



PROVINCIAL BUDGET SPEECH 2024 /25

Ms Nompumelelo Hlophe, MPL
MEC for Finance, Economic Development & Tourism
Mpumalanga Province
12 MARCH 2024

Let's Grow Mpumalanga Together



provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA



**SPEECH BY THE MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND
TOURISM, MS NE HLOPHE (MPL), ON THE OCCASION OF TABLING OF THE
PROVINCIAL BUDGET FOR THE 2024/25 FINANCIAL YEAR TO THE
MPUMALANGA PROVINCIAL LEGISLATURE**

12 March 2024

- Honourable Speaker and Deputy Speaker
- Honourable Premier Refilwe Mtshweni-Tsipane
- Chief Whip of the Majority Party, Hon FV Mlombo, and leader of the official opposition
- Chairperson of the Portfolio Committee on Finance, Economic Development and Tourism, Hon TS Thomo
- Colleagues in the Executive Council and Honourable Members of the Provincial Legislature
- Members of the Mayoral Committees on Finance
- Acting Director-General, Mr Peter Nyoni
- Head Official of Provincial Treasury, Ms Gugu Mashiteng and all Heads of Departments
- Chairperson of the House of the Traditional Leadership and all members
- Leadership of the Governing Party and Alliance Partners
- The leadership of Business, Organized Labour, Faith-Based Organizations, Youth and Women formations and Civil Society
- Citizens of Mpumalanga

I have the honour of tabling the fifth provincial budget of the sixth administration.

As we stand here today to present this Budget, I am reminded of the profound legacy of our heroes who have paved the way for the development and progress of our great nation.

We are inspired by those who sacrificed, fought, and contributed to the rich tapestry of our history.

Winnie Madikizela-Mandela, an iconic woman and freedom fighter, played a pivotal role in the struggle against apartheid.

Her strength and dedication continue to serve as a beacon for our commitment to gender equality, hence the allocation to programmes that empower women, thus ensuring their active participation in all facets of society.

Albertina Sisulu, a stalwart in the fight against oppression, inspires us to invest in education. By allocating resources to education, we honour her legacy and contribute to the development of a skilled and empowered citizenry.

Steve Biko, an advocate for black consciousness, reminds us of the importance of addressing the socioeconomic disparities that persist in our society. This budget prioritizes programmes that uplift marginalized communities, fostering economic development and social cohesion.

By allocating resources wisely and justly, as we did, we carry forward their legacy and contribute to a prosperous, equitable, and inclusive province for all its citizens.

ECONOMIC LANDSCAPE AND OUTLOOK

Honourable Speaker

Our performance in the last five years exemplifies the potential of our country and province, our growth prospects, and our fiscal health in pursuit of these ideals.

South Africa's average annual economic growth was less than 1 per cent between 2019 and 2023. This performance is attributed to COVID-related factors, geopolitical tension, and domestic risks such as load shedding, logistical constraints, and other structural challenges.

According to the figures released by Statistics SA on 5 March 2024, South Africa's GDP grew only by 0.6 per cent in 2023, with negative growth in key sectors such as agriculture and trade.

The province's economic growth has been in line with the national growth performance and expectations in the last couple of years.

The province experienced a negative growth rate of 0.1 per cent in 2019, followed by a contraction of 5.3 per cent in 2020 due to the impact of the COVID-19 pandemic.

No one was spared the wrath of this global pandemic.

Although the economy recovered in 2021 with a growth rate of 5.2 per cent, it declined to 0.6 per cent in 2022 and dropped further to an estimated 0.4 per cent in 2023.

The services sector, except transport, experienced moderate growth between 2019 and 2023, whereas the primary and secondary sectors recorded negative growth rates in the same period.

Agriculture experienced the highest growth rate of all industries, while mining, construction, and manufacturing industries contracted in this period.

We are optimistic that our economy will rebound to at least 1 per cent in 2024. We expect the provincial growth rate to be around 2 per cent per annum from 2025 to 2027.

Honourable Speaker

The last five years have been challenging in terms of job creation.

We regrettably lost too many jobs in 2020 and 2021 due to COVID-related factors.

However, as the Honourable Premier, Mrs Refilwe Mtshweni-Tsipane, indicated in the State of the Province Address (SOPA) on 01 March 2024, *"We are in the season of jobs, jobs, jobs, and more jobs."*

According to the latest Quarterly Labour Force Survey (QLFS), the province recorded net job gains totalling 197,681 in 2022 and 2023, which is an outstanding performance under these difficult economic circumstances.

All industries contributed to this achievement, except agriculture and transport, which recorded job losses in the same period.

The fourth quarter (2023) labour data shows almost 48,000 net job gains for the province.

SPENDING OUTCOMES AND TRANSFORMATIVE PROCUREMENT

Over the past five years, the provincial government spent R259.6 billion towards employment, advancing inclusive education, health, economic development, and the fight against crime to mention a few.

Our efforts were aimed to ensure that no one is left behind in the pursuit of a better life for all.

We will continue on this journey of progress as we strive to build a better tomorrow for all.

Honourable Speaker,

Last year's State of the Province Address was seminal in its pursuit of transformative procurement targets.

Of the awarded bids to the tune of R10.7 billion in just nine months of the 2023/24 financial year, R4.1 billion was spent on enterprises of women, youth, and people with disabilities, exceeding the 2023 SOPA target by 8.5 per cent.

The new Public Procurement Bill is currently undergoing public participation. Once passed, it will create an enabling policy environment that will raise the bar on transformative procurement in the coming years.

I will now reflect on the fiscal outlook and spending priorities for the 2024/25 fiscal year.

PROVINCIAL FISCAL OUTLOOK

Honourable Speaker

The Province's Own Revenue Collection is anticipated to grow by over 60 per cent from R1.5 billion in 2019/20 to R2.4 billion in 2023/24 (as the end of January 2024).

Motor vehicle registrations and licensing, interest from banking accounts, and licensing fees on betting, casino, and horse-racing gambling were the primary contributors to this enhanced collection.

We appeal to all Departments and public entities to invest in revenue enhancement projects to assist the province in expanding services to citizens.

2024/25 Provincial budget

The overall budget that we are tabling for the 2024/25 fiscal year is R61 billion 608 million 377 thousand, with 80.3 per cent coming from Equitable Share, 16.4 per cent from Conditional Grants, and 3.3 per cent from Provincial Own Revenue.

Spending priorities

Economy, Investment and Employment

R8 billion 490 million 416 thousand, or 14 per cent of the provincial budget, is allocated to the Economy, Investment, and Employment cluster to generate productive opportunities for our people and ensure balanced economic development in the Province.

The budget of the Department of Economic Development and Tourism amounts to R1 billion 413 million 528 thousand. Of this amount, R167.7 million is for completion of the Mpumalanga Fresh Produce Market project.

The total budget of the department includes various allocations to public entities within this vote, that is Mpumalanga Economic Regulator (MER); Mpumalanga Economic Growth Agency (MEGA) and Mpumalanga Tourism Parks Agency (MTPA).

Department of Agriculture, Rural Development, Land and Environmental Affairs (DARDLEA) is allocated R1 billion 513 million 968 thousand. Included in this allocation is

- R54 million to operationalise the Mpumalanga Fresh Produce Market, and
- R73 million for Senteeko Tea Estate, which includes an agro-processing plant, and irrigation system for 140 hectares of land, amongst others.

Department of Public Works Roads and Transport receives R5 billion 562 million 920 thousand to build and strengthen infrastructure projects pipeline across all sectors. This budget includes:

- R128.5 million over the MTEF for the appointment of traffic officers for transport regulation who've already completed their training;
- R40 million to augment the budget cut on scholar transport;
- Planning and design for the Emalahleni Interchange Bridge has been completed. To this end, we allocate R120 million for its construction and R40 million for the Driekoppies bridge project.
- R1.6 billion from the provincial road maintenance grant is allocated towards the improvement of the provincial road network.

Governance and Administration cluster

R4 billion 200 million 384 thousand, or 6.8 per cent of the budget, is allocated to this component to support efficient policy implementation, regulatory compliance, and service delivery for the people of Mpumalanga.

The Office of the Premier is allocated R456 million 902 thousand to ensure effective coordination of intergovernmental structures and provide leadership on key strategic, performance, and service delivery programmes. Over R300 million is allocated towards the Premier's Youth Development Fund over the MTEF.

Provincial Legislature receives R519 million 13 thousand to enhance democracy and other legislature activities. This allocation includes R115 million over the MTEF for costs related to the additional 21 Members of Provincial Legislatures after the 2024 elections.

R560 million 178 thousand is allocated to the Provincial Treasury to ensure efficient resource allocation, maintain fiscal discipline, and support provincial departments and municipalities on transversal financial systems.

The Provincial Treasury is working together with allied institutions to forge constructive collaboration and plans to address challenges at the local government level.

In his Budget speech, the Minister of Finance alluded to a *new R2 billion Conditional Grant over the medium term to fund the rollout of smart prepaid meters*, starting with municipalities that have been approved for debt relief.

We will work with COGTA and SALGA to assist all the ten (10) municipalities that have been approved for this relief programme to access this Grant.

Honourable Speaker

R1 billion 877 million 152 thousand is provided to the Department of Community Safety, Security and Liaison to secure public infrastructure, ensure the safety of communities and road users, and strengthen law enforcement initiatives in the province while supporting community-related services such as motor vehicle licensing amongst others.

As pronounced by the Honourable Premier in the State of the Province Address, the province will work with SANDF and other stakeholders to increase the visibility of law enforcement. R150.6 million has been added over the MTEF for this purpose.

The Department of Co-operative Governance and Traditional Affairs gets R787 million 139 thousand. This allocation includes:

- R68.3 million for reconstitution of the traditional council and completion of renovations to traditional leadership homesteads, and
- R42.6 million for the replacement of the ageing fleet for Traditional Authorities.

The overall budget of COGTA is meant to strengthen support to municipalities through system enhancement, sound governance and working with other stakeholders to improve service delivery.

Social Services Cluster

Social sector spending shapes the general well-being and future prospects of our communities. For this reason, R47 billion 433 million 814 thousand or 77 per cent of the budget is allocated to the cluster.

The highest share of the provincial budget amounting to R26 billion 369 million 335 thousand which is 43 per cent goes to the Department of Education. Include in this allocation is

- R866 million to cover the wage cost carry-through over the MTEF (period);
- R1 billion as an adjustment baseline in order to augment the cuts on core business items over the MTEF;
- R32.4 million for the operationalisation of Mkhondo boarding school;
- R126 million for the implementation of e-learning programme;
- R100 million towards the School of the Deaf and Blind.

The Department of Health receives R18 billion 697 million 171 thousand to ensure access to quality and equitable health care services.

Included in this allocation is

- R2.9 billion to cover the wage carry-through over the MTEF;
- R102.5 million for the operationalisation of new clinics and a further R23.9 million for the 24-hour operational clinics, as pronounced by the Honourable Premier in the State of the Province Address, over the MTEF;
- R42.1 million is added for the intake of 30 Medical Officers, and.
- R29 million for the operationalisation of the New Middelburg Hospital.

This budget affirms the role of culture and sport in promoting human rights and the value systems of a truly democratic state.

Accordingly, the Department of Culture, Sport, and Recreation receives R652 million 496 thousand to promote social cohesion, preserve our heritage, and harness the artistic capacity of the province's youth. Included in this allocation is:

- R31 million to enhance library services across the province and implement effective library information management systems, and
- R30 million for the initial phase, planning and design of the state-of-the-art Arena. We will work with the National Department of Sport, Arts and Culture in this regard.

The Department of Social Development is allocated R1 billion 714 million 812 thousand to expand access to social assistance and protect vulnerable groups within our communities. Included in this allocation is:

- R158.3 million will cover the wage carry-through over the MTEF;
- R50 million adjusted to the baseline to augment the cuts on social services operations.

We are increasing the rates of disbursement to the Non-Profit Organisations (NPOs) that care for the elderly and People with disabilities from R1 800 to R3 600. To this end, R98.4 million is allocated for this purpose in this financial year. Our intention is to progressively increase the allocation for the NPOs over time.

The department has set aside funds within its baseline for the operationalisation of the Msogwaba and Daantjie Youth Centres.

R1 billion 483 million 763 thousand is provided to the Department of Human Settlements to provide decent shelter, continue the programme of upgrading informal settlements and ensure security of tenure for communities. The department will have to expedite its built programme in order to qualify for more incentive.

CONCLUSION

We appeal to all departments to use this budget as a tool for growth and development in our province.

The management and oversight structures must ensure that their institutions maintain effective systems of internal controls on budget management.

As Benjamin Franklin once said, **“Beware of little expenses. A small leak will sink a great ship”**.

Let us use public resources wisely to navigate towards prosperity for all the people of Mpumalanga.

Allow me to express my profound appreciation to the Premier, Honourable Refilwe Mtshweni-Tsipane, for your leadership throughout the preparation of this budget.

To my colleagues in the Budget and Finance Committee and the Executive Council, thank you very much for supporting this budget.

Many thanks to the Chairperson of the Portfolio Committee on the Premier's Office, Finance, Economic Development and Tourism, and all Members of the Committee for your support whenever we present ourselves for your guidance.

I would also like to convey my gratitude to the Acting Director-General, Head Official, and Provincial Treasury team for supporting me in preparing this budget on behalf of the people of Mpumalanga.

Finally, I would like to thank my glorious movement, the African National Congress, for entrusting us with this public responsibility.

I have the honour of tabling the following 2024/25 budget documents for consideration:

- *Provincial Budget Speech.*
- *Appropriation Bill,*
- *Estimates of Provincial Revenue and Expenditure.*

I thank you.



Mpumalanga Provincial Treasury

Physical Address:

Nokuthula Simelane
Building No.7 Government
Boulevard Riverside Park /
Extention 2 Mbombela 1200

Postal Address:

Private Bag X 11205
Mbombela
Mpumalanga
Province 1200

Contact Details:

 013 766 4437
 013 766 9449
 <http://treasury.mpg.gov.za>
 Mpumalanga Treasury
 @MPTreasury