

**SPEECH BY THE MEC FOR FINANCE, MRS E.M COLEMAN TO THE  
MPUMALANGA PROVINCIAL LEGISLATURE, DURING THE TABLING OF  
THE MPUMALANGA BUDGET ADJUSTMENT APPROPRIATION 2005**

**Tuesday, 29 November 2005**

The Honourable Speaker, Mrs Pinky Phosa  
The Honourable Premier, Mr Thabang Makwetla  
Colleagues in the Executive Council  
Members of the Legislature  
Members of the House of Traditional Leaders  
The Director-General  
Heads of departments and public entities  
The business community  
Other government social partners  
Distinguished guest  
The media  
Ladies and Gentlemen

Honourable Premier, Madam Speaker, Members of the legislature, its tradition for me to read and draw inspiration from a lady who has consistently managed to present the world from a different angle to me, through her work. I would like to open by reading one of her poems:

***“I now know why the caged bird sings”***

*Free bird leaps  
On the back of the wind  
And floats down stream  
Till the current ends  
And dips his wings  
In the orange sunrays  
And dares to claim the sky.*

*But a bird that stalks  
Down his narrow cage  
Can seldom see through  
His bars of rage  
His wings are clipped and  
His feet are tight  
So he opens his throat to sing.*

*The caged bird sings  
With fearful thrill  
Of the things unknown  
But longed for still  
And it's tune is heard  
On the distant hill  
For the caged bird  
Sings of freedom*

*The free bird thinks of another breeze  
And trade winds soft through the sighing trees  
And the fat worms waiting on the dawn-bright lawn  
And he names the sky his own*

*But a caged bird stands on the grave of dreams  
His shadow shouts on a nightmare scream  
His wings are clipped and his feet are tight  
So he opens his throat to sing.*

*The caged bird sings  
With the fearful trill  
Of things unknown  
But longed for still  
And his tune is heard  
On the distant hill*

*For the caged bird  
Sings of freedom.*

This poem is written by none other than Maya Angelou.

On the 8<sup>th</sup> of March 2005, we presented a budget that served as a foundation of our anticipated strategic goals for development and economic performance. Our Provincial Growth and Development Strategy (PGDS) was and still serves as our guide to execute our plans. The broad intervention objectives, as outlined on that day, still remain valid.

The economy of the country looks brighter. Earlier this month the petrol price came down by 31 cents per litre, offering relief to motorists who suffered ever-increasing prices as a result of global oil prices. We hope these price cuts will continue in the fourth quarter of the 2005 calendar year. I hope it results in the strength of the Rand that in turn make oil imports cheaper, and also results in easing of oil price. We, in SA, are part of the global village. Conditions that made oil price spiral out of control are still in place, and therefore this relief may be temporary.

Just a few days ago, and in many more instances in the past, the Reserve Bank Governor was quoted as warning shoppers against getting carried away by the current upswing in the economy, since inflation could bring some nasty surprises. As consumers, we are to make the best of this while it lasts.

SA leading economic indicator, as compiled by the Reserve Bank, continues on an upward trend. However, the constraints and hardships that confront poor members of our population are real. National Government's legislation like the National Credit Bill due to be passed in the first half of the next calendar year, will be of tangible benefits to consumers. Its objective is to protect consumers from over-indebtedness.

The national economic growth has accelerated significantly to its current levels and has continued to be resilient despite some stringent economic

conditions in the domestic and global economy, such as the rising oil prices. Drivers of growth include imports of durable goods by private sector, high disposable income, growth in the retail sector and other favourable conditions.

Generally, the savings levels of the economy are low, in 2004 the annual rate was 13 to 14% down from around 16% in 2003. The poverty reduction efforts will not be achieved fully without proper investments injected into the economy, through savings as one of the mechanisms. The province should be encouraged to guard against indebtedness created by easy access to credit, that might destroy the well being of the population once the macro economic conditions such as the low inflation and interest rates environment turn from the current state of affairs.

There are growing signals that indicate that the current economic position might turn around. Inflation is slowly picking up (estimated to grow above 5% first quarter of 2006), and the Rand remain strong but at a declining rate that might be boding well with exporters. Interest rates might start to rise from the first quarter of 2006, which signal a caution for the province in terms of financial discipline.

There is a 1.6% growth in the levels of (formal) employment for the economically active population of the province and this increase is quite small considering the high unemployment levels of 27.4% in the province, which is higher than national unemployment level of 26.5%.

The provincial government has contributed R3, 8 billion to salaries and wages for the past 7 months. This amount has supported the economic activity of the province. The spill over effect of the incomes from salaries, contributes significantly to the other economic sectors.

The levels of investment by the provincial government, amounts to R667 million, which includes the medium and long-term capital investment of the province. Seventy-seven percent of the total investment was on fixed structures and 22.7% on machinery and equipment.

The infrastructure development of the province has improved significantly, however; more effort is required in this area.

The supply chain management efforts of the province were supported by R1, 6 billion that was spent on goods and services until October 2005. The preferential procurement policy of the province should be closely monitored and enhanced for full participation by the business sector of the province.

The budget adjustment is meant to assist in ensuring that challenges affecting the province are fully addressed. Vision 2014 should drive most of our initiatives and efforts and make the province strive to grow beyond its current trajectory. The path to 6% growth is paved with challenges and opportunities for the province.

Scarce resources should be optimally utilised for balanced growth in the province. At our disposal, we have procurement policies that will ensure equitable distribution of economic resources, the Provincial Growth and Development Strategy (PGDS), and national priorities that are meant to facilitate growth in the economy and a growing workforce.

Agriculture contribution to growth has declined significantly nationally and within the province, sadly so as this is one sector that is supposed to assist in the poverty reduction efforts of the province. This is attributed to by the various factors that include the drought experienced not only by Mpumalanga, but by many other provinces. That is why both the province and national government have responded by jointly contributing R30 million through this adjustment budget process, to offer some relief in the sector. We hope this will serve as a motivation for both emerging and established farmers of the province, to enhance their potential in accelerating growth and further reducing levels of unemployment.

The province has a large second economy (those without access to basic economic opportunities, mainly poor, unskilled, unemployed, and generally marginalized) that still needs to be addressed.

There is a growing informal economy caused by lack of economic opportunities, majority of the population is residing in very rural peripheral areas without access to basic services and viable economic hubs.

Programmes such as the Expanded Public Works Programme (EPWP) are playing a significant role in trying to address issues of employment and closing the gap between the first and the second economy. The expenditure for the EPWP of the province for the past 7 months is approximately R66 million and has resulted in more than 5000 jobs. This is a further indication of government's commitment to job creation.

The growing population creates a need for strong monitoring and evaluation systems and processes to be in place, to ensure service delivery for unlimited societal needs for basic services. The economy of the province has a big youth component, as 56% of the total population is less than 24 years of age. This requires a generation of opportunities to cater for the employable so as to ease the burden of dependency.

### ***Broad-Based Black Economic Empowerment (BBBEE)***

We made commitments earlier to convert the aims of the Broad-Based Economic Empowerment Act, a reality. It is never too soon to take stock on progress. We managed to effectively set up a Government Procurement Office that comprise the Provincial Supply Chain Management (PSCM) unit and the Public Private Partnership (PPP) unit in order to monitor and provide capacity and management support in the implementation of the Supply Chain Management and the PPP policy frameworks in the province.

We facilitated the repeal of the Mpumalanga Tender Board Act in order to give way for the Supply Chain Management policy framework and we are at an advanced stage in the finalisation of the PPP policy framework. These will ensure coherence, uniformity and commitment to positively contribute to the objectives of the Provincial Growth and Development Strategy.

Supply Chain Management and PPP policy frameworks form part of the total package of challenges in both spheres of government.

Provincial Treasury is continuously monitoring and supporting provincial departments to ensure good governance, in terms of compliance with prescribed legislation.

One of our major challenge is still to be able to effectively address the issues causing qualified audit reports received by provincial departments. In the 2005/2006 Budget Speech, I mentioned that we managed to get only one qualified report, following the audit opinion. That was for the 2003/2004 financial year. I mentioned that our major challenge is to live up to expectations and produce twelve unqualified reports. Indeed, the challenge is major since we produced two qualified reports, one of which was a straight qualified report and the other was a qualified report with a disclaimer.

Whatever our conditions and circumstances are, the ultimate challenge to produce zero qualified reports, still stands. We will continue to face up to this challenge until it ceases to exist, so that we can move on and deal with new challenges that are likely to confront us in future. We will continue to demonstrate our commitment to good governance. If we continue with an unshakable determination to strengthen internal controls and the emphasis on good governance, nothing will stop us from achieving our goal in this regard.

### ***Municipalities and the Municipal Finance Management Act***

With effect from the 1<sup>st</sup> September 2005, the Minister of Finance delegated 16 Municipalities to the Provincial Treasury. Poor debt collection by municipalities has left most of them cash strapped and unable to deliver services effectively. This means that the large amounts that remain uncollected for extended periods, transfer into incapacity of local municipalities to have access to a large pool of funds for service delivery and infrastructure investment.

The capacity constraints have caused so much dissatisfaction over poor service delivery. This has resulted in protest eruptions that have turned violent sometimes.

The Municipal Support Unit in the Treasury has been capacitated and is currently monitoring the 16 municipalities. Provincial Treasury functions vis-à-vis the MFMA are to promote co-operative governance, monitor compliance, budgets and outcomes, assist municipalities with financial management issues and take intervention measures, where necessary.

I have already begun the process of visiting municipalities and have indication of constraints experienced by municipalities. Further progress will be reported in the 2006/07 Budget Speech.

### ***PROVINCIAL EXPENDITURE***

The province is currently the best performer of all the provinces in the country. Our six-month, budget spending patterns indicate that we are on the right track; we are spending consistently within our schedule. We would like to point out to those who are eagerly waiting to see whether the money is being spent wisely, that this is not so by coincidence, but by design. We are a team that is more than committed to good governance. Obviously, in a team situation, team members will not have exactly the same level of fitness. Those who are currently sickly and struggling, will be carried and assisted by the fit and healthy members. This is for the overall benefit of the whole team and its existence. As a provincial government, we are kept and bound together by the core principles of a team. Together we will succeed.

### ***ADJUSTMENT BUDGET ALLOCATION***

Madam Speaker, the budget tabled earlier in March was R15, 075, 373. The adjustment budget will increase the budget by R807, 357, which will result in the revised total budget of R15, 882, 730. The Province received additional funding from National Government of R33, 864 million, comprising R15 million



for Agriculture Disaster Management (Drought Relief), R15, 330 million for National School Nutrition Programme and R3, 534 million for Forensic Pathology. Unspent funds from the 2004/2005 financial year that were approved as rollovers, amount to R403, 265 million. Lastly, R456, 174 million is from the provincial surpluses.

Madam Speaker, allow me to table the Adjustment Budget in terms of the PFMA, Act 1 of 1999 (As amended by Act 29 of 1999), subject to sub-section (3). This adjustment budget only provides for:

- The appropriation of funds that have become available to the province;
- Unforeseen and unavoidable expenditure recommended by the (Provincial) Executive Council of the province within a framework determined by the Minister;
- Any expenditure in terms of section 25;
- Money to be appropriated for expenditure (I have) already announced for finance during the tabling of the annual budget;
- The shifting of funds between and within votes or to follow the transfer of functions in terms of section 42;
- The utilisation of savings under a main division within a vote for the defrayment of excess expenditure under another main division within the same vote in terms of section 43; and
- The roll-over of unspent funds from the preceding financial year.

**The Provincial Adjustment Budget for 2005/2006** is as follows:

***VOTE 1: Office of the Premier***

The Office of the Premier received additional allocation amounting to R6, 335 million. The funds will be used amongst others, to market the province and conduct skills audit for senior and middle managers in the provincial administration. **The revised budget is R107, 208 million.**

**VOTE 2: Provincial Legislature**

The Provincial Legislature received additional allocation amounting to R5, 161 million. The funds will be used to strengthen their oversight function. These functions include bringing government closer to the people. **The revised budget is R61, 846 million.**

**VOTE 3: Department of Finance**

The Department received no additional allocation, but has surrendered R30 million, of which R20 million is a contingency reserve. **The revised budget is R112, 895 million.**

**VOTE 4: Department of Local Government and Housing**

The Department received additional allocation amounting to R131, 295 million. The funds will be used among others, to eradicate the bucket systems, assist with the provision of emergency water, completion of incomplete houses and to fund the Delmas water pipeline. **The revised budget is R630, 060 million.**

**VOTE 5: Department of Agriculture and Land Administration**

The Department received additional allocation amounting to R53, 286 million. The funds will be used amongst others, for drought relief or Agricultural Disaster Management and *Masibuyele Emasimini* Programme. **The revised budget is R617, 167 million.**

**VOTE 6: Department of Economic Development and Planning**

The Department received an additional allocation of R9, 892 million. The funds will be used amongst others, for marketing and promoting tourism in the Province. **The revised budget is R200, 384 million**

**VOTE 7: Department of Education**

The Department received additional allocation amounting to R226, 779 million. The funds will be used amongst others, for the School Nutrition Programme. **The revised budget is R5, 964 billion.**

**VOTE 8: Department of Public Works**

The Department received additional allocation amounting to R30, 063 million. The funds will be used amongst others, to build ablution facilities for people with disabilities and for payment of goods and services. **The revised budget is R302, 364 million.**

**VOTE 9: Department of Safety and Security**

The Department received an additional allocation amounting to R2, 409 million. The funds will be used to fund the Rural Safety Forum, the Community Policing Project and the Community Policing Indaba. **The revised budget is R39, 654 million.**

**VOTE 10: Health (Department of Health and Social Services)**

The Department received an additional allocation amounting to R180, 164 million. The money will be used among other things for medicines, laboratories, blood transfusion and forensic pathology. **The revised budget is R2, 653 billion.**

**VOTE 11: Department of Roads and Transport**

The Department received an additional allocation of R80, 435 million. The funds will be used amongst others to complete roads, maintenance of streets and roads, construction of Bulembu road and for payment of goods and services. **The revised budget is R987, 348 million.**

**VOTE 12: Department of Culture, Sport and Recreation**

The Department received additional allocation amounting to R21, 711 million. The funds will be used amongst others to establish the Provincial Archive Centre, establish the Film and Video Commission and fund celebrated events. **The revised budget is R96, 387 million.**

**VOTE 13: Social Services (Department of Health and Social Services)**

The Department received additional allocation amounting to R89, 827 million. **The revised budget is R4, 111 billion.**

Madam Speaker, Honourable Premier, when I tabled the 2005/2006 Budget on the 8<sup>th</sup> of March, the date was officially recognised by the United Nations in 1975 as the **International Women's Day**. That day marked the significant point in the struggle for women emancipation throughout the world. We are today five days into the "**16 Days of Activism Against the Abuse of Women and Children**", and I am again tabling the Provincial Budget Adjustment.

Not only are these days significant in the history of women struggle for emancipation, but they are in many ways significant to our continent, Africa. The continent historically referred to as the Dark Continent. Mother Africa is today celebrating her first woman elected President in Ellen Johnson-Sirleaf, and a first woman Deputy President in Phumzile Mlambo-Ngcuka. Africa has spoken.

Madam Speaker, *I now know why the caged bird sings.*

*Africa's women dreams are becoming a reality.*

*Let the torch of peace embrace Mother Africa.*

Madam Speaker, allow me to conclude by wishing the Premier, members of the Executive Council, members of the Legislature, public servants especially those from my department and all our guests, a very happy and safe Festive Season.

I thank you.

