Traditional Affairs (COGTA) and Minister of Finance have however, after consultation with the respective MECs and Premiers, agreed that no further extension will be granted.

The process that Municipal Councils as employers can follow to enforce these requirements should be consistent with all legislative prescripts and Municipal Councils in this regard will be supported to manage enforcement of these requirements.

Fiscal Framework

Honourable Speaker, our country's fiscal framework remains grounded in a sustainable countercyclical approach to managing revenue and expenditure. National government will:

- Improve the impact of spending, including by shifting the balance of resources allocation towards investment in infrastructure.
- Ensure that expenditure grows at a moderate pace.
- Stabilise Public debt

This effectively means there will be no upward adjustment of the overall spending projection over the medium term. It is therefore important that savings and reprioritization becomes critical for all departments.

There are efforts at national government to arrest the growth of public debt in the light of lower economic growth. The plan is to ensure that there is significant reduction resulting in the stabilization of the debt, all of us must assist in how we contribute to these objectives.

Honourable Speaker, we are building on the fiscal trajectory that was adopted by this government in the main budget to ensure sustainability of our finances, whilst at a national level, the debt is starting to stabilise as a result of fiscal consolidation.

Despite the unfavourable economic conditions, the province must see opportunity in achieving maximum efficiencies in spending public funds to allow us to continue aligning our resources with pro-poor programmes.

Our economy in the province is equally trapped in low growth as our business and investment climate takes a hammering in the country. The fiscal challenges the country faces necessitates that we all take the necessary measures to ensure that there is prudent fiscal management.

The aim now is to contain spending over the medium term expenditure framework while continuing to support social and economic priorities.

The average growth of the total provincial budget over the 2016 MTEF is **4.4 per cent**, this growth is below the projected Consumer Price Index (CPI) of **5.9 per cent** mainly as a result of reductions in some conditional grants although the equitable share grows with an average of **5.5 per cent**. Conditional grants shows a slow growth of **1 per cent** while own receipts grows with an average of **5.4 per cent** over the MTEF.

Honourable Members, notwithstanding the fact that the average growth in the provincial budget is below the average projected CPI, we have managed to sustain and fund key priorities of this administration in the medium term.

Education and Health continue to be the main cost drivers and collectively account for **65 per cent** of the total projected spending in the 2016/17 financial year. Infrastructure spending has also been prioritised and in this regard we have set aside an amount of **R2.1 billion** over the 2016 MTEF which drives our infrastructure investment programme in the province.

Honourable Speaker, new data updates on the equitable share formula have resulted in a reduction of **R38.9 million** over the 2016 MTEF mainly as a result of the weighted share of education and economic activity which have been revised downwards by **0.01 per cent** and **0.22 per cent** respectively over the 2016 MTEF.

R15.9 million over the MTEF in respect of the Human Papillomavirus (HPV) Vaccine Grant has been shifted as this priority will now be implemented at a national level.

Honourable Speaker, provincial own revenue constitute only **2.4 per cent** as a share of the total provincial budget and the province projects to under collect with an amount of **R27.4 million** at the end of the current financial year.

This downward trend happens at a time when departments have committed resources towards numerous interventions aimed at enhancing revenue collection.

In light of this, Provincial Treasury is currently assessing all interventions employed by various departments in collecting own revenue including the use of consultants to determine if the province is deriving value for money.

The outcome of this process will give us an opportunity to re-look at the current systems and improve own revenue by using alternative modalities to collect and maximise own revenue for the province, for an example using the South African Post Office to collect motor vehicle licences and where feasible, employing more staff to collect directly in certain districts.

Once this assessment is finalised, Provincial Treasury will take concrete recommendations to Executive Council for endorsement and implementation.

Honourable Speaker, the 2015 wage settlement agreement was higher than what was budgeted for and additional funds have been allocated to the province to compensate for this shortfall. However, with the current prevailing fiscal constraints, it was impossible for national government to fully cover the shortfall in the current financial year and over the 2016 Medium Term Expenditure Framework.

The shortfall on compensation budgets has significant consequences for the public finances, absorbing resources that have been set aside for other priorities. For the purpose of this adjustment budget, the Northern Cape has received an amount of **R87.8 million** to deal with the shortfall on Improvement on Condition of Service (ICS). This amount is significantly lower than the actual shortfall and is made up of the following components:

- 1.2 per cent salary adjustment;
- Increase of housing allowance from R900 to R1200;
- 28.5 per cent in medical aid subsidy for GEMS members.

Honourable Speaker, whilst this shortfall has been addressed by national to some extent, national government has acknowledged that provinces play a significant role in the wage agreement processes to determine affordability in provincial baselines, and to this end, National Treasury will take recommendations to Department of Public Service and Administration (DPSA) around how provincial participation will improve wage negotiation outcomes.

This will include ways to support a sustainable settlement in wage negotiations in future.

Honourable Speaker, at a provincial level, the Executive Council has resolved to immediately impose a moratorium in the filling of all vacant posts in all departments and public entities except for critical frontline service delivery requirements. The moratorium will force all Heads of Departments to:

- Cap headcounts;
- Not shift funds from infrastructure investment and non-negotiable items in goods and services such as medicine, blood services, Learner Teacher Support Material (LTSM) and other contractual obligations to compensate for the shortfall in ICS;
- Recalculate compensation budget and reprioritise within departmental baseline to avoid shortfalls.

In line with this moratorium, Office of the Premier is currently collaborating with Provincial Treasury to formulate a mechanism and issue clear instructions to ensure compliance with this directive.

Heads of Departments are urged to take note of Section 39 (2) of the Public Finance Management Act (PFMA) which requires Accounting Officers to take effective and appropriate steps to prevent over spending on the vote or a main division within a vote.

Honourable Speaker, as in the previous financial years there are some adjustments to the original appropriation in the current financial year. These adjustments are set out in the Northern Cape Adjustment Appropriation Bill and explained in detail in the revised appropriations by vote in the adjustment estimates of provincial revenue and expenditure.

The total original budget of **R14.1 billion** will be adjusted with an additional net amount of **R415 million** which will increase our adjusted budget to **R14.5 billion** and this represents a **2.9 per cent** increase to the main budget.

Included in this total is an amount of **R83 million** in respect of approved national conditional grant roll overs, an amount of **R57 million** which relates to approved equitable share roll overs and an amount of **R88 million** is provided for the ICS shortfall.

An amount of **R191 million** is sourced from the provincial own reserves, an amount of **R58.2 million** is sourced from donor funding and lastly an amount of **R2.3 million** is available from self-financing.

An amount of **R64 million** is suspended from the Department of Agriculture, Land Reform and Rural Development as a result of delays in the awarding of contracts for the disaster relief.

This amount is earmarked and will not be utilised for any other purpose other than for the originally intended purpose.

Departmental Allocations

Honourable Speaker, the expenditure ceilings we announced in March during the tabling of the main budget remains our fiscal stance moving into the medium term.

I would like now to draw the attention of the House to several additional allocations included in the Adjusted Appropriation Bill, as provided for in section 31(1) of the Public Finance Management Act.

Department of Education has been allocated an additional amount of **R43.7 million** of which an amount of **R39.1 million** is provided for the ICS shortfall.

An additional amount of **R3.8 million** has been provided to deal with the budget pressure as a result of increase in learner numbers which includes schools norms and standards. Furthermore, an amount of **R0.845 million** is provided in respect of conditional grant roll overs.

Department of Health has been allocated an additional amount of **R154.3 million** of which **R30.4 million** is provided for ICS shortfall. Amounts of **R60.1 million** and **R35.6 million** have been approved as roll overs in respect of conditional grants and equitable share respectively.

Furthermore, an additional amount of **R18.3 million** has been provided to deal with contractual obligations particularly fuel for EMS vehicles.

Provincial Treasury is closely monitoring the EMS petrol account. We are in a process of centralising all petrol cards to head office and this will assist in proper management and control of this account.

An amount of **R9.6 million** is made available to assist in the appointment of administrative support officials in all clinics and community health centres in the province, this is to improve the general administration in our health facilities.

Department of Social Development has been allocated an additional amount of **R10.1 million** of which **R6.1 million** has been approved to be rolled over for capacity building programmes for NGO's as well as for ECD centres, while **R4 million** is provided for the ICS shortfall.

Department of Sport, Arts and Culture has been allocated an additional amount of **R46.2 million** of which **R18.5 million** is in respect of conditional grants roll overs. An amount of **R1.4 million** is provided for the ICS shortfall, while **R2.8 million** is provided for the completion of sports facility in Laxey.

Honourable Speaker, this department is tasked with a very important mandate in the life of our young democracy, to preserve the heritage and promote the diverse cultures of our rainbow nation.

In ensuring the effective carrying out of this priority, an amount of **R23.5 million** is provided to the department of which **R6.3 million** is for the operational requirements of the Northern Cape Theatre, **R10 million** is provided to assist the department to properly respond to their mandate of social cohesion and nation building.

The department will embark on a number of programmes to mobilise communities and establish as well as support new and old heritage sites in the province.

An amount of **R2.7 million** is provided as a baseline adjustment for the celebration of our commemorative days, **R1 million** is provided for the appointment of professional librarians and a further amount of **R1 million** is made available to assist the heritage resource authority.

An amount of **R0.907 million** is provided for the safeguarding and maintenance costs for the sport facilities which were constructed in all five districts of the province.

Department of Agriculture, Land Reform and Rural Development has been allocated an amount of **R2 million** in respect of the ICS shortfall. An amount of **R64 million** has been suspended from the department to allow the department to finalise SCM processes.

Honourable Speaker, the Department of Roads and Public Works has been allocated an amount of **R108.9 million** of which **R2.8 million** is in respect of the ICS shortfall. The department undertook a conditions assessment exercise of all the immovable assets (properties) of the province in order to comply with the requirements of the Government Immovable Asset Management Act (GIAMA), which states that immovable assets must be assessed at least every five years.

This is a three year project which started in the 2013/14 financial year and is envisaged to be completed in May 2016. This process will go a long way in addressing the consistent audit queries pertaining to conditions of immovable assets.

An amount of **R40 million** has been allocated in this regard. Furthermore an amount of **R6.3 million** is allocated for the “Keep Sol Plaatje Clean” project which will result in job opportunities.

Honourable Speaker, last year we experienced a number of protests particularly in the John Taole Gaetsewe District due to bad conditions of the roads, we engaged the private sector and we are glad to announce that they have responded positively.

An amount of **R56.5 million** has been received as donor funding from BHP Billiton and De Beers for the construction of a road between Hotazel and Tsineng in the JTG district as well as the resealing of the MR751 road between Koinaas and Kleinzee. This emphasises the need for government to partner with private sector in the delivery of service to the community.

Department of Cooperative Governance, Human Settlement and Traditional Affairs has been allocated an amount of **R48 million**, of which **R1.4 million** is in respect of the ICS shortfall. An amount of **R1.2 million** is in respect of approved equitable share rollovers for the finalisation of security upgrade at JS Du Plooy building.

An amount of **R14 million** is allocated to the department for township revitalisation programmes. These programmes assist in job creation opportunities in line with the objectives of Operation Kgotsa Pula Nala.

An amount of **R20 million** is allocated for the implementation of the IT system as part of support to municipalities, the system will be rolled out in the Emthanjeni and Ga-Segonyana local municipalities.

Furthermore an amount of **R10.4 million** is allocated for the Operational Capital Budget (OPSCAP) to assist in the monitoring of the implementation of the human settlement projects. An amount of **R0.936 million** is allocated for the replacement of vehicles for traditional leaders.

Department of Economic Development and Tourism has been allocated an additional amount of **R4.6 million**, of which **R1.9 million** is in respect of the ICS shortfall. An amount of **R1.6 million** is allocated for the maintainance costs of the skate plaza and amount of **R1 million** is allocated for the additional appointment of Gambling Board inspectors.

Given the process of rolling out of Limited Pay Out Machines in the province, the additional inspectors will assist in enforcing compliance and to ensure the elimination of illegal gambling machine operators.

Department of Environment and Nature Conservation has been allocated an amount of **R2.9 million**, of which **R1.1 million** is allocated for the ICS shortfall. An amount of **R1.8 million** is allocated to provide for the shortfall on the maintenance costs for the fleet at the various nature reserves.

Office of the Premier has been allocated an additional amount of **R27.6 million**, of which **R0.800 million** is earmarked for the ICS shortfall. An amount of **R6.5 million** is provided for the Provincial Media Communication to continue the partnership between government and print media, which is responsible for communicating and profiling provincial government's work to ensure that key government projects and success stories are covered both in the province and nationally.

As part of the Office of Premier's ongoing efforts to support the principles of NDP and Industrial Policy Action Plan (IPAP), an amount of **R5 million** is allocated.

An amount of **R1 million** is allocated for the hosting of the Human Resource Development Conference and **R3.124 million** is for the Provincial State Funeral, while **R4 million** is allocated as a baseline adjustment and donor funding of **R1.6 million** is provided to the Office of the Premier.

The mandate of the Office of the Premier has been expanding over a period of time without the necessary adjustments. This includes the function shift in respect of the planning unit which has moved to the Office of the Premier and increased capacity in the monitoring and evaluation unit. To compensate for this expansion an amount **R5 million** has been allocated in this regard.

Honourable Members, Provincial Legislature is allocated an amount of **R4.4 million** of which **R0.800 million** is in respect of the shortfall in ICS. An amount of **R1.5 million** is allocated for the procurement of capital assets for the Legislature while an amount of **R2.1 million** is a baseline adjustment.

Provincial Treasury has been allocated an additional amount of **R12.8 million** of which **R3.1 million** is in respect of equitable share roll overs for biometric access control system and capital equipment. An amount of **R4.7 million** is allocated to assist municipalities with the compilation of GRAP compliant financial statements.

An amount of **R2.1 million** has been further allocated to assist municipalities with asset management, this include immovable asset verification as well as unbandling of assets.

We have also allocated an amount of **R2.2 million** for the appointment of data capturers as part of the intervention in the Department of Health to centralise payments and this will assist in the management of late payments and the extent of accruals.

Department of Transport, Safety and Liaison has been allocated an additional amount of **R13.5 million** of which **R1.4 million** is in respect of the shortfall in ICS. Amounts of **R3.5 million** and **R8.5 million** is in respect of conditional grants and equitable share roll overs Road Traffic Management Corporation (RTMC).

Conclusion

Honourable Speaker, sustained growth and new jobs are about more than just budgets, they are more about providing opportunities for our people to achieve their aspirations.

We are delivering public services within tight financial constraints. The road ahead will not be easy. There will be as many problems as there would be solutions. We will therefore have to manage these uncertainties. Mahatma Gandhi once said and I quote, “**Democracy is the art and science of mobilising the entire physical, economic and spiritual resources of various sections of the people in the service of the common good of all.**”

This is precisely what we will have to do. With strong hearts, enlightened minds and willing hands, we will have to overcome all odds and remove all obstacles to create a better life for all.

In our collective ability to make practical changes that solve the problems we face, we need to channel our resources and our brainpower to where they are productive and create new jobs. This, Honourable Speaker, can be realized if we stick to the plan the NDP has set out.

In conclusion Honourable Speaker, my sincere gratitude goes to the Honourable Premier Me Sylvia Lucas for the guidance and support she has provided, the Treasury Committee, Executive Council colleagues for their many contributions and critical inputs on shaping the adjustment budget, and the ministerial staff for their continued support.

I am also thankful to the staff of Provincial Treasury that was responsible for the preparation of the adjustment estimates for their commitment and professionalism for the quality work they continue to produce under the leadership of the Acting HOD.

Speaker, I hereby table the provincial Medium Term Budget Policy Statement and Adjustment Appropriation Bill 2015.

I thank you