

NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NUMBER 548

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Mr N J J v R Koornhof (Cope) to ask the Minister of Finance:

Whether the Government had implemented wide-ranging cost cutting measures and a stoppage of expenditure on futile and frivolous items (a) in the 2009-10 financial year and (b) during the period 1 April 2010 up to the latest specified date for which information is available in order to set the example and curb public debt; if not, why not; if so, what are the relevant details?

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REPLY

- (a) One key focus of each budget process involves identifying where cost reductions can be made and where spending can be reduced by postponing, cancelling, or winding down low-priority and ineffectual programmes. This culminated in savings amounting to R19 billion and R25.6 billion being announced in the 2009 and 2010 Budget, respectively. Funds released through these processes were reprioritised towards key government priorities with related output targets. In addition, R 13.4 billion was identified within provincial budgets in the 2010 Budget for reprioritisation, mainly to the health and education budgets.
- (b) Departments have been tasked to continually assess the role, purpose and effectiveness of programmes and public entities, and whether relevant outputs and outcomes can be attained at lower cost. The 2011 Budget process thus also focused on identifying funds for reallocations, in effect curbing unnecessary and wasteful expenditure. Budget baselines underwent rigorous review with the aim of realigning expenditure to support government's 12 outcomes. Cost reductions identified through this process amounted to R30.6 billion. This includes R6 billion resulting from a 0.3 per cent reduction in the baseline budgets across national and provincial departments. To accommodate this, governments departments were asked to decrease spending on noncore goods and services, reschedule expenditure, adjust foreign exchange

projections, reduced transfers to certain public entities, improve financial management and cut expenditure on administration.

While the above-mentioned initiatives provided specific measures to curb wasteful expenditure it should be noted that legislation through the Public Finance Management Act, 1999 (Act No. 1 of 1999), charges the accounting officer of a department, trading entity or constitutional institution with the responsibility to ensure the effective, efficient, economical and transparent use of the resources of the department, trading entity or constitutional institution. Departments are thereby tasked with assessing the role, purpose and effectiveness of programmes and public entities, and whether outputs and outcomes can be attained at lower cost. The accounting officer has a duty to prevent irregular and fruitless and wasteful expenditure. To ensure this, the Act requires that accounting officers maintain effective, efficient and transparent systems of financial and risk management and internal control and a system of internal audit under the control of an audit committee. The National Treasury has also issued several guideline documents and frameworks to assist accounting officers with the fulfillment of their duties. Chapter 10 of the Act clearly stipulates the proceedings that need to take place should the accounting officer not be fulfilling these duties.

Guidelines issued by the National Treasury can be found on the National Treasury website at: www.treasury.gov.za/publications/guidelines.