

REPORT OF THE PORTFOLIO COMMITTEE ON PREMIER'S OFFICE; FINANCE; ECONOMIC DEVELOPMENT AND TOURISM

BUDGET VOTE OF THE OFFICE OF THE PREMIER FOR 2016/17 (VOTE 01)

1. INTRODUCTION

The **Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism** (the Committee) has a Constitutional mandate, in terms of Section 114(2)(b) of the Constitution of the Republic of South Africa (Act 108 of 1996) read with Rule 131 of the Mpumalanga Provincial Legislature to oversee the performance of the Office of the Premier and hold it accountable through various measures.

The consideration and scrutiny of the 2016/17 Budget Vote of the Office of the Premier is the tool used by the Committee to determine whether the Office of the Premier has proper plans and programmes to realise its strategic objectives and ultimately to deliver basic services to the citizens of Mpumalanga.

The Committee tables this report, in accordance with the provisions of the Rules and Orders of the Mpumalanga Provincial Legislature as an account of its oversight work done for consideration and adoption in order to pass the Budget Vote 01 for the 2016/17 financial year.

2. METHOD OF WORK

The Speaker of the Legislature referred the following documents to the Committee for deliberations and report back to the House, in accordance with Rule 190(4) of the Rules and Orders of the Mpumalanga Provincial Legislature:

- Strategic Plan 2015/16 – 2019/20
- Budget Statement 2016/17
- Annual Performance Plan (APP) 2016/17
- Organisational Structure

- o Cost Per Head

The Committee was briefed by the Research Section on 12 April 2016 on the overall efficiency of the APP for the 2016/17 financial year to meet the strategic objectives of the Office of the Premier with the budget allocated for the 2016/17 financial year. The Committee met with the Office of the Premier on 14 April 2016 to deliberate on its budget documentation. The Committee considered the draft Committee Report on the Budget 2016/17 Vote 01 on 20 April 2016.

3. COMPLIANCE TO NATIONAL GUIDELINES

The Committee made the following observations with regards to the structure of the Strategic Plan 2015/16 – 2019/20 and the Annual Performance Plan for 2016/17 in compliance with the National Treasury Framework for Strategic Plans and the Annual Performance Plans:

3.1. Strategic Plan 2015/16 – 2019/20

The Office of the Premier has tabled its Five Year Strategic Plan that will be the guiding tool for the next five years. The Strategic Plan is in compliance with the National Treasury Framework for Strategic Plans and the Annual Performance Plans. The Strategic Plan is guided by the Medium Term Strategic Framework (MTSF 2014 - 2019) which reflects political outcomes priorities and also it is in line with Government approach to planning which means it has taken into cognisance the NDP and Mpumalanga Vision 2030.

3.2. Annual Performance Plan

The cover page of the APP adheres to the stipulated framework of the National Treasury.

The foreword of the APP communicates the principal role of the Office of the Premier in providing strategic direction to the entire administration in the province; as well as the key priorities for the period 2016/17. The APP outlines areas and programmes prioritised by the Office of the Premier and is in accordance with the Medium Term Strategic Framework (MTSF) 2014 - 2019. The Honourable Premier has accordingly signed the foreword as required by the National Treasury Framework.

The official sign-off has been carried out by all relevant officials. The table of contents has been done consistent to the Framework for Annual Performance Plans as issued by the National Treasury. The OTP does not deal with issues that are captured by Part C: Links to other plans, hence Part C does not reflect in the APP.

3.3. Alignment of Strategic Plan and APP

The Strategic Plan has four strategic objectives which are clearly flagged out on page 18; however, it is not clearly flagged in the APP as required by the NT framework.

3.4. Revisions to Legislative and other Mandates

It was indicated that there have been no significant changes to the Office of the Premier legislative and other mandates.

4. Analysis of Government Priorities

4.1. Government Priorities

Five year government priorities	Outcomes for OTP	OTP - Strategic goals
1. Radical economic transformation, rapid economic growth and job creation 2. Rural development, land and agrarian reform and food security 3. Ensuring access to adequate human settlements and quality basic services 4. Improving the quality of and expanding access to education and training	1. Outcome 11 - Create a better South Africa and contribute to a better and safer Africa and the world, outcome 2. Outcome 12 - An efficient and development orientated public services and empowered, fair and inclusive citizenship	Strategic Goal 1: Professional executive governance support in the province- to provide relevant and timeous administrative support service to the Premier, Members of the Executive Council and the Director- General of the Mpumalanga Province Strategic Goal 2- specialised and proficient technical support for strategic decision making- to coordinate macro planning, policy development and

<p>5. Ensuring quality health care and social security for all citizens</p> <p>6. Fighting corruption and crime</p> <p>7. Contributing to a better Africa and a better world</p> <p>8. Social cohesion and nation building.</p>		<p>analysis across 10 Provincial Departments and the office of the Premier</p> <p>Strategic Goal 3- Institutionalised and coordinate Province wide Monitoring and Evaluation- to monitor and evaluate the implementation of Provincial MTSF policies and programmes, as well as the 14 National outcomes and the Provincial level</p> <p>Strategic Goal 4-professional, effective and efficient Institutional Development-to utilise the skills and commitment of professional officials, the application of relevant technology and the rationalisation of operational system and structures in order to optimise public service transformation reform & improve service delivery</p>
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The NDP provides the framework for achieving the radical socio-economic agenda set out in the governing party's election manifesto. It recognises the need for a capable and developmental state, a thriving business sector and strong civil society institutions with shared and complementary responsibilities. It identifies decent work, education and the capacity of the state as particularly important priorities. It also highlights the need to improve the quality of administration of many government activities. The Office of the Premier has an overarching role of coordinating all government departments in the province; hence, they are responsible to assist departments to implement all government five year priorities. The two outcomes (11 & 12) that the Office of the Premier is responding to allow the Office of the Premier to further develop strategic outcomes goals to directly respond to their mandate and the directives of the NDP.

4.2. Annual performance plan analysis against policy statements

NDP	SOPA	OTP's commitments
	Mpumalanga provincial AIDS Council will continue to partner with key stakeholders in our effort to reduce the incidence of this disease, which continues to take its toll not only on the lives of the sick, but on their families and communities too	Strengthen the role of the Mpumalanga Provincial AIDS Council to address the incidence and prevalence of HIV/AIDS in the province
	We need a cadre of officials that is driven by the "servant leadership" narrative that is at the core of a capable and effective public service	Coordinate the implementation of the Operation Vuka Sisebente (OVS) Model
NDP identifies "the deficit in skills and professionalism affecting all elements of the public service "as a central challenge with respect to the realisation of our vision for 2030	To address this challenge, we will support targeted learning and skills development opportunities for public servants in partnership with other tertiary institutions.	Workplace skills plan for 2016/17 developed and implemented.

5. PROGRESS REPORT ON THE IMPLEMENTATION OF HOUSE RESOLUTIONS (BUDGET 2015/16)

The Committee considered an updated report on the progress made by the Office of the Premier in implementing previous House Resolutions, as contained in the 2015/16 Budget Report.

The updated 2015/16 progress report is reflected in this Committee report to provide a comprehensive perspective on the implementation of the House Resolutions, as indicated in the **Annexure A** (attached to this report).

The Committee will continue to monitor the implementation of the House Resolutions through its oversight of the Office of the Premier's quarterly progress reports during the financial year.

6. OBSERVATIONS AND COMMENTS

The Director-General (DG) and his management team made a presentation to the Committee on the Office of the Premier's budget documentation for the 2016/17 financial year, however, the Office of the Premier primarily focused on the questions raised as per the research analysis.

The Office of the Premier's APP for 2016/17 is aligned to the Outcomes 11 and 12; as reflected in this report.

7. ANALYSIS OF THE OFFICE OF THE PREMIER'S ANNUAL PERFORMANCE PLAN

7.1. PART A: STRATEGIC OVERVIEW

7.1.1. UPDATED SITUATIONAL ANALYSIS

The core mandate of the Office of the Premier is to create a public administration environment that supports the Premier and the Executive Council to operate within the applicable legal framework to drive integrated social development and economic growth through effective and efficient governance. Furthermore, it is responsible for Outcome 11: 'create a better South Africa and contribute to a better and safer Africa and the world'; and Outcome 12: 'an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship' are listed in the outcome-based approach.

7.1.2. ORGANISATIONAL ENVIRONMENT

The Office of the Premier has indicated that it has an approved organogram with a total of 382 posts of which 276 are filled; whilst 21 are vacant funded posts and 85 are vacant unfunded posts. All vacant posts, funded and unfunded, shall be abolished as per the Budget and Finance Committee Resolution of 11 March 2015.

7.2. PART B: PROGRAMMES AND SUB-PROGRAMME PLANS

7.2.1. BREAKDOWN OF PROGRAMME RECEIPTS AND PAYMENTS

The Office of the Premier has been appropriated a total amount of **R245 071 000.00** for the 2016/17 financial year. Resource allocation for the Office of the Premier was informed by its mandate and government priorities as set out in the Medium Term Strategic Framework, the NDP and MGDG as well as the 11 Plan Priority Points (page 11) which the Office of the Premier plans to roll-out in the 2016/17 financial year.

Budget Allocation

Programmes '000	Outcomes 2014/15	Adjusted Appropriation 2015/16	Main Appropriation 2016/17	Year on year growth %
Administration	98 398	115 140	96 793	-15.9
Institutional Development	74 948	91 142	92 383	1.3
Policy and Governance	38 240	61 367	55 895	-8.9
TOTAL	211 586	267 649	245 071	-8.4

The Office of the Premier's total budget allocation for the 2016/17 financial year is **R245 071 000.00** (0.5%) out of **R41 301 337 000.00** total Appropriation Bill for Mpumalanga Province in the 2016/17 financial year.

The budget allocation shows a decrease of 8.4% from **R267 649 000.00** in 2015/16 to **R245 071 000.00** in 2016/17 financial year. Programme 2 (institutional development) has shown a steady increase in allocation for the three financial years under review.

Economic Classifications

'000	Outcomes 2014/15	Adjusted Appropriation 2015/16	Main Appropriation 2016/17	Year on year growth %
Compensation of Employees	118 236	123 788	129 850	4.8
Goods and Services	84 032	131 377	105 048	-20.0
Transfers and Subsidies	8 516	10 808	7 363	-31.8
Payments for Capital Assets	802	1 676	2 810	67.6
TOTAL	211 586	267 649	245 071	-8.4

Compensation of Employees increased by 4.8% from **R 123 788 000.00** in 2015/16 to **R129 850 000.00** in the 2016/17 financial year. Goods and Services has decreased by 20.0% from **R131 377 000.00** in 2015/16 to **R105 048 000.00** in the 2016/17 financial year. Transfers and Subsidies has decreased by 31.8% from **R10 808 000.00** in 2015/16 to **R7 363 000.00** in the

2016/17 financial year. Payment of Capital Assets has increased by 67.6% from R 1 676 000.00 in 2015/16 to R2 810 000.00 in the 2016/17 financial year.

The above analysis indicates one major allocation change for Economic Classification: Payments for Capital Assets that have increased by 67.6% as compared to the previous financial year but it only takes 1.1% of the allocated budget for the 2016/17 financial year.

Compensation of Employees takes 52.9% of the allocated budget followed by Goods and Services with 42.8% of the 2016/17 allocated budget.

The Committee noted the following on the overall expenditure per Economic Classification:

- i Considering that there is a moratorium in place on the filling of vacant posts, the Compensation of Employees has increased; and this increase is influenced by the following factors, namely the Consumer Price Index (CPI) of 6.2% which caters for the general increase; the provision of 1% which caters for pay progression and the 1.5% which caters for performance bonuses, where applicable. Furthermore, the Office of the Premier indicated that there is no increase in the number of employees in terms of the organogram. The slight increase on Compensation of Employees is as per the factors above.

The Office of the Premier, during the APP 2015/16 deliberations with the portfolio committee indicated all vacant funded posts (39) and unfunded vacant (65) will be abolished. To date, the Office of the Premier has abolished all 104 posts in the organogram.

7.2.2. ANALYSIS PER PROGRAMME

PROGRAMME 1: ADMINISTRATION

Programme purpose and budget allocation

The Programme is responsible for the appropriate and effective coordination and monitoring of administrative and strategic matters, both within the Office of the Premier and the Province.

Programme 1: Administration:

Budget allocation per sub-programme

Sub-Programmes '000	Adjusted Appropriation 2015/16	Main Appropriation 2016/17	Yearly growth %
Premier Support	22 152	15 432	-30.3
Executive Council Support	5 697	6 467	13.5
Director-General Support	60 723	43 112	-29
Financial Management	26 568	31 782	19.6
Programme Support	-	-	-
TOTAL	115 140	96 793	-15.9

The budget of this programme has decreased by 15.9% from R115 140 000.00 in the previous financial year to R96 793 000.00 in the current financial year. Compensation of Employees has increased by R4 407 000.00 (8.8%). Goods and Services has decreased by R21 935 000.00 (34.7%) from R63 169 000.00 to R41 234 000.00. The budgets for Compensation of Employees and Goods and Services are 56% and 42% respectively.

Programme 1 has a total of 25 planned targets for the 2016/17 financial year.

The Committee noted the following on Programme 1:

- i The Office of the Premier under Director General Sub-programme, had three performance indicators in the 2015/16 financial year and currently they have one performance indicator, they have removed the targets that were dealing with holding PMC and PMC Makgotla and also the target that was dealing with identifying and responding to bottlenecks/blockages in the implementation of government projects. The Office of the Premier alluded to the fact that there will still be PMC meetings and Makgotla held during the 2016/17 financial year. Furthermore, the Cabinet Secretariat will coordinate the PMC as indicated on page 28 of the APP. The target was duplicated in the DG Support Unit and Cabinet Secretariat in the previous financial year (2015/16).

Having removed the targets that were dealing with identifying and responding to bottlenecks or blockages, the Office of the Premier indicated that through its M&E Unit, it will still be able to identify bottlenecks and provide solutions in this regard. Due to challenges related to the Audit outcomes of the Office of the Premier, the work of the Rapid Response Unit has thus been discontinued. As a result of the establishment of the Rapid Implementation Unit that deals with bottlenecks or blockages in the implementation of government projects, the Office of the Premier has resolved to transfer the officials who were seconded to the Unit back to their respective departments.

- ii The Committee has noted that the Office of the Premier had a challenge of implementing targets under the sub-programme Forensic & Integrity Management resulting in the Office of the Premier outsourcing some of the activities within the sub-programme. It was further noted that the Office of the Premier has reduced the targets from eight to five targets, in the 2016/17 financial year. Given the fact that the sub-programme has not been able to meet its targets, the Office of the Premier indicated the following reasons for the reduction of targets; the target on training of officials on the use of Electronic Case Management System is in the operational plan and two targets were merged, namely: 100% of alleged fraud and corruption cases investigated have been merged with 100% reduction of backlog on the investigation of alleged fraud and corruption.
- iii There have been targets on training of officials in all departments and districts and also the monitoring of the system that have subsequently been removed. However, the Office of the Premier reported that the officials in question will be trained in the first quarter and this target has been included in the operational plan.

PROGRAMME 2: INSTITUTIONAL DEVELOPMENT

Programme purpose and budget allocation

This Programme provides institutional development services, advice, strategic support, coordination and development of policies to ensure operational efficiency, alignment and

corporate compliance with a view to improve the capacity of the Mpumalanga Provincial Government to deliver effective and efficient services.

Budget allocation per sub-programme

Sub-Programme '000	Adjusted Appropriation 2015/16	Main Appropriation 2016/17	Yearly Growth %
Strategic Human Resources	34 161	43 033	25.9
Information Communication Technology	12 576	12 739	1.2
Legal Services	3 222	3 649	13.2
Communication Services	32 958	24 453	-25
Programme Support	8 225	8 509	3.4
TOTAL	91 142	92 383	1.3

The budget for this programme has increased by **R1 241 000.00** (1.3%) from **R91 142 000.00** in the previous financial year to **R92 383 000.00** in 2016/17. The programme allocation on Compensation of Employees has increased by **R2 764 000.00** (6.3%) from **R43 539 000.00** to **R46 303 000.00**. The Goods and Services allocation has decreased by **R482 000.00** (1.2%) from **R39 27 000.00** in the previous financial year to **R38 788 000.00** in the current financial year. The Transfers and Subsidies budget has decreased by **R931 000.00** (11.4%) from **R8 143 000.00** in the 2015/16 financial year to **R 7 212 000.00** in the current financial year. Payment for Capital Assets has decreased by **R110 000.00** (57%) from **R190 000.00** in 2015/16 to **R80 000.00** in the 2016/17 financial year.

Programme 2 has a total of 41 planned targets for the 2016/17 financial year.

PROGRAMME 3: POLICY AND GOVERNANCE

Programme purpose and budget allocation

The programme aims to provide effective macro-policy advice, coordination and monitoring in the following areas: provincial planning; implementation of provincial programmes; mainstreaming of gender, youth and Older persons' issues; regional and international cooperation; research and information management; advisory services to the Premier, EXCO committees and Executive Council and MPAC; and coordinate key strategic interventions to improve departmental performance.

Budget allocation per sub-programme

Programme	Adjusted Appropriation 2015/16	Main Appropriation 2015/17	Yearly growth %
Special Programmes	10 102	9 679	
Intergovernmental Relations	6 444	5 318	
Provincial and Policy Management	42 552	38 582	
Programme Support	2 269	2 316	
TOTAL	61 367	55 895	

This programme's budget has decreased by **R5 472 000.00** (8.9%) from **R61 367 000.00** in the previous financial year to **R55 895 000.00** in the current financial year. The programme allocation on Compensation of Employees has decreased by **R1 109 000.00** (3.5%) from **R30 367 000.00** in the previous financial year to **R29 258 000.00** currently. Goods and Services allocation has decreased by **R3 912 000.00** (13%) from **R28 938 000.00** to **R25 026 000.00** in the current financial year. The budget of Transfers and Subsidies has decreased by **R1 714 000.00** (95%) from **R1 795 000.00** to **R81 000.00** in the current financial year. Payment for Capital Assets has increased by **R1 263 000.00** (473%) from **R1 267 000.00** to **R267 000.00** in the current financial year.

Regarding performance indicators, programme 3 has a total of 25 planned targets for the 2016/17 financial year.

The Committee noted the following on Programme 3:

- i. In the 2015/16 financial year, the Office of the Premier has failed to institutionalise the Mpumalanga International Relations Framework and also to facilitate the approval of the Mpumalanga International Relations Framework and capacitate the Office of the Premier, 11 Provincial departments, Parastatals and three District Municipalities on the implementation of the framework. The Office of the Premier indicated that the three international relations in line with the Provincial priorities and Provincial international Relations Framework is still in the middle of the rationalisation process and this area of operations will be prioritised.
- ii. The Office of the Premier reported that there are changes made on the dates as reflected in all quarterly targets from 2015 to 2016 and these changes have been effected. The Office of the Premier will therefore resubmit the updated APP to the Legislature.

7.3. PART C: LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

The entire section of Part C is not captured in the APP because the Office of the Premier does not deal with issues that relate to Part C.

7.4. PART D: LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS

The Office of the Premier clearly reflected its Vision, Mission and Values under Part D.

7.5. PART E: TECHNICAL INDICATOR DESCRIPTION PER PROGRAMME

The Office of the Premier reflected the technical indicator descriptions per programme in Part E.

8. FINDINGS

The following are the findings of the deliberations with the Office of the Premier:

- 8.1. The Office of the Premier's reduction of targets under the Breakdown of Programme Receipts and Payments, will not affect the budget within the 2016/17 financial year.
- 8.2. It was noted by the Committee that the Mpumalanga International Relations Framework was supposed to be institutionalised and approved in the 2015/16 financial year and this has not been achieved to date.
- 8.3. With regard to the Rapid Response Unit, the Committee noted that the M&E unit is not enhanced to be able to pick up areas where there are challenges / bottlenecks.
- 8.4. The Committee noted that the dates in all the quarterly targets from 2015 to 2016 are incorrect.

9. RECOMMENDATIONS

The Committee made the following recommendations:

- 9.1. The Office of the Premier must ensure that it implements all targets as per its APP and fully utilises its budget for the 2016/17 financial year.
- 9.2. The Office of the Premier must finalise the rationalisation process of the Mpumalanga International Relations Framework as a matter of urgency. The process must be concluded in the first quarter of the 2016/17 financial year.
- 9.3. That the Office of the Premier must enhance the M&E unit to fill the gap of the Rapid Response Unit and must reconsider an appropriate substitute of the Unit in order to ensure that the gap does not impact negatively on picking up challenges.
- 9.4. The Office of the Premier must effect the changes on the correct dates and submit the revised document within 07 (seven) days of tabling this report.

The Committee moves that the House adopts the report with the above recommendations and approves the Annual Performance Plan for 2016/17 as well as the budget for a total amount of **R 245 071 000.00.**

10. CONCLUSION

The Chairperson takes this opportunity to thank the Members of the Portfolio Committee for their active participation and constructive contributions during the deliberations on the Office of the Premier Budget for 2016/17.

In addition, the Chairperson extends a word of appreciation to the Director-General and senior management officials for availing themselves to deliberate on matters pertaining to the department.

The Chairperson would also like to thank the support staff for contributing to the production of this report.

Unless otherwise stated a report detailing progress in the implementation of all recommendations in this report should be forwarded to the Committee by 27 May 2016, unless stated otherwise, and thereafter on a quarterly basis.



HON PS NGOMANA (MPL)

CHAIRPERSON:

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

20/04/2016

DATE

Addendum (A)**HOUSE RESOLUTIONS 2015/16**

The Office of the Premier reported as follows on the progress made on the implementation of the House Resolutions as contained in the 2015/16 Budget Report:

HOUSE RESOLUTIONS	CURRENT SITUATION AT 31 MARCH 2015
1. The Office of the Premier must ensure that it spends its budget for the 2015/16 financial year strictly in terms of its APP for 2015/16.	The Office of the Premier has ensured that the budget for the 2015/16 financial year is spent in line with the APP and the Operational Plan as approved.
2. The Office of the Premier must report on a quarterly basis on the progress made on the review of its organisational structure.	The Office of the Premier noted the resolution and continuously briefed the Portfolio Committee on progress with regards to its organizational structure.
3. The Office of the Premier must report on a quarterly basis on the progress made on the implementation of the Electronic Case Management System.	The target on Electronic Case Management System was incorporated in the APP. Thus the Office of the Premier has been reporting its performance on Case Management on quarterly basis to the Legislature.
4. The Office of the Premier must report on a quarterly basis on the progress made relative to the establishment of the commission that will look into the condition of farm dwellers in the province.	The Commission on Condition of Farm dwellers has been established and scheduled to complete its work by May 2016. It must be mentioned that the next step will be the development of an Action Plan on implementation of the recommendations of the Commission, which is a target that is catered for in the 2016/17 Plan of the Office of the Premier.