



PROVINCIAL BUDGET SPEECH 2025



PROVINCIAL LEGISLATURE
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Province of the
Northern Cape
REPUBLIC OF SOUTH AFRICA



**ADDRESS TO THE PROVINCIAL LEGISLATURE ON THE OCCASION OF
TABLING OF THE NORTHERN CAPE SECOND ADJUSTMENT APPROPRIATION
BILL, 2024 AND THE 2025 NORTHERN CAPE MAIN APPROPRIATION BILL, BY V
BLENNIES-MAGAGE, MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND
TOURISM**

HONOURABLE SPEAKER & DEPUTY SPEAKER,

HONOURABLE PREMIER, DR ZAMANI SAUL,

HONOURABLE MEMBERS OF THE EXECUTIVE COUNCIL,

HONOURABLE MEMBERS OF THE PROVINCIAL LEGISLATURE,

EXECUTIVE MAYORS, MAYORS AND MMCs OF FINANCE AND COUNCILLORS,

DIRECTOR-GENERAL, HEADS OF DEPARTMENTS & MUNICIPAL MANAGERS,

DISTINGUISHED GUESTS IN THE GALLERY

MEMBERS OF THE MEDIA,

**OUR LISTENERS AND VIEWERS ON ALL THE COMMUNITY RADIO STATIONS
AND VIRTUAL PLATFORMS,**

LADIES AND GENTLEMEN

INTRODUCTION

Honourable Speaker, let me begin by acknowledging the delay in the tabling of the Northern Cape 2025 Appropriation Bill, which was primarily due to the postponement of the national budget.

The budget process is not merely an exercise in number-crunching—it is a reflection of our commitment to delivering high-quality services to the people of our province. Despite the severe financial challenges faced by both the province and the country, this budget seeks to address several critical issues. In this context, and on behalf of the Executive Council, we remain resolute in our efforts to align the province's finances with our policy priorities, particularly in response to the persistent challenges in the health and education sectors.

Honourable Speaker, it is my distinct honour to address this House today and to present the fiscal trajectory and trade-offs that will shape our developmental agenda over the next three years. This fiscal framework provides the foundation for our policy choices, guided by the vision of building a modern, growing, and successful Northern Cape.

Honourable members, the fiscal framework that I am presenting today is a result of extensive consultation with a variety of inter-governmental forums, such as the Budget Council, Ministers Committee on the Budget (MINCOMBUD), and Cabinet. Although we have a more comprehensive understanding of the challenges that the country is currently facing, these intergovernmental relations structures enable provinces and local governments to influence and ensure that our priorities are adequately represented in the national dialogue, particularly in relation to fiscal matters.

Honourable Speaker, let me reflect briefly on some of the pronouncements in the national budget speech with direct implications on our fiscal framework and the province. Health and Education remain our apex priorities, as re-affirmed by the Honourable Premier, Dr Zamani Saul when he delivered the State of the Province Address on the 6th of March 2025. These two sectors have been under considerable pressure, particularly in maintaining norms and standards in frontline services. We are happy to announce that over the medium term, provinces will receive additional allocations to support critical functions in both health and education.

Honourable Members, despite our current challenges in Education, our learner-teacher ratios remains relatively low in the province, currently standing on 1:32. Compensation of employees is a major cost driver for the department and will account for 73 per cent of the overall budget in 2025/26 financial year and therefore leaves little room for other equally important areas like school nutrition, learner transport and transfers to school to assist in operational costs. These provisional additional resources will be added over the medium term to ensure that we sustain our quantum of teachers in the province.

Honourable Members, these additional resources will also support increased access to Early Childhood Development to accommodate more children up to the age of four and further increase ECD subsidy from R17 to R24 per day per child over the medium term.

In Health, additional funds will be made available to assist the department in appointing more clinicians and ensure that the province keeps healthcare workers in our hospitals and clinics including the appointment of post-community service doctors and most importantly ensure that pharmacies do not run out of medication.

Honourable Speaker, furthermore, coming closer to home in respect of provincial priorities, this budget framework seeks to respond to the following priorities:

- Education and Health ICS challenges:
- Reduce the debt over the short to medium term in order to free up resources towards service delivery programmes,
- Sustain our matric intervention initiatives in Education,
- and the appointment of additional social workers in the province.

Honourable Members, it is intolerable that, despite the immense need for infrastructure maintenance, our province continues to forfeit millions in infrastructure funding each year. This situation cannot continue and it must change.

In this context, designated resources are allocated within this framework to enhance the province's capacity for monitoring and evaluation, particularly in aiding municipalities to utilise their municipal infrastructure grants. It is essential to identify challenges and necessary corrective measures at any given time. Most importantly,

our monitoring mechanisms must facilitate a more proactive approach in fulfilling our oversight and support responsibilities towards municipalities.

The Provincial Treasury, Office of the Premier, and COGHSTA will collaborate to identify essential technical and built environment skills to augment our capacity. The recurrence of unspent Municipal Infrastructure Grants must be prevented, and the team will diligently assist municipalities in this endeavour.

OWN REVENUE

Honourable Members, the province has put significant resources towards its own revenue initiatives and this is in line with our resolve to take over the renewal of motor vehicle licences from the South African Post Office. This is already happening in a phased-in approach with the province taking over the function completely in 2026. We are also progressively dealing with the debt owed to municipalities by the province and specifically Sol Plaatje Municipality (SPM) given that a significant amount of the total debt relates to Sol Plaatje Municipality.

As part of addressing this shortfall, we are augmenting the current baseline for rates and taxes to ensure that the Department of Roads and Public Works pays current accounts on time, whilst simultaneously engaging Sol Plaatje Municipality with the view of agreeing to a settlement. We need to take note that the bulk of what is owed to Sol Plaatje Municipality relates to legacy and historical debt which we are working towards settling. I am also happy to announce that all departments are paying their accounts timeously and the Provincial Treasury will consider offsetting the equitable share of departments to pay municipalities directly.

Honourable Members, this is not desirable but when it becomes necessary, we will not hesitate to act.

Honourable Members, whilst this fiscal framework details largely planned provincial spending against the anticipated revenue of the province, we need to reflect briefly on allocations that will affect transfers to municipalities in the province. Additional allocations are also added to municipalities to address increases in the cost of bulk water and electricity costs provided for free to needy households. In the 2025/26 fiscal

year, 83 per cent of the equitable share for municipalities makes provision for a free basic services package of R610 per month and this resonates well with our objective to protect the poor and most vulnerable in society.

ECONOMIC OUTLOOK

Honourable Speaker, after growing at an estimated rate of 3.2 per cent in 2024, growth in the global output is projected to remain constant at 3.3 per cent in both 2025 and 2026. This is according to the International Monetary Fund (IMF). The IMF further projects global inflation of 4.2 per cent in 2025, declining to 3.5 per cent in 2026. Advanced economies are projected to grow by 1.9 per cent in 2025 and 1.8 per cent in 2026. This is only slightly higher than the estimated growth of 1.7 per cent in 2024.

Honourable Speaker, growing at a much greater pace than advanced economies, emerging markets and developing economies are estimated to have grown by 4.2 per cent in 2024, with projected growth of 4.2 and 4.3 per cent in 2025 and 2026 respectively. Sub-Saharan Africa is within the group of emerging market and developing economies and includes South Africa. This group of countries is estimated to have grown by 3.8 per cent in 2024, with somewhat faster growth projected for 2025 and 2026 at 4.2 percent per year. The International Monetary Fund estimates that South Africa recorded economic growth of 0.8 per cent in 2024 with growth projections for 2025 and 2026 at 1.5 and 1.6 percent respectively. This is close to the expectations of the National Treasury, also estimating national economic growth of 0.8 per cent in 2024, but forecasting slightly faster growth over the medium term of 1.9 per cent in 2025, 1.7 per cent in 2026 and 1.9 per cent in 2027. Medium term government policy will be underpinned by investing in strategic infrastructure, supporting job creation and maintaining growth-friendly fiscal policy.

Honourable Speaker, looking further at national performance, inflation is expected to fluctuate slightly, from an estimated 4.4 per cent in 2024 to projections of 4.3 per cent in 2025, 4.6 per cent in 2026 and 4.4 per cent in 2027. The national unemployment rate was 31.9 per cent in the fourth quarter of 2024 according to Statistics South Africa, which is an improvement from the 32.1 per cent unemployment rate in the previous

quarter. The national unemployment rate reduced by 0.2 of a percentage point on both a quarterly and an annual basis.

Honourable Speaker, as most of us are already aware, the employment levels of our province improved more than any of the other provinces during the fourth quarter of 2024, with the number of employed people growing by 5.2 per cent from the previous quarter and 8.5 per cent from a year ago. This is also according to Statistics South Africa. On a quarterly basis, the number of employed people increased by 18 000, while on an annual basis it increased by 28 000. Although the unemployment rate was 0.5 of a percentage point higher than during the same time last year, it decreased by 3.0 percentage points from the previous quarter. This resulted in a provincial unemployment rate of 27.4 per cent in the fourth quarter of 2024.

Honourable Speaker, the net increase of 18 000 jobs on a quarterly basis can be attributed to an increase of 13 000 people employed in agriculture, 12 000 in finance, 4 000 in transport, 3 000 in trade and 2 000 in manufacturing. Unfortunately, 9 000 jobs were lost in community and social services, 6 000 in construction, and 1 000 in private households. The picture was slightly different when considering the annual increase of 28 000. This is made up of job gains in community and social services, mining, utilities, trade and finance, while jobs were lost in agriculture, manufacturing, construction, transport and private households. In trade and finance, the province gained 19 000 and 15 000 respectively.

Honourable Speaker, I am very proud to say that the unemployment rate for youth aged 15 to 34 in our province decreased by 8.4 percentage points from 44.7 per cent in the third quarter of 2024 to 36.3 per cent in the following quarter, with the unemployment rate of youth aged 15 to 24 decreasing by 14.3 percentage points from 57.1 to 42.8 per cent. The community and social services, agriculture and trade industries were the most predominant employers of youth in the province. While this progress is encouraging, we must acknowledge that much more still needs to be done to further reduce unemployment and create sustainable job opportunities.

Honourable Speaker, it is important that we need to ensure that our youth get the right education, training and experience in order to increase their employment in other industries. We need to ensure that there is a correlation between the training that we give our youth and the skills that are required of them in both the public and private

sector. More importantly, we need to double our efforts to open opportunities that expose our youth to entrepreneurship and innovation, because they are after all the leaders of tomorrow. Teaching the youth to think out of the box and to become self-sufficient entrepreneurs who will take this province forward should be one of our greatest priorities. As the province with the best improvement in the matric pass rate in 2024, I believe that we are on our way to making this happen.

Honourable Speaker, as Government, we cannot do this alone, as our President reiterated during the 2025 State of the Nation Address, it is important for businesses to also help in providing workplace experience opportunities for our youth. We as the Northern Cape also call for companies to help us to empower the youth. To train, mentor and prepare them for what lies ahead. As a young person myself, I strive to inspire others by proving that with determination, hard work and the right mindset, anything is possible.

SMME DEVELOPMENT AND SUPPORT

Honourable Speaker, the Department of Economic Development and Tourism carries the critical mandate of supporting enterprise development across the province. This support spans the entire spectrum of entrepreneurship—from individuals with only a business concept, informal subsistence enterprises, and transitioning informal businesses, to established high-growth enterprises. Notably, many entrepreneurs are still in the early conceptual phase and are primarily located in townships and rural areas.

To address this, the Department has adopted a multi-pronged strategy. At a macro level, efforts focus on attracting key investments, joint ventures, and partnerships that can unlock additional economic opportunities. This includes policy development, strategic planning, and investment facilitation aimed at benefiting local enterprises. However, to fully capitalise on these opportunities, our local businesses must be empowered to respond effectively.

This strategy is cascaded through departmental and municipal procurement plans, Local Economic Development (LED) units, and collaboration with key partners such as SEDA, SEFA, IDC, NEF, the Department of Trade, Industry and Competition, and the Department of Small Business Development. These partnerships provide a

comprehensive package of business support, including training, business planning, funding, incentives, and market access.

In addition, the Department is focused on fostering an enabling environment for business, from township economic initiatives to incubators, industrial parks, and Special Economic Zones.

In the past financial year, the Blended Finance Fund in partnership with the NEF was allocated R12 million. Since 2021, 17 enterprises across the province have benefited from this fund, resulting in the creation of 1,035 jobs. The total investment amounted to R223 million, of which R61 million was in the form of grants. Additionally, the Township and Rural Economic Fund supported 68 entrepreneurs across all five districts, with a total investment of just over R5 million.

Looking ahead, the Department will contribute a further R12 million to the Blended Finance Fund in the coming financial year, with the NEF matching this through a loan component. Furthermore, R9 million will be earmarked for the Township and Rural Grant Fund.

NORTHERN CAPE INDUSTRIAL CORRIDOR

Honourable Speaker, the Northern Cape is advancing its industrialisation agenda by harnessing its natural resources, strategic infrastructure, and skilled workforce through a series of catalytic projects. Central to this development are the Orange and Vaal Rivers, the mineral wealth of the Kalahari Basin and Gamagara mining corridor, as well as significant progress in renewable energy.

These assets have catalysed the growth of key towns such as Springbok, Upington, Kathu, Kuruman, and Kimberley—collectively forming a robust industrial corridor that now accounts for over 70% of the province's population and GDP.

Ongoing initiatives aim to further strengthen this corridor through targeted regional and project-level support. The corridor forms an integral part of the broader Southern African Development Community (SADC) industrial framework, with emphasis on building regional value chains, consolidating consumption and export volumes, and enhancing local beneficiation.

Strategic partnerships—particularly with Namibia—are advancing regional integration, notably in the areas of energy, logistics, and human capital development. One such initiative is the prefeasibility study on a green hydrogen pipeline, currently underway between the Northern Cape and Namibia, which exemplifies this growing cross-border collaboration.

JOBS PLAN

Honourable Speaker, the Northern Cape has set a bold yet achievable goal of creating 60,000 jobs by 2029. This target is driven by a commitment to economic transformation, sectoral growth, and inclusivity, ensuring that all communities benefit from emerging opportunities.

This target is based on a thorough analysis of the province's labour market, which currently comprises approximately 488,000 people. With this strategic intervention, we aim to reduce unemployment to 110,000, lowering the unemployment rate to below 25%—a major step toward restoring economic dignity and financial stability for thousands of residents.

This plan will culminate in a Job Summit to outline key details and investment commitments. Success will depend on strong collaboration between government, the private sector, labour unions, and communities. By building strategic partnerships, mobilising resources, and fostering a business-friendly environment, we will create sustainable jobs and drive inclusive growth.

We will turn this vision into reality—bringing hope, opportunity, and prosperity to families across the Northern Cape.

MUNICIPAL SUPPORT

Madam Speaker, Provincial Treasury plays a vital role in promoting sound financial management, transparency, and good governance across our municipalities. With a growing number of municipalities facing financial distress, urgent and collective action is required.

We are actively working with municipalities to improve their financial management and audit outcomes. As part of this effort, we have implemented targeted support measures to ensure the timely submission of accurate and error-free Annual Financial

Statements by the legislated deadline of 31 August. A dedicated Municipal Audit Support Strategy, led by the Provincial Treasury in collaboration with the Office of the Premier, is currently being developed and will be presented to EXCO for approval.

Honourable Speaker, we remain deeply concerned about the high levels of Unauthorised, Irregular, Fruitless, and Wasteful (UIFW) expenditure across the province. These challenges highlight the urgent need for continued oversight and reform. In response, we are intensifying both internal and external interventions, in line with the Municipal Finance Management Act (MFMA).

Externally, we are strengthening partnerships—particularly with COGHSTA—to recommend that the prevention of UIFW expenditure be included in the performance agreements of senior municipal managers. Accountability must begin at the leadership level. Furthermore, our collaboration with SALGA and COGHSTA aims to ensure that Municipal Public Accounts Committees (MPACs) are properly established, fully functional, and effective in executing their oversight responsibilities.

Eskom Debt relief

Madam Speaker, the escalating municipal debt owed to Eskom has been driven by several factors, including poor service payment culture, operational inefficiencies within municipalities, and Eskom's limited support in revenue collection in areas where it supplies electricity.

In response to ongoing challenges in settling Eskom debt, National Treasury introduced the Eskom Municipal Debt Relief Programme. This initiative aims to stabilise Eskom's balance sheet while allowing for the conditional write-off of qualifying municipal debt, under the oversight of National and Provincial Treasuries.

Of the 257 municipalities across South Africa, 70 have been approved for participation in the programme—16 of which are from the Northern Cape, the highest number in any province. The programme reinforces the importance of municipalities adhering to basic financial management principles.

Madam Speaker, I wish to commend Dawid Kruiper Local Municipality in the ZF Mgcawu District for being the first in the Northern Cape to qualify for a one-third Eskom debt write-off. Nama Khoi Local Municipality in the Namakwa District has followed as

the second qualifying municipality. As of 31 March 2023, Dawid Kruiper owed Eskom R64.7 million. Following compliance with the programme's conditions, National Treasury has instructed Eskom to write off one-third of this debt—amounting to R21.5 million.

The Provincial Government congratulates both municipalities for implementing sound financial practices, as outlined in the MFMA and the Municipal Systems Act. Their commitment to internal controls and fiscal discipline serves as a model for others, proving that with dedication, progress is achievable.

Municipal Pension Fund Compliance and Financial Governance

Madam Speaker, the provincial government is deeply concerned about the non-payment of contributions to various municipal pension funds. In terms of Section 13A of the Pension Funds Act, failure to pay over deducted pension contributions constitutes a serious breach of compliance. This is not only unethical but also illegal, as it involves funds already deducted from employees. Such violations can be reported to the South African Police Service, and criminal charges may be laid against responsible individuals.

Although only a few municipalities in the province are currently non-compliant, we have taken active steps to address this issue. The Provincial Government has engaged with all affected pension funds and is ensuring that payment arrangements are in place. Strict monitoring mechanisms, including verification of proof of payment, have been introduced to prevent defaulting on these commitments.

Furthermore, we will maintain ongoing engagement with the pension funds to ensure that retiring municipal workers, and those seeking access to funds through the two-pot retirement system, can access their benefits without delay.

Madam Speaker, good financial governance requires prudent decision-making and disciplined spending. The provincial government remains committed to supporting municipalities in strengthening financial management. This includes implementing strong internal controls, ensuring accurate and secure financial records, filling critical positions such as municipal manager and chief financial officer, and enhancing overall oversight and compliance.

Honourable Speaker, achieving sustainable municipal finance demands collective responsibility. We must allocate resources wisely and ensure every rand is spent efficiently and accounted for. Let us work together across all levels of government to build financially stable, development-focused, and service-oriented municipalities.

Supply Chain Management and Strategic Sourcing

Honourable Speaker, the National Development Plan (NDP) 2030 underscores the need for improved procurement practices through better planning, robust systems, and enhanced competition. In line with this, the Public Procurement Act 28 of 2024 (Section 25(1)) requires the Minister to establish a framework for strategic procurement, promoting a structured, data-driven approach across all public institutions.

Strategic Sourcing is a collaborative process that uses spending data to enhance procurement decisions, aligning them with institutional goals. It supports cost savings, better supplier relationships, quality improvement, and risk management. Provincial departments in the Northern Cape are expected to align their procurement plans with the Strategic Sourcing Framework to maximise these benefits.

The Northern Cape Provincial Treasury, in partnership with National Treasury, is spearheading the implementation of Strategic Sourcing in the province. Provincial champions have been appointed across key departments, with the Provincial Treasury serving as the custodian of this initiative.

The province continues to improve its procurement spend on designated groups, demonstrating a strong commitment to inclusive economic empowerment. In the 2024/25 financial year:

- **Women-owned businesses** received R1.17 billion (22.51%), up from R862.6 million (15.73%) in 2023/24.
- **Youth-owned businesses** were awarded R567.9 million (10.89%), an increase from R534.7 million (2.68%).
- **Businesses owned by persons with disabilities** received R52.7 million (1.01%), up from R40.6 million (0.74%).

- **Black-owned businesses** accounted for the majority of spending, receiving R3.29 billion (63.14%).

Departments are encouraged to include designated groups in their procurement planning and set aside specific opportunities for their participation.

Despite progress, challenges persist. Persons with disabilities remain underrepresented in high-value procurement sectors. Women-owned construction businesses are often restricted by low CIDB grading levels, limiting their access to large tenders. Many youth-owned businesses lack the technical skills required for major government contracts.

To address these gaps, the Provincial Treasury—working with the Department of Economic Development and Tourism—is actively engaging stakeholders and supporting suppliers. This includes database assistance, SCM compliance training, Central Supplier Database registration support, and skills development initiatives aimed at empowering youth, women, and persons with disabilities.

Through the Strategic Sourcing Framework, the Northern Cape Provincial Treasury is committed to transforming procurement practices, promoting inclusive economic growth, and ensuring meaningful participation of designated groups in the public supply chain.

ACCOUNTABILITY AND CONSEQUENCE MANAGEMENT

Strengthening Accountability and Financial Governance

Honourable Speaker, the Provincial Government is committed to intensifying efforts to strengthen accountability and enforce consequence management across all departments. Accountability entails taking responsibility for actions and inactions, timely and delayed decisions, and the outcomes that follow. In alignment with the Constitution, all decisions and actions must serve the public interest.

We are determined to institutionalise a culture of accountability, where accounting officers and authorities uphold their fiduciary responsibilities. While recognising the vital oversight roles played by the Auditor-General of South Africa (AGSA), and the Office of the Premier, the Provincial Treasury will adopt a more assertive approach to

ensuring that incidents of financial misconduct are addressed decisively and in full compliance with the law.

To this end, a Consequence Management Framework is being developed and will be issued as a formal Treasury Instruction for implementation across all departments. The framework will also be tabled before the Executive Council and shared with the Portfolio Committee on Finance as part of our collaborative efforts to enhance accountability.

Honourable Speaker, during this administration, the Provincial Treasury remains fully committed to participating in the Provincial Governance Model, which emphasises the importance of collaboration, mutual respect, and shared responsibility in achieving developmental goals. Only through coordinated efforts can we move the Northern Cape forward as a modern, growing, and successful province.

We also recognise the need to enhance financial governance through automated monitoring systems and improved public finance management capabilities. These systems will support proactive decision-making and early intervention by providing real-time insights to management, enabling the timely resolution of financial risks.

While we continue to improve oversight and reduce Unauthorised, Irregular, Fruitless, and Wasteful (UIF&W) expenditure, it must be acknowledged that the province did not meet its reduction targets in the previous administration. This shortfall was largely due to the absence of clearly defined UIF&W reduction targets in departmental plans and performance agreements. Moving forward, all departments must integrate these targets into their strategic and operational plans and adopt a zero-tolerance approach to any new instances of UIF&W expenditure.

We will also strengthen collaboration with the Auditor-General of South Africa (AGSA) and the Standing Committee on Public Accounts (SCOPA) to ensure effective monitoring and oversight of public finances.

Provincial Treasury is committed to sound financial management, ethical conduct, effective resource allocation, and inclusive economic development. By enforcing accountability, enhancing oversight, supporting local economies, and embracing innovation, we will ensure public funds are responsibly managed to improve service delivery and build a better future for all the people of the Northern Cape.

BUDGET AGGREGATES: 2025 MTEF

Honourable Speaker, the province's fiscal framework remains anchored in the principles of fiscal consolidation, which include continued budget reductions to address persistent fiscal pressures. Over the medium term, the province has been allocated a total budget of **R71.7 billion**, distributed as follows:

- **R23.5 billion** for the 2025/26 financial year,
- **R23.5 billion** for 2026/27, and
- **R24.6 billion** for 2027/28.

Honourable Speaker, transfers from the national government remain the province's largest source of revenue, amounting to **R69.7 billion**, or **97.2 percent** of total provincial receipts over the 2025 MTEF period. This comprises an **equitable share** of **R53.8 billion (77.1 percent)** and **conditional grants** totalling **R15.9 billion (22.8 percent)**. In addition, an amount of **R300 million** has been allocated as provincial own funding to support the continuation of the housing project funded through the pledging mechanism.

Honourable Speaker, Provincial own revenue accounts for 2.4 percent of total provincial receipts, amounting to R1.6 billion over the MTEF period. While this may seem modest, there is significant potential to enhance our revenue base, and I would like to briefly highlight some of the initiatives currently underway in this regard.

Honourable Members, the province is currently losing out on valuable revenue due to the non-functionality of provincial weighbridges, which have the potential to generate substantial income. To address this, we must prioritise the necessary investments to ensure these facilities are fully operational.

In this effort, Provincial Treasury, Public Works, and the Department of Transport, Safety and Liaison have collaborated to conduct a comprehensive condition assessment of all four weighbridges in the province, with the aim of fully restoring their functionality.

The refurbishment will be implemented in a phased approach, beginning with the Kimberley and Colesberg weighbridges, identified as having the highest revenue-generating potential. Adverts inviting bids for refurbishment were placed and closed

two weeks ago. These two weighbridges are expected to be operational in the first quarter of the 2025/26 financial year.

The remaining two weighbridges, located in Springbok and Upington, are expected to become operational before the end of the financial year.

Honourable Speaker, the JTG district is an important economic corridor of our province, as such, the province needs to find ways of ensuring that a weighbridge is constructed in that district as well as to regulate and manage the high truck volumes in the district.

Honourable Speaker, as announced during the adjustment budget, we have initiated a collaborative effort with the **Department of Health** to ensure that all private health facilities operating within the province are properly registered and comply with the necessary payment requirements. This process is still underway, as we are committed to conducting thorough due diligence before advancing through the relevant legislative processes.

We remain optimistic that this initiative will unlock **much-needed revenue** for the province, which can be **reinvested into strengthening public healthcare services** across our health facilities.

Honourable Speaker, new boards for the Gambling and Liquor and NCEDA have been appointed and duly inducted. We expect these boards to play an active role in identifying opportunities to **positively contribute to the province's revenue generation efforts**, while also ensuring **strict compliance** with the legislative frameworks governing their respective sectors.

Honourable Speaker, the original equitable share baseline amount to **R53.1 billion** over the 2025 MTEF and an amount of **R250 million** has been added owing to the impact of new data updates to the equitable share formula. Furthermore, an amount of **R423 million** is added to the province of which **R392 million** is to provide to the Improvement on Conditions of Service (ICS) and **R31 million** is provided for the Presidential Youth Employment Initiative in the Department of Education.

Honourable Speaker, I must highlight that, in relation to the Improvement in Conditions of Service (ICS), national negotiations have resulted in a 5.5 percent salary increase

for public servants, effective 1 April 2025. However, the national fiscus has only provided funding for 1 percent, with the expectation that departments absorb the remaining shortfall.

This requirement places a significant strain on labour-intensive departments such as Health and Education. It is important to note that the 2024 salary increase was also unfunded by National Treasury, which has plunged the Department of Education into a financial crisis, resulting in serious negative consequences for the schooling system in our province.

It is our sincere hope that the national government will provide the necessary financial support to stabilise the Departments of Health and Education, enabling them to deliver on their constitutional mandates without disruption

Infrastructure Estimates and Aggregates

Honourable Speaker, the functionality, accessibility, and optimal utilisation of infrastructure, along with its ongoing maintenance, have become more critical than ever in our efforts to drive sustainable development across the province.

The significance of infrastructure has been consistently highlighted in this House and is firmly embedded in the provincial strategy to support the urgently needed economic reform agenda. Through the implementation of key infrastructure projects and the rollout of infrastructure funding reforms as outlined in the Premier's State of the Province Address, we are confident in our ability to positively transform the socio-economic landscape of the Northern Cape.

To this end, the Office of the Premier, with technical support from Provincial Treasury, is spearheading the development of the Master Infrastructure Plan 2040. This strategic framework will position the province to capitalise on innovative funding mechanisms, including engagement with both local and international investors and financial institutions aimed at unlocking R100 billion in infrastructure financing. The plan is also aligned with revised Public-Private Partnership (PPP) regulations, which will help unlock private sector expertise and investment.

Over the 2025 MTEF period, total provincial infrastructure spending amounts to R9.185 billion, broken down as follows:

- R3.360 billion in 2025/26,
- R2.855 billion in 2026/27, and
- R2.970 billion in 2027/28.

In total, the provincial infrastructure budget amounts to R11.438 billion, with R9.738 billion allocated to provincial departments and R1.7 billion to municipalities. However, we note with concern the recurring loss of municipal infrastructure funding, with the Municipal Infrastructure Grant (MIG) alone reflecting a R53 million reduction, contributing to an overall R93 million loss across all municipal grants.

For the 2024/25 financial year, the total MIG allocation is R509 million, distributed as follows:

- Frances Baard District: R153 million
- John Taolo Gaetsewe District: R84 million
- ZF Mgcawu District: R102 million
- Namakwa District: R70 million
- Pixley ka Seme District: R101 million

Over the medium term, municipal infrastructure spending is projected at R1.5 billion, with R504 million in 2025/26, R500 million in 2026/27, and R518 million in 2027/28.

To improve infrastructure delivery and avoid grant stoppages due to under-expenditure, Provincial Treasury is strengthening capacity within the infrastructure division. This includes developing robust infrastructure management mechanisms and supporting municipalities in implementing internal controls in line with the Framework for Infrastructure Delivery and Procurement Management (FIDPM).

Our approach aims to enhance alignment between provincial and local government, improving coordination and strengthening intergovernmental relations to support urban development and spatial transformation.

Infrastructure remains a cornerstone in extending access to essential services, particularly to the poor and rural communities. Over the next three years, infrastructure projects across both the economic and public sectors are expected to create

approximately 4,484 jobs, contributing meaningfully to socio-economic upliftment in the province.

COMPENSATION OF EMPLOYEES

Honourable Speaker, for the 2025/26 fiscal year, compensation of employees accounts for 58 percent of the total provincial budget. This is a critical threshold, as it ensures that salary costs do not overshadow our core service delivery programmes.

Honourable Members, I am pleased to report that the Northern Cape is performing relatively well in maintaining this balance, especially when compared to other provinces where compensation budgets range between 60 and 70 percent of total expenditure.

The total budget allocated for compensation of employees in the upcoming financial year amounts to R13.4 billion. As expected, the Education and Health sectors continue to be the main drivers of employment in the province, together accounting for 79 percent of total personnel expenditure.

Honourable Members, as of the current fiscal year, the provincial workforce consists of 27,647 employees, with projections indicating an increase of 192 employees by 2025, reflecting an average annual growth rate of 1 per cent. This strategic expansion supports our efforts to enhance provincial revenue, particularly by strengthening critical functions such as revenue collection and traffic law enforcement. As part of this initiative, the province will appoint additional revenue clerks and traffic officers, ensuring greater efficiency in revenue generation.

Honourable Speaker, in the 2025 national budget, the Minister of Finance announced a provisional allocation of R11 billion over the next two years to implement an early retirement initiative. This strategic measure seeks to refresh the public service workforce by creating space for younger professionals, while also promoting the long-term sustainability of the public sector wage bill.

Nationally, this initiative is projected to yield average annual savings of R7.1 billion over the medium to long term. Importantly, all savings generated through this process will be retained by departments, serving as an incentive for provinces to participate.

In the Northern Cape, approximately 4,284 employees (15 percent of the workforce) aged between 55 and 59 qualify for early retirement without pension penalties. An additional 1,270 employees (5 percent) are over 60 years old and eligible for normal retirement. The retained savings will enable departments to strategically fill critical vacancies, particularly in frontline service delivery areas, aligning with the province's service delivery priorities.

Honourable Members, these measures reflect our firm commitment to responsible fiscal management while ensuring the province remains capable of delivering high-quality public services. By prioritising strategic workforce planning and maintaining sound financial governance, we aim to balance fiscal constraints with the need to build a skilled and future-ready public service.

To support a smooth and structured transition, Provincial Treasury, we will work to streamline the early retirement process, safeguarding critical and technical expertise within departments.

2025 MTEF ALLOCATIONS

Honourable Speaker, fiscal sustainability is essential for achieving long-term economic stability and prosperity, particularly in our province where government spending plays a vital role in driving growth, delivering services, reducing poverty, and addressing historical inequalities.

The fiscal strategy outlined in the 2024/25 Provincial Medium Term Policy Statement has been carried forward into the 2025/26 financial year, reaffirming our commitment to eliminating provincial debt over the next three years. To support this goal, R292.855 million has been clawed back from departmental budgets as part of the 2025/26 fiscal adjustments.

However, these funds will become available again in the 2026/27 MTEF to support emerging provincial priorities. In line with our commitment to protecting key sectors, the Department of Health has been exempted from these reductions, while the Department of Education receives additional resources to preserve its baseline and safeguard matric intervention programmes.

Honourable Speaker, over the 2025 MTEF period, departmental baselines are adjusted upward with an amount of **R1.859 billion**. This adjustment takes into cognizance various provincial priorities for the improvement of matric results, the full takeover of the motor vehicle licensing function from the South African Post Office. Additionally, the additions include the reinstatement of the Presidential Youth Employment program for the hiring of teaching assistants in schools and national funding for ICS. As part of the adjustment, the frontloading project for the province's housing development will continue.

Honourable Members, our total provincial payments amount to **R69.946 billion** over the next three years of which **R23.027 billion** is in 2025/26 financial year, **R22.949 billion in 2026/27** while **R22.949 billion** and **R23.969 billion** are in the 2026/27 and 2027/28 financial years respectively.

Social sector

Honourable Speaker, basic education remains a key focus. Our investment in education is an investment in our nation's future. Our goal is to give young people high-quality education that will equip them for both present and future opportunities and difficulties. In pursuit of this goal an amount of **R250 million** has been added to the Department of Education for Grade 12 intervention. One of the government's most extensive attempts to combat youth unemployment is the Presidential Youth Employment Intervention. It aims to make it possible for more youth to transition from education to employment as such **R30.543 million** is allocated to the Department of Education in the 2025/26 fiscal year. With these additions, the total budget of the Department of Education will amount to **R8. 888 billion** in the 2025/26 year. Important to note is that this amount represents 37 per cent of the provincial budget.

Honourable Speaker, with a comprehensive social security system and a goal of eradicating poverty and reducing inequality by 2030 while guaranteeing a decent standard of living for everyone, the National Development Plan (NDP) acknowledges the significance of social work and social protection. As a response to this the Department of Social Development will receive **R1.003 billion** in 2025/26 financial year, over the next three years **R43.918 million** has been allocated to the department to absorb social worker interns and appoint 27 additional social workers, **Honourable Members**, these are permanent jobs for our young professionals and graduates.

Honourable Speaker, in ensuring that Northern Cape citizens have access to the entire spectrum of high-quality healthcare services they require, at the appropriate time and location, the Department of Health has been allocated **R6.869 billion** or 29.1 per cent of the provincial budget.

Activities related to sport, arts, and culture are effective means of creating resilient, strong communities. They provide a constructive way for young people to spend their leisure time, lower crime rates, improve mental and physical well-being, provide an example of excellent behaviour, and encourage community involvement and connection, as such an amount of **R445.704 million** is allocated to the Department of Sport, Arts, and Culture.

Economic Sector

Honourable Speaker, Small, Medium and Micro Enterprises (SMMEs) have a critical role to play in our local economy. SMMEs can be an instrument to overcome these triple difficulties in the province. In the 2025/26 fiscal year, **R18 million** has been allocated to the Department of Economic Development and Tourism to provide support to this sector. In the next financial year the department will receive **R347.722 million**.

Honourable Members, I am pleased to report that the National Treasury has formally registered the Parliamentary Village as a Public Private Partnership (PPP) project and we are taking full advantage of this development by making resources available for the appointment of a transactional advisor to do a feasibility study. This will enable us to take the project forward to a stage which entails procurement towards the realisation of this project.

With regard to the Weighbridge PPP, we have realised the assessment and mobilisation of the existing Weighbridges in realising revenue enhancement and budget efficiency which will enable us to the feasibility stage of the PPP. As a Provincial Treasury we are committing to support Departments in realising their commitments.

Honourable Speaker, Municipal Property Rates Act 6 of 2004 (MPRA) identifies property taxes as a vital source of revenue for municipalities. They enable municipalities to provide necessities like local amenities,

infrastructure, and sanitation. Over the next three years the provincial government has allocated **R30 million** to cover the shortfall of provincial departments on rates and taxes. I must concede that this is hardly adequate, we are committing to stabilise this allocation in the next budget cycle to ensure that the budget for rates and taxes is enough to meet all the obligations of the Department of Roads and Public Works, in the next fiscal year the department will receive **R2.284 billion** to drive its mandate.

Honourable Members, an amount of **R1.068 billion** has been allocated to the Department of Cooperative Governance, Human Settlements and Traditional Affairs. In pursuit of our objective to reduce the housing backlog in the Northern Cape and to ensure that more residents gain access to adequate housing, safety, and comfort, an additional R300 million has been added to the department. This funding forms part of Phase 1 of the R1 billion Human Settlements Project, with a total investment of R600 million earmarked for the initial phase.

Honourable Speaker, **R797.150 million** is allocated to the Department of Agriculture, Environmental Affairs, Land Reform and Rural Development towards the promotion of increased production, providing expertise for improved livelihoods, sustainable rural development, and food security while ensuring sustainable use and management of natural resources.

Administration Sector

Honourable Speaker, as part of our ongoing efforts to implement the **revenue enhancement strategy** and promote **fiscal sustainability** over the medium to long term, an amount of **R55.526 million** has been allocated to the **Department of Transport, Safety and Liaison**. This funding is specifically intended to support **motor vehicle licensing services**, including **personnel and related operational costs**.

Honourable Speaker, ensuring **safer roads** and the **effective enforcement of traffic laws** requires a visible and well-resourced law enforcement presence. In this regard, an amount of **R77.479 million** has been allocated to the **Department of Transport, Safety and Liaison**, added to its baseline. This funding is **earmarked for the recruitment of traffic officers** and to cover **associated operational costs**, thereby strengthening road safety across the province.

Honourable Speaker, Members will recall that when we commenced with the 6th administration, we announced the insourcing of security services. These services have been insourced under the custodianship of Department of Transport, Safety and Liaison with an additional allocation of **R55.683 million** over the MTEF to cover the shortfall. We will move to the next phase once the current contracts have expired in departments and conclude with Health and Education being the last departments.

An amount of **R19 million** is allocated to Provincial Treasury of which **R4 million** is in respect of Information Communication Technology infrastructure upgrade and **R15 million** will cover project management fees for the housing project.

Honourable Speaker, we owed Transnet an amount of **R48 million** following the dispute in relation to the old lease agreement of the JW Sauer building. I presented an amount of **R28 million** in the adjustment budget and we are making available an amount of **R13 million** to conclude the repayment agreement with Transnet. Honourable Speaker, Office of the Premier represents the machinery of the provincial administration, and in order to ensure that Office of the Premier delivers on its mandate, an amount of **R313 million** is allocated for this purpose.

Local government has a crucial role to play towards the creation of favourable environment for businesses growth and their success, this includes making capital investments in their infrastructure as such **R27.548 million** is allocated to Provincial Treasury of which **R15 million** is in respect of municipal support to be provided in 2025/26 fiscal year while **R12.548 million** relates to municipal infrastructure capacity over the next three years. In the 2025/26 financial year Provincial Treasury will receive **R381.060 million**.

2024 SECOND ADJUSTMENT APPROPRIATION BILL

Honourable Speaker and Members, I now turn your attention to the Northern Cape Second Adjustment Appropriation Bill, 2024

Honourable Speaker, Section 31 of the Public Finance Management Act provides for the tabling of a provincial adjustment budget to make adjustments to the appropriations in the Provincial Appropriation Act. In line with this provision, the following changes are made to the adjustment budget.

- The Office of the Premier is allocated an additional funding of **R24.712 million**. This allocation is a result of the collaboration between the province, MerSETA and ServSETA for skills development programmes.
- The Department of Roads and Public Works is allocated **R10 million** in order to address shortfall on municipal rates and taxes.
- Agriculture, Environmental Affairs, Rural Development and Land Reform is allocated **R4.2 million** to respond to operational costs relating to the Rooibos Factory.
- A total amount of **R50 million** is suspended from various departments mainly due to the slow implementation of capital projects coupled with slow recruitment processes.
- An amount of **R200 million** in respect of capital repayment of the DBSA loan is suspended from Cooperative Governance, Human Settlements and Traditional Affairs.

CONCLUSION

Lastly, Honourable Speaker, I wish to underscore that the fiscal challenges we are facing are both substantial and complex, and should not be underestimated. These challenges are sector-wide and affect all provinces, with particular pressure on the Departments of Education and Health. Addressing them requires a collective commitment to prudent decision-making, including the strategic reprioritisation of provincial programmes to align with our current fiscal realities. Furthermore, it is essential that we continuously identify and address systemic inefficiencies. We cannot afford to remain passive while awaiting national intervention; instead, we must adopt a deliberate, decisive, and robust approach to implementing expenditure reviews and acting on their recommendations.

Honourable Speaker, I've been told that there was a period when we would throw resources at problems without adequate diagnosis and with no penalties for wrongdoing; that is a thing of the past, and the 7th Administration will not follow suit. With the Premier's support, we will display leadership, instil a culture of accountability,

and respond harshly when necessary. That being said, we request support from the leadership of each department.

Honourable Speaker, lastly, let me indicate to the **Honourable Members** that the documents that accompany this Appropriation Bill contains not only financial information but valuable non-financial information including service delivery indicators and measures that is meant to assist the various committees in the Legislature with insight when engaging departments through quarterly reporting to the legislature. Particular interest is the Socio-Economic Review, which outlines the demographic profiling of our province per district and provides us with much needed information relating to our provincial labour and economic dynamics. This information is crucial to inform effective planning and allocation of resources so that the budget we table today can adequately respond to our provincial socio-economic challenges.

Honourable Speaker, allow me to express my sincere gratitude to the entire Executive Council, under the leadership of the Honourable Premier, Dr Zamani Saul, for his unwavering support and insight throughout the budget formulation process. His appreciation of the fact that budgeting is ultimately about strategic trade-offs has greatly eased the task for the entire team at Finance. I also wish to extend special thanks to the Portfolio Committee on Finance for the spirit of collaboration we have cultivated in our shared commitment to serving the best interests of the province.

I extend my heartfelt gratitude to the entire Treasury team, under the capable leadership of Dr Moses Gasela. Thank you for your continued dedication—may your leadership continue to inspire not only the Treasury team but the province as a whole. To my family I express my deepest appreciation for your unwavering support and understanding of the demands that come with public office. Your sacrifices do not go unnoticed, and I do not take them for granted.

Honourable Speaker and **Honourable Members**, I now table the following documents for consideration by this House:

- *The Northern Cape Main Appropriation Bill, 2025;*
- *The Northern Cape Second Adjustment Appropriation Bill, 2024;*

- *The Northern Cape Estimates of Provincial Revenue and Expenditure (EPRE) 2025 MTEF;*
- *The Northern Cape Capital Estimates of Provincial Expenditure for the 2025;*
and
- *The Northern Cape Socio-Economic Review 2025.*

Kea Leboga.