

MEC Elzabe Rockman STATEMENT ON FINANCE BILL
27 March 2013

Hon Acting Speaker,

The Auditor General's Report on Accounts of the Free State Provincial Government for the 2010/2011 and 2011/2012 financial years revealed certain unauthorised expenditure.

This unauthorised expenditure does not form a charge against the Provincial Revenue Fund until it has been authorised by a Finance Act. In terms of Resolution 18/2013, the Provincial Public Accounts Committee recommended that the authorised expenditure be authorised by the Provincial Legislature and the House approved the Committee report on 13 March 2013.

Furthermore, in Finance Act, 2009 (Act No. 8 of 2009) and Finance Act, 2011 (Act No. 1 of 2011), the unauthorized expenditure of the Department of Health was authorized subject thereto that the expenditure forms a direct charge against the budget of the Department. The Department could not give effect to these Acts and for this reason this Bill also addressed this aspect.

Section 34 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) regulates the authorising of unauthorised expenditure.

Unauthorized expenditure as a result of overspending of a Vote

Unauthorized expenditure of the Department of Health, amounting to R94.319 723.00 million, emanates from the Finance Act, 2009 (**R91, 927, 000.00 million**) and the Finance Act, 2011 (**R18,329,538.00 million**) which were not fully implemented and should have been charged against the vote of the Department.

The Department could only reprioritise R15.963 815 million of the total accumulative amounts as per the two Finance Acts of 2009 and 2011 as a result of additional priorities as well as a negative cash position. This amount therefore now becomes a direct charge against the Provincial Revenue Fund.

Unauthorized expenditure as a result of reasons other than overspending of a vote

Unauthorized expenditure of the following Departments are authorized and becomes a direct charge against the Provincial Revenue Fund.

Department of Health: R 61.591 million

The unauthorized expenditure related to the budget programmes of Administration, District Health Services, Emergency Medical Services, Provincial Hospital Services, Central Hospital Services and Health Facilities Management.

Department of Social Development R395 302.55

Department of Agriculture R2000.00

Department of Agriculture & Rural Development R66 551.06

Department of Sport, Arts, Culture and Recreation R2.688 710.00 million

The details of the unauthorized expenditure as it relates to each of the mentioned Departments are set out in the Memorandum to the bill.

Department of Police, Roads and Transport

Unauthorized expenditure for the 2010/2011 financial year amounting to R64 017 081.08 is authorized as a direct charge against the Provincial Revenue Fund and a further R3.326 704.97 relating to the 2011/2012 financial year is authorized as a direct charge against the Budget Vote of the Department in the 2013/2014 financial year.

Hon. Acting Speaker, I request the House to support the Bill.

Thank you.

Reply

I wish to thank the Chairperson and Members of the Public Accounts Committee for having thoroughly considered the Report of the Auditor-General, the submissions of Departments and Provincial Treasury and making its recommendations to the Legislature that was subsequently approved.

I also want to express my appreciation for the support that the Bill has received from all political parties represented in the House.