

**REPORT OF THE PORTFOLIO COMMITTEE ON PREMIER'S OFFICE; FINANCE; ECONOMIC DEVELOPMENT AND TOURISM ON THE MPUMALANGA ADJUSTMENTS APPROPRIATION BILL, 2016 [B3-2016]**

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## **1. INTRODUCTION**

The Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism (the Committee) has a mandate in terms of section 114 of the Constitution of the Republic of South Africa, 1996 (Act. No. 108 of 1996) read with Rule 194(1) of the Rules and Orders of the Mpumalanga Provincial Legislature (the Rules), to consider, pass, amend or reject any bill before the Legislature.

The Mpumalanga Adjustments Appropriation Bill [B3-2016] (the Bill) was tabled for consideration and adoption in the House on 25 November 2016 by the MEC for Finance; Economic Development and Tourism; where-after it was referred to the Committee for consideration and report back to the House.

## **2. OBJECTIVES OF THE BILL**

To effect adjustments to the appropriation of money from the Provincial Revenue Fund for the requirements of the Province in respect of the 2016/17 financial year; and to provide for matters incidental thereto.

## **3. METHOD OF WORK**

The Bill was referred to the Committee immediately after tabling in the House on 25 November 2016. The Committee and Chairpersons of all Portfolio Committees met with all Accounting Officers and Chief Financial Officers of the Office of the Premier, the Mpumalanga Provincial Legislature and provincial departments; Chief Executive Officers as well as Chief Financial Officers of public entities on 25 November 2016 to consider the Bill. The Committee met on 29 November 2016 to consider and finalise the report.

## **4. PRESENTATION BY PROVINCIAL TREASURY ON THE 2016 PROPOSED ADJUSTMENTS FOR THE MPUMALANGA PROVINCE**

The Head Official gave a brief overview on the proposed adjustments for the Mpumalanga Province relevant to each vote and as reflected in the Bill tabled in the House.

## 5. DELIBERATIONS WITH THE VARIOUS DEPARTMENTS

**VOTE 1: OFFICE OF THE PREMIER  
ADJUSTED BUDGET 2016/17**

**The Office of the Premier's mission is to provide strategic direction and support evidence-based decision-making through research, monitoring and evaluation, integrated planning, coordination of Government programmes and institutional development.**

The budget of the Office of the Premier is adjusted with an additional net amount of R18 000 000.00, namely to increase from the main allocation of R245 071 000.00 to R263 071 000.00.

### **Self-financing expenditure**

#### Programme 1: Administration

An additional R22 000 000.00 is allocated to cover costs related to the procurement of the Case Management System.

### **Funds shifted between votes following a transfer of a function**

#### Programme 3: Policy and Governance

R4 000 000.00 has been transferred to the Department of Co-operative Governance and Traditional Affairs for Operation Vuka Sisebente.

**VOTE 2: MPUMALANGA PROVINCIAL LEGISLATURE  
ADJUSTED BUDGET 2016/17**

**The Mpumalanga Provincial Legislature's mission is to hold the Executive and other state organs accountable through intensified oversight, enhanced public involvement and effective law making supported by professional administrative service.**

The budget of the Mpumalanga Provincial Legislature is adjusted with an additional net amount of R24 119 000.00, namely to increase from the main allocation of R298 360 000.00 to R322 479 000.00.

### **Roll-overs**

#### Programme 1: Administration

R12 663 000.00 has been allocated to this programme to augment the budget shortfall on Goods and Services and Capital Expenditure. This amount is made up of retained funds from the 2015/16 financial year which comprises of R24 574 000.00 from the unspent allocation as well as R1 674 000.00 own revenue collected during the same period, of which amount of R13 585 000.00 is surrendered to Provincial Revenue Fund as no spending was recorded at 31 March 2016 and this amount will be rescheduled to the Department of Public Works, Roads and Transport in 2017/18 for the Parliamentary Village.

### **Funds shifted between votes following a transfer of a function**

#### Programme 1: Administration

An amount of R1 144 000.00 has been transferred to the Department of Community Safety, Security and Liaison for security services due to a function shift on security service costs.

### **Self-financing expenditure**

#### Programme 2: Parliamentary Business

The Mpumalanga Provincial Legislature has received R12 600 000.00 of additional funds available to the Provincial Revenue Fund for financial support to political parties.

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| <p><b>VOTE 3: PROVINCIAL TREASURY</b></p> <p><b>ADJUSTED BUDGET 2016/17</b></p> |
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**Provincial Treasury's mission is to equitably allocate and optimal utilise provincial resources to ensure quality and better life for all through quality financial advice and support to departments, public entities and municipalities; efficient financial management and fiscal discipline; and effective use of financial resources.**

The budget of the Provincial Treasury has not been adjusted and will remain at R287 466 000.00 as per its main allocation.

**VOTE 4: CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**ADJUSTED BUDGET 2016/17**

**The Department of Co-operative Governance and Traditional Affairs' mission is to coordinate, support, monitor and strengthen an integrated cooperative Governance system.**

The budget of the Department of Co-operative Governance and Traditional Affairs is adjusted with an additional net amount of R118 500 000.00, namely to increase from the main allocation of R498 106 000.00 to R616 606 000.00.

**Funds shifted between votes following a transfer of a function**

Programme 2: Local Governance

R4 000 000.00 has been transferred to the department from the Office of the Premier for the implementation of Operation Vuka Sisebente.

**Unforeseeable and unavoidable expenditure**

Programme 3: Development and Planning

An additional amount of R30 000 000.00 is allocated for disaster at municipalities. An additional R1 500 000.00 is allocated for repairs to electrification infrastructure that was damaged by storms in the Victor Khanye Local Municipality.

**Self-financing expenditure**

Programme 3: Development and Planning

The department has received R54 000 000.00 of additional funds available to the Provincial Revenue Fund to cover costs related to the electrification of households at some municipalities.

Programme 4: Traditional Institution Management

The department has received an amount of R29 000 000.00 of additional funds available to the Provincial Revenue Fund to cover costs related to procurement of tractors and implements for the Traditional Leaders.

**VOTE 5: AGRICULTURE, RURAL DEVELOPMENT LAND AND ENVIRONMENTAL AFFAIRS**

**ADJUSTED BUDGET 2016/17**

**The Department of Agriculture, Rural Development, Land and Environmental Affairs' mission is to facilitate an integrated, comprehensive and sustainable social and agricultural development in rural and urban communities through ensuring cohesion and collaboration by all sectors of society.**

The budget of the Department of Agriculture, Rural Development, Land and Environmental Affairs has not been adjusted and will remain at R974 133 000.00 as per its main allocation. An amount of R26 000 000.00 has been allocated on the Comprehensive Agriculture Support Programme Grant as an indirect grant which will be implemented at a National Government level.

**VOTE 6: ECONOMIC DEVELOPMENT AND TOURISM**

**ADJUSTED BUDGET 2016/17**

**The Department of Economic Development and Tourism's mission is to drive economic growth that creates decent employment and promote sustainable development through partnerships.**

The budget of the Department of Economic Development and Tourism is adjusted with an additional amount of R8 000 000.00, namely to increase from the main allocation of R994 142 000.00 to R1 002 142 000.00.

**Self-financing expenditure**

**Programme 4: Business Regulations and Governance**

The department has received R8 000 000.00 of the additional funds available to the Provincial Revenue Fund as a special allocation towards the Mpumalanga Gambling Board towards responsible gambling during a 20 year anniversary.

**VOTE 7: EDUCATION**  
**ADJUSTED BUDGET 2016/17**

**The Department of Education's mission is to work with its stakeholders to promote effective teaching and learning through good governance, capable management and proficient leadership.**

The budget of the Department of Education is adjusted with an additional net amount of R20 504 000.00, namely to increase from the main allocation of R17 916 783 000.00 to R17 937 287 000.00.

**Roll-overs**

Programme 2: Public Ordinary Schools Education

R751 000.00 has been rolled over for committed unspent funds for the National School Nutrition Programme grant.

Programme 6: Infrastructure Development

R4 502 000.00 has been rolled over for the committed unspent funds for the Education Infrastructure grant.

Programme 7: Examination and Education Related Services

R544 000.00 has been rolled over for the committed unspent funds for the HIV and Aids (Life Skills Education) grant.

**Declared unspent funds**

Programme 2: Public Ordinary Schools Education

R7 232 000.00 has been declared as unspent funds.

Programme 7: Examination and Education Related Services

R4 500 000.00 has been declared as unspent funds

## **Self-financing expenditure**

### Programme 2: Public Ordinary Schools Education

An additional amount of R20 000 000.00 has been received as additional funding from the Provincial Revenue Fund for Schools Sports League; and an amount of R6 439 000.00 has been received for the National School Nutrition Programme grant in order to cushion the Province on the impact of rising food prices.

**VOTE 8: PUBLIC WORKS, ROADS AND TRANSPORT**  
**ADJUSTED BUDGET 2016/17**

**The Department of Public Works, Roads and Transport's mission is to provide an integrated, reliable and cost-effective transport system that meets the development needs of the Province; and to deliver infrastructure that promotes socio-economic development and job creation.**

The budget of the Department of Public Works, Roads and Transport has been decreased by an amount of R47 203 000.00, namely to decrease from the main allocation of R4 647 031 000.00 to R4 599 828 000.00.

## **Declared unspent funds**

### Programme 2: Public Works Infrastructure

An amount of R47 203 000.00 is the total amount of declared unspent funds. Out of this amount R46 415 000.00 will be rescheduled in 2017/18 financial year for construction of Mpumalanga Parliamentary Village and R13 585 000.00 remains within this department for the planning and design of this village. Commencement of the project was delayed due to non-availability of suitable land to locate the village. R788 000.00 is a surrender of funds to be re-allocated to the Department of Community Safety, Security and Liaison in relation to additional security services fees.

**VOTE 9: COMMUNITY SAFETY, SECURITY AND LIAISON**  
**ADJUSTED BUDGET 2016/17**

**The Constitution of South Africa gives a mandate to the Department of Community Safety, Security and Liaison of overseeing the performance of the South African Police Service; and to implement programmes of safety and security in communities. The department is further mandated with the responsibility of implementing traffic control and road-safety programmes.**

The budget of the Department of Community Safety, Security and Liaison is adjusted with an additional amount of R112 389 000.00, namely to increase from the main allocation of R1 069 370 000.00 to R1 181 759 000.00.

#### **Self-financing expenditure**

##### Programme 1: Administration

The department has received R2 042 000.00 of additional funds available to the Provincial Revenue Fund to cover costs related to the operations of the licensing authorities taken over by the department.

##### Programme 3: Transport Operations

The department has received R37 058 000.00 of additional funds available to the Provincial Revenue Fund to cover costs related to the take-over of the licensing function in the following municipalities: Govan Mbeki, Lekwa, Chief Albert Luthuli, Emakhazeni, Mkhondo and Thaba Chweu.

##### Programme 4: Security Management

The department has received R72 145 000.00 of additional funds available to the Provincial Revenue Fund to cover costs related to the provisions of security services for the provincial government offices.

#### **Funds shifted between votes following a transfer of a function**

##### Programme 4: Security Management

R1 144 000.00 is received from the Mpumalanga Provincial Legislature following the transfer of security services function to the department.



**VOTE 10: HEALTH**  
**ADJUSTED BUDGET 2016/17**

**The Department of Health's mission is to improve the quality of health and well-being of all people of Mpumalanga by providing needs based, people centred, equitable health care delivery system through an integrated network of health care services provided by a cadre of dedicated and well skilled health workers.**

The budget of the Department Health has been decreased by an amount of R35 816 000.00, namely to decrease from the main allocation of R10 642 144 000.00 to R10 606 328 000.00.

**Roll-overs**

Programme 2: District Health Services

R1 774 000.00 has been rolled over for funding of committed consultants fees in the National Health Insurance grant in the 2015/16 financial year.

Programme 5: Central Hospital Services

R10 854 000.00 has been rolled over for funding of committed medical equipment in the National Tertiary Services grant in the 2015/16 financial year.

Programme 8: Health Facilities Management

R8 556 000.00 has been rolled over for funding of committed medical equipment in the Health Facility Revitalisation grant in the 2015/16 financial year.

**Declared unspent funds**

Programme 1: Administration

R17 485 000.00 is declared unspent for non-essential items to be utilised for additional security guards in various health facilities.

Programme 2: District Health Services

R17 895 000.00 is declared unspent for non-essential items to be utilised for additional security guards in various health facilities.

**Programme 3: Emergency Medical Services**

R8 530 000.00 is declared unspent for non-essential items to be utilised for additional security guards in various health facilities.

**Programme 4: Provincial Hospital Services**

R535 000.00 is declared unspent for non-essential items to be utilised for additional security guards in various health facilities.

**Programme 5: Central Hospital Services**

R23 000.00 is declared unspent for non-essential items to be utilised for additional security guards in various health facilities.

**Programme 7: Health Care Support Services**

R12 532 000.00 is declared unspent for non-essential items to be utilised for additional security guards in various health facilities.

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| <b>VOTE 11: CULTURE, SPORT AND RECREATION</b> |
| <b>ADJUSTED BUDGET 2016/17</b>                |

**The Department of Culture, Sport and Recreation's mission is to promote social cohesion and nation building through culture, sport and information service to the people of Mpumalanga.**

The budget of the Department of Culture, Sport and Recreation is adjusted with an additional net amount of R45 593 000.00, namely to increase from the main allocation of R451 907 000.00 to R497 500 000.00.

**Roll-overs****Programme 3: Library and Archives**

R27 893 000.00 has been rolled over from the Community Library Services grant for the procurement of books, office furniture and equipment and construction of libraries.

**Declared unspent funds**

#### Programme 4: Sports and Recreation

The budget for the Mass Participation and Sport Development grant has been decreased by an amount of R2 300 000.00 in the Department of Culture, Sport and Recreation due to an erroneous allocation by the National Department of Sport and Recreation South Africa that was published in the 2016 Division of Revenue Act and has been rectified through the Division of Revenue Amendment Act to reflect the correct amount that was agreed by the sector in 2015.

#### **Self-financing expenditure**

#### Programme 2: Cultural Affairs

The department has received R20 000 000.00 of additional funds available to the Provincial Revenue Fund as a baseline adjustment to cover costs for the following events:

|                                |                |
|--------------------------------|----------------|
| National celebrated days       | R6 000 000.00  |
| Mpumalanga Cultural Experience | R12 200 000.00 |
| Innibos Festival               | R1 800 000.00  |

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| <b>VOTE 12: SOCIAL DEVELOPMENT</b><br><br><b>ADJUSTED BUDGET 2016/17</b> |
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**The Department of Social Development's mission is to provide equitable, integrated and quality sustainable social development services in partnership with all stakeholders to eradicate poverty and protect vulnerable groups in all communities of Mpumalanga.**

The budget of the Department of Social Development has been decreased by an amount of R18 625 000.00, namely to decrease from the main allocation of R1 454 716 000.00 to R1 436 091 000.00.

#### **Declared unspent funds**

#### Programme 1: Administration

An amount of R1 425 000.00 is declared unspent to be utilised for additional physical security requested to strengthen security in identified facilities.

#### Programme 2: Development and Research

An amount of R17 200 000.00 is declared unspent for the implementation of two Youth Development and two Early Childhood Development Centres infrastructure projects. These funds have been re-scheduled and will be re-allocated in the 2017/18 financial year.

**VOTE 13: HUMAN SETTLEMENTS**  
**ADJUSTED BUDGET 2016/17**

**The Department of Human Settlements' mission is to plan, coordinate and facilitate the creation of integrated sustainable Human Settlements.**

The budget of the Department of Human Settlements is adjusted with an additional net amount of R157 744 000.00, namely to increase from the main allocation of R1 822 108 000.00 to R1 979 852 000.00.

**Unforeseeable and unavoidable expenditure**

Programme 3: Housing Development

An additional amount of R3 306 000.00 is allocated for rehabilitation of houses damaged by storms at the Victor Khanye Local Municipality.

**Declared unspent**

Programme 4: Housing Assets Management

R1 200 000.00 is declared unspent due to stopping of transfers to the Housing Association.

**Self-financing expenditure**

Programme 3: Housing Development

The department has received R155 638 000.00 of additional funds available to the Provincial Revenue Fund to cover costs related to support municipalities for water provision and sewer spillages for the following municipalities: Mbombela, Thaba Chweu, Thembisile Hani, Bushbuckridge, Dr JS Moroka, Lekwa and Govan Mbeki Local Municipalities.

[Source: Provincial Treasury - Mpumalanga Adjusted Estimates of Provincial Revenue and Expenditure 2016/17]

## 6. CROSS CUTTING FINDING BY THE COMMITTEE

The following observation was made by the Committee:

- 6.1. All departments and public entities agreed with the presentation made by Provincial Treasury; furthermore, that the additional allocated budget will enhance service delivery in the Province; and that efficient plans to ensure proper implementation of planned objectives relevant to the additional budget allocated to them, are in place.

## 7. CROSS CUTTING RECOMMENDATION

- 7.1. Given the tight fiscal framework, all departments and public entities should spend budgets in full. Portfolio Committees should monitor the quality of spending in order to deal with issues of irregular expenditure, fruitless and wasteful expenditure as well as unauthorised expenditure in line with the resolution of the Executive Council of taking responsibility of clearing these unwanted expenditures.

## 8. ADJUSTED ALLOCATION TO VOTES FOR THE 2016/17 FINANCIAL YEAR

| VOTE | DEPARTMENT   | Appropriated Budget<br>'000 | Increase (Decrease)<br>'000 | Adjusted Appropriated Budget<br>'000 |
|------|--|-----------------------------|-----------------------------|--------------------------------------|
| 1    | Office of the Premier  | 245 071                     | 18 000                      | 263 071                              |
| 2    | Provincial Legislature   | 298 360                     | 24 119                      | 322 479                              |
| 3    | Provincial Treasury  | 287 466                     | -                           | 287 466                              |
| 4    | Co-operative Governance and Traditional Affairs                | 498 106                     | 118 500                     | 616 606                              |
| 5    | Agriculture, Rural Development, Land and Environmental Affairs | 974 133                     | -                           | 974 133                              |
| 6    | Economic Development and Tourism                               | 994 142                     | 8 000                       | 1 002 142                            |
| 7    | Education  | 17 916 783                  | 20 504                      | 17 937 287                           |
| 8    | Public Works, Roads and Transport                              | 4 647 031                   | (47 203)                    | 4 599 828                            |

|    |  |                   |                |                   |
|----|--|-------------------|----------------|-------------------|
| 9  | Community Safety, Security and Liaison | 1 069 370         | 112 389        | 1 181 759         |
| 10 | Health                                 | 10 642 144        | (35 816)       | 10 606 328        |
| 11 | Culture, Sport and Recreation          | 451 907           | 45 593         | 497 500           |
| 12 | Social Development                     | 1 454 716         | (18 625)       | 1 436 091         |
| 13 | Human Settlements                      | 1 822 108         | 157 744        | 1 979 852         |
|    | <b>TOTAL</b>                           | <b>41 301 337</b> | <b>403 205</b> | <b>41 704 542</b> |

The Committee moves that the House adopts the report with the recommendation contained in it; and approves the respective budget allocation per department as reflected above; as well as the Mpumalanga Adjustments Appropriation Bill (B3-2016) and the provincial budget for a total amount of **R41 704 542 000.00.**

The Committee recommends further that all progress reports on the recommendation requested by the Committee from departments and public entities must be submitted before 24 February 2017, there-after on a quarterly basis. Furthermore, that the report on the Bill as introduced be adopted by the House.

## 9. CONCLUSION

The Chairperson extends his appreciation to Members of the Committee, all Chairpersons of Portfolio Committees, the MEC for Finance, Economic Development and Tourism, the Head Official for Provincial Treasury, Accounting Officers of departments and public entities and officials from the Provincial Treasury for their active participation, input and contributions during the deliberations on the Mpumalanga Adjustments Appropriation Bill [B3-2016] as well as the support staff for contributing to the production of this report.

HON FV MLOMBO (MPL)

CHAIRPERSON:

PORTFOLIO COMMITTEE ON PREMIER'S OFFICE; FINANCE; ECONOMIC DEVELOPMENT AND TOURISM

29.11.2016

DATE