



BUDGET 2005

“A People’s Budget : Realising a better life for All”

Why do we need a Budget ?

The Constitution requires that before any public funds could be used, a budget should be appropriated by Parliament or a Provincial Legislature

What is a Budget ?

- It is a spending plan that indicates how the 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



Finance MEC, Mrs Mmathulare Coleman

The Budget Process

Every February, the Minister of Finance tables the National Budget and announces how much money would be allocated to the three spheres of Government, that is, National, Provincial and Local. The MEC for Finance in a Province is thereafter

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required to table a Provincial Budget to the Provincial Legislature within 14 days after the tabling by the National Minister. This is because the rules and regulations of the Provincial Legislature requires that before any public funds can be used, a budget needs to be presented before it and thereafter appropriated.

Sources of the Provincial Revenue

The Provincial Budget is derived from the following sources:

- Allocation from the National Treasury (Equitable Share)
- Conditional Grants from the National Treasury, and
- Own Revenue collected by the Province

EQUITABLE SHARE: This allocation is done based on an agreed formula between Provincial Treasuries and the National Treasury

CONDITIONAL GRANTS: The grant as the name says, is allocated with certain conditions attached. For example, a conditional grant to pay social assistance grants should only be used to pay grants to beneficiaries.

OWN REVENUE COLLECTED: Provinces are required to supplement the funds they receive from the National Treasury from their own sources of revenue. This they do through revenue collection, for example, patient fees at hospitals and vehicle licences.

KEY DEVELOPMENT PRIORITY AREAS OF THE PROVINCE

1. Economic Development
2. Development Infrastructure
3. Social Development
4. Sustainable Development Areas
5. Good Governance
6. Human Resource Development

Economic Development

- Enhance provincial economic development to improve the quality of all
- Prioritise the advancement of the second economy to address poverty and unemployment

Development Infrastructure

- The development of the multi faceted infrastructure to address basic

PAYMENT FOR CAPITAL ASSETS ALLOCATION PER DEPARTMENT

Department	2005/06	% of Dept over total allocation
Education	R253 Million	23.6%
Health & Social Services	R231 Million	21.5%
Agriculture & Land Administration	R90 Million	8.4%
Roads & Transport	R429 Million	40%
Other	R70 Million	6.5%
TOTAL	R1 Billion	100%

WHERE HAVE WE INCREASED OUR SPENDING?

Departments	How much we allocated last year	How much we plan to spend this year	How much have we increased/ (decreased) spending
	2004/05	2005/06	%
Education	R5.206.947	R5.737.277	10.2%
Health & Social Services	R5.762.813	R6.493.370	12.7%
Economic Dev. & Planning	R175.236	R190.492	8.7%
Agriculture & Land Admin.	R500.735	R563.881	12.6%
Local Govt. & Housing	R551.394	R498.765	(9.5%)
Roads & Transport	R834.874	R906.913	8.6%
Public Works	R290.669	R272.301	(6.3%)
Other	R465.020	R442.374	(4.9%)
TOTAL	R13.787.688	R15.105.373	9.6%

needs and improve the quality of life.

Social Development

- Attain high levels of social development that will ensure a well-educated citizenry that is healthy, safe and has access to sufficient recreational facilities.

Sustainable Development Areas

- To ensure sustainable development and environmental management

Good Governance

- Enhance and develop the institutional capacity of the public sector to ensure effective and efficient service delivery
- Promote and enhance cooperative governance for intergrated service delivery.
- Promote a culture of accountability and transparency in the public sector
- Improved integrated service delivery through innovative and proactive practices
- Strengthening of the partnerships and community participation in the development and service delivery.

Human Resource Development

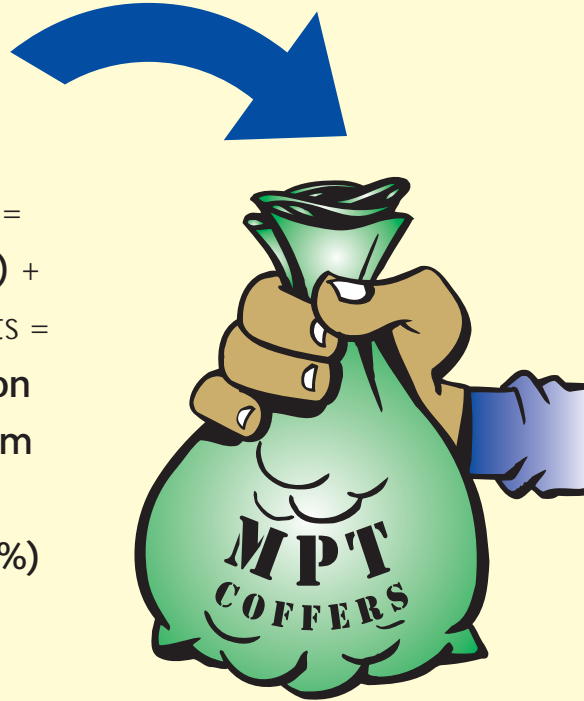
- Invest in people skills to promote service delivery, economic growth and development
- To focus higher institutions to meet the skills demand of the province
- Improve access to and ensure quality education

SOURCES OF OUR BUDGET

National Treasury



Equitable Share = R10 Billion (66.4%) +
 Conditional Grants = R4.8 (31.8%) Billion
Total Transfers from National = R14.8 Billion (98.2%)

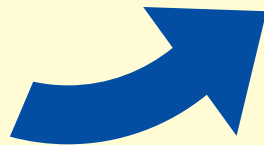


TOTAL REVENUE = R15.1 Billion

MPT

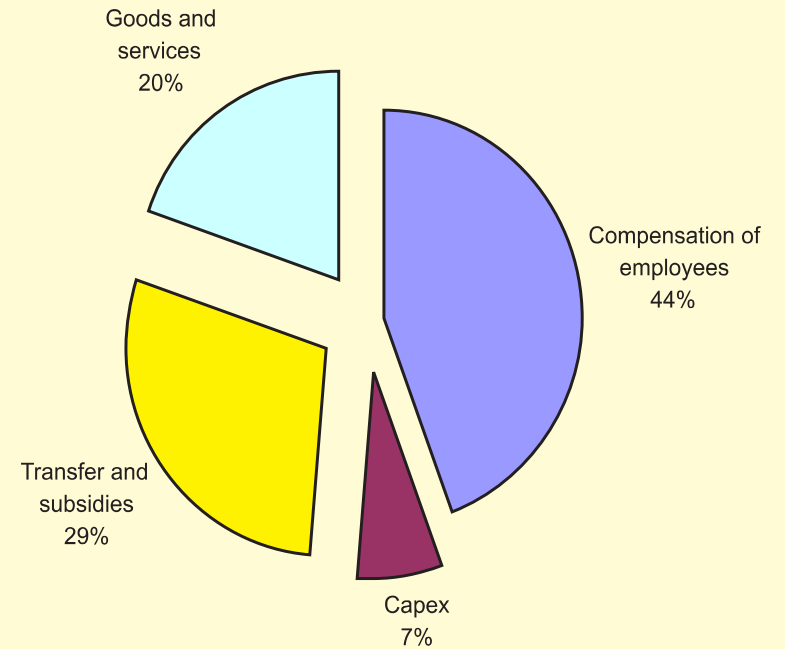


Provincial Sources = R272.4 Million (1.8%)



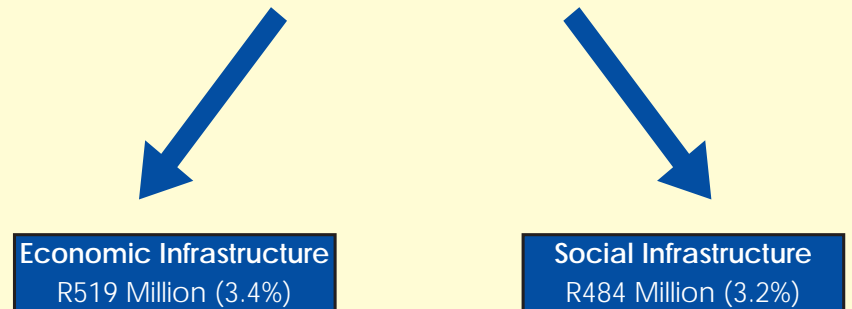
HOW DO WE ALLOCATE OUR BUDGET

Breakdown by major spending items

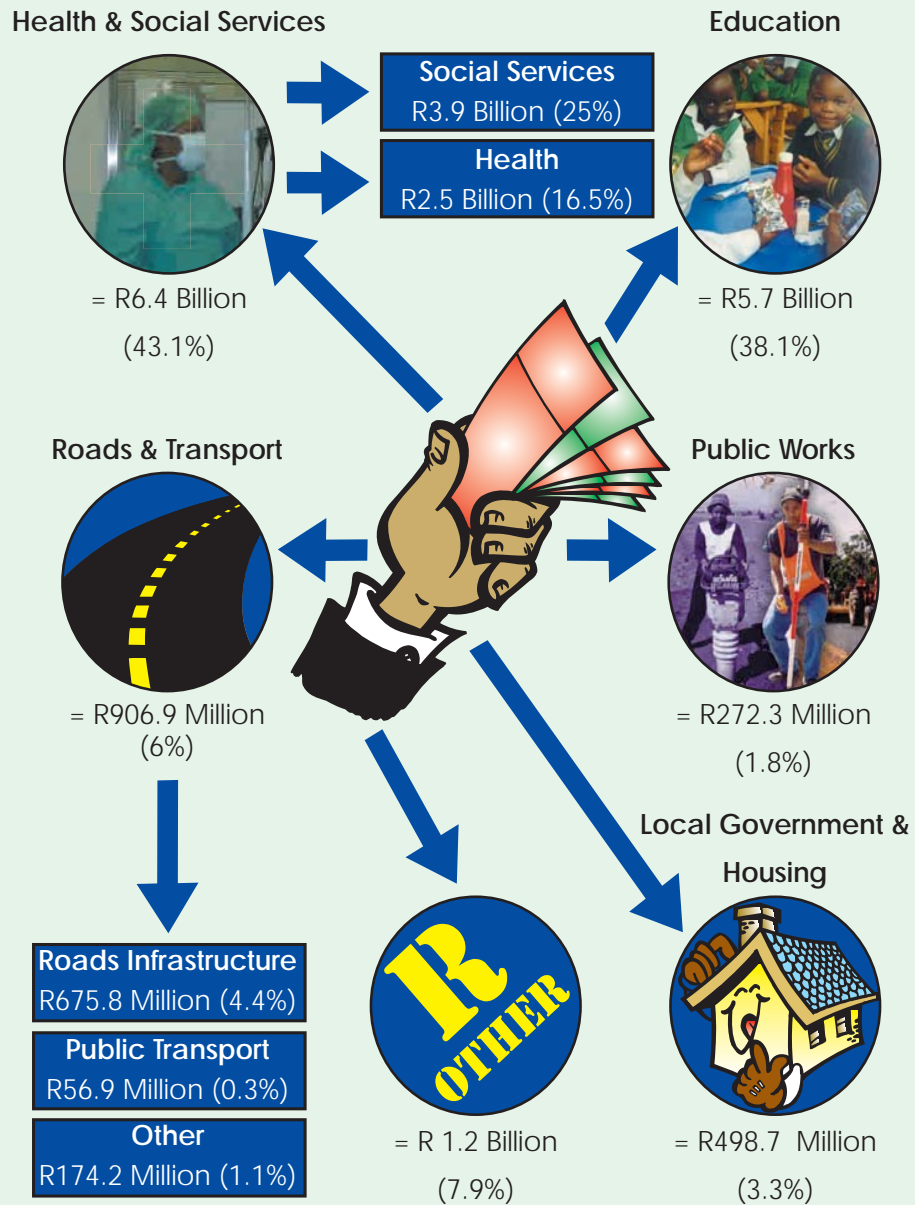


TOTAL BUDGET = R15.1 Billion

CAPEX = R1 Billion



HOW DO WE ALLOCATE OUR BUDGET



SOURCES OF OWN REVENUE COLLECTION



COMPENSATION OF EMPLOYEES PER DEPARTMENT

R68
MILLION

Office of the Premier

R38.3
MILLION

Provincial Legislature

R58.3
MILLION

Dept. of Finance

R44.1
MILLION

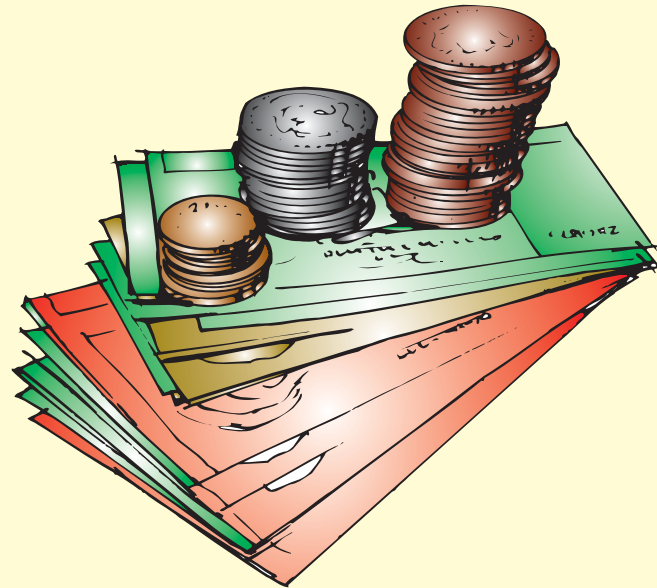
Dept. of Econ. Dev. & Planning

R4.3
BILLION

Dept. of Education

R1.4
BILLION

Dept. of Health &
Social Services



R43.3
MILLION

Dept. of Culture,
Recreation & Sport

R71
MILLION

Dept. of Local Govt.
& Housing

R117.9
MILLION

Dept. of Public Works

R217.8
MILLION

Dept. of Agric.
& Land Admin

R282.6
MILLION

Dept. of Roads
& Transport

R23.4
MILLION

Dept. of Safety & Security