

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

## **SECOND QUARTERLY PERFORMANCE REPORT OF THE OFFICE OF THE PREMIER FOR 2015/16 (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 (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 Second Quarterly Performance Report for 2015/16 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 ensure that basic services are delivered 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 monitor the Office of the Premier's budget for the 2015/16 financial year.

### **2. METHOD OF WORK**

The Honourable Speaker of the Legislature referred the Second Quarterly Performance Report for 2015/16 to the Committee for deliberations and report back to the House, in accordance with Rule 218 and Rule 131 of the Rules and Orders of the Mpumalanga Provincial Legislature.

The Research Section compiled a research analysis on the overall performance of the Office of the Premier for the second quarter (July - September 2015) compared to the strategic objectives as reflected in the Annual Performance Plan (APP) for the 2015/16 financial year.

The Committee wanted to determine whether the Office of the Premier executed its mandate in terms of its APP and if there was value for money. The Committee met with the Office of the Premier on 04 December 2015 to deliberate on its Second Quarterly Performance Report for 2015/16. The Committee considered the draft Committee Report on the Second Quarterly Performance Report for 2015/16 Vote 01 on 17 February 2016.

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### **3. STRATEGIC OBJECTIVES**

The Office of the Premier has the following Strategic Outcome Oriented Goals for the 2015/16 financial year:

- To provide relevant and timeous administrative and operational support services to the Premier, Members of the Executive Council and the Director-General of the Mpumalanga Province.
- To coordinate macro planning, policy development and analysis across ten (10) Provincial Departments and the Office of the Premier.
- To monitor and evaluate the implementation of Provincial MTSF policies and programmes, as well as the 14 National Outcomes (Delivery Agreements) at the Provincial level.
- To utilise the skills and commitment of professional officials, the application of relevant technology and the rationalisation of operational systems and structures in order to optimise public service transformation reform and improve service delivery.

### **4. OBSERVATIONS AND COMMENTS**

The Acting Director-General (DG) made a presentation to the Committee on the Second Quarterly Performance Report for 2015/16. The Acting DG focussed mainly on the challenges as highlighted in the research document on the Office of the Premier's Second Quarterly Performance Report for the 2015/16 financial year.

### **5. ANALYSIS OF THE SECOND QUARTERLY PERFORMANCE REPORT FOR 2015/16**

#### **5.1. SUMMARY OF THE SECOND QUARTERLY PERFORMANCE REPORT FOR 2015/16**

The Office of the Premier achieved **84** of its **101 (83.2%)** planned targets in the quarter under review. The best performance was in Programme 2: Institutional Development with an achievement rate of 84.2% compared to Programme 1: Administration whereby the Office of the Premier achieved 80.8% of its set targets. An amount of R237 773 000.00 was appropriated towards all the programmes for the second quarter and the expenditure was at R125 329 000.00 as the end of the second quarter. The expenditure translates to 52.7% which is above the 50% benchmark set by National Treasury.

### **5.1.1. ANALYSIS PER PROGRAMME**

#### **PROGRAMME 1: ADMINISTRATION**

##### **Programme purpose and budget expenditure**

**The Programme is responsible to perform proper and effective coordination and monitoring of administrative and strategic matters, both within the Office of the Premier and the Province.**

This Programme has eight sub-programmes with a total of 26 targets of which 21 (80.8%) targets were achieved in the quarter under review. This is a regression compared to the 85.2% obtained in the first quarter. All targets under the following Sub-Programmes were achieved: Director-General Support; Security Management; Internal Audit; Executive Council Support and Financial Management.

The Sub-Programme: Premier Support has achieved one of its two planned targets. The target to facilitate the establishment of the two sector fora was not achieved in the first quarter nor in the quarter under review. It was reported that the target was put in abeyance as the diary of the Executive Authority had to attend to other priority activities. A commitment was made that the sector forum will be established on the third quarter.

The Sub-Programme: Forensic and Integrity Management achieved four of the eight planned targets in the period under review. Two of the targets that were not achieved relate to the investigation and finalisation of fraud and corruption cases; it should be noted that these two targets were also not achieved in the first quarter. It was reported that the reason for deviating from the planned targets was that all resources were deployed to prioritise the clearing of the

backlog cases. In terms of the Office of the Premier second quarter report 52 (18.5%) cases were finalised at the end of the period under review. It is further that a panel of service providers was procured to assist in the driving of the unit and the backlogs will be completed at the end of 2015/16 financial year.

Only 83.87% instead of 100% (920) calls received on the presidential hotline was resolved due to the fact that the Public Liaison Officer (PLO) Forum was not held; as a result, reports could not be obtained from municipalities. This target was also not achieved in the first quarter of the 2015/16 financial year. The Office of the Premier also failed to draft and review the Provincial Anti-Corruption Strategy.

#### Programme expenditure

| Programme<br>R'000 | Main budget<br>R'000 | Actual Expenditure<br>R'000 | Actual<br>Expenditure<br>% |
|--------------------|----------------------|-----------------------------|----------------------------|
| Administration     | 90 554               | 58 164                      | 64.2                       |

An annual budget of R90 554 000.00 was appropriated towards Programme 1 and R58 164 000.00 was spent in the end of September 2015, translating to an over-expenditure of 14.2% which is above the National Treasury benchmark of 50%.

#### Economic Classification Expenditure

| Economic Classification<br>R'000 | Main budget<br>R'000 | Actual Expenditure<br>R'000 | Actual<br>Expenditure<br>% |
|----------------------------------|----------------------|-----------------------------|----------------------------|
| Compensation of Employees        | 49 482               | 25 147                      | 50.8                       |
| Goods and Services               | 30 553               | 32 270                      | 105.6                      |
| Transfers and Subsidies          | 70                   | 2                           | 2.9                        |
| Payments for Capital Assets      | 10 449               | 745                         | 7.1                        |
| <b>TOTAL</b>                     | <b>90 554</b>        | <b>58 164</b>               | <b>64.2</b>                |

R25 147 000.00 (50.8%) out of an allocated budget of R49 482 000.00 (50.8%) was spent on Compensation of Employees. R32 270 000.00 (105.6%) was spent on Goods and Services compared to an allocated budget of R30 553 000.00. The Office of the Premier underspent on Transfers and Subsidies by only spending 2.9%; and on Payments for Capital Assets expenditure at 7.1% which is well below the National Treasury benchmark of 50%.

**The Committee noted the following on Programme 1:**

1. The target for the Sector Forum was put in abeyance to focus on competing pressing activities in the diary of the Executive Authority - like water provision; and it is not envisaged that the Sector Forum will be established in the third quarter.
2. The slow progress in achieving the planned targets under the Forensic and Management Sub-Programme remains a challenge. In the period under review only four out of eight planned targets were achieved. Two of these targets were also not achieved in the first quarter irrespective of the fact that specific service providers were procured to assist in the unit. The Office of the Premier reported that there was an improvement in the clearance of backlog cases; and it is anticipated that there will also be an increase in the in the resolution of new cases.
3. Since the consultation with stakeholders took longer than anticipated, the Provincial Anti-Corruption Strategy could not be drafted and reviewed. It was noted that the draft strategy will be available in the third quarter.
4. The overspending of 14.2% in the programme was mainly as a result of the Goods and Services economic classification; namely for foreign trips undertaken by Members of the Executive Council to Italy and China; as well as expenditure incurred under litigation. It was noted that the over-expenditure was corrected during the budget adjustment process where the necessary virements of funds were effected.
5. The underspending in Transfers and Subsidies was due to the fact that payment was made towards one of the planned officials who retired in the period under review. However, it was mentioned that four other officials retired since and that the expenditure in this economic classification is on track and as planned.
6. The underspending in Payments for Capital Assets is as a result of the incorrect captured budget for litigation that was supposed to be captured in Goods and Services. The incorrect budget allocation has been corrected during the budget adjustment period.

## **PROGRAMME 2: INSTITUTIONAL DEVELOPMENT**

### **Programme purpose and budget expenditure**

**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.**

Programme 2 has 11 sub-programmes and it achieved 32 of the 38 (84.2%) for the quarter under review. All planned targets were achieved in the following Sub-Programmes: Organisational Design and Job Evaluation; Labour Relations; Transversal Human Resource Services; Legal Services; Government Communication Services: Chief Directorate; Media, Departmental Liaison and Information Services and the Office of the Provincial Government Information Technology Office. A submission of 95% units of the first quarter assessments reports was made instead of the planned target of 100% in Sub-Programme: Internal Human Resource Management and no reason for deviation was provided.

The Office of the Premier failed for the second consecutive quarter to coordinate workshops and monitor the Batho Pele Change Engagement Management Programme for two departments; and attributed this failure due to the Department of Social Development's postponing the workshop and the fact that the second department could not be scheduled due to the prioritisation of the Operation Vuka Sisebente (OVS) roll-out.

The Office of the Premier failed to coordinate the development of the Service Delivery Improvement Plans in two departments and in the Office of the Premier; and the reason cited was also due to the prioritisation of the OVS roll-over.

The Office of the Premier failed to coordinate the Provincial Senior Management Service Summit and the reason for failure was not provided. The target to coordinate and review service standards in two departments and three municipalities was not reported on.

In the Sub-Programme: Corporate Communication Services the Office of the Premier failed to publish one 'government to public' newsletter and two internal electronic newsletters. The failure to achieve these planned targets was attributed to delays in publishing of the Heritage and Tourism edition; and the internal newsletter was not published due to capacity constraints. It is reported that an additional 'government to public' newsletter and the monthly internal newsletter will be published to remedy the situation.

In the Sub-Programme: Community Services and Research the Office of the Premier failed to coordinate one Executive Council Outreach meeting because the outreach programme was postponed to December 2015.

### Programme Expenditure

| Programme                 | Main budget<br>R'000 | Actual<br>Expenditure<br>R'000 | Actual<br>Expenditure<br>% |
|---------------------------|----------------------|--------------------------------|----------------------------|
| Institutional Development | 96 899               | 45 436                         | 46.9                       |

R45 436 000.00 (46.9%) of the appropriated budget of R96 899 000.00 was spent as at the end of the period under review; thus the programme is under-spending by 3.1% which is more than the acceptable norm of 2%.

### Economic Classification Expenditure

|                             | Main budget<br>R'000 | Actual<br>Expenditure<br>R'000 | Actual<br>Expenditure<br>% |
|-----------------------------|----------------------|--------------------------------|----------------------------|
| Compensation of Employees   | 42 739               | 22 027                         | 51.5                       |
| Goods and Services          | 49 560               | 19 638                         | 39.6                       |
| Transfers and Subsidies     | 4 500                | 3 771                          | 83.8                       |
| Payments for Capital Assets | 100                  | -                              | 0.0                        |
| <b>TOTAL</b>                | <b>96 899</b>        | <b>45 436</b>                  | <b>46.9</b>                |

R22 027 000.00 (51.1%) of the appropriated R42 739 000.00 towards Compensation of Employees was spent as at the end of the period under review. R19 638 000.00 (39.6%) was spent out of the appropriated amount of R49 560 000.00 for Goods and Services. The Office of the Premier spent R3 771 000.00 (83.8%) of the appropriated amount of R4 500 000.00 on Transfers and Subsidies. The appropriated R100 000.00 for Payments for Capital Assets was not utilised.

### The Committee noted the following on Programme 2:

1. A submission of 95% units of the first quarter assessments reports was made instead of 100% in the Sub-Programme: Internal Human Resource Management. The target of 100% could not be achieved due to officials who were on maternity leave, temporary incapacity sick leave, transfers/secondments and service terminations/resignations/retirements during the period under review.
2. The successive failure to coordinate workshops and monitor the Batho Pele Change Engagement Management Programme for two departments was as a result of the Department of Social Development postponing the workshop and the second department due to the prioritisation of the Operation Vuka Sisabente roll out.

Subsequent to these reasons for failure the Office of the Premier engaged with departments and municipalities and it was agreed to adhere to dates for workshops scheduled in the third quarter in order to ensure that the backlog can be reduced.

3. The prioritisation of the Operation Vuka Sisabente also resulted in the failure on the coordination of the development of the Service Delivery Improvement Plan in two departments and in the Office of the Premier. However, it was reported that the failure did not impact negatively on the relevant departments since they benefitted in the workshops arranged by the DPSA for all sector departments nationally, which included the Governance and Administration sector which includes the Offices of Premiers.
4. The Provincial Senior Management Service Summit was not coordinated as planned since the Provincial Management Committee was still receiving the reports on the implementation of the resolutions of the previous summit in order to consolidate and analyse the information relevant to the upcoming summit. The Office of the Premier submitted the report on the Mpumalanga 2014 Senior Management Summit held on 25 – 27 November 2014 as requested.
5. It was indicated in the Second Quarter Performance Report that the Office of the Premier failed to coordinate and review services standards in two departments and three municipalities. However, the committee was informed that this was an oversight and that it was incorrectly captured and that this target has indeed been achieved in the period under review.
6. The Office of the Premier failed to publish one government internal newsletter due to the delay in the publishing of the Heritage and Tourism edition. It also failed to publish the internal newsletter due to capacity constraints within the unit. It is not envisaged that it will occur again since a committee, consisting of a team of Provincial Heads of Communication, has been established to complement capacity in this unit.
7. The failure to coordinate one Executive Council Outreach meeting was as a result of the Outreach Programme that was postponed to December 2015 since most EXCO Members were unavailable due to prior commitments relating to their portfolios.
8. The underspending in Goods and Services is as a result of projects planned to commence in the third and fourth quarters of the financial year. The procurement of capital assets is also planned for the third quarter, hence, the non-spending in Payments for Capital Assets.



## **PROGRAMME 3: POLICY AND GOVERNANCE**

### **Programme purpose and budget expenditure**

**The programme aims to provide effective macro-policy advice, coordination and monitoring in the following key focus 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, Executive Council and MPAC; and coordinate key strategic interventions to improve departmental performance.**

31 (83.8%) out of the 37 planned targets were achieved in the eight Sub-Programmes in this programme; compared to the 77.8% that was achieved in the first quarter. All planned targets were achieved in the following Sub-Programmes: Protocol Services and Cluster Management. The Office of the Premier failed to report on the target to consult the Provincial Gender, Youth and Older Persons' Policy Framework.

The Office of the Premier failed to coordinate and present one provincial International Relations programme in Sub-Programme: International Relations. It was reported that the presentation of the status of International Relations was included on the EXCO agenda and the target will be achieved in the third quarter. The Office of the Premier failed to facilitate the approval of the Mpumalanga International Relations Framework and capacitate the Office of the Premier, provincial departments, public entities and municipalities on the implementation of the framework. It was reported that the implementation is awaiting approval of the framework by EXCO.

Under Sub-Programme: Monitoring and Evaluation the Office of the Premier failed to achieve one of the seven planned targets; namely to hold two provincial evaluation technical working group support sessions. The reason cited for this failure is due to conflicting schedules amongst members and delays in the development of relevant evaluation concept notes.

The Office of the Premier failed to achieve one of the five planned targets under the Sub-Programme: Research and Strategic Information Management System; namely to coordinate capacity building for research officials and committees and reported that it was due to procurement delays.

The Office of the Premier failed for the second consecutive quarter to conduct one ZAZI workshop/ campaign. Failure to achieve this target was attributed to the procurement process which is still to be finalised in the third quarter.

#### Programme Expenditure

| Programme                    | Main budget<br>R'000 | Actual<br>Expenditure<br>R'000 | Actual<br>Expenditure<br>% |
|------------------------------|----------------------|--------------------------------|----------------------------|
| <b>Policy and Governance</b> | 50 320               | 21 729                         | 43.2                       |

The Office of the Premier spent R21 729 000.00 (43.2%) of the appropriated annual budget of R50 320 000.00 as at the end of the period under review which is 6.8% below the National Treasury benchmark of 50%.

#### Economic Classification Expenditure

|                                    | Main budget<br>R'000 | Actual<br>Expenditure<br>R'000 | Actual<br>Expenditure<br>% |
|------------------------------------|----------------------|--------------------------------|----------------------------|
| <b>Compensation of Employees</b>   | 29 320               | 15 305                         | 52.2                       |
| <b>Goods and Services</b>          | 17 850               | 6 322                          | 35.4                       |
| <b>Transfers and Subsidies</b>     | 70                   | -                              | 0.0                        |
| <b>Payments for Capital Assets</b> | 3 080                | 102                            | 3.3                        |
| <b>TOTAL</b>                       | <b>50 320</b>        | <b>21 729</b>                  | <b>43.2</b>                |

R15 305 000.00 (52.2%) of the appropriated amount of R29 320 000.00 towards the Compensation of Employees was spent as at the end of the period under review. On Goods and Services, an amount of R17 850 000.00 was allocated and R6 322 000.00 (35.4%) was spent at the end of the second quarter. The Office of the Premier did not spend the R70 000.00 that was appropriated for Transfers and Subsidies; and it underspent on Payments for Capital Assets since only R102 000.00 (3.3%) from the appropriated R3 080 000.00 was spent at the end of the period under review.

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

1. The Office of the Premier admitted that the failure to report on the target to consult on Provincial Gender, Youth and Older Persons' Policy framework in the second quarter

performance report was due to an omission from their side. An undertaking was given that the matter will be rectified going forward.

2. The approval of the Mpumalanga International Relations Framework and the capacitation of the Office of the Premier, provincial departments, public entities and municipalities on the implementation of the framework can only begin once the framework has been presented to EXCO after the conclusion of the DIRCO consultative processes and approval of the national framework.
3. The Monitoring and Evaluation Sub-Programme failed to hold two provincial evaluation technical working group support sessions due to conflicting schedules amongst members and delays in the development of relevant evaluation concept notes. It was reported that the failure to achieve this target did not impact negatively on the provincial departments, public entities and municipalities as the Provincial Evaluation Technical Working Group (PETWG) provides technical support for the process of implementing programme evaluations.
4. Under the Provincial Aids Council Secretariat Sub-programme the Office of the Premier failed for the second consecutive quarter to conduct one ZAZI Workshop/campaign. It was noted that the groups that were supposed to form part of the workshops in the first and second quarters will be included in the groups to be work-shopped once the workshops are rolled out.
5. The underspending of 6.8% in this programme is due to the non-utilisation of the budget allocated to procure the Monitoring and Evaluation system which could not be procured as planned since guidelines were awaited from the Department of Monitoring and Evaluation in the Presidency. It was noted that the budget was reprioritised to Goods and Services during the budget adjustment period.
6. The underspending on Goods and Services is as a result of planned projects to be implemented in the third and fourth quarters.
7. The non-spending in Transfers and Subsidies is as a result of budget allocated for officials expected to retire from the public service in the current financial year; however, no officials retired in the first six months of the financial year.

## 6. FINDINGS

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

- 6.1. The quality of the responses as captured in the documentation presented to the committee during the meeting was disappointing.
- 6.2. The Office of the Premier only achieved 84 of its 101 (83.2%) planned targets in the quarter under review.
- 6.3. It seems the Office of the Premier's capacity to plan for targets per annum is inadequate since many planned targets were not achieved in a specific quarter due to poor planning and a lack of implementation. The poor planning and lack of implementation also led to underspending of the budget in some economic classifications.
- 6.4. The Office of the Premier does not seem to have success in implementing the Mpumalanga Development Coordinating Model in order to ensure the necessary cooperation from departments and municipalities in adhering to scheduled dates as agreed on when it comes to the implementation of planned targets.

## **7. RECOMMENDATIONS**

### **The Committee made the following recommendations:**

- 7.1. The Office of the Premier must improve on the quality of the documentation provided to the committee; and ensure that proper clarity is given on the issues raised.
- 7.2. The Office of the Premier must lead by example and endeavour 100% implementation of its planned targets.
- 7.3. The Office of the Premier must improve in its planning capacity to ensure adequate planning and proper implementation of all the planned targets to be achieved per annum.
- 7.4. The Office of the Premier must implement the Mpumalanga Development Coordination Model appropriately in order to attain the necessary cooperation from departments and municipalities and thereby ensuring that planned targets that need the cooperation of departments and municipalities be achieved timeously.

The Committee moves that the House adopts the report with the above recommendations.

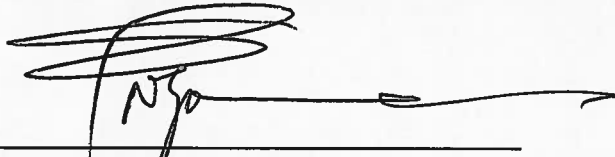
## 8. CONCLUSION

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 Second Quarter Performance Report for 2015/16.

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 Office of the Premier.

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 15 March 2016, unless stated otherwise, and thereafter on a quarterly basis.

  
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 HON PS NGOMANA (MPL)

24.02.2016  
 DATE

**CHAIRPERSON:**

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