

MPUMALANGA ADJUSTMENTS BUDGET

Speech

2021



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Mec For Finance, Economic Development And Tourism

Mpumalanga Provincial Legislature

23 November 2021

Let's Grow Mpumalanga together



provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA



**SPEECH BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND
TOURISM, MR. PV MKHATSHWA (MPL) ON THE PROVINCIAL ADJUSTMENTS
BUDGET FOR THE 2021/22 FINANCIAL YEAR TO THE HYBRID SITTING OF THE
MPUMALANGA PROVINCIAL LEGISLATURE**

23 November 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
- 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
- The leadership of Business, Organized Labour, Faith-Based Organizations and
- Civil Society
- Citizens of Mpumalanga

INTRODUCTION AND POLICY OVERVIEW

Madam Speaker, it is indeed my honour and privilege to stand before this august House and the citizens of Mpumalanga, a place of the rising sun, to deliver this much-anticipated Budget.

The principal aim of this Budget is to further cushion the people of Mpumalanga from the enduring harm of the Black Swan events of Covid-19, and other related, pre-existing super-imposed tensions between the people and the planet.

The Covid-19 pandemic wreaked havoc on the people's lives. It necessitated nuances in terms of allocations, introduced seismic shifts, and redefined budget priorities.

Sadly, many jobs were lost due to the omnipresence of the pandemic, which further deepened the structural crisis of poverty, unemployment and poverty.

Of significance, though, is the collective efforts that we mounted as an interventionist government of the people by putting in place strategic and tangible plans to undermine the massive impact of this virus on the people of this Province and the economy.

We reaffirmed our unwavering commitment to using the limited resources we have to support the initiatives the Provincial Government is pursuing to save lives, set the economy on a growth path, and create the much-needed jobs for the citizens of Mpumalanga.

We want to commend the excellent work done by the Provincial Government under the solid and strategic leadership of the Honourable Premier Refilwe Mtshweni-Tsipane and the

Department of Health during the rollout of the vaccination programme throughout the Province. This initiative has managed to get most of the citizens vaccinated, thus slowing down the aggressiveness of the virus.

Madam Speaker and Honourable members, on 1 November 2021, South Africa successfully held the sixth Local Government Elections since the advent of democracy.

The people of South Africa spoke and decided on the Government of their choice through this electoral engagement. As we speak, most Councils were and are being constituted today.

This electoral engagement and its outcomes gave sufficient expression to the central thesis of the Freedom Charter that **"The People Shall Govern"!**

The 2021 Local Government election is, therefore, a reaffirmation of the revolutionary idea that ours is a robust and gradually maturing democracy. We will continue to make this Government an instrument of popular will, a government of, by, and for the people.

Ours is to govern in tandem with the people, and our decision-making processes must enjoy the confidence of the people.

ECONOMIC LANDSCAPE AND OUTLOOK

Let me turn to the economic landscape. We table this Budget today in a better economic environment than at the same time last year.

The latest data of the National Treasury and the South African Reserve Bank shows an expected economic growth rate of just more than 5 per cent for South Africa this year. This is indeed good news for the country.

The second quarter (2021) GDP data released by Stats SA showed that the National and the Mpumalanga economy continue to expand, with the Province registering four consecutive quarters of growth since the sudden drop in economic activity in the same quarter last year. This has resulted in net job gains of 32 thousand 757 in Quarter two of 2021, the second-best performance of the nine Provinces. Employment growth was almost 3 per cent in the same period, which is a good achievement under the circumstances.

One of the encouraging stories of this period is that the informal sector, which employs a quarter of Mpumalanga's employed people, is showing good signs of recovery from the current challenges.

We are, however, non-oblivious to the remnants of the Covid-19 pandemic and the impact of lockdown measures, load-shedding and the July unrests in parts of Gauteng and Kwazulu Natal on the economy.

The Minister of Finance, Honourable Enoch Godongwana, reminded us in his recent Budget Speech, *"The scarring impact of the crisis is evident in increased debt levels, income vulnerabilities; while unemployment, poverty and inequality are deepening."*

The Province experienced a poverty rate of more than 50 per cent and the high unemployment rate of 46.5 per cent (expanded definition) in the second quarter of 2021, although the latter declined slightly in this quarter.

The very high youth unemployment is a huge concern and a key priority of the Mpumalanga Provincial Government.

It is crucial to place our Province on a growth trajectory again.

In her Budget Vote, Honourable Premier Refilwe Mtshweni-Tsipane indicated that the provincial economy would have to go through three phases to return to the pre-Covid economic trajectory. These phases are Response Phase, Recovery Phase and Growth Phase.

We will continue to use the Mpumalanga Economic Reconstruction & Recovery Plan (MERRP) as a vehicle to re-ignite the provincial economy. Our focus will include the rollout of infrastructure, industrialization, provision of sufficient, reliable energy and Green Economy initiatives, employment stimulus initiatives, and focused interventions in tourism, agriculture and food security.

The Provincial Government will continue working closely with Business and other relevant stakeholders in all sectors of the provincial economy for a social compact to raise growth and improve the livelihoods of all our people.

REFLECTION ON 2021 MEDIUM-TERM BUDGET POLICY STATEMENT

Honourable Speaker

The overarching task of the democratic Government is to use the public resources to address the deep-rooted inequalities in society, transform the economy for inclusive growth, and create a conducive environment for job creation, amongst others.

The 2021 Medium Term Budget Policy Statement (MTBPS) and related Adjustments Bill makes available additional resources to the Provincial Government, primarily to cover:

- Allocation towards the Presidential Stimulus package, and
- Growth in compensation spending, amongst others.

Critically, the MTBPS (2021) reaffirms the central tenets of the fiscal strategy and maps the path for the envisaged conclusion of the fiscal consolidation in the 2024/25 financial year.

We are determined to ensure that every cent invested in government programmes leads to the maximum achievement of socio-economic objectives.

2021 ADJUSTED FISCAL FRAMEWORK AND PRIORITIES

Adjusted Budget for 2021/22

How is this Adjustments Budget funded?

The Executive Council has approved savings amounting to **R158 million** to fund unforeseen and unavoidable pressures detailed in the Adjustments Appropriation Bill.

The Equitable Share has been adjusted upward by a net of **R1 billion 414 million and 754 thousand** and a net of **R205 million 190 thousand** in the form of Conditional Grants from the national fiscus.

Accordingly, the 2021 Main Appropriation increases by a net **R1 billion 940 million 665 thousand**, from **R53 billion 576 million 427 thousand** to **R55 billion 517 million 092 thousand**.

ADJUSTMENTS BUDGET PRIORITIES

Honourable Speaker

The Provincial Government remains committed to implementing programmes and measures to accelerate inclusive growth, address poverty and increase employment opportunities for youth and women amid the devastation caused by COVID19.

Presidential Youth Employment

The Youth unemployment challenge requires urgent attention from all stakeholders. As part of the effort to ameliorate the situation, the Government adopted the Presidential Employment Stimulus package to respond to the impact of the pandemic on livelihood and to protect existing jobs in vulnerable sectors of the economy. The Adjustments Budget allocates additional resources for continued implementation of this critical interventionist programme as follows:

- **R512 million 859 thousand** to the Department of Education to continue deploying education assistants and general school assistants at ordinary public schools and special public schools;
- **R28 million 615 thousand** to the Department of Health to improve support for community health care service, and

- **R8 million and 280 thousand** to enhance capacity and ensure continuity of essential social work services.

We will continue to put resources in skills development and job-creating programmes in the quest to deal decisively with this challenge of our time.

When we tabled the Main Appropriation in March this year, we alluded to deep budget cuts that affected the compensation of employee budgets. To this end, R890 million is allocated to the Departments of Education, Health, Social Development, and Community Safety, Security and Liaison, to cushion the budget pressure resulting from wage settlements for public servants.

Changes to baseline allocations

Let me outline proposed changes to baseline allocations of departments.

Vote 1: Office of the Premier

The Budget of the Office of the Premier will remain the same at **R383 million 904 thousand**.

Vote 2: Provincial Legislature

The Provincial Legislature retains **R33 million 939 thousand**, which include their own revenue and unspent funds from the previous financial year, thereby increasing the baseline from **R376 million 813 thousand** to **R410 million 752 thousand**.

Vote 3: Provincial Treasury

The baseline of the Provincial Treasury will also be maintained at **R481 million and 57 thousand**.

Vote 4: Co-operative Governance and Traditional Affairs

We are aware that Mpumalanga is a disaster-prone Province. The destructive consequences of natural disasters force many of our people out of their homes and affect our social and economic infrastructure. The Department of Co-operative Governance and Traditional Affairs is allocated **R70 million** for Disaster Management, thereby increasing their Budget from **R731 million 241 thousand** to **R801 million 241 thousand**.

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

The Department of Agriculture, Rural Development, Land and Environmental Affairs' Budget baseline will be adjusted upwards by a net R31.5 million from rolled over Conditional Grant funds for Comprehensive Agricultural Support Programme Grant and Land Care Programme.

The Budget will therefore increase from **R1 billion 234 million 855 thousand** to **R1 billion 266 million 403 thousand**.

Vote 6: Economic Development and Tourism

The Department of Economic Development and Tourism receives an additional **R273 million** for the practical completion of the Mpumalanga Fresh Produce Market, and **R9.3 million** is re-allocated to the Department as self-financing, thus increasing the total allocation from **R1 billion 354 million 663 thousand** to **R1 billion 637 million and 2 thousand**.

Vote 7: Education

The baseline of the Department of Education will also increase by a net of **R 1 billion 141 million** from **R22 billion 336 million and 62 thousand** to **R23 billion 477 million and 263 thousand**. Included in this amount are funds for the Presidential Stimulus Package, wage agreement and **R40 million** for the procurement of mobile classrooms.

Vote 8: Public Works, Roads and Transport

We propose to reduce the Budget of the Department of Public Works, Roads and Transport by a net of **R110 million** from **R4 billion 952 million and 999 thousand** to **R4 billion 842 million and 999 thousand**.

Vote 9: Community Safety, Security and Liaison

The allocation to the Department of Community Safety, Security and Liaison will be increased by a net of **R24 million** from **R1 billion 500 million and 334 thousand** to **R1 billion 524 million and 334 thousand**.

Vote 10: Health

The Department of Health's Budget will also be increased by a net of **R460.4 million** from **R16 billion 204 million and 83 thousand** to **R16 billion 664 million and 489 thousand**.

Vote 11: Culture, Sport and Recreation

The Budget of the Department of Culture, Sport and Recreation is set to decrease by a net of **R64 million 574 thousand** from **R622 million and 25 thousand** to **R557 million 451 thousand**.

Vote 12: Social Development

The allocation to the Department of Social Development will increase by a net of **R12 million and 690 million** from **R1 billion 840 million and 989 thousand** to **R1 billion 853 million and 679 thousand**.

Vote 13: Human Settlements

To address the water infrastructure challenges, funds will be reprioritized within the Budget of the Department of Human Settlements:

- to address storm-related damages experienced by the Province in February this year;
- to complete the final phase on sewer line works at Leandra, and
- finalize the upgrading of pump stations in extension 22 and 25, as well as the construction of sewer outfall line in extension 25 in Embalenhle, Govan Mbeki, and lastly
- to address sewer spillages in extensions 32, 33 and 34 in Ermelo, Msukaligwa Municipality.

The Department is also allocated **R40.9 million** from Provincial Housing Emergency Grant, thus increasing the baseline allocation from **R1 billion 557 million and 402 thousand** to **R1 billion 616 million and 518 thousand**.

CONCLUSION

We are enjoined by the Constitution and electoral mandate to use this Budget to help the Province navigate the uncertain environment towards provincial economic and social recovery.

The 2021 Adjustments Budget is about creating employment opportunities for the youth and fastracking key programmes that can improve the economy and livelihoods.

It builds on existing allocations to sustain critical provincial programmes that respond to the pressing needs of the society, education system and the economy while supporting the continuing efforts to implement the vaccination programme so that we can all go back to normal.

The Provincial Treasury will continue to support the work of governance structures across the Province to effectively perform their oversight and assurance so that this Budget is put to good use and every cent is accounted for.

We want to appeal to Governance structures to remain steadfast in their oversight duty by providing independent assessment and assurance on implementing government programmes in departments, public entities and municipalities, especially on the budget implementation.

As I conclude, let me convey my appreciation to the Honourable Premier **Refilwe Mtshweni-Tsipane** for your counsel throughout the preparation of this Adjustments Appropriation;

Colleagues in the **Executive Council** for all constructive engagements and support to our work; Honourable Chairperson and Members of the **Portfolio Committee on Premier's Office, Finance, Economic Development and Tourism** for always guiding and watching our steps on behalf of the people of Mpumalanga; and **Team Provincial Treasury** led by Head Official, Ms Gugu Mashiteng for professional support to me and my office.

I now table for consideration by the Provincial Legislature:

- Provincial Adjustments Appropriation Bill for 2021;
- Adjusted Estimates of the Provincial Revenue and Expenditure for 2021, and
- Provincial Adjustments Budget speech for 2021.



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