

# **LIMPOPO PROVINCIAL TREASURY BUDGET SPEECH 2008/2009 BY HON. MEC: SAA'D CACHALIA**

**Honourable Speaker**

**Honourable Premier**

**Distinguished Colleagues in the Legislature**

**Stalwarts and Veterans of our struggle**

**Mayors, Speakers, Councillors and Managers of Municipalities**

**Esteemed Traditional Leaders here present**

**Leaders of the ANC and MDM structures**

**Leaders of the Trade Union Movement**

**Leaders of Religious Organisations and Churches**

**Leaders of Opposition Parties**

**The DG and senior officials in our provincial administration**

**Leaders of Chapter nine and ten Institutions**

**Representatives of the Media**

**Distinguished guests**

We have the honour of tabling the departmental budget of Limpopo Treasury in this honourable house today. This is our third budget since the separation of Finance from Economic Development Environment and Tourism. As Provincial Treasury we have the fundamental responsibility to ensure that the prescripts of the Public Finance Management Act are adhered to by all Provincial Departments and that in addition to preparing and managing the Provincial Budgets we have to ensure that there is

proper control and maintenance over the resources of the Province through sound financial management and fiscal discipline. The programmes and performance plans of all Provincial Departments must be aligned to the Budget and Provincial Treasury is no exception. It is therefore imperative that Treasury provides the necessary assistance and advice that is both appropriate and credible.

For the 2008/2009 Financial Year the Provincial Treasury has a Budget allocation of R305 198 000.

Honourable Speaker

Before itemizing how the budget allocation is divided, it would perhaps be appropriate to inform this house that the overdraft of R484million the Provincial Administration accrued at end of the 2006/2007 financial year was cleared by the 31<sup>st</sup> March 2008 through a downward adjustment of various departmental budgets and stringent austerity measures. This was done without compromising on service delivery and with the cooperation and assistance of all the Provincial Departments.

Honourable Speaker and Members

We table before you a budget of R305, 198,000 million for this financial year 08/09.

This is broken down as follows:

- Administration 90,488
- Sustainable Resources Management 46,583
- Assets and Liabilities Management 103,833

- Financial Government 64,294
- TOTAL 305,198 000

## **ADMINISTRATION**

The administration budget is split up into three sub programmes with the primary objectives of providing the necessary support to staff, placing appropriate people in advertised posts, affecting meaningful communication, maintaining proper records , ensuring prudent use of electricity, maintain and use the vehicle fleet efficiently and mitigate all risk and security matters. Treasury has now developed a structure that has been endorsed by the Minister of DPSA. We are busy finalizing the job level and once that has been done, the department will be in a position to implement the structure. In so doing we intend to absorb as many people who are on the present structure of Treasury. The challenge being the skills that Treasury requires, we are therefore attempting where ever possible to ensure that skills are transferred to as many current employees which will enable Treasury then to absorb them.

## **SUSTAINABLE RESOURCE MANAGEMENT**

Under this programme Treasury executes its core responsibility of assisting Departments in drawing up their budgets. The tabling and managing of the entire provincial budget is handled under this section and includes the submission of reports from all provincial Departments to National Treasury under the In Year Monitoring(IYM) system. These also allow us to monitor the spending and projected spending of Provincial Departments on their budgets on a monthly basis. The appointment of budget analysts in the sustainable resource branch of Treasury has added a value both to Treasury and the administration as a whole. We have been able to analyze the budgets which fed into the allocations for this current financial year budget which has led to National Treasury commenting Limpopo for tabling a credible budget for this MTEF period.

Of course there are challenges that rise from time to time and the one that we have to concentrate more on as analysts of the Provincial budget is the non financial information which departments must submit on a quarterly basis. As this is a relatively new field and our experience is somewhat limited and Treasury will be visiting Canada during this year to get practical experience from a country that has been reporting on these matters of some time now

The implementation and monitoring of the Municipal Financial Management Act in all our Municipalities remains a serious challenge under this programme and we have engaged a service provider to assist Municipalities with their financial accounting matters with regard GRAP and GAMAP. We are presently in the process of appointing the relevant skills to achieve our objective as stipulated in the MFMA. The challenge however remains a daunting one.

The Infrastructure Delivery Improvement Programme housed in Treasury deals with matters of Infrastructure in the Provincial Departments and the unit is tasked with providing where necessary, assistance on matters relating to capacity, planning and implementation of various infrastructure programme undertaken by Departments. Presently technical experts have been assigned to the Departments of Education, Public Works, Health and Social Development. It is intended to extent assistance of technical experts to other Departments involved in infrastructure development namely Agriculture and Roads and Transport.

This branch of Treasury is also seized with revenue collection and members will note that in our Appropriation Bill we have proposed an increased of our revenue collection by R100 million. This will have to be

done in conjunction with Departments, where applicable, reviewing tariffs on annual basis. The major contributor to provincial revenue remains licenses and traffic related revenue.

Honourable Members the issue of revenue remains a priority for us and we are investigating other streams of revenue which this honourable house will be kept informed of.

## **ASSETS AND LIABILITY MANAGEMENT**

It is in this branch that the banking section resides. The lesson of the past year has taught us well and we will continue to manage our cash where it relates to income and expenditure in a disciplined and professional manner. We have to guard against and prevent any risks of spending that will lead us into an overdraft

Honourable Members will note that all Provincial Departments received qualified Audit reports mainly on the issue of assets. In consultation and agreement with the Auditor-General all Departments will use a secure spread sheet to register their assets with the intention of rolling out the LOGIS system, which has been recognized and recommended by National Treasury. Provincial Treasury was also qualified due to the lack of correlation between our opening and closing balances on the annual financial statements. After the splitting of the Department of Treasury and LEDET, assets could not be located and verified and though solving the problem remains an arduous task we have ring fenced and are busy verifying which assets belong to which Department.

The Central Procurement Committee (CPC) falls into this branch. The issuing of tenders and transversal contracts are issued through this

committee. It remains the task of Provincial Treasury to ensure that procurement of goods and services are demand driven and that service providers are monitored by Departments through the relevant service level agreements. Quality and value for money cannot be compromised and the necessary mechanisms have to be put in place and reviewed continuously to ensure that indeed value for money is in fact received. In line with broader policy objectives the procurement process should also allow the empowerment and upliftment of previously disadvantaged individuals on an equitable and fair basis.

## **FINANCIAL GOVERNANCE**

This is the Office of the Accountant-General where the responsibility for all the accounting processes of government and other financial matters are coordinated and monitored from. We are now in a position to announce to this honourable house that we have now standardized financial policies which will enable each of our Departments to draw up their own specific procedures around financial matters. Treasury will assist in establishing an internal Audit Committee to monitor the implementation of Audit outcomes and improve the Departments ability to deal with Audit Queries. One of our pressures we would like to reflect on is the cost of our audits. In the last financial year our audit costs rose by R10 million to R41million. Although our costs had increased the actual service delivered was such that most departments only had their Annual Financial Statements finalized towards the end of the financial year and not at the end of September as the law requires. We have dealt with this matter and can assure the honourable house that the current audit process for the last financial year is currently taking place and the necessary processes are in place to deal with time frame and quality issues.

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Transversal risks have now become the responsibility of Treasury. It is a new field of responsibility which will require dynamic and implementable processes that will assist in obviating and mitigating risks that our administration will face. Dealing with risk remains a serious challenge in an ever changing global environment.

## **CONCLUSION**

Honourable Speaker, Treasury will have to continue its role as stipulated in the PFMA, to ensure that we implement and monitor the priorities of our government while at the same time insisting on strict fiscal discipline. The challenges that we are facing in the economy, the ever increasing food prices makes it imperative for us to ensure that our budget responds adequately to the numerous pressures we are going to be faced with as we move forward. We have no option but to strive to gain maximum benefit for our people with the little that we have.

## **MOŠOMO GA O TŠHABE DIATLA**

**Ndo livhuwa nga maanda**

**Baie Dankie**

**Nza khensa**

**Ke a Leboga**

**I thank you**