

**MPUMALANGA PROVINCIAL
GOVERNMENT**

DEPARTMENT OF FINANCE

Departmental Budget Speech



2004/05

Presented to the Provincial Legislature

by

Mrs. ME Coleman Member of the Executive Council

Department of Finance

28 June 2004

Madam Speaker, Ms Pinky Phosa
Honourable Premier,
Honourable Members of the Legislature
Honourable Mayors and other representatives of the Local
Government
Members of the Business Community and Religious leaders
Other distinguished guests
Ladies and Gentleman

Madam Speaker, we are gathered here today to map out our plans of development as part of freedom, we have progressed together, over the first 10 years of democracy, South Africans of all ages, colours, circumstances, lifestyles, aspirations, occupations with our individual strengths and weaknesses, likes and dislikes.

We have walked together, one step at a time, on our journey towards growth, towards learning, towards reconstruction, towards solidarity, towards reconciliation, towards prosperity, towards development, and towards freedom.

This freedom we are referring to, will be translated into an operational budget, for freedom without financial resources is a false one. This is supported by Joseph Schumpeter, who asserts that, I quote:

“A Budget is a powerful index of a society’s value, not merely in its language and numbers, but in the lived experience of its impact on people, families, workers and business organization”, close quote.

It is a great pleasure for me to table the 2004/05 budget proposal for the Department of Finance. This budget seeks to continue with a prudent approach to our Public Finances. It is easy for some people to forget the progress we have achieved as a province.

Prudent fiscal management is no longer a dream in this province, but a reality. As a province we will continue to pursue government policies that have laid a foundation to reinforce growth and strengthen the resilience of our economy.

The Honourable Premier, Mr T.S.P Makwetla, in his inaugural speech said “ To those with a proper grasp of the mission of our transformation, the criminality of stealing even a needle from the masses is repugnant as Amilcar Cabral insisted. Corruption and greed are formidable enemies of change and development. They have a real potential of turning our dreams into ashes.”

Allow me Madam Speaker, to mention that in support of the Premier’s approach on corruption, the Department will ensure that the New Act aimed at dealing with corruption, the **Prevention and Combating of Corrupt Activities Act of 2003** will be implemented to the fullest. That would however not be done without participation of the public.

OVERVIEW

The Department of Finance is the custodian of the entire financial resources of the Province. The main objective of the department is to maintain sound public finances of the province by:

- Developing the Provincial Fiscal Framework to assist in the determination of provincial spending priorities.
- Providing financial management advice to line departments
- Providing accounting services to line functions.
- Overseeing the implementation of the Supply Chain management system in the Province.

- Providing both Financial and Non Financial systems to line departments.
- Maximising the collection of Own Revenue in the Province.

Our outputs and outcomes include:

- Credible provincial budget that meets the priorities of the province
- Availability of both Financial and Non financial systems.
- Maximisation of Own Revenue in the province
- Sound financial management

REVIEW OF 2003/04

Madam Speaker, the department spent R223 million during the 2003/04 financial year. The expenditure is broken down as follows:

Administration	R15 million
Public Finance	R33 million
Accountant General	R38 million
Provincial Grants	R137 million

PROVINCIAL OWN REVENUE

The province collected R326 million in 2003/04 against a target of R281 million. Own revenue constitutes 3 % of the total provincial revenue. The challenge that faces the province is to increase the own revenue share from 3 % to 3,5 %.

We are moving towards making accurate projections of Own Revenue due to be collected. Measures to improve the collection of own revenue include:

- Full implementation of the recommendations of the PWC-GTZ revenue generation and enhancement report.
- Implement plans to correct the undercollection of own revenue by some departments
- Implementation of the revised tariffs

SUPPLY CHAIN MANAGEMENT SYSTEM

The introduction of an integrated Supply Chain Management function intends to address the division between the current outdated procurement and provisioning processes in government, that cause the present system to be inefficient in its method of procurement, contract management, inventory/assets control and obsolescence planning. It is an integral part of financial management that seeks to introduce internationally accepted best practice principles, whilst at the same time addressing government's preferential procurement policy objectives.

The implementation process of the Supply Chain Management System will be as follows:

- Training of Departmental officials;
- Devolving more powers to accounting officers;
- Repealing of the Provincial Tender Board Act;
- Amendment of the Public Finance Management Act, 1999.

MUNICIPAL FINANCE MANAGEMENT ACT

This Act makes provision for the Provincial Treasury to regulate and manage the financial affairs of the municipalities.

The Provincial Treasury is required to gear itself to carry out these functions in relation to the financial affairs of municipalities and to take appropriate measures of intervention if necessary. The intervention required is to advertise and fill the positions before the end of July 2004.

EXPENDITURE PROPOSAL for 2004/05

Madam Speaker, the expenditure proposal that I am tabling today for the department of Finance amount to R132,7 million. This includes contingency reserve of R20 million. The purpose of the reserve is to cater for the unforeseeable and unavoidable expenditure recommended by the Provincial Executive Council.

Madam Speaker, allow me to announce the expenditure proposal per programme:

Programme 1: Administration

This programme is responsible for the provision of policy direction on public expenditure priorities and to improve the effective and the efficient use of resources within an affordable level as required by the PFMA.

R24 million has been allocated to this program for the overall management of the department. This program includes the Office of the MEC, which is allocated R3 million, the Office of the Head of Department, which is allocated R2,6million.

Programme 2: Public Finance

This programme is responsible for ensuring that provincial fiscal policies are in line with national economic policies, exercising control over the implementation of the provincial budget and promoting and enforcing transparency and effective management in respect of revenue, expenditure, assets, and liabilities of departments and Public entities.

A total amount of R55,2 million has been allocated to this program.

This expenditure includes R8,5 million for the Budget office, R30 million for Financial management ,and R1,6 million for Revenue management.

Programme 3: Accountant-General

This program is responsible for providing accounting, financial systems and Information Technology support services to the provincial departments.

A total amount of R33 million has been allocated to this program. This program includes Information Technology which is allocated R30,8 million. The rest of the budget is allocated to Accounting management, Financial system and training as well as consolidation of reports.

Programme 4: Provincial Grants

This programme is responsible for funding the unforeseeable and unavoidable expenditure recommended by the Provincial Executive Council.

A total amount of R20 million is allocated to this programme. This reserve will be allocated after the adjustments in this year, 2004/05 financial year.

CONCLUSION

In conclusion, Madam Speaker, I hereby table the expenditure proposal for the department of Finance amounting to R132,7 million for consideration and approval.

I thank you!