



provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA



Mpumalanga Budget Speech 2018/19

by

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 Mpumalanga Provincial Treasury

Together We Move South Africa Forward

SPEECH BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM, MR. SE KHOLWANE (MPL) DURING THE OCCASSION OF THE INTRODUCTION AND TABLING OF THE PROVINCIAL BUDGET FOR THE 2018/19 FINANCIAL YEAR AT THE MPUMALANGA PROVINCIAL LEGISLATURE, CITY OF MBOMBELA

06 MARCH 2018

**Honourable Speaker and Deputy Speaker;
Acting Premier Honourable Refilwe Mtshweni;
Colleagues in the Executive Council;
Honourable Members of the Provincial Legislature;
Members of Mayoral Committees from all our municipalities;
Chairperson of the House of Traditional Leaders Chief Ngomane, and other esteemed members present;
Director-General, Mr. Thulani Mdakane;
Head Official of the Provincial Treasury, Ms. Nombedesho Nkamba and other Heads of Departments;
Chairpersons of Boards and Chief Executive Officers of our Public Entities;
Business Executive of the Office of Auditor-General in Mpumalanga;
Chairpersons of Audit Committees and Risk Committees;
Representatives of Labour, Business, Civil Society and the Media;
Ladies and gentlemen;**

INTRODUCTION

It is a distinct honour and privilege to introduce and table the provincial budget for the 2018/19 financial year before this respectable house.

We deliver this budget speech this afternoon with mixed feelings, our thoughts, prayers and condolences go out to the Shabane family in Emalahleni whose two (2) children, a 12 year old girl with albinism and her cousin were kidnapped and murdered in the most gruesome way. May their souls rest in eternal peace.

Their dismembered bodies were later found buried in shallow graves, with some body parts missing in what seems to be ritual killings.

I therefore implore this August House, to condemn in the strongest terms the horrific murder displayed by these criminals and we hope they are brought to justice by the long arm of the law and given the strongest possible sentence allowed for this crime.

Somlomo silapha namuhla kulendlu Lehloniphekile yesishaya mtsetfo kutokwetfula inkhulumo yekwabiwa kwetimali tesifunza sase-Mpumalanga, emnyakeni wetimali wa 2018/19.

Lenkhulumo yekwabiwa kwetimali yalomnyaka utawutjengisa kwekutsi singuhulumende wasifundza sase-Mpumalanga siyanakekela futsi sitimisele kuthsintsha timphilo tebantfu kute tibencono lokufaka phakatsi:

- Kukhuliswa kwetemnotfo wesifundza nekutfutukiswa kwetimboni letisajfufutsa;

- Kulwa Nendlala kanye nekwakha tindlu;
- Kutfutukisa temphilo;
- Kutfutukisa temfundvo;
- Kanye nekulungisa siphindze sakhe nemigwaco.

Honourable Speaker,

Celebrating the 100th Anniversary of the birth of Nelson Rolihlahla Mandela could not have come at a better time than now.

His immortal significance that was evoked when President Ramaphosa launched the centenary celebration on the 11th of February in Cape Town this year, continues to inspire us to embrace a new dawn, and a renewed sense of hope and unity of purpose as a people.

This great international struggle icon has selflessly championed the cause not only in the national discourse of the liberation struggle, but he also led the first phase of the transition through to the ideals which characterized his long walk to freedom.

The recordings of the 20th April 1964 from the dock of the defendant during the Rivonia Trial, which are still fresh in our minds, continue to vibrate with and shape the second phase of our transition.

We still remember his exact words, when he said

“During my lifetime I have dedicated myself to this struggle of the African people. I have cherished the ideal of a democratic and free society in which all persons live together in harmony and with equal opportunities. It is an ideal which I hope to live for and to achieve, but if needs be, it is an ideal for which I am prepared to die.”

Honourable Speaker,

The ideal of equal socio-economic opportunities is the nerve centre of the Radical Economic Transformation in the second phase of the transition.

Further noting that, despite the political gains of the past 23 years of freedom, the harm and the negative legacy of the colonial and apartheid economy is still deeply entrenched in our society.

The chief culprit, has always been the legacy of the 1913 Land Act which at the time formalized land dispossession from the rightful owners.

The introduction of this Legislation in fact was un-Godly. As you may know the first thing that God gave Adam was “land” and the rest followed. This was so because even the Almighty God knew that no nation can restore the aspiration of its people without land.

To this day, more than two (2) decades after attainment of political freedom, the land question continues to determine the structure of the South African Economy because it defines the ownership of the means of production.

uTata uMadiba no Mama uAlbertina Notsikelelo Sisulu and other founding stalwarts of our hard won national liberation struggle must be dancing with angels (ululating) cheering Amandla! upon receiving the good news that, the policy on expropriation of land without compensation will be pursued without de-stabilising the Agricultural sector, without endangering food security and without undermining economic growth and job creation.

The land audit that was undertaken by government reveals that hectares of land owned privately and by government remain under-utilized and big portions of this land are held for speculation as well.

Accordingly this budget outlook will ensure that a significant percentage of public resources are re-directed to support productive land use in strategic economic sectors wherein the Province has a competitive edge, namely Agriculture, Tourism, Manufacturing and Mining including the Black Industrialists programme.

This is what defines the role of a capable development state.

This is done precisely because government budget processes should be understood as a policy and information tool for economic development and transformation.

In line with Madiba's ideals of equal opportunities for all, the provincial budget must accordingly focus on the extension of the social security net, and the expanded provision of social and economic infrastructure underlined by decisive action to address the triple challenges of poverty, unemployment and inequality.

Aptly put, and as emphasized by the former Minister of Finance Mr Malusi Gigaba, government budget processes under the current economic climate require us to make tough but necessary trade-offs.

Honourable Members, the new dawn lies in the renewed opportunity to achieve faster and more inclusive growth to create jobs for our people and a better life for all South Africans.

Therefore, restoring the confidence of the domestic and foreign investors in the provincial economy remains a critical game changer.

ECONOMIC REVIEW AND OUTLOOK

Honourable Speaker, this Provincial Budget is tabled today in a more positive and favourable economic climate.

While our country is still experiencing a low economic growth rate, there's a new spirit of optimism and an expectation that we are well on an economic recovery path under the dynamic leadership of President Cyril Ramaphosa.

We must however *not let our guard down* because the period ahead is not going to be an easy one.

The global economic growth outlook remains positive, although uneven across all regions.

The South African growth prospects appear to be showing signs of improvement, although off a low base after the technical recession in the fourth quarter of 2016 and first quarter of 2017.

The economy recorded encouraging growth rates in the last three quarters of 2017, driven to a significant degree by the exceptionally strong recovery in agriculture.

The GDP figures that were released earlier today by Statistics South Africa, indicated that the South African economy recorded a quarter-to-quarter growth rate of 3.1 per cent in the fourth quarter of 2017 due to the very high growth of agriculture.

National Treasury expects a growth rate of 1.5 per cent this year, rising to 2.1 per cent in 2020.

Honourable Speaker

After weak provincial economic growth in 2015 and 2016, it is estimated that Mpumalanga's economy achieved real GDP (gross domestic product) growth (on a quarter-to-quarter basis) of more than 2 per cent in the last 3 quarters of 2017.

The good performance of the mining industry and the large contribution that mining makes to the provincial economy, as well as the high growth in agriculture, was the saving grace in the first 3 quarters of 2017.

The estimated 2.3 percent provincial growth in the 4th quarter of 2017, was due to high growth in agriculture, manufacturing and trade (including tourism).

We expect the provincial economy to perform very much in line with or even above the national growth expectations in 2018.

The average annual provincial growth rate for 2016-2021 is forecast at 1.5 per cent per annum.

This can be even higher due to the positive sentiment about our country, which can boost investor confidence with a positive impact on the provincial economy.

Honourable Speaker

Statistics South Africa reports that the unemployment rate in Mpumalanga was 28.9 per cent at the end of the fourth quarter 2017, which was noticeably lower than the 31.0 per cent recorded at the end of the fourth quarter 2016.

This was the second consecutive decline after five uninterrupted quarters of an increase in the unemployment rate, and the lowest that the provincial unemployment rate has been since the second quarter of 2016.

The unemployment rate of youth of working age (15-34 years) in Mpumalanga was high at 41.5 per cent in the same period.

It is a concern that the female youth unemployment rate was very high at 52.6 per cent, compared with the male youth unemployment rate of 33.1 per cent. We need to deal decisively with all forms of gender-based discrimination at the work place.

It is for this reason that the State President's economic vision of placing the creation of jobs, with specific focus on the youth, at the centre of our national agenda this year, should be supported by all stakeholders.

We are encouraged by the improvement on provincial job creation as observed during 2017.

As stated by the former Premier Honourable DD Mabuza in the State of the Province address last month, our Province recorded a net job creation of 87 000, in 2017, driven mainly by jobs in trade, agriculture, private households and finance.

The mining industry started to recover in 2017 and consequently also gained 11 000 jobs in the same period, after thousands of job losses in the last couple of years.

According to the Quarterly Labour Force Survey of StatsSA, Mpumalanga recorded the second highest job creation figure (after the Western Cape) among the 9 provinces on a quarterly (Q4 of 2017) and annual basis (2017).

The employment growth in 2017 was very high at 7.5 per cent which is an exceptionally good performance. It important to mention that Mpumalanga not only achieved its annual job creation target, but exceeded it in 2017.

This employment growth is in line with the good economic performance of industries/sectors such as agriculture and mining during 2017.

There are however, some risks of job losses in the mining industry at the moment in mining towns such as Hendrina, Delmas and Evander, which we need to contain.

We will *not fold our arms* in the midst of the challenges faced by this sunrise industry in the Province.

Working in partnership with the Department of Mineral Resources (DMR) we will engage the mining industry leaders to ensure that we protect the workers' rights, attract new investment and create much needed jobs in the Province.

The well-being of communities residing near mines, and mine rehabilitation programmes constitute an important engagement agenda.

To further support the growth of the industry, we have allocated R20 million to increase participation of young people in the mainstream economy particularly in the mining sector.

The ruling party has introduced an important injunction in respect of free carry shares to be held in trust by the state rather than allocated to a few individuals, the province is taking the Lead through MEGA at Nkomati Anthracite Mine.

2018 FISCAL FRAMEWORK

NATIONAL FISCAL FRAMEWORK

Honourable Speaker

It is worth reminding ourselves about the state of the economy and the fiscus as outlined by the Minister of Finance in the National Budget Speech on 21 February 2018, a position which underscores the context of this provincial budget this afternoon.

Over the next three years, the spending framework includes expenditure reductions approved by Cabinet amounting to R85 billion. These fiscal proposals will cause economic discomfort, but they are necessary to protect the integrity of the public finances.

In response, Government has made significant changes to the fiscal framework. This includes the expenditure ceiling that has been revised down marginally from what was presented by the Minister of Finance in October 2017.

We share the same policy emphasis that Government must continue to shift spending away from consumption towards higher investment.

PROVINCIAL FISCAL AND EXPENDITURE FRAMEWORK

Honourable Speaker

In view of the reductions in the share of allocations from national government, the Provincial government has already implemented various measures to contain the pressure, while ensuring sustained delivery of education, health and social service programmes.

While not desirable, the current fiscal circumstances dictate that reprioritisation of the budget should continue if we want better economic prospects for future generations.

The reality of such an unpopular decision was foretold by the former President of the United States, Calvin Coolidge, in 1925, in his cautionary advice when he said, and I quote:

“The economy is the method by which we prepare today to afford the improvements of tomorrow.”

We will continue to implement comprehensive cost-cutting strategies, and the savings will be redirected to enhance service delivery. However, departments should look for ways to achieve more efficiency gains in 2018/19, particularly through the implementation of targeted procurement reforms.

According to the 2018 Budget Review, the provincial baselines in 2018/19 have been reduced by R5.2 billion, compared with the figures published in the 2017 Medium Term Budget Policy Statement.

The reduction on the conditional grants is 8 per cent this year, which is mainly focused on infrastructure conditional grants.

Over the next three-year spending period, provincial and local governments' direct and indirect allocations will absorb 26 per cent and 18.8 percent of the reductions, respectively.

This will result in budget cuts on the equitable share to our Province amounting to R117 million in the 2018/19 financial year.

The allocation for the 2018 MTEF is R150 556 335, of which R48 107 442 thousand is allocated for the 2018/19 fiscal year.

Of our R48.1 billion provincial budget in 2018/19, almost 80 per cent will be transfer receipts from the provincial equitable share, 16.5 per cent from conditional grants and 3.5 per cent from own revenue and other receipts.

Honourable Speaker,

Own Revenue collection efficiency has never been as important as it is now, as it will help to expand and sustain the provision of basic services, whilst cushioning the budget reductions.

Provincial Own Revenue

During the 2016/17 budget speech we announced a target of R4.2 billion on provincial revenue collection over the MTEF period, from a low base of R864 million and increasing to R1.272 billion in the first year of the same MTEF period.

We are encouraged by progress made thus far, having exceeded the annualised target for 2016/17 and also the 10 months target of 2017/18 (at end of January 2018) by R113 million.

We will continue to work towards reaching our revenue target, and will review/update the collections target when we table the Medium Term Budget Policy Statement and Adjustment Appropriation later this year.

PROVINCIAL BUDGET ALLOCATIONS AND SPENDING PRIORITIES

I will now outline the Provincial Budget Allocations and spending priorities for the 2018/2019 financial year as endorsed by the Executive council.

Social Cluster

The social cluster is allocated R38 045 732 which translates to 79.1 percent of the total provincial budget in line with the government priorities of social protection, security and societal development.

The social sector departments provide essential services to the poor through targeted interventions such as social relief, public education, and advances the social cohesion and unity of all our people around the common Constitutional directive of protection of human rights.

Education

Honourable Speaker,

Nations of the world have accepted that, Education is the biggest contributor to poverty alleviation.

The President of the Republic of South Africa in his maiden State of the Nation Address put it more eloquently when he said: *“To break the cycle of Poverty we need to educate children of the poor.”*

Education has an influence of immense proportions in our efforts to fight the triple challenges of poverty, unemployment and inequality particularly in improving the employability of the provincial labour force.

To this end, R20 973 433 which equates to 43, 6 percent of the total provincial budget for 2018/19 is allocated to the Department of Education to fund amongst others the following priorities:

School Infrastructure to broaden access to education particularly building more boarding schools to mitigate the dysfunctional learning environment of farm schools;

Provide dignity packs to support learning performance of a girl child who can easily be defocused by the physiological and hygienic challenges, particularly those girl children who come from poor backgrounds.

Honourable Members, Included in this budget is an amount of R210 million for bursaries towards deserving young people as per the wishes shared with me on social media by amongst others Ms Mashego Tadjji Khutso and Mr Siphon Dibakwane.

Social Development

The Department of Social Development is at the coalface of the State’s war against poverty and social injustices.

The Department receives R1 551 584 to provide psycho-social services; increase opportunities for early childhood education and deliver social relief benefits to needy families.

A special allocation of R20.2 million is included in the baseline of the department for provision of dignity packs to girl children from poor communities in the Province.

Health

Owen Arthur says, *“He who has health has hope, and he who has hope, has everything.”*

This is very true (except for his evidently explicit omission) because the health of society determines the level of productivity and resourcefulness of the citizens to positively contribute to economic growth.

To this end, the second largest component of the budget, at R13 278 174 is allocated to the Department of Health to strengthen primary health care; provide lifesaving care and medication and promote a healthy lifestyle, amongst others.

Of this budget, R1 320 298 is allocated towards the continuing construction of health infrastructure which includes Mapulaneng and Middelburg hospitals as well as the completion of Bethal and Mmamethake Hospitals.

Culture, Sport and Recreation

Honourable Members, Government recognizes the potential of the creative industries as a socially transformative sector with the potential to create much needed jobs, drive economic growth, and innovation but also allows many young people to make a living from their talent.

In this regard we have allocated R468 461 to the Department of Culture, Sport and Recreation to forge strategic partnerships in taking creative industries in the province to the next level.

Human Settlements

The Department of Human Settlements receives R1 774 080 to plan, coordinate and facilitate the creation of integrated and sustainable human settlements in our province.

The Department will not only increase the access to housing opportunities for our people, but will also create job opportunities through the human settlements programmes.

Some of the priority programmes to be funded through the department of Human Settlements includes the sanitation programme as a lack of or inadequate waste disposal or sewage systems have profound impact on the health of the society.

Included in this allocation is R165 million, to address sewer spillage challenges in Emzinoni and Embalenhle (Govan Mbeki); Tekwane South (City of Mbombela) and address sewer spillage as well as refurbishment and internal reticulation in Amersfoort (Dr Pixley Ka Isaka Seme).

Hi Mr Celani Dube & Mr Buntu Mei rest assured, your concerns are being addressed. The sanitation challenges in Siyanqoba (Emalahleni) and Mashishing (Thaba Chweu) will also be covered through the existing Mining Town Grant.

Economy, Investment and Employment

Honourable Speaker

The share of the economy, investment and employment cluster is R7 353 497, which is 15 percent of the provincial budget this year.

Economic Development and Tourism

“The people shall share in the Country’s wealth”

Honourable Speaker,

The state of the Nation Address; the National Budget and the State of the Province Address have all re-affirmed the current administrations’ vision of building a more equal society, in which all can find decent work and enjoy a sustainable livelihood.

The National Development Plan as adopted by the 53rd National Conference of the Governing Party in Mangaung, Free State Province, remains the country’s blue print of our Macro Economic policy framework.

The Mpumalanga Economic Growth and Development Path (MEGDP) supported by the Mpumalanga Industrial Development Plan (MIDP) places emphasis on the following:

- Mineral beneficiation and support to black industrialists programme;
- Support to youth and women owned small businesses and cooperatives;
- Agriculture, Forestry, Mining, Manufacturing and Tourism which includes the creative industries;

Accordingly, the Department of Economic Development and Tourism as a thought leader and overseer is allocated R1 198 058 to drive and coordinate the provincial economic growth and development programmes.

53% of this allocation is made up of transfers to Provincial Public Entities namely, Mpumalanga Economic Growth Agency (MEGA), Mpumalanga Tourism and Parks Agency (MTPA) and Mpumalanga Economic Regulator (MER) to fulfil their economic and developmental mandate.

We must however, address some of the structural weaknesses of the Public Entities including improvement on governance and their performance.

I am sure that the MEC for Economic Development and Tourism will deal with the details in the budget and policy speech later this year.

Honourable members, I will now reflect on some of the priorities in the economic cluster.

Economic Infrastructure

Economic Infrastructure is one of the enablers of economic growth and job creation.

Funds have been reprioritized to assist with the implementation of catalytic projects to support youth and women-owned enterprises in strategic productive sectors.

The special allocation of R320 488 for the implementation of the Mpumalanga International Fresh Produce Market (MIFPM) has been reclassified as capital expenditure from MEGA to the Department of Economic Development and Tourism.

I am also confident that one of the high impact infrastructure programmes of the province, that is, The Special Economic Zone in Nkomazi *will receive a green light* when the SEZ Advisory committee meets on the 20th March this year.

Industrialisation Programmes

Certainly, Investment in social and economic Infrastructure in strategic economic sectors spending remains a lever through which industrial development and economic growth can be sustained.

The State of the Nation Address (SONA) has underlined Manufacturing as a major sector in the South African economy with emphasis on the most potent way to build and strengthen backward and forward industrial linkages in our economy as highlighted by the need to advance local procurement – *Proudly South African* is the way to go.

Local is Lekker! There is a need to strengthen our prowess to export locally manufactured products.

This will improve our trade balance and ensure that fiscal policy has an increased multiplier impact on economic growth, employment and long term development.

The key take home point is, on beneficiation and building high value added value chains and also, the black industrialist programme should be strengthened and supported through public and private sector resources.

In response to Mr Lawrence Bayaphi Msiza, the MEC for Economic Development and Tourism will address the question of revitalization of Industrial Parks when he delivers the Policy and Budget Speech of the Department in the next few weeks.

To Mr Sifiso Jacob and Mr Zakhele Ntimane, we have also heard your request for a progress report in respect of the Waterval Boven and Pilgrim's Rest Tourism Revitalisation programmes and the MEC for Economic Development and Tourism will provide a progress report during the tabling of the Departments budget vote.

Small business and Co-operatives

The 2018 State of the Nation Address has reaffirmed the importance of rural and township enterprises.

President Cyril Ramaphosa underlined this point vividly when he said *“The growth of our economy will be sustained by small business, as is the case in many countries. It is our shared responsibility to grow this vital sector of the economy.”*

Social Enterprise Development Model

The Provincial Government will honour the undertaking made by the President to shift a significant component of the government spend to SMME’s, Cooperatives, township and rural enterprises.

We have made good progress in this regard since the launch of the Social Enterprise Development Model last year, which assists to position SMME’s and cooperatives as the centres of local production and supply of goods and services for our social and economic infrastructure.

As at November 2017, the value of goods and services procured locally through this model is R88.1 million.

Government Nutrition Programme

Since the inception of the Mpumalanga Government Nutrition programme in June 2017, approximately 2000 tonnes of fresh produce was procured locally as part of the drive to support growth of the emerging farmers and to revitalize agriculture and the agro-processing value chain in the Province.

Agriculture, Rural Development and Land Affairs

Honourable Speaker,

The agricultural potential in the province remains a key sector not only for Mpumalanga Province but also for the country’s food security, and thus we must continue to invest in this catalytic and labour intensive sector.

In-line with this national priority, the Department of Agriculture, Rural Development, Land and Environmental Affairs will receive R1 180 437.

The department is expected to continue to support emerging farmers and key provincial developmental initiatives in the agricultural sector including but not limited to:

- Agri-hubs in Mkuhlu and Mkhondo Local Municipalities;
- Fortune 40 programmes;

Public Works, Roads and Transport

The budgeted allocation to the Department of Public Works, Roads and Transport is R4 987 002.

Included in this budget allocation are funds to deal with the Tourism Road Infrastructure around Thaba Chweu as suggested by Mr Uncle Mdu Nkosi on social media, and also escalated by the Kruger Lowveld Chamber of Business and Tourism (KLCBT).

This investment seeks to confirm Infrastructure development as the key enabler of economic prosperity.

Honourable members, we must emphasise to this department in particular that the Infrastructure programme should actively support youth employment and localization.

We would like to see more conscious interventions to ensure that initiatives and incubation are part of the commercial contracts signed with principal contractors.

Transformation and empowerment of young people has become a sacrosanct principle that is, non-negotiable.

Governance and administration

The remaining 5.6 percent of the budget, which translates to R2 696 213 is shared by the departments in the Governance and administration cluster.

Co-operative Governance and Traditional Affairs

The Department of Co-operative Governance and Traditional Affairs is allocated R522 260 to provide a single window of coordinating government basic services to the people of this country.

Local Government in partnership with Traditional Leadership remains at the coal face of service delivery underpinned by Inter-governmental Relations and Integrated planning.

Community Safety, Security and Liaison

The Department of Community Safety, Security and Liaison implements the key injunction of the Freedom Charter which requires the state to ensure that “All South African are and feel safe” in their homes, roads and in public facilities.

The allocation to the department amounting to R1 222 822 is intended to support the implementation of all enabling policies for a safe and secure Mpumalanga Province.

Provincial Treasury

The Provincial Treasury will receive R322 706 to ensure the equitable allocation and optimal utilization of public resources in providing a quality and better life for the more than 4.4 million citizens of the province.

Provincial Treasury is expected to use this allocation to strengthen its institutional capacity on monitoring and support inter-alia:

- Accelerate and expand provision of basic services;
- Ensure value for money, improved Audit outcomes and promotion of good governance; and
- Enforce Public procurement reforms:

Honourable Speaker

State procurement should be used as an empowerment lever.

Set asides must be further strengthened within the parameters of the policy framework to promote township and rural economies.

Equally, the State of the Province Address issued a clear injunction to reduce time for the payment of contractors from 30 to 10 days upon verification of services rendered and receipt of valid invoices and relevant documentation.

Provincial Treasury will facilitate the establishment of the Central Invoice Bureau before the end of March 2018 to ensure that all infrastructure invoices are processed within the stipulated time.

Building a Responsive, caring, vigilant Provincial Treasury with developmental orientation remains our number 1 priority.

Office of the Premier

The Office of the Premier's role in monitoring and evaluation and taking ultimate accountability on the performance of provincial government cannot be over emphasized and in this regard an allocation of R 281 778 is provided.

Provincial Legislature

Provincial Legislature as the custodian of Provincial laws and in exercising its oversight function and ensuring that people's needs are met will require sufficient resources.

It is further entrusted with the responsibility to deepen democracy by advancing the people's power through state institutions and putting people first at the centre thereby deepening public participation.

To this end, The Provincial Legislature will receive R346 647.

The appropriation towards Democracy funding amounts to R20 million of which R15 million was already allocated during 2017/18 financial year and forms part of the baseline of the Provincial Legislature.

A further R5 million is hereby pronounced in terms of section 31(2) (d) of PFMA and will be allocated during 2018/19 adjustment appropriation.

Madam Speaker

Permutation of strategic partnerships with all social partners will be required to mitigate the impact of budget cuts as indicated earlier on in my address.

The analysis of the budget ceiling of the 2018/19 financial year shows that 60.42 percent of the R48.1 billion will be spent on compensation of employees, 19.35 per cent on goods and services and the rest on transfers & subsidies and payments for capital assets, with a percentage share of 20.23 per cent.

CONCLUSION

Government is committed to remain within the expenditure ceiling as outlined in the 2018 Budget Review.

Departments are therefore expected to manage personnel budgets, contain costs and improve efficiency by undertaking appropriate operational changes, programme reviews and rescheduling that result in savings.

We will continue to assess the requirements for critical services and intervene accordingly at the appropriate time.

Honourable Speaker

We must never confuse faith with that which will prevail in the end; which we cannot afford to lose, we must be disciplined enough to confront the most brutal facts of our current reality; whatever that might be.

What must differentiate us from others; must be the ability to accept brutal facts that our present circumstances cannot define our destiny.

In my opinion, optimism is arguably the single most important trait that we need to have, even at the moment of the greatest despair.

As they say, greatness demands optimism, but not in the face of obvious disaster.

Be it as it may, we cannot solely depend on optimism in the same way that fish depend on water to survive.

Our realistic path to success must be based on the following basic principles;

- We must lead with insightful questions that draw us closer to a shared consensus, not pre-determined and one route answers;

- We must engage in dialogue and debate, not coercion;
- We must conduct autopsies of our decisions, programmes and pre-disposition without blame, and
- We must build red flag mechanisms to know when to make a change.

If we can do all these, our path to prosperity will be clear.

We must always remember that achieving our goals, dreams and aspirations is fantastic, but that's not the most important thing in the universe.

The most critical thing is building a society moulded on the principled vision of the late former President of the ANC, Dr Nelson Rolihlahla Mandela where no racial group can claim dominant place in the universe.

Let me take this opportunity and thank the former Premier and Deputy President DD Mabuza for his immense support and guidance up to the conclusion of the budget process.

Let me also seize this opportunity to congratulate Hon. Mtshweni for her appointment as Acting Premier and convey our appreciation for her support on the work that we continue to do on behalf of the people of Mpumalanga.

To my colleagues in the Budget and Finance Committee and the Executive Council thank you for your continued guidance and assistance in ensuring that the departments spend and account appropriately for the allocated resources.

Many thanks to the Chairperson, Hon Fidel Mlombo and Members of the Portfolio Committee on the Premier's Office, Finance, Economic Development and Tourism for your continued support.

I would like to thank the administrative leadership provided by the Director-General, Mr Thulani Mdakane and appreciate the support of the Heads of Departments during the processes in preparation of this Budget.

To the Head Official and all officials in Provincial Treasury who participated in the process of preparing this Provincial Budget, thank you for work well done.

Lastly but not least, I would like to thank my family and children for their unwavering support. Thank you for the sacrifices and compromises to allow me space to execute my mandate – I trust that this sacrifice will prove to be the greatest investment we have ever made when the plans in this budget, the people's budget bear fruit.

Honourable Speaker, I hereby, on behalf of the Executive Council, table the following budget documents for your kind consideration:

- Provincial Budget speech for 2018/19;
- Appropriation Bill for 2018/19;
- Estimates of Provincial Revenue and Expenditure for 2018/19 and
- Budget Summary for 2018/19