

MPUMALANGA PROVINCE



MPUMALANGA SECOND ADJUSTMENTS APPROPRIATION BILL, 2019

(As introduced in the Mpumalanga 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 2018/19 financial year ending 31 March 2019; 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WHEREAS section 226(2) of the Constitution of the Republic of South Africa, 1996, provides that money may be withdrawn from the Provincial Revenue Fund only in terms of an appropriation by a Provincial Act or as a direct charge against the Provincial Revenue Fund, when it is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 Act;

WHEREAS the Mpumalanga Appropriation Act, 2018 (Act No. 2 of 2018), provides for the appropriation of money from the Provincial Revenue Fund to provide for the requirements of the Province in respect of the 2018/19 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, 2018 (Act No.2 of 2018), 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 2018/19 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, 2018 (Act No. 1 of 2018) as amended.

Short title

3. This Act is called the Mpumalanga Second Adjustments Appropriation Act, 2019

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: To provide strategic direction and support evidence-based decision-making through research, monitoring and evaluation, integrated planning, co-ordination of Government programmes and institutional development.</i>	(4 000)	(4 087)	(2 800)	-	587	2 300	-
	1. Administration	(3 000)	(3 000)	(2 800)	-	500	2 300	-
	2. Institutional Development	-	-	-	-	-	-	-
	3. Policy and Governance	(1 000)	(1 087)	-	-	87	-	-
2	Provincial Legislature <i>Aim: To hold the Executive and other state organs accountable through intensified oversight, enhanced public involvement and effective law making supported by professional administrative service.</i>	3 000	-	3 000	-	-	-	-
	1. Administration	-	-	-	-	-	-	-
	2. Parliamentary Business	3 000	-	3 000	-	-	-	-
3	Provincial Treasury <i>Aim: To equitably allocate and monitor 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>	(1 000)	-	738	-	377	(2 115)	-
	1. Administration	2 121	-	883	-	(103)	1 341	-
	2. Sustainable Resources Management	(2 671)	-	(2 671)	-	-	-	-
	3. Asset and Liabilities Management	1 653	-	3 129	-	480	(1 956)	-
	4. Financial Governance	(2 103)	-	(603)	-	-	(1 500)	-
5	Agriculture, Rural Development, Land and Environmental Affairs <i>Aim: To lead and facilitate an integrated, comprehensive, sustainable social cohesion by partnering with all sectors of society through agriculture, rural development and land administration.</i>	(3 163)	(3 163)	(115 249)	-	-	115 249	-
	1. Administration	(919)	(919)	(600)	-	-	600	-
	2. Sustainable Resource Management	(1 036)	(1 036)	(18 061)	-	-	18 061	-
	3. Farmer Support and Development	(1 208)	(1 208)	(94 588)	-	-	94 588	-
	4. Veterinary Services	-	-	(2 000)	-	-	2 000	-
	5. Research and Technology Development Services	-	-	-	-	-	-	-
	6. Agricultural Economics Services	-	-	-	-	-	-	-
	7. Structured Agricultural Education and Training	-	-	-	-	-	-	-
	8. Rural Development Coordination	-	-	-	-	-	-	-
	9. Environmental Affairs	-	-	-	-	-	-	-
6	Economic Development and Tourism <i>Aim: To drive economic growth that creates decent employment and promote sustainable development through partnerships.</i>	(27 000)	-	(27 000)	-	-	-	-
	1. Administration	(3 558)	-	(3 558)	-	-	-	-
	2. Integrated Economic Development	(16 968)	-	(16 968)	-	-	-	-

Vote		Total	Current Payments			Transfers and Subsidies	Payments for Capital Assets	Payments for Financial Assets
			Compensation of employees	Goods and services	Other			
	3. Trade and Sector Development	(4 127)	-	(4 127)	-	-	-	-
	4. Business Regulation and Governance	(125)	-	(125)	-	-	-	-
	5. Economic Planning	(926)	-	(926)	-	-	-	-
	6. Tourism	(1 296)	-	(1 296)	-	-	-	-
7	Education <i>Aim: To work with stakeholders to promote effective teaching and learning through good governance, capable management and proficient leadership.</i>	(151 691)	(40 641)	34 737	-	15 120	(160 907)	-
	1. Administration	9 982	-	(11 442)	-	-	21 424	-
	2. Public Ordinary Schools Education	(16 982)	(40 641)	48 264	-	(24 605)	-	-
	3. Independent Schools Subsidies	-	-	-	-	-	-	-
	4. Public Special Schools Education	-	-	915	-	-	(915)	-
	5. Early Childhood Development	-	-	-	-	-	-	-
	6. Infrastructure Development <i>of which Education Infrastructure Grant</i>	(171 691)	-	-	-	9 725	(181 416)	-
	7. Examination and Education Related Services	27 000	-	(3 000)	-	30 000	-	-
8	Public Works, Roads and Transport <i>Aim: To deliver an integrated transport system and infrastructure that promotes socio-economic development.</i>	106 989	(32 011)	59 000	-	-	80 000	-
	1. Administration	(2 973)	(2 973)	-	-	-	-	-
	2. Public Works Infrastructure	19 823	(10 177)	-	-	-	30 000	-
	3. Transport Infrastructure	95 036	(13 964)	59 000	-	-	50 000	-
	4. Transport Operations	(4 897)	(4 897)	-	-	-	-	-
	5. Community Based Programmes	-	-	-	-	-	-	-
9	Community Safety, Security and Liaison <i>Aim: To provide a safe, secure, crime and road crash free Mpumalanga Province.</i>	(2 000)	(5 000)	5 000	-	-	(2 000)	-
	1. Administration	-	-	-	-	-	-	-
	2. Civilian Oversight	-	-	-	-	-	-	-
	3. Transport Regulation	(7 000)	(5 000)	-	-	-	(2 000)	-
	4. Security Management	5 000	-	5 000	-	-	-	-
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>	(70 000)	-	60 000	-	-	(130 000)	-
	1. Administration	-	-	-	-	-	-	-
	2. District Health Services	19 000	-	20 000	-	-	(1 000)	-
	3. Emergency Medical Services	-	-	-	-	-	-	-
	4. Provincial Hospital Services	-	-	-	-	-	-	-
	5. Central Hospital Services	20 000	-	20 000	-	-	-	-
	6. Health Sciences and Training	-	-	-	-	-	-	-

Vote		Total	Current Payments			Transfers and Subsidies	Payments for Capital Assets	Payments for Financial Assets
			Compensation of employees	Goods and services	Other			
	7. Health Care Support Services	(29 000)	-	-	-	-	(29 000)	-
	8. Health Facilities Management	(80 000)	-	20 000	-	-	(100 000)	-
11	Culture, Sport and Recreation <i>Aim: To promote social cohesion and nation building through culture, sports and information service to the people of Mpumalanga Province.</i>	(3 000)	-	10 000	-	-	(13 000)	-
	1. Administration	-	-	-	-	-	-	-
	2. Cultural Affairs	(13 000)	-	-	-	-	(13 000)	-
	3. Library and Archives Services	10 000	-	10 000	-	-	-	-
	4. Sports and Recreation	-	-	-	-	-	-	-
12	Social Development <i>Aim: To provide equitable, integrated and quality Social Development services in partnership with all stakeholders to eradicate poverty and protect vulnerable groups in all communities of Mpumalanga Province.</i>	(10 568)	-	432	-	-	(11 000)	-
	1. Administration	7 000	-	11 000	-	-	(4 000)	-
	2. Social Welfare Services	(10 568)	-	(10 568)	-	-	-	-
	3. Children and Families	(7 000)	-	-	-	-	(7 000)	-
	4. Restorative Services	-	-	-	-	-	-	-
	5. Development and Research	-	-	-	-	-	-	-
13	Human Settlements <i>Aim: To provide Integrated Sustainable Human Settlements and improve quality livelihoods.</i>	120 955	13 200	16 800	-	90 955	-	-
	1. Administration	13 500	6 500	7 000	-	-	-	-
	2. Housing Needs, Research and Planning	(22 000)	3 000	5 000	-	(30 000)	-	-
	3. Housing Development <i>of which Provincial Emergency Housing grant</i>	124 455	2 200	1 300	-	120 955 120 955	-	-
	4. Housing Asset Management	5 000	1 500	3 500	-	-	-	-
Total 2018/19 2nd adjustment to departmental baseline		(41 478)	(71 702)	44 658	-	107 039	(121 473)	-

EXPLANATORY MEMORANDUM ON THE OBJECTS OF THE MPUMALANGA SECOND ADJUSTMENTS APPROPRIATION BILL, 2019

1. BACKGROUND

- 1.1. Section 31(2)(a) and (e) of the 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 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, 2019 (“the Bill”), provides for the appropriation of funds for the Mpumalanga Provincial Government arising from amounts transferred to the Province by the National Departments of Human Settlements.

The Bill also provides for the reduction of funds on Education Infrastructure Grant baseline of the Provincial Department of Education due to slow spending.

- 1.3. The transfer and the reduction of conditional grants to provinces was published by the Minister of Finance, Mr TT Mboweni, through Government Gazette no. 42277 dated 4 March 2019, issued in terms of the Division of Revenue Act, 2018 (Act No. 1 of 2018) as amended.
- 1.4. The Departments will also have an opportunity to do virements where necessary.

Human Settlements Provincial Emergency Housing Grant

- 1.5. In compliance with section 21 of the Division of Revenue Act, 2018, as amended, the National Department of Human Settlements has converted an indirect Provincial Emergency Housing grant to a direct grant to Mpumalanga Department of Human Settlements for disaster that occurred early in 2018 amounting to R120.955 million. The Bill therefore provides for second adjustments to the Province’s budget in order to receive and appropriate the additional funding from the National Department of Human Settlements amounting to R120.955 million.

Education Infrastructure Grant

- 1.6. Further, in compliance with section 20(1) of the Division of Revenue Act, 2018, as amended, the National Department of Education re-allocated R104.819 million from Mpumalanga Province for the Education Infrastructure grant, following continued underspending by the Department of Education.
- 1.7. Furthermore a rollover amounting to R66.872 million for Education Infrastructure Grant for Department of Education from the 2016/17 financial year to the 2017/18 financial year was approved but could not be appropriated to the same department due to low spending.
- 1.8. Therefore, the Bill also provides for the reduction of Education Infrastructure Grant by R171.691 million in total.

Provincial Revenue Fund

- 1.9. An amount of R10 million is available from the Provincial Revenue Fund as a contingency reserve and this amount will be allocated to the Department of Health for purposes of augmenting their goods and services.

Shifting of funds between and within votes

- 1.10. There were savings from the following affected Votes amounting to R258.742 million, of which:
 - R4 million from the Office of the Premier
 - R1 million from the Provincial Treasury
 - R3.163 million from the Department of Agriculture, Rural Development, Land and Environmental Affairs
 - R43 million from the Department of Economic Development and Tourism
 - R10 million from the Department of Education
 - R32.011 million from the Department of Public Works, Roads and Transport

- R12 million from the Department of Community Safety, Security and Liaison
- R130 million from the Department of Health
- R13 million from the Department of Culture, Sport and Recreation
- R10.568 million from the Department of Social Development

Provincial Legislature

1.11. The Provincial Legislature will receive R3 million of the R258.742 million in order to defray expenditure incurred for Public Participation.

Department of Economic Development and Tourism

1.12. The Department will receive R16 million of the R258.742 million in order to defray expenditure incurred for goods and services.

Department of Education

1.13. The Department will receive R30 million of the R258.742 million for Mpumalanga Regional Training Trust Hydra Arch.

Department of Public Works, Roads and Transport

1.14. The Department will receive R59 million of the R258.742 million for sealing and patching of roads, R50 million for Welverdien, Daggakraal, Matibidi, Louville Roads and R30 million for site handover and establishment of Gert Sibande boarding school.

Department of Community Safety, Security and Liaison

1.15. The Department will receive R10 million of the R258 million, of which R5 million is to defray expenditure incurred for security services and R5 million to defray expenditure incurred for Mkhondo Driving License Testing Centre.

Department of Health

1.16. The Department will receive R30 million of the R258.742 million and R10 million from the Provincial Revenue Fund in order to defray expenditure on non-negotiable goods and services and another R20 million of the R258.742 million to infrastructure maintenance of Amajuba and Elsie Ballot hospitals.

Department of Culture, Sport and Recreation

1.17. The Department will receive R10 million of the R258.742 million for community libraries.

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 2018/19 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 Agriculture, Rural Development, Land and Environmental Affairs
- Department of Economic Development and Tourism
- Department of Education
- Department of Public Works, Roads and Transport
- Department of Community, Safety Security and Liaison
- Department of Health
- Department of Culture, Sport and Recreation
- Department of Social Development
- Department of Human Settlements

4. FINANCIAL IMPLICATIONS FOR THE PROVINCE

The Bill seeks to adjust the budget baselines of the above-mentioned votes by a combined total of **R258.742 million**.

An amount of **R10 million** will be added to the Department of Health from the Provincial Revenue Fund for augmenting goods and services.

The budget baseline of the Department of Education will be decreased by **R171.691 million**, due to slow spending on Education Infrastructure Grant.

The budget baseline of the Department of Human Settlements will be increased by **R120.955 million**, in order to direct funding towards provincial emergency housing.

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.