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PROVINCIAL TREASURY CIRCULAR NO. 37 OF 2016

TO:-

DIRECTOR-GENERAL: OFFICE OF THE PREMIER OF MPUMALANGA: VOTE 1: (MR T MDAKANE)
SECRETARY: PROVINCIAL LEGISLATURE OF MPUMALANGA: VOTE 2 (MR L MWALE)
HEAD: PROVINCIAL TREASURY: VOTE 3: (MS NZ NKAMBA)
HEAD: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS: VOTE 4 (ACTING): (MR GS NTOMBELA)
HEAD: AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS: VOTE 5: (MS SL XULU)
HEAD: ECONOMIC DEVELOPMENT AND TOURISM: VOTE 6: (MR MW MKHIZE)
HEAD: EDUCATION: VOTE 7: (MS MOC MHLABANE)
HEAD: PUBLIC WORKS, ROADS AND TRANSPORT: VOTE 8: (MR KM MOHLASEDI)
HEAD: COMMUNITY SAFETY, SECURITY AND LIAISON: VOTE 9: (MR W MTHOMBOHI)
HEAD: HEALTH: VOTE 10: (DR S MOHANGI)
HEAD: CULTURE, SPORT AND RECREATION: VOTE 11: (MR SW MNISI)
HEAD: SOCIAL DEVELOPMENT: VOTE 12: (MS NL MLANGENI)
HEAD: HUMAN SETTLEMENTS: VOTE 13: (MR K MASANGE)

THE CHIEF FINANCIAL OFFICER: VOTE 1: OFFICE OF THE PREMIER (MR SS SHONGWE)
THE CHIEF FINANCIAL OFFICER: VOTE 2 (ACTING): PROVINCIAL LEGISLATURE (MR C MABUNDA)
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR MA KHOZA)
THE CHIEF FINANCIAL OFFICER: VOTE 4: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR SEB MATSEBULA)
THE CHIEF FINANCIAL OFFICER: VOTE 5 (ACTING): AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENT AFFAIRS (MR SM MASEKO)
THE CHIEF FINANCIAL OFFICER: VOTE 6: ECONOMIC DEVELOPMENT AND TOURISM (MR CT DLAMINI)
THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 7: EDUCATION (MS T NTULI)
THE CHIEF FINANCIAL OFFICER: VOTE 8: PUBLIC WORKS, ROADS AND TRANSPORT (MS H MDAKA)
THE CHIEF FINANCIAL OFFICER: VOTE 9: COMMUNITY SAFETY, SECURITY & LIAISON (MS S SEFALA)
THE CHIEF FINANCIAL OFFICER: VOTE 10: HEALTH (MR CB MNISI)
THE CHIEF FINANCIAL OFFICER: VOTE 11 (ACTING): CULTURE, SPORT AND RECREATION (MR NC MAMARO)
THE CHIEF FINANCIAL OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MR JB MBATHA)
THE CHIEF FINANCIAL OFFICER (ACTING): VOTE 13: HUMAN SETTLEMENTS (MR T MASHILE)

SUBMISSION OF FIRST DRAFT OF BUDGET DOCUMENTS FOR 2017 MTEF PERIOD

In terms of Treasury Regulation 5.1, HEAD of an institution must prepare a plan that is consistent with the period covered by the Medium Term Expenditure Framework for approval by the executive authority.

All votes are required to submit the following budget documents to Provincial Treasury:

1. Database;
2. Estimates of Provincial Revenue and Expenditure;
3. Cost per head (inclusive of budgeted vacant posts)

The following are the consumer price inflation (CPI) assumptions for the 2017 MTEF planning process:

1. 2017/18: 6.2 per cent
2. 2018/19: 5.9 per cent
3. 2019/20: 5.6 per cent

All votes are requested to adhere to these indicative CPI numbers in preparing the estimates but all votes have to remain within their indicative figures.

Compensation of Employees

Current projections for cost of living and other adjustments to payroll remuneration are:

The cost-of-living adjustment in 2016/17 is 7.6% and will be followed by the projected CPI numbers indicated below the next three years:

1. 7.2% (CPI + 1) in 2017/18
2. 6.9% (CPI + 1) in 2018/19
3. 6.6% (CPI + 1) in 2019/20 (not covered by the 2015 wage agreement but based on trends of wage settlements in the past few financial years)

All votes are required to comply with the **Guidelines for Costing and Budgeting for Compensation of Employees**.

Documents required

The budget submission must be authorised by an endorsement letter signed by the Accounting Officer, which highlights important information taken into account in preparing the submission and to confirm that the budget documents have been fully completed. Other details required on the endorsement letter are included in the **2017 MTEF Guidelines (MTEF Technical Guidelines)**.

Importantly, this letter must also indicate that the relevant Executive Authority has agreed to information contained in the budget submission and has been appraised of the requirements of the 2017 Budget process.

You are requested to refer to the **2017 MTEF Guidelines** for comprehensive guidance on requirements on submission of complete budgets.

PROVINCIAL TREASURY CIRCULAR NO. 37 OF 2016

The explanatory narrative should include information in respect of the following, as is relevant:

1. A summary of the rationale underlying any proposed significant movement of funding, as shown in the MTEC baseline adjustment workbook, that is in terms of:
 - o Input cost pressures,
 - o Higher priority,
 - o Legal requirement, and
 - o Cost containment and efficiency.

You are reminded that if a submission is submitted without an **explanatory narrative and the endorsement letter** it will be regarded as a non-submission.

The **MTEC database** as well **2017 MTEF COE costing and budgeting tool** will be forwarded to you electronically and can also be collected from your programme officer. **The 2017 MTEF Guideline, Guidelines for Costing and Budgeting for Compensation of Employees** as well as the **2016 Provincial Budget Schedule** are attached ease reference and attention.

Submission date

All votes are requested to submit the **2017 MTEF budget documents** (Database, endorsement letter, explanatory narrative and 2017 MTEF COE costing and budgeting tool) on or before **28 July 2016**.

Your co-operation is appreciated.


MS NZ NKAMBA
HEAD: PROVINCIAL TREASURY

DATE: 18 / 7 / 2016