



PROVINCIAL BUDGET SPEECH

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07 March 2023

Let's Grow Mpumalanga Together



provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA



**SPEECH BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND
TOURISM, MS NE HLOPHE (MPL), ON THE OCCASION OF TABLING OF
THE PROVINCIAL BUDGET FOR THE 2023/24 FINANCIAL YEAR TO THE
MPUMALANGA PROVINCIAL LEGISLATURE**

07 March 2023

- Honourable Speaker and Deputy Speaker
- Honourable Premier Refilwe Mtshweni-Tsipane
- Chief Whip of the Majority Party and leader of the official opposition
- Chairperson of the Portfolio Committee on Finance, Economic Development and Tourism
- Colleagues in the Executive Council and Honourable Members of the Provincial Legislature
- Members of the Mayoral Committees on Finance
- Director-General, Head Official of Provincial Treasury and all Heads of Department
- Chairperson of the House of the Traditional Leadership and all members
- Leadership of the Governing Party and Alliance Partners
- The leadership of Business, Organized Labour, Faith-Based Organizations, Youth and Women formations and Civil Society
- Citizens of Mpumalanga

Honourable Speaker

1. A few days ago, Honourable Premier Refilwe-Mtshweni Tsipane delivered a seminal State of the Province Address to this august house.
2. She placed a detailed account of the government's performance and the provincial economy before us.
3. She laid out the pathway for addressing our societal challenges.
4. Beneath all reflections and commitments was optimism about the future of a hungry child, an unemployed youth, and a woman suffering under the barrel of gender-based violence.
5. We are determined to ensure that the 2023/24 budget respond to the priority areas as identified in the State of the Province.

6. Let me provide some economic context for the budget that we are tabling today.

ECONOMIC LANDSCAPE AND OUTLOOK

7. The Mpumalanga Province contributed more than R500 billion or around eight (8) percent to the Gross Domestic Product (GDP) of South Africa in 2022.
8. This is despite several global economic realities and challenges such as reduced investment and supply chain disruptions, and domestically the lack of a reliable electricity supply which had negative impact on our economy and our people.
9. Given the fragile economic conditions and multiple downside risk factors, the global economy is projected to slow further in 2023, with the World Bank forecasting growth rate of 1.7 per cent.
10. According to the National Treasury, the medium-term South Africa's growth outlook has deteriorated, and real GDP growth is projected to average 1.4% from 2023 to 2025. The Provincial economy is also expected to perform very much in line with the national growth expectations.
11. As the Honourable Premier, Refilwe Mtshweni-Tsipane pointed out in the State of the Province Address, the labour market performed well despite the challenging economic performance between January and September 2022, especially from a job creation point of view.

PROVINCIAL FISCAL OUTLOOK

12. The Minister of Finance in his Budget speech highlighted a need to maintain prudent fiscal stance, in the face of deteriorating medium term growth outlook.

Sources of provincial budget

13. The total budget appropriated to all Votes is R58 billion, 707 million and 881 thousand, 78.5 percent comes from Equitable Share; 17.3 per cent is from Conditional Grants and 4.2 per cent from Provincial Own Revenue.

Own Provincial Revenue

14. The provincial revenue collection has been strong despite the impact of the health crisis in the last two years.

15. Provincial Departments collected R1 billion 989 million at the end of January 2023 (ten months) against the 2022/23 annual target of R1 billion 925 million. This is a better performance compared to the same period in the 2021/22 financial year.
16. We will continue to monitor revenue collection in departments and public entities and provide the necessary support to grow the provincial revenue base.

SPENDING PRIORITIES

Economy, Investment and Employment

Honourable Speaker

17. The latest Quarterly Labour Force Survey (QLFS) of Statistics South Africa indicates that the net job gains for our province were almost 134 000 for the whole year of 2022. This is a very good achievement under the circumstances. This was the third-highest job creation number after Gauteng and the Western Cape.
18. Eight of the ten employment industries in Mpumalanga recorded job gains in 2022, of which the trade industry was the top job-creating industry. The 62 000 job gains included new jobs from industries such as tourism and the informal economy.
19. We are, however, concerned about the job losses in agriculture, as well as private households, hence the Premier Refilwe Mtshweni Tsipane underscored the importance of prioritizing the implementation of the Mpumalanga Economic Reconstruction and Recovery Plan (MERRP) to accelerate efforts of creating jobs for the unemployed, especially young people and women.
20. In this regard, R1 billion 559 million 36 thousand is allocated to the Department of Agriculture, Rural Development, Land and Environmental Affairs (DARDLEA) to
 - improve agricultural production,
 - accelerate agrarian reforms,
 - mitigate livestock diseases, and
 - create more jobs, and increase number of youth, women and People with Disabilities who participate in this sector.

In addition to funds already in the baseline of the department, the 2023 budget further allocates:

- R44 million to operationalize the Mpumalanga International Fresh produce market upon its completion,
 - R50 million to enhance biodiversity management in our provincial nature reserves, and.
 - R39 million towards the work on Mkhondo One-stop shop and implementation of the Cannabis project.
21. DARDLEA has been providing dry products, fresh produce and others as part of the government's nutrition programme to the health sector. This service will be extended to the six boarding schools in the Province. To this end, R90 million is shifted from Department of Education to DADLREA in the current financial year.

Honourable Speaker

22. We are committed to revitalizing the provincial economy and ensuring that *no one is left behind*.
23. Department of Economic Development and Tourism is therefore allocated R1 billion 470 million 405 thousand to facilitate the implementation of all economic projects highlighted in the State of the Province. The baseline of the department is topped up as follows:
- R50 million for ongoing construction work of the Mpumalanga International Fresh Produce Market.
 - As part of preserving our flora and fauna and attracting more tourists to the province R18 million is allocated to the Mpumalanga Tourism and Parks Agency. The entity also receives R30 million to revitalize our parks, and R20 million towards improving biodiversity in the Barberton Makhonjwa Mountain World Heritage Site.
 - MEGA receives R18 million to improve loan management and renovation to some of the factories they own.
24. Social and economic infrastructure has a direct impact on the economy and investment potential in our communities. The Department of Public Works Roads and Transport receives R5 billion 466 million 783 thousand to continue developing and maintaining the road network infrastructure with a specific focus on tourism and coal haulage routes and other built programme thereby contribute to economic growth. Funds that are added to baseline include:
- R 20 million each towards bridges in Driekoppies and Emalahleni Civic Bridge.

- R70 million for Renewal Energy focusing on health, administration and educational sites.
- R90 million for the Parliamentary Village, and
- R73 million towards Mkhondo Boarding School.

Governance and Administration cluster

25. The Honourable Premier in her State of the Province said, “Building a *capable state includes creating and strengthening the resilience within various institutions*”.
26. The allocation to the governance cluster is meant to carry forward the initiatives to build a strong, efficient and effective institutions and to foster accountability throughout the administration.
27. The budget of the Office of the Premier increases from R361 million 826 thousand to R478 million 132 thousand to provide coherent strategic leadership and coordination of policy implementation.
28. The total allocation for the Premier’s Youth Development Fund is R114 million.
29. I would like to remind young entrepreneurs and business owners that the closing date for submission of applications for this progressive fund has been extended to 17 March 2023.
30. I would also like to reiterate the call by the Honourable Premier that all departments and entities must ensure that at least 30 percent of the provincial spent is directed to the designated groups such as women, youth and People with Disabilities.
31. Honourable Speaker, the Provincial Legislature is allocated R405 million 266 thousand to deepen democracy through lawmaking, constituency work and government oversight.
32. To ensure effective management of the fiscus and promotion of accountability in compliance with financial norms and standards the allocation to Provincial Treasury also increased from R480 million 18 thousand to R590 million 712 thousand
33. This allocation includes R60 million towards the enhancement of systems for the Departments of Education and Health.

Honourable Speaker

34. The Department of Community Safety, Security and Liaison gets R1 billion 768 million 339 thousand to continue implementing the provincial crime and safety programme, which include security in all public facilities.
35. Included in the baseline is R12 million for the takeover of the licensing function from Msukaligwa Municipality, R11.1 million to increase fleet allocate to traffic law enforcement officers, and R23 million for enhancement of the traffic management system.
36. The Department of Co-operative Governance and Traditional Affairs receives R800 million 808 thousand to put measures that will enable municipalities to fulfil their constitutional mandate and to support the institution of traditional leadership in the Province.
37. The budget makes provision for, amongst others:
 - R30 million for renovations of Traditional Houses;
 - R20 million for the Reconstitution of Traditional Councils,
 - R12 million for Ummemo ceremonies,
 - R23 million for grants to traditional councils.

Social Services Cluster

38. We are encouraged by the improvement in the education outcomes every year.
39. The 2022 Class really made us proud, and we want to congratulate them for awesome performance.
40. The budget of the Department of Education increases from R24 billion 546 million 261 thousand to R24 billion 546 million to R24 billion 920 million 784 thousand to continue implementing various interventions aimed at improving the education outcomes from early childhood programme to the last grade of the basic education.
41. Included in the allocation is R1 billion 184 million 469 thousand towards overall school infrastructure improvement programme, that is maintenance, renovation, and adding new classrooms etcetera.
42. To ensure that all learners get healthy and nutritious meals, every day at school, R834 million 685 thousand is allocated towards school nutrition programme.

43. R404 million 254 thousand is allocated for Learner Teacher Support Material.
44. The transfers to schools' amount to R2 billion 24 million and 75 thousand in 2023/24. We urge the School Management and Governing Bodies to be prudent in using allocated resources and ensure accountability within the school environment.
45. As part of effort to address unemployment and provide support to the learning environment, R556 million is added to the baseline for the implementation of Presidential Youth Employment Initiative.

Honourable Speaker

46. An emergency physician and health policy professor, Dr Leana Wen, says, "*Public health is a powerful tool to level the playing field, to bend the arc of our country away from distrust and disparities and back towards equity and justice*". I couldn't agree more with her.
47. The Department of Health receives R17 billion 304 million 936 thousand to improve primary health care and ensure universal access to quality service at our health centres.
48. Included in the allocation is R13 million for the employment of health specialists in order to operationalize Mental Health facilities, R10 million towards the Neonatal ward in Witbank Hospital and R8 million to increase the number of Community Health Centres (CHC) that operate 24 hours .
49. The implementation of infrastructure programme will gain momentum with the construction of the new Linah Malatjie Tertiary Hospital set to commence in the 2023/24 financial year and the continuing construction of the new Middleburg and Mapulaneng hospitals amongst others.
50. Our cultural diversity and our different interest in sport codes is not a threat but an opportunity to live up to our shared values as South Africans and citizen of great Place of the Rising Sun.
51. Department of Culture, Sport and Recreation is allocated R618 million 183 thousand to promote our cultural heritage, inclusive sport, and ensure social cohesion in the Province.

52. Additional to the baseline is allocation for mobile libraries, school sport, Netball World Cup activations and hosting of the Metro awards.

Honourable Speaker,

53. The Provincial Government is committed increasing care to vulnerable groups especially youth, women, and the elderly.
54. To enable the Department of Social Development to provide comprehensive and integrated social services that improve the well-being of families and children, R1 billion 676 million 308 thousand is allocated in the 2023/24 financial year.
55. This budget includes R12 million for the construction of recreational facilities in Swartfontein and Nkangala Treatment Centres, and R66 million for necessary infrastructure to promote good health and recreation amongst the elderly citizens, amongst others.
56. In her State of the Province Address, the Honourable Premier reminded us that *having a roof above one's head is a Constitutional right* for every citizen.
57. Accordingly, R1 billion 648 million 189 thousand is allocated to the Department of Human Settlements to facilitate the provision of homes and ensure security of land tenure for communities.
58. The baseline of the department includes R57 million to complete the bulk works at the Parliamentary Village and R2.5 million for the renewable energy assessment in the sector.

CONCLUSION

59. In conclusion,
60. Allow me to express my profound appreciation to the Premier, Honourable Refilwe Mtshweni-Tsipane, for your leadership throughout the preparation of this budget.
61. To my colleagues in the Budget and Finance Committee and the Executive Council, thank you very much for supporting this budget.
62. Many thanks to the former Chairperson of the Portfolio Committee on Premier's Office, Finance, Economic Development and Tourism, and all Members of the Committee for your support whenever we present ourselves to your guidance.

63. I would also like to convey my gratitude to the Director-General, Head Official, and Provincial Treasury team for preparing this budget on behalf of the people of Mpumalanga.
64. To my support staff and my family, thank you for your patience and for allowing me to serve my Province.
65. Finally, I would like to thank the African National Congress for entrusting us with this public responsibility.
66. I have the honour of tabling the following budget documents for consideration:
- 66.1 *Provincial Budget Speech for 2023/24;*
- 66.2 *Appropriation Bill for 2023/24,*
- 66.3 *Estimates of Provincial Revenue and Expenditure for 2023/24.*
67. I thank you.



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