

What is a Budget?

- ✱ It is a spending plan that indicates how available public funds would be used by Government to cater for people's needs;
- ✱ It can be used by the public to evaluate the performance of Government in terms of what it promised to do with the available funds;
- ✱ It is an expression of political wishes that allows Government to plan in such a way that political goals are achieved.

The Budget Process

Parliament and each Provincial Legislature is required to appropriate money (budget) for each financial year on an annual basis, before such funds could be utilised (Chapter 4, Section 26 of the PFMA, Act 1 of 1999, as amended by Act 29 of 1999).

Step 1:

The Minister of Finance tables the annual budget of the State for a financial year in the National Assembly.

Step 2:

This is followed by the MEC for Finance in a Province, who must table the budget to the Provincial Legislature within 14 days after the tabling by the Minister of Finance.

Provincial Revenue Funds

The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), Chapter 13, Section 226 (1)(2) requires that all money received by the Provincial Government (in this case, the Mpumalanga Provincial Government via the Provincial Treasury) must be paid into the Provincial Revenue Fund; and may only be withdrawn in terms of an appropriation Act.

Sources of Provincial Revenue

The Provincial Revenue (Budget) is derived from the following sources:

1. Allocation from the National Government/Treasury known as Equitable Share;
2. Conditional Grants from the National Treasury; and
3. Own revenue collected by the Province.

1. **Equitable Share:** calculated according to equitable share formula
based on the population.
2. **Conditional Grants:** As the name indicates, the grant is given
with certain conditions attached. For example, a conditional grant
to build schools can only be used to do just that, without
deviations.
3. **Own Revenue Collected:** Supplementary funds collected by the
Province, for example, vehicle licence fees and hospital patient
fees.

Adjustments Budget Process

The MEC for Finance in a Province may table an adjustments budget to the Provincial Legislature (Chapter 4, Section 31 of PFMA Act 1 of 1999 (as amended by Act 29 of 1999)).

Why Adjustment Budget?

- ✦ To provide for the appropriation of funds that have become
available to the Province;

- ✱ To provide for unforeseeable and unavoidable expenditure recommended by the Provincial Executive Council;
- ✱ To provide for money to be appropriated for expenditure already announced by the MEC for Finance during the tabling of the annual budget;
- ✱ To provide for the shifting of funds between and within votes or follow the transfer of functions;
- ✱ To provide for the utilisation of savings under a main division within a vote for the defrayment of excess expenditure under another main division within the same vote;
- ✱ To provide for the roll-over of unspent funds from the preceding financial year.

Role and functions of the Provincial Treasury (Department of Finance)

The Provincial Treasury:

- ✱ Is established by the PFMA Act 1 of 1999 (as amended by Act 29 of 1999);
- ✱ Is responsible for preparing and managing the Provincial Budget;
- ✱ Must enforce uniform treasury norms and standards as prescribed by the National Treasury and the PFMA Act 1 of 1999 (as amended by Act 29 of 1999).

Accounting by Departments

- ✱ Every Department and every constitutional institution must appoint an Accounting Officer.
- ✱ The Head of Department must be the Accounting Officer for the Department;
- ✱ The Chief Executive Officer must be the Accounting Officer of a constitutional institution.

Responsibilities of Accounting Officers

Key Responsibilities:

- * Operate the basic financial management systems, including internal controls in the department and any entities they control;
- * Ensure that the department does not overspend its budget;
- * Report on a monthly and annual basis, including the submission of annual financial statements;
- * Two months after the end of a financial year; publish annual reports in a prescribed format which will introduce performance reporting.

NB: Accounting Officers who are negligent and make no effort to comply with these responsibilities will face strict disciplinary sanctions, including dismissal.



SOURCES OF OUR BUDGET

National Treasury



Total Transfers from National
= **R18 549.868 Billion (98%)**

of which:

- Equitable Share = **R16 435.956 Billion (87%)**
- Conditional Grant = **R2 113.912 Billion (11%)**



**TOTAL BUDGET =
R18 907.619 Billion (100%)**



Provincial Own Revenue = **R357, 751 Million (2%)**



SOURCES OF OWN REVENUE

Gambling and Betting Taxes
= R31. 988 Million



Hospital Patient Fees
= R16.698 Million



Total Own Revenue
= R357.751 Million



= R129.046 Million

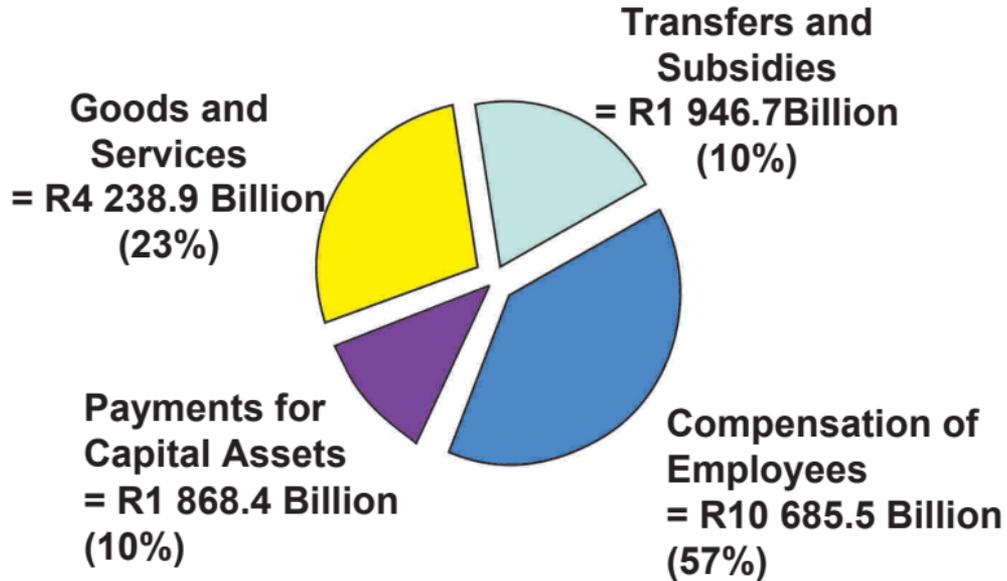


Vehicle Licences
= R 179.981 Million



How do we allocate our Budget

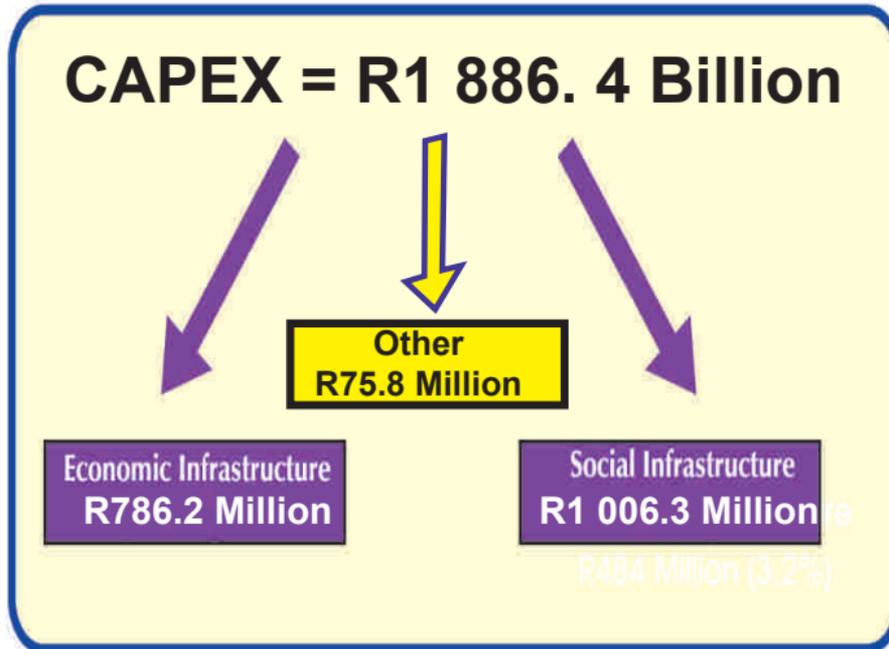
Breakdown by Major Spending Items



TOTAL BUDGET = R18 739.6 Billion



How do we allocate our Infrastructure Budget Per Sector



TOTAL ALLOCATION PER DEPARTMENT

Department/Vote	How much we allocated last year 2007/2008	How much we plan to spend this year 2008/2009	How much we increased/decreased spending (%)
Office of the Premier	R148,821 000	R182,765 000	23.0
Mpumalanga Legislature	R70,260 000	R97,223 000	38.0
Finance	R145,052 000	R201,062 000	39.0
Local Government and Housing	R839,586 000	R982,049 000	17.0
Agriculture and Land Administration	R621,073 000	R741,576 000	19.0
Economic Development and Planning	R361,348 000	R442,654 000	23.0
Education	R7,956,022 000	R8,934,232 000	12.0
Public Works	R355,070 000	R429,572 000	21.0
Safety and Security	R44,510 000	R68,132 000	53.0
Health	R3,594 674 000	R4,241,773 000	18.0
Roads and Transport	R1,420, 770 000	R1,547,316 000	9.0
Culture, Sport and Recreation	R156,075 000	R208,933 000	34.0
Social Services	R497, 517 000	R662,332 000	33.0
TOTAL	R16,210,778 000	R18,739,619 000	16.0

COMPENSATION OF EMPLOYEES PER DEPARTMENT

Department/Vote	How much we allocated last year 2007/2008	How much we plan to spend this year 2008/2009	How much we increased/decreased spending (%)
Office of the Premier	R82,490 000	R102,976 000	25.0
Mpumalanga Legislature	R43,152 000	R53,101 000	23.0
Finance	R72,315 000	R89,150 000	23.0
Local Government and Housing	R168,535 000	R168,431 000	0.0
Agriculture and Land Administration	R266,692 000	R283,795 000	6.0
Economic Development and Planning	R42,508 000	R94,369 000	122.0
Education	R5,847,664 000	R6,624,303 000	13.0
Public Works	R188,079 000	R210,998 000	12.0
Safety and Security	R28,790 000	R38,486 000	34.0
Health	R2,132,844 000	R2,307,646 000	8.0
Roads and Transport	R404,913 000	R449,653 000	11.0
Culture, Sport and Recreation	R67,078 000	R78,537 000	17.0
Social Services	R155,806 000	R184,085 000	18.0
TOTAL	R9,500,866 000	R10,685,530 000	12.0

PAYMENT OF CAPITAL ASSETS PER DEPARTMENT

Department/Vote	How much we allocated last year 2007/2008	How much we plan to spend this year 2008/2009	How much we increased/ decreased spending (%)
Office of the Premier	R690 000	R2,039,000	196.0
Mpumalanga Legislature	R3,650 000	R1,200 000	-67.0
Finance	R1,575 000	R4,032 000	156.0
Local Government and Housing	R41,311 000	R66,955 000	62.0
Agriculture and Land Administration	R36,394 000	R24,440 000	-33.0
Economic Development and Planning	R2,500 000	R2,625 000	5.0
Education	R357,097 000	R377,493 000	6.0
Public Works	R16,435 000	R16,718 000	2.0
Safety and Security	R289 000	R1,600 000	454.0
Health	R337,373 000	R518,155 000	54.0
Roads and Transport	R636,249 000	R742,454 000	17.0
Culture, Sport and Recreation	R30,265 000	R39,824 000	32.0
Social Services	R36,821 000	R70,876 000	92.0
TOTAL	R1,500,649 000	R1,868,411 000	25.0

PAYMENT OF GOODS AND SERVICES PER DEPARTMENT

Department/Vote	How much we allocated last year 2007/2008	How much we plan to spend this year 2008/2009	How much we increased/decreased spending (%)
Office of the Premier	R49,091 000	R69,648 000	42.0
Mpumalanga Legislature	R16,800 000	R33,842 000	101.0
Finance	R71,162 000	R107,880 000	52.0
Local Government and Housing	R78,243 000	R97,454 000	25.0
Agriculture and Land Administration	R111,847 000	R213,550 000	91.0
Economic Development and Planning	R78,311 000	R76,288 000	-3.0
Education	R1,391,768 000	R1,534,057 000	10.0
Public Works	R148,966 000	R165,830 000	11.0
Safety and Security	R15,431 000	R28, 046 000	82.0
Health	R1,024,847 000	R1,319,091 000	29.0
Roads and Transport	R365,644 000	R350,853 000	-4.0
Culture, Sport and Recreation	R51,702 000	R80,358 000	55.0
Social Services	R124,642 000	R162,007 000	30.0
TOTAL	R3,528,454 000	R4,238, 904 000	20.0

MTEF ALLOCATIONS (ESTIMATES) PER DEPARTMENT

Department/Vote	2008/2009	2009/2010	2010/2011
Office of the Premier	R182,765 000	R193,678 000	R208,958 000
Mpumalanga Legislature	R97,223 000	R98,730 000	R109,919 000
Finance	R210,062 000	R235,098 000	R257,047 000
Local Government and Housing	R982,049 000	R1,119,992 000	R1,334,243 000
Agriculture and Land Administration	R741,576 000	R769,194 000	R835,687 000
Economic Development and Planning	R442,654 000	R491,396 000	R524,232 000
Education	R8,934,232 000	R9,739,439 000	R10,676,178 000
Public Works	R429,572 000	R465,527 000	R512,000 000
Safety and Security	R68,132 000	R89,411 000	R125,176 000
Health and Social Services Vote 10	R4,241,773 000	R5,154,020 000	R5,590,895 000
Roads and Transport	R1,547,316 000	R1,730,988 000	R1,916,206 000
Culture, Sport and Recreation	R208,933 000	R226,532 000	R247,682 000
Social Services	R662,332 000	R782,279 000	R900,010 000
TOTAL	R18,739,619 000	R21,096,284 000	R23,238,233 000



Additional Copies can be obtained from the:

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The document is also available on:
www.mpumalanga.gov.za

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