

MPUMALANGA PROVINCE



MPUMALANGA SECOND ADJUSTMENTS APPROPRIATION BILL, 2015

(As introduced in the Provincial Legislature (as a Section 120 Bill))

(MEC FOR FINANCE, ECONOMIC DEVELOPMENT AND TOURISM)

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.

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WHEREAS section 226(2) of the Constitution of the Republic of South Africa, 1996, provides that money may be withdrawn from the Provincial Revenue Fund only in terms of an appropriation by a Provincial Act or as a direct charge against the Provincial Revenue Fund, when it is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

WHEREAS the Mpumalanga Appropriation Act, 2014 (Act No. 4 of 2014), provides for the appropriation of money from the Provincial Revenue Fund to provide for the requirements of the Province in respect of the 2014/15 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, 2014 (Act No. 4 of 2014), or the Public Finance Management Act, 1999 (Act No. 1 of 1999), bears the meaning so ascribed.

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 2014/15 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 and the Public Finance Management Act.

Short title

3. This Act is called the Mpumalanga Second Adjustments Appropriation Act, 2015

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			
3	Finance <i>Aim: To equitably allocate and optimally utilize provincial resources to ensure a quality and a better life for all.</i>	(4 000)	(4 000)	(312)	-	312	-	-
	1. Administration	(100)	(100)	-	-	-	-	-
	2. Sustainable Resource Management	(1 800)	(1 800)	(312)	-	312	-	-
	3. Asset And Liabilities Management	(1 400)	(1 400)	-	-	-	-	-
	4. Financial Governance	(700)	(700)	-	-	-	-	-
4	Co-operative Governance and Traditional Affairs <i>Aim: To facilitate and co ordinate intergovernmental structures and developmental agencies for sustainable integrated service delivery through public participation and traditional system of governance.</i>	(8 000)	-	-	-	1 000	(9 000)	-
	1. Administration	-	-	-	-	-	-	-
	2. Local Governance	-	-	-	-	-	-	-
	3. Development and Planning	2 000	-	-	-	11 000	(9 000)	-
	4. Traditional Institutional Management	(10 000)	-	-	-	(10 000)	-	-
	5. The House of Traditional Leaders	-	-	-	-	-	-	-
5	Agriculture, Rural Development, Land And Environmental Affairs <i>Aim: To lead and facilitate integrated, comprehensive, sustainable development and social cohesion by participating and partnering with all sectors of society, through agriculture, rural development, land and environment.</i>	(20 000)	(20 000)	-	-	-	-	-
	1. Administration	(3 706)	(3 706)	-	-	-	-	-
	2. Sustainable Resource Management	(2 825)	(2 825)	-	-	-	-	-
	3. Farmer Support and Development	2 204	2 204	-	-	-	-	-
	4. Veterinary Services	(1 727)	(1 727)	-	-	-	-	-
	5. Research and Technology Development Services	(979)	(979)	-	-	-	-	-
	6. Agricultural Economics Services	(504)	(504)	-	-	-	-	-
	7. Structured Agricultural Education and Training	(7 877)	(7 877)	-	-	-	-	-
	8. Rural Development Coordination	497	497	-	-	-	-	-
	9. Environmental Affairs	(5 083)	(5 083)	-	-	-	-	-
6	Economic Development and Tourism <i>Aim: To drive economic growth that creates decent employment and promote sustainable development through partnerships.</i>	(4 800)	(1 300)	(3 500)	-	-	-	-
	1. Administration	(1 300)	(1 300)	-	-	-	-	-
	2. Integrated Economic Development	(2 000)	-	(2 000)	-	-	-	-
	3. Trade and Sector Development	-	-	-	-	-	-	-
	4. Business Regulation and Governance	-	-	-	-	-	-	-
	5. Economic Planning	(1 500)	-	(1 500)	-	-	-	-
	6. Tourism	-	-	-	-	-	-	-
13	Human Settlements <i>Aim: To facilitate the creation of integrated sustainable human settlements.</i>	106 800	-	-	-	70 000	36 800	-
	1. Administration	-	-	-	-	-	-	-
	2. Housing Needs, Planning and Research	-	-	-	-	-	-	-
	3. Housing Development <i>Of which</i> <i>Human Settlements Development Grant</i>	106 800	-	-	-	70 000	36 800	-
	4. Housing Asset Management	-	-	-	-	70 000	-	-
Total 2014/15 adjustments to departmental baselines		70 000	(25 300)	(3 812)	-	71 312	27 800	-

EXPLANATORY MEMORANDUM ON THE OBJECTS OF THE MPUMALANGA SECOND ADJUSTMENTS APPROPRIATION BILL, 2015

1 BACKGROUND

- 1.1. The Mpumalanga Second Adjustments Appropriation Bill, 2015 ("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 has an opportunity to do virements were necessary to correct budget where necessary.
- 1.2. The transfer was done by the Minister of Finance, Mr Nhlanhla M Nene, through Government Gazette no. 38483 dated 16 February 2015, issued in terms of the Division of Revenue Act, 2014 (Act No. 10 of 2014) as amended.
- 1.3. 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 :
 - (a) the appropriation of funds that have become available in the province; or
 - (b) the shifting of funds between and within votes.
- 1.4. In light of the above, the funds that have been transferred to the Mpumalanga Province from the National Department of Human Settlements are therefore supposed to be appropriated in accordance with section 31(2)(a) of the PFMA.
- 1.5. The Department of Finance will also have an opportunity to do virements where necessary to correct budget, in accordance with section 32(2)(e) as indicated in the Schedule to the Bill.

Human Settlements Development Grant

- 1.6. 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 (R559.5 million) for the Human Settlements Development grant, following revised allocations by the National Department of Human Settlements.
- 1.7. Further, in compliance with Section 20 of the Division of Revenue Act, 2014, as amended, the National Department of Human Settlements re-allocated R70 Million to Mpumalanga Province for the Human Settlements Development grant, following revised allocations by the Department.
- 1.8. 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 **R70 million**.

Shifting of funds between and within votes

- 1.9. There were savings from the relevant Provincial Departments amounting to R4.0 million from Department of Finance; R8.0 million from Department of Co-operative Governance and Traditional Affairs; R20.0 million from Department of Agriculture, Rural Development, Land and Environmental Affairs and R4.8 million from Department of Economic Development and Tourism .
- 1.10. These savings make up a total of **R36.8 million** and the Bill provides for the shifting of this amount of money to the Department of Human Settlements.
- 1.11. The Department of Finance shifted R0.312 million from Goods and services to Transfers and Subsidies for municipal support.

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 adjustments to appropriations of money for the requirements of the Province in respect of the 2014/15 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 departments were consulted.

- National Treasury

- Office of the Premier
- Mpumalanga Provincial Legislature
- Department of Finance
- 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 Human Settlements

4 FINANCIAL IMPLICATIONS FOR THE PROVINCE

The Bill seeks to reduce the budget baselines of the following departments by **R36.8 million**: Finance; Co-operative Governance and Traditional Affairs; Agriculture, Rural Development, Land and Environmental Affairs as well as Economic Development and Tourism.

The budget baseline of the Department of Human Settlements will be increased by **R106.8 million**, in order to direct funding towards human settlements development and payments of capital assets.

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.