

**REMARKS BY FINANCE MEC NOMUSA DUBE-NCUBE AT THE
PRESENTATION OF THE 2022/23 BUDGET AND APP FOR
VOTE 6: TREASURY**

HYBRID – MS TEAMS

17 MARCH 2022

Chairperson of the Finance Portfolio Committee; Hon S. Nkosi

Honourable and distinguished Members

Provincial Treasury Management

I greet you all,

As I rise to briefly address you, allow me chairperson to express our gratitude at the opportunity given to us as a Provincial Treasury Department by your esteemed committee.

Honourable Chaiperson;

While we would like to harp on this as a matter of ticking boxes, humility and a sense of accountability as the primary drivers of our

consistent appearance do not permit. We understand that without the guidance of this house and this very portfolio committee, our work would be in vain.

That is why, after our recent Budget Speech Policy Statement tabled before this house, our immediate focus has been to assist departments address the wide economic gap created by a skewed government procurement process. We do this by unlocking bottlenecks and unleashing infrastructural projects aimed at creating job opportunities and alleviating poverty.

However, we will not succeed if our own house is not in order hence our appearance here today. We are confident of the support of the members of this house because you all understand that this is the government of the people by the people. It is therefore the ordinary members of this province who must taste the fruits of democracy.

I am saying this because the definite way of ensuring that our people enjoy the fruits of democracy is to accelerate access to economic opportunities. We have singled out our procurement as an instrument to achieve this.

It is precisely for this reason that from time to time we revisit our Annual Performance Plan to draw lessons and to recharge our mandate. When we presented our Vote 6 Budget in May 2021 we

dealt specifically with Treasury's own revenue collection as well as the primary service delivery objectives and funding of each of Provincial Treasury's programmes for the year that we are wrapping up this month.

It has been a treacherous journey which required us to navigate several pitfalls. You will notice that some of these are reflected under Vote 6 of the Estimates of Provincial Revenue and Expenditure (EPRE) and in the Annual Performance Plan of the department we will be presenting today.

It is no secret that when we presented our Vote 6 Budget last year our baseline had decreased by R64.9 million, from R718.763 million in 2020/21 to R653.845 million. This reduction related mainly to fiscal consolidation due to the devastation caused by Covid -19 and was aimed at reducing expenditure across all spheres of government to help fund this pandemic. I need not remind you of the wreckage caused by the July 2021 unrests which saw the little resources we had stretched to their limits in an already challenging year.

I really must express my gratitude to my colleagues at Provincial Treasury led ably by Acting Head of Department, Ms Neli Shezi that we weathered these storm. We have not rested on our laurels and following our Strategic Planning held in January this year, we identified gaps that still need to be plugged. I am confident that going

into the 2022/23 financial year, some of the gains attained from the Strategic Planning session will reflect positively in our work.

During our presentation here we will dissect how departmental receipts collection performed and explain the department's revenue from the interest earned from the provincial bank accounts. As I explained previously, this relates mainly to interest received by the Provincial Revenue Fund on daily positive bank balances in the Inter-governmental Cash Coordinating (IGCC) account at the Reserve Bank.

Honourable Members,

Still on revenue collection, during the Provincial Cabinet lekgotla last month, we presented as Provincial Treasury that the expected improvement in tax revenue will be used to decrease the country's deficit, but also to address some budget pressures.

However, domestically, when you look into the national picture we still have higher risks from contingent liabilities from our larger State Owned Enterprises (SOEs), and the cost of borrowing is rising, especially the cost of foreign borrowing.

That is why debt service costs now exceed R300bn per year from 2022/23, making it the single largest and fastest growing item of

spending. We told the lekgotla that the aim of government is to stabilize the debt to GDP ratio.

We therefore came out with a number of resolutions at the Cabinet Lekgotla which many need to be implemented by Provincial Treasury. These include a closer monitoring of entities that has to be done by responsible line Departments. Also that Public Entities ought appear before the Executive Council to present their pay scales or remuneration grades.

The Lekgotla also resolved that departments to refrain from showing March spending spikes that cannot be backed up by credible project and programme plans and that the province needs to identify new sources of own revenue as the funding from the national sphere continues to shrink.

I am touching on these to remind you Honourable Members of the tasks at hand, but also to equip you with tools of your oversight mandate. It is challenging but it is doable even against the challenges of service delivery pace we have pledged to continue.

Honourable Chairperson, Baba uNkosi, with those words now allow me to give the opportunity to my departmental colleagues to present the Provincial Treasury's 2022/23 Budget and APP for Vote 6 and

subsequently later on the Department's 2021/22 Third Quarter Financial and Non-Financial Performance Reports for Vote 6.

I thank you.

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