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

## **2018/19 ANNUAL PERFORMANCE PLAN AND BUDGET VOTE OF THE PROVINCIAL TREASURY FOR (VOTE 03)**

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### **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, 1996 read with Rule 131 of the Mpumalanga Provincial Legislature to oversee the performance of the Provincial Treasury (the treasury) and hold it accountable through various measures.

The consideration and scrutiny of the 2018/19 Budget Vote of the treasury is a tool used by the Committee to determine whether the treasury 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 Budget Vote 03 for the 2018/19 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:

- Annual Performance Plan (2018/19)
- Reviewed Strategic Plan (2015 – 2020)
- Departmental Budget
- Cash flow projection (2018/19)

- Organisational Structure
- Cost Per Head
- Operational Plan

The Committee received a briefing on 09 May 2018 from the Research Unit on the analysis of the APP that was tabled on 13 April 2018. The Researcher briefed the Committee on the efficiency of the APP to meet the policy priorities of the department in line with its allocated budget. The Committee raised a number of questions that were sent to the department for written responses.

The department appeared before the Committee on 15 May 2018 to present its APP with supporting budget documentation. Thereafter, the Committee met on 22 May 2018 to consider its report on budget vote 5.

### **3. GENERAL OBSERVATIONS MADE BY THE COMMITTEE**

The Committee made the following observation on the Annual Performance Plan of the department:

- 3.1. The Annual Performance Plan for the 2018/19 financial year of the Provincial Treasury is in compliance with the National Treasury Framework for Strategic Plans and Annual Performance Plans. Provincial Treasury has included annexure D, E and F which indicates the vision, mission and values of the department; the technical indicator description per programme; and the changes to the strategic plan's strategic objectives respectively, as per the National Treasury Framework for Strategic Plans and Annual Performance Plans.;
- 3.2. The reviewed Strategic Plan of the Provincial Treasury for the period 2015/16-2019/20 is aligned to the Annual Performance Plan of the 2018/19 financial year.

### **4. POLICY PRIORITIES AND STRATEGIC GOALS**

#### **4.1. Government Priorities**

Table 1 below outlines the Government Priorities for the department.

**Table 1: Government Priorities**

<b>Government Priorities</b>	<b>Department Outcomes</b>	<b>Department's Strategic goal</b>
1. Improving and expanding education and training 2. Health social security 3. Rural development, land agrarian and food security 4. Economy and jobs 5. Fight against crime and corruption 6. Human settlements and basic services	<p><b>Outcome 9:</b> Responsive, accountable, effective and efficient developmental local government</p> <p><b>Sub-Outcome 3:</b> Sound financial and administrative management</p> <p><b>Outcome 12:</b> An efficient, effective and development oriented related public service.</p> <p><b>Sub-Outcome 4:</b> Efficient and effective management and operation system</p> <p><b>Sub-Outcome 5:</b> Procurement systems that deliver value for money</p>	<p><b>Strategic goal 1: Administrative support services</b> Prompt, continuous, effective administrative support to all line functions in the Department</p> <p><b>Strategic goal 2: Ensure efficient and effective financial, ICT, and corporate governance in the Province, in line with legislation and policies</b> Provide advice, support and monitor public sector institutions on legislation and prescript.</p>

Provincial Treasury supports all government priorities as it monitors the usage of all resources allocated to provincial departments, municipalities and public entities. Provincial Treasury is also aligned to the National Outcomes and provides support in terms of Outcomes 9 and 12 and is not a lead department.

#### **4.2. Annual Performance Plan against Policy Statements**

Table 2 below outlines the Annual Performance Plan against Policy Statements:

**Table 2: Annual Performance Plan against Policy Statements**

<b>SONA</b>	<b>SOPA</b>	<b>Department's Commitments</b>
<p>In the state of the nation address (2018) the President indicated that tough decisions have been made to close our fiscal gap, stabilize our debt and restore our state-owned enterprises to health.</p> <p>The President emphasized that there will be improvement of the capacity to support black professionals and deal decisively with companies that resist transformation, use competition policy to open markets up to new black entrants, and further invest in the development of businesses in townships and rural areas. He further that government will honour its undertaking to set aside at least 30% of public procurement to SMMEs, Cooperatives, townships and rural enterprises.</p>	<p>In paragraph 201 of the 2018 State of the Province address, the former Premier DD Mabuza indicated that there is a need to improve the capacity of municipalities to ensure that they are more focused on addressing service delivery needs and in paragraph 202 he stated that the financial sustainability and capacity of the municipalities to deliver key basic services needs urgent attention as this has direct impact on ordinary people and the business community. Thus, in paragraph 203 he indicated that there is direct support provided to enhance financial management systems, modernize revenue collection systems and ensure that municipalities meet their financial obligations, including Eskom account obligations.</p> <p>In paragraph 181 the Premier indicated that an amount of R 300 million over the next three (3) years, has been set aside for the financing of SMMEs that have off take agreements with the Provincial Government and in</p>	<p>Provincial Treasury has committed to supporting municipalities to improve revenue management and debt collection</p> <p>The department will make use of the Supply Chain Management reforms to promote local procurement in order to increase</p>

	<p>paragraph 176 he indicated that the Department of Economic Development and Tourism and MEGA are providing the necessary support to SMMEs and Cooperatives that have gone through the assessment process as the South African Bureau of Standards has committed itself to work this government in assisting the SMMEs and Cooperative in attaining manufacturing certification for various materials they produce.</p>	<p>domestic production and the creation of such needed jobs.</p>
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**5. OVERVIEW BY THE MEC**

The MEC presented an overview of the key strategic and policy issues that influenced the 2018/19 departmental plans. The following points were noted on the MECs overview:

- a. The MEC appreciated the time afforded to him to present the APP of the treasury.
- b. He reported that the 2018/19 spending framework includes expenditure reductions approved by Cabinet amounting to **R85 000 000 000.00** across all provinces. The expenditure ceiling has been revised down marginally from what was presented by the Minister of Finance. The treasury had to incorporate these decisions in the budget.
- c. Treasury is advising departments to look for ways to achieve more efficiency gains in 2018/19 financial year.
- d. The Annual Performance Plan of the Provincial Treasury is framed with these fiscal decisions in mind, importantly in the context of the five-year government programme of action which enjoins all public institutions to build a state that is capable of delivering the most pressing needs of the people; and fully account to the electorate on the use of public resources.

- e. In the midst of many risks, tight expenditure controls over the medium term expenditure framework will be necessary to protect the integrity of the provincial budget and consequently the fiscal standing of the country in the global markets.
- f. The Provincial Treasury will in the financial year under review focus on the following:
- Supporting all departments and public entities to clear previous audit queries, thereby setting the province on the revered path to wholesome clean governance;
  - Supporting municipalities to improve revenue management and debt collections and;
  - Making use of the Supply Chain Management reforms to promote local procurement in order to increase domestic production and the creation of much needed jobs, amongst others. Treasury has already made progress in some of the SCM reforms, which include awarding the Provincial Transversal Contract. The transversal contract on travelling and accommodation agencies should be used to stimulate participation of previously disadvantaged in the hospitality sector.
- g. Management of costs through reduction on the compensation of employees has its limitations. It is therefore important to explore other innovative ways to curtail cost of running government. The treasury will be conducting a cost assessment exercise on various items that are procured across the provincial administration.
- h. The treasury will further explore various options in order to improve revenue generation, including investment channels as approved by the Executive Council.

## **6. ANALYSIS OF THE DEPARTMENTAL ANNUAL PERFORMANCE PLAN**

### **6.1. PART A: STRATEGIC OVERVIEW**

#### **6.1.1. UPDATED SITUATIONAL ANALYSIS**

The Provincial Treasury's approach to the 2018/19 budget allocation process for all the departments was to maintain an appropriate balance between revenue and expenditure. The allocations had to reflect the priorities in terms of the Mpumalanga Provincial Government in line with the National Development Plan 2030 and ensure efficient quality services. Provincial Treasury supports all government priorities as it monitors provincial departments, public

entities and municipalities on the utilisation of all resources allocated to them. The focus on resource allocation is still on shifting the composition of expenditure away from consumption but towards investment in infrastructure.

### 6.1.2. ORGANISATIONAL ENVIRONMENT

Provincial Treasury has an initial approved organogram with 433 posts. After the introduction of PERSAL clean-up and the moratorium on the filling of posts, the treasury has an approved establishment of 285 posts and 285 of these posts were filled. A Provincial moratorium on filling of posts is being implemented. Temporal Staff complement of interns, Work Integrated Learning, Experiential Training Programme and Municipal Specialist = 42.

- Total Staff compliment excluding interns, Work Integrated, Experiential Training Programme and Municipal Specialist = 285 and the overall number = 327, thus the vacancy rate is at 2.1% with an occupancy rate of 97.9% calculated on funded post.
- Permanent members = 285, Temporal members: Interns, Work Integrated, Experiential Training Programme and Municipal Specialist = 42 while there are 6 funded vacant posts equating to 2.1% vacancy rate and therefore within the 10% benchmark as set by the DPSA. Provincial Treasury has reported on page 20 of the 2018/19 APP that the vacant positions were abolished as per the moratorium and therefore within the 10% benchmark as set by the DPSA.

## 6.2. PART B: PROGRAMMES AND SUB-PROGRAMME PLANS

### 6.2.1. BREAKDOWN OF PROGRAMME RECEIPTS AND PAYMENTS

Table 3: Breakdown of programme receipts and payments

Programme Allocation R'000	Outcomes 2016/17	Adjusted Appropriation 2017/18	Main Budget 2018/19	Growth percentage 2018/19
Administration	89 616	83 267	95 929	15.2%
Sustainable Resource Management	43 135	52 614	58 395	11.0%



Assets and Liabilities Management	125 596	128 041	135 457	5.8%
Finance Governance	27 923	26 023	32 925	26.5%
<b>Total</b>	<b>286 270</b>	<b>289 945</b>	<b>322 706</b>	<b>11.3%</b>

The Provincial Treasury received a budget allocation of **R322 706 000.00** which indicates an increase of 11% when compared to the 2017/18 adjusted budget of **R289 945 000.00**.

The Provincial Treasury's budget is equal to 1% of the provincial allocation. Programme 3 remains one of the Programmes that receive almost half of the budget for the treasury as it is at 42% in the 2018/19 financial year. Programme 4 received the least budget allocation of 10.2%. The budget for the programmes 1 to 4 increased by 15.2%, 11%, 5.8% and 26.5% respectively.

### Economic Classification

Table 4 below outlines the budget allocation per Economic Classification.

**Table 4: Budget per Economic Classification**

Budget Allocation R'000	Outcomes 2016/17	Adjusted Appropriation 2017/18	Main Budget 2018/19	Growth percentage 2018/19
Compensation of employees	162 714	164 962	193 630	17.4%
Goods and Services	107 654	116 951	120 094	2.7%
Transfer and Subsidies	2463	930	1251	34.5%
Payment for Capital Assets	13 436	7 102	7 731	8.9%
Payment for Financial Assets	3	0	0	0.0%
<b>Total</b>	<b>286 270</b>	<b>289 945</b>	<b>322 706</b>	<b>11.3%</b>

### Compensations of Employees

Compensations of Employees received 60% of the budget allocation. The treasury's budget allocation for Compensation of Employees has over the past three financial years been increasing in the following financial years (2016/17, 2017/18 and 2018/19) by 7%, 6%, and 17.4% respectively. The Committee enquired on what influenced the budget increase for Compensation of Employees during the financial year under review. The treasury reported that the increase on Compensation of Employees is due to additional funding received for payment of the arbitration awarded against the Provincial Treasury. This entails the upgrade of officials' salaries from level 9 to 10 and from level 11 to 12, the backdated remuneration to be paid from 2012 and the carry-through effect of the upgrades.

### **Goods and Services**

The budget allocation for Goods and Services is 37.2% of the treasury's budget allocation. The treasury's budget allocation for Goods and Services has increased by 4% in 2016/17, 1.3% in the 2017/18 and 2.7% in 2018/19 financial year.

### **Transfers and Subsidies**

Transfers and Subsidies received 0.4% of the treasury's budget. The budget for Transfers and Subsidies has over the past two financial years decreased by 31.2% from 2015/16 to 2016/17 and decreased by 62.2% from 2016/17 to 2017/18 financial year. However, in the 2018/19 financial year, the budget increased by 34.5%. The Committee enquired on what influenced the huge budget increase for Transfers and Subsidies in the 2018/19 financial year. The treasury reported that the additional budget allocated under this classification is in line with the arbitration award for employees who have resigned, passed on and retired.

### **Payment for Capital Assets**

The budget for payment of Capital Assets amount to 2.4% of the total treasury's budget for 2018/19 financial year, the budget allocation for this item over the past three financial years (2016/17, 2017/18 and 2018/19) increased by 21.4%, 47.1% and 9% respectively. The treasury reported that the increase on Payment for Capital Assets is due to the budget allocated for IT infrastructure (switches and routes) to support all provincial departments and replacement of obsolete working tools such as computer equipment and office furniture for Head Office and three regional offices.

## **6.2.2 ANALYSIS PER PROGRAMME**

### **PROGRAMME 1: ADMINISTRATION**

#### **Programme purpose and budget allocation**

This Programme is responsible for the political, financial and administrative management of Provincial Treasury. The programme provides prompt, continuous and effective and efficient administration support to all line functions in Provincial Treasury.

Table 5: Budget allocation per sub-programme

Programme Allocation R'000	Outcomes 2016/17	Adjusted Appropriation 2017/18	Main Budget 2018/19	Growth percentage 2018/19
Member of Executive Council	0	0	0	0
Management Services	38 934	38 173	41 381	8.4%
Financial Management	46 190	40 281	48 877	21.3%
Internal Audit	4 492	4 813	5 671	17.8%
<b>Total</b>	<b>89 616</b>	<b>83 267</b>	<b>95 929</b>	<b>15.2%</b>

This programme received a budget allocation of **R95 929 000.00** for the 2018/19 financial year which is 29.7% of the budget allocation for the treasury. The budget allocation for this programme increased by **R12 662 000.00** or 15.2% when compared to budget for 2017/18 financial year. The Sub-Programme: Financial Management has been allocated half of the programme's budget allocation at 51% and Sub-Programme Internal Audit received the lowest share of the budget which is at 5.9%.

Compensation of Employees has been allocated a budget of **R64 150 000.00** indicating a budget increase of 19.3%. Goods and Services received a budget of **R29 514 000.00** indicating a budget increase of 7.6%. Transfers and Subsidies received a budget of **R701 000.00** indicating a budget decrease of 2.5%. Payment for Capital Assets received a budget of **R1 564 000.00** indicating a budget increase of 16.8%.

The Committee enquired on what influenced the huge budget increase on the sub-programmes: Financial Management and internal audit while targets remained the same as the prior year. The treasury reported that the increase on Compensation of Employees is due to additional funding received for payment of the arbitration awarded against the treasury. This entails the upgrade of officials' salaries from level 9 to 10 and from level 11 to 12, the backdated remuneration to be aid from 2012 and the carry-through effect of the upgrades.

## PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

### Programme purpose and budget allocation

This Programme is responsible for promoting optimal and effective provincial resource allocation and utilisation, efficient provincial budget management, accurate financial reporting on provincial revenue generation and maximisation, provide quality and accurate social-economic research reports to inform the provincial budget and planning process, promote efficient planning, implementation and management of infrastructure by provincial departments and municipalities and provide technical support to delegated municipalities on the implementation of the MFMA.

**Table 6: Budget allocation per sub-programme**

<b>Programme Allocation R'000</b>	<b>Outcomes 2016/17</b>	<b>Adjusted Appropriation 2017/18</b>	<b>Main Budget 2018/19</b>	<b>Growth percentage 2018/19</b>
Programme Support	1 453	1 522	1 666	9.5%
Provincial Administration Discipline	8 929	9 348	10 515	12.5%
Budget and Expenditure Management	9 381	9 902	11 760	18.8%
Municipal Finance	19 460	27 678	29 474	6.5%
Infrastructure Co- ordination	3 912	4 164	4 980	19.6%
<b>Total</b>	<b>43 135</b>	<b>52 614</b>	<b>58 395</b>	<b>11.0%</b>

This Programme received a budget allocation of **R 58 395 000.00** for the 2018/19 financial year which is 18.1% of the total budget. The budget for this programme increased by **R 5 781 000.00** or 11% when compared to the 2017/18 financial year. The sub-programme: Municipal Finance has been allocated most of the Programme's budget allocation which is 50.5% while sub-programme Programme Support and Infrastructure Co-ordination received the least allocation at 2.9% and 8.5% respectively. The Programme has been allocated an amount of **R44 266 000.00** for Compensation of Employees which is 76% of the programme's budget and Goods and Services has been allocated an amount of **R14 122 000.00** which is 24% of the programme's budget. Only an amount of **R7 000.00** has been allocated for Transfer and Subsidies and no allocation for Capital Assets and Financial Assets in the current financial year.

The Committee enquired on what influenced the huge budget increase on sub-programmes: Infrastructure co-ordination as well as budget and expenditure management while the target remained the same as the prior year 2017/18. The treasury reported that the increase on Compensation of Employees is due to additional funding received for payment of the arbitration awarded against the treasury. This entails the upgrade of officials' salaries from level 9 to 10 and from level 11 to 12, the backdated remuneration to be aid from 2012 and the carry-through effect of the upgrades.

### PROGRAMME 3: ASSETS AND LIABILITIES

#### Programme purpose and budget allocation

This Programme is responsible for the monitoring and support in terms of Transversal Systems, Information Technology Services, Assets, Liabilities, Public Private Partnerships and Provincial Supply Chain Management to departments, public entities and municipalities.

Table 7: Budget allocation per sub-programme

Programme Allocation R'000	Outcomes 2016/17	Adjusted Appropriation 2017/18	Main Budget 2018/19	Growth percentage 2018/19
Programme Support	1 237	242	298	23.1%
Provincial Supply Chain Management	16 056	15 904	18 301	15.1%
Public Sector Liability	5 160	4 686	6 386	36.3%
Physical Assets Management	6 569	6 850	6 411	-6.4%
Interlinked Financial System	13 834	11 887	13 928	17.2%
Information Technology	82 740	88 472	90 133	1.9%
<b>Total</b>	<b>125 596</b>	<b>128 041</b>	<b>135 457</b>	<b>5.8%</b>

The programme received a budget allocation of **R135 457 000.00** which is 42% of the total budget allocated to the department. The budget for this programme increased by **R7 416 000.00** or 5.8% when compared to the 2017/18 financial year. The sub-programme:

Information Technology has been allocated most of the Programme's budget allocation which is 66.5% while sub-programme Physical Assets Management and Public Sector Liability received the least allocation at 4.7% and 4.8% respectively. An amount of **R59 360 000.00** has been allocated to Compensation of Employees which is 44% of the budget allocated to the programme. The budget for compensation of employees increased by **R7 282 000.00** or 13.9% in the current financial year. The allocated budget for goods and services is **R69 405 000.00** and this indicates a decrease of 1.1% when compared to the 2017/18 financial year. Payment for Capital Assets received 4.6% of the programme's budget, and this indicates an increase of 7% while transfers and subsidies received an allocation amounting to **R 525 000.00** which is 0.4% of the budget allocation to the programme.

The Committee enquired on what influenced the huge increase on sub-programme public sector liabilities. The treasury reported that the increase on Compensation of Employees is due to additional funding received for payment of the arbitration awarded against the treasury. This entails the upgrade of officials' salaries from level 9 to 10 and from level 11 to 12, the backdated remuneration to be paid from 2012 and the carry-through effect of the upgrades.

**The Committee noted the following on Programme 3:**

The following performance indicators were added under the Provincial Supply Chain Management (PSCM) sub-programme:

- i. Twelve (12) votes, twenty (20) municipalities and four (4) public entities monitored on timeous payments to contracted service providers.
- ii. Three (3) votes and Seven (7) municipalities monitored on contract management.

**PROGRAMME 4: FINANCIAL GOVERNANCE**

**Programme purpose and budget allocation**

The objective of this Programme is to facilitate, monitor, support and provide professional advice to ensure good governance in the Province.

**Table 8: Budget allocation per sub-programme**

<b>Programme Allocation R'000</b>	<b>Outcomes 2016/17</b>	<b>Adjusted Appropriation 2017/18</b>	<b>Main Budget 2018/19</b>	<b>Growth percentage 2018/19</b>
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Programme Support	6 876	3 046	5 578	83.1%
Accounting Services	5 110	5 342	6 853	28.3%
Norms And Standards	12 360	12 174	13 791	13.3%
Risk Management	2 126	2 408	3 789	57.4%
Provincial Internal Audit	1 451	3 053	2 914	-4.6%
<b>Totals</b>	<b>27 923</b>	<b>26 023</b>	<b>32 925</b>	<b>26.5%</b>

The programme received a budget allocation of **R32 925 000.00** which is 10.2% of the total budget allocated to the treasury. The budget for the programme increased by 26.5% when compared to the budget for the 2017/18 financial year. The sub-programme: Norms and Standards has been allocated most of the Programme's budget allocation which is 41.9% while sub-programme Provincial Internal Audit received the least allocation of 8.9% for the 2018/19 financial year.

An amount of **R25 854 000.00** has been allocated to Compensation of Employees which is 78.5% of the budget allocated to this programme. The budget for Compensation of Employees increased by **R4 993 000.00** or 23.9% when compared to the 2017/18 financial year. The allocated budget for Goods and Services is **R7 053 000.00** and this indicate an increase of 36.6% when compared to the budget for the 2017/18 financial year. There is no budget allocated to Transfers and Subsidies while in this current year, Payment for Capital Assets has been allocated a budget amounting to **R18 000.00**.

**The Committee noted the following on Programme 4:**

- i. The additional budget allocated to Transfers and Subsidies is in line with the arbitration award for employees who have resigned, passed on and retired.
- ii. In order for the treasury to support the youth development programmes in the province, the budget for Goods and Services was increased to appoint contract workers (young graduates) to assist the schools in the province with bookkeeping services and compilation of monthly and annual financial statements. The submission of audited annual financial statements by the schools to the Department of Education is a legislative requirement before funds could be transferred to schools. The budget includes the stipends that are paid to the contract workers and the training they must undergo before being placed in the schools.

### **6.3. PART C: LINKS TO THE LONG-TERM INFRASTRUCTURE AND OTHER CAPITAL PLANS**

Provincial Treasury does not have long term projects to be implemented during the 2018/19 financial year. There are also no long-term infrastructure plans and other capital plans that outline the infrastructure investment needs.

#### **Conditional Grants**

Provincial Treasury does not receive any conditional grants.

#### **Public Entities**

Provincial Treasury does not have any public entities for which it is responsible.

#### **Public-Private Partnerships**

No public-private-partnership is managed by Provincial Treasury currently.

#### **Links to other Departments**

Provincial Treasury has a shared responsibility with the Department of Cooperative Governance and Traditional Affairs (COGTA) to provide support to municipalities in terms of the Municipal Finance Management Act (MFMA). In order to ensure a coordinated implementation of this responsibility, an Integrated Municipal Support plan was compiled with six (06) objectives addressing the Back-to-Basic Programme. COGTA is responsible for Objectives 1 – 5 and Provincial Treasury for Objective 6: Financial Matters.

Provincial Treasury shares responsibility with the Office of the Premier on monitoring and evaluation of provincial departments' and public entities performance; the Office of the Premier focusses on non-financial performance and Provincial Treasury focusses on financial performance.



## 7. FINDINGS

**The following are the findings of the deliberations with Provincial Treasury:**

- 7.1. The treasury has awarded the Provincial Transversal Contract on travelling and accommodation agencies.
- 7.2. Treasury is planning to conduct a cost assessment exercise on various items that are procured across the provincial administration.
- 7.3. The Provincial Treasury is supporting all provincial departments with IT infrastructure (switches and routes) and replacement of obsolete working tools such as computer equipment and office furniture for Head Office and three regional offices.
- 7.4. The treasury is supporting municipalities to improve revenue management and debt collections.
- 7.5. The treasury is supporting municipalities to clear previous audit queries.
- 7.6. Treasury appointed contract workers (young graduates) to assist schools in the province with bookkeeping services and compilation of monthly and annual financial statements.
- 7.7. The issue of office rental by other departments and district offices is a serious concern to the Committee.

## 8. RECOMMENDATIONS

**The Committee made the following recommendations:**

- 8.1. Provincial Treasury must closely monitor the Provincial Transversal Contract to ensure that the previously disadvantaged in the hospitality sector participate and benefit from it. Furthermore, the treasury must on a quarterly basis report to the Committee on the sustainability of the contract in the province.
- 8.2. The treasury must finalise the cost assessment excise before the end of the second quarter of the 2018/19 financial year and a report be submitted to the Committee in this regard.
- 8.3. **Regarding the IT infrastructure and replacement of absolute working tools:**
  - i. The treasury must ensure that the other provincial departments are not budgeting for IT infrastructure (switches and routes) in order to avoid double budgeting.

- ii. The Treasury must submit a report on how the absolute assets were disposed of.
- 8.4. The Treasury must develop and fully implement the Revenue Enhancement Strategy in the municipalities.
- 8.5. The Treasury must develop and implement an intervention strategy in Thaba Chweu Local Municipality as it received a Disclaimed audit opinion during the 2016/17 financial year.
- 8.6. Treasury must submit a report to the Committee indicating the budget allocated for the appointment of graduates in schools and the targeted number of graduates.
- 8.7. Treasury must together with the Department of Public Works, Roads and Transport develop a plan to address the issue of government departments that are renting office space.

The Committee moves that the House adopts the report with the above recommendations and approves the Annual Performance Plan for 2018/19 as well as the budget for a total amount of **R322 706 000.00.**

## **9. 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 Provincial Treasury Budget for 2018/19.

In addition, the Chairperson extends a word of appreciation to the MEC for Finance; Economic Development and Tourism, the Head Official and senior management officials for availing themselves to deliberate on matters pertaining to Provincial Treasury.

The Chairperson would also like to thank the Committee support staff.

**Unless otherwise stated a report detailing progress in the implementation of all recommendations in this report should be forwarded to the Committee by 29 June 2018, unless stated otherwise, and thereafter on a quarterly basis.**



22/05/2018  
DATE

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**HON FV MLOMBO, (MPL)**  
**CHAIRPERSON: PORTFOLIO COMMITTEE ON**  
**PREMIER'S OFFICE; FINANCE, ECONOMIC**  
**DEVELOPMENT AND TOURISM**

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