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TREASURY CIRCULAR NO 23 OF 2010

THE ACCOUNTING OFFICER: VOTE 1: OFFICE OF THE PREMIER (MR JM RABODILA)
THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL LEGISLATURE (MR RM MOROPA)
THE ACCOUNTING OFFICER: VOTE 4: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR D MAHLOBO)
THE ACCOUNTING OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT AND LAND ADMINISTRATION (MS NL SITHOLE)
THE ACCOUNTING OFFICER: VOTE 6: ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM (MR RS TSHUKUDU)
THE ACCOUNTING OFFICER: VOTE 7: EDUCATION (MS MOC MHLABANE)
THE ACCOUNTING OFFICER: VOTE 8: PUBLIC WORKS, ROADS & TRANSPORT (MR KM MOHLASEDI)
THE ACCOUNTING OFFICER: VOTE 9: SAFETY, SECURITY & LIAISON (MR IN KHOZA)
THE ACCOUNTING OFFICER: VOTE 10: HEALTH (DR JJ MAHLANGU)
THE ACCOUNTING OFFICER: VOTE 11: CULTURE SPORTS AND RECREATION (MS SP MJWARA)
THE ACCOUNTING OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS NL MLANGENI) ACTING
THE ACCOUNTING OFFICER: VOTE 13: HUMAN SETTLEMENT (MR D DUBE)

THE CHIEF FINANCIAL OFFICER: VOTE 1: OFFICE OF THE PREMIER (MS P NGWENYA) ACTING
THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL LEGISLATURE (MR S SANYANE)
THE CHIEF FINANCIAL OFFICER: VOTE 3: FINANCE (MS P SEMENYA)
THE CHIEF FINANCIAL OFFICER: VOTE 4: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS (MR MD SHIPALANA)
THE CHIEF FINANCIAL OFFICER: VOTE 5: AGRICULTURE, RURAL DEVELOPMENT AND LAND ADMINISTRATION (MS B LAWRENCE)
THE CHIEF FINANCIAL OFFICER: VOTE 6: ECONOMIC DEVELOPMENT, ENVIRONMENT AND TOURISM (MS J HLATSHWAYO)
THE CHIEF FINANCIAL OFFICER: VOTE 7: EDUCATION (MR C MNISI)
THE CHIEF FINANCIAL OFFICER: VOTE 8: PUBLIC WORKS, ROADS & TRANSPORT (MS PN MOJAPELO)
THE CHIEF FINANCIAL OFFICER: VOTE 9: SAFETY, SECURITY & LIAISON (MR BH NGOMA)
THE CHIEF FINANCIAL OFFICER: VOTE 10: HEALTH (MS G MILAZI) ACTING
THE CHIEF FINANCIAL OFFICER: VOTE 11: CULTURE SPORTS AND RECREATION (MR M KHOZA)
THE CHIEF FINANCIAL OFFICER: VOTE 12: SOCIAL DEVELOPMENT (MS PMORGAN) ACTING
THE CHIEF FINANCIAL OFFICER: VOTE 13: HUMAN SETTLEMENT (MR CT DLAMINI)



ALIGNING GOVERNMENT'S OUTCOMES APPROACH WITH CURRENT PLANNING PROCESSES IN PROVINCIAL DEPARTMENTS

PURPOSE

The aim of this circular issued in terms of Treasury regulation 5 and 6 is to provide clarity on the alignment of government's outcomes approach with current planning processes in provincial departments, the prioritization of existing baselines for the funding of the outputs and measures for the 12 outcomes as contained in the signed performance agreements.

PROCESS

The Ministry of Performance and Evaluation in the Presidency has introduced the Outcomes Approach, which follows a four step process:

Step 1: focuses on the adoption of a set of key strategic outcomes with measurable outputs and key activities,

Step 2: is Performance Agreements between the President and Ministers which outline high level outputs, metrics and key activities for each outcome, but for departments whose direct contribution to the 12 outcomes is limited, performance agreements must reflect key outcomes, outputs and performance targets as reflected in the departments strategic and annual performance plans.

Step 3: is converting the high level outputs and metrics into a detailed Delivery Agreement with the key partners that need to work together to achieve the outputs. The negotiated agreement will spell out who will do what, by when and with what resources.

Step 4: is the establishment of effective coordination structures that will allow the partners to the Delivery Agreement to work together for the next four years in coordinating implementation of the outcomes, reviewing progress and deciding on interventions when required.

WAYFORWARD

The Presidency will announce the key outcomes that are part of the change agenda prior to the budget process (2011/12) and these outcomes are unlikely to change significantly over the next four years. This is a shift from current processes which allow the sectors to choose outcomes.

The outcomes, performance measures and targets associated with these outcomes will be agreed on between the relevant sector and the Presidency. Sectors will be required to prioritize programmes that will lead to these outcomes, achievement of performance measures and the associated targets in their budgets before attending to the programmes that fall within the sustained agenda. The outcomes and priorities of the change agenda were identified in the Medium Term Strategic

Framework (MTSF). The focus of the outcomes approach is on performance and improved levels of service delivery and impact.

The impact for the budget process is that now additional detail must be provided on how these outcomes will be achieved (as well as specifying in strategic and annual performance plans): sufficient funds will have to be found within existing baselines and prioritized towards the change agenda. These activities will consume only a portion of total budgets and the remaining activities which form part of the sustained agenda, should continue as usual with resources that are available once the provision has been made for the change agenda.

Therefore during MTEC processes, at both the national and provincial level, departments will be required first to show how the 5 prioritized outcomes will be achieved before bids for other programmes can be considered. Provincial Treasuries are expected to support inter-departmental cooperation between departments in drafting their outcomes based strategic and annual performance plans.

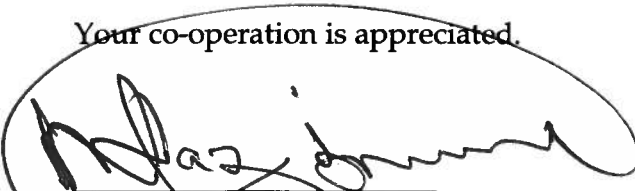
Joint discussions between the Office of the Premier, the Provincial Legislature and Provincial Treasury with sector departments will enhance the planning process.

The existing budget and draft strategic and annual performance plan formats were designed to facilitate an outcomes approach to promote performance budgeting and planning. The activities and programmes that contribute to the change agenda will need to be delineated so that their prioritization can be demonstrated clearly.

Whilst the Annual Performance Plans will need to detail the outputs which the budgets will deliver, however the outputs will have to be linked to the priority outcomes as specified by the Presidency. The outcomes and outputs agreed on in ministerial delivery agreements needs to be cascaded into strategic and annual performance plans.

Kindly be reminded that the first draft APP's for 2011/12 financial year is 31 July 2010.

Your co-operation is appreciated.



MR M MAZIBUKO
HEAD OF DEPARTMENT

DATE: 27/7/2010