



finance

MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

Mpumalanga Provincial Budget Summary 2015/16

17 March 2015



WHEN THE SUN RISES
WE WORK HARD TO DELIVER

Together We Move South Africa forward





“ We need to do more, together with labour, business and all stakeholders, to lead our economy into a new, bold direction for higher growth, decent work and greater equality.

Just as we have involved our people in government from grassroots level, so too must we motivate our citizens to kick-start the economies in their localities.” - State of the Province Address on 27 February 2015

*Hon DD Mabuza
Premier of Mpumalanga Province*

MESSAGE

BY MEC for Finance, Economic Development & Tourism Hon Sikhumbuzo Kholwane, MPL

The Budget for 2015/16 is tabled in an environment of continued economic challenges. The indicators points to a constrained fiscal space for the Mpumalanga Provincial Government. Despite all these challenges the government is committed to use the budget as a tool for the development of our society.

We have an obligation to restore the dignity of the poor through continued implementation of the social expenditure plan for as long as it is necessary.

The significant portion of the 2015 provincial budget is allocated to the Education and Health Departments, in recognition of the role that the two sectors play in the economy of the Province.

Government needs to effectively implement the programmes that advance broad-based participation in the economy to realise our socio-economic transformation goals and targets.

Given the slowing down on projected expenditure in the medium term, government needs to use the budget to leverage the resources of the private sector in order to extricate the youth from the claws of unemployment.

Over the medium-term, the equitable share of the Province will be R 31 029 509 in 2015/16, projected to be R 32 970 925 in 2016/17 and R 35 113 208 in 2017/18

The Provincial Treasury, working together with other Departments will fast track the process of finalising the Revenue Enhancement Strategy to enable government to meet service delivery needs of the People of Mpumalanga.

A considerable attention shall be given to the local government support through the Back-to-Basic programme and the Province's Integrated Municipal Support Plan.



**Hon SE Kholwane, MPL
MEC for Finance, Economic Development and
Tourism**



The support will enable municipalities to improve delivery of quality services, improve their revenue collection, financial controls and accountability to the People.

Government will also implement various initiatives to promote efficiencies in the utilisation of the provincial budget; encourage investment into the economy and bolster job creation efforts in the Province.

HOW BUDGET IS ALLOCATED?

Government has, in terms of Section 213 (1) of the Constitution of the Republic of South Africa, 1996, established a National Revenue Fund into which all money received by the national government must be paid.

Each Province is also having its Revenue Fund.

The National Government utilizes a redistributive formula to determine how much of the national budget can be allocated to the Provinces.

The Provincial Government therefore receives resources to implement service delivery programmes from the National and Provincial Revenue Funds.

The allocation of funds from the National Government to the Provinces and Local Government is calculated mainly, but not solely on the basis of democratic and economic profiles.

The Equitable Share Formula

The Equitable Share of the Province is determined in accordance with a redistributive formula comprising of six policy components, that is:

E = Education

H = Health

B = Basic Services

I = Institutional component

P = Poverty component

R = Economic output component

2015/16 Provincial Share: **KZN** = R82.2 billion **Gauteng** = R73.4 billion **Eastern Cape** = R54.3 billion **Limpopo** = R45.3 billion, **Western Cape** = R38.2 billion
Mpumalanga = R31 billion **North West** = R26.1 billion **Free State** = R21.7 billion
Northern Cape = R10.1 billion

National Departments are allocated about 48 per cent of the national share of non interest expenditure, provinces 43 per cent and Municipalities 9 percent – National Budget Speech, 26 February 2015

Where Does Provincial Government Gets Money From?

National Revenue

2015/16

Equitable Share

R 31 029 509 (80 %)

Conditional Grants

R 6 851 055 (18 %)

**Sources: Personal & Corporate Income Tax, VAT,
Customs & Excise Duties, Fuel
Levies, Borrowing from investors, etc**

Provincial Revenue

Own Receipt

R 821 638 (02 %)

Sources:

Gambling and Betting Taxes

R 83 940

Vehicle Licences

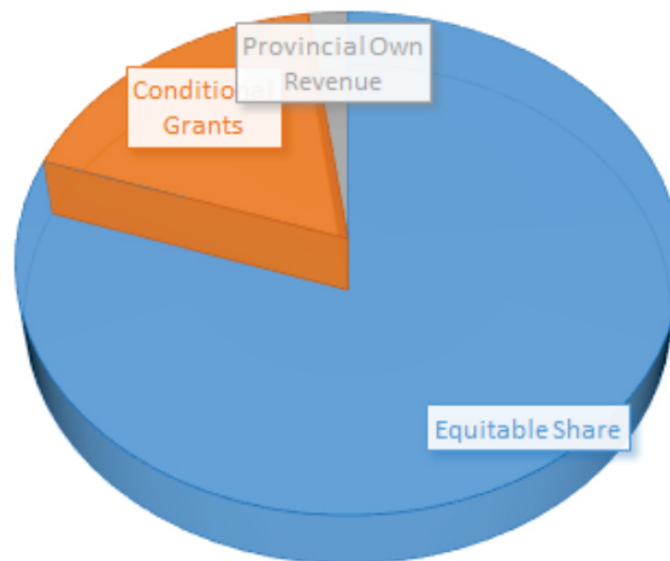
R 408 895

Others

R 328 803

Total Share for Province

R 38 702 202



Budget is a spending plan that indicates how available public funds would be used by Government to cater for the needs of the people. Budget can be used by the public to evaluate the performance of Government.

What Provincial Government Is Prioritising In 2015/16

Economy

Premier David Mabuza set the tone for accelerated delivery of a basket of services to improve the quality of life of the People in 2015.

Delivering the State of the Province Address (SOPA) on the 27th February 2015, Premier Mabuza underscored the importance of growing the economy and creates opportunities for development and job creation.

The Government will support the development of small businesses and Cooperatives.



Expanding Access to Basic Services

National Government has also set aside R500 million for the continued rollout of sanitation services in the Province.

The allocation of R186.2 million from the Integrated National Electrification Programme are expected to be used to electrify the communities that are in areas without electricity.

Fighting Crime and Corruption

Government has made resources available for implementation of the Integrated Crime Prevention Programme in the Province.

The budget made provision for the deployment of 546 tourism safety monitors; traffic law enforcement and the school safety programme.





Improving the Quality of Education and Skills

Government is prioritising the Early Childhood Development. The Budget makes provision for training of 600 child minders and 5 800 Early Childhood Development specialists.

Furthermore 1000 maths and science teachers will be trained at the Maths, Science and Technology Academy. Government is also allocating budget to the Artisan Training Programme in partnership with the Manufacturing, Engineering and Related Services SETA.

Improve Health profile

The funding priorities in the Health sector include the provision of HIV counselling and testing (HCT) in public health facilities and the implementation of the strategy for HIV-Aids, STIs and TB to respond comprehensively to the challenges of HIV and Aids



Integrated Human Settlements

In 2015/16, Government will commence with the establishment of nine integrated sustainable human settlements in the following areas:

Tekwane North, Tekwane South and Hillside view; Umjindi and Malelane, Elandsplaagte and Middleburg Extension 18, Naauwpooort, Wesselton, Zondagfontein and Evander.

What Provincial Government Is Prioritising In 2015/16



Growing and Supporting Priority Sectors of the Economy for Job Creation

The Province transferred 921 981 hectares of land through the land redistribution and restitution processes at a cost of R4, 4 billion since the inception of the Land Reform Programme.

Manufacturing

Government, in partnership with industry players, will prioritise specific initiatives to enhance manufacturing innovation and capabilities in the following key areas:

- ☞ metal manufacturing technology;
- ☞ wood processing and beneficiation technology;
- ☞ agro-processing technology, and
- ☞ mining technology.



Growing our Tourism Industry

To grow tourism, government will collaborate with industry players to enhance existing, and develop new, tourism products to ensure that Mpumalanga becomes a destination of choice for domestic and international tourists.

Government will prioritise the diversification of the tourism product portfolio focusing specifically on the Blyde River Canyon, Loskop Dam Tourism Belt and the Barberton Development Clusters.

Social Cohesion and Nation Building

Government plan to foster constitutional values, celebrate heritage and promote social cohesion across society by hosting social and sporting events that provide a platform for cross-culture interaction and exchange.



Strategic Infrastructure Development

Government has set aside R2.065 billion to develop and upgrade socio-economic Infrastructure such as roads, hospitals and schools.

Some of the strategic infrastructure initiatives for the year include:

- ☞ The construction of strategic dams;
- ☞ The construction of the Cultural Hub;
- ☞ The High Altitude Training Centre;
- ☞ The establishment of the International Convention Centre,
- ☞ Investing in broadband infrastructure to enhance connectivity.

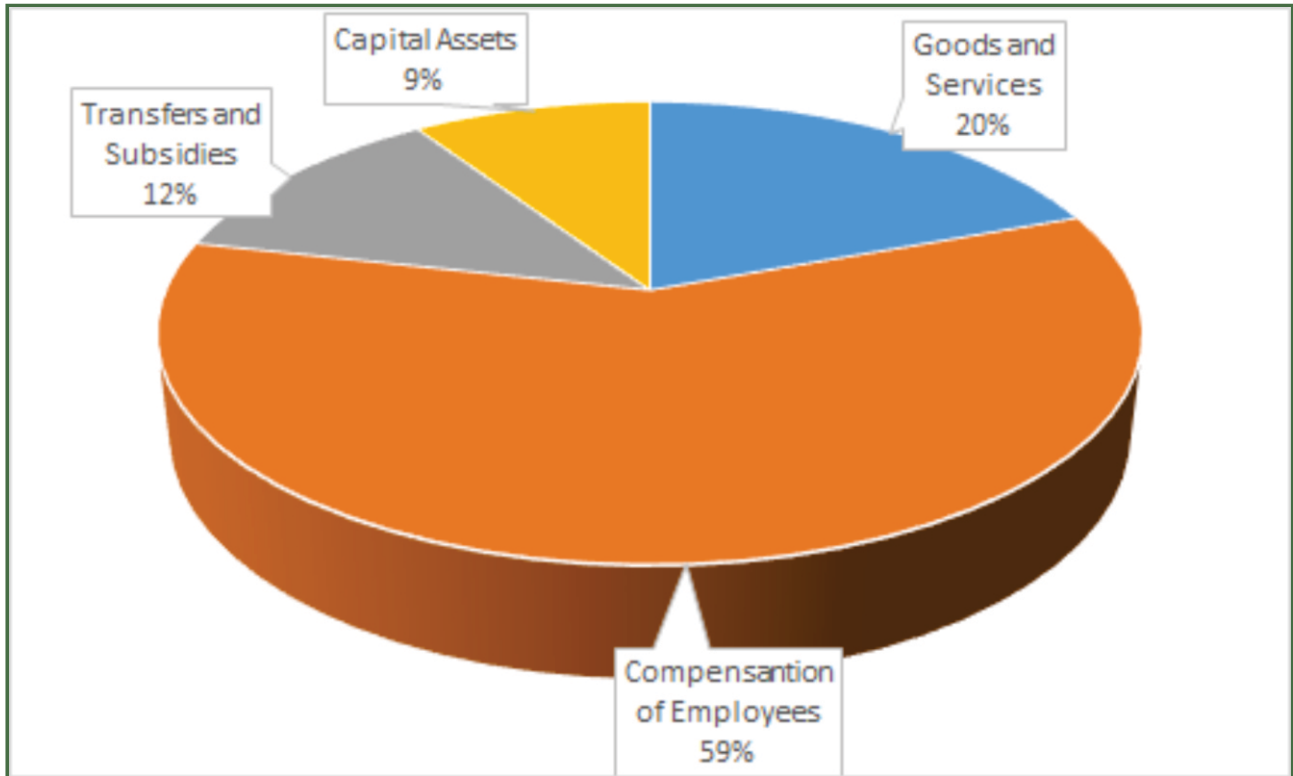
ICT Sector

Government will focus on the expansion of **broadband infrastructure** to connect schools, hospitals, libraries, and government offices to high speed broadband services.

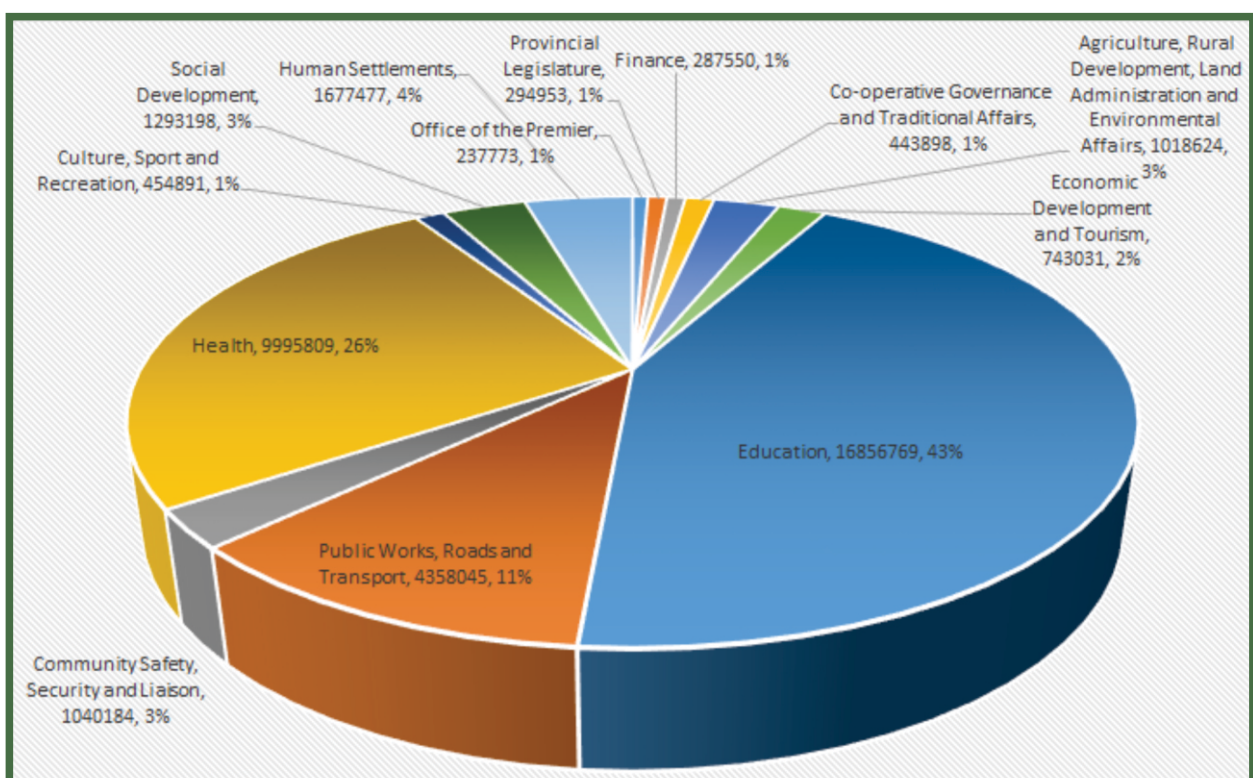
The government will also target under serviced areas of the Province to ensure that economic growth and service delivery is supported by a reliable Information and Communication Technology (ICT) infrastructure backbone.



How The Budget Will Be Spent



Total Allocations Breakdown



Total Allocation per Department

*Total allocations for use by the votes
from 01 April 2015 - 31 March 2016*

R ' 000

Office of the Premier	237 773
Provincial Legislature	294 953
Finance	287 550
Co-operative Governance and Traditional Affairs	443 898
Agriculture Rural Development, Land Administration and Environmental Affairs	1 018 624
Economic Development and Tourism	743 031
Education	16 856 769
Public Works, Roads and Transport	4 358 045
Community Safety, Security and Liaison	1 040 184
Health	9 995 809
Culture, Sport and Recreation	454 891
Social Development	1 293 198
Human Settlements	1 677 477
Total provincial payments on estimates	38 702 202

Compensation of Employees per Department

Salaries and benefits for government employees and public representatives.

R ' 000

Office of the Premier	121 541
Provincial Legislature	143 563
Finance	152 250
Co-operative Governance and Traditional Affairs	352 207
Agriculture Rural Development, Land Administration and Environmental Affairs	551 565
Economic Development and Tourism	117 773
Education	13 094 156
Public Works, Roads and Transport	855 181
Community Safety, Security and Liaison	385 708
Health	6 213 604
Culture, Sport and Recreation	153 310
Social Development	562 039
Human Settlements	151 937
Total provincial payments on Compensation of Employees	22 854 834

Goods and Services per Department

*Payments made to service providers for
goods purchased and services rendered*

R ' 000

Office of the Premier	97 963
Provincial Legislature	98 717
Finance	122 985
Co-operative Governance and Traditional Affairs	63 234
Agriculture Rural Development, Land Administration and Environmental Affairs	235 002
Economic Development and Tourism	75 361
Education	1 581 134
Public Works, Roads and Transport	1 388 903
Community Safety, Security and Liaison	527 657
Health	2 951 385
Culture, Sport and Recreation	144 276
Social Development	174 437
Human Settlements	54 523
Total provincial payments on Goods and Services	7 515 577

Payments on Capital Assets per Department

Payments made for the acquisition of assets e.g. equipment & furniture and development of infrastructure which includes roads, bridges and facilities such as schools and hospitals.

R ' 000

Office of the Premier	13 629
Provincial Legislature	1 180
Finance	8 784
Co-operative Governance and Traditional Affairs	6 964
Agriculture Rural Development, Land Administration and Environmental Affairs	50 368
Economic Development and Tourism	3 600
Education	956 730
Public Works, Roads and Transport	1 452 399
Community Safety, Security and Liaison	123 319
Health	557 746
Culture, Sport and Recreation	150 085
Social Development	93 189
Human Settlements	202 000
Total provincial payments on Capital Assets	3 619 993

Payments on Transfers and Subsidies per Department

Cash or in-kind transfers that are made to public entities and non-profit organisations that support government services to render support to households and the subsidies to private sector services that are essential to the public.

R ' 000

Office of the Premier	4 640
Provincial Legislature	51 493
Finance	3 531
Co-operative Governance and Traditional Affairs	21 493
Agriculture Rural Development, Land Administration and Environmental Affairs	181 689
Economic Development and Tourism	541 297
Education	1 224 749
Public Works, Roads and Transport	661 562
Community Safety, Security and Liaison	3 500
Health	273 074
Culture, Sport and Recreation	7 220
Social Development	463 533
Human Settlements	1 269 017
Total provincial payments on Transfer and Subsidies	4 706 798

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***Copies of the publication are available on the website of the Department
(<http://finance.mpu.gov.za>)***