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

## **BUDGET VOTE OF THE OFFICE OF THE PREMIER FOR 2018/19 (VOTE 01)**

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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 (the constitution) read with Rule 131 of the Rules and Orders of the Mpumalanga Provincial Legislature (the rules) to oversee the performance of the Office of the Premier thereafter referred to as "the office" and hold it accountable through various measures.

The consideration and scrutiny of the 2018/19 Budget and Annual Performance Plan (APP) of the office is a tool used by the Committee to determine whether the office 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 as an account of its oversight work done for consideration and adoption in order to pass the budget for Vote 01 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).

- Strategic Plan 2015/16 – 2019/20
- Budget Statement 2018/19
- Annual Performance Plan (APP) 2018/19
- Organisational Structure

- Cost Per Head

The Committee received a briefing on 09 May 2018 from the Research Unit on the analysis of the APP that was tabled on 11 April 2018. The Researcher briefed the Committee on the efficiency of the APP to meet the policy priorities of the office in line with its allocated budget. The Committee raised a number of questions that were sent to the office for written responses.

The office appeared before the Committee on 15 May 2018 to present its APP with supporting budget documentation. The Committee took a decision not to engage with the office due to the fact that the office tabled a revised APP on the day of the meeting. Another meeting was scheduled for the 17 May 2018. The Committee again took a decision not to engage with the office due to non-attendance by the Premier and the acting Director General. The Committee resolved that the office should appear before it on 22 May 2018. Thereafter, the Committee met on 28 May 2018 to consider its report on budget vote 1.

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

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

- 3.1. The Strategic Plan (2015/16 – 2019/20) of the office 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 National Development Plan and Mpumalanga Vision 2030. The office has attached annexures that indicates changes for programmes 1 and 3;
- 3.2. The APP of the office adheres to the stipulated framework of the National Treasury.

## **4. ANALYSIS OF GOVERNMENT PRIORITIES**

### **4.1. Government Priorities**

Table 1 below outlines the Government Priorities for the office:

**Table 1: Government Priorities**

Five year government priorities	Outcomes for the office	Strategic goals
<ol style="list-style-type: none"> <li>1. Radical economic transformation, rapid economic growth and job creation</li> <li>2. Rural development, land and agrarian reform and food security</li> <li>3. Ensuring access to adequate human settlements and quality basic services</li> <li>4. Improving the quality of and expanding access to education and training</li> <li>5. Ensuring quality health care and social security for all citizens</li> <li>6. Fighting corruption and crime</li> <li>7. Contributing to a better Africa and a better world</li> <li>8. Social cohesion and nation building.</li> </ol>	<ol style="list-style-type: none"> <li>1. <b>Outcome 11</b> - Create a better South Africa and contribute to a better and safer Africa and the world, outcome</li> <li>2. <b>Outcome 12</b>- An efficient and development orientated public services and empowered, fair and inclusive citizenship</li> </ol>	<p><b>Strategic goal 1: Professional executive governance support in the province-</b> to provide relevant and timeous administrative support service to the Premier, Members of the Executive Council and the Director- General of the Mpumalanga Province</p> <p><b>Strategic goal 2- specialised and proficient technical support for strategic decision making-</b> to coordinate macro planning, policy development and analysis across 10 Provincial Department and the Office of the Premier</p> <p><b>Strategic goal 3- Institutionalised and coordinate Province wide Monitoring and Evaluation-</b> to monitor and evaluate the implementation of Provincial MTSF policies and programmes, as well as the 14 National outcomes and the</p>

		Provincial level <b>Strategic goal 4- professional, effective and efficient Institutional Development-</b> 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
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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 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 is responding to allow it to further develop strategic outcomes goals that allow the office to directly respond to their mandate and the directives of the NDP.

#### 4.2. Annual Performance Plan analysis against policy statements

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

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

NDP	SOPA and EXCO Makgotla Resolution	OTP's commitments
NDP identifies " the deficit in	Coordinate Special programs in	Special programme pg.64-

skills and professionalism affecting all elements of the public service "as a central challenge with respect to the realisation of our vision for 2030	the province( Youth, Women and elderly people)	65
	Coordinates the Implementation of provincial Implementation Plan for HIV and AIDS,STI and TB	Pg.64 APP
	Facilitate International and Intergovernmental Engagements to forge technical and economic cooperation with neighbouring countries	Pg. 58

## 5. ANALYSIS OF THE OFFICE OF THE PREMIER'S ANNUAL PERFORMANCE PLAN

### 5.1. PART A: STRATEGIC OVERVIEW

#### 5.1.1. UPDATED SITUATIONAL ANALYSIS

##### a. Updated Situational Analysis

The core mandate of the office 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. The office 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***'.

##### b. Revisions to Legislative and other Mandates

The introduction of the Bill on the establishment of Mpumalanga Planning Commission (MPC) currently undergoing the Legislature approval process will inform the establishment of a Planning Commission in the province that will be supported by secretariat within Macro Policy and Planning branch.

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

### 5.2.1. BREAKDOWN OF PROGRAMME RECEIPTS AND PAYMENTS

The Office of the Premier has been appropriated a budget of **R281 778 000.00** for the 2018/19 financial year. The resource allocation for the office was informed by the office's mandate and government priorities as set out in the Medium Term Strategic Framework, the NDP and MGDG as well as the 15 plan priority points in line with the four strategic outcome oriented goals which the office plans to roll-out in the 2018/19 financial year.

#### Budget Allocation

Table 3 below outlines the budget appropriated to the office for the three financial years.

Table 3: budget allocated to the department for the three financial year:

Programmes	Outcomes	Adjusted Appropriation	Main Appropriation	Year on year growth
'000	2016/17	2017/18	2018/19	%
Administration	135 353	172 647	135 872	-21.3
Institutional Development	79 334	75 078	76 414	1.8
Policy and Governance	47 214	63 969	69 492	8.6
<b>Total</b>	<b>261 901</b>	<b>311 694</b>	<b>281 778</b>	<b>9.6</b>

The budget allocations show a decrease of 9.6% from **R311 694 000.00** in 2017/18 to **R281 778 000.00** in the 2018/19 financial year.

### Economic Classifications

Table 4 below outlines the budget allocation per Economic Classification.

Table 4: Budget allocation per Economic Classification

	outcomes	Adjusted Appropriation	Main Appropriation	Year on year growth
'000	2016/17	2017/18	2018/19	%
Compensation of Employees	128 982	143 822	159 706	11.0
Goods and Services	102 735	130 309	116 240	-10.7
Transfers and Subsidies	3 673	4 893	2 720	-44.4
Payments for Capital Assets	26 498	32 600	3 112	-90.4
<b>Total</b>	<b>261 901</b>	<b>311 694</b>	<b>281 778</b>	<b>9.6</b>

Compensation of Employees increased by 11% from **R 143 822 000.00** in the 2017/18 financial year to **R159 706 000.00** in the 2018/19 financial year. Goods and services decreased by 10.7% from **R130 309 000.00** in the 2017/18 financial year to **R116 240 000.00** in 2018/19 financial year. Transfers and Subsidies decreased by 44.4% from **R4 893 000.00** in the 2017/18 financial year to **R2 720 000.00** in the 2018/19 financial year. Payment of capital assets decreased by 90.4% from **R32 600 000.00** in the 2017/18 financial year to **R3 112 000.00** in the 2018/19 financial year.

The above analysis indicates one major change for Payments for Capital Assets that has decreased by 90.4% when compared to the previous financial year. Compensation of Employees takes 56.6% of the allocated budget followed by Goods and services with 41.2% of the 218/19 budget.

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



- i There was no correlation between the Cost per head budget (**R159 706 002.00**) and the budget allocated to Compensation of Employees (**R159 206 000.00**). The Committee requested the office provide reasons why Compensation of Employees was under budgeted. The office reported that the amount was incorrectly captured in the narratives of the APP, however, the APP has since been corrected to reflect the correct amount of **R159 706 00.00**.

## 5.2.2. 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.

Table 5: Budget allocation for Programme 1

Table : Programme 1: Budget allocation per sub-programme			
Sub-Programmes '000	Adjusted Appropriation 2017/18	Main Appropriation 2018/19	Year/y growth %
Premier Support	18 895	19 904	5.3
Executive Council Support	6 222	6 700	7.6
Director-General Support	111 766	73 009	-34.6
Financial Management	34 790	36 259	4.2
<b>Total</b>	<b>171 673</b>	<b>135 872</b>	<b>-20</b>

The programmes' budget decreased by **20%** from **R171 673 000.00** in the previous financial year to **R134 872 000** in the current financial year. The biggest decrease is on Sub- programme: Director General Support that decreased by **34.6%**. The Committee enquired on what influence the huge budget decrease on the sub programme. The office reported that the significant decrease in the Sub-Programme: Director General Support is attributed to a once off provision

made in the previous financial year for the procurement of the Case Management System. The allocated budget will not have a negative impact on the operations of the sub-programme.

### Budget allocation per Economic Classification:

Table 6: Budget allocation per Economic Classification

	Adjusted Appropriation	Main Appropriation	Year on year growth
'000	2017/18	2018/19	%
<b>Compensation of Employees</b>	59 542	68 333	14.7
<b>Goods and Services</b>	79 399	64 212	-19
<b>Transfers and Subsidies</b>	62	115	85.4
<b>Payments for Capital Assets</b>	32 600	3 112	-90
<b>Total</b>	171 673	135 872	-20

The budget for Compensation of Employees increased by 14.7 % from **R59 542 000.00** to **R68 333 000.00**. The budget for Goods and services decreased by 19% from **R79 399 000.00** to **R64 212 000.00**. The budget for Transfer and Subsidies budget increased by 85% from **R62 000.00** to **R115 000.00**. The budget for Payments for Capital Assets budget decreased by 90% from **R32 600 000.00** to **R3 112 000.00**. The budget for Compensation of Employees and Goods and services takes 50.2% and 47.2% respectively.

The Committee requested the office to explain the budget decrease on Goods and Services and the increase on Transfers and Subsidies. The office reported that the significant decrease on Goods and Services is due to reprioritisation in the office. The reprioritisation was informed by the 9.6% decrease in the overall baseline. On the increase in the budget for Transfers and Subsidies, the office reported that it was due to provision for leave gratuity for officials who are expected to retire during the current year.

## 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

Table 7: Budget allocation per sub-programme

<b>Table : Programme 2: Budget allocation per sub-programme</b>			
<b>Sub-Programme '000</b>	<b>Adjusted Appropriation 2017/18</b>	<b>Main Appropriation 2018/19</b>	<b>Year/y Growth %</b>
<b>Strategic Human Resources</b>	38 617	39 098	1.2
<b>Information Technology Communication</b>	7 936	8 206	3.4
<b>Legal Services</b>	3 832	3 990	4.1
<b>Communication Services</b>	22 356	22 843	2.1
<b>Programme Support</b>	2 337	2 277	2.5
<b>Total</b>	<b>75 078</b>	<b>76 414</b>	<b>1.7</b>

The budget of the programme increased by 1.7% from **R75 078 000.00** in the previous financial year to **R76 414 000.00** in the 2018/19 financial year.

### Budget allocation per Economic Classification:

Table 8: Budget allocation per Economic Classification

<b>'000</b>	<b>Adjusted Appropriation 2017/18</b>	<b>Main Appropriation 2018/19</b>	<b>Year on year growth %</b>
<b>Compensation of Employees</b>	49 297	51 535	4.5
<b>Goods and Services</b>	20 950	22 274	6.3
<b>Transfers and Subsidies</b>	4 831	2 605	-46
<b>Payments for Capital Assets</b>	-	-	-

<b>Total</b>	<b>75 078</b>	<b>76 414</b>	<b>1.7</b>
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The budget for Compensation of Employees increased by **4.5 %** from **R49 297 000.00** to **R51 535 000.00**. The budget for Goods & Services increased by **6.3%** from **R20 950 000.00** in the previous financial year to **R22 274 000** in the current financial year. Transfers and Subsidies' budget decreased by **46%** from **R4 831 000.00** in 2017/18 financial year to **R 2 605 000.00** in the current financial year. Payment for capital assets has no budget in the current financial year like in the past 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.

Table 9: Budget allocation per Sub-programme

<b>Table : Programme 3: Budget allocation per sub-programme</b>			
<b>Programme</b>	<b>Adjusted Appropriation 2017/18</b>	<b>Main Appropriation 2018/19</b>	<b>Yearly growth %</b>
<b>Special Programmes</b>	10 490	13 612	29.7
<b>Intergovernmental Relations</b>	8 002	10 003	1.1
<b>Provincial and Policy Management</b>	39 403	43 744	11
<b>Programme Support</b>	2 004	2 133	6.4
<b>Total</b>	<b>59 899</b>	<b>69 492</b>	<b>16</b>

The budget of the programme increased by **16%** from **R59 899 000.00** in the previous financial year to **R69 492 000.00** in the current financial year. The Sub-programme: Special Programme received a bigger increase of 29.7% when compared to the previous financial year. The Sub-Programme failed to achieve targets in the previous financial year. Regarding the performance indicators, the programme has 21 planned targets for the current financial year.

The Committee requested the office to explain why the budget for the Sub-programme: Special programme increased while targets were reduced. The office reported that the increased budget is attributed to the following prioritized projects:

- Development of Youth portal;
- Coordination of the Youth Development Committee;
- Coordination of the Women's Month Celebration; and
- The development of the Women POA.

Table 10: Budget allocation per Economic Classification

	Adjusted Appropriation	Main Appropriation	Year on year growth
'000	2017/18	2018/19	%
<b>Compensation of Employees</b>	34 983	39 738	13.5
<b>Goods and Services</b>	24 916	29 754	19.4
<b>Transfers and Subsidies</b>	-	-	
<b>Payments for Capital Assets</b>	-	-	
<b>Total</b>	<b>59 899</b>	<b>69 492</b>	<b>16</b>

### 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 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 targets under youth development were reduced from 2 to 1. The programme failed to achieve all its targets in the 2016/17 financial year and also in 2017/18 third quarter.
- 8.2. The office will table the draft report on the proposed rationalisation model with recommendations to EXCO by the end of May 2018.
- 8.3. The office aims to introduce a Bill on the establishment of the Mpumalanga Planning Commission.

#### **9. RECOMMENDATIONS**

**The Committee made the following recommendations:**

- 9.1. The office must develop and implement programmes that will benefit and develop the youth in the province. Furthermore, the office must ensure that the planned target on youth development is achieved during the year.
- 9.2. The office must submit the final report on the rationalisation model to the Committee after approval by the Executive Council.
- 9.3. The office must submit to the Committee the Terms of Reference of the intended Mpumalanga Planning Commission. Furthermore, the office must ensure that all legal processes are followed.

The Committee moves that the House adopts the report with the above recommendations and approves the Annual Performance Plan for the 2018/19 financial year as well as the budget for a total amount of **R281 778 000.00**.

## 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 2018/19.

In addition, the Chairperson extends a word of appreciation to the Acting 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.

**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.**



HON FV MLOMBO, (MPL)

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

28. 05. 2018

DATE

