

BUDGET DAY 2021

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Standing & Select Committees on Finance
Public Hearings
3 March 2021

Budget Analysis and Commentary

Dr. Sharon Smulders
David Warneke
Pieter Faber



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Enabling you to ask the right questions

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RESTORE TRUST AND CREDIBILITY

CREDIBILITY & ACCOUNTABILITY CRISIS

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1

Economic Reconstruction & Recovery Plan:

“To put the matter frankly – in these comments the Business social partner was saying that in fact there was no agreed NEDLAC economic reconstruction plan and that there was need for more urgent discussion by the social partners, led by the Government!”

(Thabo Mbeki Foundation, Feb 2021)



2

Failing service delivery & infrastructure

News24

Mpumelelo Mkhabela | How to replace incompetent politicians

The court gives the municipality concerned time to fix the problem, failing which ... A recent case study is that of the ANC-controlled Kgetlengrivier Local ... and sewage provision from the municipality after the North West
1 week ago

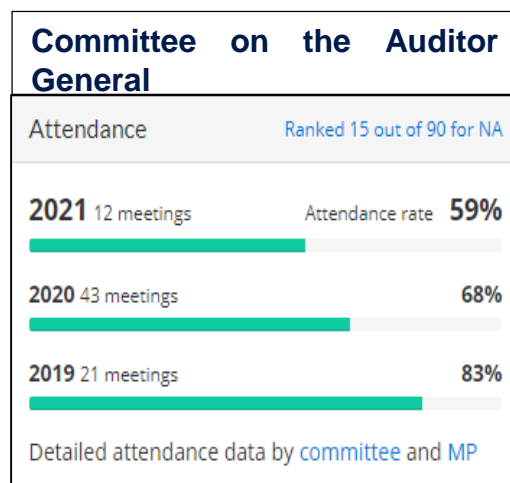
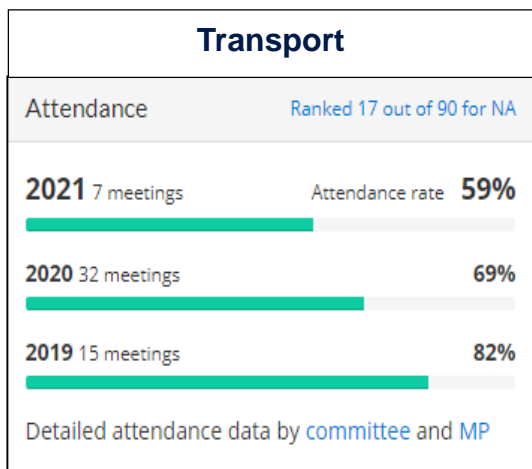
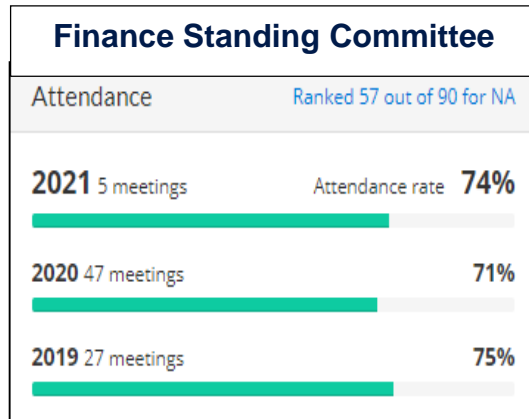
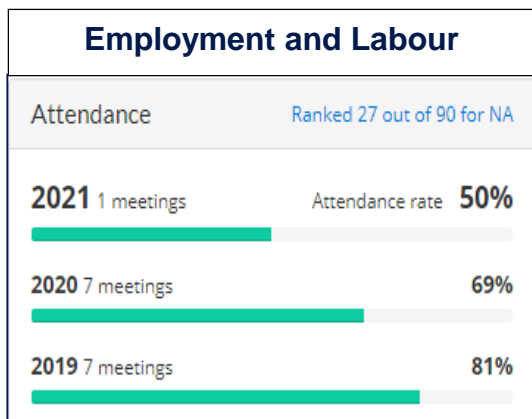


(News24, Feb 2021)

CREDIBILITY & ACCOUNTABILITY CRISIS

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3 Oversight failure & vacuum



AUDITOR-GENERAL REPORT

It's a systems breakdown across the country, with only 18 out of 257 municipalities receiving a clean audit

By Ayanda Mithethwa • 27 June 2019



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PRIORITISE AND IMPLEMENT

PRIORITISE AND IMPLEMENT

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PRIORITISING NEEDS:

Focus areas:

- **Rebuilding SARS**
- **Employment Relations – change in approach**
- **Infrastructure revitalization**
 - Water and Sanitation
 - Electricity generation
 - Logistical infrastructure

PRIORITISE AND IMPLEMENT

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Rebuilding SARS:

- Welcome additional funding
- Welcome changes by Commissioner



CONCERN	ACCOUNTABILITY MEASURE
Delayed adoption of GRAP : Facilitates ‘hiding’ of unauthorized expenses and enables pre-collection (see pg. 14; 28-30)	Overseer compulsion
More bureaucracy: Inspector General	Strategic Advisory Board
Senior SARS Official List	Overseer compulsion
Staff accountability – ignoring the law (see OTO Report)	Disciplinary action

PRIORITISE AND IMPLEMENT

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Employment Relations:

- Lack of skills
- Lack of accountability

“Twenty-seven years into democracy, it can be said of the public service that while several pockets of excellence exist, we have serious challenges in many government departments with regard to skills, competence and professionalization.”

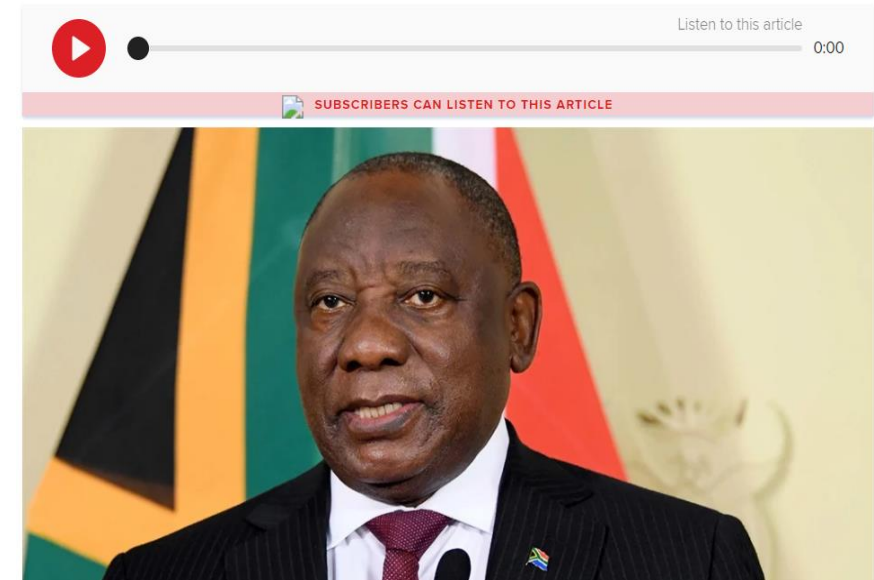
“Only a capable, efficient, ethical & development-orientated state can deliver on the commitment to improve the lives of the people of this country.”

Cyril Ramaphosa (1 Mar 2021)

Cyril Ramaphosa | Depoliticising the country's civil service

news24 Cyril Ramaphosa

SHARE   



Employment Relations

Table 5.5 Consolidated government expenditure by economic classification¹

	2020/21 Revised estimate	2021/22 Medium-term estimates	2022/23	2023/24	Percentage of total MTEF allocation	Average annual MTEF growth	Average annual MTEF growth excluding COVID-19
R million							
Economic classification							
Current payments	1 148 546	1 208 223	1 245 844	1 281 571	60.8%	2.7%	4.7%
Compensation of employees	636 958	650 404	656 021	659 269	32.0%	1.2%	1.5%
Goods and services	269 944	279 474	273 394	274 975	13.5%	0.6%	3.7%
Interest and rent on land	241 644	278 345	316 429	347 327	15.3%	12.9%	12.9%
of which:							
Debt-service costs	232 852	269 741	308 013	338 591	14.9%	13.3%	13.3%



Something needs to change:
If we can't cut jobs and salaries, what then can change.....

CONCERN	ACCOUNTABILITY MEASURE
Costs increasing	To prevent job losses, productivity must increase
High wages for some, low for others (nurses)	Structural mix to be addressed (fewer bureaucrats & more staff at the coal face of delivery)
Willful non performance and corruption at all levels	Consequence management enforcement and public reporting

PRIORITISE AND IMPLEMENT

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Employment Relations

- At 30 Aug 2018, the vacancy rate for CFOs at municipalities was 15,2%
- Only 36.2% of CFOs appointed at municipalities met the minimum competency level.
- Therefore 63.8% of municipalities who had CFOs appointed as at 30 August 2018 were not complying with section 83(1) of the MFMA in terms of the required competency.

CONCERN

ACCOUNTABILITY MEASURE

No job losses

Individual **performance management**

Lack of required skills

See SAICA submission on “Framework for Professionalizing the Public Sector”

PRIORITISE AND IMPLEMENT

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- Infrastructure revitalization

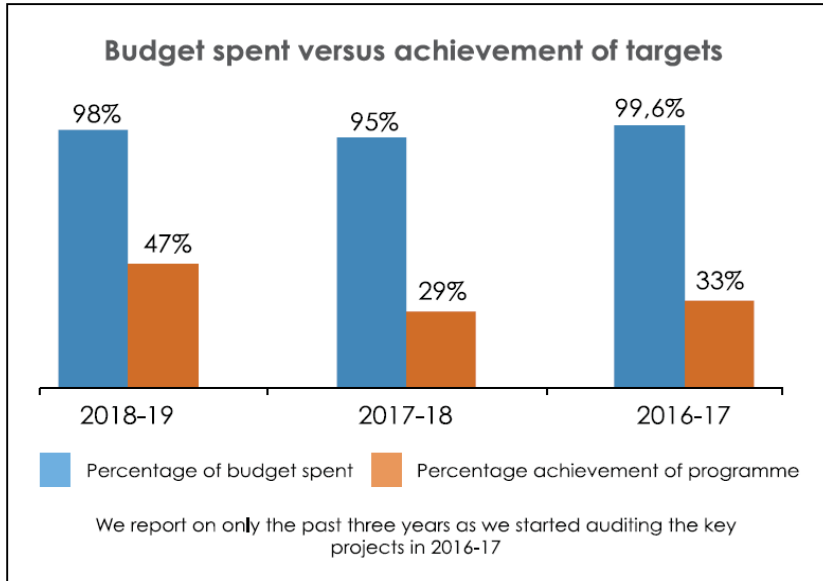
CONCERN	ACCOUNTABILITY MEASURE
No “helicopter view” of strategic projects at all tiers of government	National Implementation Plan mapped at all levels of government
Insufficient allocation of responsibilities to all tiers	Allocating responsibilities to all tiers of government
Lack of monitoring & implementation success measurement	Project and individual performance management process
Crime	Effective police & judicial system & consequence management



PRIORITISE AND IMPLEMENT

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• Water and sanitation



Constitution (s216):

- ensure financial discipline
- stop transfers

CONCERN

Funding gap but targets not met

ACCOUNTABILITY MEASURE

Skills upliftment

Transparency on monitoring & performance evaluation

Consequence management – s216

Disciplinary and criminal action

PRIORITISE AND IMPLEMENT

- **Electricity**



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CONCERN	ACCOUNTABILITY MEASURE
Energy security and dependency implementation hampered like manufacturing, digital infrastructure and online economy	Master Plan matching outcome to tier of government
Overall funding requirement and for initiatives not know	Transparency on budgeting & funding model
Non delivery by government, SoE's or private sector	Measurement, monitoring & consequence management



PRIORITISE AND IMPLEMENT

- **Logistics**



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CONCERN

Crime

ACCOUNTABILITY MEASURE

Integrated movement plan – items mapped & prioritized across all levels of government

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EXPENDITURE ANALYSIS

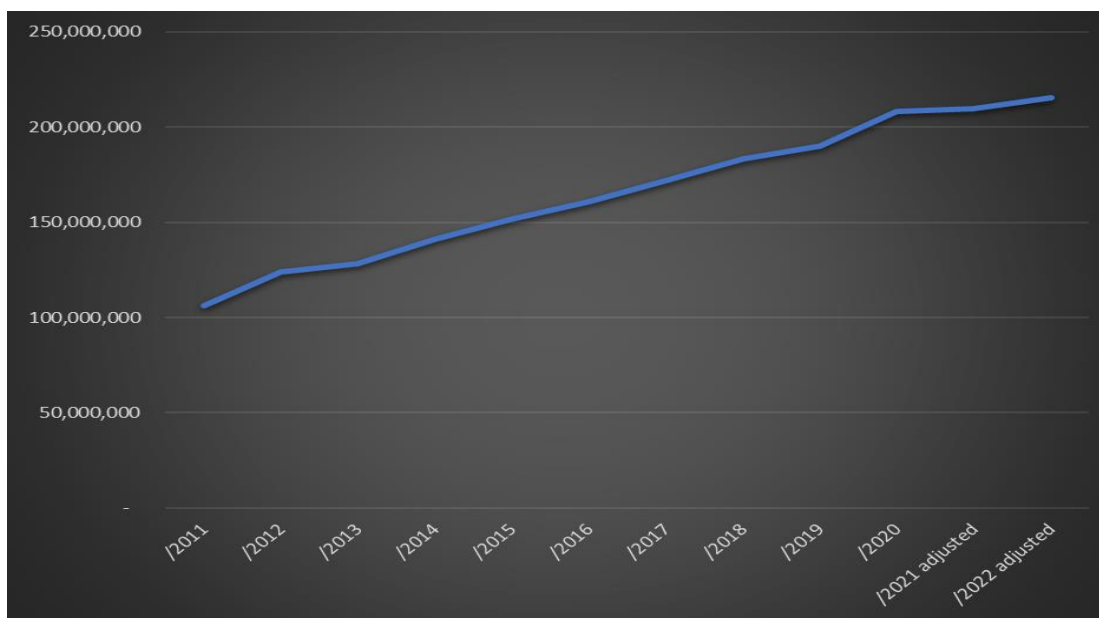
EXPENDITURE ANALYSIS

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Understanding what government spends on and why?

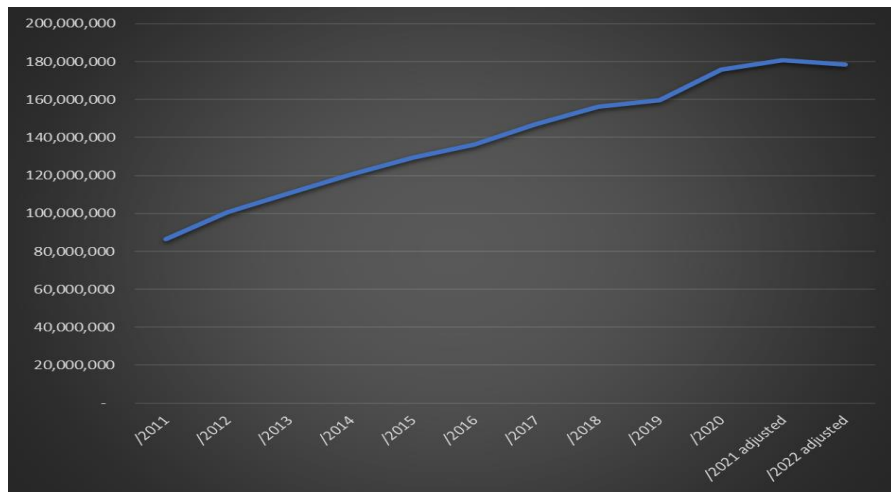
Expenses analysed:

1. Compensation
2. Consultants
3. Contractors
4. Catering
5. Agency costs
6. Legal
7. Fleet
8. Travel & subsistence

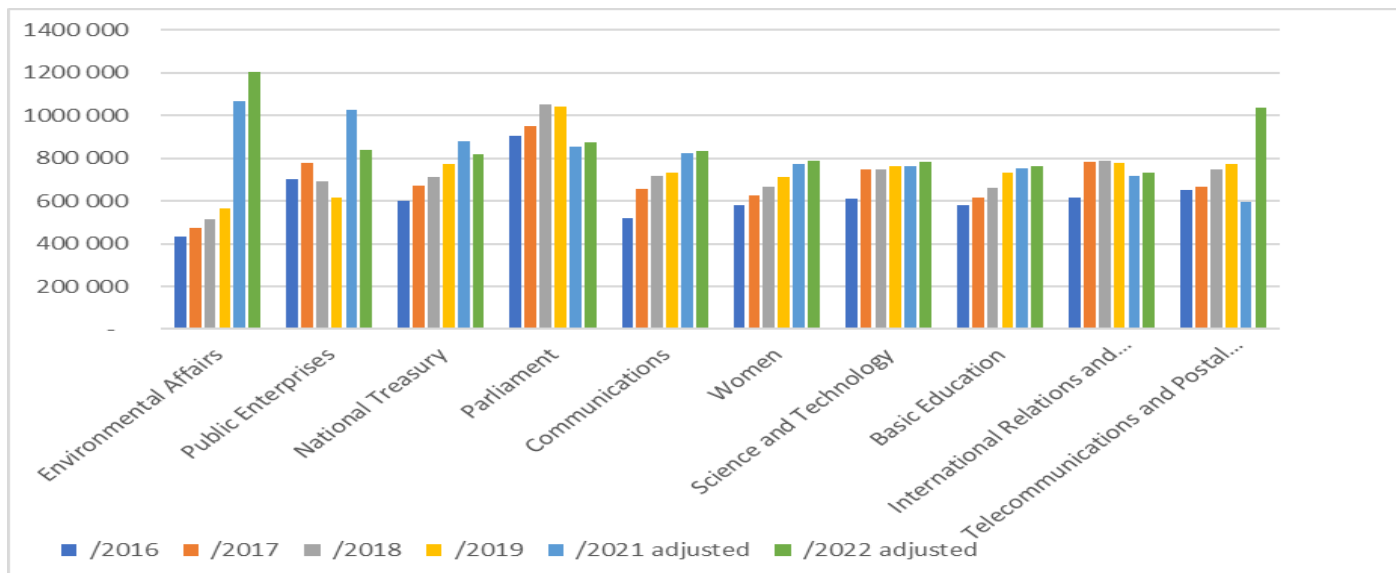


Compensation:

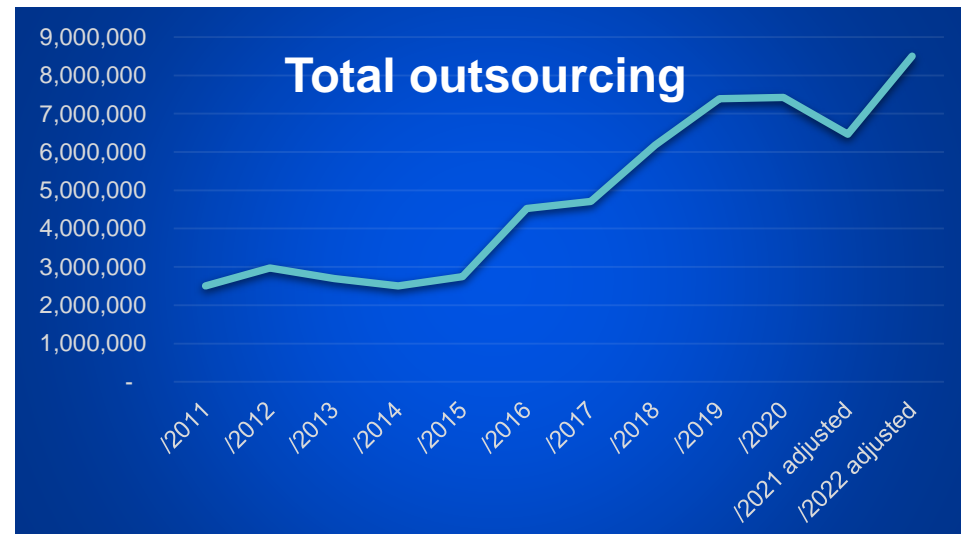
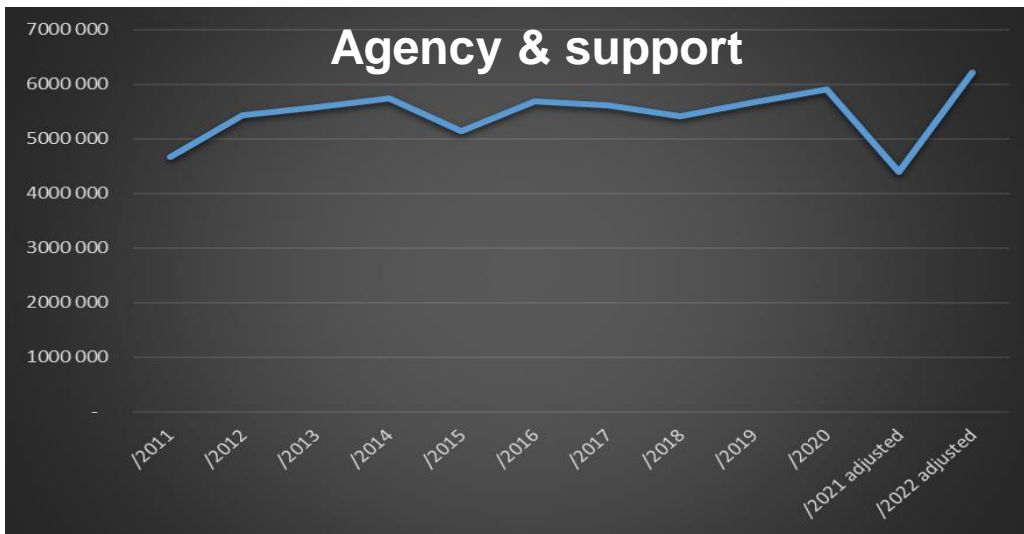
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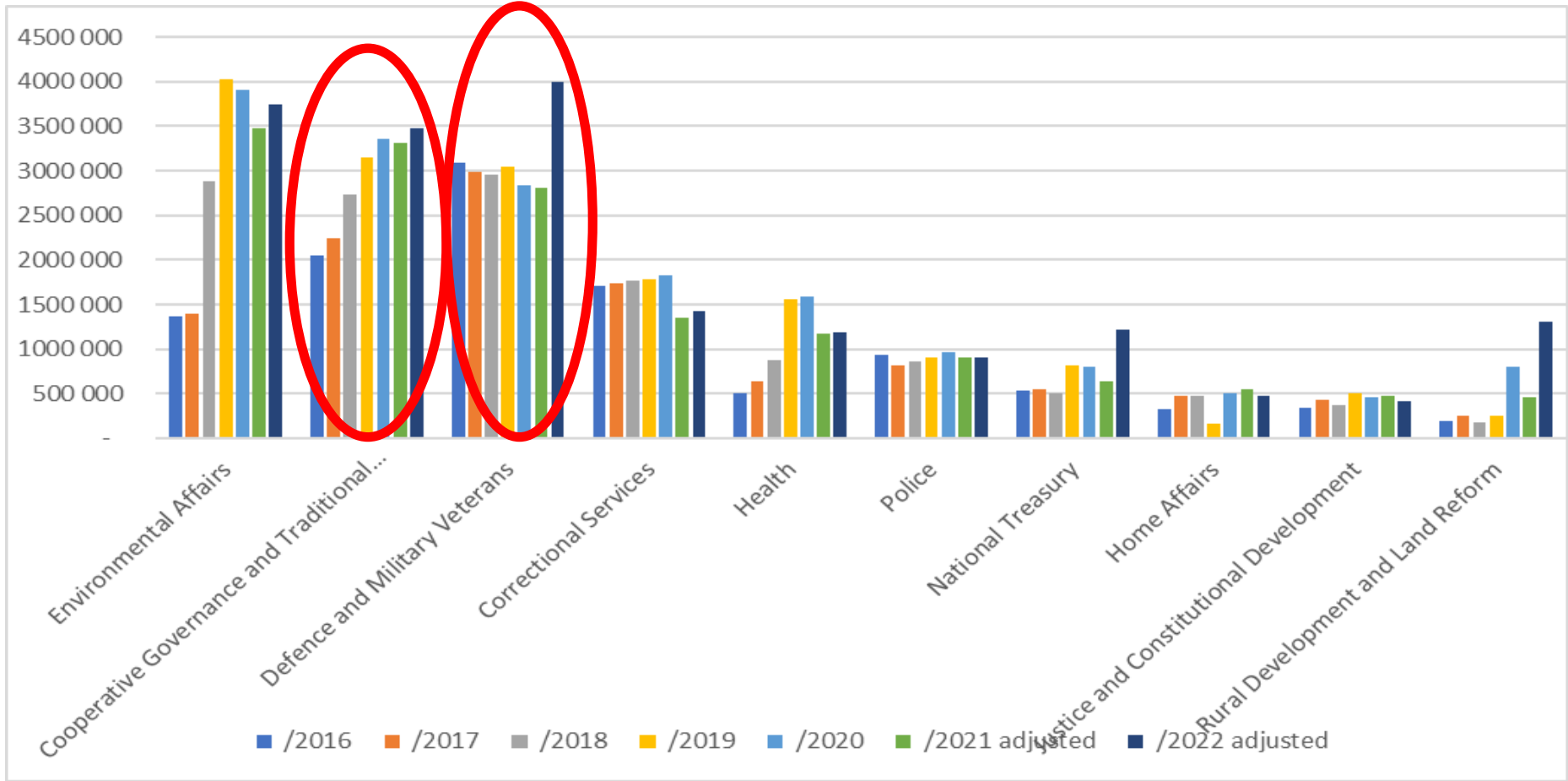
Top 10 selected Departments by compensation cost / employee



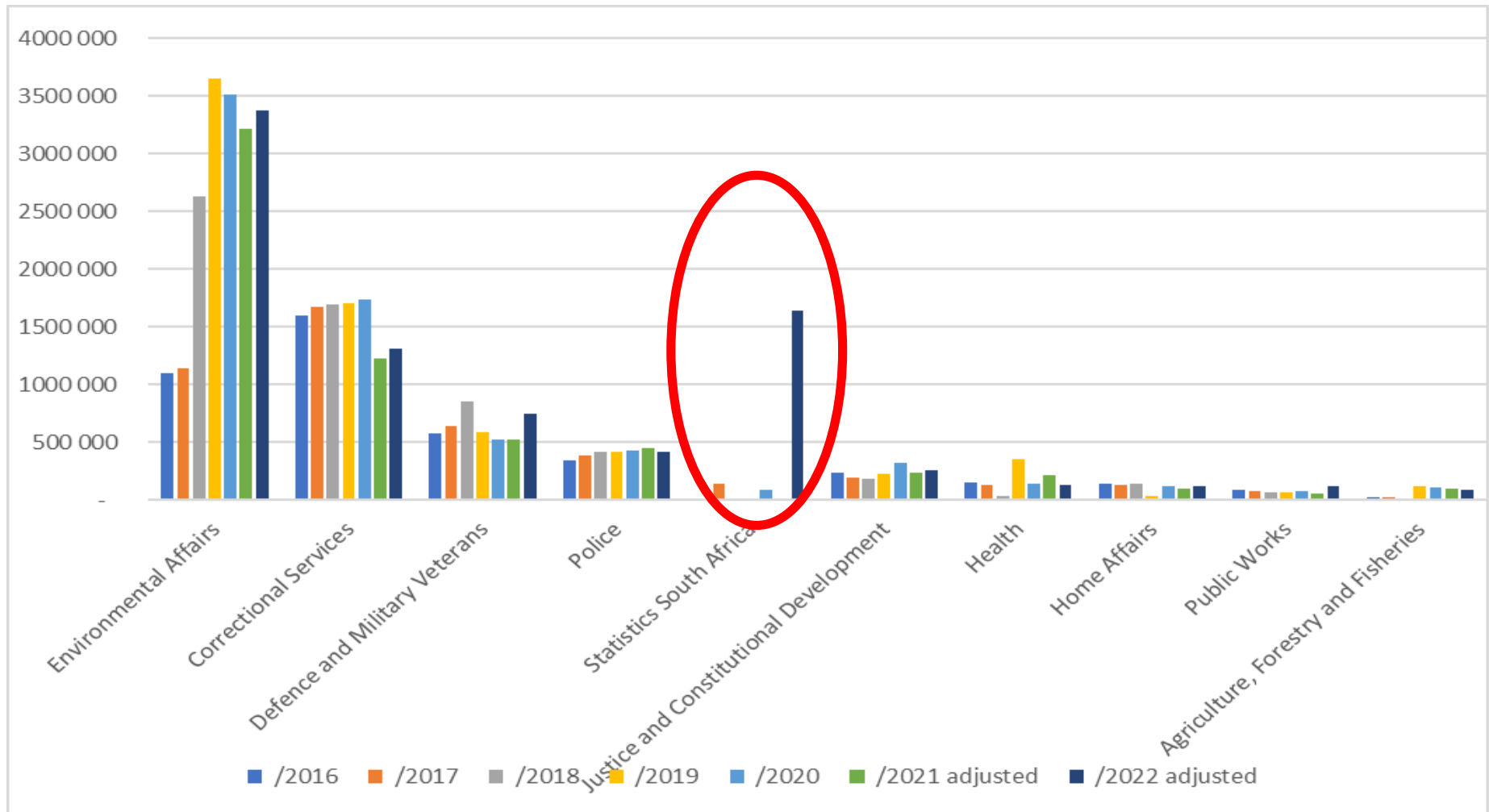
Outsourcing

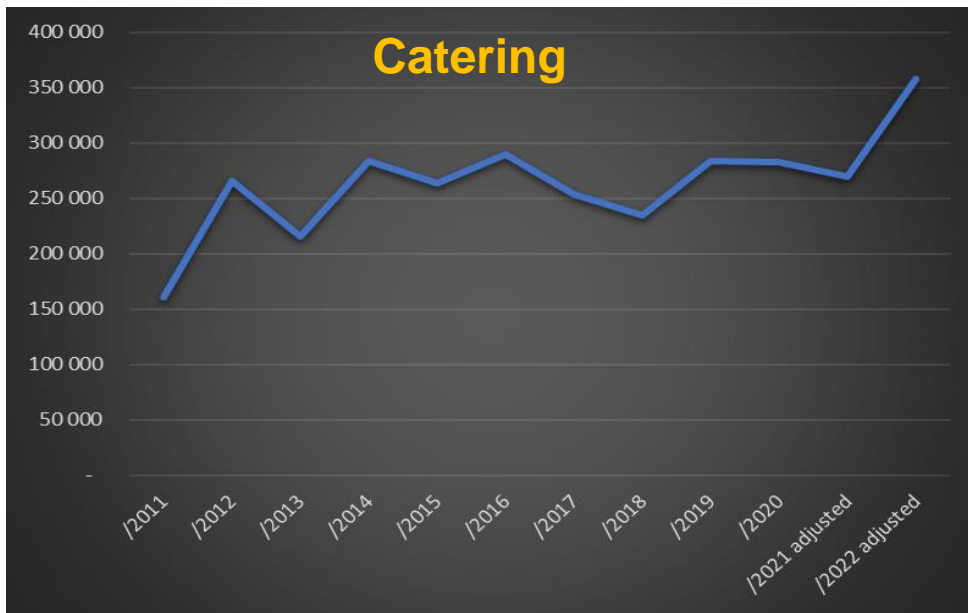


Total outsourcing costs (agency & support / contractors / consultants) (Top 10 – R'000):

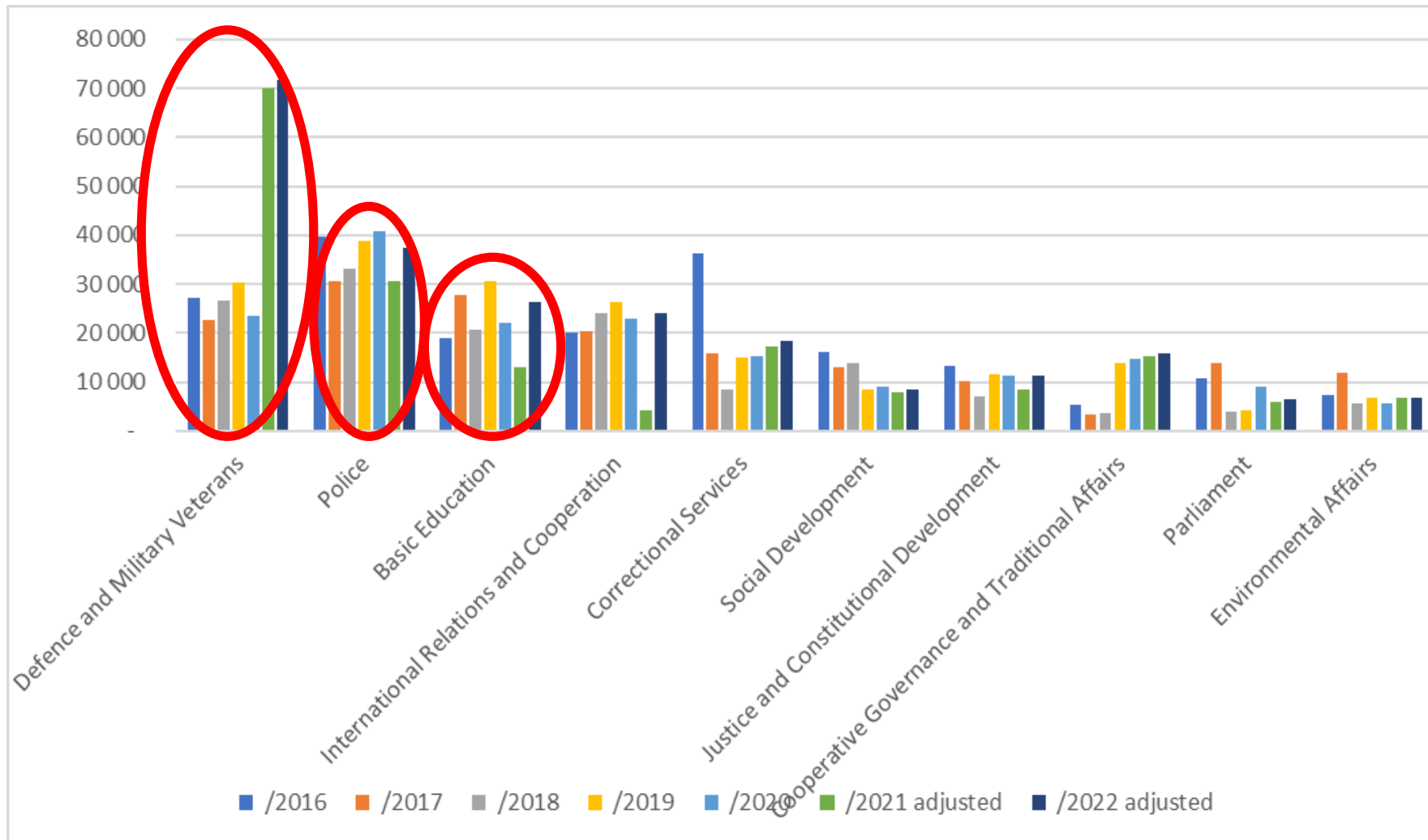


Total agency & support cost (Top 10 – R'000):

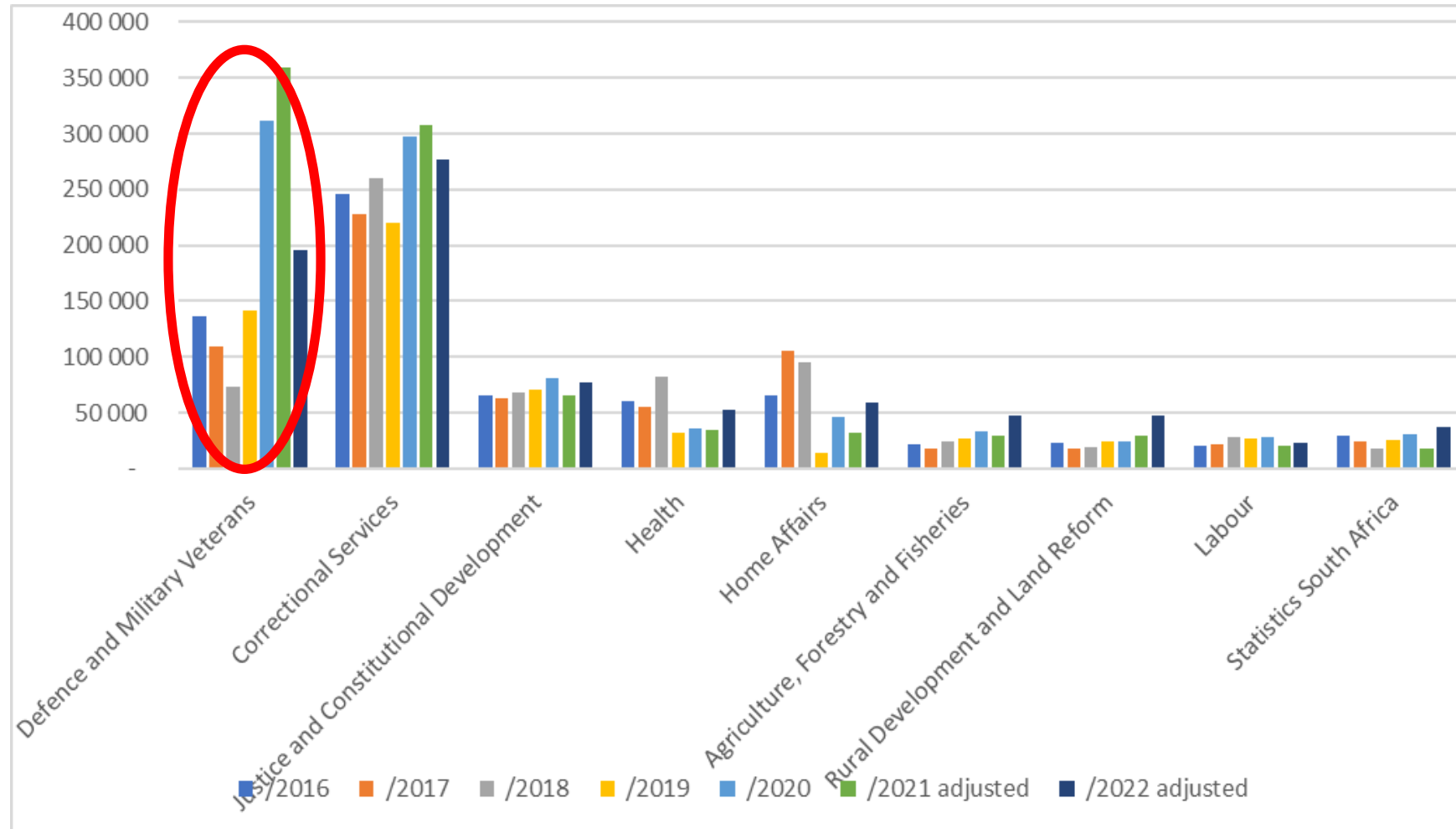




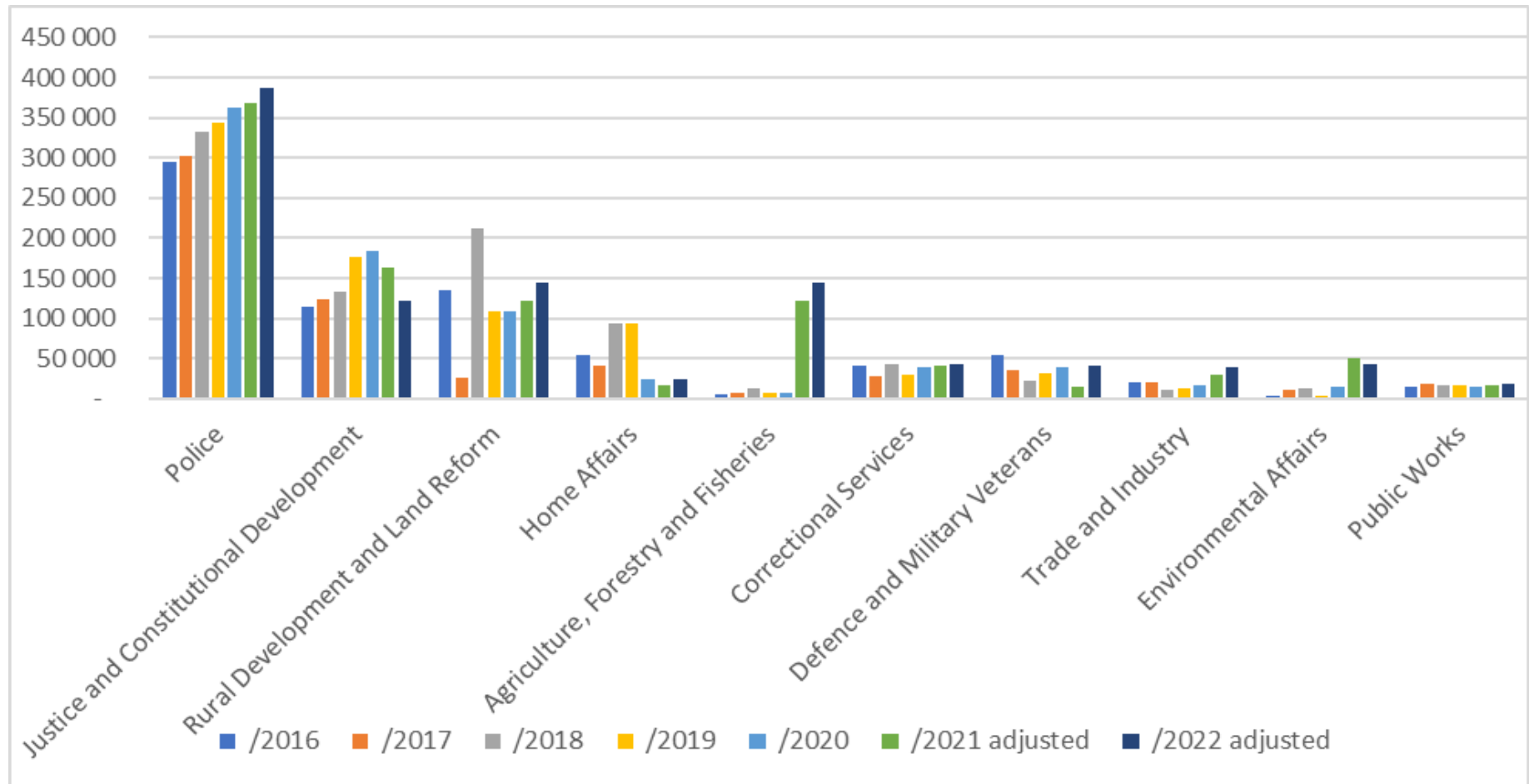
Total catering costs / department (Top 10 – R'000):



Total fleet services costs (excluding Police Department) / department (Top 10 – R'000):

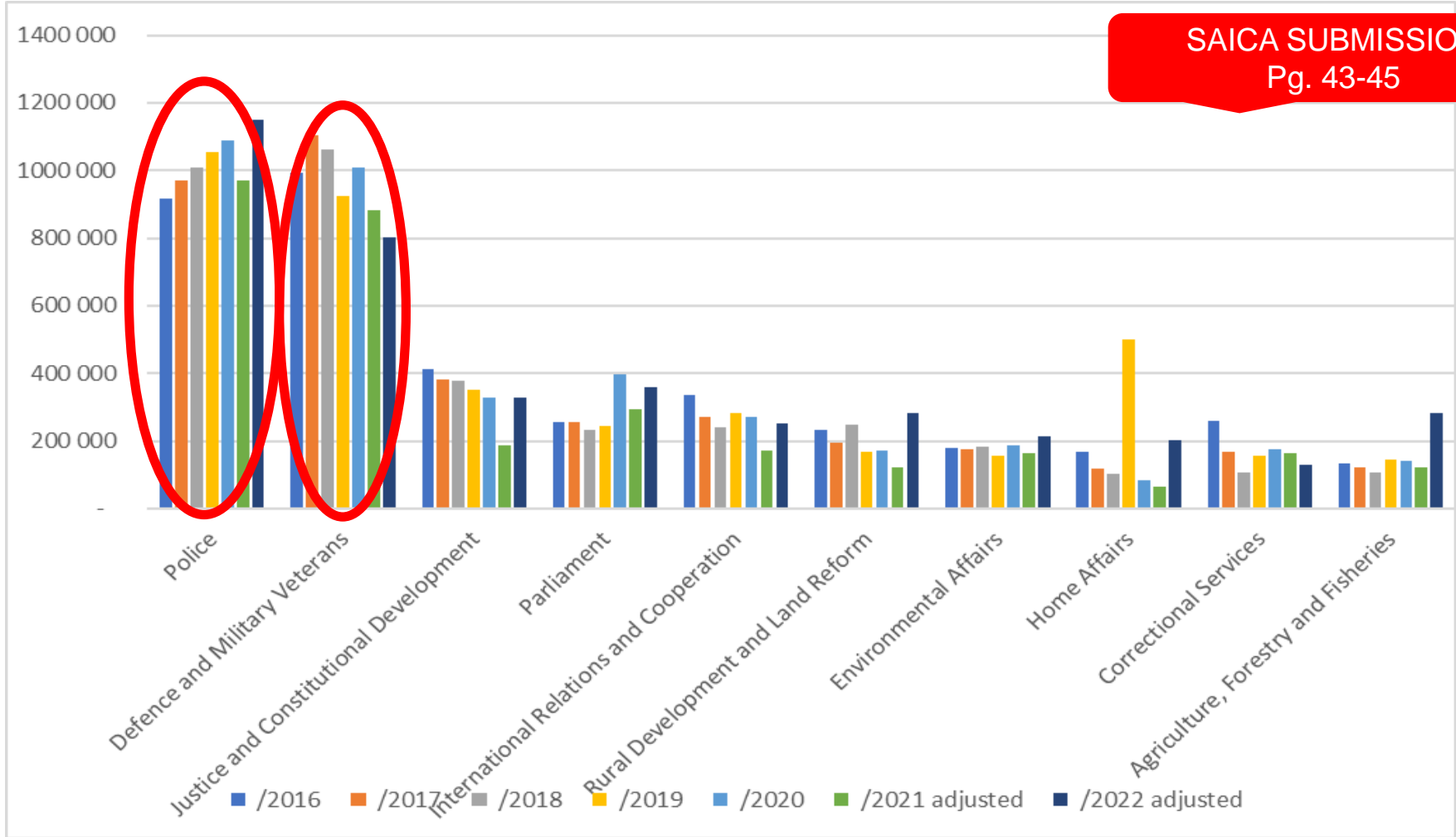


• **Total legal costs / department (Top 10 – R'000):**



Total travel & subsistence costs / department (Top 10 – R'000):

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Thank you