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Department:
Public Service and Administration
REPUBLIC OF SOUTH AFRICA

Presentation to the Standing Committee on Appropriations on the 3rd Quarter Expenditure Report for the 2012/13 Financial Year

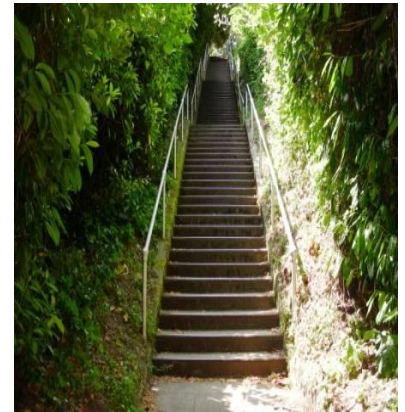
26 April 2013

Purpose of the Presentation

- To respond to the appropriation committee's invitation by:
 - a) Providing 3rd quarter expenditure and vacancy rate; and
 - b) Outlining measures for redress.

Mountain to climb

- Outdated, rigid organisational structure of DPISA.
- **Bollywood syndrome:** “number of persons acting in higher positions (over a long period)”: *“Actors in action”*.
- Vacancy rate is 10.19 % as at 31 March 2013.
- *“Scared to spend”* (under expenditure) !!!
- **Minding my business....** (*silo mentality*).
- Management incapacity to plan, manage and execute.
- Operating from the hot, steamy engine to create efficient, effective & responsive public service.



3rd Quarter expenditure for 2012/13 financial year

Description	R'000
Final Appropriation	726,852 million
Actual Expenditure 31 December 2012	486,725 million
Budget Unspent	240,127 million
% Spent	66.96%
% Unspent	33.04%

EXPENDITURE PER PROGRAMME

(Entities indicated separately)

Description	2012/13 Adjusted ENE Allocations	Actual Expenditure 31 December 2012	Budget Unspent	% Budget Spent	% Budget Unspent
	R'000	R'000	R'000	%	%
P1 - Admin	187,229	113,362	73,867	60.55	39.45
P2 - HRMD	38,727	25,144	13,583	64.92	35.08
P3 - LRRM	28,139	20,836	7,303	74.04	25.96
P4 - PSICTM	29,387	14,397	14,990	48.99	51.01
P5 - SDOT	53,003	35,322	17,681	66.64	33.36
P6 - GOVN	65,053	33,728	31,325	51.85	48.15
Total	401,538	242,791	158,747	60.47	39.53
CPSI	17,098	14,661	2,437	85.74	14.26
PSETA	22,295	17,024	5,271	76.36	23.64
PALAMA	124,384	93,836	30,548	75.44	24.56
PSC	161,537	118,415	43,122	73.30	26.70
Total	325,314	243,934	81,380	74.98	25.02
Vote Total	726,852	486,725	240,127	66.96	33.04

EXPENDITURE PER ECONOMIC CLASSIFICATION

31 DECEMBER 2012

Description	2012/13 Adjusted ENE Allocations	Actual Expenditure 31 December 2012	Budget Unspent	% Budget spent	% Budget Unspent
	R'000	R'000	R'000	%	%
Compensation of Employees	226,696	147,261	79,435	64.96	35.04
Goods and Services	182,186	106,106	76,080	58.24	41.76
Interest and rent on land	327	122	205	37.61	62.39
Payment for Financial Assets	-	38	-38	-	-
Transfers and Subsidies	309,521	230,693	78,828	74.53	25.47
Machinery and Equipment	8,042	2,505	5,537	31.15	68.85
Total	726,852	486,725	240,127	66.96	33.04



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PROGRAMME 1: ADMINISTRATION

REASONS FOR VARIANCE

- Administration has spent 60.58 per cent of their R187,149 million allocated budgets. Expenditure in the 1st quarter was R27,542 million, R37,870 million in the 2nd quarter and R47,950 million in the 3rd quarter of the 2012/13 financial year. The under spending on compensation of employees is mainly due to unfilled vacant posts in this programme.
- The under spending on goods and services is mainly due to the fact that DoD had not claimed the 3 months (July- September) salaries for the Minister staff that was transferred to DPSA travelling costs were also lower in this quarter.
- The Internal Information Technology unit experienced delays in replacing the server and telephone system. The inconsistencies and delays in receiving invoices from Department of Public Works lead to under spending in Office Accommodation.

PROGRAMME 2:HRMD REASONS FOR VARIANCE

- This programme spent 64.93 % of their total allocated budget of R38, 727 million. The average spending is R2,794 million per month. Human Resource Management and Development spent R7, 145 million during the 1stquarter, R9, 015 million during the 2nd quarter and R8,984 in the 3rd quarter of the 2012/13 financial year.
- The under spending in this programme is mainly as a result of the movement of the date for the hosting of the SMS Conference from October 2012 to March 2013.

PROGRAMME 3:LRRM REASONS FOR VARIANCE

- Labour Relations and Remuneration Management have spent R20,836 (74.05%) million of the total allocated budget of R28, 139 million. The spending in this programme was in line with their projections for the quarter.
- An amount of R4,125 million was spent in the first quarter, R8,700 million was spent in the second quarter and R8,011 million was spent in the third quarter of the 2012/13 financial year.

PROGRAMME 4:PSICTM REASONS FOR VARIANCE

- This programme has a spending of R7, 215 million against their R29, 387 million budget (i.e. 24.55 per cent). The expenditure in this programme per quarter during the 2012/13 financial year was as follows: 1st quarter was R2,710 million, R4,522 in the 2nd quarter of 2012/14 and R7,165 in the 3rd quarter of 2012/14 financial year.
- The under spending is attributed to delays experienced in execution of projects such as the review of the public service enterprise architecture framework (GWEA), IT Security Standards framework (MISS) & E-government policy.
- Delays in receiving invoices from SITA for the Gateway call center also contributed to the under spending of this branch.



PROGRAMME 5:SDOT (excluding entities) REASONS FOR VARIANCE

- Service Delivery and Organisational Transformation has spent R35,333 million (66.66%) of their allocated budget of R53,003 million.
- The under spending in this programme is mainly as a result of the Community Development and Public Participation programmes that were shifted to the fourth quarter of the financial year.

PROGRAMME 6: GOVERNANCE (excluding entities)

REASONS FOR VARIANCE

- Governance has spent R33,729 million (51.85%) of its R65, 053 million allocated budget.
- The low spending in this programme is mainly due to the delay in the operationalisation of the Special Anti-Corruption unit.
- Under spending in the Single Public Service sub-programme is due to legislative review currently underway.

Use of consultants

Total consultants according to preliminary expenditure figures for March 2013 is R17,123,066.36. It accounts for 9% of the allocated budget for Goods and services and 9.8% as a percentage of expenditure under goods and services.

The major projects are as follows:

- CSIR contract for the Geographic accessibility study (SDOT) R2.9 million.
- Last portion of the PER (PriceWaterhouseCoopers) (LRRM) R1.9 million.
- Makinor for the development of the concept for the Housing project (LRRM) R1.2 million.
- KPMG conducting of performance audit on the health risk managers (LRRM) R1.5 million.

Total expenditure on consultants for **2011/12** was **R16,377,520**.



Vacancy Rate-3rd Quarter

- The total number of posts is 509, which comprises of 462 filled and 47 posts vacant as at 31 December 2012.

Post Level	Total Posts	Filled	Vacant
15	8	6	2
14	38	32	6
13	71	57	14
11	74	66	8
9	47	41	6
8	19	18	1
7	39	37	2
6	59	55	4
5	54	51	3
4	15	14	1
Total vacancy			47



Snapshot of Public Service Vacancy Rate

	Number of posts	Amount (R' Billion)	Percentage	
Sep-12	Filled	1 194 345	18.4	91%
	Vacant	117 298	1.9	9%
	Total	1 311 643	20.3	100%
Dec-12	Filled	1 179 953	18.9	90%
	Vacant	124 147	2.0	10%
	Total	1 304 100	21	100%
Mar-13	Filled	1 180 710	18.5	91%
	Vacant	121 193	1.9	9%
	Total	1 301 903	20.4	100%

Source: PERSAL

- **Note:** Excludes Parliament, DOD and Social Security Entities, i.e. SASSA , RAF, etc.

Measures for Redress



- Strong, decisive leadership at political level has been provided
- New organisational structure developed & due for execution in May 2013.
- Resolved to fill all vacant posts and conduct audit of posts additional to the fixed establishment to contain costs (Exco decision: **18/4/2013**).
- Approaching NT for additional funding for priority projects for 2013/14 financial year.
- Acting capacity will cease at the end of the 1st quarter (June 2013).
- Resolved to utilise internal capacity to deliver on core business, save where there is no/lack of capacity (Exco decision: **18/4/2013**).



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Thank you

“Always bear in mind that people are not fighting for ideas, for the things in anyone’s head. They are fighting to win material benefits, to live better and in peace, to see their lives go forward, to guarantee the future of their children”.

“It is not the existence of a race and ethnic group or anything of the kind that define the behaviours of a human aggregate. No, it is the social environment and the problems arising from the reactions to this environment and the reactions of the human beings in questions. All this defines the behaviour of the human aggregate”.

(Cabral)



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