



MPUMALANGA PROVINCIAL ADJUSTMENTS BUDGET SPEECH

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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 ADJUSTMENTS BUDGET FOR THE 2023/24 FINANCIAL YEAR TO THE MPUMALANGA PROVINCIAL LEGISLATURE

21 November 2023

- Honourable Speaker and Deputy Speaker
- Honourable Premier Refilwe Mtshweni-Tsipane
- Chief Whip of the Majority Party and leader of the official opposition
- Colleagues in the Executive Council
- Honourable Chairperson of the Portfolio Committee on Finance, Economic Development and Tourism and all 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 Businesses, Organized Labour, Faith-Based Organizations, Youth and Women formations and Civil Society
- Citizens of Mpumalanga

It is a distinct honour for me to address you on the occasion of tabling of the Provincial Adjustments Budget.

I would like to anchor my address on the words of Karl Marx, who once said,

"From each according to his [or her] ability, to each according to his [or her] needs."

The 2023/24 Adjustments Budget is underpinned by the principles of justice and equality that have guided the governing party in the last 30 years.

It is a statement of our commitment to a fair and inclusive budget that builds a society where every individual's potential is realised, and their basic needs are met.

ECONOMIC LANDSCAPE AND OUTLOOK

Economic growth

Madam Speaker

We are, however, tabling this budget in a relatively weak economic environment.

Global growth is projected to slow down. A weaker economic growth outlook is also expected for China, which is one of our most important trade partners.

The expected South Africa's growth rate for 2023 is only 0.8 per cent, after a growth rate of 1.9 per cent last year.

On the other hand, Mpumalanga's growth rate was around 0.6 per cent in 2022 and is projected to remain at less than 1 per cent this year. Mpumalanga's average annual growth forecast for 2023 - 2027 is around 2 per cent, indicating some economic recovery. However, these rates are still insufficient to achieve the desired levels of development in our Province.

Economic sector performance

Industries are important constituents of and drive our economy.

There is a glimpse of hope as seen in the performance of some of the economic sectors in the first six months of 2023, compared with the same period in 2022.

Agriculture and tourism industries showed strong growth, as did transport and construction.

We are, however, concerned about the mining and manufacturing sector output, which declined in the third quarter of this year.

Various interventions have been put in place, such as the joint logistic and electricity committees, to address challenges impacting economic growth.

Job creation

Madam Speaker,

Job creation is one of the indicators of the performance of the economy. The third Quarter Labour Force Survey (QLFS) report of 2023, which was released last week (14 November 2023), paints a good picture for Mpumalanga.

Job creation is improving, and the unemployment rate (including that of women and the youth) is declining. This gives us hope as a Province. The net job gains for our Province were 17 209 and 44 151 jobs in the second quarter (2023) and third quarter (2023), respectively, which is quite a good performance under these challenging economic circumstances.

The Province performed better from a job creation numbers point of view compared to five other Provinces (Free State, Northern Cape, Eastern Cape, Gauteng and Western Cape) during this period. The wholesale and retail trade recorded the highest job gains, followed by community services and finance.

It is good to see job gains of 11,715 jobs in manufacturing in the third quarter after significant job losses in the first six months of 2023.

There is a need to accelerate the implementation of structural reforms at the national level and Province-specific interventions as articulated in the Mpumalanga Economic Reconstruction and Recovery Plan (MERRP).

MUNICIPAL FINANCE SUPPORT

The Provincial government continues to prioritise local government reforms and targeted interventions to support municipalities to deliver basic services to communities.

One such intervention is municipal debt relief to support municipalities in dealing with their difficult financial conditions.

Ten of our local municipalities have submitted their applications for debt relief by the end of October 2023. Of these submissions, the National Treasury has approved the applications of Govan Mbeki, the City of Mbombela, Mkhondo, Msukaligwa, Emalahleni, Emakhazeni and Thaba Chweu Local municipalities.

It is important that all municipalities adhere to all strict Debt Relief conditions to continue benefiting from this initiative.

We appeal to all Councils to enforce credit control measures and embark on payment campaigns to encourage consumers to pay for services.

MID-YEAR REVENUE AND EXPENDITURE REVIEW

Provincial Own Revenue

One of the anchors of our fiscus is the Provincial Own Revenue collection. We have adjusted our revenue collection target from R1.9 billion in 2022/23 to R2.4 billion this financial year, taking into account the performance trends over the last few years.

At the end of October, the Provincial Departments collected R 1.5 billion or 64 per cent of the current target. We encourage all Departments to maximise revenue collection and help grow the revenue base so that the Province can expand services to citizens.

2023 ADJUSTED FISCAL FRAMEWORK

The Medium-Term Budget Policy Statement (MTBPS) provides the basis for the Adjusted Fiscal Framework for the 2023/24 financial year.

While the conditional grants were reduced by R381.1 million due to the current fiscal challenges, the equitable share was increased to respond to some of the pressures in social cluster departments.

The provincial budget for the 2023/24 financial year will increase by R1 billion 343 million 629 thousand from R58 billion 707 million to R60 billion 011 million.

CHANGES TO BASELINE ALLOCATIONS

I will now outline proposed changes to the baseline allocations of departments.

VOTE 1: Office of the Premier

The budget of the Office of the Premier increase from R478 132 million to R 498 132 million.

VOTE 2: Provincial Legislature

The Provincial Legislature receives R33.7 million for voter education and other budget pressures and retains R6.2 million, which remained unspent in the 2022/23 financial year in accordance with Section 22(1) of the PFMA.

The budget of the Provincial Legislature increases from R405.266 million to R445.216 million.

VOTE 3: Provincial Treasury

The Provincial Treasury will reschedule R40 million, thus reducing the current budget from R590.712 million to R550.712 million.

VOTE 4: Co-operative Governance and Traditional Affairs

The Department of Co-operative Governance and Traditional Affairs will get a net of R65.762 million, increasing the baseline from R800.808 million to R866.570 million.

This allocation includes R33 million to support the Traditional Authorities' cost related to the demarcation of Traditional Councils' Boundaries and a further R3 million towards cultural ceremonies (Ummemo). The Department is also allocated R30 million for the disaster relief programme.

VOTE 5: Agriculture, Rural Development, Land and Environmental Affairs

The Department of Agriculture, Rural Development, Land and Environmental Affairs' budget will increase from R1.559,036 billion to R1.669,777 billion. Included in this

adjustment is:-

- R57 million for Food Security Initiatives,
- R55 million for Mdala Biodiversity Conservation and
- R12.5 million transfer from the Department of Economic Development and Tourism to deal with the budget shortfall on fencing of Nkomazi Special Economic Zone.

VOTE 6: Economic Development and Tourism

The budget of the Department of Economic Development and Tourism will also increase from R1.470,405 billion to R1. 586,879 billion. The Adjustments Appropriation Bill adds

- R112 million to accelerate delivery of the Mpumalanga International Fresh Produce Market. The department has also reprioritised R57 million from the current baseline for the same purpose.
- R5.4 million is allocated for Ohristad Nature Reserve, and
- R12 million is added towards Tourism Marketing.

VOTE 7: Education

The total budget of the Department of Education will increase from R24.920,784 billion to R25.306,556 billion. Included in this allocation are the following:

- Conditional Grants rollover amounting to R11 million.
- R6.6 million and R10.3 million rollover for the Presidential Youth Empowerment Initiative and Learner Teacher Support Material, respectively.
- R20.8 million is added to the baseline for Mpumalanga Regional Training Trust to cushion the budget pressure, and a further R8 million is provided for the revamping of the MRTT-owned Hotel.
- R263 million is added for wage agreement cost implications.
- A further R92 million is added for learner-teacher support material.
- R25 million is allocated for the operationalisation of Mkhondo Boarding School.
- R115 million is provided for mobile classrooms to address the challenge of space in our schools.

VOTE 8: Public Works, Roads and Transport

R99.4 million is added to the baseline of the Department of Public Works, Roads and Transport, thus increasing the budget from R5.466,783 billion to R5.566,200 billion. This allocation includes:

- R115 million for the completion of Mkhondo Boarding School;

- R25 million for patching of potholes and
- R14 million for the fire system at Riverside Government Complex.

The department has also reprioritised R50 million from its baseline to cover the budget shortfall on the Parliamentary Village project.

VOTE 9: Community Safety, Security and Liaison

To enhance the traffic law enforcement visibility at the Lebombo Border, the Department is allocated R10 million while R4 million is reprioritised from within the baseline for the same purpose. Accordingly, the overall budget of the Department of Community Safety, Security and Liaison will increase from R1.768,339 billion to R1.778,221 billion.

VOTE 10: Health

The Adjustments Bill adds R479 million to the baseline of the Department of Health, increasing the allocation from R17.304,936 billion to R17.784,013 billion for the year ending 31 March 2024. Included in this amount is R580 million to respond to the costs of implementing the wage agreement.

VOTE 11: Culture, Sport and Recreation

The Department of Culture, Sport and Recreation will have a net reduction of R8.9 million because of conditional grant reduction and rescheduling funds for the High Attitude Centre. The effect of these is the reduction in the budget from R618.183 million to R609.249 million. The Department will, however, receive the following amounts:

- R6.2 million which has been rolled over for sports combo court,
- R17.2 million from Community Library Conditional Grants rollovers and a further
- R4.5 million is added to the baseline for libraries' security system and provincial activations.

VOTE 12: Social Development

The budget of the Department of Social Development increases from R1.676,308 billion to R1.705,152 billion. This budget includes R28.8 million to augment the compensation of the employees' budget line item and R5.1 million for the Social Relief programme.

VOTE 13: Human Settlements

The Department of Human Settlements will receive a net reduction of R3.3 million, which decreases the baseline of the Department from R1.648,189 billion to R1.644,833

billion. The Department will, however, receive R9.4 million for the Parliamentary Village Bulk infrastructure rollover, R5.7 million for informal settlements upgrading and a rollover amounting to R10 million for operational costs.

FINANCIAL MANAGEMENT AND GOVERNANCE

Accountability is the cornerstone of budget preparation and implementation. It's not just about tracking where the funds go but also about ensuring that every rand spent aligns with the promise of a better life for all.

We cannot afford waste or inefficiency. All provincial departments and public entities must make the most of available funds while adhering to the cost containment measures.

The Accounting Officers must continuously review their operations and identify areas where spending can be reduced without compromising crucial service delivery, especially social programmes.

CONCLUSION

As I conclude, let me thank you, Honourable Premier, for your leadership throughout the preparation of this Adjustments Budget.

I want to thank my colleagues in the Budget and Finance Committee and Executive Council for your input into the budget.

To the Chairperson and Members of the Portfolio Committee on Finance, Economic Development and Tourism, thank you for your guidance.

I would also like to thank the Director General, the Head Official of the Provincial Treasury and all staff who worked tirelessly in preparing this Adjustments Budget.

Last but not least, I am grateful to my family, my office, and my glorious movement, who always support our work.

I now table the following budget documents for consideration:

- Provincial Adjustments Appropriation Bill for 2023.
- Adjusted Estimates of the Provincial Revenue and Expenditure for 2023, and
- Provincial Adjustments Budget speech for 2023.



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