



WHEN THE SUN RISES
WE WORK HARD TO DELIVER



provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA



Mpumalanga Provincial Budget 2018

Together We Move South Africa Forward



Inside

- Introduction
- Formula of allocation of budgets
- Budget priorities
- Budget allocations

The Budget Made Easy

is a publication of the Mpumalanga Provincial Treasury. The publication summarises the Provincial Budget as contained in the Estimates of Provincial Revenue and Expenditure for the 2018/19 financial year.



*Hon SE Kholwane, MPL
MEC for Finance, Economic Development & Tourism*

The Provincial Budget for the 2018/19 financial year is tabled in the backdrop of a promising investor sentiments about the country's economy.

There's a new spirit of optimism and an expectation that South Africa is on course to economic recovery under the inspiring leadership of President Cyril Ramaphosa.

The economic growth prospects are showing signs of improvement, although off a low base after the technical recession in the fourth quarter of 2016 and first quarter of 2017.

We must continue working harder to ensure that the economy is inclusive, that it creates the much needed jobs and further contribute to improved socio-economic situation of all.

According to the 2018 Budget Review, there will be reductions to previously announced transfers to the provinces for the next three year spending period.

In view of these reductions, the provincial government is expected to implement various measures aimed to contain the fiscal pressure, whilst ensuring a sustained delivery of education, health, social services and infrastructure programmes.

In allocating the provincial resources, we were careful to balance a variety of important provincial priorities without undermining the social compact that defines the mandate of the people's budget.

We are committed to remain within the expenditure ceiling as outlined in the 2018 Budget Review and ensuring that this budget works for the people.

HOW BUDGET IS ALLOCATED

Government has, in terms of Section 213 (1) of the Constitution of the Republic of South Africa, established a National Revenue Fund into which all money received by the national government must be paid.

The Mpumalanga Government has also established, in line with the same Constitutional principles, its Provincial Fund. The account (Fund) serves as a depository for money received from the national fiscus and collections in the form of taxes and rates by provincial departments and public entities.

Redistributive formula for national budget

The National Government uses a redistributive formula to determine how much of the budget can be allocated to the provinces. The allocation of funds to the Provincial and Local Government spheres is calculated mainly but not solely on the basis of democratic and economic profile.

National Departments are allocated about 48 per cent of the national share of non interest expenditure, provinces 43 per cent and Municipalities 9 percent – 2018 Budget Review



The Equitable Share Formula

The Equitable Share formula consist of the following six policy components:

E = Education

H = Health

B = Basic Services

I = Institutional component

P = Poverty component

R = Economic output component

ECONOMIC REVIEW AND OUTLOOK

The global economic growth outlook remains positive, although uneven across all regions.

The South African economy show signs of improvement, although off a low base after the technical recession 2016 and first quarter of 2017.

National Treasury expects a growth rate of 1.5 per cent this year, rising to 2.1 per cent in 2020.

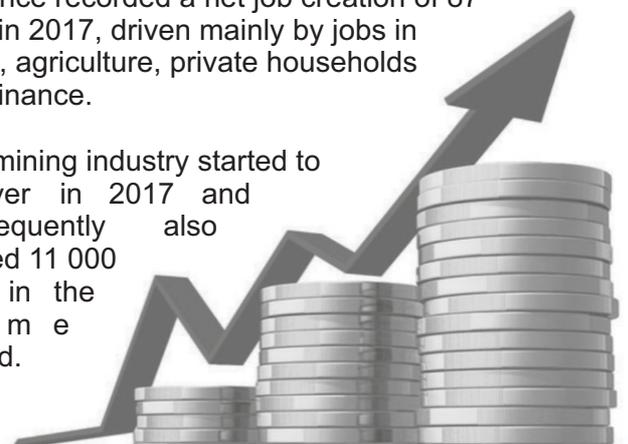
Mpumalanga's economy achieved real gross domestic product growth of 1.4 % in the first quarter of 2017,

4.2 % in the second quarter and 3 % in the third quarter. Unemployment rate in Mpumalanga was

28.9 per cent at the end of the fourth quarter 2017, which was lower than the 31.0 per cent recorded at the end of the fourth quarter 2016.

Province recorded a net job creation of 87 000, in 2017, driven mainly by jobs in trade, agriculture, private households and finance.

The mining industry started to recover in 2017 and consequently also gained 11 000 jobs in the same period.



SOURCE OF PROVINCIAL BUDGET

National Revenue		R'000
Equitable share		38 467 686
Conditional Grants		7 936 657
Provincial Revenue		R'000
Own Receipts		1 320 099
		R'000
Total budget for the Province		48 107 442



The Financial Year of the National and Provincial Governments start on 1 April and end 31 March of the following year.

ALLOCATION TO CLUSTERS

The social cluster is allocated R38 billion 045 million 732 thousand which translates to 79.1 percent of the total provincial budget in line with the government priorities of social protection, security and societal development.

The share of the economy, investment and employment cluster is R7 billion 353 million 497

thousand, which is 15 percent of the provincial budget this year.

The remaining 5.6 percent of the budget, which translates to R2 billion 696 million 213 thousand is shared by the departments in the Governance and administration cluster.

CONSOLIDATED BUDGET PER FUNCTION (R'000)



R6 101 215
Economic Affairs



R1 774 080
Housing and
Community Amenities



R2 600 625
General Public Service



R21 216 573
Education



R13 056 573
Health



R115 509
Environmental Protection



R1 551 584
Social Protection



R1 222 822
Public order and Safety



R468 461
Recreation, Culture and
Religion

2018 PROVINCIAL BUDGET IN NUMBERS

(R'000)

(R'000)

Office of the Premier R 281 778

Provincial Legislature R 346 647

The Provincial Treasury R 322 706

Department of Co-operative Governance and Traditional Affairs R 522 260

Department of Agriculture, Rural Development, Land and Environmental Affairs R 1 180 437

Department of Economic Development and Tourism R 1 198 058

Department of Education R 20 973 433

Department of Public Works, Roads and Transport R 4 987 002

Department of Community Safety, Security and Liaison R 1 222 822

Department of Health R 13 278 174

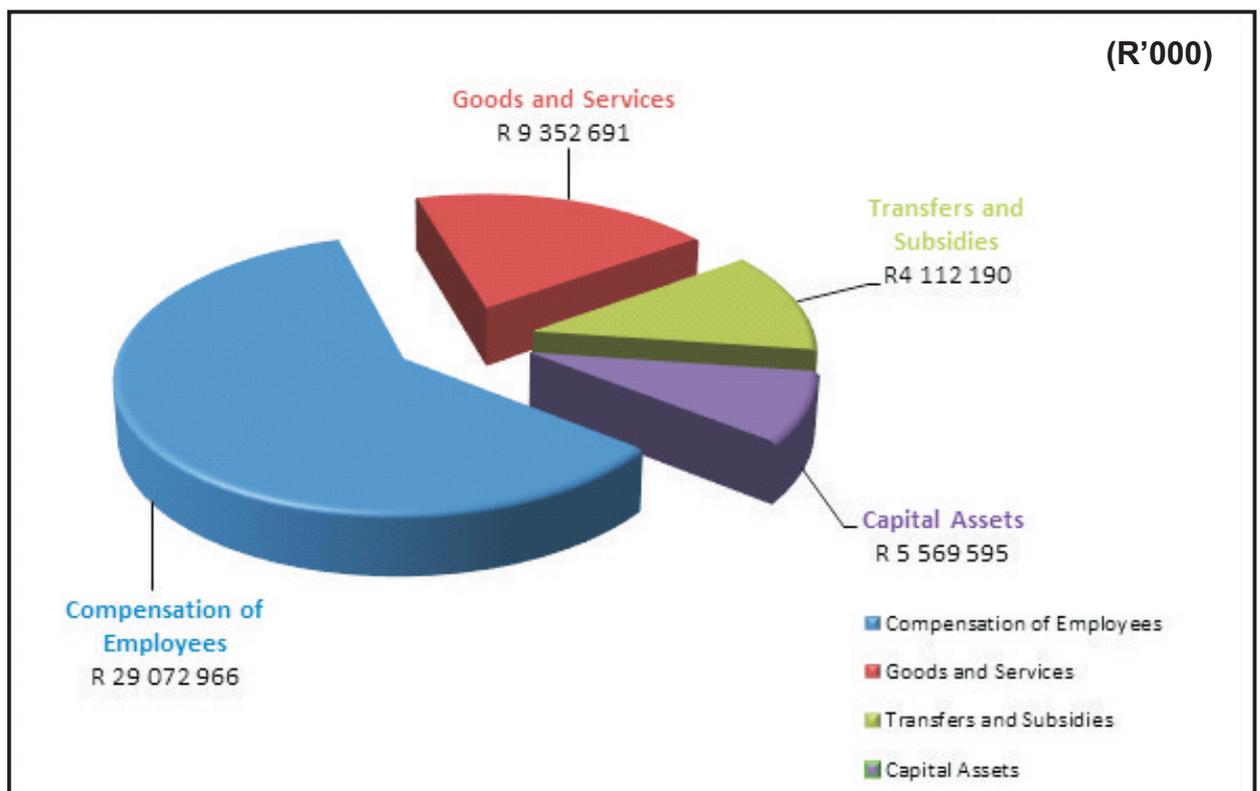
Department of Culture, Sport and Recreation R 468 461

Department of Social Development R 1 551 584

Department of Human Settlements R 1 774 080

Each Member of the Executive Council is expected to table departmental policy and budget that are aligned to both the State of the Province Address and the Provincial Budget as presented by the Premier and MEC for Finance, Economic Development and Tourism respectively.

HOW THE PROVINCIAL BUDGET FOR 2018 WILL BE SPENT



2018 PROVINCIAL BUDGET IN NUMBERS

COMPENSATION OF EMPLOYEES

	R'000
Office of the Premier	159 706
Provincial Legislature	191 959
The Provincial Treasury	193 630
Department of Co-operative Governance and Traditional Affairs	407 647
Department of Agriculture, Rural Development, Land and Environmental Affairs	653 681
Department of Economic Development and Tourism	139 662
Department of Education	16 682 979
Department of Public Works, Roads and Transport	1 096 365
Department of Community Safety, Security and Liaison	547 968
Department of Health	7 877 247
Department of Culture, Sport and Recreation	191 926
Department of Social Development	703 957
Department of Human Settlements	226 239

☞ *Payments of salaries and benefits for government employees and public representatives.*

GOODS AND SERVICES

	R'000
Office of the Premier	116 240
Provincial Legislature	92 664
The Provincial Treasury	120 996
Department of Co-operative Governance and Traditional Affairs	70 502
Department of Agriculture, Rural Development, Land and Environmental Affairs	473 632
Department of Economic Development and Tourism	93 610
Department of Education	1 787 363
Department of Public Works, Roads and Transport	1 810 139
Department of Community Safety, Security and Liaison	662 580
Department of Health	3 719 075
Department of Culture, Sport and Recreation	172 753
Department of Social Development	186 599
Department of Human Settlements	47 440

☞ *Payments to services providers for goods and services provided to the government.*

2018 PROVINCIAL BUDGET IN NUMBERS

	R'000
Office of the Premier	2 720
Provincial Legislature	60 496
The Provincial Treasury	1 251
Department of Co-operative Governance and Traditional Affairs	22 294
Department of Agriculture, Rural Development, Land and Environmental Affairs	6 836
Department of Economic Development and Tourism	640 678
Department of Education	1 407 568
Department of Public Works, Roads and Transport	832 587
Department of Community Safety, Security and Liaison	4 006
Department of Health	345 676
Department of Culture, Sport and Recreation	12 132
Department of Social Development	556 472
Department of Human Settlements	1 497 901

PAYMENT ON TRANSFERS AND SUBSIDIES

☞ *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 subsidies to private sector services that are essential to the public.*

	R'000
Office of the Premier	3 112
Provincial Legislature	1 528
The Provincial Treasury	7 731
Department of Co-operative Governance and Traditional Affairs	21 817
Department of Agriculture, Rural Development, Land and Environmental Affairs	46 288
Department of Economic Development and Tourism	324 108
Department of Education	1 095 523
Department of Public Works, Roads and Transport	1 247 911
Department of Community Safety, Security and Liaison	8 268
Department of Health	1 336 176
Department of Culture, Sport and Recreation	91 650
Department of Social Development	104 556
Department of Human Settlements	2 500

PAYMENT ON CAPITAL ASSETS

☞ *Payments made for the acquisition of assets e.g. equipment's and furniture and development of infrastructure which includes roads, bridges and facilities such as schools, libraries, clinics, hospitals and recreational centres.*



provincial treasury

MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

Produced by the Directorate: Communication

Mpumalanga Provincial Treasury
Private Bag x 11205 | Nelspruit | 1200

Nokuthula Simelane Building, Upper Ground Floor | No 7 Government Boulevard
Riverside Park Ext 2 | Nelspruit | 1200

Tel: 013 766 4451 | Fax: 013 766 9449

Copies of the publication are available on the website of the Department (<http://treasury.mpg.gov.za>)



Nelson Mandela
Centenary
2018
Be the Legacy

#Mandela100
#BeTheLegacy