

***TABLING OF THE 2020/21 BUDGET VOTE FOR
PROVINCIAL TREASURY TO THE VIRTUAL SITTING
OF THE PROVINCIAL LEGISLATURE, 07 MAY 2020.***

Honourable speaker

Honourable Premier

Members of the Executive Council

Honourable Members of the Provincial Legislature

Leaders of Opposition Parties

Traditional Leaders present

Director General and Heads of Departments

Head of Provincial Treasury, Mr. Gavin Pratt

Comrades, Friends, Ladies and Gentlemen

Allow me to Table the 2020/21 Budget Vote for Provincial Treasury together with the attached Summary of Payments and Estimates for consideration by this House.

Overall Budget

Provincial Treasury (Vote 5) has been allocated a budget of R520.9 million for the 2020/21 financial year.

Details of the Budget

Honourable members, the budget details of our department are as follows:

The overall allocation for the department increases by 2.9 percent from R506.8 million in 2019/20 to R521.3 million in 2020/21 financial year.

The department's allocation per economic classification is as follows:

Compensation of employees	R 339,1 million
Goods and services	R 159,9 million
Transfers and subsidies	R 4,7 million
Payment for capital assets	R 17,6 million

The key focus in the current financial year will be to further strengthen Provincial Treasury to improve its strategies in supporting and monitoring departments, municipalities and public entities and to ensure that we improve compliance to the PFMA, MFMA and other policies and legislation, as well as concluding the BAUD asset management project and the Government Technical Advisory Centre (GTAC) infrastructure project, taking into account the current

socio-economic impact due to the COVID-19 pandemic.

Economic Classification

Compensation of Employees increases by 5.3 percent from R322.1 million in 2019/20 to R339.1 million in 2020/21 financial year. The allocated funds will be used to fill identified funded vacant posts in the approved organizational structure in the department.

Included in the CoE budget is an amount of R5 million and R7.2 million provided by National Treasury to strengthen infrastructure and municipal intervention support capacity in Provincial Treasury.

Goods and Services decreases by 7.9 percent from R173.5 million in 2019/20 to R159.9 million in 2020/21 financial year due to baseline reduction implemented.

The allocation includes funding earmarked for Municipal Intervention, and Infrastructure Capacity, GTAC infrastructure support, escalations on contractual obligations and other non-negotiable costs such as, Departmental Fleet running costs, property payments, security cost, renewal of software licences, and preventative maintenance.

The budget also provides for subsistence and travel costs, mainly for officials who are required to travel to conduct

their transversal monitoring and support functions.

Transfers and Subsidies decreases by 27.5 percent from R6.5 million in 2019/20 to R4.7 million in 2020/21 financial year. The decrease is as a result of the department not awarding new bursaries in 2020/21 financial year.

The allocated funds will cater for bursaries for existing external students registered with institutions of higher learning as well as paying leave gratuities for employees who will retire in the public service during the 2020/21 financial year.

Payment for Capital Assets increases by 275.3 percent from R4.7 million in 2019/20 to R17.6 million in 2020/21 financial year. The budget will be used to procure laptop tracking system; the replacement of furniture at Finance House; and the allocation of R9 million will be for the implementation of the asset management system for library books in the Department of Sport, Arts and Culture.

Budget per Programme

Our department, Honourable Speaker, is composed of five integrated Branches that operate as a unit. These are:

- Administration,
- Sustainable Resource Management,

- Asset Liabilities and SCM,
- Financial governance, and
- Internal Audit

Their allocations are as follows:

Administration

Administration is allocated R210.3 million to provide effective and efficient strategic management, administrative support and sound financial management to the Provincial Treasury.

The division comprises of the following sub-programmes:

- MEC Support Services
- Management Services
- Corporate Services
- Financial Management

MEC Support Services renders administrative and parliamentary support to the Member of the Executive Council whilst Management Services provide strategic leadership and administrative support to the Head of Department.

Corporate Services is responsible for providing departmental support services that includes information management, human resource management and

development, legal services, transformation service, enterprise risk management as well as security and investigation service.

Honourable Speaker, the programme also provides records management and auxiliary services. Another key activity is the Department's Enterprise Risk Management function which facilitates and monitors the identification and mitigation of risks in the department.

The programme further implements various Human Resource programmes such as the Internship programme for graduates, provisioning of bursaries and compliance with the Occupational Health and Safety Act through the implementation of findings from risk assessments.

Financial Management services (CFO Office) is also funded in this programme and ensures proper control and management of the Department's financial resources.

Sustainable Resources Management

Sustainable Resources Management is allocated R99.7 million to research and inform financial resource allocations in the province, support, manage and monitor the provincial budget spending in all departments, municipalities and public entities for efficient and effective use of the province's fiscal resources.

The division comprises of the following sub-programmes:

- Programme support
- Economic Analysis
- Fiscal Policy
- Budget Management
- Public Finance
- Municipal Finance
- Infrastructure

Sustainable Resource Management (SRM) is responsible for analyzing key economic variables within the Province through economic research and their inter-relations and relevance to the budget.

This analysis assists in identifying alternative budgeting, revenue and expenditure scenarios on selected key economic growth and social development indicators.

This division is also responsible for providing advice and monitoring of municipalities and their entities in the implementation of the Municipal Finance Management Act.

An amount of R9 million is allocated for funding the Government Technical Advisory Centre (GTAC) and will be utilised to assist with unblocking and improving delivery of infrastructure in municipalities.

Assets, Liabilities and Supply Chain Management (ALSCM)

Honourable Speaker, (ALSCM) receives an allocation of R55.2 million. This allocation will be utilized to provide policy direction and facilitate the effective and efficient management of assets, liabilities, financial systems and provincial supply chain management processes.

The division comprises of the following sub-programmes:

- Programme support
- Asset Management
- Liabilities Management
- Supply Chain Management

The division will continue to strengthen cash management strategies, monitor and support SCM and asset management compliance by departments.

Financial Governance

Honourable Speaker Financial Governance receives an allocation of R109.2 million.

The division comprises of the following sub-programmes:

- Programme support
- Accounting Services
- Risk Management
- Governance and Compliance Monitoring
- Interlinked Support Systems

This allocation will be utilized to ensure sound financial management and financial accountability in the province through capacity building, financial reporting, and development of transversal financial policies.

The Branch is also allocated funds to ensure that all departments and public entities have and implement an effective risk management system and internal control processes.

The allocation will further be utilized to monitor compliance to the PFMA and related regulations, instructions and other prescripts in Departments and Public entities and to support the Provincial Government Audit Committees and various public entities boards committees.

The allocation in this branch will also be utilized for the implementation and management of the various financial systems used in the province, such as BAS, LOGIS, PERSAL, BAUD and the provincial risk register software (BARNOWL).

Internal Audit

Honourable Speaker Internal Audit receives an allocation of R46.8 million.

The shared Provincial Internal Audit unit enhances and protects organizational value by providing risk-based audits and objective assurance, advice and insight for all provincial departments. A Combined Assurance Model will be driven through Provincial Internal Audit to avoid duplication of effort in providing assurance to departments

by coordinating the support and assurance initiatives of internal audit and the other by transversal functions within the Treasury.

Conclusion

Honourable Speaker, as the Provincial Treasury, we have a statutory task of allocating, monitoring and managing our province coffers to ensure that they meet the developmental objectives of government.

The COVID-19 pandemic present uncharted territories in terms of government's response to various socio-economic challenges, but we remain resolute in continuing to do our utmost best in ensuring that proper and sound financial management and governance, in line with the PFMA and MFMA, are progressively realized.

We will continue to be more vigilant in ensuring that the monies received are spent economically, efficiently and effectively, and for the purpose intended as outlined in the annual performance plans.

I thank you Honourable Speaker.