

NATIONAL ASSEMBLY

QUESTION FOR ORAL REPLY

QUESTION NUMBER: 159 [NO2406E]

DATE OF PUBLICATION: 6 AUGUST 2012

Ms J Tshabalala (ANC) to ask the Minister of Finance:

- (1) What has the National Treasury's intervention been in the non-delivery of textbooks in Limpopo;
- (2) whether the National Treasury has any checks and balances in place at the budgeting stage of provinces; if not, why not; if so, how is this used to measure expenditure by provinces against delivery?

NO2406E

REPLY:

1. With respect to the delivery of learner and teacher support material (LTSM), there are various roles and responsibilities outlined either in legislation or in the executive assignments provided by Cabinet. The National Treasury is responsible for fiscal policy, the budget process, financial management and setting of accounting standards together with the Accounting Standards Board, as outlined in the Public Finance Management Act (PFMA). The national department of Basic Education (DBE) is responsible for policy matters in respect of LTSM. The provincial education department is responsible for utilising the resources made available by Provincial Treasury to ensure that material necessary for learning to take place is provided to all learners through the management of procurement and other supply chain management issues as outlined in section 40 of the PFMA. Since 05 December 2011 the DBE has been responsible for all functions that previously rested with the provincial department.

Funds for the purchase of LTSM (which includes textbooks) in the 2012 academic year were allocated as part of the 2011/12 financial year's appropriation. The National and Provincial Treasuries confirmed to the provincial department of Education as well as the DBE that funds were available to pay for the purchase of textbooks. In addition to the financial resourcing of the department, the National and Provincial treasuries have initiated a project to ensure that there is sufficient contract management and supply chain management capacity to manage the entire process of materials provision for learners. The plans in this respect have been made available to the Inter-Ministerial Team which is coordinating the intervention on behalf of Cabinet.

2. As already outlined, the National Treasury is responsible for managing the country's budget process. In addition, the National Treasury engages in a very technical exercise of aligning the provincial budget processes to the national process. Specifically, a budget benchmarking exercise is undertaken annually to ensure that expenditure plans speak to the national priorities of government and that they are credible. Departments are expected to provide a costed budget request to the relevant treasury in respect of the outputs that they must produce. The better the costing and planning undertaken, the more accurate will be the alignment between the budget and the expenditure per item. Departmental spending estimates for the upcoming financial year are consolidated in such a manner so as to provide broad policy direction to Parliament in the Medium-Term Budget Policy Statement (MTBPS).

Budgets are ultimately tabled either by the Minister of Finance in the case of national government or by the MEC for Finance in the case of a province. Parliament and, in the case of provinces the provincial legislatures, are responsible for interrogating the budget and enacting it into law. The relevant committees within Parliament and legislatures deal with different parts of government activities. For instance, a committee responsible for monitoring the performance of the education sector is in existence in each province. The oversight responsibilities of these committees include ensuring that the budget which the legislature passes into law makes provision for critical needs and thereafter to ensure that departments implement their service delivery mandates within the confines of the resources that have been made available.

Within each province, there is also a Provincial Treasury, which is headed by the MEC for Finance, who is a member of the provincial cabinet chaired by the Premier. Budgeting guidelines are issued through the Provincial Treasury to all departments to ensure that they are aligned to national priorities and are credible.

A database system of budgets (the budget databases) for national and provincial governments is maintained by the National Treasury, and this is used to capture and standardise the classification of all budgets in these two spheres of government. Expenditure is then monitored in terms of section 40 of the PFMA and there is a monthly system of reporting known as the in-year management (IYM) reporting system for expenditure. This expenditure data is captured in terms of the same classification process that is used for the budgeting database, thus ensuring that budget items can be tracked. Accounting officers have a legal (PFMA) responsibility to reconcile monthly and quarterly data and provide reports to Parliament or the Provincial Legislature, as well as the relevant treasury.