



**PROVINCIAL BUDGET SPEECH 2005 PRESENTED TO THE
PROVINCIAL LEGISLATURE BY FINANCE MEC,
MRS E.M COLEMAN, MPL
Tuesday, 08 MARCH 2005**

The Honourable Speaker, Mrs. Pinky Phosa
The Honourable Premier, Mr. Thabang Makwetla
The Honourable Deputy Speaker, Mr. B.J. Nobunga and
Other Honourable Presiding Officers
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 guests
The Media
Ladies and Gentlemen

“Development is a comprehensive economic, social, cultural and political -process, which aims at the constant improvement of the well-being of the entire population and of all individuals on the basis of their active, free and meaningful participation in development and in the fair distribution of benefits resulting thereof”.

The quotation above is the United Nations Declaration to Development adopted in 1986, which begins to highlight the importance of understanding that development must be seen as going beyond economic concerns, and therefore involving political dimensions as well.

It also sees social rights linked to the assertion that the human person is the central subject of development as an active participant and beneficiary. Central to all participants are women. In all communities development starts with women.



Madam Speaker, we are gathered here this afternoon, on a very significant day to mark the important history in the struggle for women emancipation throughout the world. The date March 8, was officially recognized by the United Nation in 1975 as the **International Women's Day**. This followed the first strike by women in socialist Russia for food, their political and social rights in 1917, which led to the down fall of the Tzar.

The rights of women to participate in development and peace initiatives in their communities and nations goes as far back as in the 18th Century, and is still a matter of great concern even to date.

As I stand before this august house this afternoon, I would like to dedicate this budget speech to all the women of South Africa in general, and in particular to women of our beautiful Province, Mpumalanga.

The fact that we table the Mpumalanga Provincial Budget today, on this important day is not a mere coincidence. It is due to the influence and characteristics of the "Sun", which influences the history of this province and its people.

We are all made out of sunlight- the source of all life on earth. That is why in the relatively starved polar-regions where sunlight comes in at a thinner out angle instead of straight on, there are far fewer living creatures and less diversity- compared to our continent and province.

The added value of the sunlight is a boost to our economy in one- way or another. For starters, it benefits our economy as we host tourists that come from many regions that are starved of sunlight.

The province of the "rising sun", Mpumalanga with its rising mountains and trees, breaks the night to mark the beginning of the day, thus bringing abundant life and hope into the earth.



Madam Speaker, these characteristics are also embedded in the womenfolk of Mpumalanga. Women carry so much influence in all spheres of our lives even our economy. Everyday women influence family budgets, corporate budgets, community budgets, provincial and national budgets.

Mosadi o tshwara thipa ka bogaleng". Basadi tswelang pele ka moshomo o mobotse.

The budget we are presenting today serves as a foundation of our anticipated strategic goals for development and economic performance, as is contained in the Provincial Growth and Development Strategy (PGDS) final documentation of the 7th and 8th February 2005 held in Badplaas. The PGDS will be our guiding tool to carry over our plans and visions for the next decade.

As we deliberate and strategise on issues of development and economic growth, we cannot do it in isolation to the contributions of women and those of the youth and people with disabilities.

To take you back into the mood of our successful PGDS and for the benefit of those who did not attend, let me share with you some of the encouraging acknowledgements of women who have started making inroads in areas that were regarded as male dominated.

The story of Anglo Coal that was narrated by Mr Ben Mangara at the summit about the two former domestic workers, Lindiwe and Nancy who were the first black women working underground in the history of their organization.

The acknowledgement of these women is to highlight issues of transformation and access to employment without discrimination. This is also an indication that where there's a will- there's a way.



The fact that only these two women have been captured, does not mean there are no other women in other sectors, but it is just to confirm that through active, free and meaningful participation in development and in the distribution of benefits, the process towards constant improvement of the well-being of our entire provincial population and of all individuals will be realized. This also means that the work towards the reduction of poverty, unemployment, creation of work and moving away from underdevelopment will bear necessary fruits.

Honourable members, **“Freedom is never given, it is won”**.

Drinking from the fountain of mountain we created in the Badplaas PGDS, we have the following in response to the national call of eradicating poverty and underdevelopment within the context of a thriving First economy and successful transformation of the Second economy. If I were to use the words of the Honourable Premier, as a Province we are positioned for growth and development, and we will be guided by the following broad intervention objectives for the next five years:

1. Economic Development
2. Social development infrastructure
3. Social development
4. Sustainable Environment development
5. Good governance and
6. Human Resource Development

Steven R. Covey, the author of *The Seven Habits of Highly Effective People* says *“Begin with the end in mind”*, and the African proverb says *“Tomorrow belongs to the people who build it today”*.

Madam Speaker, looking at the two quotes might leave you with an impression that we have put the cart before the horse, but the real meaning is for us to understand that should we not come up with the right strategies to realize the



above objectives, we will be failing none, but ourselves. Whatever we produce after five years, will be of our own making.

Without active, free and meaningful participation of all stakeholders in the contract we entered into at Badplaas, issues around comprehensive economic, social, cultural and political development will not be realized, and we will have to explain not only to ourselves but to the generation to come, why we did not begin with the end in mind.

This budget will therefore serve as the basis for that long journey towards total emancipation of the people of Mpumalanga. We want the people of Balfour in the eastern highveld of our province, the people of Moretele in the north-western part of the province, the people of Driefontein in the south-eastern part of the province, the people of Mbuzini next to the border of Mozambique and the people of Mkhuhlu next to the Kruger National Park, feel that they are indeed a part of this democratic dispensation, a part of this beautiful province of the rising sun.

*“Bathi phuma langa sikotse, letsatsi tswa re ho orele, langa phuma sikhothele,
sun rise upon me”.*

Mpumalanga’s Economic Outlook

Madam Speaker, we are entering the second decade of our freedom as a country with pride of having experienced the longest positive economic growth cycle.

Low inflation and low interest rates have stimulated demand led growth and has made it possible for people to afford durable goods, this has boosted our currency hence we see the influx of imports into the country.

However, the economy could not cope with the increase in demand due to poor economic infrastructure that has been neglected over the years.



The national Gross Domestic Product (GDP) grew by 3.7% in 2004 and it is projected to grow by 4.3% in 2005. This is a good economic outlook on our domestic economy.

Mpumalanga's contribution to the national GDP declined from 7.1% in 1996 to 6.9% in 2003. This is partly due to the decline in the energy, mining and agricultural sectors contribution. Our province had the third lowest growth of the nine provinces between 1990 and 1996 at 1.2%. However, growth accelerated quite considerably between 1996 and 2002 to 2.5%. The average growth rate over the entire period from 1996 to 2002 was 1.8% in line with the national average of 2,0%. The growth rate is projected to be 2.6% between 2002 and 2007.

It is not surprising that Mpumalanga is referred to as the fastest growing province in the country. It has seen rapid urbanisation and economic activity partly due to the Maputo corridor and tourism development. However, the creation of jobs for the growing population and the people who migrate into the province still remains a challenge.

Honourable Members, it is encouraging to notice that the economy of Mpumalanga has become more diversified during the past decade. Instead of the economy being dependent on a single sector or a few larger sectors, it has become less exposed to external shocks. The economy has seen a decline in the Gross Value Added of mining, agriculture and energy.

However, there has been a significant growth in the finance, trade, and construction sectors. The changes in the structure of the economy between 1996 and 2002 reflect a maturing economy. The economic production structure of the province became less vulnerable to external shocks.

The manufacturing sector is still the most important contributor to the province's economy at 27.2% of Gross Value Added and, because manufacturing is heterogenous in nature, it makes the economy more resilient.



The sectors that have reported positive growth from 2000 to 2002 are electricity at 0.4%, construction at 3.6% and services at 0.4%. The growth of the construction sector is encouraging because it is a labour-intensive sector. It is important however, to note that the sectors that have high levels of growth are in the informal section of the economy and not in the formal sector. According to DBSA, the informal sector has been growing by 18.3% annually. This is mainly due to a rapid increase in spaza shops and hawkers and the informal traders in the tourism industry.

It is rather disappointing to note that some of the labour intensive sectors have declined over the same period.

Agriculture has declined by 1.7%, trade by 0.3% and mining by 2.3%. These sectors once played a major role in the economic development and job creation in the province.

Despite the economic decline in some sectors, Mpumalanga remains a very important contributor to the national economy especially with regard to the provision of energy (water, electricity and gas). In 2002 it contributed 34% to the value added in that sector, and 22.3% in the mining sector.

Honourable Members, only 6.7% of Mpumalanga's land area is utilised for forestry, however, the province's share in the economy is 38.3%. This makes it the most important province in this regard. Nature conservation covers 28.9% of the province's total area, which represents 19.8% of the country's total area utilised for conservation area. Forestry is also of importance as it is labour intensive and has a potential to grow more.

According to StatsSA Census of 2001, Mpumalanga's population was estimated at 3.1 million and is expected to grow to 3.7 million by 2008. The number of people living in poverty were 1.8 million representing 54.3% of the population, compared to 48.9% nationally.



The total labour force was 1.2 million, and of that number, 48.1% were formally employed, and 15.1% informally employed. The unemployment rate is 36.7% less than the national unemployment rate of 40.8%. The province experienced an average annual growth of 4.6 % in its labour force between 1996 and 2002.

This relatively high increase in the labour force is due to natural population growth, migration into the province with the expectation of finding a job and a renewed entry of females into the labour market.

The province could only create 1.2% per annum of formal employment opportunities, whereas the growth per annum of the labour force was 4.6%. One of the impediments to job creation is the low level of skills of the labour force in the province. In 2002 only 48.8% of the labour force was formally employed. This figure is significantly lower than the 57.7% of 1996.

The continuous development of business centres, lodges and other tourism amenities were the main drivers of new formal employment. Moreover, the increase in the delivery of basic infrastructure of health facilities and other community facilities and structures, resulted in a continuous increase in community and social sector employment opportunities.

The most labour absorbing sectors have been the wholesale and trade at 11.5%, followed by the financial services sector at 7.3% and 4.4% by community services.

Madam Speaker, research conducted by the Development Bank of Southern Africa indicates that low education and low skills in the labour force acts as an impediment to job creation, labour productivity and economic growth. In our province, 46.7% of employed people have an education level below matric. Of the remaining, 20.8% have matric qualifications and 11.7% have some tertiary education.



This you will agree, Madam speaker poses a challenge for the province in terms of training and skills development, the cost involved in training and developing workers and the trainability of low education workers. To meet this challenge, the province has decided to appoint two firms to do a skills audit for our senior managers and lower level managers.

Madam Speaker, we do realize that the formal sector is no longer able to absorb all the entrants to the job markets as rapidly as one would wish. Our only hope to create more jobs could lie with small business. It therefore becomes imperative that we support the SMMEs by lowering the cost of doing business as the President has said. We need to re-look at our regulations that govern hawkers and small entrepreneurs.

In our summit we committed to improve the economic infrastructure so as make it easy to do business in the province. In this regard, the rolling out of the Small Enterprise Development Agency (SEDA) by *the dti* will also assist. The announcement by the Minister of Finance that small businesses will get tax relief is also welcomed as it would add to the support that SMME need to make their business a success.

We noted at the summit that access by small enterprise to physical, commercial and professional infrastructure is still a challenge. We also realised that there is a need to establish business; co-operative and labour support nodes, especially in townships and rural areas.

It was also agreed that constituencies would improve awareness of and understanding of regulatory changes in the promotion of small business.

The government will identify and amend regulations within the control of provincial and local government that may be unduly contributing towards the cost of doing business and undermining SMME development. Given the agricultural nature of the province, the government will monitor land reform in Mpumalanga and resettlement support, including effectiveness of Comprehensive Agricultural Support Programme.



The Provincial Treasury will ensure that all departments implement the policies and legislation that is meant to benefit the small businesses.

We held a supply chain management conference during this financial year; the outcome of the conference was a commitment by government and business to promote fairness and transparency in the procurement of goods and services.

The Provincial Equity fund alluded to by the Premier in his state of the province address will need more financial resources to meet its intended objectives. I would like to follow up on the Premier's announcement in challenging both financial institutions and big business to match the commitment by Standard Bank.

The launching of a hospitality school in our province is welcomed, as tourism is a fast growing and important industry in the province. It will play a positive role in enhancing skills development in the province. Tourism is labour intensive and the cost of creating jobs is not so high.

Madam Speaker we need to continue developing strategies that will enhance transformation in the tourism industry as it is still dominated by the previously advantaged, hence access in the industry is still prohibitive.

Honourable Members, after discussing the economic overview, we do realise that there is still hope in our economy. The outlook on the world economy, the national and provincial economy look good.

Our economic fundamentals are in place. The challenge is up to us as a province to take advantage of these positive spin offs to grow the economy. There is still a lot of potential in the trade, construction, tourism and financial sectors.

I want to believe madam Speaker, that the comment by Mr. Ndumiso Matlala, that if "*Mpumalanga were a listed company, I would be buying stocks by the bucketful*", could not have come at the right time. We are really doing well as a



developmental government and its social partners. After having committed ourselves in Badplaas, we will leave no stone unturned in pursuance of these objectives.

Broad-Based Black Economic Empowerment (BBBEE)

The Broad based Black Economic Empowerment Act is aimed at broadening the base of ownership and means of production away from white male ownership to one that is more representative. The government's BEE strategy is based on four pillars, **preferential procurement policies, charter processes in specific sectors, targeted awarding of licenses and concessions for regulated sectors and through the restructuring of state enterprises.**

Many small businesses have benefited from being awarded contracts through the procurement framework. As a province we have developed a Supply Chain Management Policy that is still in the process towards approval by the Executive Council.

We have also established the Public Private Partnership unit in the Treasury that will also assist in empowering of the previously disadvantaged.

One of the sector charters is the Financial Services Sector Charter which was adopted in 2004 in order to address the BBBEE imperative.

Some of the goals of the charter are to:

- Improve the culture of savings in the country
- Improve access to financial institutions
- Improve on the financial literacy of the people
- Ensure that there is more and meaningful participation of blacks in the operations and management of financial institutions
- Give support to black SMMEs to enable them to benefit from targeted procurement programmes
- Higher levels of women representation at all levels



Indeed, Madam Speaker banks have shown their commitment to improve access to financial products by lower income groups. We have seen more ATM's in mainly urban areas. The Mzansi account was introduced in October 2004. Statistics from the Banking Council reflect that to date more than half a million accounts were opened nationally. In line with the Financial Services Charter, 90% of the accounts are held by previously unbanked clients.

What is more encouraging is the fact that the uptake amongst women has been as high as 56%. Financial access by these women means that the most marginalized are being directly empowered. The largest number of accounts are held by residents of Gauteng and KwaZulu-Natal. Mpumalanga is amongst the top four at 12.2%. We hope that access to finance will see a reduction in the number of people who are trapped by the debt cycle.

Madam Speaker, we are eagerly waiting to see annual reports of financial institutions as they will be published after the 31st of March. We are confident that these reports will reflect positively on the progress that has been made on procurement policies, black participation, support for SMMEs, consumer education and all the other commitments as stated in the charter.

Honourable Premier, it is very important that we cultivate a culture of savings amongst the people of Mpumalanga. It is through higher levels of investment that we can grow the economy and create sustainable jobs that our people so desperately need. As a nation we are said to be poor savers as compared to other countries.

According to the quarterly Savings Barometer, we only save an average of 16% of our Gross Domestic Product (GDP). The Growth, Employment and Redistribution Strategy (GEAR) document says we need to save at least 23% of our GDP in order to grow our economy meaningfully. This is in line with other developed economies.



Unless we as government together with business and organised labour commit ourselves to improve our savings ratios, the challenge of growing our economy and the creation of sustainable jobs will always be unattainable.

Madam Speaker, as a developmental state, government is expected to be proactive in driving public investments that also crowd in private investment in order to address the employment and poverty challenges facing the province. The government is doing so by making it attractive to invest by removing that the stamp duty on debit entries and instalment credit will. The threshold on transfer costs will be increased, so that for lower income groups there may be no costs on the transfer of property. The tax on income from savings has also been lowered. We welcome these announcements by the Minister of Finance in his budget speech.

Fiscal Policy and the Budget Framework

South Africa's fiscal policy and management of public finances has seen dramatic changes over the past decade. In the early 1990s, the reconstruction and development priorities of the democratic Government had to be incorporated into policies and spending programmes. By the end of the first decade, steady economic growth and a consolidation of the public finances had been achieved, laying the foundations for stronger growth and development.

Madam Speaker, Hon. Premier, as we enter the second decade of our democracy, we begin with the introduction of budget reforms which saw the introduction of a five year budget cycle. The main reason for the reform is to align the planning and budgeting cycle with the election cycle. This means that key policy priorities that the government will tackle in the next five years should form the basis of departmental planning and budgeting.

Over the last ten years, public finance reforms were characterized by the introduction of the Public Finance Management Act No.1 of 1999 (as amended by Act No. 29 of 1999) and the Municipal Finance Management Act No. 56 of



2003. This has brought about a strong focus on improved management of public finances, increasing transparency and accountability.

Building on the improvements to the allocation process and better alignment between planning and budgeting, the current phase of the reform programme centres on strengthening service delivery performance information, and on reporting of achievements. For the past few years, departments have been requested to present their budget proposals in the context of past performance, so that there is a clear link between performance and further budget allocations.

The outcome of the Provincial Fiscal Framework review saw a function shift in the social security function and administration arrangement. The function will be administered by Provinces as a conditional grant from 1 April 2005 until the new South African Social Security Agency (SASSA) is in full operation.

Following the review, the **new housing policy** provides for the accreditation of municipalities as delivery centres. This will result in provinces transferring housing funds to municipalities.

The **Health Act** provides for the shifting of all primary health functions away from municipalities to province, and enabling district municipalities to fund municipal health services.

Governance

Honourable Premier, Madam Speaker, it is important that the people of Mpumalanga and our guests here today are informed that our performance for the past financial year was commended by the National Treasury. We managed to get only one qualified report, following the audit opinion. Our major challenge is to live up to the expectation and produce twelve unqualified reports.

Madam Speaker, the President in his State of the Nation Address said that a Summit on Corruption will be convened within three months, to review experiences across all sectors of society and agree on a programme to



strengthen the campaign, including structures set up to deal with this challenge. As a province we need to prepare ourselves to participate in this summit, so as to share our experiences from this province. The Provincial Treasury will ensure that all Provincial Departments and municipalities comply with anti-corruption legislations.

In the spirit of creating good governance, especially around promoting a culture of accountability and transparency in the public sector, we would like to remind Accounting Officers that no **over or under spending** of government funds will be accommodated. Anything to this regard will be penalised by withholding of performance bonuses and payment progressions. In the event that there is a recurrence of such acts by Accounting Officers, a recommendation will be forwarded by Executive Authorities to the Premier for possible dismissals. This will indicate the commitment of this government to the prudent management of public resources.

Madam Speaker, there is no justification by departments to overspend on their allocated funds. Equally there is no justification for under spending while our people are dying of malnutrition and hunger. This government promised the people of this province to live by the vision of the freedom charter with emphasis on fighting poverty, unemployment and underdevelopment.

We are going to do so by among other things, jealously guarding against the poor management of government resources.

The PFMA encourages Accounting Officers to constantly interact with their Executing Authorities. If there is good communication between the two parties, there will be no surprises come the financial year-end. Potential problems within programmes, challenges in the implementation of projects and the flow of cash will be detected early.

Madam Speaker, to complement our Basic Accounting System, the Provincial Treasury is going to source a financial management package that will assist with the development of an accurate database. This will put us in a good position so



as to advise departments in time of any irregularities in the accounting system. We hope that this will go a long way in assisting the province to have correct statistics and usable information to allow proper planning.

In pursuance to improving the quality of spending, the Provincial Treasury will be strengthening the Provincial Finance unit whose main responsibilities is to advise the Budget and Finance Committee on budgetary and expenditure issues, policy and legislative areas of importance. Departments will be clustered and will be assigned a dedicated member of staff. We hope with this kind of capacity in the treasury, we will be able to strengthen the planning and implementation capacity of the whole government and will in return ensure prudent financial management of our fiscus.

Our areas of major focus will continue to be around health, social security, education and housing. The monitoring of conditional grants will be reinforced particularly around aligning spending with outputs and outcomes.

The Municipal Finance Act

The support function that is supposed to be provided for by the Provincial Treasury has not taken off the ground in a satisfactory manner. This is mainly due to delays in the evaluation of the relevant posts by the work- study.

This has since happened and we are in the process of advertising positions for this unit. The work of the Municipal Support Unit within Treasury will be to give support and monitor municipalities, to ensure accurate, reliable and realistic financial information.

I would like to recommit the Provincial Treasury that the service we render for the municipalities will be in full force immediately after the employment of such personnel by May. This, we hope will go a long way in assisting municipalities on



their journey towards prudent financial management, moreover that they are currently busy with their budget adjustments.

Provincial Revenue and Expenditure

Madam Speaker, Honourable Premier, we are tabling a budget with a total **revenue of R15.075 billion** which represents a **9.6%** increase from the previous year's budget of **R13.788 billion**. The **R15 billion** is made of **R9.976 billion** of Equitable Share, **R4.802 billion** of Conditional Grants, **R272, 407 million** of Own Revenue and **R54.679 million** from the provincial surpluses.

Own Revenue

Madam Speaker, Honourable Premier, for us to be able to realize the main pillars of the Provincial Growth and Development Strategy (PGDS), we need to ensure that we maximize our revenue collection efforts. This can be done through developing new strategies and ensuring that all role-players are committed towards the success of those strategies. Own revenue, if optimally collected can ease many constraints we are faced with and make us deliver necessary services and better the lives of our people faster and better.

For the 2005/06 financial year, the Provincial Treasury commits to assist departments to realize optimal collection of own revenue through strategies already discussed with those strategic departments.

Madam Speaker, the house will realize that the province was ambitious in the last Medium Term Expenditure Framework in projecting own revenue collection hence the poor outcomes. We are projecting to collect **R272 million** a decline of about **15.3%** on the original amount. This decline came about as a result of distortions in most departments' budgets. Departments included in their projected budgets, items that wouldn't necessarily represent growth, but rather outstanding debt collection from previous years, with the result that budgets ended up being distorted. If those distortions are not corrected in time they will further distort our total provincial revenue.



Some of the strategies that will be applied to collect own revenue in the 2005/06 financial-year are outlined below:

- Intensifying the campaign to urge vehicle owners to register their vehicles in Mpumalanga;
- Revising vehicle tariffs on an annual basis without failure;
- Strengthening the internal controls and systems regarding the overall cash management of revenue collection;
- Updating the management of information systems in departments in order to maximize the collection of revenue
- Exploring new sources of raising revenue

Madam Speaker, we are currently relying on the following major sources of revenue:

- **Gambling and Betting Taxes - R28 million,**
- **Hospital Patient Fees - R26 million,**
- **Motor Vehicle Licenses - R126 million and**
- **Other sources - R92 million.**

Madam Speaker, Honourable Premier allow me to present the **2005/06 MTEF Budget Allocations per cluster**, but before I do so, allow me to explain the breakdown of the budget by major spending items.

- 1. R7 billion (46.7%) for the Compensation of Employees**
- 2. R1 billion (6.6%) for the Capital Expenditure (CAPEX)**
- 3. R3 billion (20%) for Goods & Services**
- 4. R4 billion (26.7%) Transfers & Subsidies**

Budget Proposals:

The 2005 budget makes a significant in road towards our goals of accelerating economic growth, advancing social development and increasing the levels of



investments. The budget that we are tabling today is a People's Budget that tries to address issues that affect the lives of our people. I believe we are on the right track; a track that is destined to realizing a better life for all.

Honourable Members, our overall budget for the 2005/2006 financial year is **R15, 075 billion**. It represents a 9% increase from the previous year's budget.

The total budget is made of:

- **R9, 976 billion of Equitable Share;**
- **R4, 802 billion of Conditional Grants;**
- **R272, 407 million of Own Revenue; and**
- **R54, 679 million of the Provincial surpluses.**

The Provincial Equitable Share (PES) has now decreased to 66%, a 20,3% decrease of the total provincial revenue, compared to the 88,3 % in 2004/05 financial year budget. On the other hand, the Conditional Grants (CG) has increased to 31,8%, a 23% increase of the total provincial revenue compared to 8,8% in 2004/05 financial year budget. All these changes are as a result of a function shift regarding the payment of social security grants and its administration, from provincial to national sphere of Government.

Social Cluster

Madam Speaker to enable the province to achieve the high levels of education and health and enhance the delivery of social services, we have set aside an amount of **R12.2billion**.

We hope this will go a long way in ensuring that a high level of literacy, the enhancement of skills development, the development of Education Management Information Systems (EMIS), the phasing in of the recapitalization of Further Education and Training Colleges and the implementation of the Comprehensive Care and management of HIV & AIDS and reduction of poverty will be realized. Added to the above will be to ensure that the implementation of the Early Childhood Development policy is not only speeded up but is implemented within context.



Madam Speaker, you will recall that for a long time, the rapidly growing number of social grants beneficiaries have been putting a serious strain on the Province's financial resources. We were forced on a number of occasions, to re-direct our resources because we could not sleep peacefully at night, knowing that our people who could not fend for themselves go hungry.

The shifting over of the administration of social grants to the national government through the South African Social Security Agency (SASSA) will indeed enable us to adequately budget for other social development issues over the MTEF period, which in the past were not adequately financed. The function shift has now decreased the equitable share and increased the conditional grants. The equitable share decreased from **R11.902 billion** to **R9.976 billion**, which represents a loss of **R1.926 billion**. On the other hand, conditional grants increased to cater for social security grants.

Development is essentially about people and quality of lives they lead. The ability to live a fulfilling life is predicted amongst others on a healthy life, a life devoid of ignorance, capacity to be independent and be gainfully employed.

Challenges in this area include the attainment of a healthy lifestyle and skills that make economically active individuals competitive.

Education

Over the years as government, we have succeeded in providing basic services to our people. However, the quality thereof especially in education and health was not at all times satisfactory. Our social policy should move towards improving the quality of these services. Mpumalanga's shortage of skilled labour negatively affects economic growth. The budget provides an opportunity to improve the capacity of further education and training colleges to train more people in areas critical to the economy.

The **Department of Education** will receive an amount of **R5, 737 billion** to provide for the development of the mental, spiritual and physical potential of



pupils by means of education and according to set policies and objectives. This amount allows the Department to further expand non-personnel inputs that are key in improving the quality of education, as well as the rollout of the EMIS to schools over the next three years. This is part of a broader approach to improved public sector management and performance reporting. In addition, the amount makes provision for pay progression for educators.

Health

Honourable members, you will remember that some municipal clinics have experienced capacity problems in the past. Since most of the primary health care takes place at clinics in municipalities we are allocating an amount of **R34 million** to allow for the smooth transition of the shifting of the primary health care component administered by municipalities, to the provincial government. We hope that the function shift will improve the quality of primary health care in the province.

In order to promote quality health and integrated developmental social services; to render health and social services and the provision of social welfare and social security, the Department of **Health and Social Services** will receive an amount of **R6.493 billion**. This amount provides for improved management of hospitals, renewal of equipment and streamlining of management of medicine and other supplies to accompany the hospital rehabilitation programme. We are pleased to announce that the amount further provides for the salary dispensation of social workers.

Out of the R6, 493 billion allocated to the Department of Health and Social Services, **R3, 826 billion** goes towards social security to alleviate the plight of those members of our communities, who cannot fend for themselves. This we do in the form of Social Assistance Grants paid to beneficiaries every month. Honourable members, we must always remember that these are the people who mandated us to govern on their behalf, and we must not dare disappoint them.

The Economy, Investment and Employment cluster



The Economy, Investment and Employment cluster has a big task ahead of them of ensuring that economic development and growth is stimulated.

R142. 895 million will be allocated to the **Department of Finance** to effect the MFMA, PFMA and to render policy advice, planning and monitoring of expenditure in the province's and municipal finances.

Madam Speaker, we are concerned about the decline of the agricultural sector since Mpumalanga is mainly a rural province. We also understand the hardships that were experienced by the sector in the export market due to the strength of our currency. The sector is also a labour intensive and has potential to create many jobs. We thus support the Premier's announcement that the government will spend R15 million to support farming in rural communities. In total, the **Department of Agriculture and Land Administration** will receive **R563.881 million** to build an efficient and internationally competitive agricultural sector, as well as to conserve natural resources.

In order for the **Department of Economic Development and Planning** to facilitate and stimulate economic development, to mobilise foreign direct investment, to facilitate BBBEE development, to stimulate and promote tourism development and to expand access to finance for SMMEs an amount of **R190.492 million** will be allocated to them.

To render support service to the broader public and in particular provincial government on the maintenance of accommodation for departments and the coordination of the Expanded Public Works Programme (EPWP) in the Province, the **Department of Public Works** will receive an amount of **R272.301 million**.

Madam speaker, economic infrastructure plays an important role in the development of our economy. In the past we have not been able to upgrade and maintain our economic infrastructure as we would have liked to due to financial constraints. To make that sure our roads are put back into a good condition, the **Department of Roads and Transport** will receive an amount of **R906. 913**



million. This is to render support service to the broader public, provide and maintain road infrastructure network, transportation management support and traffic control according to prescribed norms and standards.

The **Department of Culture, Sport and Recreation** will receive an amount of **R74, 676 million** to carry out its mandate of making sure that the people have access to the benefit of Culture, Sports and Recreation. This amount includes the provision for the preparation of the World Gold Panning Championship; the first to be hosted by South Africa and in particular, our beautiful Province.

In order to promote good governance that is fundamental to growth and development, we need to focus on efficient and an effective government that is transparent, accountable and participatory. The Governance cluster will receive an amount of R693 million, to be shared by member Departments, as follows:

The **Office of the Premier** will receive an amount of **R100.873 million** to coordinate the activities of the different departments, management and coordination of co-operative governance and the management of international relations as part of our objective to build a better continent and a better world.

The **Provincial Legislature** will be allocated **R56.685 million** to enable it to fulfil its constitutional mandates and other functions. This includes an increase of public participation, to enhance its oversight role of Committees, to cater for the visit by the National Council of Provinces and taking parliament to the people.

If you recall, the previous financial year we committed ourselves to eradicate the bucket system. In the words of Premier Makwetla, our plan was over-ambitious as not enough funds were allocated for this purpose. Hence we revised our allocation in order to improve the quality of life of all citizens, and to fulfil the promise that we have entered into through a people's contract, we have allocated an **R20 million** to augment national transfers to municipalities to make sure that the bucket system is eradicated by the end of this financial year.



In order to promote the sustainability of municipalities and integrated housing and human resettlement development, **the Department of Local Government and Housing** will receive a total of **R498.765** million.

In the spirit of the Freedom Charter "There shall be Security and Peace". The **Department of Safety and Security** will receive an amount of **R37.245 million** to promote community participation in policing matters, crime prevention projects and monitoring of policy implementation by the South African Police Services.

Surplus Funds

Madam Speaker, we have budgeted R130 million for the coming MTEF to assist the province to cover any contingencies or any eventuality. We have already committed **R27 million** of these funds, this will be elaborated upon during the tabling of the Adjustment Appropriation towards the end of this financial year.

Conclusion

Madam Speaker, I am confident that the budget we are tabling here today will see the Provincial Government going a long way towards alleviating the challenges that are brought about by poverty, unemployment, inequality and underdevelopment in the province. At the same time it will help to unblock the deficiencies in our systems that result in us not improving the cost of doing business in Mpumalanga.

I strongly believe that if each one of us, interdependently so, can put his or her effort towards changing a small portion of events in this administration, the end result of all these acts when combined together will be a great success. We will feel proud as we see that being written down as part of the history of this generation.



Let the spirits of those who converged in the Congress of the People in 1955 tremble with joy as they see us realizing their dreams as espoused in the Freedom Charter. Let the 50th Anniversary be the beginning of greater achievements for the people of Mpumalanga.

Let us all live with the words of the Honourable Premier Makwetla when he said, I quote:

“Let us make bold the assertion that the journey towards Vision 2014, the journey towards halving poverty and unemployment by 2014, has begun in earnest. That imisebenzi, meshomo, werkskepping, jobs, should be our rallying cry in a year where we shall seek to advance decisively in improving the lives of our people”,
unquote.

We need every citizen of this province to ensure that the gains already gathered, are jealously guarded.

Madam Speaker, let me in the spirit of this people’s budget take this opportunity to thank the people of Mpumalanga, those who are continuously putting their efforts towards shaping this province for the better. Their work will not go unnoticed.

I would also like to thank the Honourable Premier, Mr. TSP Makwetla for his decisive leadership and wisdom at all times. I am grateful to my colleagues in the Executive Council, particularly those who sit in the Budget and Finance Committee for their advice and contribution in shaping the fiscus of this province.

A special thanks goes to members of the Finance Committee in the Legislature, and the Head of Department of Finance, Simangele Sekgobela and her dedicated team. Without them and their support, this day would not have been possible. Finally, I would thank my family; comrades and friends for helping me regain my strength at all times.



In celebrating a decade of our freedom, I would like to thank former MECs for Finance, Messrs J. Modipane, L. Chiwayo and J.I Mabena for their valuable contribution over the past ten years. You did an excellent job.

I also want to thank in particular my husband and daughter for their patience and tolerance and for lending me a shoulder to cry on during the most difficult times of my work.

Madam Speaker, having done so, allow me then to table before this house the

- 1. 2005/06 Budget Speech**
- 2. 2005/6 MTEF Budget Statement**
- 3. 2005/06 Appropriation Bill**
- 4. 2005/06 Budget made easy booklet for consideration by this house.**

To end Honourable Premier, Madam Speaker, Members of the legislature I would like to read a poem by a lady who always inspires me with her work. This is dedicated to the Women and girl-children of this province, Mpumalanga. This is a combination of her two poems:

“Still I Rise and Phenomenal Woman”

*You may write me down in history
With your bitter, twisted lies,
You may trod me in the very dirt
But still, like dust,
I'll rise*

*Just like moons and like suns,
With the certainty of tides
Just like hopes springing high
Still I rise*

*Did you want to see me broken?
Bowed head and lowered eyes?*



Shoulders falling down like teardrops.

Weakened by my soulful cries

Now you understand

Just why my head's not bowed.

I don't shout or jump about

Or have to talk real loud.

When you see me passing

It ought to make you proud.

I say,

It's in the click of my heels,

The bend of my hair,

The palm of my hand,

'cause I'm a woman

Phenomenally.

Phenomenal woman,

That's me.

Out of the huts of history's shame

I rise

Up from a past that's rooted in pain

I rise

I'm a black ocean, leaping and wide,

Welling and swelling I bear in the tide.

Leaving behind nights of terror and fear

I rise

Into a day break that's wondrously clear

I rise

Bringing the gifts that my ancestors gave,

I am the dream and the hope of the slave

I rise, I rise, I rise

'Cause I'm a woman



Phenomenally.

Phenomenal woman,

That's me.

This is Maya Angelou for those who have guessed.

Thank you, Re a leboga, Siyabonga, Dankie, Siyathokoza.