

Budget Made Easy 2011/12

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Riverside Park Extension 2
Nelspruit, 1201



finance

Department:
Finance
MPUMALANGA PROVINCIAL GOVERNMENT





MTEF ALLOCATIONS (ESTIMATES) PER DEPARTMENT

| Department/Vote | 2011/2012 | 2012/2013 | 2013/2014 |
|----------------------------------|--------------------|--------------------|--------------------|
| Office of the Premier | R141,464 | R160,275 | R167,462 |
| Mpumalanga Legislature | R193,974 | R213,600 | R223,336 |
| Finance | R216,573 | R261,973 | R274,053 |
| CoGTA | R325,643 | R357,122 | R373,142 |
| DARDLA | R969,111 | R1,038,976 | R1,097,854 |
| DEDET | R647,741 | R668,685 | R698,824 |
| Education | R12,951,753 | R13,761,815 | R14,424,299 |
| Public Works, Road and Transport | R3,776,025 | R3,985,429 | R4,305,885 |
| Safety, Security and Liaison | R122,553 | R121,735 | R126,959 |
| Health | R7,365,135 | R7,818,557 | R8,320,813 |
| Culture, Sport and Recreation | R337,102 | R306,729 | R321,619 |
| Social Development | R956,057 | R1,016,041 | R1,061,783 |
| Human Settlement | R1,194,824 | R1,146,999 | R1,213,126 |
| TOTAL | R29,197,955 | R30,857,936 | R32,609 155 |
| EPWP incentive grant | R22,893 | R16,088 | R19,307 |
| Provincial Fiscal framework | R29,220,848 | R30,874,024 | R32,628,462 |

What is a Budget?

- ✧ It is a spending plan that indicates how available public funds would be used by Government to cater for the needs of the people.
- ✧ It is an expression of political wishes that allows Government to plan in such a way that political goals are achieved.
- ✧ Budget can be used by the public to evaluate the performance of Government.

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 Fund

The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), Chapter 13, Section 22 6 (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. The money may only be withdrawn in terms of an

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.

Definition

Equitable Share: calculated according to equitable share formula.

Conditional Grants: As the name indicates, the grant is appropriated with certain conditions attached. For example, a conditional grant to build schools can only be used to do just that, without deviations.

Own Revenue Collected: Supplementary funds collected by the Province, for example, vehicle licence fees and hospital patient fees.

TABLING OF A MAIN APPROPRIATION

- ✧ Tabling of a main appropriation 14 days after Minister of Finance has tabled or else request approval for an extension.
- ✧ During this period Provincial Treasury must publish a book known as Estimates of Provincial Revenue and Expenditure. This book provides a detail of the budget deliverables as well as funding thereof.
- ✧ Annual Performance plans are also prepared as part of performance budgeting and must be tabled in the Provincial Legislature on or before 31 March of each year in line with Treasury Regulation 5

PAYMENT OF CAPITAL ASSETS PER DEPARTMENT

| Department/Vote | How much we allocated last year 2010/2011 | How much we plan to spend this year 2011/2012 | How much we increased/decreased spending (%) |
|-----------------------------------|--|--|--|
| Office of the Premier | R590 | R400 | -32 |
| Mpumalanga Legislature | R4,477 | R21,075 | 371 |
| Finance | R5,819 | R5,520 | -5 |
| CoGTA | R50,702 | R8,000 | -84 |
| DARDLA | R23,465 | R79,309 | 238 |
| DEDET | R13,120 | R10,738 | -18 |
| Education | R457,725 | R646,419 | 41 |
| Public Works, Roads and Transport | R639,455 | R998,095 | 56 |
| Safety, Security and Liaison | R2,615 | R4,840 | 85 |
| Health | R791,158 | R798,453 | 1 |
| Culture, Sport and Recreation | R65,349 | R96,997 | 48 |
| Social Development | R90,041 | R82,287 | -9 |
| Human Settlement | R39,059 | - | -100 |
| TOTAL | R2,183,575 | R2,752,133 | 26 |

CoGTA - Department of Co-operative Governance and Traditional Affairs
DARDLA - Department of Agriculture, Rural Development and Land Administration
DEDET - Department of Economic Development, Environment and Tourism

PAYMENT OF TRANSFERS AND SUBSIDIES

| Department/Vote | How much we allocated last year 2010/2011 | How much we plan to spend this year 2011/2012 | How much we increased/decreased spending (%) |
|-----------------------------------|--|--|--|
| Office of the Premier | - | - | - |
| Mpumalanga Legislature | R16,800 | R17,640 | 5 |
| Finance | R1,200 | R1,300 | 8 |
| CoGTA | R7,580 | R9,600 | 27 |
| DARDLA | R102,878 | R302,769 | 194 |
| DEDET | R393,446 | R414,285 | 5 |
| Education | R684,219 | R866,005 | 27 |
| Public Works, Roads and Transport | R473,083 | R525,313 | 11 |
| Safety, Security and Liaison | R100 | R100 | 0 |
| Health | R142,781 | R188,621 | 32 |
| Culture, Sport and Recreation | R4,848 | R13,050 | 169 |
| Social Development | R323,446 | R350,301 | 8 |
| Human Settlement | R982,404 | R1,052,606 | 7 |
| TOTAL | R3,132,785 | R3,741,590 | 19 |

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KEY FUNDING PRIORITIES: 2011/12

Department of Education

- ✧ Early Child Development (0-4 years)
- ✧ Strengthening of Special Schools (Infrastructure Development)
- ✧ Quids-Up
- ✧ Teachers Support and Development
- ✧ National School Nutrition Programme
- ✧ Occupational Specific Dispensation 2
- ✧ ABET Centres
- ✧ Infrastructure Development

Department of Health

- ✧ Tuberculosis (XDR and MDR)
- ✧ Reducing infant and child mortality
- ✧ Health Technology
- ✧ Nursing College Upgrading and maintenance
- ✧ Maternal and Child Health
- ✧ HIV and AIDS Treatment Threshold
- ✧ Public Health Norms and Standards
- ✧ Waste Management
- ✧ Provision ARV's and Laboratory services (HIV/AIDS)
- ✧ HIV and AIDS Campaign and Training
- ✧ Male Medical Circumcision

KEY FUNDING PRIORITIES: 2011/12

Department of Social Development

- ✧ Children in Children's Home
- ✧ Early Childhood Development
- ✧ National Youth Services
- ✧ Home Community Based Care
- ✧ HIV and AIDS
- ✧ Youth Development

Department of Agriculture, Rural Development and Land Administration

- ✧ Comprehensive Agriculture Support Programme
- ✧ Masibuyele Emasimini

Department of Public Works, Roads and Transport

- ✧ Provision of wood and coal for hospital boilers
- ✧ Siyatentela
- ✧ Improved road infrastructure (Maintenance)

PAYMENT OF GOODS AND SERVICES PER DEPARTMENT

| Department/Vote | How much we allocated last year 2010/2011 | How much we plan to spend this year 2011/2012 | How much we increased/decreased spending (%) |
|-----------------------------------|--|--|--|
| Office of the Premier | R35,439 | R26,636 | -25 |
| Provincial Legislature | R57,718 | R60,237 | 4 |
| Finance | R93,464 | R91,012 | -3 |
| CoGTA | R129,094 | R83,668 | -35 |
| DARDLA | R258,987 | R205,455 | -21 |
| DEDET | R100,596 | R65,373 | -35 |
| Education | R1,171,211 | R1,416,801 | 21 |
| Public Works, Roads and Transport | R1,259,335 | R1,252,085 | -1 |
| Safety, Security and Liaison | R53,433 | R48,193 | -10 |
| Health | R2,010,359 | R2,427,936 | 21 |
| Culture, Sport and Recreation | R109,143 | R120,775 | 11 |
| Social Development | R138,649 | R163,977 | 18 |
| Human Settlement | R46,337 | R20,428 | -56 |
| TOTAL | R5,463,765 | R5,982,576 | 9 |

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COMPENSATION OF EMPLOYEES PER DEPARTMENT

| Department/Vote | How much we allocated last year 2010/2011 | How much we plan to spend this year 2011/2012 | How much we increased/decreased spending (%) |
|----------------------------------|--|--|--|
| Office of the Premier | R122,699 | R114,428 | -7 |
| Mpumalanga Legislature | R90,660 | R95,022 | 5 |
| Finance | R132,290 | R118,741 | -10 |
| CoGTA | R216,717 | R224,375 | 4 |
| DARLA | R352,606 | R381,578 | 8 |
| DEDET | R135,838 | R157,345 | 16 |
| Education | R9,217,097 | R10,022,528 | 9 |
| Public Works, Road and Transport | R958,928 | R1,000,528 | 4 |
| Safety, Security and Liaison | R54,990 | R69,420 | 26 |
| Health | R3,476,417 | R3,950,125 | 14 |
| Culture, Sport and Recreation | R102,913 | R106,280 | 3 |
| Social Development | R329,311 | R359,492 | 9 |
| Human Settlement | R129,694 | R121,790 | -6 |
| TOTAL | R15,320,160 | R16,721,656 | 9 |

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ROLES AND FUNCTIONS

Provincial Treasury:

- ✧ is established in terms of the Public Finance Management Act (PFMA) Act 1 of 1999 (as amended by Act 29 of 1999);
- ✧ Is responsible for preparing and monitoring the Mpumalanga 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.

 SOURCES OF OUR BUDGET 2011/12

National Treasury



Total Transfers from National
= **R28. 576 049 Billion (97.8 %)**

of which:

- 1 Equitable Share = **R23. 378 714 Billion (80.0%)**
- 1 Conditional Grant = **R5. 197 335 Billion (17.8%)**

Mpumalanga Provincial Government



Provincial Own Revenue = **R644. 799 Million (2.2%)**



**TOTAL BUDGET =
R29. 220 848 Billion (100%)**

TOTAL ALLOCATION PER DEPARTMENT

| Department/Vote | How much we allocated last year 2010/2011 | How much we plan to spend this year 2011/2012 | How much we increased/decreased spending (%) |
|-----------------------------------|---|---|--|
| Office of the Premier | R158,728 | R141,464 | -11 |
| Mpumalanga Legislature | R169,655 | R193,974 | 14 |
| Finance | R232,773 | R216,573 | -7 |
| CoGTA | R404,093 | R325,643 | -19 |
| DARLA | R737,936 | R969,111 | 31 |
| DEDET | R643,000 | R647,741 | 1 |
| Education | R11,530,252 | R12,951,753 | 12 |
| Public Works, Roads and Transport | R3,330,801 | R3,776,025 | 13 |
| Safety, Security and Liaison | R111,438 | R122,553 | 10 |
| Health | R6,420,715 | R7,365,135 | 15 |
| Culture, Sport and Recreation | R282,253 | R337,102 | 19 |
| Social Development | R881,447 | R956,057 | 8 |
| Human Settlement | R1,197,494 | R1,194,824 | 0 |
| TOTAL | R26,100,585 | R29,197,955 | 12 |

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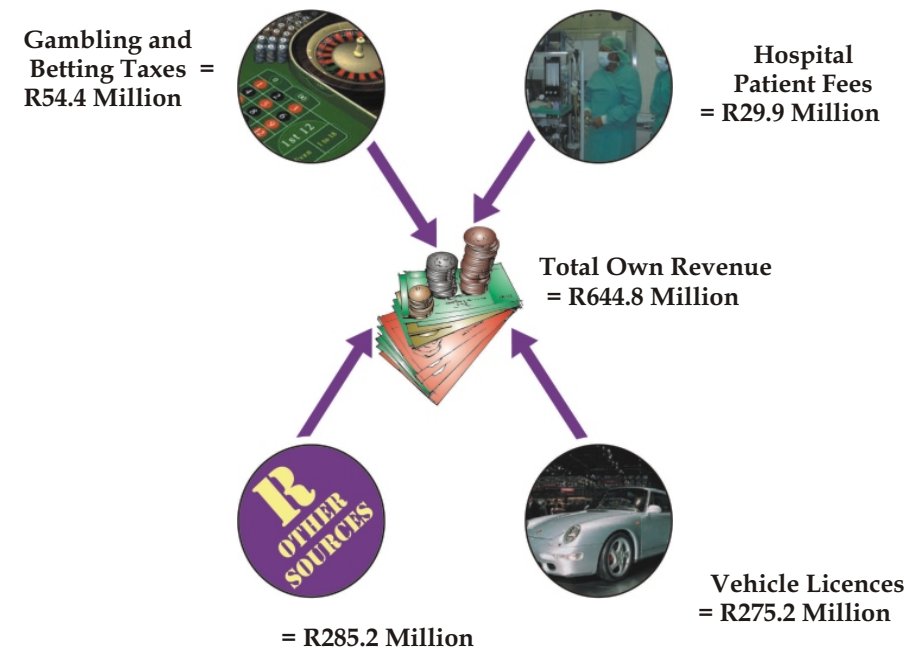
 SOURCES OF OWN REVENUE - 2011/12

“All of us are looking for a nation whereby millions more South Africans have decent employment opportunities, which includes a modern national infrastructure in addition to a vibrant economy, and additionally in which the quality of life is high.”

- President Jacob Zuma

“Now is the time for all of us to say, making South Africa work, begins with you and me”

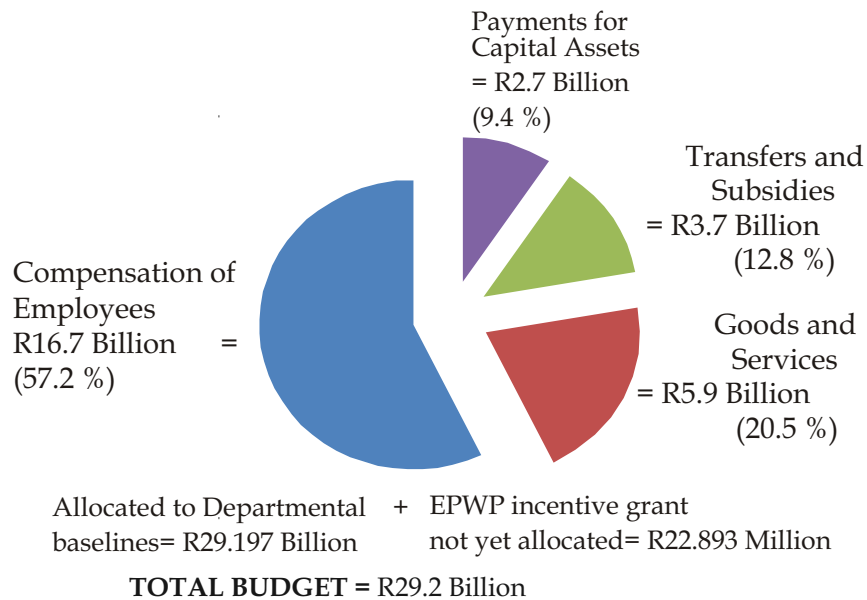
- Minister of Finance, Pravin Gordhan





How do we allocate our Budget

Breakdown by Major Spending Items



How do we allocate our Infrastructure Budget

