



Third Provincial Adjustments Budget speech for 2020/21

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Let's Grow Mpumalanga Together



provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA



ADDRESS BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM, MR PV MKHATSHWA, MPL, ON THE OCCASION OF TABLING OF THE THIRD ADJUSTMENTS BUDGET FOR 2020/21 AT THE MPUMALANGA PROVINCIAL LEGISLATURE

16 MARCH 2021

- Honourable Speaker and Deputy Speaker
- Honourable Premier Refilwe Mtshweni-Tsipane
- Chief Whip of the Majority Party and leaders of the opposition
- Colleagues in the Executive Council and Honourable Members of the Provincial Legislature
- Executive Mayors and Members of the Mayoral Committees on Finance
- Director-General, Head Official and all Heads of Department
- Chairperson of the House of the Traditional Leadership and all members
- The leadership of Business, Organized Labour, Faith-Based Organizations and Civil Society
- Citizens of Mpumalanga

It is said there are no extraordinary men and women but extraordinary situations that force or encourage ordinary people to face reality and make the best of the moment.

Not since the height of world wars had the stakes been so high in one financial year.

We faced an unprecedented test in the wake of COVID19. Our situation was further compounded by Tropical Storm Eloise, which left a trail of damage to infrastructure and displaced tens of people in our Province.

As the Honourable Premier stated in her State of the Province Address on Friday, 5 March 2021, *“we have been compelled by forces beyond our control to divert budgeted resources and deal with this additional state of disaster”*.

Accordingly, all departments had to adjust their plans to take into account the impact of lockdown measures which affected infrastructure delivery projects, as well as the fiscal capacity to implement priority programmes.

CHANGES TO BASELINES OF DEPARTMENTS

Departments have also identified funds mainly from capital budgets which will be rescheduled to the 2021/22 financial year, and savings from Compensation of Employees and Goods and Services for the year-end. Some of the funds reduced from the Votes will be redirected towards the Provincial disaster response.

The changes in the baseline allocations of departments are as follows:

Vote 1

The budget of the **OFFICE OF THE PREMIER** decreases from **R302.6 million** to **R237.6 million**.

Vote 2

There is no impact on the Legislature's budget as it remains at **R372 million**.

Vote 3

The allocation to the **PROVINCIAL TREASURY** will decrease from **R 382.3 million** to **R375.3 million**.

Vote 4

The baseline to the Department of **CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS** will, however, increase from **R512.4 million** to **R550 million**, following the allocation of **R32 million** for Disaster Relief material, and further **R5.6 million** which was added to the Traditional Leaders Grant.

Vote 5

With regards to the Department of **AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS**, its budget is reduced from **R1 152 billion** to **R1 132 billion**.

Vote 6

We are mindful of the importance of the Nkomazi Special Economic Zone; hence a portion of the funds previously allocated to this programme will be rescheduled based on the implementation capacity of the Department in the 2021/22 financial year.

The Budget of the **DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM** will therefore be reduced from **R 1 108 billion** to **R 1 082 billion**.

Vote 7

The budget of the **DEPARTMENT OF EDUCATION** will decrease by **R50 million**, funds which are being rescheduled to the 2021/22 financial year. The baseline for the year ending 31 March 2021 is therefore set at **R22 202 billion**.

Vote 8

The **DEPARTMENT OF PUBLIC WORKS, ROADS AND TRANSPORT** will also see a decrease in the budget from **R4 697 billion** to **R4 627 billion**, mainly due to delays experienced in the implementation of the Parliamentary Village.

Vote 9

The budget of the Department of **COMMUNITY SAFETY, SECURITY AND LIAISON** is reduced by **R8.4 million** from Traffic College funds from **R1 430 billion** to **R1 422 billion**.

Vote 10

As alluded earlier on the effect of lockdown, especially in the construction industry, many infrastructure projects were affected.

The part of the funds that were allocated for the implementation of Bethel, New Middleburg and Mapulaneng Hospitals projects will be rescheduled to the 2021/22 financial year, thus reducing the current budget of the **DEPARTMENT OF HEALTH** from **R16 154 billion** to **R16 004 billion**.

Vote 11

The budget of the **DEPARTMENT OF CULTURE SPORT AND RECREATION** is reduced by **R55 million** from **R514 million** to **R459 million**.

Vote 12

We are also proposing to reduce the baseline of the **DEPARTMENT OF SOCIAL DEVELOPMENT** from **R1 762 billion** to **R1 757 billion**.

Vote 13

The **DEPARTMENT OF HUMAN SETTLEMENTS** has consistently displayed positive spending trends on housing delivery programmes in the country.

Accordingly, **R138 million** has been added to the budget to continue implementing its social housing programme that fulfils the Freedom Charter's ideal of sustainable housing settlement for all.

The Department will also reschedule **R120 million** meant for various infrastructure projects to the next financial year.-
The effect of this is that the budget will increase from **R 1 540 billion** to **R1 558 billion**.

CONCLUSION

We will continue to make a case for adherence to the fiscal policy.

We appeal to departments to help us maintain a sustainable budget structure which is critical to preserving the provincial budget process and help us to realize a desirable societal impact of the public finances.

I have the honour to table the third Adjustments Appropriation Bill, which adjusts the 2020/21 Adjusted Fiscal Framework **from R52 183 billion to R51 782 billion**, and this Adjustments Appropriation Speech for perusal by the esteemed Members.

Thank you.