



MEC MMATHULARE COLEMAN

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

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 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 licence fees.

KEY PRIORITY AREAS: 2006/2007

Education

- Quality and upliftment programmes
- Education Management Information Systems
- Expansion of Grade R
- HR Systems Development and Teacher Development
- Implementation of National Curriculum Statement

- Implementation of Revised Norms and Standards for School Funding (No-fees schools)
- Special Schools
- Integrated Plan for Early Childhood Development -EPWP

Health

- Emergency Medical Services
- Human resources
- Modernisation of tertiary services
- Information Systems
- Community Health Workers -EPWP

Social Services

- Implementation of new social welfare legislation
- Expansion of social welfare services
- Home/Community Based Care -EPWP

Economic Services

- The maintenance and rehabilitation of provincial roads
- Agriculture - rural development and food security

SOURCES OF OUR BUDGET

National Treasury

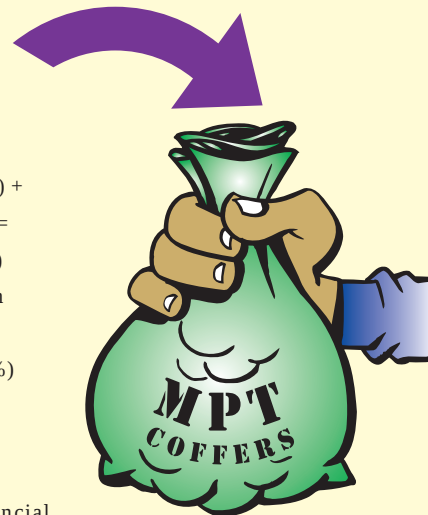


Equitable Share =
 R11.2 Billion (87.3%) +
 Conditional Grants =
 R1.2 Billion (9.4%)
 Total Transfers from
 National =
 R12.4 Billion (96.8%)
 Other =
 R148.6 million

Mpumalanga Provincial Treasury



Provincial Sources
 =
 R322 Million (2.5%)



TOTAL REVENUE =
 R12.9 Billion



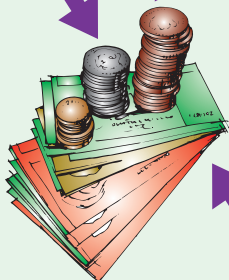
SOURCES OF OWN REVENUE COLLECTION



Gambling and
Betting Taxes
=
R28.0 Million



Hospital Patient
Fees =
R22.1 Million



PROVINCIAL OWN REVENUE
= R322.7 Million



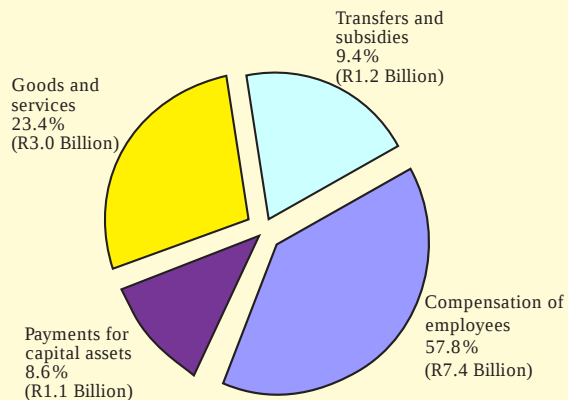
=
R130.9 Million



Motor Vehicle Licences
= R169.7 Million

HOW DO WE ALLOCATE OUR BUDGET

Breakdown by major spending items



TOTAL BUDGET = R12.8 Billion

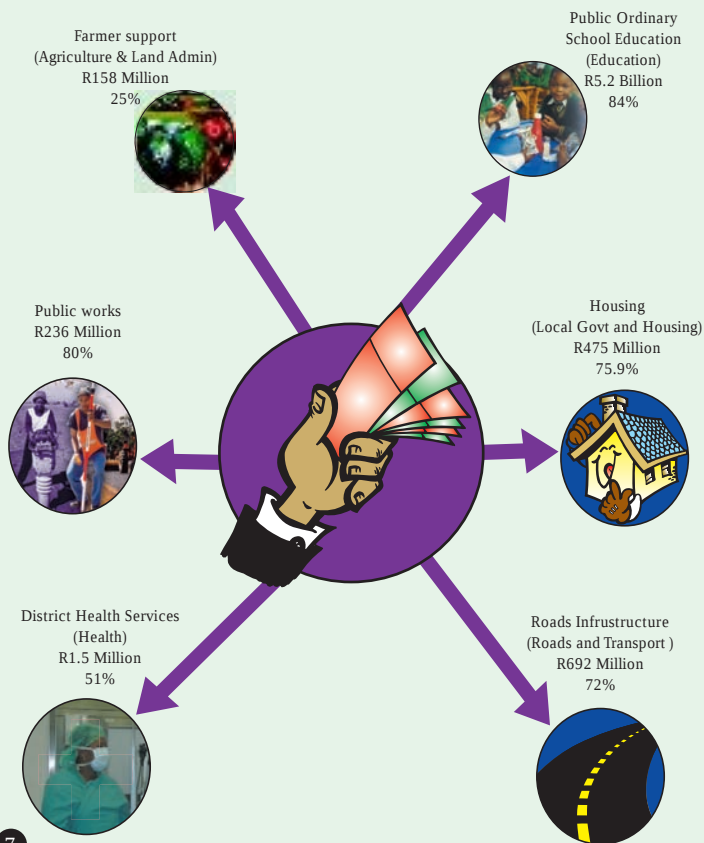
CAPEX = R1.1 Billion

Economic Infrastructure
R504 Million

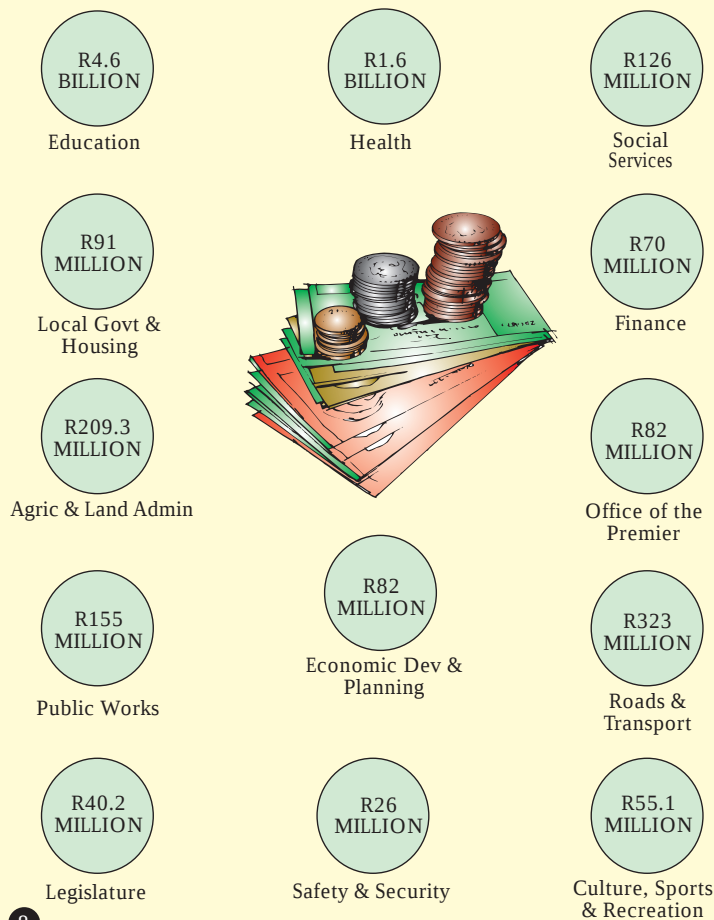
Social Infrastructure
R512 Million
(R484 Million (9.2%))

HOW DO WE ALLOCATE OUR BUDGET PER DEPARTMENT

SHARE OF ALLOCATION WITHIN DEPARTMENTS



COMPENSATION OF EMPLOYEES PER DEPARTMENT



PAYMENT FOR CAPITAL ASSETS

Department	2005/06	% of Dept over total allocation
Education	R278 Million	25%
Health	R217 Million	20%
Social Services	R16 Million	1.5%
Local Govt & Housing	R19.6 Million	1.8%
Agriculture & Land Administration	R114 Million	10.4%
Public Works	R12 Million	1.1%
Roads & Transport	R394 Million	35.8%
Other	R55 Million	5%
TOTAL	R1.1 Billion	100%

COMPENSATION OF EMPLOYEES PER DEPARTMENT

Department	How much we allocated last year 2005/6	How much we plan to spend this year 2006/7	How much we increased/ decreased spending %
Education	R4.3 Billion	R4.6 Billion	6.5%
Health	R1.4 Billion	R1.6 Billion	12.5%
Social Services	R70 Million	R126 Million	38.1%
Local Govt & Housing	R87 Million	R91 Million	4.4%
Agriculture & Land Administration	R189 Million	R209 Million	9.6%
Economic Dev & Planning	R75 Million	R82 Million	8.5%
Public Works	R127 Million	R155 Million	18.1%
Roads & Transport	R279 Million	R323 Million	13.6%
Other	R227 Million	R355 Million	36%
TOTAL	R6.8 Billion	R7.3 Billion	6.8

PAYMENTS OF GOODS AND SERVICES

Department	2006/07	% of Dept over total prov allocation
Education	R1.1 Billion	34.4%
Health	R1 Billion	31.3%
Social Services	R137 Million	4.3%
Local Govt & Housing	R61 Million	1.9%
Agriculture & Land Administration	R98 Million	3.1%
Public Works	R126 Million	4.0%
Roads & Transport	R242 Million	7.6%
Other	R220 Million	6.9%
TOTAL	R3.2 Billion	100%