



finance

DEPARTMENT: FINANCE
MPUMALANGA
PROVINCIAL GOVERNMENT

Budget Made-Easy 2007

“Always Stretching Our Arm, to Accelerate Service Delivery”

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Provincial Government via the Provincial Treasury) must be paid into the Provincial Revenue Fund; and may only be withdrawn in terms of an appropriation Act.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
= **R15.8 Billion (98%)**

of which:

- Equitable Share = **R14.1 Billion (88.2%)**
- Conditional Grant = **R1.7 Billion (9.8%)**

MPG



Provincial Own Revenue = **R337.8 Million (2%)**



**TOTAL BUDGET =
R16.2 Billion**



SOURCES OF OWN REVENUE

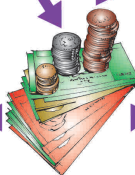
Gambling and Betting Taxes
= R26.0 Million



Hospital Patient Fees
= R25.1 Million



Provincial Own Revenue
= R337.8 Million



= R111.9 Million

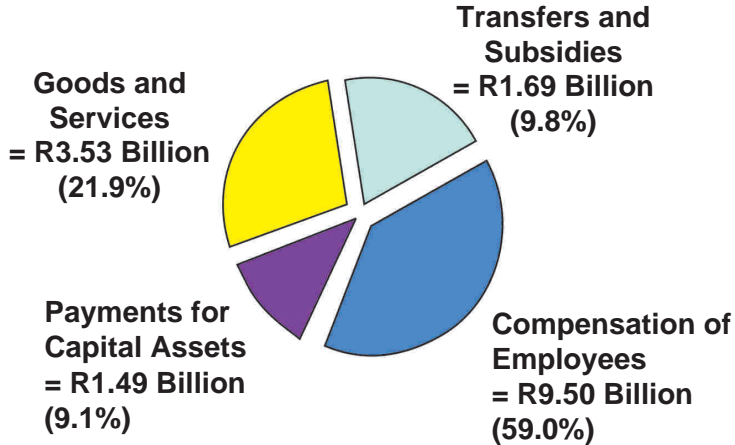


Vehicle Licences
= R 174.8 Million



How do we allocate our Budget

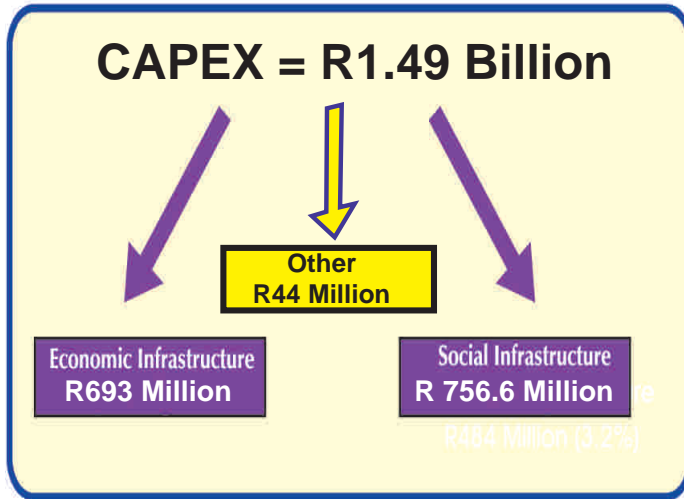
Breakdown by Major Spending Items



TOTAL BUDGET = R16.2 Billion



How do we allocate our Infrastructure Budget Per Sector



TOTAL ALLOCATION PER DEPARTMENT

Department/Vote	How much we allocated last year 2006/2007	How much we plan to spend this year 2007/2008	How much we increased/ decreased spending (%)
Office of the Premier	R108,779 000	R148,821 000	36.8
Mpumalanga Legislature	R72,694 000	R70,260 000	-3.3
Finance	R133,741 000	R145,052 000	8.5
Local Government and Housing	R555,464 000	R839,586 000	51.2
Agriculture and Land Administration	R475,683 000	R621,073 000	30.6
Economic Development and Planning	R321,485 000	R361,348 000	12.4
Education	R6,325,857 000	R7,956,022 000	25.8
Public Works	R310,463 000	R355,070 000	14.4
Safety and Security	R41,840 000	R44,510 000	6.4
Health	R3,032,242 000	R3,594,674 000	18.5
Roads and Transport	R990,506 000	R1,420,770 000	43.4
Culture, Sport and Recreation	R128,949 000	R156,075 000	21.0
Social Services	R334,282 000	R497,517 000	48.8
TOTAL	R12,831,984 000	R16,210,778 000	26.3

COMPENSATION OF EMPLOYEES PER DEPARTMENT

Department/Vote	How much we allocated last year 2006/2007	How much we plan to spend this year 2007/2008	How much we increased/ decreased spending (%)
Office of the Premier	R67,783 000	R82,490 000	21.7
Mpumalanga Legislature	R40,183 000	R43,152 000	7.4
Finance	R62,337 000	R72,315 000	16.0
Local Government and Housing	R99,094 000	R168,535 000	70.1
Agriculture and Land Administration	R208,458 000	R266,692 000	27.9
Economic Development and Planning	R73,081 000	R42,969 000	-41.2
Education	R4,611,047 000	R5,847,664 000	26.8
Public Works	R145,798 000	R188,132 000	29.0
Safety and Security	R26,333 000	R30,232 000	14.8
Health	R1,678,923 000	R2,132,844 000	27.0
Roads and Transport	R290,803 000	R404,913 000	39.2
Culture, Sport and Recreation	R45,999 000	R67,078 000	45.8
Social Services	R93,013 000	R155,806 000	67.5
TOTAL	R7,442,852 000	R9,502,831 000	27.7

PAYMENT OF CAPITAL ASSETS PER DEPARTMENT

Department/Vote	How much we allocated last year 2006/2007	How much we plan to spend this year 2007/2008	How much we increased/ decreased spending (%)
Office of the Premier	R4,434 000	R690,000	-84.4
Mpumalanga Legislature	R11,000 000	R3,650 000	-66.8
Finance	R1,976 000	R1,575 000	-20.3
Local Government and Housing	R34,733 000	R33,710 000	-2.9
Agriculture and Land Administration	R26,167 000	R36,394 000	39.1
Economic Development and Planning	R206 000	R2,500 000	1113.6
Education	R352,127 000	R357,097 000	1.4
Public Works	R10,153 000	R16,434 000	61.9
Safety and Security	R210 000	R399 000	90.0
Health	R270,713 000	R337,373 000	24.6
Roads and Transport	R435,005 000	R636,249 000	46.3
Culture, Sport and Recreation	R16,185 000	R30,265 000	87.0
Social Services	R15,150 000	R36,821 000	143.0
TOTAL	R1,178,059 000	R1,493,157 000	26.7

PAYMENT OF GOODS AND SERVICES PER DEPARTMENT

Department/Vote	How much we allocated last year 2006/2007	How much we plan to spend this year 2007/2008	How much we increased/ decreased spending (%)
Office of the Premier	R36,516 000	R49,091 000	34.4
Mpumalanga Legislature	R16,749 000	R16,800 000	0.3
Finance	R69,340 000	R71,162 000	2.6
Local Government and Housing	R59,051 000	R78,243 000	32.5
Agriculture and Land Administration	R116,408 000	R111,847 000	-3.9
Economic Development and Planning	R26,220 000	R77,850 000	196.9
Education	R1,116,795 000	R1,391,768 000	24.6
Public Works	R152,845 000	R148,965 000	-2.5
Safety and Security	R15,139 000	R13, 879 000	-8.3
Health	R998,958 000	R1,024,847 000	2.6
Roads and Transport	R259,044 000	R365,644 000	41.2
Culture, Sport and Recreation	R54,960 000	R51,702 000	-5.9
Social Services	R74,531 000	R124,642 000	67.2

MTEF ALLOCATIONS (ESTIMATES) PER DEPARTMENT

Department/Vote	2007/2008	2008/2009	2009/2010
Office of the Premier	R148,821 000	R157,453 000	R144,051 000
Mpumalanga Legislature	R70,260 000	R69,426 000	R72,897 000
Finance	R145,052 000	R147,645 000	R158,790 000
Local Government and Housing	R839,586 000	R958,944 000	R1,059,781 000
Agriculture and Land Administration	R621,073 000	R685,672 000	R743,876 000
Economic Development and Planning	R361,348 000	R359,389 000	R386,486 000
Education	R7,956,022 000	R8,601,009 000	R9,372,959 000
Public Works	R355,070 000	R374,668 000	R402,916 850
Safety and Security	R44,510 000	R44,136 000	R46,343 000
Health	R3,594,674 000	R4,131,674 460	R4,661,803 599
Roads and Transport	R1,420,770 000	R1,440,993 000	R1,576,356 450
Culture, Sport and Recreation	R156,075 000	R184,603 000	R213,704 000
Social Services	R497,517 000	R669,022 000	R719,450 000
TOTAL	R16,210,778 000	R17,824,634 460	R19,559,412 899



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Additional Copies can be obtained from the Communication Section
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