MPUMALANGA
Provincial Budget Made Easy 2016/17
Update

Together We Move South Africa Forward

provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

MPUMALANGA
THE PLACE OF THE RISING SUN

Jacob G Zuma,
President of the Republic of South Africa

"We all have a lot to do to turn the economy around and to cut wastage.

We will go through a difficult period for a while, but when the economy recovers, we will be proud of ourselves for having done the right thing."

Pravin Gordhan,
Minister for Finance

"We can address the weaknesses that create policy uncertainty, we can build on the strengths that are our resource base, our institutions and our workforce. We can do things differently where we need to innovate."

Premier DD Mabuza,
Mpumalanga Province

"We will continue with the rationalization process across the Administration to ensure the equitable distribution and utilization of available human resources to drive the implementation of service delivery priorities."

MESSAGE

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

The Provincial Budget for the 2016/17 financial year is tabled within highly constrained domestic economic environment, with prospects for growth intertwined with global developments. Our guiding principle is that we cannot spend the money that we do not have.

According to the GDP figures on Provincial level, the Mpumalanga economy recorded the second highest growth rate (at 2.7 per cent) of the nine provinces in 2014.

This is encouraging news in a very difficult economic climate, perhaps indicating that Mpumalanga has the potential to perform well economically – especially if our largest industry, that is mining, could perform well and experience a high growth rate, as was the case in 2014.

In formulating this budget, which amounts to R41 301 337 for the 2016/17 financial year, consideration was given to pro-poor policies that continued to shield most of our people from the effect of the global economy and shrinking financial resources.

The provincial government remains rooted to the principle of using the budget as a tool for growth and development as directed by the National Development Plan and Mpumalanga Vision 2030.

This budget also recognizes the prevailing fiscal constraints imposed on us by the prevailing global and national dynamics, which have resulted to reduction in the equitable shares of the provinces.

As the National Treasury advices it is important that the reductions which are compelled by the current economic environment are implemented in order to generate savings that will allow government to stabilize public debt, reduce the budget deficit, while keeping within its expenditure ceiling.

The provincial budget takes into account our shared responsibility to improve educational outcomes; improve access to and modernise the health care services, accelerate the provisioning of human settlements and to inves in the growth of the economy for the benefit of all our people.

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

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 has its own Revenue Fund (***Provincial 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 demographic and economic profiles.

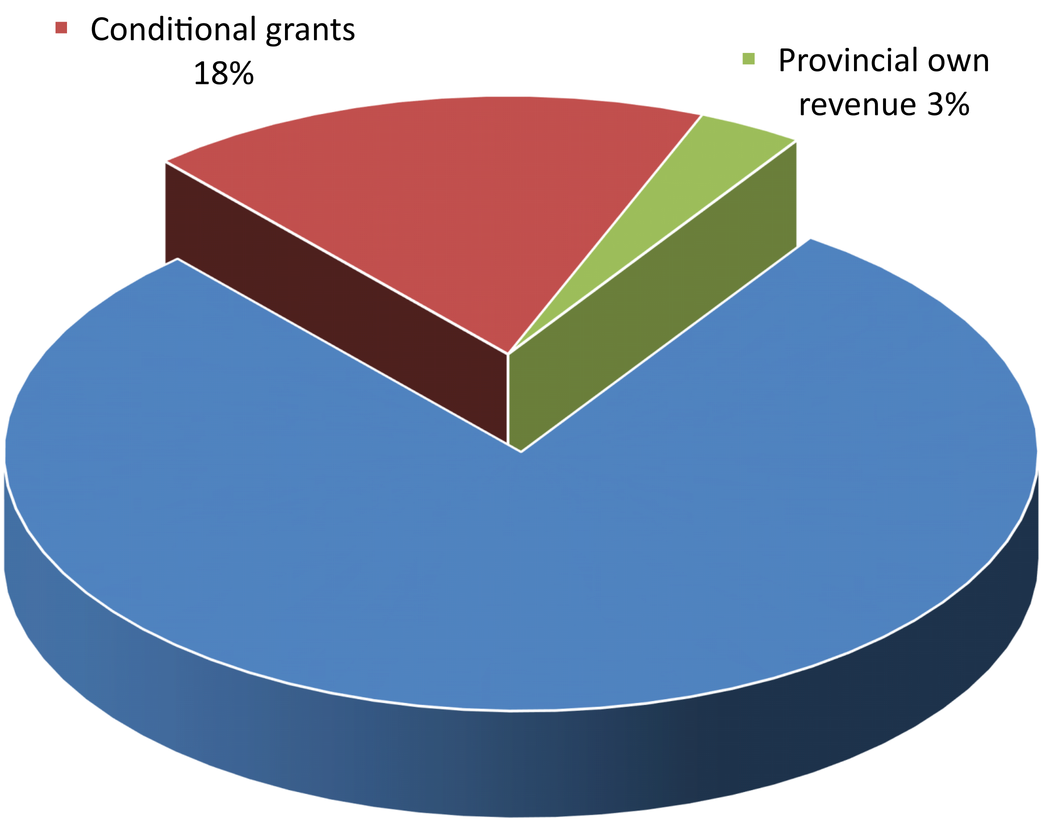
The Equitable Share Formula

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

E = Education	average size of the school age population and school enrollment data.
H = Health	Risk Equalisation Fund and output data from public hospitals.
B = Basic Services	Provincial share of national population.
I = Institutional component	distributed equally across all nine Provinces.
P = Poverty component	level of poverty in the Province.
R = Economic output component	Regional Gross Domestic Product data.

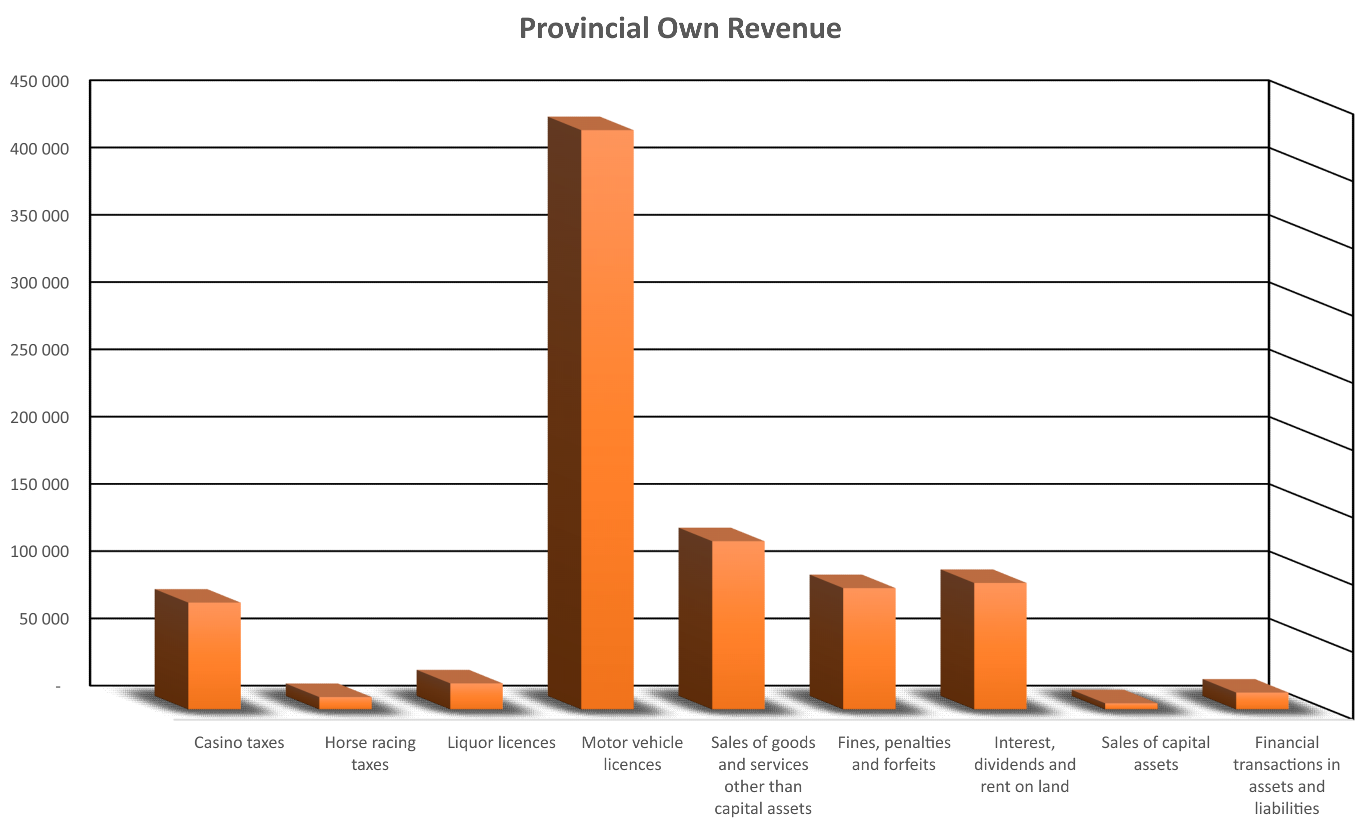
Where The Money Comes From

National Revenue		2016/17	
Sources: Taxes (*Personal, Corporate and VAT***), Borrowing and Interest (***Fuel levies, Customs and Excise duties***)**			
Equitable Share	R	33 449 947	(79%)
Conditional Grants	R	6 986 592	(18%)
Provincial Revenue			
Own Receipt	R	864 798	(3%)
Total Share for Province	**R**	**41 301 337**	



Provincial Revenue Own Receipt Sources:

	R '000
Gambling	79 388
Betting Taxes	09 176
Liquor Licences	19 361
Motor Vehicle Licences	430 566
Sales of Goods and Services	125 017
Fines, Penalties and Forfeits	90 175
Interest, Dividends and Rent on Land	94 022
Sales of Capital Assets	04 562
Financial Transactions in Assets and Liabilities	12 531



What Mpumalanga Provincial Government Is Prioritising In 2016/17

Local Government

- **30 million rand** is allocated for the monitoring of implementation of the Integrated Municipal Support Plan (IMSP)
- **34 million 452 thousand rand** is provided for the construction of two Traditional Council Offices; renovation of four more Traditional Council and Dipaleseng Municipal Offices as well as refurbishment of two Kings' Palaces in the Nkangala District.
- **1 million 800 thousand rand** is provided in this budget to increase the current Administrative Grant to Traditional Councils from 120 thousand rand to 150 thousand rand.

Safety and Security

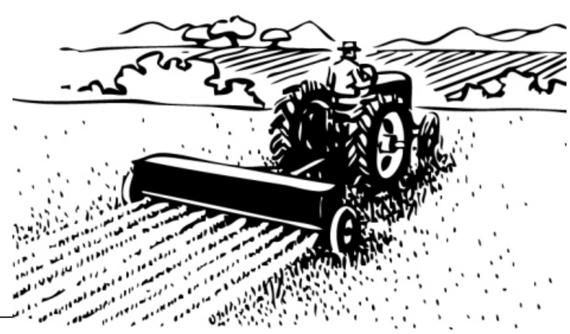
- **389 million rand** is appropriated for installation of cameras in various towns and solar high mask lights in **Nkomazi, Bushbuckridge, Chief Albert Luthuli** and **Pienaar** in Mbombela and boarding schools and security services at all public facilities in the Province

Health

- **412 million 231 hundred thousand rand** for the implementation of the implementation of the Electronic Patient Record Management system and for the construction of new hospitals in Middelburg, Mapulaneng and Bethal amongst others

Job Creation

- **50 million rand** has also been provided to pilot the Township Retail Warehouse programme aimed to resuscitate local owned retail businesses within townships and rural areas.
- **65 million rand** has been set aside for the Mpumalanga International Fresh Produce Market and Agri Parks.
- We increased the loan book for MEGA from **5 million rand to 80 million rand** to fund small enterprises and co-operatives.



Infrastructure

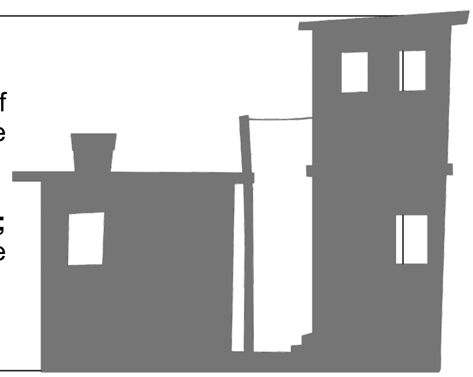
- Address we will spend **4 billion rand** on infrastructure delivery
- **119 million 436 thousand rand** reprioritized towards six Early Childhood Development (ECD) infrastructure projects in **Standerton; Siyabuswa; Tweefontein; Ermelo; Ogies,** and **Mbuzini;** construction of two youth centres in **KaMsogwaba** and **Daantjie** as well as the **Nkangala Treatment Centre** to deal with the substance abuse

Social Cohesion

- **14 million 5 hundred thousand rand** is set aside to support the **Innibos festival** and to launch the **Provincial Cultural Festival**.
- **18 million 399 thousand rand** is allocated in this budget for commencement of school sport league.

Houses, security and comfort

- **13. 1 billion 314 million rand** is allocated to accelerate the provisioning of human settlements and bulk infrastructure for households in line with the Human Settlements Master Plan.
- **261 million rand** on water and sanitation in **eMalahleni; Dipaleseng; Bushbuckridge** and **Dr. Pixley Ka Isaka Seme Municipalities** in the 2016/17 financial year.



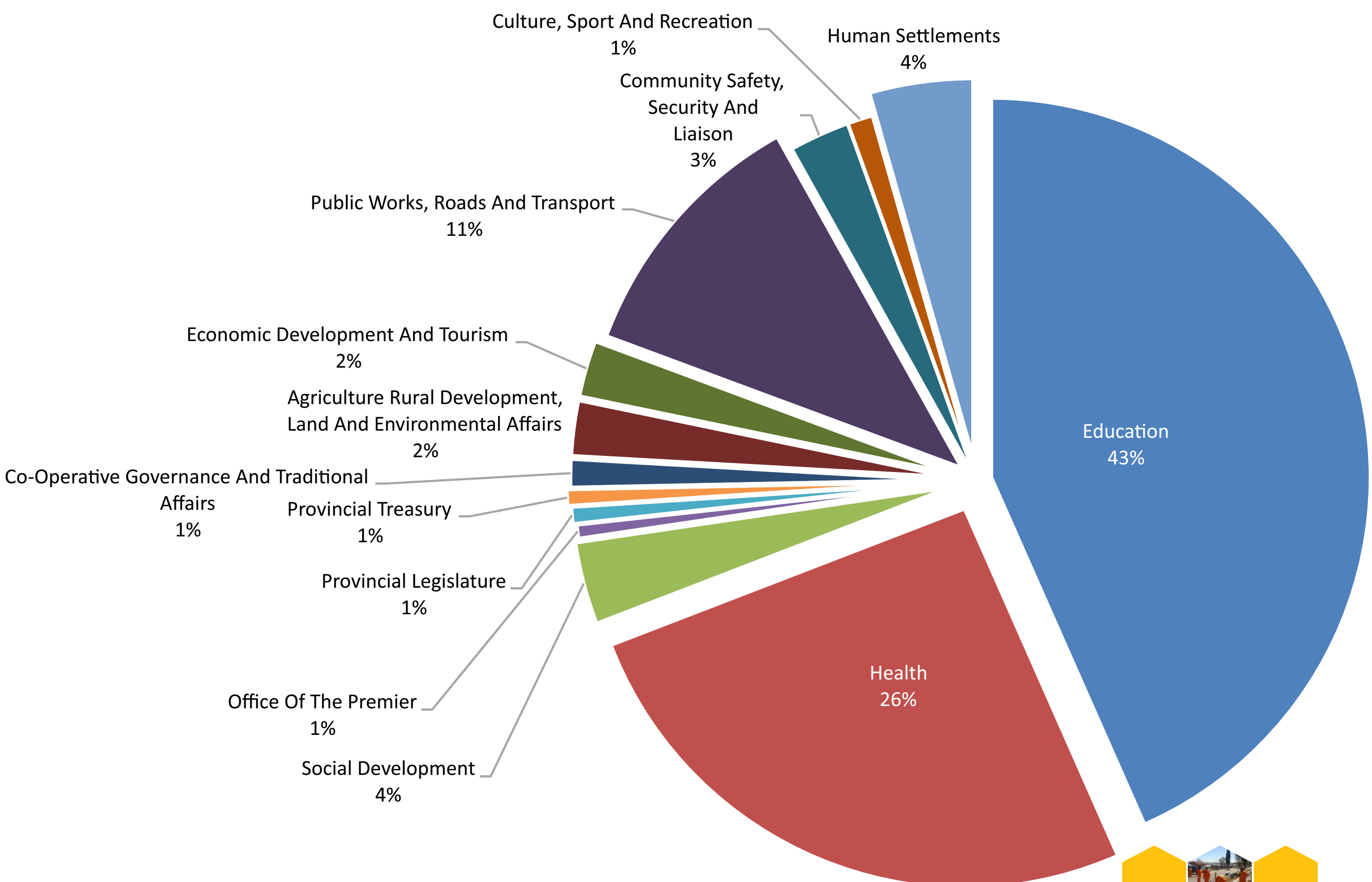
Education

- **25 million rand** is provided to address the current gaps in Mathematics, Science and Technology learning areas.
- **10 million 900 thousand rand** has been prioritized to fund training of 1000 Early Childhood Development (ECD) practitioners on NQF level 1 and enrolment of 800 practitioners on NQF level 4 course.
- **210 million rand** is provided to the Department of Education to increase access to post school funding in critical and scarce skills, and **130 million rand** is maintained as per the initial 2014/15 MTEF allocation to fully fund artisan development.

Total Allocation per Department

Total allocations for use by the votes from 01 April 2016 - 31 March 2017

	R ' 000		R ' 000
Office of the Premier	245 071	Education	17 916 783
Provincial Legislature	298 360	Public Works, Roads and Transport	4 647 031
Provincial Treasury	287 466	Community Safety, Security and Liaison	1 069 370
Co-operative Governance and Traditional Affairs	498 106	Health	10 642 144
Agriculture Rural Development, Land and Environmental Affairs	974 133	Culture, Sport and Recreation	451 907
		Social Development	1 454 716
Economic Development and Tourism	994 142	Human Settlements	1 822 108
Total provincial payments on estimates			41 301 337



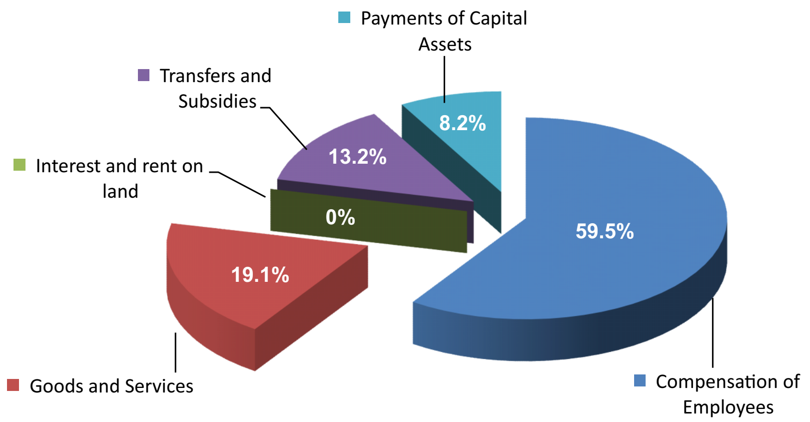
Compensation of Employees per Department

Salaries and benefits for government employees and public representatives.

R ' 000

Office of the Premier	129 850
Provincial Legislature	157 181
Provincial Treasury	163 786
Co-operative Governance and Traditional Affairs	368 919
Agriculture Rural Development, Land and Environmental Affairs	563 231
Economic Development and Tourism	121 928
Education	14 003 938
Public Works, Roads and Transport	9 732 250
Community Safety, Security and Liaison	422 182
Health	6 722 932
Culture, Sport and Recreation	157 033
Social Development	606 202
Human Settlements	167 725
Total provincial payments on Compensation of Employees	24 558 157

Share of the payments on Compensation of Employees according to Economic classification



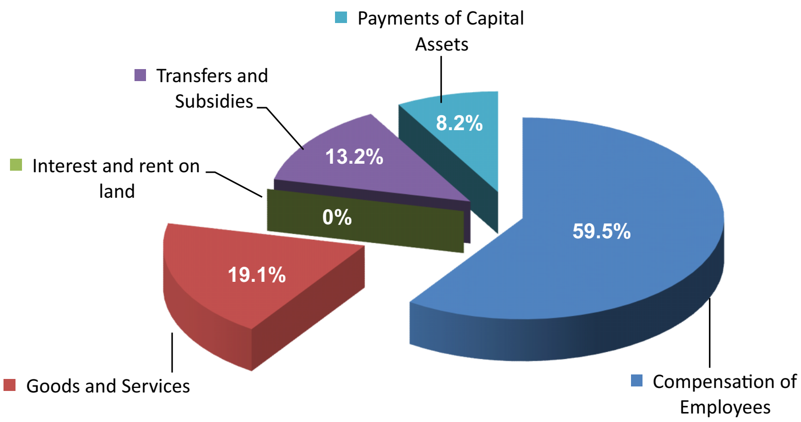
Goods and Services per Department

Payments made to service providers for goods purchased and services rendered

R ' 000

Office of the Premier	105 048
Provincial Legislature	97 273
Provincial Treasury	119 457
Co-operative Governance and Traditional Affairs	70 918
Agriculture Rural Development, Land and Environmental Affairs	195 490
Economic Development and Tourism	69 448
Education	1 661 594
Public Works, Roads and Transport	1 585 679
Community Safety, Security and Liaison	520 151
Health	3 042 240
Culture, Sport and Recreation	167 799
Social Development	186 736
Human Settlements	57 060
Total provincial payments on Goods and Services	**7 881 892**

Share of the payments on Goods and Services according to Economic classification



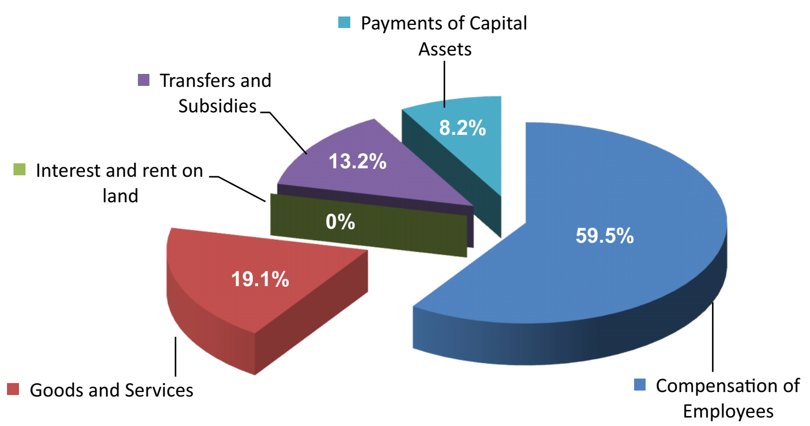
Payments on Transfers and Subsidies per Department

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	7 363
Provincial Legislature	40 954
Provincial Treasury	1 261
Co-operative Governance and Traditional Affairs	25 546
Agriculture Rural Development, Land and Environmental Affairs	194 163
Economic Development and Tourism	800 866
Education	1 277 916
Public Works, Roads and Transport	718 902
Community Safety, Security and Liaison	2 776
Health	298 307
Culture, Sport and Recreation	10 466
Social Development	494 749
Human Settlements	1 589 524
Total provincial payments on Transfers and Subsidies	5 462 793

Share of the payments on Transfers and Subsidies according to Economic classification

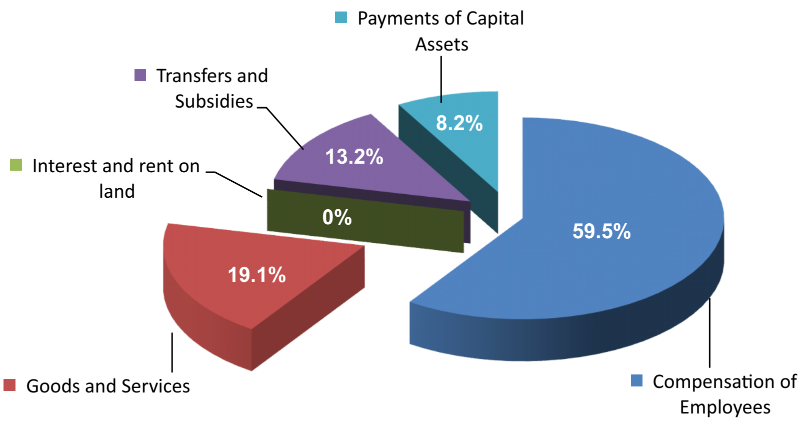


Payments on Capital Assets per Department

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

R ' 000

Office of the Premier	2 810
Provincial Legislature	2 952
Provincial Treasury	2 962
Co-operative Governance and Traditional Affairs	32 723
Agriculture Rural Development, Land and Environmental Affairs	21 249
Economic Development and Tourism	1 900
Education	973 335
Public Works, Roads and Transport	1 369 200
Community Safety, Security and Liaison	124 262
Health	578 665
Culture, Sport and Recreation	113 609
Social Development	167 029
Human Settlements	7 799
Total provincial payments on Capital Assets	3 398 495



Share of the payments on Capital Assets according to Economic classification

Provincial Commitment on the Provincial Budget

Intensification of cost containment measures for 2016/17

- As part of the measures to reduce non-core spending on items such as traveling and accommodation, the Provincial Treasury will commission a video conferencing facility before the end of this financial year. This service will be extended to the districts and local municipalities.

- We will request the Department of Economic Development and Tourism to commission a study for a possible merger of Mpumalanga Gambling Board and Mpumalanga Liquor Authority.

- All public entities are required to align their procurement policies, and publish their tenders on eTender portal and Provincial Treasury's tender bulletin. With effect from the 1st of April 2016 no public entity will be allowed to advertise tenders in any form of paid media.

- To further prevent financial leakages and ensure value for money, all Accounting Officers must ensure that contract management and supply chain management processes are strengthened within their institutions.

Containment of administrative personnel expenditure and rationalization

- Compensation of employees constitutes the highest budget item amount in the provincial budget and that is where the main cost containment measures are directed.

- Building from 2015/16 we will continue with the moratorium as part of the measures to reduce the wage bill on administrative personnel expenditure while protecting the education and health service staff.

- This period, we also offers an opportunity to re-arrange the manner in which departments are configured.

- Working together with the Office of the Premier will review the model of regional offices with a view to identify and eliminate overlaps, wastages and duplication to release resources for service delivery.

- The fit-for-purpose exercise will also be intensified to ensure that each employee is gainfully employed.

- This process will happen across the provincial administration which includes our public entities. We will engage the organized labour in order for us to jointly take this necessary process forward.

FACT SHEET

CENTRAL SUPPLIER DATABASE
FOR GOVERNMENT

CSD Registration Process

1. Access the CSD site on **www.csd.gov.za**
2. Register a new CSD account
3. Receive an activation email and OTP
4. Activate account and enter OTP
5. Log in on the CSD
6. Complete supplier identification information
7. Complete contact information
8. Complete address information
9. Complete bank account information
10. Complete tax information
11. Complete ownership information (if non-CIPC company)
12. Complete associations (if relevant)
13. Complete commodities information
14. Complete B-BBEE information (future phase)
15. Maintain users
16. Click on Submit
17. A CSD supplier number and unique security code is auto-generated and communicated
18. Organs of state access verified CSD supplier information

View reports

View supplier overview information

Auto verification of supplier information with SARS, CIPC etc

Interim Registration Process

1 September 2015

Supplier self-registration

1

Supplier self-registers on the CSD

Interim Process

- Interim process until organs of state access the supplier information on the CSD
- Replacement of paper-based registration form

2

Supplier provides his CSD Supplier Number and Unique Security Code as well as any other relevant documentation (not yet electronically verified by the CSD) to the department(s) or organs of state.

CSD Supplier Nr | Supplier Unique Security Code | Relevant other documentation

1 April 2016

Organs of state access the supplier information on the CSD

3

Department(s) or organs of state use the supplier number and unique security code to view/ print the verified supplier information from the CSD

national treasury
Department:
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REPUBLIC OF SOUTH AFRICA

Interim Benefits/ Reduced administrative burden

- Supplier only captures registration information once (quality measures applied to ensure complete, accurate and up-to-date information) accessible by all spheres of government
- In-process electronic verification (i.e. tax, business registration and bank account check-digit and branch information) and in-process member/ director detail obtainment - no paper copies required = reduced fraud

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