

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

BUDGET VOTE OF THE OFFICE OF THE PREMIER FOR 2019/20 (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, 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 2019/20 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 2019/20 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 2019/20
- Annual Performance Plan (APP) 2019/20
- Organisational Structure
- Cost Per Head

The Committee received a briefing from the Research Unit on the analysis of the APP. 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 25 June 2019 to present its APP with supporting budget documentation. The Committee engaged with the office on their tabled APP on the day of the meeting. The Committee subsequently met to consider the draft Committee report.

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 – 2020) 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 Annual Performance Plan (APP) of the Office of the Premier 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 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 5. Ensuring quality health care and social security for all citizens 6. Fighting corruption and crime 7. Contributing to a better Africa and a better world 8. Social cohesion and nation building.	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 analysis across 10 Provincial Department and the Office of the Premier 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

		<p>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>
--	--	---

The National Development Plan (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 to further develop strategic outcomes goals that allow the Office of the Premier 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 skills and professionalism affecting all elements of the public service "as a central challenge with respect to the realisation of our vision for 2030	Coordinate Special programs in the province(Youth, Women and elderly people)	Special programme pg.64-65
	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. SITUATIONAL ANALYSIS

a. Updated Situational Analysis

The core mandate of the OTP 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 OTP is also responsible for the following Outcomes 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.

b. Revisions to Legislative and other Mandates

The introduction of the Bill on the establishment of Mpumalanga Planning Commission (MPC) currently undergoing 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. The purpose of the MPC is to bring together practical, academic and technical expertise and experience from across all sectors of society, as a means of ensuring that there is upward socio-economic trajectory for the Province.

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 **R296 299 000.00** for the 2019/20 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 2019/20 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	2017/18	2018/19	2019/20	%
Administration	176 353	180 195	129 513	-28.1
Institutional Development	74 243	70 293	90 820	29.1
Policy and Governance	60 115	72 304	75 966	5.0
Total	310 711	322 792	296 299	8.2

The budget allocations show a decrease of 8.2 % from R322 792 000 in 2018/2019 to R296 299 000 in 2019/20 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	2017/18	2018/19	2019/20	%
Compensation of Employees	143 506	161 355	179 680	11.3
Goods and Services	132 982	153 563	109 518	-28,6
Transfers and Subsidies	4 381	3 638	4 027	10.6
Payments for Capital Assets	29 771	4 236	3 074	-27.4
Total	310 711	322 792	296 299	-8.2

It was noted that the Economic Classification item on Compensation of Employees' budget increased by 11.3% from R161 268 000 in 2018/19 to R179 680 000 in 2019/20 financial year. Goods and Services' budget decreased by 28.6% from R153 563 000 in 2018/19 to R109 518 000 in 2019/20 financial year and the decrease is said to be due to projects not being continued because they were once-off in nature, as well as the reduction in budget baseline. Transfers and Subsidies' budget increased by 10.6% from R3 638 000 in 2018/19 to R4 027 000 in 2019/20 financial year. Payment of Capital Assets' budget decreased by 27.4% from R4 236 000 in 2018/19 to R3 074 000 in 2019/20 financial year, due to the once-off provision, which was made for procurement of motor vehicles in the previous financial year.

Compensation of Employees takes 56. 6% of the overall allocated budget followed by Goods and Services with 41.2% of the 2019/20 allocated budget.

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

The Committee requested the office to provide a breakdown of the projects, which were once-off; multi-term and their budgets respectively. The office reported that during the second budget adjustment, the office received an additional amount of **R41 034 000.00**, which was earmarked for the following once-off projects:

- Litigations: **R12 200 000.00**;
- Admin Support: **R25 000 000.00**;
- State Funeral of the late Mr Sam Nzima: **R2 165 000.00**;
- Compensation of Employees (Budget Pressures): **R1 649 000.00**.

5.2.2. ANALYSIS PER PROGRAMME

PROGRAMME 1: ADMINISTRATION

Programme purpose and budget allocation

This 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

Sub-Programmes '000	Adjusted Appropriation 2018/19	Main Appropriation 2019/20	Year/y growth %
Premier Support	23 454	21 590	-7.9
Executive Council Support	6 800	7 082	4.1
Director-General Support	112 362	56 335	-49.8
Financial Management	37 579	44 506	18.4
Total	180 195	129 513	-28.1

The budget for programme 1(Administration) has decreased by 28. 1% from R180 195 000.00 in the previous financial year to R129 513 000.00 in the current financial year 2019/20. The biggest decrease is on Sub- programme Director General Support with 49.8%. The Committee enquired on what informed the decrease on the budget of the Sub-programme Director General Support, given that it is required to provide internal and external support to sections in the OTP and Departments in the Provincial Administration. The office reported that, during the second budget adjustment, the office received an additional amount of R41 034 000, which earmarked for the following once-off projects as explained earlier in the report.

Budget allocation per Economic Classification:

Table 6: Budget allocation per Economic Classification

	Adjusted Appropriation	Main Appropriation	Year on year growth
'000	2018/19	2019/20	%
Compensation of Employees	67 983	72 360	6.4
Goods and Services	108 039	53 583	-50.4
Transfers and Subsidies	211	496	135
Payments for Capital Assets	3 962	3 074	-22.4
Total	180 195	129 513	28.1

The budget for Compensation of Employees increased by 6.4% from R67 983 000.00 to R72 360 000.00. The budget for Goods and Services decreased by 50.4% from R108 039 000.00 to R53 583 000.00 due to projects being discontinued. The budget for Transfer and Subsidies budget increased by 135% from R211 000.00 to R496 000.00. The budget for Payments for Capital Assets decreased by 22.4% from R3 962 000.00 to R3 074 000.00

The allocation for Compensation of Employees and Goods and services takes 55.8% and 41.3% respectively, of the total budget.

The Committee requested the office how the two sections under the sub-programme Director General Support (planning and Programme Management, Compliance and Management Unit) function without annual and annual targets. The office reported that during the assessment and evaluation, including recommendations and feedback sessions by various stakeholders, including DPME and Macro Policy, it was established that some of the targets were activities and operational in nature, hence the office was advised to review the annual performance plan and targets and reduction in the number of targets of targets from the 2019/20APP. It was also reported that the Compliance Management Unit has an indicator under the strategic objective and are reporting on it on an annual basis in the annual report. The planning and programme Management Unit has been identified as playing a supportive role within the Office. Consequently, the targets of this Unit were affected as per the above.

The Committee requested the office to indicate how the warm bodies in these sub-programme be assessed without defined targets. It was reported that they would use the targets and indicators

as per Strategic Objectives as well as per the respective Operational plan as KRAs in the assessment of the warm bodies.

PROGRAMME 2: INSTITUTIONAL DEVELOPMENT

Programme purpose and budget allocation

The purpose of this programme is to provide 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: Programme 2

SUB-PROGRAMME '000	ADJUSTED APPROPRIATION 2018/19	MAIN APPROPRIATION 2019/20	YEAR/Y GROWTH %
STRATEGIC HUMAN RESOURCES	40 191	44 447	10.5
INFORMATION COMMUNICATION TECHNOLOGY	5 950	12 843	115
LEGAL SERVICES	4 939	4 043	18.1
COMMUNICATION SERVICES	16 936	27 096	59.9
PROGRAMME SUPPORT	2 277	2 391	5.0
TOTAL	70 293	90 820	29.2

The budget of the programme 2 has increased by **29.2%** from **R70 293 000.00** in the previous financial year to **R90 820 000** in the 2019/20 financial year. Information Communication Technology and Communication Services received more budget increase in this programme for the current financial year.

Budget allocation per Economic Classification:

Table 8: Budget allocation per Economic Classification: Programme 2	Adjusted Appropriation	Main Appropriation	Year on year growth
'000	2018/19	2019/20	%
Compensation of Employees	53 634	59 654	11.2
Goods and Services	12 961	27 935	115
Transfers and Subsidies	3 424	3 231	-5.6
Payments for Capital Assets	274	-	0
Total	70 293	90 820	29.2

The budget allocation for Compensation of Employees increased by 11.2 %, of which 7.9% is due to the cost of living adjustments and 3.3% is due to funding of critical vacant post from R53 634 000.00 to R59 654 000.00. The budget for Goods & Services allocation increased by 115.5% from R12 961 000 in the previous financial year to R27 935 000 in the current financial year. Transfers and Subsidies budget decreased by 5.6% from R3 424 000.00 in previous financial year to R 3 231 000.00 in the current financial year. Payment for Capital Assets has no budget in the current financial year.

The Committee requested the office to provide an explanation as to what informed such increase on Information Communication Technology and Communication Services respectively. The office reported that the increase in budget on the sub-programme Information Technology was due to the increased funding for the priority "Monitor the implementation of Broad Band Connectivity", which amounts to R10 000 000.00.

PROGRAMME 3: POLICY AND GOVERNANCE

Programme purpose and budget allocation

The purpose of the programme is to provide effective macro-policy advice, coordination and monitoring in the following areas: provincial planning; implementation of provincial programmes; mainstreaming of gender, disability and children; regional and international cooperation; research and information management; advisory services to the Premier, EXCO committees and Executive Council; and coordinate key strategic interventions to improve departmental performance. The programme has the following sub-programmes: international relations, special programme, Macro Planning, Monitoring and Evaluation, research and Strategic Information Management, cluster Management, Mpumalanga Province Aids Council.

Table 9: Budget allocation per Sub-programme: Programme 3

Programme	Adjusted Appropriation 2018/19	Main Appropriation 2019/20	Year/y growth %
Special Programmes	14 162	11 935	-15.7
Intergovernmental Relations	8 545	11 365	33.0
Provincial and Policy Management	47 464	50 511	6.4
Programme Support	2 133	2 155	1.0
Total	72 304	75 966	5.0

The budget of the programme has increased by 5% from R72 304 000.00 in the previous financial year to R75 966 000.00 in the current financial year. Special Programme budget has decrease by 15.7% in the current financial while in the previous financial year the budget was increased by 29.7% as compared to the 2017/18 financial year.

The Committee requested the Office of the Premier to explain why the ZAZI Campaign target has been removed from the sub –programme Mpumalanga Province Aids Council given the fact that it took more than 2 years to get it running. The Office of the Premier reported that ZAZI Campaign was identified as one of the targets deemed to be operational in nature and consequently moved to the Operational Plan.

The Committee further requested the Office of the Premier to explain why the budget for the Sub-programme: Special programme has decreased. The Office of the Premier reported that the decreased budget was informed by the cost driver priority which had been previously funded to cater for the provision of some services by a service provider. As the service provider was appointed on a three-year contract, this contract would be expiring at the end of September 2019. Therefore for the current financial year, the budget allocation was on a pro-rata basis.

Table 10: Budget allocation per Economic Classification: Programme 3

	Adjusted Appropriation 2018/19	Main Appropriation 2019/20	Year on year growth %
'000			
Compensation of Employees	39 738	47 666	19.9
Goods and Services	32 563	28 000	-14.0
Transfers and Subsidies	3	300	990.0

Payments for Capital Assets	3	-	-
Total	72 304	75 966	5

The programme allocation on Compensation of Employees has increased by 19.9% from R39 738 000 in the previous financial year to R47 666 000 in the current financial year due to 7.9% of cost of living adjustment and 12.3% due to funding of critical vacant posts. Goods & Services allocation has decreased by 14% from R32 563 000 to R28 000 in the current financial year. The budget on Transfers and Subsidies and Payment for Capital Assets has zero budget in the current financial year just like the 2018/19.

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

The Office of the Premier does not have long-term projects to be implemented during the 2019/20 fiscal period there are also no long-term infrastructure plans and other capital plans that outline the infrastructure investment needs.

8. FINDING

The following is a finding on the deliberations with the Office of the Premier:

- 8.1. The targets are being reduced year in and out and it is not because they were achieved, because they have failed to achieve them in the past.

9. RECOMMENDATION

The Committee made the following recommendation:

- 9.1. The Office of the Premier must ensure that the planned target are achieved during the current financial year.

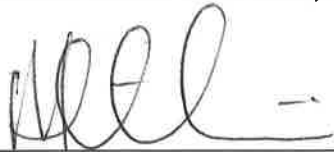
The Committee moves that the House adopts the report with the above recommendations and approves the Annual Performance Plan for the 2019/20 financial year as well as the budget for a total amount of **R296 299 000.00**.

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 2019/20.

In addition, the Chairperson extends a word of appreciation to the Acting Director-General and senior management officials for availing themselves to deliberate. 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 15 August 2019 unless stated otherwise, and thereafter on a quarterly basis.



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

03-07-2019

DATE