



COVID-19

MPUMALANGA SPECIAL ADJUSTMENTS BUDGET SPEECH

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**MEC for Finance, Economic
Development and Tourism**
Mpumalanga Province

21 July 2020

Let's Grow Mpumalanga together



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

21 July 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, Members of Mayoral Committee on Finance
Director-General and all Heads of Department
Chairperson of the House of the Traditional Leadership and all members
Citizens of Mpumalanga
Ladies and Gentlemen

Today, I have the honour of tabling the Special **Adjustments Budget** of the Province for consideration by the esteemed members.

Honourable Speaker

We are tabling this Budget in extremely challenging conditions globally and domestically.

The COVID-19 pandemic has changed our lives with resultant impact on our health, education system, economy and general wellbeing of every member of society. It is in this context that President Cyril Ramaphosa declared a national state of disaster in response to the outbreak of Coronavirus on 15 March 2020.

Since then,

- Coronavirus Command Centres have been operationalized at local, District and Provincial levels to coordinate and facilitate our response plans;
- the Provincial government has implemented measures to increase screening and contact tracing as well as to upscale support to the health sector to deal with this pandemic;
- A COVID-19 Relief Fund has been established for artists and athletes who have lost income due to the global pandemic, and
- Funds have been reprioritized towards programmes which will promote hygiene and safety in keeping to the measures of addressing COVID -19 in schools amongst others.

Provincial Special Adjustments Budget for 2020-21

Our actions have and will always be informed by the higher public duty to preserve life and minimize disruption caused by this global health pandemic.

Honourable Speaker

PROVINCIAL ECONOMIC LANDSCAPE

The Minister of Finance, Mr. Tito Mboweni, in his Supplementary Budget, projected a negative growth of minus 7.2 per cent this year, which will be the largest contraction in nearly 90 years.

At the Provincial level, we are expecting a growth rate of between minus 5 per cent and minus 7 per cent in 2020 due to COVID-19 and the lockdown measures.

This is slightly better than the national figure due to the unique structure of the Mpumalanga economy and the dominant role of the mining industry.

Agriculture will be the least affected industry due to the demand for agricultural products and because Mpumalanga is an important contributor to the food basket of South Africa.

Mining (and more specifically coal mining) will not experience a huge negative growth rate this year, because many of the coal mines were operational during the lockdown period.

We are however, very concerned about some of the industries such as the tourism industry, which is an important economic contributor and job driver in the Province. We are working closely with this industry on a tourism recovery plan.

We will also work closely with all sectors to develop and implement a provincial economic recovery and growth plan, firstly, to mitigate the negative impact of Covid-19, and secondly to identify new opportunities to grow the provincial economy.

To this end, the Department of Economic Development and Tourism will host a webinar in August 2020 with relevant stakeholders in the Province to discuss the Mpumalanga economic recovery and growth plan.

From a budget point of view, we must find a balance between saving lives and ensuring there is food on the table for 4.6 million citizens of our Province.

PROVINCIAL REVENUE TARGETS AND COLLECTION

Honourable Speaker

The Ministry of Finance has indicated that tax revenue will be impacted negatively, with resultant impact on receipts from the National Government.

At the same time, COVID-19 has also impacted negatively on our Provincial revenue collection streams. We will expand more on this when we table the November 2020 Adjustments budget.

Given the constrained fiscus, we have to do more with less.

Efficiency, effectiveness and value for money must become part of every official and every government programme going forward. We should continue to strive to be a capable, ethical and developmental state.

ADJUSTED PROVINCIAL FISCAL FRAMEWORK

Honourable Speaker

Let me briefly reflect on the fiscal framework.

The Main Appropriation will be adjusted by R440 million 198 thousand, thereby decreasing the Provincial Budget baseline from R54 billion to R53.5 billion for the current financial year.

A reduction of R706.6 million has been effected as a result of reprioritization of a portion of Conditional Grants towards COVID-19 intervention at the National level.

The Province has however received an additional R266.4 million on conditional grants of which R46.1 million is for Provincial Disaster Relief Grant and R173 million for new COVID-19 component.

To lessen the impact of this reduction, the Executive Council has also approved the Equitable Share reprioritization of R1.637 billion within the Provincial baseline towards COVID-19 programmes.

SPECIAL ADJUSTMENTS SPENDING PRIORITIES

Let me highlight some of the spending priorities in this adjustments budget.

Health

The Special Adjustments Appropriation Bill has significantly prioritized the Health sector; hence 75 per cent of the funds identified have been allocated to the Department of Health towards COVID-19 response measures, primarily for:

- Provision of Personal Protective Equipment for Health Workers;

- Appointment of key personnel in the frontline of fighting the pandemic;
- Preparing and equipping health facilities as COVID-19 war rooms, and
- Ensuring maximum functionality of the Provincial Health system.

To this end, as a Provincial Government, we acknowledge and salute the thousands of Health Workers who have been leading from the front since the Corona Virus outbreak in the Province.

We want to assure MEC Manzini, HOD Dr Mohangi and the entire workforce of the Department of our unwavering support as they navigate our Province through these stormy seas.

Drought relief measures

Honourable Speaker

In an effort to mitigate the effect of drought on the livelihood, R12.1 million from the Provincial Disaster Relief Grant is allocated for drought relief to the agricultural sector.

R32 million is allocated to the Department of Agriculture, Rural Development, Land and Environment Affairs, working together with the Department of Social Development to source and distribute 40 000 food items to distressed households due to COVID-19.

Water provisioning

The Adjusted Appropriations Bill also prioritizes water projects in communities and schools to the amount of R182.7 million.

CHANGES IN BUDGET ALLOCATION PER VOTE

Honourable Speaker

The Executive Council has approved adjustments to the Budget of departments for the current financial year as follows:

VOTE 1: Office of the Premier

The Budget of the Office of the Premier will decrease from R359.6 million to R315.2 million.

VOTE 2: Provincial Legislature

The Provincial Legislature's Budget will decrease from R369.1 million to R349.7 million.

VOTE 3: Provincial Treasury

Provincial Special Adjustments Budget for 2020-21

The Budget of the Provincial Treasury will decrease from R440.5 million to R407.0 million.

VOTE 4: Co-operative Governance and Traditional Affairs

The Budget of the Department of Co-operative Governance and Traditional Affairs decreases from R568.3 million to R521.1 million.

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

The baseline of the Department of Agriculture, Rural Development, Land and Environmental Affairs' Budget will have a net reduction of R73.9 million and the budget reduced from R1.222 billion to R1.192 billion.

VOTE 6: Economic Development and Tourism

The Budget of the Department of Economic Development and Tourism is reduced from R1.353 billion to R1.108 billion.

VOTE 7: Education

The Budget of the Department of Education is decreased by a net of R548.8 million from R23.497 billion to R22.823 billion.

A special allocation of R124 million has been made to the Department to deal with sanitation challenges in the most affected schools.

VOTE 8: Public Works, Roads and Transport

The Budget of the Department of Public Works, Roads and Transport is decreased from R5 billion to R 4.720 billion.

VOTE 9: Community Safety, Security and Liaison

The allocation to the Department of Community Safety, Security and Liaison decreases from R1.514 billion to R1.475 billion.

VOTE 10: Health

With a net R1.207 billion additional funding earmarked for COVID-19, the current Budget of the Department of Health will increase from R15.568 billion to R16.775 billion.

Furthermore, a new COVID-19 component has been added within the HIV, TB, Malaria and Community Outreach grant to complement provincial spending on personal

protective equipment and ventilators, hiring of additional staff, and to assist in responding to the additional caseload resulting from the pandemic.

VOTE 11: Culture, Sport and Recreation

The Department of Culture, Sport and Recreation's Budget is decreased by a net R89.7 million from R577.1 million to R487.4 million.

VOTE 12: Social Development

The Budget of the Department of Social Development will be decreased from R1.838 billion to R1.691 billion.

VOTE 13: Human Settlements

The allocation to the Department of Human Settlements will increase by a net R6.7 million from R1.552 billion to R1.559 billion to continue implementing various infrastructure projects.

Honourable Speaker

In his address to the Nation on 24 March 2020, President Cyril Ramaphosa called on all society to play a part in curbing the spread of COVID-19.

He said, and I quote:

"We expect all South Africans to act in the interest of the South African nation and not in their own selfish interests."

We appeal to the business community to join our efforts of saving lives and support our goal of ensuring that the limited resources earmarked for COVID-19 intervention reach as many people as possible.

Equally, all of us in the Administration must continue to be prudent and accountable in managing these limited resources to ensure that all areas are reached.

Departments, Public Entities and Municipalities must ensure that procurement for COVID-19 requirements is done in a fair and transparent manner, and in line with legislation.

All Provincial Departments are required to report on COVID-19 related expenditure as it is realized and ensure that proper records are kept for auditing of all procurement outputs.

As I conclude, let me borrow the words of one of a prominent African Educationist and a champion of racial and gender equality, Mary McLeod Bethune who once said, and I quote:

"The progress of the world will call for the best that all of us have to give."

Let us all adhere to regulations and health protocols so that tomorrow we can rise again and take our Province forward.

Let's continue to wash hands frequently with hand sanitizers or soap and water for at least 20 seconds;

Let's avoid crowded areas and travel when it is absolutely necessary, and

Let's wear face masks whenever we leave home and in all public spaces.

Honourable Speaker

Acknowledgements

I would like to convey my gratitude to the Provincial Command Council for the leadership in this critical phase, and all healthcare workers who are at the front line of our response strategy.

Premier Hon. Refilwe Mtshweni-Tsipane for your leadership and counsel;

My colleagues in the Executive Committee Council for the support during the preparation of this special adjustments budget;

Chairperson, Hon Mohita Latchminarain and all Members of the Portfolio Committee on Premier's Office, Finance, Economic Development and Tourism;

Team Treasury and the people of Mpumalanga for being supportive, resilient and resolute as we together fight the COVID-19 war.

I now have the honour to table the **Special Adjustments Bill for 2020/21** and **Special Adjusted Estimates of the Provincial Revenue and Expenditure for 2020/21** for consideration by the August House.

I thank you.



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MPTreasury



*Mpumalanga
Treasury*



<http://treasury.mpg.gov.za>

LET'S STOP THE SPREAD



No handshakes,
hugs or kisses.



Keep 1.5 metres
away from others.



Cough and sneeze into
a tissue or the corner
of your arm. Throw the
tissue away safely.