



NORTHERN CAPE PROVINCIAL GOVERNMENT

PROVINCIAL BUDGET SPEECH 2022/23



**ADDRESS TO THE PROVINCIAL LEGISLATURE ON THE
OCCASION OF TABLING OF THE 2022 NORTHERN CAPE
MAIN APPROPRIATION BILL, BY MR A VOSLOO (MPL), MEC
FOR FINANCE ECONOMIC DEVELOPMENT AND TOURISM**

HONOURABLE SPEAKER & DEPUTY SPEAKER

HONOURABLE PREMIER, DR ZAMANI SAUL

MEMBERS OF THE EXECUTIVE COUNCIL

**HONOURABLE MEMBERS OF THE PROVINCIAL
LEGISLATURE**

MAYORS AND COUNCILLORS,

DIRECTOR-GENERAL,

HEADS OF DEPARTMENTS,

MUNICIPAL MANAGERS,

DISTINGUISHED GUESTS,

COMRADES AND FRIENDS,

MEMBERS OF THE MEDIA,

OUR LISTENERS AND VIEWERS,

LADIES AND GENTLEMEN

Goeie Môre

Introduction

Honourable Speaker, on the 24th of February 2022, the ANC-led government, shared the 6th Administration vision through Premier's articulation towards building a modern, growing and successful province. The account given by the Premier on progress made by this administration to the Northern Cape citizenry and the subsequent pronouncements made, provided guidance in the allocation of the much needed financial resources to our communities during these unprecedented times.

Honourable Speaker, this budget speech presentation also comes at a time when our country is in the middle of Census 2022 that is expected to run until the end of March 2022. Stats (SA) has conducted three Censuses since the dawn of our democracy and the data collected during the Census is used for planning, policy formulation and evidence based decision making, as well as the basis for budget allocations across local, provincial and national governments. We call upon all our people to cooperate with the Stats (SA) staff to complete this important national assignment with the greatest ease.

Indien ons nie deel van die sensus opname proses is nie, kan dit nadelige gevolge vir gemeenskappe in terme van dienslewering inhou. Kom ons doen dus ons deel as trotse Suid-Afrikaners deur sensus 2022 te ondersteun.

Agbare Speaker, hierdie pragskool, Douglas Primêr, is 'n toonbeeld van die hoë kwaliteit publieke Infrastruktuur wat die ANC-geleide regering sedert 1994 aan ons gemeenskappe gelewer het. Dit is gebou met 'n

R86m investering vanaf die Provinsiale regering en maak tans voorsiening vir 968 leerders, met 'n onderwyserskorps van 22. Dit is by geleentheid soos dié van vandag waar 'n aankondiging gemaak was en later uitgevoer was deur administrasie. Regoor die provinsie, in alle distrikte staan die bewyse van skole, klinieke, hospitale, kantoor persele en vele ander wat die ANC regering se vaste verbintenis tot kwaliteit publieke infrastruktuur en sosiale investering beklemtoon.

Honourable Speaker, the multipronged approach being employed by government through various interventions such as the school nutrition programme, substance abuse centres and other programmes that deals with teenage pregnancy, these interventions are underpinned by allocations we made in the social sector to assist this community and the broader province in managing these social-ills.

Honourable Members, there can be no confusion as to the logical basis for education and health identified as the apex priorities in our pursuit of building a modern, growing and successful province under the stewardship of the Honourable Premier Dr Zamani Saul.

Agbare Speaker, die 6de Administrasie verstaan maar al te goed dat enige die bereiking van ons doelwitte en uiteindelijke visie, kan nie behaal word sonder die inkoop van ons gemeenskappe nie. Met die opstel van hierdie begroting is die bydraes van die publiek sowel as strukture ingesluit, nadat 'n openbare proses in hierdie verband ontvou het. Laat my dan dus toe om namens die Provinsiale regering dankie te sê vir al die insette en voorstelle wat bygedra het tot hierdie allesomvattende begroting.

Ms Andrieta Jacobs from Keimoes in the ZFM District raised critical points relating to the slow progress of land reform along the banks of the lower orange river and how the land should benefit previously disadvantaged people in that part of the province. Funds for capacitation of the development of small scale farmers are of critical importance. She also indicated that the government needs to ensure that there are proper implementation plans on financing of key economic sectors through government's funding models such as the blended National Empowerment Fund (NEF).

Mr Freddy Moncho, member of the Northern Youth Business Council, impressed on the government to ensure that government spending should be focussed on targeted groupings that are hard hit by the stubborn unemployment, especially women and young people. In addition, he implored the government to monitor the implementation of the phased-in approach of insourcing of security and cleaning services.

Mr Richard Maketlo, from Douglas in Pixley Ka Seme, expressed the complaints from those who work with or represent small businesses, especially those based in townships and villages, by indicating the difficulties include the absence of large enough markets, inadequate transport networks, limited access to services and information, failing municipalities, inadequate schooling or training, and regulations that impose costs on small firms that they cannot afford, from labour laws to pollution by laws. Funds are much needed in this space.

Lastly, Mr Enrico Cloete from Noudonsies impressed upon localisation "...to open revenue streams for municipalities..." He also mentioned the need to prioritise funding for entrepreneurship, youth skills development

and absorption of interns as well as engagement of the mining sector towards youth empowerment to increase job opportunities.

Agbare Speaker, ons kan vandag met trots sê die gemelde sake, saam met al die ander, vanaf die gemeenskap, vorm 'n sentrale deel van die regering se ontwikkelingsplanne, ten einde werkloosheid, armoede en ongelykheid aan te spreek.

Honourable Speaker, young people and women in particular continue to bear the brunt of obstinate rising numbers of unemployment which condemns them to unprecedented levels of poverty and squalor. Although our province has registered some improvement on youth employment, the current state of affairs remains a concern, hence our deliberate efforts on job creation initiatives.

Honourable Speaker, allow me to reflect on some of the pronouncements made by the Honourable Premier in his State of the Province Address (SOPA), despite a fiscally constrained environment.

The establishment of a State Owned Construction Company that will be located under Northern Cape Economic Development Agency (NCEDA), encountered some impediments causing a delay of the progress. We can confirm that most of the encountered bottlenecks and challenges have now been resolved and implementation will be fast-tracked with the speed it deserves.

Honourable Speaker, with regard to the insourcing of security personnel, we have finalised the implementation plan and the process is already underway, subject to PMOG processes. The first phase entails the creation of a corporate structure in the Department of Transport, Safety and Liaison to facilitate the transition, this will include moving all security

personnel already in the employ of government, over to the Department of Transport, Safety and Liaison. As part of this transition, all security contracts have been extended for a period of between 18 to 24 months whilst we position and capacitate the Department of Transport, Safety and Liaison to assume the function. It is envisaged that once the current security contract ends, the security personnel will be part of the staff establishments of departments with full benefits. This will be done in a phased-in approach, starting with your smaller departments.

Honourable Speaker, whilst at a national level, the recovery is taking shape and even surpassing expectations in some areas, the fiscal consolidation is bearing fruits and the target in terms of the debt stabilisation as set by Cabinet is set to be reached by 2024 given the current debt trajectory.

Government remains committed to reducing the budget deficit and improving Medium Term Expenditure Framework revenue projections. This has provided us with some fiscal space to finance key spending pressures, including the Presidential Youth Employment Initiative.

Additional resources are earmarked towards solidifying our response towards Covid -19 in the Department of Health. While at the same time directing additional resources to the Department of Social Development aimed at the Non-Governmental Organisations sector and other provincial priorities that I will provide details for in the latter part of this speech.

Honourable Speaker, it must be noted that these priorities have been funded through budget overruns at a national level and in a deficit neutral environment to ensure long-term fiscal and intergenerational equity.

Honourable Speaker, this fiscal environment forces us to vigorously deal with mismanagement and inefficiencies to allow the system to direct our scarce resources in areas of greatest need to maximise impact, for example, protect non-negotiables priorities like medicines, blood services, learner transport and other core programmes driving our costs in the province.

The current fiscal environment demands of us to adopt a servant-leadership-approach by being more human in our daily working lives and in our interactions while maximising the impact of our delivery mechanisms. In fact, much earlier, Aristotle warned that we need to appreciate a new intellectual virtue, phronesis (a word that implies both good judgement and solidity of character and habits) if we are to effect values-based change in our world. I am of the view that real value-based leadership and management is only developed through conscious action and reflection.

Economic Outlook

Honourable Speaker, the world economy is still grappling with the effects of the Covid-19 pandemic. In his budget speech in February, the Minister of Finance indicated that the South African economy is estimated to have grown by 4.8 per cent in 2021 and is projected to grow by 2.1 per cent in 2022. It is further expected that the national economy should grow by 1.8 per cent on average over the following three years. South Africa's economy showed some recovery from the effects of the pandemic in 2021, however going forward the growth rate is expected to, like global growth, slow and remain vulnerable.

Honourable Speaker, at a provincial level, the number of people employed increased by 19 000 on a quarterly basis while it decreased by 11 000 on an annual basis. The number of unemployed people decreased on a quarterly basis by 9 000 but increased by 5 000 on an annual basis. The provincial unemployment rate decreased by 3.2 percentage points on a quarterly basis and increased by 1.8 percentage points on an annual basis. This brings the provincial unemployment rate to 24.9 per cent in quarter 3 of 2021.

Indeed, we have certainly fallen on hard times economically, over the last two financial years. Therefore, the above scenario is consistent with an American philosopher and psychologist John Dewey who once said: “We do not learn from experience... we learn from reflecting on experience.”

Financial Governance

Agbare Speaker, een van die eienskappe van ‘n suksesvolle provinsie, is een waarin korrupsie in al sy vorme beveg word. As provinsiale regering neem ons voortdurend praktiese en voorkomende stappe in die stryd teen korrupsie, tender uitkomst word deurlopend in alle fases (aanvangs, tydens, finale) gepubliseer.

The Provincial Treasury is attending the tender proceedings, as an independent observer, in all government departments to observe the proceedings. Other steps being taken are ensuring that the provincial administration is having an effective and independent internal audit capability, deployed in all the provincial departments. This practice is consistent with different studies in international and African contexts that have consistently shown that effective internal audits have a deterrent effect to fraudulent and corrupt practices.

Honourable Speaker, when there are allegations or suspicion of wrongdoing, the Premier has always been in the forefront of requesting the Provincial Treasury to support law enforcement agencies such as SIU, NPA and others in the provision of detailed transaction reports. Therefore, the SIU recent representation in the province, assists in dealing with the exquisitely complex arena of malfeasance that extends beyond governance checklists and compliance reports into the philosophical domains encompassing risk management and ethical conduct.

Honourable Speaker, we have taken a conscious and bold decision to improve provincial audit outcomes and to reduce the accumulated unauthorised, irregular, fruitless and wasteful expenditure over the Medium Term Strategic Framework by embarking on a clean audit and good governance drive.

Honourable Speaker, this initiative is informed by the adopted Provincial Coordinated Approach, with the sole intention to strengthen the clean audit and governance committee, under the leadership of the Office of the Premier and support of the Provincial Treasury. Candidate departments for the targeted differentiated approach have been identified and accounted to the clean audit and governance committee on progress made.

During the 2020/21 audit cycle, the province recorded improvements in audits outcomes with **nine departments receiving unqualified** audit opinions, of which **three were clean** and the remaining three were qualified from the Auditor General. The intention is to have at least eleven of the twelve departments with unqualified audit opinions for the next audit cycle.

Honourable Speaker, we cannot talk about clean governance without addressing the non-compliance to laws and regulations that are reaching unacceptable levels and this cannot be tolerated. The cumulative irregular expenditure balance, accumulated over a number of years, some of it dating back as far back as 2002.

Honourable Speaker, the 6th administration, decided to deal decisively with this legacy problem. To date, we are implementing a province-wide coordinated approach which involves the Office of the Premier assisting departments with the investigations of this legacy irregular expenditure. The focus of this coordinated approach is on the three departments, which are the top three contributors accounting to just over 90% of the cumulative irregular expenditure total. The process requires commitment from the side of the targeted departments with the provision of irregular expenditure information to expedite the investigation of the transgression. Therefore, as part of our broad strategy on this coordinated approach, the Provincial Treasury is positioning itself to process expeditiously the applications for condonement which will stem from this process. We are advocating for the institutionalisation of preventative controls and consequence management to ensure that the current accumulated balance does not further increase.

Honourable Speaker, whilst we are working towards addressing the legacy issues, departments will be closely monitored to ensure that they do not accumulate any additional unwanted expenditure. We have proposed that the performance agreements of the Accounting Officer and the annual performance plans of departments should include the Medium Term Strategic Framework priorities as part of their annual targets.

Late Payment of creditors

Honourable Speaker, the endemic challenge by government departments to pay suppliers within the government payment terms of 30 days, remains to be a concern. We have made strides in eradicating this bad practice in most departments and we are working together with the Office of the Premier to find solutions to address a myriad of challenges facing the department, including payment of suppliers. We took seriously the observations made by the Honourable Premier and committed to give EXCO a constant update on defaulting departments as this practice has an adverse effect on suppliers.

Municipal Finance

Agbare Speaker, munisipaliteite is die vlak naaste aan gemeenskappe in terme van dienslewering. Meeste munisipaliteite in die provinsie staar ernstige finansiële krisis in die gesig, waar betaling van krediteure en derde partye nie geskied nie. Die COVID-19 pandemie het die situasie vererger, met die aflegging van werkers, wat tot wanbetalings gelei het. Munisipaliteite se inkomste bronne het inderdaad dramaties afgeneem, en munisipaliteite moes te midde van hulpbehoewende huishoudings en verbruikers wat nie dienste kan bekostig, steeds dienste op 'n gelyke grondslag aan gemeenskappe lewer.

Honourable Members not only revenue was affected but the processes of procurement could not move with speed leading to delays in spending of conditional grant funding. To circumvent the situation we are looking at an all-inclusive programme of action that will detail tailor-made support mechanisms to our municipalities. This will be accompanied by signing of

service delivery agreements between Provincial Treasury and municipalities where commitment to the programme of action will be emphasised.

Honourable Speaker, Municipal Council is the highest authority in the municipality which is strengthened by significant vested powers of approval and oversight. Their main responsibility is to play a crucial role in accelerating service delivery to their respective communities. As much as Council delegates its executive authority to the Mayor and Executive Committee, it retains its legislative power to approve policy and budgets and to exercise oversight over the Mayor in the implementation of policies, budgets and by-laws.

Honourable Speaker, the capacitation of Councillors is therefore fundamental and a priority issue for SALGA and both Provincial and National Departments. To this end, SALGA together with COGHSTA and Provincial Treasury facilitated the Council Induction Program in January 2022, with the aim to equip the newly elected as well as returning Councillors with the necessary knowledge, skills, values and attitude required to perform their roles and responsibilities in an effective and efficient manner.

Honourable Speaker, the objective of this program was to build capacity to ensure that Councillors understand their leadership roles, legislation applicable to local government sector and key municipal processes which will assist them to lend a positive impetus to the process of public participation in the affairs of the municipality, be the political custodians of good governance, accountability and sound financial management and to be able to vigorously advocate for the needs of the communities.

Agbare Speaker, ons werk deurlopend met ander oorsig departemente om munisipaliteite te ondersteun wat hulself in finansiële moeilikheid bevind. 'n Span kundiges in finansiële herstel is deur Provinsiale Tesourie identifiseer, om munisipaliteite by the staan met die ontwikkeling van finansiële herstel planne, gevolg deur die monitering van implementering daarvan.

Provincial Fiscal Framework: 2022 MTEF

Honourable Speaker, our 2022 budget framework is largely informed by the fiscal consolidation adjustments introduced in the 2021 MTEF.

Honourable Speaker and Members, we will remember that we tabled a deficit budget in March 2021 that came as a direct result of the fiscal consolidation with reductions amounting to **R5.3 billion** over the said period.

Honourable Speaker, we managed to contain this deficit without necessarily impacting negatively on service delivery programmes. This will ensure that any future additions on the equitable share are directed towards emerging priorities in the province. On a more positive note, additional resources have been made available in the 2022 framework to deal with specific national and provincial priorities including the SOPA commitments.

Aggregate Estimates

Honourable Speaker, over the next three years, the total budget of the province will amount to **R60.3 billion**, growing at an average rate of 0.3 per cent. The equitable share remains the main driver of the provincial budget providing for **R44.3 billion** or 73 per cent, conditional grants

constitute **R14.3 billion** or 24 per cent whilst provincial own revenue accounts for **R1.7 billion** or 3 per cent over the 2022 MTEF.

Honourable Speaker, technical adjustments were made to the baselines due to the impact of new updates in the Provincial Equitable Share (PES) formula, leading to a net reduction of **R24 million** over the MTEF.

Honourable Speaker, despite the reductions on the equitable share, an additional amount of **R1.8 billion** is added to provide for various policy interventions including our response towards the Covid-19 pandemic. In the main, these interventions are targeted at our social sector departments thereby re-affirming our commitment to the apex priorities namely, health and education. Furthermore, an additional amount of **R367.8 million** have been added for the 2022/23 Wage Agreement.

Honourable Speaker, the net effect of these adjustments on our fiscal framework has resulted in a net surplus which is derived from the unallocated wage agreement carry through costs, as well as funds set aside towards the debt redemption strategy.

Honourable Speaker, although conditional grants grow by only 0.8 per cent on average over the next three years, whilst there is a decrease in year two (2023) there is an even larger increase in the last year of the MTEF.

Honourable Speaker, the provincial own revenue stream average growth over the MTEF is 9.1 per cent. The Department of Transport remains the main driver behind the own revenue of the province, with motor vehicle licenses being the main collection item.

Infrastructure

Honourable Speaker, the importance of infrastructure has been emphasised in this house on numerous occasions. Infrastructure investment is the backbone of a thriving economy and the effective and efficient management of the delivery thereof will facilitate the trajectory of economic reform that is so directly needed in this province. Through the implementation of key economic infrastructure projects that are ongoing in the province and the implementation of public sector infrastructure projects by our infrastructure sector departments, we are confident that we will be able to effect change in the socio-economic position of the province.

Honourable Speaker, the infrastructure aggregated amounts to **R 8.9 billion** over the MTEF, of which **R 2.9 billion** to be spent in the 2022/23 financial year, **R 2.9 billion** in 2023/24 and **R 3 billion** in 2024/25.

Honourable Speaker, the Department of Education will be delivering on maintenance at identified schools as well as the construction of additional classrooms and replacement schools such as Oranje Oewer Replacement School; the Petrusville Primary replacement School, the Carlton van Heerden Replacement School and the construction of a New Kimberley English Medium School.

Honourable Speaker, the Department of Health will be implementing maintenance and refurbishment projects at all healthcare facilities, finalise construction of the Nurses Accommodation and facilitate upgrades to the Tswaragano Hospital in JTG District.

Honourable Speaker, the Department of Roads and Public Works will continue to provide maintenance to the provincial road network in the province with a key focus to the roads in the JTG district.

Honourable Speaker, the National Treasury has instituted reforms in terms of infrastructure reporting that would see national sector departments included in

the reporting formats with a view of extending it to local government. This would allow for infrastructure budget analysis and spending reviews across all three spheres of government. The latter mentioned will bring about enhanced spatial analysis and inform policy priorities and funding requirements. It is envisaged that through the economic and public sector infrastructure projects identified, we will create approximately 29 200 jobs which will invariably contribute to socio economic upliftment. We are focusing on creating full time employment versus short periodic employment opportunities.

Honourable Speaker, the Northern Cape Province in collaboration with Infrastructure South Africa developed the Provincial Hydrogen Strategy, which was approved in 2021 and launched at COP 26. The strategy is entering feasibility studies at this stage and we are especially excited for the prospects of the hydrogen pre-feasibility study outcome. Recognising the importance of hydrogen for the country and the province, Infrastructure South Africa has mobilised technical expertise and capacity to further support the province to deliver on this priority programme.

Agbare Speaker, ons verwelkom die aankondiging deur die Minister van Finansies, dat die Noord-Kaap ingesluit word as deel van die loodsprogram ten opsigte van 'n herziene benadering to Infrastruktuur uitleg. Hierdie benadering sluit innoverende finansiering en lewerings meganismes in, soos deur President Ramaphosa aangekondig.

Procurement

Honourable Speaker, the Provincial Government will continuously work on strategies to increase local procurement spend in the province on designated groups. Although faced with a judgement of the Constitutional Court, which declared the Preferential Procurement Regulations of 2017 invalid, we need to seek innovative ways to enhance local procurement within the confines of the law and without compromising the constitutional principles pertaining to contracting of goods and services enshrined in section 217 of the Constitution.

Honourable Speaker, the National Treasury as the custodian of procurement, is currently investigating means and ways of introducing new prescripts that will fill the void that has been left by the invalidation of the existing regulations and to mitigate the risk of bringing the procurement system to a stand-still.

Compensation of Employees

Honourable Speaker, given the imperative to improve service delivery, there is a need to manage the growth in compensation spending and to ensure a balance between compensation of employees and other core programmes of government. The 2021 MTEF assumed certain strategies and interventions to manage compensation of employees. Whilst these initiatives were announced, minimal compliance took place, hence our continued pressures around the wage bill of the province.

Honourable Speaker, this requires drastic interventions to contain spending on compensation of employees as goods and services budgets continue to reduce in favour of higher levels of compensation of employees.

Honourable Speaker, in response to the government's wage freeze directive in the 2020/21 financial year, departments' compensation of employees' budgets have been rebased by using the 2021 baseline, and adding back 1.5 per cent over the MTEF in line with the National Treasury guidelines.

Honourable Speaker, the 2022 MTEF process prioritizes expenditure budgets towards areas that stimulate economic growth, therefore, it is necessary for departments to continue to contribute towards maintaining the current wage bill ceilings.

Honourable Speaker, the 2021 wage agreement included a once-off non-pensionable cash gratuity payment to all public servants in

government. Funds are set aside in the 2022/23 financial year to fund the carry-through costs of this cash gratuity in the absence of a new agreement.

Summary of Departmental Allocations

Honourable Speaker, as indicated earlier, government's priorities in the medium-term entails promoting economic recovery post the devastating impact of Covid-19. We also continue to strive to return public finances to a sustainable and stable path. To this end, an amount of **R1.8 billion** is added to the equitable share over the next three years to cater for various priorities of which **R984 million** relates to the 2022/23 financial year.

Honourable Speaker and **Honourable Members**, I will now provide a summary of the spending aggregates included in this budget framework for the next three years.

Governance and Administration Sector

Honourable Speaker, the Governance and Administration Sector is allocated a total budget of **R4.1 billion** or 6 per cent over the 2022 MTEF.

In pursuit of a Modern, Growing and Successful Province, we need to be on the "cutting-edge" of the 4th Industrial Revolution (4IR). The Provincial Government is envisioning an Information Technology Shared Services Centre (ITSSC), housed at the Office of the Premier. Once fully developed, amongst many others, the following are some of the invaluable benefits which will stem from the ITSSC, namely:-

- A single provincial IT vision modelled on the core tenets of a modern, growing and successful province;
- Reduced operational costs and improved operating efficiency;
- Economies of scale;

- Reduction of licencing and software costs;
- Improved services to the public; Shared business continuity capability enhanced; and
- Greater opportunity for specialisation; Information security.

Honourable Speaker, it is envisioned that the shared service centre will be a specialised service delivery unit or a government component in terms of section 7 of the Public Service Act, within the Office of the Premier.

Honourable Speaker, the 6th Administration put aside **R100 million** as a seed funding for this specialised service delivery unit. When COVID-19 struck, the Premier led by example, as a result the Premier's Office forgo this earmarked funding to ensure that the departments of Education and Health were funded during the 2020 MTEF period.

Honourable Speaker, to resuscitate the ITSSC initiative, an amount of **R10 million** has been set aside for this project. While we acknowledge that this amount is not enough, it is a start. The Information Technology Shared Services Centre (ITSSC) will eventually fund itself through the pooling of the human and financial resources throughout the Provincial administration, leading to cost savings.

Honourable Speaker and Members one of the characteristics of a successful province is an obligation to communicate its work to her people diligently and on a continuous basis. Communication of government programme of action has not been our strong point and as a result the people of the Northern Cape are not aware of the full extent of the government work. In order to change this negative trajectory and close the communication gaps, **R5 million** has been set aside to implement the Government Communication Strategy which was approved by the Executive Council in 2021.

This work includes the creation of a well-oiled communication engine, with a clear communication programme of action, premised on certain thematic areas, key to our people. This allocation includes conducting feasibility studies and study tours to explore a possibility of an establishment of a provincial digital television services and so forth.

Honourable Speaker, an additional amount of **R35 million** is set aside for municipal interventions in the province. Provincial Treasury and the Department of Cooperative Governance, Human Settlements and Traditional Affairs will be collaborating towards ensuring that we integrate our efforts to achieve maximum impact in municipalities. These interventions are aimed at improving governance, municipal audit outcomes, funded budgets and build capacity.

Honourable Speaker, in acknowledging the critical constitutional imperative to provide oversight over the Executive and given the shortfalls in the baseline of the Provincial Legislature, an additional amount of **R10 million** is provided to augment the allocation of the Caucus Fund. Furthermore, in protecting our National Key Points, a once off amount of **R4 million** is made available for security upgrades.

Social Sector

Honourable Speaker, we hereby re-affirm our commitment and drive towards investing more in the social sector with 75 per cent of the allocations going to this sector. **R44.5 billion** is allocated over the MTEF.

Honourable Speaker, it is worth noting that the Early Childhood Development function will move from the Department of Social Development to the Department of Education with effect 1 April 2022. Therefore, in the 2022/23 financial year, an amount of **R86 million** is

moved from the Department of Social Development to the Department of Education to facilitate this function shift.

Honourable Speaker, the Department of Education is furthermore allocated an additional amount of **R410 million** over the MTEF in order to deal with various pressures faced by the department. This is consistent with our engagement yesterday with SADTU on inherent challenges confronting the education sector, where our Premier provided leadership in committing to address the identified bottlenecks in the system.

Honourable Speaker, in response to this engagement we are going to prioritise the following frontline posts in Education which translates to 740 critical posts in the 2022/23 FY in the following categories:

- Educators
- Officials at District Offices
- Support Staff in Schools and Hostels

Agbare Speaker, in reaksie op die interaksie met SADTU, ten opsigte van vele uitdagings in die Onderwys sektor, gaan ons 740 kritieke aanstellings van voetsool werkers prioritiseer, en wel in die volgende kategorieë:

- Onderwysers
- Amptenare in Distrik kantore
- Ondersteuningspersoneel by skole en koshuise

This commitment will be beneficial to schools in all districts across the province to ensure quality education is realised.

Furthermore, as part of the Presidential Youth Employment Initiative, the department is allocated a further amount of **R366 million** in the first two years of the MTEF.

Honourable Speaker, the Department of Social Development is allocated an additional amount of **R26 million** in order to support welfare Non-Governmental Organisations (NGOs) in the province that are already contracted by the department and will further assist to maintain the transfers that flows to these NGOs.

Economic Sector

Honourable Speaker, we acknowledge the role of the Economic Sector in stimulating the provincial economy, including our drive to support Small, Micro and Medium Enterprises. Through this sector, government is able to promote sustainable and inclusive growth to respond to the challenges of unemployment.

Honourable Speaker, this sector has been allocated **R11 billion** over the 2022 MTEF. The Department of Roads and Public Works is allocated an additional amount of **R20 million** towards the payment of rates and taxes of municipalities, which will increase the baseline to **R120 million** for the 2022 MTEF. The department is also allocated an additional amount of **R30 million** towards upscaling job opportunities through the Expanded Public Works Programme (EPWP).

During this year's SOPA, the Premier articulated a solid business case and broad business scope of the establishment of the state owned Northern Cape based Construction Company working alongside with the remodelled Public Works department. **R10 million** will be allocated to NCEDA as the initial capital outlay, which will include its initial operating costs; start-up bare minimum organisational structure of the Northern Cape State owned Construction Company and filling it.

This Construction Company will be launched before June 2022 once registered. Over time the company will have self-sufficiency as it will

initially be allocated 30% work in a tripartite agreements between the user departments, public works and NCEDA.

Honourable Speaker, this process is currently work-in-progress, led by the Director-General, regarding the full migration of equitable share of HR and financial resources from big infrastructure departments such as Education, Health, Sports, Social Development to the Department of Roads and Public Works to support the remodelled Publics Works vision. This process also includes work to ensure that the DORA funded personnel which are currently at the establishments of the big infrastructure departments, are ultimately seconded to the DRPW and/or the Construction Company. The secondment arrangement is necessary so as not to interfere with the DORA legalities.

Honourable Speaker, this process will ultimately result in different service level agreements being concluded between the Accounting Officers of the big infrastructure departments such as Education, Health, Sport, Arts and Culture on one side and the Accounting Officer of Roads and Public Works. Based on these signed agreements between the affected accounting officers, the Provincial Treasury will then effect those agreements by making necessary budget adjustments.

Such adjustments will then lead to the adjustments of the organisational structures of the affected departments being adjusted for the equitable funded human resources.

Second Adjustment Appropriation Bill – 2021/22 Financial Year

Honourable Speaker, the Minister of Finance is empowered in terms of the Division of Revenue Act, no 9 of 2021, to effect inyear adjustments in conditional grants allocated to provinces in the 2021/ 22 financial year based on the performance of the grants.

This is necessitated by the need to stop the flow of funds in terms of section 18 of the Division of Revenue Act, 2021 in instances of poor performing grants and relocate to other performing provinces in terms of section 19 of the Division of Revenue Act.

Honourable Speaker in compliance with section 19 of the Division of Revenue Act, 2021, as amended, the national Department of Human Settlements re-allocated an additional amount of **R60 million** to the Department of Cooperative Governance, Human Settlements and Traditional Affairs for the Informal Settlements Upgrading Partnership Grant, following revised allocations by the national Department of Human Settlements.

Furthermore, the national department of transport has allocated an additional amount of **R29 million** to the Department of Roads and Public Works for the Provincial Roads maintenance grant.

Agbare Speaker, laat my dus toe om beide die gemelde departemente geluk te wens met hul uitstekende uitkomst. Terseldertyd wil ons ook beroep doen op ander departemente doen om ook hul spanderings kapasiteit te verbeter, ten einde ook vir die insentiewe te kwalifiseer.

Honourable Speaker and Members, as I close, allow me once again to extend my appreciation to the Honourable Premier, Dr Zamani Saul for his continued guidance and support, my colleagues in the Executive Council, the Chairperson and Portfolio Committee on Finance, Economic Development and Tourism and to the entire Northern Cape legislature under your leadership.

Thanks to my team in the Ministry of Finance, Economic Development and Tourism for their continued support.

Honourable Speaker, I would also like to express a word of gratitude to the entire team at Treasury led by the acting Head of Department, Dr Moses Gasela.

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

- The Northern Cape Main Appropriation Bill, 2022;
- The Northern Cape Second Adjustment Appropriation Bill, 2022;
- The Northern Cape Estimates of Provincial Revenue and Expenditure (EPRE) 2022 MTEF;
- The Northern Cape Capital Estimates of Provincial Expenditure for the 2022 MTEF; and
- Northern Cape Socio-Economic Review 2022.

I thank you.