



treasury

Department of  
Treasury  
FREE STATE PROVINCE

## 2011 MEDIA ADVISORIES AND STATEMENTS

### NOVEMBER 2011

#### MOHAI TABLES MINI BUDGET

##### 7 November 2011

Finance MEC Seiso Mohai will table the 2011/12 Adjustment Budget tomorrow, Tuesday 8 November 2011 at the 4<sup>th</sup> Raadsaal. Funds that have become available in the province will be allocated to provincial departments to meet their service delivery needs for the remainder of the 2011/12 financial year.

The media is invited to attend the tabling at 14:00 at the Legislature chambers (4<sup>th</sup> Raadsaal) tomorrow, Tuesday, 8 November 2011. A media briefing by the MEC will be held immediately after tabling.

For more information contact:

Thato Makoba  
Cell: 076 118 6853  
Tel: 051 403 3424  
E-mail: [makoba.thato@treasury.fs.gov.za](mailto:makoba.thato@treasury.fs.gov.za)

Gunnnett Kaaf  
Cell: 083 291 6622  
Tel: 051 403 3424  
E-mail: [kaaf.gunnnett@treasury.fs.gov.za](mailto:kaaf.gunnnett@treasury.fs.gov.za)

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### OCTOBER 2011

#### MEDIA STATEMENT BY FREE STATE FINANCE MEC SEISO MOHAI, 17 OCTOBER 2011

##### 17 October 2011

Good morning ladies and gentlemen of media:

I have called this media conference to talk with you about the current state of public finances in the Free State Provincial Government, within the scope of the mandate of the Provincial Treasury. This discussion I'm going to have with you today should be located within the context of improving service delivery and stimulating economic development in the Free State which are the main objectives of the current Government's Programme of Action.

I'm going to particularly address four issues in this media statement: (1) Current Status of Provincial Government Expenditure, (2) Revenue Enhancement Strategy, (3) 2010/11 Audit Outcomes and (4) Support to Municipalities in Free State.

#### Current Status of Provincial Government Expenditure

The 2011/12 total Provincial Budget allocation is R23.188 billion. Seventy Eight percent (78%), which is R18.212 billion in rands, is from the Equitable Share and 21.5%, R4.976 billion in rands, is defrayed from Conditional Grants. Provincial Own Revenue contributes 3% of the entire budget, in real term this amounts to R718 million in 2011/12. Social Development, Health and Education, the SHE Departments as we collectively refer to them, together account for 73.7% of the budget, which is R17.1 billion and other departments collectively share 26.3%, R6.1 billion in rands, of the total budget.

There is an improvement in terms of the current year spending as at 31<sup>st</sup> August compared to the same period of the previous two financial years. As at end of August 2011, we were at 39% of expenditure. Whereas we were at lower performance during the two past financial years: 38% for 2010/11 and 35% for 2009/10 financial year.

Given the expenditure trends it is evident that the province can still break even at the end of the financial year.

The actual expenditure as at 31 August 11 is R9.1 billion (39.4%). The total projected expenditure is R23.774 billion against budget of R23.188 billion. The province projects to over spend the budget by 2.5%. And the following are the factors that influence this over- expenditure. Education projects to over spend by R228.2 million due to previous financial year commitments on infrastructure, Health by R147.6 million due to fast tracking of Ladybrand hospital project, Public Works by R165.3 million as a result of previous year expenditure commitments on property rates and taxes, Premier by R6.5 million and Social Development by R14.7 million as a result of compensation of employees due to absorption of Masupatsela Youth Pioneers.

As the Provincial Treasury we are concerned about this possible unauthorised expenditure emanating from over spending. We will therefore accordingly implement measures to prevent overspending.

The Legislature projects to over spend their budget by R12.2 million or 6.0% mainly on goods and services for consultants and professional service for the Legislature Complex.

I'm concerned that Infrastructure expenditure is below the norm; at 30% by the end of August 2011. The impression we have of this situation is that we have challenges on infrastructure planning because in some instances, there is not a strong relationship between budget planning and the execution of infrastructure projects. These are the matters that the September Provincial Government EXCO Lekgotla deliberated upon at length and thus remedial measures will be introduced accordingly.

### **Revenue Enhancement Strategy**

The Provincial Revenue Enhancement Strategy, which was recently adopted by the Executive Council, seeks to achieve a R1 billion target in revenue collection and thus enable the Provincial Government to address better the provincial priorities. The adoption of this strategy follows debates in the province, over the recent years, on the overreliance of the province on the national budget transfers mainly in the form of Provincial Equitable Share and the Conditional Grants which together constitute 97 percent of the total provincial fiscal envelope.

I'm delighted that a Provincial Revenue Enhancement Strategy is finally in place, following a commitment I made when tabling the 2011 Provincial Budget this past March. This Strategy constitutes a tool through which all the Government Departments and Entities in the Free State will implement measures by which they will increase their revenue collection. We will now systematically promote best practices with regard to revenue collection administration and discipline among the Free State Governments Departments and Entities. There will be a great deal of emphasis on efficiency and effectiveness for the utilization of the current revenue resources.

The strategy will therefore enhance revenue collection, strengthen existing control processes and create innovative ways for new revenue streams. It also seeks to protect the funding that is meant for

revenue related projects, systems and key areas that need funding to increase revenue.

Five per cent (5 %) of the total provincially generated revenue budget will be allocated to the Revenue Enhancement Allocation. The purpose of the Revenue Enhancement Allocation is to ring-fence allocations for spending on revenue related projects and systems.

With regards to improving efficiency and effectiveness of the current systems, the strategy promotes the signing of financial agreements with collecting agents in ways that advance good value for money. The strategy therefore ensures that a cost-benefit analysis is conducted before appointing collecting agents and that such appointments should be performance based.

Reporting and monitoring of revenue performance will be used to detect poor performance leading to revenue under-collection in any department or entity so that it may be corrected well on time.

In addition to strengthening current controls, the Provincial Treasury is formalising the process that will stimulate improved cash management and improved returns on investment in the form of increased interest.

The need for improved revenue collection and management cannot be overemphasized, particularly during these trying times in the sluggish performance of the economy nationally and globally.

### 2010/11 Audit Outcomes

DEPARTMENTS	2009/10	2010/11	Comparison
Premier	Unqualified	Clean	Improvement
Legislature	Unqualified	Unqualified	Unchanged
DETEA	Unqualified	Qualified	Regression
Treasury	Clean	Clean	N/A
Health	Disclaimer	Qualified	Improvement
Education	Qualified	Qualified	Unchanged
Social Development	Unqualified	Unqualified	Unchanged
COGTA	Qualified	Qualified	Unchanged
Human Settlements	Qualified	Unqualified	Improvement
PW&RD	Qualified	Qualified	Unchanged
PR&T	Disclaimer	Qualified	Improvement
Agriculture	Unqualified	Qualified	Regression
SAC&R	Unqualified	Unqualified	Unchanged
SUMMARY (DEPARTMENTS)	2009/10	2010/11	
Clean	1	2	
Unqualified	6	4	
Qualified	4	7	
Disclaimer	2	0	
Outstanding	0	0	
<b>Total</b>	<b>13</b>	<b>13</b>	

The main achievement on 2010/11 audit outcomes is that the Provincial Treasury succeeded to maintain the clean audit opinion for the second time in successive years; 2009/10 was a clean audit for Provincial Treasury. The other part of our main achievement is that the department of the Premier also

got a clean audit opinion. It is also an achievement that both the departments of Health as well as Police Roads and Transport improved from a disclaimer to a qualified audit opinion.

It is regrettable that the departments of Agriculture and Economic Development, Tourism and Environmental affairs regressed from an unqualified to a qualified audit opinion.

Some explanation on the clean audit opinion is necessary. The actual audit opinion is "unqualified with no matters" however in government the general term of clean audit is used. This means that the financial statements are prepared in all material respects, in accordance with the applicable financial reporting framework, presents fairly the financial position of the department and there is no finding on other matters, non-compliance, governance matters as well as on predetermined objectives.

### **Summary of 2010/11 Audit outcomes**

We have distributed copies of our Provincial Treasury 2010/11 Annual Report in order to give you the full picture of our performance in 2010/11.

### **Support to Municipalities in Free State**

On the support we provide municipalities, let me start off by indicating that we are busy improving the organizational capacity of the Provincial Treasury to assist our municipalities better. We have advertised a Chief Director post and a Director for Municipal Budget Management and we will be appointing soon. Four newly appointed directors have already commenced working. Over the next three years the number of staff in our unit of Municipal Finance Management will increase from 25 to 77.

We are improving our capacity on the main areas of our mandate as the Provincial Treasury with regard to municipal support. These areas of our work as the Provincial Treasury are: (1) Budgeting, (2) Accounting, (3) Revenue and Debt Management, (4) SCM and Compliance, and (5) Risk Management and Internal Audit.

In all these five areas we continue to provide support to municipalities that ranges from assessments and advice to training, information sessions as well as circulars. Our support to municipalities so far has proven to be very useful and is producing some better results in the performance of functions related to municipal finance. We also work jointly with the Department of Cooperative Governance and Traditional Affairs in certain instances.

We are working very hard to improve the capacity of Local Government so that the delivery of basic services to our communities can be enhanced.

Thank you.

Enquires  
Gunneth Kaaf  
Cell: 083 291 6622

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## **MOHAI REVEALS OUTCOMES ON GOVERNMENT EXPENDITURE**

**14 October 2011**

Free State Finance MEC Seiso hereby invites all media to a media briefing to be held as follows:

Date: Monday, 17 October 2011

Time: 09:00

Venue: Lebohang Building Auditorium, 8<sup>th</sup> floor.

The purpose of this media briefing is to inform the media about the current performance of the provincial government with regards to public finances. Issues to be covered by the briefing include 2010/11 audit reports, current status of provincial expenditure, revenue collection and support to municipalities.

For more information contact:

Gunnett Kaaf  
Cell: 083 291 6622/051 405 4229  
E-mail: [gunnett@treasury.fs.gov.za](mailto:gunnett@treasury.fs.gov.za)

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## **AUGUST 2011**

### **NON SOUTH AFRICANS ACCESS PUBLIC SERVICE RESOURCES**

**29 August 2011**

The Free State Department of Treasury commissioned a study with University of the Free State on *“level of access to public services in the province by non South Africans and non Free State residents.”* Free State’s equitable share had been on a consistent decline, migration has often been cited as a primary reason for this decline.

Free State MEC for Finance, Seiso Mohai will lead the unveiling of this study and will be accompanied by other MECs, HODs, National Treasury and representatives from Home Affairs, Statistics South Africa and municipal managers of the affected municipalities (Mangaung, Ladybrand, Ficksburg and Welkom). Free State Treasury intends to share the findings with key strategic stakeholders.

There is sizeable number of illegal and undocumented migrants from neighboring countries who access public services such as housing, health services, education and social grants, thus putting a strain on limited public resources earmarked for bona fide residents of the Free State. The overall aim of the event will be to determine the level and implications of non Free State residents accessing public services in the province; this informative session will assist to engage with equitable share formula which overemphasizes the share of population in the country.

Media is invited to attend.

#### **Details are as follows:**

**Date: Tuesday, 30 August 2011**

**Time: 08h00**

**Venue: Indaba Lodge (Bloemfontein)**

**Enquiries:** Gunnett Kaaf (Head of Communications)  
083 291 6622/[gunnett@treasury.fs.gov.za](mailto:gunnett@treasury.fs.gov.za)  
[Mokokoane@treasury.fs.gov.za](mailto:Mokokoane@treasury.fs.gov.za)

**OR** Tshidiso Mokokoane  
082 887 8413/

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### **TREASURY CELEBRATES WOMEN’S MONTH**

**25 August 2011**

In celebration of women's month the Free State Treasury female officials will on Thursday host women's Indaba to discuss issues affecting women. This session will deliberate on issues that affect women in particular to promote a healthy and productive workforce. Behavioral risk management assessment will also be conducted.

Issues to be discussed are as follows:

- Women abuse
- Empowerment in the workplace
- Sexual offences
- Emotional well being
- Women's health
- Life management
- Face to face counseling with a psychologists

This event will go long way in helping the employees to deal with their personal problems which adversely affect their performance in the workplace.

Media is invited to attend.

The event will be held as follows:

**Date: Thursday, 25 August 2011**

**Venue: de Stijl Hotel (Xhariep)**

**Time: 13h00**

Enquiries: Mojalefa Mphapang

**OR**

Gunnnett Kaaf

Tel: (051) 405 5939

051 405 4229

Cell: 083 578 9997

083 291 6622

Email: [mphapang@treasury.fs.gov.za](mailto:mphapang@treasury.fs.gov.za)

**OR**

[gunnett@treasury.fs.gov.za](mailto:gunnett@treasury.fs.gov.za)

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## **JULY 2011**

### **MINISTER TREVOR MANUEL PRESENTS THE DIAGNOSTIC REPORT TO FREE STATE**

The Free State Premier Ace Magashule will host the National Planning Minister Trevor Manuel on his visit to the Free State Province to engage about the Diagnostic Overview Report that was released on the 10<sup>th</sup> June 2011. The diagnostic document identifies the main challenges confronting the country, examines their underlying causes and provides the basis for the development of a national long-term plan.

In the Free State, the Premier has delegated the responsibility of Planning to Finance MEC Seiso Mohai.

Minister Trevor Manuel will therefore present the Diagnostic Report to Free State stakeholders on the 19 July 2011 in Sasolburg at Boiketlo Hall.

All media are therefore invited to a media briefing to be held as follows:

Date: 19 July 2011

Time: 12h00

Venue: Boiketlo Hall, Eric Louw Drive, Sasolburg

For enquiries: Provincial Treasury, Gunnnett Kaaf, 0832916622 or Office of the Premier, Mondli Mvambi, 0820433744

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**JUNE 2011**

**FREE STATE TREASURY CHAMPION INFRASTRUCTURE DELIVERY IMPROVEMENT PROGRAMME**

**14 June 2011**

Free State Finance MEC, Seiso Mohai, last week chaired the Provincial Infrastructure Forum attended by MECs, Head of Departments (HODs) and representatives from other provincial departments. Free State Treasury is an oversight role player of infrastructure delivery in the province and frequently monitors departments' infrastructure projects. The rolling out of infrastructure is elevated to Forum of Heads of the Departments (FOHOD) and Executive Council (Exco).

All provincial government departments are enforced to exhaust their infrastructure budgets and refrain from rolling over of funds. Monitoring of infrastructure projects is intensified from quarterly to monthly basis. Free State Government has accomplished milestones in various departments: eradication of 15 platooning schools in the province; erection of community halls and crèches in rural areas such as Makgolokweng and Diyatalawa; completion in upgrading of Thebe, Elizabeth Ross and Phuthaditjhaba hospitals in Thabo Mofutsanyane.

This forum served as a platform to improve the credibility of public institutions, inspires public confidence, and lends them respectability and creditworthiness that in turn enhances the ability to build requisite infrastructure.

The aim of the gathering was to get the progress reports on quarterly basis from the departments, spending patterns on infrastructure, to unlock challenges and thereby enhance service delivery. In this financial year the province intend to embark on major projects such as building of schools, hospitals, clinics, sports centres and refurbishing resorts, etc.

"It is of vital importance that our province established the quarterly monitoring tool to drive the planned projects within the stipulated time frame, we also conduct the site visits. These kinds of gatherings must translate into good and quality service delivery. The work has started and together let us demonstrate our unswerving commitment," said Mohai.

The infrastructure forum will ensure that all the provincial departments have clear measurable objectives and targets.

Enquiries:  
Mojalefa Mphapang  
Tel: 051 405 5939  
Cell: 083 578 9997  
E-mail: [mphapang@treasury.fs.gov.za](mailto:mphapang@treasury.fs.gov.za)

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**MAY 2011**

**MEDIA BRIEFING WITH THE FREE STATE FINANCE MEC SEISO MOHAI**

**3 May 2011**

The Free State Finance MEC Seiso Mohai hereby invites all media to a media briefing to be held tomorrow. The purpose of the media briefing is to introduce the newly appointed Chief Executive Officer of the Free State Provincial Treasury. The media briefing will be held as follows:

Date: Wednesday, 4 May 2011

Time: 9h00

Venue: Auditorium, Lebohang Building, 8<sup>th</sup> Floor, Bloemfontein

For confirmation and enquiries contact:

Tshidiso Mokokoane

Cell: 082 887 813

Thato Makoba

Tel: 051 403 3424

Cell: 076 118 6853

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## **MARCH 2011**

### **MOHAI TO PRESENT 2011 BUDGET SPEECH**

#### **8 March 2011**

The Free State Finance MEC, Seiso Mohai will table the 2011/12 Provincial budget at the Legislature.

The budget will focus more on accelerating advances towards achievement of Government's key priorities, namely: Economic growth, job creation, poverty alleviation, education and health.

The media is invited to attend.

Details of the proceedings are as follows:

Date: 10 March 2011

Time: 10h00

Venue: Bloemfontein Fourth Raadsaal, Legislature

Press conference will be conducted after the tabling at the Chamber.

Enquiries:

Gunnnett Kaaf

Tel: 051 405 4229

Fax: 086 570 7937

E-mail: [gunnett@treasury.fs.gov.za](mailto:gunnett@treasury.fs.gov.za)

Mojalefa Mphapang

Tel: 051 405 5939

Cell: 083 578 9997

Fax: 086 559 7605

E-mail: [mphapang@treasury.fs.gov.za](mailto:mphapang@treasury.fs.gov.za)

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