



2011 Mpumalanga Budget Speech by

MEC for Finance,
Mrs YN Phosa

"Working together we can do more"

24 March 2011



finance

Department:
Finance
MPUMALANGA PROVINCE





**SPEECH BY THE MEC FOR FINANCE,
MRS YN PHOSA ON THE OCCASION
OF
THE TABLING OF THE 2011/12
MPUMALANGA APPROPRIATION BILL
AT THE PROVINCIAL LEGISLATURE,
NELSPRUIT**

24 March 2011

Honourable Speaker, Mr S.W Lubisi
Honourable Premier, Mr D.D Mabuza
Honourable Deputy Speaker, Ms V.S Siwela
Chief Whip of the ruling party, Ms B.T Shongwe
Colleagues in the Executive Council
Honourable Members of the Provincial Legislature
Honourable Mayors, leadership of SALGA and Councillors
Members of the House of Traditional Leaders
Director General, Mr J.M Rabodila
Acting Head of Department of Finance, Mr J.B Mbatha
Other Heads of Departments
Religious leaders
Representatives of labour, business, civil society and media
Distinguished Guests
Comrades and friends
Ladies and gentlemen

Dumelang, Sanibonani, Avuxeni

It gives me once again a great honour to be afforded this responsibility to table and share the spending priorities of the Provincial Government for the financial year 2011/12 with the Honourable Members and the people of Mpumalanga.

I stand here today Honourable Speaker, on behalf of the Honourable Premier and the Executive Council, to assume this responsibility confident that, collectively, we have ensured that the budget allocations will propel departments to the realisation of the kind of society that the ANC-led government envisages, a society that is free from hunger, unemployment and underdevelopment.

There is therefore an expectation that this budget must underscore the vision that President Jacob Zuma outlined in his State of the Nation Address, when he said, and I quote:

“We want to have a country where millions more South Africans have decent employment opportunities, which has a modern infrastructure and a vibrant economy, and where the quality of life is high.”

If we are indeed, united under this vision, then nothing can and should stop us from marching together, side-by-side, driven by this common goal of ensuring that our actions – in government, civil society, business and labour - lead to a better life that President Zuma spoke about in his address to the nation.

If we do this, Honourable Speaker, we will be giving credence to the call to create conditions for meaningful transformation and inclusive economic growth. This will help reduce unemployment, poverty and inequality and simultaneously produce decent jobs and sustainable livelihood. The different sectors have an important role to play in this regard.

The budget that we are tabling today is intended to fund the programmes that are linked to the five key priorities of government which are:

- rolling out of comprehensive rural development linked to land and agrarian reform;
- enhancing the quality of education and skills development;
- improving the provision of quality healthcare;
- fighting crime and corruption, and
- creation of decent work and sustainable livelihood

It is a budget that places specific focus on these priorities but also signifies a dedicated attention to programmes that are aimed at accelerating the **creation of decent work and sustainable livelihood** so that a promise of a better future is made possible in line with the president’s declaration of 2011 as a year of job creation.

Outlook for the Economy

Honourable Speaker, allow me to briefly comment on both global and national economies before addressing the House on the provincial economy which defines the terrain in which we table this budget for the province.

As we commit to the implementation of these key priorities, we are cognisant of the recent developments in the global economic environment.

We have recently seen forces of nature reaping into the economies of the Middle East.

The earthquake and Tsunami that hit Japan recently shook the markets and caused untold devastation to the world's third largest economy.

We join the rest of the world in wishing the people of Japan well, in the recovery process that is currently underway. Our hearts are with all the people who lost their loved ones as a result of this calamity.

Honourable Speaker

There are convincing signs that the recovery in the global economy will be sustained. Economic growth is however uneven and fragile, with emerging markets expected to grow three times faster than the developed economies in 2011.

The world economy is expected to grow by 4.2 per cent this year. The Brazil, Russia, India and China (BRIC) economies will play an increasingly important role in the global economy in the coming years.

It is estimated that in the next five years, these economies will account for more than one third of world economic growth.

We are proud as South Africa to be included in this formation, soon to be called BRICS, which will be critical to lifting up the agenda of African nations in these powerful global markets.

We are optimistic about the prospects of the South African economy after 6 consecutive quarters of positive economic growth. There's a gradual improvement of economic conditions and the recovery is driven mainly by the supply-side of the economy.

Strong commodity prices, low interest rates and faster global growth, have been the main forces behind our economy's recovery.

Improving household consumption and accelerating investment, should also support an increase in economic growth over the medium term. South Africa's gross domestic product (GDP) growth is projected to reach 3.4 per cent this year, 4.1 per cent in 2012 and 4.4 per cent in 2013.

Honourable Speaker

We experienced job losses in the first 3 quarters of 2010 but the good news is that there were much improvements in the last quarter as 157 000 jobs were created nationally.

The New Growth Path challenges us to create 5 million new jobs in the next 10 years so that we are able to address the constant problem of unemployment in the country.

The Honourable Minister of Finance unveiled a budget on 23 February 2011, that gives financial muscle to the government's New Growth Path, allocating R150 billion over 3 years for job creation, training and skills development.

A growth rate of 6 to 7 per cent is required to make a significant positive impact in South Africa's high unemployment rate of 24 per cent.

There is therefore a focused drive from Government at national level to boost growth in the next couple of years. Infrastructure spending of more than R800 billion by the government and state-owned enterprises over the medium term, R20 billion in tax incentives for manufacturing investment, R73 billion for the expanded public works programme and the R9 billion Jobs Fund, can be highlighted in this regard.

The average CPI (consumer price index) inflation rate for 2010 was 4.3 per cent compared with 7.1 per cent in 2009. The CPI was at a relatively low level of 3.7 per cent in February 2011.

The national inflation trajectory is expected to remain within the target range of 3 to 6 per cent up to the end of 2012. Increasing food and oil prices represent the main risks to the inflation outlook.

Economic Prospects for the Province

Honourable Speaker

There's a gradual recovery of Mpumalanga economy and the economic growth prospects for our province are looking much more promising this year.

Expectations are that our economy will grow by 3.1 per cent in 2011, followed by 3.5 per cent in 2012. Nkangala and Gert Sibande Districts are expected to lead the provincial economic recovery this year with GDP growth rates of 3.3 and 3.0 per cent respectively, followed by a GDP growth rate of 2.9 per cent for Ehlanzeni District.

The real GVA (gross value added) growth expectations for the main sectors of Mpumalanga in 2011, indicate growth rates of more than 3 per cent for transport (4.2 per cent), utilities (3.9 per cent), manufacturing and finance (3.3 per cent) and community services (3.2 per cent).

The challenge for our province is to increase the economic growth rate to at least 5 to 7 per cent in order to create enough jobs for addressing the challenge of unemployment.

Honourable Speaker

Mpumalanga recorded an unemployment rate of 28.7 per cent in the fourth quarter of 2010, with a youth unemployment rate of almost 40 per cent. This high unemployment rate in our province remains a great challenge.

Honourable Speaker and Members will recall that the Honourable Premier, Mr DD Mabuza, emphasized in his State of the Province Address on 25 February 2011, that central to the proposed Mpumalanga Economic Growth and Development Path, is an economic growth that focuses on job creation and the reduction of poverty and inequalities.

The Honourable Premier said and I quote:

“It is a Growth Path that is looking at a ten year growth horizon. It is a Growth Path that envisages to create 720 000 jobs by 2020... .. Given the growth potential of the Province, we believe that these targets are achievable”.

The Honourable Speaker & Members will also remember that we expressed our concern, in last year’s Budget Speech, about the relatively high provincial inflation rate, which was consistently higher than the national rate - being the highest of the nine provinces in 2009.

The good news is that Mpumalanga’s inflation rate dropped below that of South Africa from January 2010 to January 2011. Mpumalanga also moved down from the province with the highest inflation rate (8.2 per cent) in 2009, to the fifth lowest rate (3.7 per cent) in February 2011.

It is important that our plans and budget as a Provincial Government are in line with the vision espoused by President Zuma in his 2011 State of the Nation Address.

We can only achieve this in Mpumalanga if Government and its social partners join forces and work together in partnership for a growing economy. As the Honourable Minister of Finance pointed out in his Budget speech, and I quote:

“Now is the time for all of us to say, making South Africa work, begins with you and me”

Provincial Fiscal framework

2010/11 Budget and expenditure outcomes

Honourable Speaker

The current year’s budget and expenditure outcomes as at 31 December 2010 reveals that the province has spent 71.4 per cent, which is 3.6 per cent below the National Treasury benchmark.

The Accounting Officers of our public institutions must therefore take the necessary steps to ensure that the “March spike” does not occur; and that accruals are substantially reduced and the financial resources are managed effectively.

Infrastructure grants

The spending on conditional grants is less than satisfactory. Provincial Treasury, with the assistance of the Infrastructure Delivery Improvement Program technical assistants, will continue to support the infrastructure departments in improving the planning and delivery of infrastructure in the province.

During the 2011/12 financial year the province will spend **R2. 7 billion** towards the payments for capital assets.

Provincial revenue

Provincial Treasury will put more emphasis to supporting departments to maximize their own revenue collection from April, 2011.

A provincial revenue tariff register has been developed to assist in the process of revisions of all revenue items and to verify the sustainability and performance of each item on a regular basis.

The Revenue In-Year Monitoring (IYM) system has also been developed to provide early warning on possible under or over collection from unsustainable sources like recoveries from previous financial years.

Honourable Speaker, we have revised our revenue target for the roads sector by **R57.4 million** in 2011/12; by **R61.1 million** in 2012/13 and by **R66.7 million** in 2013/14. This is done in order to cushion the shortfall in the target for interest revenue.

The revenue from Department of Cooperative Governance and Traditional Affairs is revised upward by **R199 thousand** in 2011/12, by **R212 thousand** in 2012/13 and by **R210 thousand** in 2013/14 in order to assist the province to fund provincial priorities.

The revenue targets for Department of Social Development is increased by **R969 thousand** in 2011/12 and **R1 million 8 thousand** in 2012/13 and that of Human Settlements have been revised upwards by **R1 million 547 thousand** in 2011/12 and **R2 million 376 thousand** in 2012/13.

The four departments Public Works, Roads and Transport; Cooperative Governance and Traditional Affairs; Social Development and Human Settlements are commended for demonstrating commitment to generate the much needed additional revenue for the funding of provincial priorities.

Honourable Speaker, we want to emphasise that the funds that are provided must be used to support the national and provincial key priorities which have been identified.

The 2011 Provincial Fiscal Framework makes available a total amount of **R29 billion 220 million 848 thousand**, which is made up of **R23 billion 378 million 714 thousand** equitable share, **R5 billion 197 million 335 thousand** conditional grants, and **R628 million 27 thousand** of own revenue.

R16 million 772 thousand of the **R50 million** committed by the National Department of Rural Development and Land Reform has been transferred to the province and received in 2010/2011 as a contribution towards the Comprehensive Rural Development Programme.

The commitment made by the National Department amounts to **R50 million** however what is being appropriated at this stage is the amount that has been transferred during the 2010/11 financial year to the province.

Allocation to departmental budget baselines amounts to **R 29 billion 197 million 955 thousand** in 2011/12. An amount of **R22 million 893 thousand** represents an incentive for departments that will exceed targets on job creation in line with the Expanded Public Works Programme.

Honourable Speaker, allow me to turn to allocations per vote.

Allocations per vote

Vote 1: Office of the Premier

The Office of the Premier is allocated **R141 million 464 thousand** to provide strategic leadership to the implementation of government programme of action, anchored on the twelve national outcomes.

Vote 2: Provincial Legislature

The Provincial Legislature is allocated **R193 million 974 thousand** in order to discharge its responsibility to hold the executive and other state organs accountable through intensified oversight, enhanced public education and participation and law-making.

Vote 3: Department of Finance

The Department of Finance is allocated **R216 million 573 thousand** in order to lead provincial government's programmes of ensuring equitable allocation and monitoring of utilisation of provincial resources.

Included in this allocation is **R5 million** towards support and capacity building to municipalities and a further **R7.5 million** in order to support the Department of Education in improving governance issues in schools, as well as the Department of Social Development in dealing with non compliance issues within its Non Profit Organisations and Non Governmental Organisations stakeholders.

Vote 4: Department of Co-operative Governance and Traditional Affairs

The Department of Co-operative Governance and Traditional Affairs is allocated **R 325 million 643 thousand** in order to facilitate and co-ordinate inter-governmental structures and developmental agencies in order to provide sustainable integrated service delivery and also to support the traditional system of governance in the province.

Vote 5: Department of Agriculture, Rural Development and Land Administration

The Honourable Premier in his State of the Province Address reminded us that poverty continues to be a *thorn in the flesh of our people*, particularly to those living in the rural areas.

As a direct response to this challenge, he announced that the province is planning to expand the roll-out of the Comprehensive Rural Development Programme (CRDP) from the pilot project at Mkhondo municipality to six municipalities, namely Nkomazi (wards 16 & 17); Chief Albert Luthuli (wards 11 & 18);

Pixley ka Isaka Seme (wards 6 & 10); Dr JS Moroka (wards 20, 21 & 24); Thembisile Hani (wards 8 & 9) and Bushbuckridge (wards 30, 33 & 34).

The provincial departments have therefore prioritised the rollout of CRDP and have accordingly committed about **R1 billion** to fund the initiatives in various municipal wards. This allocation includes among others:

- **R284 million** to allow people to participate in building of their houses in line with the People's Housing Programme;
- **R150 million** is prioritised for provision of primary health care in rural areas;
- **R22 million** to train 585 people, mainly the youth and women to acquire skills in built related trades, and
- **R150 million** for up-scaling of *Masibuyel'emasimini*, drill boreholes for both food gardens and domestic purposes, revitalisation of irrigation schemes, carrying out a fencing programme and renovation of Marapyane College of Agriculture.

It is expected that through these initiatives, the province will create more than 15 000 temporary jobs and 5 000 permanent jobs.

The total allocation to the Department of Agriculture, Rural Development and Land Administration is **R969 million 111 thousand**.

Vote 6: Department of Economic Development, Environment and Tourism

SMME development can contribute to unlock the economic growth and employment potential in key sectors of the province. The proposed Mpumalanga Economic Growth and Development Path accordingly identifies, among others, affirmative procurement by government; linkage to supplier industry for infrastructure development; fostering collaborative action to enhance small business competitiveness, as key focal areas to be pursued.

Department of Economic Development, Environment and Tourism is at the centre of this economic and development path that we want to chart for the province.

The department is expected to continue to work towards positioning Mpumalanga Province to be a leader in the creation of equitable economic growth, quality jobs and a sustainable environment, and to be the ultimate tourism destination. In order to achieve this, a budget amounting to **R647 million 741 thousand** is made available for programmes related to this mandate.

Vote 7: Department of Education

The Department of Education is at the cutting edge of curriculum delivery and provision of access to quality lifelong learning opportunities in the province.

The allocation is biased towards the education sector as there is a need to up-scale our efforts and press on until the matriculation pass rate reaches the highest level of excellence.

We recognise that we have to double our efforts and change the education situation for the better, now. This budget makes additional funding available for the following areas:

- learner teacher support material;
- special projects that are targeting improvements in governance issues;
- increase in the percentage of Grade 3, 6 and 9 learners functionality at the required level in literacy and numeracy, provisioning of early childhood development friendly classrooms in public schools;
- the new curriculum statement for grade 10 learners and educators, and
- strengthening of the Matric Improvement Programme.

Honourable Speaker

The province will pursue the programme of building boarding schools for learners living on farms. A special allocation of **R330 million** is also made to the department in order to fund a range of provincial priorities.

Our economy needs certain set of skills to generate economic growth that could lead to job creation and the reduction of poverty and inequalities.

The Mpumalanga Regional Training Trust (MRTT) is required to empower our people on a variety of skills that will be required at different delivery points of public sector work.

The allocation to MRTT has therefore increased from **R30 million 370 thousand** to **R61 million 370 thousand** in the 2011/12 financial year and for the 2012/13 financial year is increased from **R31 million 207 thousand** to **R63 million 278 thousand**. MRTT will be allocated **R66 million 142 thousand** in the 2013/14 financial year.

The total allocation to the Department of Education is **R12 billion 951 million 753 thousand**.

Vote 8: Department of Public Works, Roads and Transport

The Department of Public Works, Roads and Transport is allocated a budget amounting to **R3 billion 776 million and 25 thousand** in order to effectively implement all mandates relating to:

- Traffic management;
- Asset and property management;
- Public and freight transport; and
- Roads and building infrastructure to the benefit of all end-users.

In recognition of the need to maintain our facilities, more funds than originally allocated in the 2010 Medium Term Budget and Policy Statement are made available. Included in this amount is a special allocation towards the Coal Haulage routes to the value of **R511 million** in 2011/12, **R659 million** in 12/13 and **R808 million** in 13/14.

Vote 9: Department of Safety, Security and Liaison

The Department of Safety, Security and Liaison is allocated **R122 million 553 thousand** in order to improve the safety of communities through mass participation, and to oversee the performance of the police and the coordination of security services.

Vote 10: Department of Health

In order to improve the health profile of the citizens of Mpumalanga, the Department of Health is allocated **R7 billion 365 million and 135 thousand**.

Special allocation to the health sector

The proposed allocations from the national policy reserve are provided to address approved health priorities as well as pressures in personnel and goods and services in the provincial government.

Allocations of **R139 million 116 thousand** in 2011/12, **R302 million 949 thousand** in 2012/13 and **R344 million 408 thousand** in 2013/14 financial year, are made available in order to stabilise these budget baselines, especially in hospital and primary health care services.

Occupation Specific Dispensation (OSD) for Therapeutic groups and doctors

A total of **R29 million 475 thousand** in 2011/12; **R34 million 269 thousand** in 2012/13 and **R30 million 833 thousand** in 2013/14 is provided to allow for implementation of Occupation Specific Dispensation (OSD) for 40 categories of health professionals, which includes, among others, physiotherapists and occupational therapists.

A further allocation of an amount of **R8 million 932 thousand** in 2011/12; **R9 million 573 thousand** in 2012/13 and **R8 million 654 thousand** in 2013/14 is provided in the medium term to cover the costs of the OSD for doctors.

Registrars and other critical posts

In order to address the shortfall of medical doctors, and in response to the plans of National Department of Health plans to fill a number of registrar posts in a range of disciplines including paediatric and obstetric services in provinces, an amount of **R8 million 120 thousand**, **R16 million 89 thousand** and **R20 million 581 thousand** is allocated in the medium term.

Health technology

This budget proposes an amount of **R1 million 624 thousand** for 2011/12, increasing it to **R2 million 413 thousand** in 2012/13 and then to a total of **R2 million 744 thousand** in 2013/14 in order to upgrade clinical engineering workshops, employ additional clinical engineers and maintain clinical equipment.

Nursing College recapitalisation

In the medium term, we will put aside **R2 million 598 thousand**, **R2 million 574 thousand** and **R2 million 195 thousand** in 2011/12, 2012/13 and 2013/14 financial years respectively for the first stage of upgrading and recapitalising of the Mpumalanga Nursing College.

Maternal and child health

The province needs to focus on turning around child and maternal mortality outcomes and implement the Maternal and Child Health (MCH) plan.

In this regard, an amount of **R18 million 513 thousand**, **R40 million 302 thousand** and **R48 million 23 thousand** is set aside in the medium term for prioritised activities which include community-based post-natal checks, training and supervision of obstetric and paediatric services in district hospitals and development of school health services.

HIV and AIDS treatment threshold

In last year's budget we moved the treatment threshold for pregnant mothers and persons with tuberculosis to the earlier period. This was done in line with the World Health Organisation's recommended threshold of initiating treatment at cd4 count of 350 for all patients. This will need to be introduced gradually because total costs will be significantly higher than what is provided for in this budget. An allocation of **R40 million 221 thousand** in 2012/13 and **R34 million 302 thousand** in 2013/14 is provided in this regard as a top up to **R490 million** provided for implementation of comprehensive HIV and AIDS programme.

New allocations from the national policy reserve

National Cabinet further agreed that savings, together with funds available in the national policy reserve, be directed towards the stepping up of funding targeted towards priority government programmes. Our province's equitable share to fund priorities in health sector has accordingly been adjusted upwards by **R27.5 million** in 2011/12, **R71.2 million** in 2012/13 and **R98 million** in 2013/14 financial years respectively.

Family health teams and Primary Health Care reengineering

The funding for family health teams and Primary Health Care reengineering is the first attempt to begin transforming primary health services towards an improved model for National Health Insurance (NHI).

The intention is to support the development of family health teams including greater involvement of doctors and community health workers in the current largely nurse-driven teams. Accordingly, an amount of **R8 million 79 thousand**, **R32 million 141 thousand** and **R55 million 689 thousand** in the medium term is provided for in this area of work in this budget.

Public hospital norms and standards

An amount of **R19 million 390 thousand** in 2011/12, **R39 million 52 thousand** in 2012/13 and **R42 million 324 thousand** in 2013/14 is proposed mainly to progressively address norms and standards for public hospitals.

Shift of forensic pathology grant into Provincial Equitable Share (PES)

The forensic pathology grant is shifted into the *Provincial Equitable Share (PES)* from the middle year (2012/13). We will ensure this transition is handled smoothly; that the funds are retained in the relevant (forensic pathology) sub programme and the capital upgrading of mortuaries continues. An allocation of **R49 million 875 thousand** in 2012/13 and **R52 million 116 thousand** in 2013/14 is provided.

Hospital Revitalisation

The Provincial Treasury will continue to support the Department of Health to improve the delivery of large infrastructure projects.

An allocation of **R39 million 844 thousand** will be made available in 2013/14 financial year.

It cannot be over emphasised that the funds provided must be used to support the national priorities which have been identified.

A special allocation of **R20 million** towards a TB programme, which will allow the department to appoint Direct Observatory Treatment (DOT) supporters, is made available.

This allocation, Honourable Speaker, will also allow the department to provide UV lights in all 345 facilities for the control of the spread of TB especially on patients where the disease has not been detected. The allocation also allows for the provision of vehicles for the transportation of the DOT supporters to the most remote areas in the province.

Let us on the occasion of observing the World TB Day today (24 March) recommit ourselves to fighting the TB scourge.

Honourable Speaker, we will accelerate the construction of community health facilities to reach out to communities that do not have adequate access to primary health care.

In preparation for the implementation of the National Health Insurance Scheme, we will use **R100 million** that was previously set aside for the provision of mobile clinics, to construct five (5) Community Health Centres in the areas that are identified for implementation of the CRDP.

R56 million 710 thousand is further allocated towards four (4) Community Health Centres that will be commissioned during the first quarter in Lochiel, Dwarsloop, Nelspruit Community Health Centre and Greylingstad particularly for the appointment of personnel as well as procurement of equipment.

Vote 11: Department of Culture, Sport and Recreation

In order for the Department of Culture, Sport and Recreation to continue to develop, support and promote cultural, sporting and information excellence, a budget of **R337 million 102 thousand** is made available during the 2011/12 financial year.

Honourable Speaker, government is committed to creating an environment that promotes the development of talent in various sporting codes so that we can open up opportunities for the development of world-class professional athletes in our province.

This is done in order to sustain the legacy of hosting a successful 2010 FIFA Soccer World Cup. During the 2011/12 financial year, we will commence with the process of establishing the Sports Academy in Emakhazeni Local Municipality. A special allocation amounting to **R50 million** is made towards the construction of this sporting facility.

Honourable Speaker, we will continue to celebrate our liberation heritage, paying tribute and honour our liberation heroes, heroines and other unsung compatriots who made selfless contribution to the attainment of freedom and liberation that we enjoy today.

A special allocation amounting to **R5 million** is made available in this budget for establishment of the Provincial Heritage Liberation Route. This route consists of sites, in different parts of our province, which represent significant moments that characterise the different phases of the struggle for freedom and democracy.

Vote 12: Department of Social Development

The Department of Social Development is allocated an amount of **R956 million 57 thousand** in order to provide equitable, integrated and quality sustainable social development services. Included in this allocation are the following priority areas:

- Skills development focusing on the youth as part of the Comprehensive Rural Development Programme;
- Early Childhood Development Programme which also address foster care, and
- Home Community Based Care Programmes as well as construction of branch offices.

Vote 13: Department of Human Settlement

Access to water

Access to water remains a challenge that continues to impact negatively on the quality of life of our citizens in rural areas.

The challenges in the province lie in ageing water infrastructure, the poor state of water treatment and waste water works as well as the lack of skilled operations and maintenance staff.

While we are mindful of the fact that water provision is a mandate of both National and Local Governments sphere, as a province we have set aside **R100 million** to intervene in order to augment water shortages identified in the Bulk Water Plan.

We urge all municipalities to ensure that allocations made towards provision of water services are prudently spend.

Access to housing

Honourable Speaker, during the tabling of the Adjustment Appropriation, we indicated that **R48 million** will be made available for the construction of additional housing units in Mangosuthu (400 units), Lekwa farm project (200 units) as well as Pixley Ka Isaka Seme (200 units).

We reported that this amount will be funded over a period of 2 years, the balance of this allocation amounting to **R28 million 807 thousand** is therefore made available to the priority in the 2011/12 financial year.

Honourable Speaker

In order to facilitate the creation of integrated sustainable human settlements, the Department of Human Settlement is allocated a total of **R1 billion 194 million 824 thousand**.

Good governance

The modern public finance legislation allows managers to manage allocated resources but requires them to account in full for the utilisation thereof. It is imperative that each and every manager in public sector institutions realises the responsibility they carry on their shoulders to ensure effective, efficient and economical management of resources and the impact this has on service delivery.

In the symposium for Internal Auditors of the province convened by the Department of Finance, Internal Auditors and Risk Management Officers were reminded to keep in mind that the effectiveness of governance processes largely depends on the organization's culture, which includes compliance with legal and regulatory rules, satisfying the expectations of society, providing overall benefit to society and reporting fully and truthfully to the stakeholders and general public to ensure accountability for our decisions, actions, conduct, and performance.

The symposium entrenched the view that all government departments must follow specific corporate governance principles which include internal controls and intensified oversight and management of risk and financial reports, management of resources made available to managers in carrying out their duties and the way in which management and other committees are established.

Operation Clean Audit

Our guiding vision that by 2014 all the 283 municipalities and 9 province's departments and entities in South Africa achieve clean audits remains one of the interventionist approach that we have adopted to lead to accountable service delivery.

The government has therefore launched the Operation Clean Audit Project which remains one of the interventionist approaches that we have adopted to lead to accountable service delivery.

We are convinced that the desired outcomes of this project are achievable if all of us put more effort and dedication to financial governance in the provincial and local government environments.

We are encouraged by the reduction in qualified opinions; emergence of clean audits and reduction in number of departments and entities that received unqualified audit opinion with emphasis of matters or other matters in the 2009/10 financial year.

Rooting out corruption

Provincial government is committed to rooting out corruption in the procurement processes and will continue to monitor the implementation of the measures to reduce collusion and fraud in all public institutions

We shall in due course publish the names of officials and their companies that are restricted from doing business with the government as per the resolution of the Legislature's Select Committee on Public Accounts.

Honourable Speaker

We must be accustomed to doing more and better, with less. This budget signifies that more than ever before, we have to prudently cut on allocations with less societal impact in favour of high societal impact priorities.

We fully appreciate the decision to declare 2011 a year of job creation.

Honourable Speaker, we have firmed our position that expenditure on infrastructure development cannot be deferred. Implementation of the infrastructure plans and delivery thereof cannot be delayed to another period in the future, for this is equivalent to transferring our responsibility to another generation.

Departments will, during the tabling of the policy and budget speeches in May/June elaborate on the number of jobs to be created.

We are ready to face the new financial year with optimism, confident that our tested governance systems will support a new agenda of accountable service delivery.

We have the ability, the will and determination to take performance of the provincial government to greater heights.

Honourable Speaker, as I round up, let me take this opportunity to extend my gratitude to the African National Congress and the Honourable Premier for entrusting us with the responsibility of managing the provincial finances.

I would also like to thank my colleagues in the Executive Council for their support of this budget proposal and its associated envisaged outcomes.

A word of thanks also goes to the members of the Budget and Finance Committee for their undivided support throughout the process of producing this budget. The Portfolio Committee on Legislature, Premier's office and Finance for contributing immensely to the successful execution of our mandate.

The Auditor General, the Chairpersons and members of the Audit committees in the various departments for their skilful and diligent advices.

To the Acting Head of Department, management team and all officials in the Department of Finance, thank you very much for your commitment and support.

Last but not least, I would like to thank the fourth estate, media, for their indirect participation in the process of preparation of this budget.

As I conclude let me share with the members the words of Ben Okri, a writer of "A Way of being Free 1997" when he said:

*There are no joys without mountains having been climbed.
There are no joys without the nightmares that precede them and
spring them into light...
The joys that spring from the challenges are profound. And the
challenges will always be there.
As long as there are human beings there will be challenges. Let no
one speak (to me) of frontiers exhausted, all challenges met, all
problems solved.
There is always the joy of discovering, uncovering, and forging new
forms, new ways.*

Honourable Speaker



I now have the honour to introduce Mpumalanga Appropriation Bill 2011, Estimates of Provincial Revenue and Expenditure and Budget Made Easy for 2011/12 for consideration.

May God bless and protect this budget.

I thank you.

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