

PROVINCIAL SECOND ADJUSTMENTS BUDGET SPEECH

**Mr Sikhumbuzo Eric Kholwane, MPL
MEC for Finance,
Economic Development
and Tourism**

05 March 2019

14:00

**Baobab Building,
Riverside Government Complex
City of Mbombela**

Together We Move Mpumalanga Forward



provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA



TOURISM, MR SIKHUMBUZO ERIC KHOLWANE, MPL DURING THE INTRODUCTION OF THE SECOND PROVINCIAL ADJUSTMENTS APPROPRIATION FOR 2018/19 AT THE MPUMALANGA PROVINCIAL LEGISLATURE, IN THE CITY OF MBOMBELA

05 March 2019

Honourable Speaker and Deputy Speaker;
Acting Premier Honourable Gillion Mashego;
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 Inkosi Ngomane, and other esteemed members present;
Acting Director-General, Dr Saveera Mohangi;
Acting Head Official of the Provincial Treasury, Ms Gugu Mashiteng 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;

Last year on the 20th of November (2018) we tabled the Adjustments Appropriation for the Province to this August House.

We recounted many strides that were made by this provincial government in pursuit of the historical injunction of a just and equal society, where access to health, education and social protection is not an option but a necessary human right for all.

We ensured that spending is within the appropriated funds and is in accordance to the Adjustments Appropriation Bill that this August House passed last year.

There is a saying that *the only thing that is permanent in life is change*.

No one can prevent, nor anticipate some life situations which impact on our expenditure plan, hence we table this Second Adjustments Appropriation for the year ending 31 March 2019.

Honourable Speaker

The compilation of the Adjustments Budget is a function of very long hours of rigorous engagement within government.

It is a process that requires us to make hard choices and difficult but necessary trade-offs to ensure that government remains responsive to the operating environment.

The natural consequence of this process is that certain departments or programmes receive funding, while others are expected to reprioritise within the baselines to ensure continuity of service delivery.

Since the tabling of the Adjustments Appropriation in November last year, there have been unavoidable circumstances which required the Executive Council to reassess the budget and expenditure and intervene in the interest of society.

- We received additional funds for the damage caused by the storms for emergency housing needs in the Province, and
- The Infrastructure Grant budget was reduced in the Education sector because of slow spending, amongst others.

Honourable Speaker

I will briefly reflect on some of these developments and the implications to the 2018/19 Provincial Budget.

CHANGES IN BUDGET ALLOCATION OF VOTES

Office of the Premier

The budget of the Office of the Premier is reduced by R 4 million to defray expenditure in other votes and to fund other provincial priorities thereby decreasing the baseline from R322.792 million to R318.792 million.

Provincial Legislature

R3 million is added to the baseline of the Provincial Legislature for public participation programme, increasing the budget from R369.824 million to R372.824 million.

Provincial Treasury

The baseline of the Provincial Treasury is reduced by R1 million, from R332.670 million to R331.670 million.

Agriculture, Rural Development, Land and Environmental Affairs

R3.163 million is reduced from the baseline of the Department of Agriculture, Rural Development, Land and Environmental Affairs thereby decreasing the budget from R1.212 417 billion to R1.209 254 billion.

Economic Development and Tourism

The Department of Economic Development and Tourism's budget will be reduced by R27 million from R1.187 452 billion to R1.160 452 billion.

Education

The budget of the Department of Education will be reduced by R171.691 million from the Education Infrastructure Grant and R10 million from the Equitable Share.

Whilst R30 million will be added to the baseline as a transfer to continue to fund the Hydra Arch Artisan Development Programme, the overall budget of the Department decreases from R21.073 289 billion to R20.921 589 billion.

Public Works, Roads and Transport

R106.989 million is added to the baseline of the Department of Public Works, Roads and Transport, of which R30 million is for commencement of the construction of Mkhondo Boarding School in Gert Sibande District; R50 million for construction of Welverdien, Daggakraal, GaMatibidi and Louisville Roads, and R59 million for patching and sealing of roads across the Province.

There is also a R32 million reduction from Compensation of Employees due to identified savings.

The budget of the department will increase from R5.196 763 billion to R 5.303 752 billion.

Department of Community Safety, Security and Liaison

The baseline of the Department of Community Safety, Security and Liaison is reduced by R2 million, while R10 million is reprioritised within the baseline to fund expenditure pressures on security services and to continue with the construction of the Driver Learner Testing Centre in Mkhondo Municipality.

The budget of the department will therefore decrease from R1.256 293 billion to R 1.254 293 billion.

Health

The allocation to the Department of Health is reduced by R70 million from R13.189 591 billion to R13.119 591 billion.

However, the department will reprioritise R20 million for the maintenance of Amajuba and Elsie Ballot hospitals and R40 million to defray expenditure on non-negotiables in the Health Department.

Culture, Sport and Recreation

The baseline of the Department of Culture, Sport and Recreation is reduced by R 3 million, while R10 million is reprioritised within the budget to defray expenditure under community libraries.

The baseline of the department will therefore decrease from R481.738 million to R478.738 billion.

Social Development

The baseline of the Department of Social Development is reduced by R10.568 million from R1.549 056 billion to R1.538 468 billion.

Human Settlements

We have received R120.955 757 million from the Provincial Emergency Housing Grant to fund 1877 Transitional Residential Area units (TRA's) following the hailstorm that damaged some of the properties, which will increase the baseline of the Department of Human Settlements from R1.828 629 billion to R1.949 584 billion.

SECOND ADJUSTMENTS APPROPRIATION FRAMEWORK

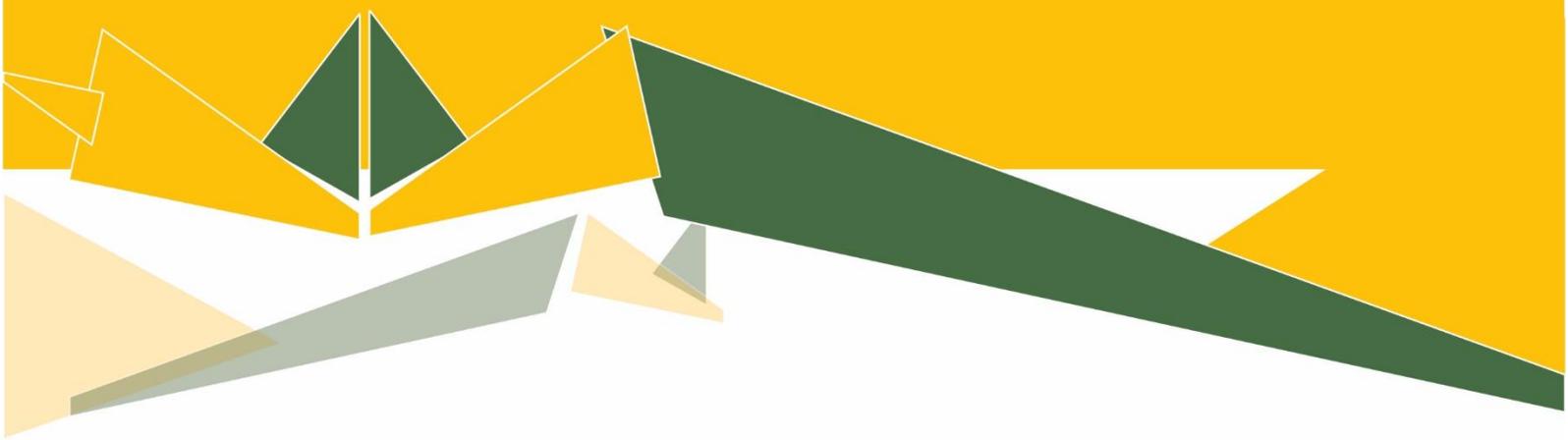
The Second Adjustments Appropriation Bill will therefore adjust the 2018 Provincial Adjustments Fiscal Framework by R41.478 million from R48.000 494 billion to R47.599 016 billion.

As I conclude, allow me Honourable Speaker to take this opportunity to once again

- Thank the Provincial Legislature for giving us this opportunity to table the revised spending plan;
- Convey our gratitude to the Executive Council for their support throughout the preparation of this second adjustments appropriation, and
- Appreciate the diligence with which the Acting DG and Acting Head Official and all officials carried out this important provincial task.

I hereby table the Second Adjustments Appropriation Bill and the Speech for 2019 for your kind consideration.

I thank you.



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