



NCPT

NORTHERN CAPE PROVINCIAL TREASURY

2014/15 BUDGET VOTE 8

We serve with passion. We deliver on time.

**ADDRESS BY MR J BLOCK (MPL) MEC FOR FINANCE, ECONOMIC
DEVELOPMENT AND TOURISM TO THE PROVINCIAL LEGISLATURE ON THE
OCCASION OF TABLING BUDGET VOTE FOR PROVINCIAL TREASURY**

16 July 2014

Honourable Speaker

Honourable Premier — Ms Sylvia Lucas

Honourable Members of the Executive Council

Honourable Members of the Provincial Legislature

Executive Mayors, Mayors and Speakers of our Municipalities present

Heads of Departments

Representatives of the Provincial Public Entities

Senior Management and Officials of the Provincial Treasury

Distinguished Guests

People of the Northern Cape

Members of the Media

Ladies and Gentlemen

Honourable Speaker, I am deeply humbled and privileged to stand here to present on behalf of all the hard working ambassadors of the Provincial Treasury who are committed to account on the mandate of our government.

Allow me to take this opportunity to congratulate Honourable Nhlanhla Nene for his appointment as the Minister of Finance. We are pleased to have someone who has served National Treasury since November 2008, which bodes well for our democracy. The positive response by the market to his appointment confirms our confidence in him; this clearly demonstrates stability and continuity in the way that our government manages its affairs as Mr Nene brings a wealth of knowledge to the ministry.

Honourable Speaker, the tabling of this Budget Vote Speech happens two days prior to the commemoration of the international day of our world icon, a man of integrity, a

cadre in good standing who acted as the voice and guardian of the interests of the masses of our people.

A leader who at all times unified forces within communities so as to consolidate the domination of democratic government as an agent of change in society. Today marks the 7th month of the death of our first democratic president of the Republic, Uthata Nelson Rolihlahla Mandela but we are grateful that he sacrificed his life for this country. TATA was a man who turned hatred into humility; who made his captors his friends and his prison cell his podium; who turned a divided people into a nation. We are fortunate that we had a Mandela, who made a bold decision to give us the tasks to attend in order to improve the lives of South Africans and lent his considerable weight to achievement of the goals of national reconciliation and a better life for all.

As we march in celebration of the fruits of our freedom, we should however not forget that we are the heirs of the great legacy laid by our revolutionary fathers and mothers who are the architects of our history who endured decades of pain and suffering in a quest for freedom. As we invoke the genius of their deeds, we today stand tall and proud among nations of the world. As we look back, we can say with a deep sense of humility and pride that the overarching ideals of democratic transformation in our country, fostering economic growth, accelerating development and improving the living conditions of our people for the present and the future generations is being gradually attained. Yet we understand that the road ahead is narrow, long and not easy.

In honour of TATA Mandela let us all commit to a call made by the President of the Republic of South Africa, Honourable Jacob Zuma during his State of the Nation Address to utilise this year's 67 minutes of Mandela Day effectively and efficiently by planning for a major clean-up for our towns, townships, villages, schools and to beautify every part of our province.

Through the sacrifices made by our loyal cadres, after 1994 the people of South Africa could proudly, without any fear, practice their constitutional rights by voting for the government of their choice. This government of the people will strive at all times to deliver on its promises of improving the dignity and the lives of the masses. Honourable Speaker, it is easy for the spectators to judge and point fingers, however, some of the spectators have never even been in the squad and others

failed trials when given the opportunity. We call on all stakeholders including opposition parties to work together with the winning team to shape the future of this province. Instead of criticizing every government programme play your role that you will one day be proud of.

Honourable Speaker, government operates within limited resources. It is for this reason that our constitution is thus founded on a cooperative relationship between the three spheres of government. All spheres are distinctive and interrelated parts of one government and duty-bound to co-operate with each other to provide coherence in the way government delivers services. This formula offers us an opportunity to unlock the creativity and energy of collaboration and partnership whilst strengthening the performance and accountability of each sphere of government. Collective endeavour is thus part of our overall constitutional design, and it is essential if we are to achieve our goal of providing seamless and expanding web of services to the poor communities throughout the province.

As Provincial Treasury we are committed to discharge the public mandate given by the overwhelming majority of the people of this province. It is crucial that this mandate is also understood and carried out by both elected officials and public servants. Government leaders, both political and administrative, wherever they are stationed within our system of governance, share the duty to use public authority which they hold in trust, their skills, ingenuity and influence to ensure that the masses of this province receive public services which they deserve and the opportunity for an economically productive life.

Honourable Speaker, whilst financial resources are likely to decrease based on worldwide current economic meltdown; we will pursue to deliver more and better services by ensuring that within the prevailing economic environment; economy, efficiency and effectiveness become critical considerations. A radical rethink of service delivery models, standards and levels will prove vital in minimising the effect of the financial meltdown on service delivery. In order to move the province forward, we will need an integrated or unified approach as far as service delivery is concerned. Unjustifiable and unnecessary additional costs to the state such as inefficiency, wastage and uneconomic use of state resources by departments and municipalities will have to be eliminated.

As a leading department we have fully implemented the cost containment instruction note that was introduced by the National Treasury to all provinces including the national departments, constitutional institutions and public entities. The aim behind this note is to inculcate the culture of savings in order to redirect such savings towards job creation and infrastructure programmes for the benefit of the country. The department's financial maturity level has increased from 2.85% in the previous financial year to 2.91% resulting in 2.1% increase and we envisage being at level 3 by end of the current financial year. This illustrates the seriousness and commitment of the department in enhancing radical financial management transformation.

Sustainable Resource Management

Honourable Speaker, in reviewing Sustainable Resource Management previous financial year performance, I will briefly outline some of the milestones recorded by the department in the process of implementing its goals and objectives. Our responsibility is to ensure that we maintain a targeted and balanced approach in allocating resources to areas that support provincial government priorities.

We are also in terms of PFMA, required to monitor the allocated resources whether they are used for intended purposes. Our overall strategy for the previous year was focused on improving the financial management and control in provincial departments and municipalities. This included our support for municipal budgeting and own revenue management.

I am pleased to report that many successes were recorded in this area. Specifically we implemented the following initiatives:

- Reducing substantially the unauthorised expenditure. Honourable Speaker, you will recall that the unauthorised expenditure which dates back to 2004/05 was R935 million in 2013/14 of which R719 million has been funded from Provincial Revenue Fund. To date the unauthorised expenditure is at R216 million and we intend to finance the balance in 2015/16. Moving forward we will ensure fiscal discipline in the province and strictly apply the PFMA requirements dealing with the management of unauthorised expenditure and in particular where the overspending has taken place that amount of overspending will become the first charge against the funds allocated for the next or future financial years under the relevant vote.

- A dedicated unit has been established within Provincial Treasury to provide hands-on support to municipalities with their revenue generation and debt management.

Honourable Speaker, in this regard, a debt management committee consisting of the representatives from all affected departments was established in the 2013/14 financial year to assist municipalities to recover outstanding government debt. Through this dedicated unit, municipalities were assisted to recover an outstanding government debt amounting to R30, 179 million from provincial departments.

Honourable Speaker, we have said this in the past and we would like to repeat it: Municipalities that are owed monies for services rendered to provincial departments that are not paid within the 30 day requirement can approach Provincial Treasury for assistance at no cost to the municipality. In addition, as part of ensuring that there is political oversight on provincial debt owed to municipalities, a report on municipal debts will be tabled to Executive Council on quarterly basis.

Honourable Speaker, as we celebrate the 10th year of the implementation of the MFMA, we are glad to report that through the Provincial Treasury's assistance 31 municipalities have tabled their 2014/15 funded budgets within the legislative timeframes as compared to 22 in the previous financial year. With the rolling out of financial ratio tool which aims to ensure sound and sustainable management of fiscal and financial affairs of municipalities, Provincial Treasury will be able to assist municipalities to manage their cash flow better.

Honourable Speaker, MFMA provides framework and guidelines for sound and sustainable management of the financial affairs of municipalities and sets out norms and standards for local government. These guidelines establish a regulatory framework designed to minimise corruption. Municipalities must therefore subscribe to these regulations contained in the MFMA to ensure efficient and effective financial management and hence clean audit outcomes.

In this regard it is clear that municipalities need to up their game. It is therefore crucial that leaders in municipalities take full responsibility for ensuring that their municipalities are running effectively and efficiently and that service delivery to citizens is placed before their own self-interest.

Honourable Speaker, Provincial Treasury will not be able to assist our municipalities optimally if they do not comply with the MFMA prescripts. Municipalities also have to ensure that they recruit and retain suitable personnel especially in areas such as debt recovery and infrastructure spending. It is a shame when money for much needed capital projects is returned to the national revenue fund because of the failure to spend on time.

Honourable Speaker, we will continue assessing the Integrated Development Plans and publish the socio economic review for provincial, district and local municipalities to aid the provincial and local government to achieve effective resource allocation. The socio economic review for provincial, district and local municipalities is a credible source of researched information that provincial departments and municipalities use in preparing their strategic and annual performance plans that are freely available to them. Provincial Treasury has already paid for them. To quote one example of information that can be found in this document, on page 77 it is stated that:

“Gamagara Local Municipality had the highest average population growth amongst the local municipalities under the John Taolo Gaetsewe District Municipality. The population size of Gamagara increased from 24 923 in 2002 to 41 840 in 2012, registering a 5.32 percent average population growth for the period. In 2002, Gamagara represented 12,85 percent of the total population of John Taolo Gaetsewe, this percentage increased to 19,24 percent in 2012.”

Honourable Speaker, this kind of information is valuable to the town planners, the municipal managers including the council members in understanding the population dynamics and the future direction of the municipality and how management can harness the resources to address the emerging challenges. It is useful to predict the number of RDP houses that will be required for the indigents, the bulk infrastructure required for water and sanitation including access roads. And most importantly, whether the municipality will be able to finance these requirements from own revenue sources or from external funding.

Assets and Liabilities Management

Honourable Speaker, we will continue to manage our asset and liabilities in a coordinated manner that will ensure that our assets and liabilities are so managed

that an adequate internal rate of return is earned on our investment. Honourable Speaker, we can say without fear of contradiction that over the last ten years the cash resources of this province, including the departmental cash flow, was managed in the manner that enabled us to withstand the adverse economic conditions and this is clearly evident in the interest revenue generated for the 2013/2014 financial year amounting to R38, 1 million compared to R27, 6 million generated in 2012/2013 financial year.

The cash flow and banking sub directorate will continue to monitor fiscal resources and payments forecasting by departments including expenditure projections to ensure that they are as realistic as possible and furthermore the spending of monthly approved cash resources are within available cash limits. Furthermore, the cash flow and banking sub directorate will continue facilitating the management of available cash resources by departments, especially those where cash flow risks exists.

Honourable Speaker, the department continued to support and monitor the Basic Accounting System which is the government wide accounting system that records the daily financial transactions and to give guidance on matters relating to finance and Standard Chart of Accounts. The Basic Accounting System Sub Directorate currently performs the system controller function on behalf of departments and is instrumental in maintaining user access control on the systems in a secure manner.

The implementation of LOGIS has been completed including all outstanding provincial head offices namely: Health, Office of the Premier and Economic Development and Tourism. The implementation of LOGIS will enable departments to record all supply chain management and asset management related transactions electronically.

The implementation of the system will provide for an improved inventory, procurement and asset management systems that complies with the legislative framework of government. The system furthermore brings along strong internal control mechanisms that should in turn improve audit outcomes of departments. Accrual and commitment information is as a result of the system available with the proverbial “press of a button”. The department is currently implementing measures to monitor utilisation of the system by departments in order to identify areas for support and training. The LOGIS implementation has furthermore directly facilitated

a process of computer literacy where users that were never exposed to working on computers as a tool of trade are now able to do basic operations on a computer. The implementation has also highlighted the lack of capacity of Supply Chain Management officials that can perform duties in a segregated manner.

The department previously did not have a trainer to conduct accredited LOGIS training that is recognised by National Treasury for purposes of certification and hence all employees had to go to National Treasury to receive accredited LOGIS training. To mitigate this shortcoming the department has sent two officials to National Training to undergo official LOGIS training accreditation. The two trainers have since started to conduct LOGIS training locally and a large number of users have already benefitted from this by receiving certificates for passing courses and modules that are recognised by National Treasury and other training institutions.

The Department continued to support and monitor the PERSAL system and to give guidance on matters relating to human resources and payroll. Reports that provided management information relating to human resources and salary administration were issued to departments on a quarterly basis. Quarterly reviews on user activities have been performed at departments to ensure that access to functions is not violated and within the prescriptions of the user account management policy. The integrity of the information on the PERSAL database shall be thoroughly scrutinised and verified during the digital head count process to be conducted in the latter part of the month.

Matters relating to Information Communication Technology governance and network security policies as highlighted by the office of the Auditor General were identified and are currently being addressed. The department is in the process of establishing enabling structures to assist the department to comply with the requirements contained in the Corporate Governance of Information Communication Technology Policy Framework. Support on the transversal systems continued to ensure continuity of operations on transversal systems. The Interlinked Financial Systems Directorate played a crucial role in identifying and fixing compatibility problems on desktops during the implementation of Biometrics Access Control System in various provincial departments.

Honourable Speaker, the Biometrics Access Control System was launched in October 2013 at the Mittah Seperepere Convention centre where all stakeholders were informed about the system and the benefits that its implementation will bring along. The announcement was received very positively by all role players and this project is at an advance stage of its implementation phase. We can confidently report that the implementation of advanced security controls for the protection of the transversal systems is now at its final stage of its implementation phase. All transversal system users are now able to transact on the systems with a smartcard and biometric reader in a secured environment with the minimum risk of fraudulent transactions and that the user identities and passwords are now fully protected against theft.

Honourable Speaker, the department budgeted for an estimated R10 million to roll out biometrics aided head count to all provincial departments in an effort to eliminate ghost employees in our payroll system and use the savings generated to improve service delivery.

To ensure that all employees paid by the provincial departments, are eligible for their salaries and to verify the correctness and validity of payroll related information that is loaded on the PERSAL database.

The implementation of the biometric aided headcount is conducted under the stewardship of Provincial Treasury which will be the principal implementation agent during the headcount and supported by a provincial task team, comprising of two representatives from departments, to steer processes before, during and after the headcount.

Various workshops with stakeholders were conducted to ensure a successful head count process. The headcount will be conducted from 21 July 2014 to 15 August 2014. We strongly encourage all government employees to report to the verification stations with all the required personnel information.

The Northern Cape Provincial Treasury has through a rigorous process of capacitation of the Public Private Partnership Directorate facilitated the enhancing of quality public service delivery by leveraging on best practice infrastructure methodologies and the alternative potentials that the PPP process provides has

been able to register 4 potential PPP projects with the National Treasury which includes:

- The Northern Cape Renal Replacement Therapy potential PPP
- The Northern Cape Information Society Strategy Broadband potential PPP
- The Die Bos Resort potential PPP
- The Vanderkloof Resort potential PPP

These projects cover a broad spectrum of services which are mandated to government departments and/or local government. The rationale behind the registration of these projects is to ensure that much needed infrastructure and services are made available to communities at large. The four projects are still in the feasibility study phase and are yet to prove that PPP is the appropriate delivery mechanism.

Through PPPs, projects can be delivered with budgetary certainty. The PFMA provides for the procurement of much needed infrastructure and services through Treasury Regulations 16. Public private partnerships facilitate the advancement of economic development.

Furthermore, the Northern Cape Provincial Treasury PPP Directorate will engage with various departments and municipalities to identify potential PPP projects within the Province.

Honourable Speaker, the department will continue to assist provincial and municipal stakeholders to build capacity and enforce good governance practices in supply chain and moveable asset management, better procurement planning to achieve efficiency gains and value for money and enhancing relationships with suppliers. In an attempt to further improve the skills and knowledge of supply chain management practitioners, the department has set aside a budget to fund this project which is in line with National Development Plan outcome 12 sub outcome 3.3 which deals with *Training of practitioners on Supply Chain Management prescripts*. This effort will assist compliance with Supply Chain Management legislative requirements and effectively improve in service delivery.

Thus Honourable Speaker, the Asset and Liabilities Management programme will continue to give policy direction and facilitate the effective and efficient management of financial systems, physical and financial assets, public private partnerships, immovable assets and liabilities in the province.

Financial Governance

Honourable Speaker, good financial management is a prerequisite for an efficient and effective public service. Provincial Treasury continues to strive for good public financial management in the province to improve governance, enhance the quality of service delivery, obtain greater value for money and reduce poverty.

All this is achievable and can happen when we collectively join forces and ensure that in each and every government institution there are robust checks and balances and systems in place. In most instances we have good policies and procedures but we lack to implement with great vigour and conviction due to the absence of skilled and competent officials in the employ of the public service and this undermines good governance, damages public accountability and corrodes service delivery.

Honourable Speaker, the promulgation of the Public Finance Management Act (PFMA), Municipal Finance Management Act and Related Treasury Regulations has effected a paradigm shift away from administration to performance management. These pieces of legislation have taken the public sector accountability to new levels and competent officials are needed to implement those far reaching reforms. It is therefore not difficult to realise that these reforms are posing massive challenges in the public sector.

To respond to those challenges in the provincial sphere, Provincial Treasury has partnered with an internationally recognised institution called the Association for Accounting Technicians (AAT). The qualification offered by this institution supports the development of an overall competent employee with critical soft and requisite technical skills integrated into the qualification. The qualifications are at NQF level 3 and 4.

The provisional competency rate of all the learners enrolled for this qualification is 45% pending the additional assessments which are still moderated by Association

for Accounting Technicians (AAT) UK. Provincial Treasury will continue to oversee the running of this programme to ensure successful completion in November 2014.

This approach to skills development, Honourable Speaker, would also address the audit outcomes of the past six years, where the audit qualification emanated amongst other things from material misstatement on Annual Financial Statements. The analysis suggests that competent and experienced staff involved in the financial units will directly have a positive impact on the audit outcomes.

We will also provide training to officials responsible for reporting on the modified cash standards for departments and on Generally Recognised Accounting Practice (GRAP) to ensure continuous learning and updates on new developments relating to the accounting reforms. The tide is turning and we need to ensure that we build a capable work force in the public sector to ensure proper accountability to the citizenry through good financial governance.

Honourable Speaker, Provincial Treasury continuously provides assistance, guidance and support to municipalities in order to improve financial management capacity. Despite the challenges municipalities are still facing, the establishment of an adequate system of training and capacity building, is advocated as an important step towards an adequate system of good financial governance.

It is important that the correct skills and expertise are located in the right places to implement the requirements for modernisation of local government. An area that requires priority support relates to compliance with the Municipal Minimum Competency Regulations, Gazette 29967 of 15 June 2007. The due date for compliance was 1 January 2013; consideration was given to delay enforcement of the deadline period by up to eighteen months, to 1 July 2014 provided that the municipality has submitted a strong motivation in terms of the special merit case above as per MFMA circular 60.

An exemption from the enforcement of the regulation was granted by the Minister by a gazette for the period 1 April 2014 to 30 September 2015. This was done to give municipalities a chance to comply with the regulations. We are targeting to enrol 63 officials from 14 municipalities for competency training to support implementation of the regulations and build necessary capacity in municipalities.

Honourable Speaker, the internal controls play a very crucial role both in our departments and municipalities. It is through the strength of those internal controls that we are able to allocate measures and monitor state resources. In 2009 a tool that consolidates internal controls as per the functional areas of the departments was introduced to departments to assess the strength of their internal controls. The tool is referred to as the Financial Management Capability Maturity Model.

The model provides the basis for a consistent assessment methodology to determine the capability of government institutions to discharge their financial management responsibilities. Institutions are encouraged to assess maturity level at least once per financial year. However, the tool can be used as often as a department wishes to assess its progress in implementing remedial actions. All the departments are expected to be at maturity level three (3), where the focus will be on compliance and implementation. Provincial Treasury will intensify the promotion of the use of this tool and continue to assist the departments through its oversight functions to ensure that we achieve the set target.

Let me hasten and mention that the tool previously was designed for the departments. However, the model that focuses on the municipalities has just been finalised and it will be piloted in 10 municipalities.

Honourable Speaker, the Minister of Finance has promulgated regulations on the standards chart of accounts for municipalities which will be effective from 01 July 2017. The regulations propose segments and a classification framework for the standard chart of accounts to be applied in local government in similar form to that implemented for national and provincial government departments. In order to enable the National Treasury to provide consolidated local government information for incorporation in national accounts, national policy and other purposes, it must obtain financial information from individual municipalities. Currently, each municipality manages and reports on its financial affairs in accordance with its own organisational structure and unique chart of accounts. The result is a disjuncture amongst municipalities and municipal entities and between municipalities and the other spheres of government as to how they classify revenue and expenditure and consequently report thereon. This compromises transparency, reliability and accuracy throughout the planning and reporting process and impedes the ability of

national government to integrate information and to formulate coherent policies in response to the objectives of local government.

Thus the standard chart of accounts will enable an acceptable level of uniformity and quality from the collection of Local Government (Municipalities and Municipal Entities) data, incorporating all transaction types, appropriation of funds, spending on service delivery, capital and operating spending, policy outcomes and legislative reporting requirements to the maximum extent possible. Therefore to ensure a smooth transition there is preparatory work that's being done at a national level and the same will be happening in the province to ensure that Provincial Treasury is ready and has the relevant capacity to assist with the implementation.

The code of corporate governance emphasises the role of management and leadership to exercise leadership that prevents risk management from becoming a series of activities that are detached from the realities of the organization. This has been noted as a serious challenge in the public sector where risk management is seen just as a statutory requirement. Effective risk management is the cornerstone of governance and a fundamental requirement for institutions to succeed with the provision of an effective public service. The risk management units will continue to advocate for the risk management structures and ensure that risk management is not just a paper exercise but that it is embedded in all the strategic and operational functions of departments, public entities and municipalities. We can report that the financial maturity capability in respect of risk management has improved from 2 to 2.70 for municipalities.

Honourable speaker, President Jacob Zuma during in his inaugural speech set the tone for government when he said "Economic transformation will take centre-stage during this new term of government as we put the economy on an inclusive growth". During the new term of government, small businesses will enjoy more esteem and prestige. We need to caution all the departments that failure to effect payment within 30 days as the legislated time frame will threaten this potential.

In the province, the average monthly late payment is at R33 million from January to May 2014, translating to 9% of the monthly total payments. We will mainly focus on the departments of Education and Health as they are contributing a larger scale of this challenge. All other departments are recording less than 2%, which is a huge

improvement from previous years. If we take an analysis of March 2013, all departments managed to pay invoices on time, including Health and Education. Using that as a base, Provincial Treasury will enforce compliance within this regard.

Provincial Treasury has established a forum that focuses on dealing with all the challenges impeding departments from paying suppliers within 30 days. We urge the departments to embrace this forum and accord it the necessary support as one of the pillars that would ensure socio-economic transformation.

Honourable Speaker, previously we have observed through the submissions made by the departments that amongst other challenges encountered, is the authorization of the invoices by the client units and late submission of batches by the district offices. Provincial Treasury has embarked on the journey to conduct workshops for non-financial units. The aim of the workshop will be to create awareness about the importance of ensuring that invoices are authorized timeously to enable the departments to pay our valued suppliers within the prescribed time frame.

Internal Audit

Honourable speaker, Internal Audit can report significant improvements within the governance structures of the province. This has contributed significantly to the improvement of the control environment at provincial government level. Provincial Treasury accommodates administratively the provincial shared internal audit unit and Audit Committees for the 12 provincial departments excluding the legislature.

The provincial shared internal audit unit provides independent assurance and consulting services to all 12 provincial departments. The internal audit unit operates in 4 clusters of 3 departments each. Service providers serviced 8 departments in 2012/13 financial and 5 departments in 2013/14 financial year, namely Economic Development and Tourism, Social Development, Cooperative Governance, Human Settlements and Traditional Affairs, Roads and Public Works and Transport, Safety and Liaison. They work on a 1 year contract which ends 31 October 2014. When the additional staff of 13 is employed before the end of the second quarter of the financial year, the internal audit compliment will increase to 50 staff complement, then only 2 departments will be contracted out again to service providers, namely Economic Development and Roads Public Works. We intend finalising the rebuilding

of the internal audit by employing the remaining staff of 8 next financial year and also do away with the service providers as the internal audit unit will be operating at full capacity.

As a result of effectiveness, the Internal Audit unit over-achieved on several of its performance targets. The Internal Audit unit improved its output on issuing internal audit reports from 35 during 2011/12 to 124 in 2013/14 far exceeding a target of 75 audit reports. This over achievement was as a result of the appointment of service providers and senior officials that led to finalisation of reports and creating momentum in doing audit assignments. The unit operates through annual internal audit plans that are risk-based and approved by the Audit Committees.

Internal Audit was assessed by the Auditor-General and all were found to be in order, i.e. no findings to report in the audit report. The unit was assessed by National Treasury during 2013 for its readiness for external quality review. The unit is currently busy implementing an action plan in preparation for the 5-yearly compulsory external quality review by the Institute of Internal Auditors during November 2014.

The Internal Audit also facilitates an internal audit training scheme to develop audit clerks into professionally qualified internal auditors. During 2014, 11 candidates were assessed and all were found to be competent and obtained the Internal Audit Technician designation. All auditors are registered with the South African Institute of Internal Auditors.

The internal audit unit is busy implementing combined assurance plans that will enhance controls, assurance and oversight. Currently three audit committees are in place since 2011 and provide effective oversight through quarterly Audit Committee meetings. The Audit Committees operate in terms of an approved Audit Committee Charter and discharge all the requirements as outlined in the PFMA, Treasury Regulations and Charter.

The intention is to appoint a 4th Audit Committee to have an equal spread of 3 departments each and to be aligned to the 4 cluster internal audit unit structure. Quarterly Joint Audit Committee meetings are held to ensure proper coordination of efforts of all Audit Committees, assurance providers and stakeholders.

Audit Committee members receive continuous training through attendance of the annual Audit Committee conference and technical updates from the Internal Audit unit, Auditor-General, Provincial Accountant General and Provincial Risk Management unit.

Corporate Services

Honourable Speaker with regard to Corporate Services, Health and wellness challenges that South Africa battles with, particularly in addressing HIV and AIDS, TB, diabetes, High Blood Pressure, Depression, obesity and women abuse and others tend to manifest themselves in many ways in organizations, and the NCPT is no exception.

As part of caring for its employees, the department has demonstrated its commitment through many employee centered programmes and the appointment of RIGHT TO CARE in February 2014 to render an Employee Assistance Programme (EAP). To ensure effective implementation of a programme of this nature will require serious sensitivity on the part of the employer, especially with regard to respect for privacy, confidentiality and individual cultural beliefs.

Honourable Speaker, the department continues to improve in terms of recruitment. The annual target for filling of posts for the financial year 2013/14 was 30 and 45 posts were filled and this indicates that we actually exceeded the target. The reason for this is the consistency on the turnaround time for the filling of posts at two months from the time when the post is advertised until it is filled. The percentage of women at senior management level stands at 39%. There is still a need to intensify recruitment drive for women to achieve 50% at senior management level. We will aim to appoint women at SMS level when we implement the approved reviewed structure in the current financial year as part of our employment equity drive.

The Northern Cape Provincial Treasury appointed fifteen Interns from 1 July 2012 to 31 December 2013. Nine of the interns were N6 FET student graduates, who required 18 months' work experience for them to obtain their diploma qualifications. We can actually testify that the internship programme does actually serve its purpose and that out of fifteen interns, seven completed the programme and were unemployed at one stage but we have now successfully place them at the

Department of Health, eight are employed by the department, other departments and municipalities and the private sector.

This confirms once again Honourable Speaker that government's internship programme is actually bearing positive results, and that those unemployed interns have gained the necessary skills which assisted them to become employable and to be able to compete in the demanding market.

The department is also at an advanced stage in finalising its intern retention strategy to ensure that we retain the interns who completed this programme as part of our job-creation drive and we further envisage appointing 12 interns for 2014/15 financial year. As part of internal skills development drive, we can report for 2013/14 financial year, 31 bursaries were awarded which amounted to R474 292; and for 2014/15 financial year, we awarded 27 bursaries at a cost R600 000. Honourable Speaker, after ten years of the implementation of the departmental bursary scheme, we have produced 100 graduates and diplomats. This is a good story to tell.

Allocations 2014/15 financial year

Having said the above, it is my pleasure to table Provincial Treasury's 2014/15 budget. The Department's budget allocation amounts to R202.3 million. Over the next three years the budget allocated to the department will increase from R202.3 million to R205.4 million in 2015/16 and R211.6 million in 2015/16 financial year. The total allocation over the MTEF amounts to R619.5 million.

The above figures reflect an increase of 2 percent in 2015/16 and increase of 3 percent in 2016/17. It needs to be noted that these allocations already include a reduction of 8 percent due to the complete implementation of the Biometric Access Control System and the Headcount projects.

The 2014/15 budget has been allocated as follows per economic classification;

- Compensation of employees is allocated R140.7 million which constitutes 70 percent of our total allocation. Cognisance needs to be taken that the department is personnel driven thus the percentage is appropriate. This amount also includes additional funding allocated towards building capacity

within the regional offices and internal audit. The departments' staff complement will increase from 279 officials to 316;

- Good and Services is allocated R57.2 million;
- Transfers and subsidies received an allocation of R634 thousand; and
- Capital Payments is allocated R3.4 million.

Furthermore per programme the allocation is as follows:

Programme1: Administration received an allocation of R69.9 million; of which compensation of employees is allocated R40.1 million; goods and services R28.4 million, transfers and subsidies R634 thousand and capital payments R684 thousand.

Programme 2: Sustainable Resource Management received an allocation of R39.2 million; compensation of employees received an allocation of R33.2 million; goods and services R5 million and capital payments R904 thousand.

Programme 3: Asset and Liabilities received an allocation of R48.3 million; of which compensation of employees is allocated R31 million; goods and services R16 million and capital payments R644 thousand.

Programme 4: Financial Governance received an allocation of R20.2 million; compensation of employees is allocated R15.3 million; goods and services R4.5 million and capital payments R345 thousand; and

Programme 5: Internal Audit was allocated R24.6 million; of which compensation of employees is allocated R20.9 million; goods and services R2.9 million and capital payments R880 thousand.

Conclusion

Honourable Speaker, Provincial Treasury is not a service delivery department; however, we have placed the implementation of the National Development Plan (NDP) at the centre of our operations. It will guide us in making scarce resources allocation choices. It will serve as a barometer to gauge whether the scarce

resources being requested are intended to contribute to the ultimate goal of achieving a better South Africa by 2030. The National Development Plan offers a long-term perspective; it defines a desired destination and identifies the role different sectors of society need to play in reaching that goal.

As a long-term strategic plan, it serves four broad objectives namely:

1. Providing overarching goals for what we want to achieve by 2030. As we propose the allocations to the Executive Council and this Legislature, we will be guided by the overarching goals that need to be achieved by the year 2030;
2. Building consensus on the key obstacles to us achieving these goals and what needs to be done to overcome those obstacles will no longer be debatable as all the different spheres of government will be working towards the same goals and hence the strategies to achieve these goals will have to be harmonised moving forward;
3. Providing a shared long-term strategic framework within which more detailed planning can take place in order to advance the long-term goals set out in the National Development Plan. The Medium Term Strategic Framework which is the five year implementation plan for the National Development Plan will assist Provincial Treasury to evaluate the degree of allocative efficiency, and lastly;
4. Creating a basis for making choices about how best to use limited resources.

Honourable Speaker, the main focus of National Development Plan is to ensure that all South Africans attain a decent standard of living through the elimination of poverty; reduction of inequality and the creation of decent jobs and this will be the focal point of the Provincial Treasury through resources allocation.

We are confident Honourable Speaker, that the budget allocations within budget vote 8 will contributing to positioning the Provincial Treasury in the centre of development planning and implementation. We remain modest of progress made thus far in full recognition of the magnanimity of the task ahead. Together we will do more to move the country and our province forward on an equitable, sustainable, and inclusive

growth path that brings decent work and sustainable livelihoods; education; health; safe and secure communities; and rural development.

In conclusion I would like to thank the Head of Department Mr Sello Mokoko for the relentless role he continues to play in leading the Northern Cape Provincial Treasury. I asked Mr Mokoko how would he like to end his ten year term at Provincial Treasury and his response was "On a high note". My gratitude also goes towards the Senior Management Team and all officials in the department whose commitment and hard work enabled us to arrive at the current state of the organization. The support staff in the ministry for diligent work must also be commended.

Honourable Speaker, I commend Budget Vote 8 to this house.

I thank you!

Ke a leboga!

Ndiyabulela