

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 14 (Gauteng Provincial Treasury) of the Gauteng Provincial Adjustment Appropriation Bill [G004-2021] for the 2021/2022 financial year, as attached:



GAUTENG
LEGISLATURE
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FINANCE PORTFOLIO COMMITTEE

**Adopted Oversight Report on the Detail of Vote 14 (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
GAS	Gauteng Audit Services
GCR	Gauteng City Region
GGT	Growing Gauteng Together
GIFA	Gauteng Infrastructure Financing Agency
GPG	Gauteng Provincial Government
GPL	Gauteng Provincial Legislature
GPT	Gauteng Provincial Treasury
MEC	Member of The Executive Council
MTEF	Medium Term Expenditure Framework
MTBPS	Medium Term Budget Policy Statement
NDP	National Development Plan
PFMA	Public Finance Management Act
PSCM	Provincial Supply Chain Management
SFRM	Sustainable Fiscal Resource Management
SOM	Sector Oversight Model
TMR	Transformation, Modernization and Re-Industrialization

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 main purpose of this adjustment budget is therefore to adjust the material under and over expenditure as well as to accommodate additional revenues received or surrenders emanating from poor performance of government projects or programmes and grants. The rational is to ease emerging budget pressures and upscale priority areas such as social relief and economic recovery informed by programmes that are scaled down due to the COVID-19 pandemic and other impeding factors as well as the realisation of savings. In this regard, the Gauteng Provincial Treasury's adjustment budget seeks to surrender funds earmarked for compensation of employees due to delays in the filling of vacant positions and to transfer

approved budgetary provisions from one operating cost item to another within a vote or across a vote during a financial year to defray excess expenditure.

To this effect, the adjusted appropriation decreases by R79.3 million from R754.8 million to R675.5 million during the adjustment budget process.

The purpose of the Finance Portfolio Committee Oversight Report on the Detail of the Gauteng Provincial Treasury (GPT) budget adjustment is to examine the implications of the adjusted budget allocations for the current financial year, with regard to 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 GPT, 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 Gauteng Provincial Treasury presented the detail of the Bill to the Committee in the meeting of Tuesday, 01 February, 2022. On 22 February 2022, the Researcher presented the socio-economic impact analysis and the Legal Advisor tabled the legal opinion on the Bill indicating that Bill is in line with the relevant provisions of the Constitution as well as the Public Finance Management Act.

The Portfolio Committee conducted an analysis to ascertain whether the proposed adjustments were aligned with section 31 of the Public Finance Management Act (Act 1 of 1999) and the priorities outlined in Growing Gauteng Together 2030.

In the same meeting, the Committee deliberated and adopted the Oversight Report on the Detail of Budget Vote 14: Gauteng Provincial 1st Provincial Adjustment Appropriation Bill

3. OVERALL GPT ADJUSTMENTS

Gauteng Provincial Treasury surrendered R79.3 million from the adjustment appropriation of R754.8 million to R675.5 million in the adjustment appropriation process for the 2021/22 FY. **The Portfolio Committee noted that the adjustment was triggered by the surrender of funds to the Provincial Revenue Fund due to vacancies in the new approved structure that is currently being populated. Of importance, the budget adjustment did not warrant the revision of the department's APPs.**

Under Economic classification, GPT reallocates R18.8 million from compensation of employees to goods and services, which is expected to overspend, to cater for the braille project for converting training and bid documents into Braille and training of service providers, open tender probity audits, SCM training

requirements, automation of a market related price for data, and supplier development. Furthermore, R7 million is reallocated from goods and services and compensation of employees to fund acquisition of computer equipment and furniture linked to the implementation of the new approved structure. To fund leave gratuity of former employees and to cater for bursaries for the 2022 intake of underprivileged students, R1.5 million is reprioritized from compensation of employees.

4. DETAILED PROGRAMME ADJUSTMENTS

4.1 Programmed 1: Administration

Funds amounting to R3.8 million and R4 million are shifted from compensation of employees and goods and services respectively, towards payment of capital assets to procure laptops and office furniture. To defray excess expenditure on leave gratuity, injury on duty claims and the anticipated payments on external bursaries, R880 000 is shifted from compensation of employees to transfers and subsidies.

4.2 Programme 2: Sustainable Fiscal Resource Management (SFRM)

The amount surrendered by SFRM amounts to R9 million, due to delays in the filling of vacant positions. While R740 000 is redirected from goods and services savings towards Provincial Supply Chain Management Programme to defray the expected over expenditure towards Braille Project for converting training and Bid documents into Braille.

4.3 Programme 3: Financial Governance

An amount of R20 million is surrendered due to delays in the filling of vacant positions. However, the programme receives R1 million for goods and services from Municipal Financial Governance Programme to curb anticipated spending pressure emanating from the Automation of Financial Statements Project. Furthermore, R50 000 is reallocated from compensation of employees to households transfers to provide for leave gratuity and injury on duty claims.

4.4 Programme 4: Provincial Supply Chain Management

The Programme surrenders an amount of R2.5 million due to delays in the filling of vacant positions. However, the Programme receives R740 000 from Sustainable Fiscal Resource Management to alleviate spending pressures due to the expected over expenditure of the Braille Project for converting training and Bid documents into Braille.

4.5 Programme 5: Municipal Financial Governance

This Programme surrenders an amount of R21 million due to delays in the filling of vacant positions. To curb anticipated spending pressures emanating from Financial Governance's Automation of Financial Statements Project, R1 million for goods and services is redirected from Municipal Financial Governance. An additional R300 000 is shifted from compensation of employees to households transfers to provide for leave gratuity and injury on duty claims.

4.6 Programme 6: Gauteng Audit Services

Due to delays in the filling of vacant positions, this Programme surrender R3.8 million. It also shifts R7.8 million from compensation of employees towards committed outsourced specialized audits and travel and subsistence. A further R100 000 is redirected from compensation of employees to transfer and subsidies to provide for leave gratuity and injury on duty claims.

5. COMMITTEE RECOMMENDATIONS

The Portfolio Committee recommends the following:

5.1 That GPT's should strive towards filling the vacant positions within the organizational structure, which was approved two years ago, in view of the current unemployment rate in the province.

6. ACKNOWLEDGEMENTS

The cooperation the MEC for Finance, MEC N. Nkomo Ralehoko, Acting Head of Department Ms. N. Mnyani well as senior officials from the GPT, 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 14: Gauteng Provincial 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 14: Gauteng Provincial 1st Provincial Adjustment Appropriation Bill **[G004-2021]**.