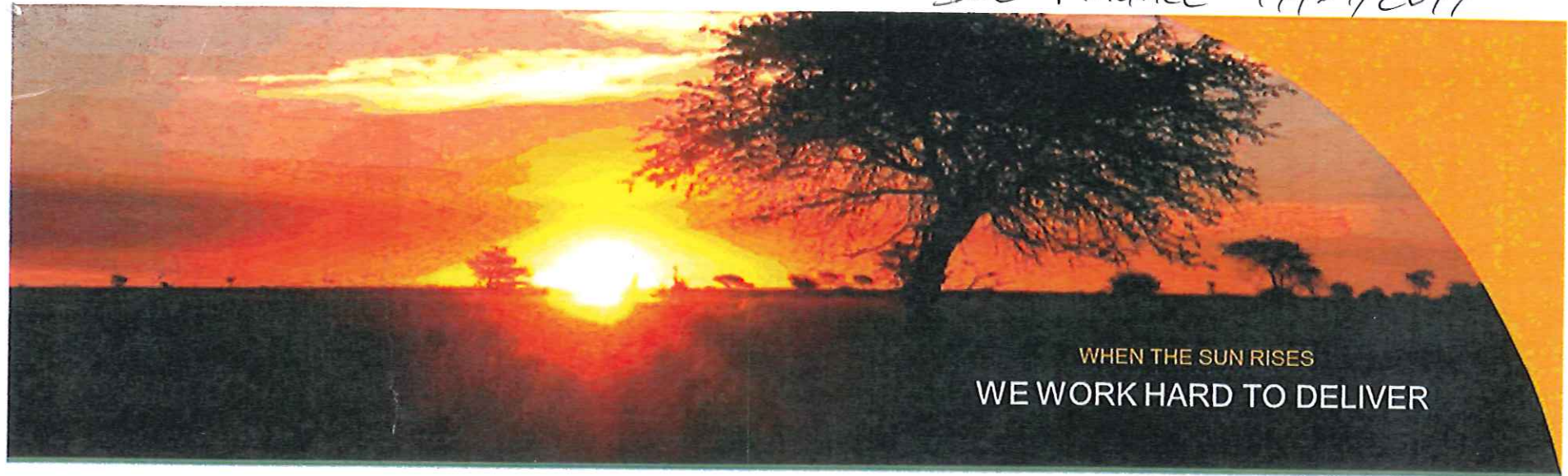


Sec finance 14/07/2017



PRESENTATION TO THE SELECT COMMITTEE ON FINANCE

14 June 2017



provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA



Focus areas

1. Progress on implementation of the provincial economic growth and development strategies
2. Provincial own Revenue collection and challenges
3. Aggregate provincial expenditure, with emphasis on Departments of Health and Education.
4. Infrastructure expenditure on economic and social infrastructure
5. Economic classifications (much detail on compensation of employees and goods and services)
6. Fiscal position including bank balances, cash flow statements debt and accruals
7. Unauthorised, irregular and fruitless and wasteful expenditure



Provincial growth



provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

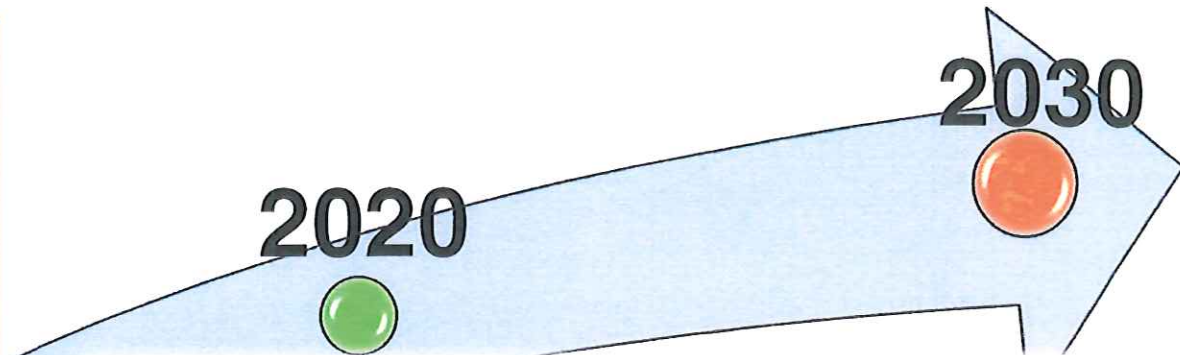


Mpumalanga economic targets

Status

- Low growth of <1% pa
- High unemployment rate of 31.5%
- High poverty rate (lower bound poverty line) of 40% & poverty intensity of 43%
- High level of inequality

2016/17



MEGDP targets

- Growth of >5% pa
- Unemployment rate of 15%
- Poverty rate of 25%
- Improve inequality to less than 0.6 Gini-coefficient

MP Vision 2030 targets

- Growth of >5% pa
- Unemployment rate of 6%
- Poverty rate of 5%
- Improve inequality to less than 0.6 Gini-coefficient



Mpumalanga economic performance

Indicator	MP Vision 2030 Target	2011 Baseline	2016 (or latest available)	Trend	Comparative provincial ranking (1=best & 9=worst)
GDP growth rate	Average annual GDP growth above 5%	2.2%	<1%	↓	-
GDP per capita	R110 000	R51 000	R51 750	→	5
Public infrastructure investment as % of provincial GDP	10% of GDP	2.2%	2.6%	↑	5
Tourism spend as % of MP GDP	-	5.7%	6.3% (2015)	↑	4
Net job creation per annum	More than 70 000 new jobs per annum	66 233	56 600 (Q1 2016-Q1 2017)	↓	3
Unemployment rate	6%	27.4%	31.5% (Q1 2017)	↑	7
Number of unemployed	-	386 238	559 023	↑	5
Youth unemployment rate	-	41.3%	42.4%	↑	8



Mpumalanga labour performance

- a. Net job creation **205 648** between Q1 2012 & Q1 2017 (5 year period) – average of 41 130 jobs pa – achieving less than 60% of the provincial annual job creation target in the 5 year period;
- b. High job creation in community services (96 643 jobs) & finance (58 849 jobs) over the 5 year period period – concern about key industries' job losses such as mining and trade & low job creation in manufacturing;
- c. Concern about trade (-17 813), mining (-9 735) and agriculture (-5 825) shedding jobs on an annual basis (Q1 2016–Q1 2017);
- d. Unemployment rate increased from 29.8% (Q1 2012) to 31.5% (Q1 2017);
- e. Youth unemployment rate of 42.4% and almost 70 % of the unemployment number.
- f. Number of unemployed 559 023 according to strict definition.



Mpumalanga priorities to facilitate radical economic transformation

- a. Integrated economic planning and development;
- b. Economic intelligence through evidence based research and analysis;
- c. Trade and investment promotion;
- d. Inclusive growth underpinned by sector development strategies;
- e. Focus on enterprise development to support SMMEs and Cooperatives;
- f. Strengthen partnerships with private sector, state-owned entities and national departments to create employment and promote sustainable development;
- g. The establishment of a Provincial Multi-Constituent Discussion Forum, consisting of Government, Business, Organised Labour and Civil Society to advance economic issues in Mpumalanga;

Provincial economic strategy – key initiatives/interventions

- a. Expand the provincial industrial base, focusing mainly on beneficiation, agro-processing and value chain development –
 - a. Establishment of an Agriculture & Forestry (Ehlazeni) , Petro-Chemical and Mining (Gert Sibande) & Metals Technology (Nkangala)
 - b. Establishment of Special Economic Zones (SEZs) (Nkomazi – waiting for designation by the Minister) & Steve Tshwete Municipalities; (still at early phase)
 - c. International Fresh Produce Market
- b. Provincial Trade and Investment Strategy to support the sectoral plans in line Mpumalanga Investment Development Plan (MIDP);
 - a. Hosting the Mpumalanga Investor Conference from 20-22 June 2017 to showcase the vast opportunities for investment across various strategic sectors;
- c. Implementation of the Green Economy Development Plan (GEDP) which will include the piloting of three small scale Bio-gas projects;
- d. Financial and non-financial support to SMMEs and Cooperatives
For example Social Enterprise Model and Government Nutrition Programme to contribute to job creation and economic development, amongst others.



Budget Council joint action plan

- a) Containment of administrative personnel expenditure **while protecting education and health services staff;**
- b) Improving revenue collection;
- c) Rationalization and closure of redundant and underperforming programmes and entities, and
- d) Intensification of cost containment measures.

Overall Performance



- a) This report has been tabled to the Extended Portfolio Committee at the Provincial Legislature (Committee of all Chairpersons)
- b) Province spent 99.3%, with an underspending of 0.7% amounting to R292.9 million;
- c) Education spent 99,3% while Health spent 99,8%
- d) Overall underspending is mainly in Payments of capital Assets at 83.3%;
- e) There is overspending on compensation of employees as well as goods and services economic classification items whilst transfers and subsidies and Payment of capital assets underspent

MPUMALANGA PROVINCIAL EXPENDITURE AS AT 31 MARCH 2017

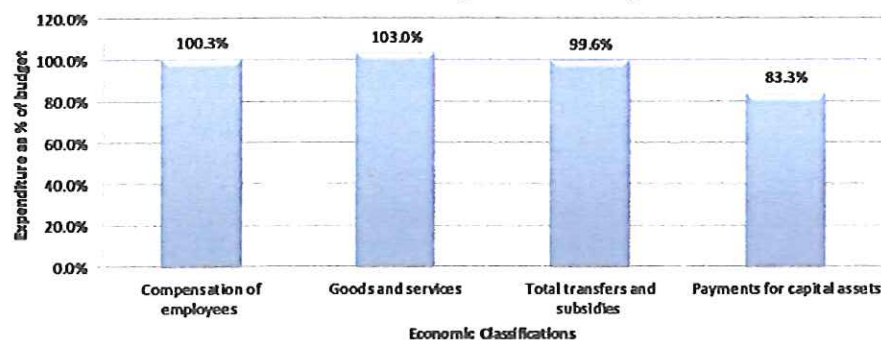
R Thousands	Main Budget 2016/17	Total Adjustments	Adjusted Budget	Actual to the end of Mar 2017	Outcome as % Budget	(Over)/ under- spending	% (Over)/ under- spending	Main Budget 2015/16	Total Adjustments	Adjusted Budget	Actual to the end of Mar 2016	Outcome as % Budget	Projections to end of Mar 2016	(Over)/ under- spending	% (Over)/ under- spending
Social Services	30,013,643	(33,937)	29,979,706	29,763,204	99.3%	216 502	0.7%	28,145,776	476,381	28,622,157	28,420,730	99.3%	-	201 427	0.7%
EDUCATION	17,916,783	20,504	17,937,287	17,813,481	99.3%	123 806	0.7%	16,856,769	306,788	17,163,557	17,049,805	99.3%	-	113 752	0.7%
HEALTH	10,642,144	(35,816)	10,606,328	10,579,880	99.8%	26 448	0.2%	9,995,809	168,093	10,163,902	10,094,293	99.3%	-	69 609	0.7%
SOCIAL DEVELOPMENT	1,454,716	(18,625)	1,436,091	1,369,843	95.4%	66 248	4.6%	1,293,198	1,500	1,294,698	1,276,632	98.6%	-	18 066	1.4%
Non-Social Services	11,287,694	437,142	11,724,836	11,648,453	99.3%	76 383	0.7%	10,556,426	512,744	11,069,170	10,869,353	98.2%	-	199 817	1.8%
OFFICE OF THE PREMIER	245,071	18,000	263,071	261,901	99.6%	1 170	0.4%	237,773	29,876	267,649	261,702	97.8%	-	5 947	2.2%
LEGISLATURE	298,360	24,119	322,479	309,898	96.1%	12 581	3.9%	294,953	25,242	320,195	295,259	92.2%	-	24 936	7.8%
MPUMALANGA PROVINCIAL TREASURY	287,466	-	287,466	286,270	99.6%	1 196	0.4%	287,550	(9,307)	278,243	273,169	98.2%	-	5 074	1.8%
CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	498,106	118,500	616,606	615,669	99.8%	937	0.2%	443,898	32,394	476,292	476,115	100.0%	-	177	0.0%
AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS	974,133	-	974,133	968,719	99.4%	5 414	0.6%	1,018,624	(16,000)	1,002,624	1,005,303	100.3%	-	(2 679)	-0.3%
TOURISM	994,142	8,000	1,002,142	998,569	99.6%	3 573	0.4%	743,031	56,450	799,481	795,226	99.5%	-	4 255	0.5%
TRANSPORT	4,647,031	(47,203)	4,599,828	4,599,578	100.0%	250	0.0%	4,358,045	42,004	4,400,049	4,390,224	99.8%	-	9 825	0.2%
COMMUNITY SAFETY, SECURITY AND LIAISON	1,069,370	112,389	1,181,759	1,175,237	99.4%	6 522	0.6%	1,040,184	208,946	1,249,130	1,245,986	99.7%	-	3 144	0.3%
CULTURE, SPORT AND RECREATION	451,907	45,593	497,500	467,689	94.0%	29 811	6.0%	454,891	2,431	457,322	423,712	92.7%	-	33 610	7.3%
HUMAN SETTLEMENTS	1,822,108	157,744	1,979,852	1,964,923	99.2%	14 929	0.8%	1,677,477	140,708	1,818,185	1,702,657	93.6%	-	115 528	6.4%
TOTAL	41 301 337	403,205	41,704,542	41 411 657	99.3%	292 885	0.7%	38 702 202	989,125	39,691,327	39 290 083	99.0%	-	401 244	1.0%



ECONOMIC CLASSIFICATION - PROVINCIAL

R Thousands	Main Budget 2016/17	Total Adjustments	Adjusted Budget	Actual to the end of Mar 2017	Outcome as % Budget	Projections to end of Mar 2017	(Over) / under-spending	% (Over) / under-spending	Main Budget 2015/16	Total Adjustments	Adjusted Budget	Actual to the end of Mar 2016	Outcome as % Budget	Projections to end of Mar 2016	(Over) / under-spending	% (Over) / under-spending
Compensation of employees	24 558 158	53 180	24 611 338	24 674 958	100.3%	-	(63 620)	-0.3%	22 854 522	63 013	22 917 535	22 836 913	99.6%	-	80 622	0.4%
Goods and services	7 878 892	20 627	7 899 519	8 137 139	103.0%	-	(237 620)	-3.0%	7 515 889	326 481	7 842 370	7 801 376	99.5%	-	40 994	0.5%
Interest and rent on land	-	-	-	2 500		-	(2 500)		-	-	-	1 099		-	(1 099)	
Total transfers and subsidies	5 462 793	203 334	5 666 127	5 644 090	99.6%	-	22 037	0.4%	4 706 798	497 938	5 204 736	5 134 513	98.7%	-	70 223	1.3%
Payments for capital assets	3 401 494	123 811	3 525 305	2 937 634	83.3%	-	587 671	16.7%	3 619 993	104 397	3 724 390	3 537 120	95.0%	-	187 270	5.0%
Payments for financial assets	-	2 253	2 253	15 336	680.7%	-	(13 083)	-580.7%	5 000	(2 704)	2 296	7 946	346.1%	-	(5 650)	-246.1%
Total	41 301 337	403 205	41 704 542	41 411 657	99.3%	-	292 885	0.7%	38 702 202	989 125	39 691 327	39 318 967	99.1%	-	372 360	0.9%

Provincial Economic Classification Actual Expenditure as Percentage of the Budget



Provincial Economic Classifications Expenditure Share



Overspending of economic classification is a cause for concern and especially the fact that the Infrastructure (Payment for capital assets) has cushioned the overspending of other items. The province is attending to the matter. A system is being developed to monitor the delivery of infrastructure as well as a model to oversee the fasttracking of infrastructure payments.



COMPENSATION OF EMPLOYEES														
R Thousands	Main Budget 2016/17	Total Adjustments	Adjusted Budget	Actual to the end of Mar 2017	Outcome as % Budget	(Over) / under-spending	% (Over) / under-spending	Main Budget 2015/16	Total Adjustments	Adjusted Budget	Actual to the end of Mar 2016	Outcome as % Budget	(Over) / under-spending	% (Over) / under-spending
Social Services	21,333,072	118,435	21,451,507	21,524,315	100.3%	(72 808)	-0.3%	19,869,799	107,411	19,977,210	19,869,238	99.5%	107 972	0.5%
EDUCATION	14,003,938	155,355	14,159,293	14,246,863	100.6%	(87 570)	-0.6%	13,094,156	135,855	13,230,011	13,211,987	99.9%	18 024	0.1%
HEALTH	6,722,932	(27,663)	6,695,269	6,686,678	99.9%	8 591	0.1%	6,213,604	(28,444)	6,185,160	6,101,024	98.6%	84 136	1.4%
SOCIAL DEVELOPMENT	606,202	(9,257)	596,945	590,774	99.0%	6 171	1.0%	562,039	-	562,039	556,227	99.0%	5 812	1.0%
Non-Social Services	3,225,086	(65,255)	3,159,831	3,150,643	99.7%	9 188	0.3%	2,985,035	16,897	3,001,932	2,967,907	98.9%	34 025	1.1%
OFFICE OF THE PREMIER	129,850	(802)	129,048	128,982	99.9%	66	0.1%	121,541	2,247	123,788	122,679	99.1%	1 109	0.9%
LEGISLATURE	157,181	(11,183)	145,998	142,063	97.3%	3 935	2.7%	143,563	(6,171)	137,392	129,141	94.0%	8 251	6.0%
MPUMALANGA PROVINCIAL TREASURY	163,786	(1,070)	162,716	162,714	100.0%	2	0.0%	152,250	(187)	152,063	151,436	99.6%	627	0.4%
CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	368,919	(17,536)	351,383	351,350	100.0%	33	0.0%	352,207	-	352,207	341,209	96.9%	10 998	3.1%
AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS	563,231	(31,034)	532,197	531,137	99.8%	1 060	0.2%	551,565	(29,103)	522,462	514,917	98.6%	7 545	1.4%
TOURISM	121,928	(301)	121,627	118,100	97.1%	3 527	2.9%	117,773	3,268	121,041	118,581	98.0%	2 460	2.6%
TRANSPORT	973,250	(52,510)	920,740	920,740	100.0%	-	0.0%	855,181	24,004	879,185	877,399	99.8%	1 786	0.2%
COMMUNITY SAFETY, SECURITY AND LIAISON	422,183	40,477	462,660	462,453	100.0%	207	0.0%	385,708	15,000	400,708	398,942	99.6%	1 766	0.4%
CULTURE, SPORT AND RECREATION	157,033	4,417	161,450	161,092	99.8%	358	0.2%	153,310	(2,050)	151,260	152,069	100.5%	(809)	-0.5%
HUMAN SETTLEMENTS	167,725	4,287	172,012	172,012	100.0%	-	0.0%	151,937	9,889	161,826	161,534	99.8%	292	0.2%
TOTAL	24 558 158	53,180	24,611,338	24 674 958	100.3%	(63 620)	-0.3%	22 854 834	124,308	22,979,142	22 837 145	99.4%	141 997	0.6%

Only Education department that overspent on compensation of employees due to department not following the Treasury guideline as expected.

The matter has been corrected in 2017/18 budgets.



GOODS AND SERVICES

R Thousands	Main Budget 2016/17	Total Adjustments	Adjusted Budget	Actual to the end of Mar 2017	Outcome as % Budget	(Over) / under- spending	% (Over) / under- spending	Main Budget 2015/16	Total Adjustments	Adjusted Budget	Actual to the end of Mar 2016	Outcome as % Budget	(Over) / under- spending	% (Over) / under- spending
Social Services	4,890,570	(45,127)	4,845,443	4,835,375	99.8%	10 068	0.2%	4,706,956	141,312	4,848,268	4,802,661	99.1%	45 607	0.9%
EDUCATION	1,661,594	(69,872)	1,591,722	1,586,723	99.7%	4 999	0.3%	1,581,134	197,656	1,778,790	1,709,916	96.1%	68 874	3.9%
HEALTH	3,042,240	23,243	3,065,483	3,064,888	100.0%	595	0.0%	2,951,385	(59,541)	2,891,844	2,912,966	100.7%	(21 122)	-0.7%
SOCIAL DEVELOPMENT	186,736	1,502	188,238	183,764	97.6%	4 474	2.4%	174,437	3,197	177,634	179,779	101.2%	(2 145)	-1.2%
Non-Social Services	2,988,322	65,754	3,054,076	3,301,764	108.1%	(247 688)	-8.1%	2,808,621	209,833	3,018,454	3,027,761	100.3%	(9 307)	-0.3%
OFFICE OF THE PREMIER	105,048	(1,302)	103,746	102,735	99.0%	1 011	1.0%	97,963	33,414	131,377	125,756	95.7%	5 621	4.3%
LEGISLATURE	97,273	3,509	100,782	92,508	91.8%	8 274	8.2%	98,717	(4,421)	94,296	100,013	106.1%	(5 717)	-6.1%
MPUMALANGA PROVINCIAL TREASURY	119,457	(11,012)	108,445	107,654	99.3%	791	0.7%	122,985	(9,296)	113,689	111,646	98.2%	2 043	1.8%
CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	70,918	45,058	115,976	115,091	99.2%	885	0.8%	63,234	(521)	62,713	67,377	107.4%	(4 664)	-7.4%
AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS	195,490	45,125	240,615	238,234	99.0%	2 381	1.0%	235,002	18,887	253,889	256,380	101.0%	(2 491)	-1.0%
ECONOMIC DEVELOPMENT AND TOURISM	69,448	(7,227)	62,221	62,170	99.9%	51	0.1%	75,361	4,382	79,743	77,619	97.3%	2 124	2.7%
PUBLIC WORKS, ROADS AND TRANSPORT	1,585,679	(126,708)	1,458,971	1,722,156	118.0%	(263 185)	-18.0%	1,388,903	111,371	1,500,274	1,513,333	100.9%	(13 059)	-0.9%
COMMUNITY SAFETY, SECURITY AND LIAISON	520,150	80,182	600,332	600,231	100.0%	101	0.0%	527,657	41,662	569,319	568,112	99.8%	1 207	0.2%
CULTURE, SPORT AND RECREATION	167,799	36,632	204,431	202,428	99.0%	2 003	1.0%	144,276	17,166	161,442	157,332	97.5%	4 110	2.5%
HUMAN SETTLEMENTS	57,060	1,497	58,557	58,557	100.0%	-	0.0%	54,523	(2,811)	51,712	50,193	97.1%	1 519	2.9%
TOTAL	7 878 892	20,627	7,899,519	8 137 139	103.0%	(237 620)	-3.0%	7 515 577	351,145	7,866,722	7 830 422	99.5%	36 300	0.5%



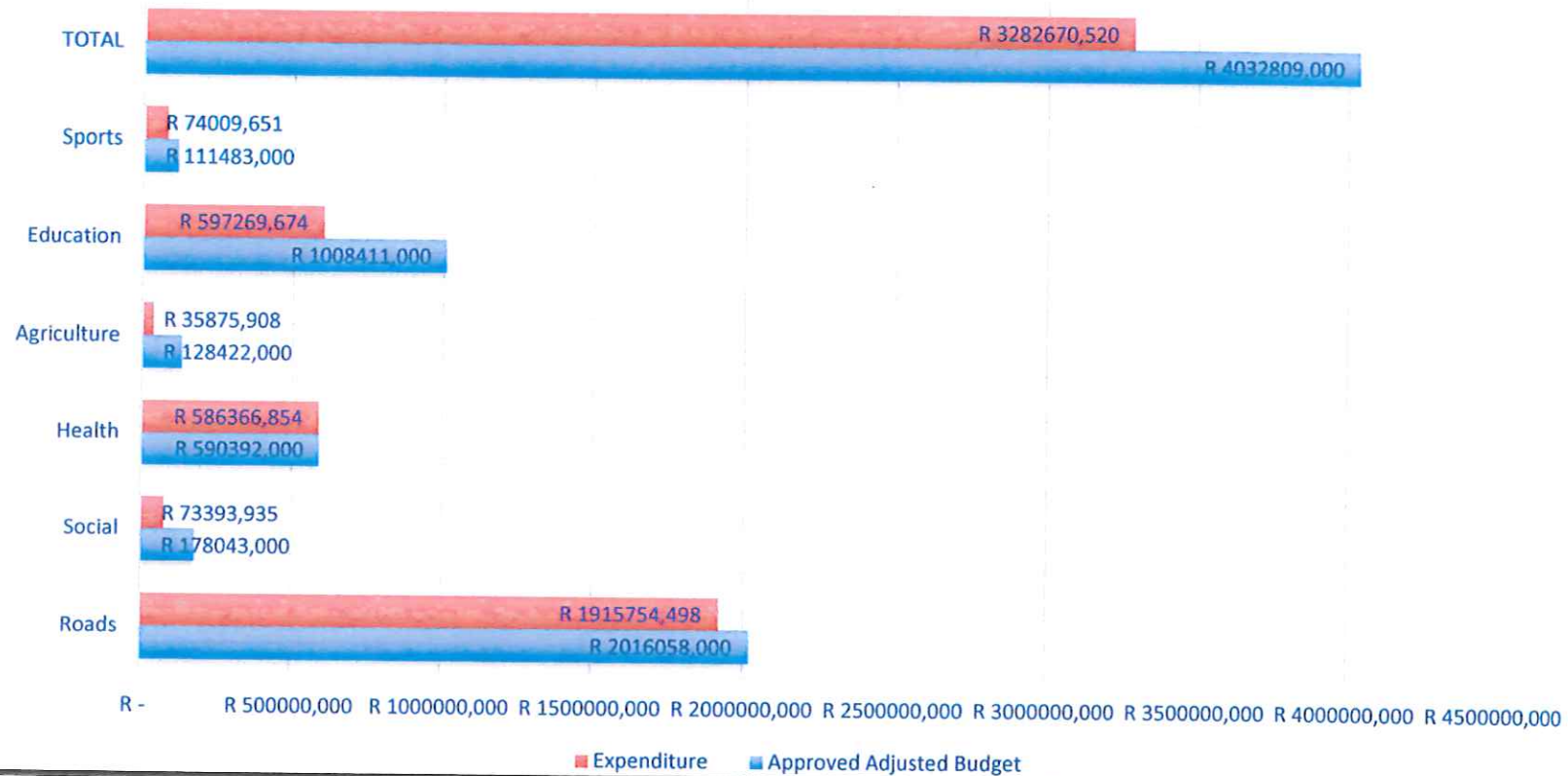
EDUCATION															
R Thousands	Main Budget 2016/17	Total Adjustments	Adjusted Budget	Actual to the end of Mar 2017	Outcome as % Budget	(Over) / under- spending	% (Over) / under- spending	Main Budget 2015/16	Total Adjustments	Adjusted Budget	Actual to the end of Mar 2016	Outcome as % Budget	Projections to end of Mar 2016	(Over) / under- spending	% (Over) / under- spending
Programme															
ADMINISTRATION	1 341 418	(104,124)	1 237,294	1 234 104	99.7%	3 190	0.3%	1 271 766	(23,726)	1 248,040	1 239 469	99.3%	-	8 571	0.7%
PUBLIC ORDINARY SCHOOL EDUCATION	14 267 546	209,502	14,477,048	14 574 103	100.7%	(97 055)	-0.7%	13 576 502	180,064	13,756,566	13 735 300	99.8%	-	21 266	0.2%
INDEPENDENT SCHOOL SUBSIDIES	20 092	-	20,092	20 092	100.0%	-	0.0%	19 044	-	19,044	19 044	100.0%	-	-	0.0%
PUBLIC SPECIAL SCHOOL EDUCATION	247 638	494	248,132	248 131	100.0%	1	0.0%	225 860	6,000	231,860	221 067	95.3%	-	10 793	4.7%
EARLY CHILDHOOD DEVELOPMENT	317 672	(25,413)	292,259	255 567	87.4%	36 692	12.6%	268 027	(29,000)	239,027	237 194	99.2%	-	1 833	0.8%
INFRASTRUCTURE DEVELOPMENT	1 030 777	(18,965)	1,011,812	831 031	82.1%	180 781	17.9%	960 422	157,000	1,117,422	1 039 635	93.0%	-	77 787	7.0%
EXAMINATION AND EDUCATION RELATED	691 640	(40,990)	650,650	650 453	100.0%	197	0.0%	535 148	16,450	551,598	558 096	101.2%	-	(6 498)	-1.2%
TOTAL	17 916 783	20,504	17,937,287	17 813 481	99.3%	123 806	0.7%	16 856 769	306,788	17,163,557	17 049 805	99.3%	-	113 752	0.7%
Economic classification															
Compensation of employees	14 003 938	155,355	14,159,293	14 246 863	100.6%	(87 570)	-0.6%	13 094 156	135,855	13,230,011	13 211 987	99.9%	-	18 024	0.1%
Goods and services	1 661 594	(69,872)	1,591,722	1 586 723	99.7%	4 999	0.3%	1 581 134	197,656	1,778,790	1 709 916	96.1%	-	68 874	3.9%
Interest and rent on land	-	-	-	183	-	(183)	-	-	-	-	5	-	-	(5)	-
Total transfers and subsidies	1 277 916	1,444	1,279,360	1 276 145	99.7%	3 215	0.3%	1 224 749	(87,378)	1,137,371	1 153 589	101.4%	-	(16 218)	-1.4%
Payments for capital assets	973 335	(66,423)	906,912	703 567	77.6%	203 345	22.4%	956 730	60,655	1,017,385	973 042	95.6%	-	44 343	4.4%
Payments for financial assets	-	-	-	-	-	-	-	-	-	-	1 266	-	-	(1 266)	-
Total	17 916 783	20,504	17,937,287	17 813 481	99.3%	123 806	0.7%	16 856 769	306,788	17,163,557	17 049 805	99.3%	-	113 752	0.7%



HEALTH															
R Thousands	Main Budget 2016/17	Total Adjustments	Adjusted Budget	Actual to the end of Mar 2017	Outcome as % Budget	(Over)/ under- spending	% (Over)/ under- spending	Main Budget 2015/16	Total Adjustments	Adjusted Budget	Actual to the end of Mar 2016	Outcome as % Budget	(Over)/ under- spending	% (Over)/ under- spending	
Programme															
ADMINISTRATION	424 112	(142,111)	282,001	282 001	100.0%	-	0.0%	283 305	14,646	297,951	297 370	99.8%	581	0.2%	
DISTRICT HEALTH SERVICES	6 355 241	171,604	6,526,845	6 524 844	100.0%	2 001	0.0%	6 131 596	34,528	6,166,124	6 179 838	100.2%	(13 714)	-0.2%	
EMERGENCY MEDICAL SERVICES	333 801	(5,611)	328,190	328 189	100.0%	1	0.0%	325 837	(13,160)	312,677	309 608	99.0%	3 069	1.0%	
PROVINCIAL HOSPITAL SERVICES	1 212 177	9,304	1,221,481	1 221 480	100.0%	1	0.0%	1 156 894	28,842	1,185,736	1 173 845	99.0%	11 891	1.0%	
CENTRAL HOSPITAL SERVICES	1 039 902	(4,817)	1,035,085	1 026 751	99.2%	8 334	0.8%	1 037 983	12,954	1,050,937	992 830	94.5%	58 107	-5.6%	
HEALTH SCIENCES AND TRAINING	386 213	(13,312)	372,901	372 901	100.0%	-	0.0%	294 926	54,792	349,718	369 217	105.6%	(19 499)	-5.6%	
HEALTH CARE SUPPORT SERVICES	175 924	(19,120)	156,804	140 693	89.7%	16 111	10.3%	130 272	(1,235)	129,037	123 451	95.7%	5 586	4.3%	
HEALTH FACILITIES MANAGEMENT	714 774	(31,753)	683,021	683 021	100.0%	-	0.0%	634 996	36,726	671,722	648 134	96.5%	23 588	3.5%	
TOTAL	10 642 144	(35,816)	10,606,328	10 579 880	99.8%	26 448	0.2%	9 995 809	168,093	10,163,902	10 094 293	99.3%	69 609	0.7%	
Economic Classification:															
Compensation of employees	6 722 932	(27,663)	6,695,269	6 686 678	99.9%	8 591	0.1%	6 213 604	(28,444)	6,185,160	6 101 024	98.6%	84 136	1.4%	
Goods and services	3 042 240	23,243	3,065,483	3 064 888	100.0%	595	0.0%	2 951 385	(59,541)	2,891,844	2 912 966	100.7%	(21 122)	-0.7%	
Interest and rent on land	-	-	-	2 306		(2 306)		-	-	-	544		(544)		
Total transfers and subsidies	298 307	10,737	309,044	306 487	99.2%	2 557	0.8%	273 074	206,125	479,199	478 851	99.9%	348	0.1%	
Payments for capital assets	578 665	(42,133)	536,532	509 496	95.0%	27 036	5.0%	557 746	49,953	607,699	600 908	98.9%	6 791	1.1%	
Payments for financial assets	-	-	-	10 025		(10 025)		-	-	-	-		-		
Total	10 642 144	(35,816)	10,606,328	10 579 880	99.8%	26 448	0.2%	9 995 809	168,093	10,163,902	10 094 293	99.3%	69 609	0.7%	



Infrastructure Expenditure 16/17



- The province spent 81% of the Adjusted Budget of R 4,032 4bn.
- Health is the highest spender at 99% of R590m.
- The lowest spender is DARDLEA at 28% of R128m.



Accruals

Vote	2016/17
	R'000
Office of the Premier	35 658
Provincial Legislature	5 532
Provincial Treasury	5 150
DEDT	3 461
COGTA	22 808
DARDLEA	13 472
Education	327 498
PWRT	79 925
DCSSL	83 566
Health	794 682
DCSR	19 416
Social Development	10 325
Human Settlements	13 115
Total	1 414 608

Main contributors are Education and Health

Own Revenue Major Collection Items



The bulk of the Province's own revenue is derived from 4 main sources:

- Gambling and Betting Taxes
- Motor Vehicle Taxes,
- Patient Fees and
- Interest on favourable bank balances

During 2016/17 financial year, the own revenue collected amounted to **R 1.153 billion** compared to the projection of **R 863.511 million** resulting in an over-collection of **R 289.544 million (134%)**.

The Province projects to increase revenue collection by **R200 million** during 2017/18 financial year, and a further **R200 million** in 2018/19.

This is in line with the Province's intention to increase its Revenue to **R4.2 billion** within the current MTEF.

Revenue challenges

- a) Failure by municipalities to pay over revenue collected on agency basis
- b) Inability/lack of capacity to claim from other institutions
- c) Manual revenue systems in hospitals
- d) Backlogs of claims from various institutions

Bank balances as at 31 March 2017

Treasury Regulations 15.9.1 requires each Treasury to account monthly for cash movements of all bank accounts in the books of its revenue fund.

The bank balances according to the bank statements as at 31 March 2017 are as follows:

Account name	First National Bank (PMG)	South African Reserve Bank	Standard Bank (PMG)	Standard Bank (Investment)
Office of the Premier	-	-	1 223 299.89	-
Provincial Legislature	14 753 939.58	-	-	-
Provincial Treasury (PMG)	-	-	3 299 301.54	-
Provincial Treasury (Exchequer account)	-	-	272 537 773.92	-
Provincial Treasury (Intergovernmental Cash Coordination account)	-	6 813 531.15	-	-
Provincial Treasury (Investment account)	-	-	-	160 000 000.00
Co-operative Governance and Traditional Affairs	-	-	3 144 726.12	-
Agriculture, Rural Development, Land and Environmental Affairs	-	-	4 027 462.97	-
Economic Development and Tourism	-	-	3 572 294.02	-
Education	-	-	126 131 706.75	-
Public Works, Roads and Transport	-	-	9 537 161.18	-
Community Safety, Security and Liaison (PMG)	-	-	157 287 886.21	-
Community Safety, Security and Liaison (Traffic Fines)	-	-	626 213.37	-
Community Safety, Security and Liaison (Tax Revenue)	-	-	13 629 588.72	-
Health	-	-	39 990 394.63	-
Culture, Sport and Recreation	-	-	29 414 352.85	-
Social Development	-	-	91 454 476.66	-
Human Settlements	-	-	164 470 738.45	-
Total	14 753 939.58	6 813 531.15	920 347 377.28	160 000 000.00



Analysis: Debtors

TYPES OF DEBTORS	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
	R'000	R'000	R'000	R'000	R'000
Trade receivable	1 565	10 799	9 683	6 648	5 586
Claim recovery	19 726	18 350	17 030	17 509	23 623
Staff Debt	77 947	67 510	49 217	46 592	42 090
Other Debtors	28 123	24 371	28 834	21 184	14 332
Total	127 361	121 030	104 764	91 933	85 631

- a. Debts continue to decrease over the review period.
- b. The Provincial Treasury continues to support Departments on debt management using forums and one on one sessions.

Extract from 2016/17 Annual Financial Statements

Unauthorised Expenditure					
Votes	R'000	Opening Balance	Condoned	Current Year	Total
Vote 01: Office of the Premier		-	-	-	-
Vote 02: Provincial Legislature		-	-	-	-
Vote 03: Provincial Treasury		-	-	-	-
Vote 04: Co-operative Governance and Traditional Affairs		22,011	-	-	22,011
Vote 05: Agriculture, Rural Development, Land and Environmental Affairs		12,262	-	-	12,262
Vote 06: Economic Development and Tourism		-	-	-	-
Vote 07: Education		608,194	-	97,055	705,249
Vote 08: Public Works, Roads and Transport		-	-	-	-
Vote 09: Community Safety, Security and Liaison		-	-	-	-
Vote 10: Health		200,706	-	-	200,706
Vote 11: Culture, Sport and Recreation		7,674	-	785	8,459
Vote 12: Social Development		-	-	-	-
Vote 13: Human Settlements		-	-	-	-
TOTAL		850,847	-	97,840	948,687

Extract from 2016/17 Annual Financial Statements

Irregular Expenditure					
Votes	R'000	Opening Balance	Condoned	Current Year	Total
Vote 01: Office of the Premier		147,390	-	66,217	213,607
Vote 02: Provincial Legislature		9,855	(3660)	2,444	8,639
Vote 03: Provincial Treasury		-	-	-	-
Vote 04: Co-operative Governance and Traditional Affairs		9,699	-	114	9,813
Vote 05: Agriculture, Rural Development, Land and Environmental Affairs		53,805	(31,023)	-	22,782
Vote 06: Economic Development and Tourism		37,492	-	-	37,492
Vote 07: Education		797,639	(147,552)	151,871	801,958
Vote 08: Public Works, Roads and Transport		448,456	(7,796)	1,463	442,123
Vote 09: Community Safety, Security and Liaison		272,328	(1,237)	417,823	688,914
Vote 10: Health		5,168,480	(11,309)	1,552,623	6,709,794
Vote 11: Culture, Sport and Recreation		51,857	-	8,825	60,682
Vote 12: Social Development		93,239	-	2,162	95,401
Vote 13: Human Settlements		1,214,799	-	-	1,214,799
TOTAL		8,305,039	(202,577)	2,203,542	10,306,004

Most of these expenditures have been escalated to National Treasury for condonation – eg.,
 Public Works, Roads and Transport – R391 000 m
 Health – 5.1 b
 Human Settlements – R582 m
 Education – R243 m
 Other Departments are continuing with investigations

Fruitless and Wasteful Expenditure					
Votes	R'000	Opening Balance	Condoned	Current Year	Total
Vote 01: Office of the Premier		5,083	-	-	5,083
Vote 02: Provincial Legislature		71	(8)	12	75
Vote 03: Provincial Treasury		-	-	-	-
Vote 04: Co-operative Governance and Traditional Affairs		-	138	(133)	5
Vote 05: Agriculture, Rural Development, Land and Environmental Affairs		1,724	-	-	1,724
Vote 06: Economic Development and Tourism		3,936	-	-	3,936
Vote 07: Education		13,683	(426)	1,355	14,612
Vote 08: Public Works, Roads and Transport		4,039	(3,233)	-	806
Vote 09: Community Safety, Security and Liaison		17,985	(369)	11	17,627
Vote 10: Health		13,934	-	2,306	16,240
Vote 11: Culture, Sport and Recreation		9,161	-	-	9,161
Vote 12: Social Development		-	-	-	-
Vote 13: Human Settlements		331	-	-	331
TOTAL		69,947	(3,898)	3,551	69,600

Departments are in the process of investigating the expenditure

Recommendation

- It is recommended that the Select Committee on Finance notes the report and provide guidance to the Province.



THANK YOU



provincial treasury
MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

