

GAUTENG PROVINCIAL LEGISLATURE

**ANNOUNCEMENTS,
TABLINGS AND
COMMITTEE REPORTS**

Friday, 11 March 2022

ANNOUNCEMENTS

none

TABLINGS

none

COMMITTEE REPORTS

1. The Chairperson of the Finance Portfolio Committee, Hon. J Mpsi, tabled the Committee's Oversight Report on the Detail of Vote 13 (Dept of e-Government) of the Gauteng Provincial Adjustment Appropriation Bill [*G004-2021*] for the 2021/2022 financial year, as attached:



GAUTENG
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FINANCE PORTFOLIO COMMITTEE

**Oversight Report on the Detail of Vote 13 (Gauteng Treasury) of the 1st Gauteng Provincial
Adjustment Appropriation Bill**

[G004-2021]

2021/2022 Financial Year

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ACRONYMS

APP	Annual Performance Plan
FY	Financial Year
DPSA	Department of Public Service and Administration
GBN	Gauteng Broadband Network
GCR	Gauteng City Region
GPG	Gauteng Provincial Government
G2B	Government to Business
G2C	Government to Community
HOD	Head of Department
ICT	Information Communication Technology
MTBPS	Medium Term Budget Policy Statement
PFMA	Public Finance Management Act
SOM	Sector Oversight Model

1. INTRODUCTION

The Gauteng Provincial Adjustment Appropriation Bill (PAAB) [G004-2021] (herein referred to as *the Bill*) provides for the appropriation of adjusted amounts of money from the Provincial Revenue Fund for the requirements of the Province in respect of the financial year ending 31 March 2022; and to provide for matters incidental thereto. The Bill is endorsed by section 31 (1) of the Public Finance Management Act (PFMA) 1999, which enjoins the MEC for Finance to table an adjustments budget in a provincial legislature.

The Bill is in line with Section 31 (2) (a)-(g) of the PFMA. Which stipulates that an adjustments budget of a province may only provide for:

- (a) the appropriation of funds that have become available to the province;
- (b) unforeseeable and unavoidable expenditure recommended by the provincial Executive Council of the province within a framework determined by the Minister;
- (c) any expenditure in terms of section 25;
- (d) money to be appropriated for expenditure already announced by the MEC for finance during the tabling of the annual budget;
- (e) the shifting of funds between and within votes or to follow the transfer of functions in terms of section 42;
- (f) the utilisation of savings under a main division within a vote for the defrayment of excess expenditure under another main division within the same vote in terms of section 43; and
- (g) the roll-over of unspent funds from the preceding financial year.

It is against this legislative backdrop that the Bill seeks to amend the Provincial Appropriation Act, 2021 (Act No. 4 of 2021) to appropriate funds for various types of spending aimed at attaining the four provincial priorities, that is, winning the battle against the COVID-19 pandemic; re-igniting the Gauteng economy; recalibrating social policy to improve educational and health outcomes; and improving governance across the Gauteng City Region.

In response to the COVID-19 associated challenges of poverty and unemployment in the Province, part of the additional provincial funding is made available to address budget pressures emanating from the 2021 public sector wage agreement and to fund the Presidential Youth Employment Initiative. The latter intervention is part of the continued response by government to address the impact of COVID-19 pandemic on the rising unemployment levels in the country.

The Department's total appropriation increased by R134.4 million from R1.405 billion to R1.539 billion during the adjustment budget process in 2021/22 FY.

The purpose of the Finance Portfolio Committee Oversight Report on the Detail of the Gauteng Department of e-Government budget adjustment is to examine the implications of the adjusted budget allocations for the current financial year, with regards to the Annual Performance Plans of the Department. That is, ensuring that the adjustment budget does not negatively impact on departmental plans to an extent that programmes entailed in those plans do not realize their strategic objectives.

This report provides an analysis of the 1st Gauteng Provincial Adjustment Appropriation Bill [G004-2021], as it relates to Gauteng Department of e-Government, whether the budget adjustment necessitated the review of APPs and account for the reprioritization of resources to spending areas.

2. PROCESS FOLLOWED

The Speaker formally referred the Provincial Adjustment Appropriation Bill [G004-2021] to the Finance Portfolio Committee for consideration and reporting.

The Department of eGovernment presented the detail of the Bill to the Committee in the meeting of Tuesday, 01 February 2022.

The Committee deliberated and adopted the Oversight Report on the Detail of Budget Vote 13: Gauteng Department of e - Government 1st Provincial Adjustment Appropriation Bill

3. OVERALL ADJUSTMENTS

The Department's total appropriation increased by R134.4 million from R1.405 billion to R1.539 billion during the adjustment budget process in 2021/22. The increase comprised the approved rollover amounting to R55.2 million and the re-appropriation of funds amounting to R79.2 million for the SAP UDD Licenses and Enterprise Support.

The rollover amount of R55.2 million in unspent funds from the 2020/21 financial year is for the completion and settlement of the following projects which had already commenced, but could not be completed in the 2020/21 Financial Year:

- Gauteng Broadband Network – R29.2 million;
- Fully Managed Data Centre – R 10.9 million;
- Laptops – R11.2 million and
- RMC Exit Plan – R3.8 million

Subject to the July social unrest in some other parts of the country mostly KwaZulu Natal and Gauteng, the impact of Covid-19 and the government interventions such as the economic reconstruction and Recovery Plan, the Department of Performance Monitoring and Evaluation in the Presidency and Gauteng Planning Commission advised that the 2020/25 Strategic Plan and 2021/22 APPs tabled at Legislature at the beginning of March 2021 be adjusted where applicable. Owing to the above, the Department of e-Government embarked on the process to review and revise the 2020/25 Strategic Plan and the 2021/22 APP. The revision of the 2021/22 APP was not triggered by the budget adjustment.

The budget for compensation of employees reduces by R7.3 million, of which R6.7 million was a provision for the GBN project management costs. Project managers left the department and the function is undertaken internally within the ICT Shared Services Programme. R592 000 is shifted to cater for leave gratuity payments and injury-on -duty claims under transfers and subsidies.

The Departments reallocates R2 million from goods and services to payments for capital assets to fund expenditure relating to software and other intangible assets as well as machinery and equipment.

4. DETAILED PROGRAMME ADJUSTMENTS

4.1 Programmed 1: Administration

Roll-overs: R15 million

An amount of R15 million is an approved rollover for the following projects that commenced but were not completed during the 2020/21 financial year:

- Procurement of laptops – R11.2 million and
- Record management centre exit plan – R3.8 million.

Virements and Shifts

The programme reprioritizes funds to cater for department's tools of trade, probity audit, COVID-19 related expenditure and machinery and equipment in the Office of the CFO. R110 000 is a virement to Programme 3 to cater the Thusong Service Centre lease.

4.2 Programme 2: ICT Shared Services

Roll-overs: R40.1 million

The approved rollovers amounting to R40.1 million is for the projects:

- Gauteng Broadband Network – R29.2 million and
- Fully Managed Data Centre – R10.9 million

Virements and Shifts

An amount of R6.7 million is shifted from compensation of employees to goods and services under Gauteng Broadband Network. The funds are reprioritized from the project management function under GBN as the function is reallocated within ICT Shared Services.

An amount of R311 913 is reallocated from compensation of employees to transfers and subsidies to cater for leave gratuity payments and injury-on duty claims.

A reduction of R41.3 million in goods and services includes the reallocation of funds from software licences in computer and services to another sub-item of computers and services to align expenditure and budget for: "Email as a Service", the Fully Managed Data Centre service costs and the Common Platform. Included in the reduction is an amount of R1.1 million, which is a reclassification of funds from computer services under goods and services to software and other tangible assets (R871 000) and machinery and equipment (R286 000) under payment for capital assets.

Additional Funding: Provincial R79.2 million

An amount of R79.2 million is approved as a re-appropriation of funds for the SAP's Unlimited During Deployment (UDD) licences and Enterprise Support.

4.3 Programme 3: Human Resource Services

Virements and shifts

The Programme shifts an amount of R280 000 from compensation of employees to transfers and subsidies to provide for:

- Leave gratuity payments amounting to R258 000 and
- Injury-on-duty claims amounting to R22 000.

An amount of R110 000 is shifted from Programme 1: Administration to cover the budget shortfall for the Thusong Service Centre operational costs, including the lease payments.

5. COMMITTEE RECOMMENDATIONS

The Portfolio Committee recommends the following:

5.1 That Gauteng Department of e-Government should prioritize the appointment of Project Managers for the GBN Project given the current status of the GBN Project to date.

6. ACKNOWLEDGEMENTS

The cooperation the MEC for Finance, MEC N. Nkomo Ralehoko, Head of Department Mr Cyril Baloyi as well as senior officials from the Gauteng Department of e-Government, is highly appreciated.

Appreciation for diligence, dedication and commitment shown during the processing of a schedule of the *Gauteng Provincial 1st Provincial Adjustment Appropriation Bill [G004-2021]*, goes to all Members of the Finance Portfolio Committee Mr. P. Malema; Dr. M.R. Phaladi-Digamela; Mr. W. Matsheke; Dr. B. Masuku; Mr. M. Moriarty; Ms. A. Randall; Mr. P. Atkinson; Mr. K.C. Mazwi; and Mr. I. Mukwevho.

The Committee's gratitude is extended to the following support staff: Group Committee Coordinator Mr. T. Bodibe, Senior Committee Coordinators Mr. J. Ntsane and Ms. M. Mojapelo, Researchers Mr. M. Tshehla and Ms. L. Chiloane; Legal Advisor Ms. L. Mudau; Senior Information Officer Mr. W. Nsibande; Media Officer Mr. A. Dikola; Committee Administrators Ms. C. De Beer and Mr. Z. Mabuza, Service Officer Ms. R. Msimanga, Catering Assistant Ms. E. Nthene and Hansard Recorder Ms. R. Singh.

7. ADOPTION OF THE REPORT

After extensive deliberation, the Portfolio Committee unanimously adopted the report on the detail of Budget Vote 13: Gauteng Department of e-Government 1st Provincial Adjustment Appropriation Bill *[G004-2021]*.

In terms of Rule 117 (2) (c) read with Rule 164, the Finance Portfolio Committee presents to this House and recommends the adoption of the Committee's Oversight Report on the detail of Budget Vote 13: Gauteng Department of e-Government 1st Provincial Adjustment Appropriation Bill **[G004-2021]**.