

MPUMALANGA PROVINCE



MPUMALANGA SECOND ADJUSTMENTS APPROPRIATION BILL, 2018

(As amended by the Budget Committee)

(MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM)

GENERAL EXPLANATORY NOTE:

- [] Words in bold type in square brackets indicate deletions from the Bill as introduced.
___ Words underlined with a solid line indicate insertions.

BILL

To effect second adjustments to the appropriation of money from the Provincial Revenue Fund for the requirements of the Province in respect of the 2017/18 financial year ending 31 March 2018; and to provide for matters incidental thereto.

PREAMBLE

WHEREAS section 226(2) of the Constitution of the Republic of South Africa, 1996, provides that money may be withdrawn from the Provincial Revenue Fund only in terms of an appropriation by a Provincial Act or as a direct charge against the Provincial Revenue Fund, when it is provided for in the Constitution of the Republic of South Africa, 1996, or an Act of the Provincial Legislature;

WHEREAS the Mpumalanga Appropriation Act, 2017 (Act No. 1 of 2017), provides for the appropriation of money from the Provincial Revenue Fund to provide for the requirements of the Province in respect of the 2017/18 financial year;

AND WHEREAS section 31 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), provides for provincial adjustments to be effected to the amounts of money appropriated in an Appropriation Act, including to cater for expenditure in terms of section 31(2)(a) and (e);

BE IT THEREFORE ENACTED by the Mpumalanga Provincial Legislature as follows:-

Interpretation

1. In this Act, unless the context indicates otherwise, any word or expression ascribed a meaning in the Mpumalanga Appropriation Act, 2017 (Act No.1 of 2017), or the Public Finance Management Act, 1999 (Act No. 1 of 1999), bears the meaning so assigned.

Adjustments to appropriations of money for requirements of the Province

2. (1) Adjustment to appropriations by the Mpumalanga Provincial Legislature of money from the Provincial Revenue Fund for the requirements of the Province in respect of the 2017/18 financial year to votes and main divisions within a vote, and amendments for the purposes specified, are set out in the Schedule to this Act.

(2) The spending of appropriations contemplated in subsection (1) is subject to the provisions of this Act, the Public Finance Management Act, 1999 (Act No. 1 of 1999), and the Division of the Revenue Act, 2017 (Act No. 3 of 2017) as amended.

Short title

3. This Act is called the Mpumalanga Second Adjustments Appropriation Act, 2018

SCHEDULE								
Vote		Total	Current Payments			Transfers and Subsidies	Payments for Capital Assets	Payments for Financial Assets
			Compensation of employees	Goods and services	Other			
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
1	Office of the Premier <i>Aim: Provide strategic direction and support evidence-based decision-making through research, monitoring and evaluation, intergrated planning, co-ordination of Government programmes and institutional development.</i>	4 585	-	4 585	-	-	-	-
	1. Administration	3 000	-	3 000	-	-	-	-
	2. Institutional Development	-	-	-	-	-	-	-
	3. Policy and Governance	1 585	-	1 585	-	-	-	-
2	Provincial Legislature <i>Aim: To effectively and efficiently hold the executive and other state organs accountable through intensified oversight, enhanced public education and participation, and law-making, and to ensure improved service delivery by adhering to the Batho Pele principles, supported by administrative excellence and good governance.</i>	1 500	-	1 500	-	-	-	-
	1. Administration	-	-	-	-	-	-	-
	2. Parliamentary Business	1 500	-	1 500	-	-	-	-
3	Provincial Treasury <i>Aim: The equitable allocation and optimal utilization of 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.</i>	-	[4 378] 4 802	[(4 605)] (5 029)	-	38	189	-
	1. Administration	[1 799] 1 902	[1 610] 1713	(37)	-	37	189	-
	2. Sustainable Resources Management	[(3 956)] 4 464	[611] 527	[(4 567)] (4 991)	-	-	-	-
	3. Assets and Liabilities Management	[1 499] 1 881	[1 499] 1 881	(1)	-	1	-	-
	4. Financial Governance	[658] 681	[658] 681	-	-	-	-	-
4	Co-Operative Governance and Traditional Affairs <i>Aim: To co-ordinate, support, monitor and strengthen an integrated Co-operative Governance system.</i>	-	[(5 000)] (5 600)	-	-	-	[5 000] 5 600	-
	1. Administration	-	-	-	-	-	-	-
	2. Local Governance	-	-	-	-	-	-	-
	3. Development and Planning	[3 000] 3 600	(2 000)	-	-	-	[5 000] 5 600	-
	4. Traditional Institutional Management	[(3 000)] (3 600)	[(3 000)] (3 600)	-	-	-	-	-
	5. The House of Traditional Leaders	-	-	-	-	-	-	-
5	Agriculture, Rural Development, Land and Environmental Affairs <i>Aim: To facilitate an integrated, comprehensive, sustainable social and agricultural development in rural and urban communities through ensuring cohesion and collaboration by all sectors of society.</i>	-	[(8 000)] (16 695)	[(5 029)] 6 395	-	[1 000] 0	[12 029] 10 300	-
	1. Administration	[11 000] (10 000)	[(9 000)] (10 000)	[(3000)] 0	-	[1 000] 0	-	-
	2. Sustainable Resource Management	[540] (2 000)	(2 000)	[1 950] 0	-	-	-	-
	3. Farmer Support and Development	[21 321] 13 695	-	[2 071] 6 395	-	-	[7 000] 7 300	-
	4. Veterinary Services	[(4 911)] (2 000)	(2 000)	[(2 750)] 0	-	-	[(161)] 0	-
	5. Research and Technology Development Services	[(200)] 0	-	[(800)] 0	-	-	[1 600] 0	-
	6. Agricultural Economics Services	[(500)] 0	-	0	-	-	-	-
	7. Structured Agricultural Education and Training	[(800)] 0	-	[(800)] 0	-	-	-	-
	8. Rural Development Coordination	[(750)] 0	-	0	-	-	-	-
	9. Environmental Affairs	[(3 700)] 305	(2 695)	[(1 700)] 0	-	-	3 000	-
6	Economic Development and Tourism <i>Aim: Drive economic growth that creates decent employment and promote sustainable development through partnerships.</i>	(4 585)	-	(4 585)	-	-	-	-
	1. Administration	(644)	-	(644)	-	-	-	-

Vote		Total	Current Payments			Transfers and Subsidies	Payments for Capital Assets	Payments for Financial Assets
			Compensation of employees	Goods and services	Other			
	2. Integrated Economic Development	(1 085)	-	(1 085)	-	-	-	-
	3. Trade and Sector Development	(1 000)	-	(1 000)	-	-	-	-
	4. Business Regulation and Governance	-	-	-	-	-	-	-
	5. Economic Planning	(856)	-	(856)	-	-	-	-
	6. Tourism	(1 000)	-	(1 000)	-	-	-	-
7	Education <i>Aim: The Mpumalanga Department of Education commits to work with its stakeholders to promote effective teaching and learning through good governance, capable management and proficient leadership.</i>	(90 000)	(119 776)	103 899	-	7 018	(81 141)	-
	1. Administration	62 342	3 000	51 342	-	-	8 000	-
	2. Public Ordinary Schools Education	(123 342)	(117 776)	(2 566)	-	(3 000)	-	-
	3. Independent Schools Subsidies	-	-	-	-	-	-	-
	4. Public Special Schools Education	17 300	-	19 300	-	-	(2 000)	-
	5. Early Childhood Development	18 700	5 000	13 700	-	-	-	-
	6. Infrastructure Development	(90 000)	-	-	-	-	(90 000)	-
	7. Examination and Education Related Services	25 000	(10 000)	22 123	-	10 018	2 859	-
10	Health <i>Aim: To improve the quality of health and well-being of all people of Mpumalanga Province 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.</i>	115 000	(37 000)	770	-	34 054	117 176	-
	1. Administration	26 658	-	-	-	26 658	-	-
	2. District Health Services	6 593	-	2 946	-	3 647	-	-
	3. Emergency Medical Services	-	-	-	-	-	-	-
	4. Provincial Hospital Services	-	-	-	-	-	-	-
	5. Central Hospital Services	-	-	1 477	-	-	(1 477)	-
	6. Health Sciences and Training	(33 251)	(37 000)	-	-	3 749	-	-
	7. Health Care Support Services	-	-	-	-	-	-	-
	8. Health Facilities Management	115 000	-	(3 653)	-	-	118 653	-
12	Social Development <i>Aim: To provide equitable, intergrated and quality Social Development services in partnership with all stakeholders to eradicate poverty and protect vulnerable groups in all communities of Mpumalanga Province.</i>	(25 000)	-	-	-	-	(25 000)	-
	1. Administration	-	-	-	-	-	-	-
	2. Social Welfare Services	(96)	-	-	-	-	(96)	-
	3. Children and Families	(5 045)	-	-	-	-	(5 045)	-
	4. Restorative Services	(9 182)	-	-	-	-	(9 182)	-
	5. Development and Research	(10 677)	-	-	-	-	(10 677)	-
13	Human Settlements <i>Aim: Provision of Integrated Sustainable Human Settlements and Improve quality livelihoods.</i>	100 000	-	-	-	100 000	-	-
	1. Administration	-	-	-	-	-	-	-
	2. Housing Needs, Research and Planning	-	-	-	-	-	-	-
	3. Housing Development	100 000	-	-	-	100 000	-	-
	4. Housing Asset Management	-	-	-	-	-	-	-
Total 2017/18 adjustment to departmental baseline		101 500	[(165 398)] (174 269)	[96 535] 107 535	-	[142 110] 141 110	[28 253] 27 124	-

EXPLANATORY MEMORANDUM ON THE OBJECTS OF THE MPUMALANGA SECOND ADJUSTMENTS APPROPRIATION BILL, 2018

1. BACKGROUND

- 1.1. Section 31(2)(a) and (e) of the PFMA provides that MEC for Finance in a Province may table an adjustments budget in the Provincial Legislature if such adjustments budget provides for the appropriation of funds that have become available in the province; or the shifting of funds between and within votes respectively.
- 1.2. The Mpumalanga Second Adjustments Appropriation Bill, 2018 (“the Bill”), provides for the appropriation of funds for the Mpumalanga Provincial Government arising from amounts transferred to the Province by the National Department of Human Settlements.
- 1.3. The transfer was done by the former Minister of Finance, Mr MKN Gigaba, through Government Gazette no. 41407 dated 26 January 2018, issued in terms of the Division of Revenue Act, 2017 (Act No. 03 of 2017) as amended.
- 1.4. The Departments will also have an opportunity to do virements where necessary.

Human Settlements Development Grant

- 1.5. In compliance with section 19 of the Division of Revenue Act, 2017, as amended, the National Department of Human Settlements stopped the transfer of funds to Gauteng (R150 million), Limpopo Province (R150 million) and North West (R300 million) for the Human Settlements Development grant, following revised allocations by the National Department of Human Settlements.
- 1.6. Further, in compliance with Section 20(3)(a) of the Division of Revenue Act, 2017, as amended, the National Department of Human Settlements re-allocated R100 Million thereof to Mpumalanga Province for the Human Settlements Development grant, following revised allocations by the Department.
- 1.7. The Bill therefore provides for second adjustments to the Province's budget, for the second time in order to receive and appropriate the additional funding from the National Department of Human Settlements amounting to R100 million.

Shifting of funds between and within votes

- 1.8. There were savings from the affected Provincial Departments amounting to R119.585 million, of which R4.585 million thereof is from the Department of Economic Development and Tourism; R90 million from the Department of Education and R25 million from the Department of Social Development.

Office of the Premier

- 1.9. The Office of the Premier will receive R4.585 million of the R119.585 million savings for purposes of litigations and other services.

Provincial Legislature

- 1.10. The Provincial Legislature will receive R1.5 million from own revenue collection for the purpose of defraying expenditure incurred for the Common Wealth Parliament Association registration fees.

Provincial Treasury

- 1.11. The Provincial Treasury seeks to shift R4.802 million from Goods and Services to Compensation of Employees in order to implement an arbitration award relating to the upgrading of posts and to correct a line item in the compensation of employees.

Department of Co-operative Governance and Traditional Affairs

- 1.12. The Department seeks to shift R5.6 million from Compensation of Employees to defray expenditure on Payments of Capital Assets.

Department of Agriculture, Rural Development, Land and Environmental Affairs

- 1.13. The Department seeks to shift R16.695 million from Compensation of Employees to defray expenditure on AgriHubs (Mkhuhlu and Mkhondo) as well as offices that were affected by storm damages.

Department of Economic Development and Tourism

- 1.14. The Department surrendered savings amounting to R4.585 million from [**Compensation of Employees**] Goods and Services to the Provincial Revenue Fund. It is also worthy to note that this Second Budget Adjustments process also seeks to formally implement Executive Council Resolution 24 of 2018 to regularise the consolidation of the 2017/18 budget R50.241 million for the Mpumalanga Gambling Board and the Mpumalanga Liquor Authority into one entity (the Mpumalanga Economic Regulator).

Department of Education

- 1.15. The Department surrendered R90 million due to slow spending at [**Thabachweu**] Thaba Chweu Boarding School.

Department of Health

- 1.16. The Department of Health will receive R115 million of the R119.585 million in order to defray expenditure on Bethal, Middelburg, Mapulaneng and Mmamethlake hospitals.

Department of Social Development

- 1.17. The Department surrendered an amount of R25 million to the Provincial Revenue Fund due to slow progress on various projects.

2. SUMMARY OF BILL

The following is a brief summary of the Bill:

Clause 1 provides for the Interpretation of the Bill;

Clause 2 provides for the second adjustments to appropriations of money for the requirements of the Province in respect of the 2017/18 financial year to certain votes and main divisions within a vote; and

Clause 3 contains the short title.

3. ORGANISATIONS AND INSTITUTIONS CONSULTED

All relevant and affected stakeholders were consulted.

- National Treasury
- Office of the Premier
- Mpumalanga Provincial Legislature
- Provincial Treasury
- Department of Co-operative Governance and Traditional Affairs
- Department of Agriculture, Rural Development, Land and Environmental Affairs

- Department of Economic Development and Tourism
- Department of Education
- Department of Health
- Department of Social Development
- Department of Human Settlements

4. FINANCIAL IMPLICATIONS FOR THE PROVINCE

The Bill seeks to reduce the budget baselines of the following departments by a combined total of R119.585 million: Economic Development and Tourism; Education and Social Development.

The budget baseline of the Department of Human Settlements will be increased by **R100 million**, in order to direct funding towards human settlements development.

5. CONSTITUTIONAL IMPLICATIONS

The recommendations that are made in the Bill take into account the provisions of sections 119, 120 and 226 of the Constitution.

6. LEGISLATIVE PROCEDURE

The Bill is a money Bill which must be dealt with in accordance with the procedure prescribed by section 120 read with section 119 of the Constitution.

