



MPUMALANGA PROVINCIAL ADJUSTMENTS BUDGET SPEECH

Mr BA MAJUBA, MPL
MEC for Finance
19 November 2024

Let's Grow Mpumalanga Together



provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA


MPUMALANGA
THE PLACE OF THE RISING SUN

SPEECH BY THE MEC FOR FINANCE, MR BA MAJUBA, MPL, ON THE PROVINCIAL ADJUSTMENTS BUDGET FOR THE 2024/25 FINANCIAL YEAR TO THE MPUMALANGA PROVINCIAL LEGISLATURE

19 November 2024

- Honourable Speaker and Deputy Speaker
- Honourable Premier Mandla Ndlovu
- Colleagues in the Executive Council
- Honourable Members of the Provincial Legislature
- Esteemed Chairperson and Members of the House of the Traditional and Khoi San Leadership
- Executive Mayors and Members of Mayoral Committees on Finance
- Commissioners and representatives of our Chapter 9 Institutions
- Acting Director General, Mr Peter Nyoni
- Head Official, Ms Gugu Mashiteng, all Heads of Department and Chief Executive Officers of our entities
- Leadership of the Governing Party and Alliance
- Business Leadership
- Esteemed guests
- Ladies and gentlemen

It is my honour to table the first adjustments budget for the seventh administration to this August house.

Adjustments appropriation, whether through mid-year revisions, supplementary budget, or reallocation of funds within votes, allow for a more flexible and responsive approach to service delivery and governance.

As a disciplined force of the left, we always advocate for people's budget where resources are allocated based on social needs rather than profit. Our objective must and will always be to transform the lives through a people-centred budget that prioritises the working class and the poor.

This Budget provides an opportunity to fine-tune resource allocations in response to the renewed electoral mandate, shifts in revenue and critical requirements following persistent rains that wreaked havoc on the infrastructure and livelihood of our people.

Let me briefly comment on the economic landscape.

ECONOMIC LANDSCAPE AND OUTLOOK

We began 2024 with uncertainty, but recent developments have been more encouraging.

- The improvement in power supply, with no load shedding since March 2024, will undoubtedly impact economic growth positively.

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- Consumer Price Inflation (CPI) is under control. In September 2024, Mpumalanga recorded an inflation rate of 3.5 per cent, the joint second-lowest in the country.
- Interest rates have started to decrease, and this trend is expected to continue in the coming months, providing some financial relief for our people.

There are, however, challenges and risks in the economic environment.

- Global growth is not improving amid persistent geopolitical challenges.
- South Africa's foreign trade and investment contracted, and structural and supply constraints continue to pose barriers to economic activity both nationally and provincially.

In light of the aforementioned, South Africa's Real GDP (gross domestic product) growth is projected to average only 1.1 per cent this year and increase to approximately 1.7 per cent in 2025 and 2026.

Provincial growth rate projection is closely aligned with national expectations, with an average annual growth of just under 2 per cent between 2024 and 2028. This is a notable improvement compared to the low growth of recent years.

We need higher economic growth to create more jobs for our people and contribute to lower unemployment, poverty and inequality rates.

On the job market, the province recorded net job losses of almost 58,000 in the first six months of 2024 but bounced back with net job gains of almost 50,000 in the third quarter of 2024.

The latest Labour Force Survey of Stats SA indicates that provincial unemployment improved from 36.4 per cent in the second quarter to 36.2 per cent in the third quarter of 2024. The graduate unemployment rate declined from 20 per cent to only 8 per cent in the same period.

We welcome the job creation in key industries such as community services, manufacturing, construction and finance. The Provincial Government will continue prioritising key industries such as agriculture/agro-processing, manufacturing, mining, construction, tourism, and the green economy as growth and job creation drivers.

INFRASTRUCTURE DELIVERY

Honourable Speaker

Infrastructure enables economic growth and social upliftment in communities where it is provided.

This Adjustments Budget provides means to accelerate the completion of long-standing infrastructure projects such as the new Middleburg Hospital, Mkhondo Boarding School, and Parliamentary Village.

Agriculture and agro-processing

The Province is actively working to operationalize the long-awaited Mpumalanga International Fresh Produce Market.

This world-class facility must not only focus on fresh produce; it should become a comprehensive and competitive food market for the province, the country, and international audiences.

We urge departments and infrastructure implementing agents to ensure that there are no leakages of the limited resources allocated to this and other projects.

Departments should evaluate the progress made so far and apply the lessons learned during the implementation of these projects to enhance efficiency in infrastructure delivery programmes.

PUBLIC PROCUREMENT

Honourable Speaker

The World Bank estimates that African nations spend an average of 17 per cent of GDP on the procurement of public goods, works and service contracts.

The National Treasury estimates that public procurement will account for about 19 per cent or **R1.5 trillion** of consolidated government spending in the next three years.

There is no doubt that, when implemented correctly, public procurement can generate substantial economic benefits, result in social value, and ensure inclusive participation and shared growth for all.

Making procurement regulations

It is in this context that the Provincial Government welcomes President Cyril Ramaphosa's signing into law of the Public Procurement Act, 2024 (Act No. 28 of 2024).

This legislation represents a significant milestone for the public procurement landscape across all spheres of government. It regulates public procurement in a way that promotes transparency and fosters trust in public spending. Importantly, it introduces structured mechanisms for dispute resolution, ensuring fairness and consistency across procurement matters.

We call upon all stakeholders to participate in the reference groups established to actualise the noble objectives of the new procurement regime.

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Together, we can drive impactful change, creating a procurement environment that serves our economy, uplifts communities, and empowers individuals.

MUNICIPAL FINANCE

Honourable Speaker

Supporting local government is crucial for sustainable development, improving service delivery, and enhancing citizens' overall lives. The Provincial Treasury will continue to play an important role of helping municipalities better budget and account fully for the use of public finances.

We will collaborate with allied institutions to assist all municipalities in developing strategies to institutionalise sustainable controls for improved budgeting that meets legislative requirements.

We will further support municipalities in improving the entire revenue value chain and ensuring the credibility of billing systems in local government.

REVENUE ENHANCEMENT INITIATIVES

Honourable Speaker

As mentioned earlier, the economy has not grown sufficiently, resulting in a continued decline in national transfers. At this juncture, a concerted effort to enhance revenue collection is absolutely essential.

The Province collected **R1.6 billion** in the first six months of the 2024/25 financial year, representing 59 per cent of the annual projection of **R2.8 billion**.

The Department of Community Safety, Security and Liaison (DCSSL) has taken over the licensing function from Emalahleni and Steve Tshwete municipalities, bringing the total number of licensing functions taken over from municipalities to twelve (12).

In this regard, the DCSSL is expected to finalise the structure of the new licensing function and revise the revenue targets for the 2025/26 fiscal year. The Department has been provided with personnel and support to carry out this function.

Mpumalanga Economic Regulator (MER) is also one of the province's biggest revenue generators. The entity is also expected to revise its annual revenue targets.

The entity has been supported through this Adjustments Budget to strengthen its regulatory function, thereby increasing revenue collection and opening opportunities for small businesses in the industry.

In the health sector, we will conduct a detailed operational analysis of the revenue management value chain, including admission, billing, and debt management, to improve fee collection.

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All other departments and public entities have been mandated to review revenue enhancement strategies to improve their chances of significantly impacting service delivery through revenue collection.

The Provincial Treasury will coordinate and monitor progress on this decision through the quarterly Provincial Revenue Forum.

PROVINCIAL FISCAL FRAMEWORK (ADJUSTMENTS)

Honourable Speaker

The 2024/25 Provincial Fiscal Framework is adjusted by **R1 billion 345 million and 905 thousand**.

Accordingly, the total provincial budget will increase from **R61 billion 608 million and 377 thousand** to **R62 billion 954 million and 282 thousand**.

VOTES ALLOCATIONS

I will now highlight the effect of the adjustments and related policy considerations.

Office of the Premier

The budget of the Office of the Premier increased from **R456 million and 902 thousand** to **R466 million and 902 thousand** to enable a smooth transition to the seventh administration programmes and create opportunities for added community and stakeholder engagement.

Provincial Legislature

The Adjustments Appropriation allocates **R62.8 million** to the Legislature to enhance oversight and public participation, revamp this Chamber and Committee room system, and more. **R14.8 million** is included in this allocation in accordance with Section 22(1) of the PFMA.

Accordingly, the Provincial Legislature's budget increased from R519 million and 13 thousand to R581 million and **849 thousand**.

Provincial Treasury

The Provincial Treasury will receive **R26.2 million** to maintain transversal systems, thus increasing the budget from **R560 million and 178 thousand** to **R586 million and 378 thousand**.

Co-operative Governance and Traditional Affairs

The Department of Co-operative Governance and Traditional Affairs will get a net of R58 million 785 thousand, which increases the baseline from **R787 million and 139 thousand** to **R845 million and 924 thousand**. This allocation includes

- **R40 million** towards Disaster Relief following the heavy storms that hit various parts of the Province and left a trail of destruction to homes and community facilities and inconvenienced our people;
- **R10 million** for the House of Traditional and Khoisan Leaders, and
- **R8.7 million** as top-up funds for the appointment of 287 Headmen and Women for Traditional Councils in the Province.

Agriculture, Rural Development, Land and Environmental Affairs

The Department of Agriculture, Rural Development, Land and Environmental Affairs' budget will increase from **R1 billion 513 million and 968 thousand** to **R1 billion 671 million 372 thousand**. Included in these adjustments is

- **R107.6 million** for operationalisation of the Mpumalanga International Fresh Produce Market and equip it, and
- **R49.9 million** for agricultural production support to ensure food security for all.

The Department will also reprioritise **R13.8 million** towards Mkhondo Agri-Hub and for the retention of the Nkomazi SEZ fence project.

Economic Development and Tourism

The Adjustments Appropriation permits the Department of Economic Development and Tourism to reprioritise funds to cover the shortfall in the Mpumalanga International Fresh Produce Market and Mthethomusha infrastructure projects.

The Department's budget will increase from **R1 billion 413 million and 528 thousand** to **R1 billion 467 million and 518 thousand**. Included in this allocation is

- **R51.9 million**, which includes rollover funds, to complete the capital construction work at the Mpumalanga International Fresh Produce Market.
- **R3 million** to address operational budget pressure in the Mpumalanga Economic Regulator.

Education

The Department of Education's budget will increase from **R26 billion 369 million and 335 thousand** to **R26 billion 642 million and 42 thousand**. Included in this allocation is

- **R160 million** for learner support material and e-learning;
- **R10 million** allocation for eradication of Pit Latrines in schools, and
- **R20 million** added to the baseline for Mpumalanga Regional Training Trust to cushion the budget pressure in this institution.

Public Works, Roads and Transport

The baseline of the Department of Public Works, Roads, and Transport is increasing from **R5 billion 562 million and 920 thousand** to **R5 billion 799 million and 624 thousand**. This allocation includes:

- **R43.3 million** for renewable energy.
- **R50 million** for the budget shortfall on scholar transport, and
- **R6.6 million** for KwaMhlanga Government Complex.

The Department will reprioritise **R70 million** towards the completion of the Parliamentary Village and the balance of **R60 million** for the Mkhondo Boarding School.

Community Safety, Security and Liaison

The Department of Community Safety, Security, and Liaison has been allocated **R14.4 million** to enhance traffic law enforcement at the Lebombo Border Post.

R20 million is also added to the baseline for the operational costs of the licensing function taken over from municipalities. Other allocations include

- **R7.6 million** to upgrade the Road Incidents Management System;
- **R24 million** for the procurement of a fleet for traffic enforcement as pronounced by the Premier in his Opening of Legislature Address, and
- **R13.7 million** to cater for the 2021 Traffic College students whose training was previously halted.

In total, the Department is allocated **R79 million and 748 thousand**, thus increasing the overall budget from **R1 billion and 877 million and 152 thousand** to **R1 billion 956 million and 900 thousand**.

Health

The Department of Health's baseline increases from **R18 billion 697 million and 171 thousand** to **R18 billion 992 million 241 thousand**.

The Department will reprioritise **R86.3 million** from its baseline towards the completion of New Middleburg Hospital and **R58.6 million** for the medicine supply in our health facilities. This Bill tops up the allocation for medicine to the tune of **R141.3 million**.

Furthermore, **R10 million** is allocated for the commencement of planning and design of three clinics, and a further **R15 million** is allocated for the procurement of ambulances to ensure that the medical emergency services attend to our people who need priority care speedily.

Culture, Sport and Recreation

The Department of Culture, Sport and Recreation receive a net increase of R7 million, adjusting the budget from **R652 million and 496 thousand** to **R663 million and 112 thousand**. This allocation includes a rollover of **R3.6 million** from Community Library Conditional Grants.

Social Development

The budget of the Department of Social Development increases from **R1 billion 714 million and 812 thousand** to **R1 billion 750 million and 812 thousand**. This budget includes **R36 million** to augment the Social Services and Social Relief programme.

Human Settlements

The Department of Human Settlements' budget will increase from **R1 billion 483 million and 763 thousand** to **R1 billion 529 million 558 thousand**. Included in this allocation is

- **R11.9 million** for the completion of Parliamentary Village Bulk infrastructure.
- **R11 million** added to bring relief to the operational budget.
- **R5.1 million** towards payment of retention for boreholes,

GOVERNANCE

In an era of global economic uncertainties and pronounced risks to the fiscus, we must demonstrate sound financial stewardship.

As economic conditions, priorities, and unforeseen challenges evolve, we must be able to recalibrate our plans to ensure the continued provision of essential services and address the emerging needs of our people.

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The Provincial Treasury will continue to support public sector institutions in enhancing their capacity through continuous training, assisting in implementing Internal Controls on budget and mitigating negative audit findings, all in pursuit of good governance in Public Institutions.

Let me convey my appreciation to

- the **Honourable Premier** Mandla Ndlovu for your leadership in preparing this budget,
- my colleagues in the **Executive Council** for your invaluable support,
- the Honourable Chairperson and Members of the **Portfolio Committee** on Finance for constructive engagement,
- **Head Official** Ms Gugu Mashiteng and all officials of the Provincial Treasury for their continued support.
- Last but not least, the **leadership of the ANC-led Alliance** for policy guidance on finances.

I have the pleasure of tabling the following budget documents:

- Adjustments Appropriations Bill, 2024
- Adjusted Estimates of Provincial Revenue and Expenditure for 2024/25
- Provincial Adjustments Budget speech, 2024

Physical Address:

Nokuthula Simelane Building
No. 7 Government Boulevard
Riverside Park | Extension 2
Mbombela
1200



Postal Address

Private Bag X 11205
Mbombela
1200
Mpumalanga Province

Contact Details

 013 766 4437
 013 766 9449
 <http://treasury.mpg.gov.za>
 Mpumalanga Treasury
 @MPTreasury