

**REPORT OF THE PORTFOLIO COMMITTEE ON PREMIER'S OFFICE; FINANCE;
ECONOMIC DEVELOPMENT AND TOURISM ON THE MPUMALANGA SECOND
ADJUSTMENTS APPROPRIATION BILL [B2-2015]**

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(2) of the Rules and Orders of the Mpumalanga Provincial Legislature (the Rules), to conduct oversight over Provincial Treasury.

The Mpumalanga Second Adjustments Appropriation Bill [B2-2015] [the Bill] was tabled in the House on 17 March 2015; where-after, it was referred to the Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism 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 2014/15 financial year ending 31 March 2015; and to provide for matters incidental thereto.

3. METHOD OF WORK

The Mpumalanga Second Adjustments Appropriation Bill [B2-2015] was referred to the Committee immediately after tabling in the House on 17 March 2015. Subsequently, the Committee interacted on the Bill as follows:

- a) Provincial Treasury briefed the Committee on the Bill on 19 May 2015;

- b) A Hearing with Provincial Treasury and all effected departments was conducted on 19 May 2015.
- c) The Committee then met on 09 June to finalise the Committee report.

4. BRIEFING ON THE BILL ON 19 MARCH 2013

4.1. BACKGROUND

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. This was done through Gazette no 38483 dated 16 February 2015. The departments also have an opportunity to effect virements where necessary; or to correct budget where necessary.

The transfer was done by the National Minister of Finance, Hon NM Nene, through Government Gazette no 38483 dated 16 February 2015 that was issued in terms of the Division of Revenue Act No 10 of 2014 as amended.

Section 31(2)(a) and (e) of the Public Management of Finance Act of 1999 (PFMA) provides that the MEC for Finance in a province may table an adjustments budget in the Provincial Legislature if such adjustments budget provides for:

- (a) the appropriation of funds that have become available in the province; or
- (b) the shifting of funds between and within Votes.

In light of the above, the funds that have been transferred to the Mpumalanga Provincial Revenue Fund from the National Department of Human Settlements are therefore supposed to be appropriated in accordance with section 31(2)(a) of the PFMA.

The Provincial Treasury also had an opportunity to do virements where necessary to correct budget, in accordance with section 32(2)(e) and (f) of the PFMA as indicated in the Schedule in the Mpumalanga Second Adjustments Bill B2-2015. .

4.1.1. Human Settlements Development Grant

In compliance with Section 19 of the Division of Revenue Act 2014 as amended, the National Department of Human Settlements stopped the transfer of funds to Limpopo Province (R559 500 000.00) for the Human Settlements Development grant, following allocations by the National Department of Human Settlements.

Further, in compliance with Section 20 of the Division of Revenue Act, 2014 as amended, the National Department of Human Settlements re-allocated R 70 000 000.00 to Mpumalanga Province for the Human Settlements Development grant, following revised allocations by the department.

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 R 70 000 000.00.

4.1.2. Shifting of funds between and within Votes

It was reported that there were savings in some departments, namely as follows:

- Provincial Treasury amounting to R 4 000 000.00
- Department of Cooperative Governance and Traditional Affairs amounting to R 8 000 000.00
- Department of Agriculture, Rural Development, Land and Environmental Affairs amounting to R 20 000 000.00
- Department of Economic Development and Tourism amounting to R 4 800 000.00

These savings amount to a total of R 36 800 000.00 and the Bill provides for the shifting of the amount of money to the Department of Human Settlements in compliance with section 31(1)(e).

The Provincial Treasury shifted an amount of R 312 000.00 from Goods and Services to Transfers and Subsidies for municipal support.

5. INTERACTIONS WITH THE EFFECTED DEPARTMENTS

The Committee interacted with the effected departments to ascertain whether the amounts that were reduced from their budgets had any negative impact on any of the programmes; and whether the effected departments could still implement the targeted projects as per their Annual Performance Plans for the 2014/15 financial year. Furthermore, to ascertain from the Department of Human Settlements whether it has proper business plans to implement the additional allocation of R 70 000 000.00.

It was clear from the interaction with the Provincial Treasury and the Departments of Cooperative Governance and Traditional Affairs, Agriculture, Rural Development, Land and Environmental Affairs and Economic Development and Tourism that there was no negative impact on any programmes; and that all targeted projects, as reflected in the Annual Performance Plans for 2014/15, will be implemented.

It was noted that the Department of Human Settlements amended its Annual Performance Plan for 2014/15 (Programme 3) in order to implement the additional allocation of R 70 000 000.00. It was reported that the department will build 630 houses in the Emalahleni Local Municipality as part of the elimination of informal settlements.

6. OBSERVATIONS BY THE COMMITTEE

The Committee was satisfied that the departments where amounts were reduced, indeed underspent; and that the departments could even with the reduction of the said amounts implement the targeted projects as per their Annual Performance Plans for the 2014/15 financial year.

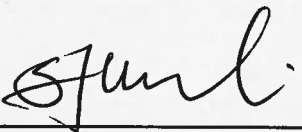
It was also noted that the Department of Human Settlements amended its Annual Performance Plan for 2014/15 (Programme 3) in order to implement the additional allocation of R 70 000 000.00.

7. RECOMMENDATION BY THE COMMITTEE

The Portfolio Committee recommends, that the Mpumalanga Second Adjustments Appropriation Bill [B2-2015], be approved by the Legislature.

8. CONCLUSION

The Chairperson extends the Committee's appreciation to all invited departments who took the time to meet with the Committee to interact on matters pertaining to the Bill. A word of appreciation is extended to the Committee Members who actively participated in the Hearing to ensure that the objective of the Hearing was achieved.

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 HON PS NGOMANA (MPL)
 CHAIRPERSON

10.06.2015
 DATE

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

