



MPUMALANGA ADJUSTMENTS BUDGET *SPEECH*

Mr. PS Ngomane, MPL
MEC for Finance, Economic Development & Tourism
17 November 2020

#MPAdjustmentsBudget

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provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA



SPEECH BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM, MR. PAT NGOMANE (MPL) ON THE PROVINCIAL ADJUSTMENTS BUDGET FOR THE 2020/21 FINANCIAL YEAR TO THE VIRTUAL SITTING OF THE MPUMALANGA PROVINCIAL LEGISLATURE

17 November 2020

- 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

Honourable Speaker, I would like to thank you for this opportunity to table the Adjustments Appropriation for the Provincial Government to this august House.

The Adjustments Appropriation traces its origin from the 2020 State of the Province Address wherein the Honourable Premier Refilwe Mtshweni-Tsipane said, and I quote

"We commit ourselves to developmental imperatives that drive innovation and the digital revolution, increase levels of investment in the economy, accelerate the provision of infrastructure to support the economy and create much-needed jobs."

It is also framed in the context of policy undertaking to align fiscal framework to the needs of the society as contained in the electoral manifesto of the governing party.

ECONOMIC LANDSCAPE AND RECOVERY

Honourable Speaker, this budget is tabled in a fragile and challenging economic environment.

The Coronavirus (COVID-19) and lockdown measures have adversely affected the world, national and as well as the provincial economies.

The global growth is projected to deteriorate to minus 4% this year. We also expect a negative growth for South Africa this year of minus 8 per cent.

The GDP figures for the second quarter of 2020 confirmed the significant impact of COVID-19 on all economic sectors, except for agriculture.

While the Province recorded job losses in the construction, manufacturing, trade and tourism during this period, StatsSA Labour Force survey indicates that the Province

gained 49 000 jobs in agriculture, finance, community and social services, as well as private households between July and September 2020.

PROVINCIAL REVENUE COLLECTION

Honourable Speaker

There is a close relationship between the economy and the budget. What is happening in the economic environment has an effect on the budget.

The negative impact of COVID-19 is reflected in fiscal and budget challenges as pointed out by the Minister of Finance in the Medium Term Budget Policy Statement on 28 October 2020.

The Provincial Government has experienced a decline in revenue collection due to the impact of Covid-19 lockdown on commercial and industrial activities.

The Province collected 38.2 per cent or **R 648.8** million of the 2020/21 revenue target at the end of September 2020.

Consequently, the Provincial Own Revenue target has been revised downwards by **R209.4** million, with resultant impact on budgets of departments this year.

It is therefore important that budgets are reprioritized to ensure that service delivery to citizens is not influenced negatively in any way.

We must protect the most vulnerable at all times.

Provincial Departments and Entities are required to maximize the revenue-generating potential of all sources and implement efficiency measures to guarantee the expansive provision of essential services to our people.

2020 ADJUSTED FISCAL FRAMEWORK AND PRIORITIES

Overview of 2020 adjustments budget

Honourable Speaker

The Provincial Government support the efforts to manage the risks to the fiscal outlook, as indicated in the 2020 MTBPS.

We, therefore, propose changes to the Adjusted Budget tabled in July this year to respond to constraints in the fiscus; reductions to compensation budget over the 2020 MTEF period, and spending pressures in critical service delivery areas.

The Executive Council has approved savings amounting to **R128.5** million to fund unavoidable Provincial pressures as detailed in the Bill.

The Equitable Share will be adjusted downward by a net of R1 billion 477 million from 44.2 billion to 42.7 billion.

The Conditional Grants will, however, increase by a net of R145.4 million from R7 billion 872 million to R8 billion 17 million.

Accordingly, the main appropriation will be adjusted downward by a net **R1 billion 395 million 94 thousand**, thereby decreasing the Provincial Budget from **R53 billion 578 million 641 thousand** to **R52 billion 183 million 547 thousand** for the year ending 31 March 2021.

Changes to baseline allocations

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

VOTE 1: Office of the Premier

The Budget of the Office of the Premier is reduced by R12.5 million from **R315.2 million** to **R302.6 million**.

VOTE 2: Provincial Legislature

While the Provincial Legislature retains **R17.8 million**, which include their own revenue and unspent funds from the previous financial year, its baseline will decrease from **R375.8 million** to **R372.0 million**.

VOTE 3: Provincial Treasury

The baseline of the Provincial Treasury is reduced from **R407 million** to **R 382.3 million**.

VOTE 4: Co-operative Governance and Traditional Affairs

The Budget of the Department of Co-operative Governance and Traditional Affairs decreases by a net of R8.6 million from **R521.1 million** to **R512.4 million**.

The Department receives special allocations to intervene in the Bushbuckridge, Nkomazi and Emalahleni municipalities and prepare for the efficient and effective management of natural disasters as we approach the rainy season.

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

The baseline of the Department of Agriculture, Rural Development, Land and Environmental Affairs' Budget is reduced by a net of R39.7 million from **R1.192 billion** to **R1.152 billion**. A special allocation of **R4 million** is added to the baseline of the Department to deal with the Foot and Mouth disease.

VOTE 6: Economic Development and Tourism

The Budget of the Department of Economic Development and Tourism is increased from **R1 billion 108 million 754** thousand to **R1 billion 108 million 889** thousand. Included in this allocation is **R10** million towards the implementation of the Provincial Tourism Recovery Plan.

VOTE 7: Education

Even though the Budget of the Department of Education is decreased by a net of R 695.6 million from **R22. 948** billion to **R22.252** billion, the Department receives R490.8 million for the implementation of Presidential Employment Initiative.

VOTE 8: Public Works, Roads and Transport

The Budget of the Department of Public Works, Roads and Transport has decreased by a net of R23.5 million from **R4.720** billion to **R4.697** billion.

VOTE 9: Community Safety, Security and Liaison

Allocation to the Department of Community Safety, Security and Liaison is decreased by a net of R44.3 million from **R1.475** billion to **R1.430** billion. A provision is made however for the 2021 intake of the Mpumalanga Traffic College, and safety and security measures in identified sites.

VOTE 10: Health

The Department of Health's budget will be reduced by a net of R620.7 million from **R16.775** billion to **R16.154** billion.

VOTE 11: Culture, Sport and Recreation

Department of Culture, Sport and Recreation's budget is increased by a net of R26.6 million from **R487.4** million to **R514.0** million.

This allocation includes funds for the revitalization of Kgodwana Cultural Village, implementation of Library Information Management System and to support the envisaged objective of social cohesion and economic development through a partnership with TS Galaxy Football team and the City of Mbombela.

VOTE 12: Social Development

The Budget of the Department of Social Development will be increased by a net of R71 million from **R1.691** billion to **R1.762** billion. Included in this allocation is **R40.9** million for food relief programme in response to COVID-19.

VOTE 13: Human Settlements

Lastly, the allocation to the Department of Human Settlements will decrease by R19.1 million from **R1.559** billion to **R1.540** billion.

As I conclude, I would like to urge all departments and entities once again to stretch the value of rand to derive maximum benefit from goods and services acquired with this budget.

The storm is not yet over. We are in the midst of recovery from the COVID-19 pandemic. But I know as you also do that the sun will rise again.

Let me thank the Honourable **Premier Refilwe Mtshweni-Tsipane** for your leadership; **Colleagues in the Executive Council** for your inputs and support to this budget; Honourable **Chairperson Mohita Latchminarain** and Members of the Portfolio Committee on Premier's Office, Finance, Economic Development and Tourism for providing budget oversight; and Team Treasury led by **Head Official, Ms. Gugu Mashiteng** for professional support to me and my office.

I am now tabling for consideration:

- Provincial Adjustments Appropriation Bill for 2020/21;
- Adjusted Estimates of the Provincial Revenue and Expenditure for 2020/21;
- Provincial Adjustments Budget speech for 2020/21, and
- Provincial Economic Review and Outlook for 2020.

I thank you.