

## GAUTENG PROVINCIAL LEGISLATURE

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# ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

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Friday, 11 March 2022

### **ANNOUNCEMENTS**

none

### **TABLINGS**

none

### **COMMITTEE REPORTS**

1. **The Acting-Chairperson of the Economic Development, Environment, Agriculture and Rural Development Portfolio Committee, Hon. M J Kanyane, tabled the Committee's Oversight Report on the Detail of Vote 11 (Agriculture and Rural Development) of the Gauteng Provincial Adjustment Appropriation Bill [G004-2021] for the 2021/2022 financial year, as attached.**



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**ECONOMIC DEVELOPMENT, ENVIRONMENT, AGRICULTURE AND RURAL  
DEVELOPMENT, PORTFOLIO COMMITTEE**

**Adopted Committee Oversight Report on the Provincial Adjustment  
Appropriation Bill of the Gauteng Department of Agriculture and Rural  
Development**

**Budget Vote 11**

**2021/2022 Financial Year**

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## **ACRONYMS**

<b>APP</b>	<b>Annual Performance Plan</b>
<b>CASP</b>	<b>Comprehensive Agriculture and Support Programme</b>
<b>COE</b>	<b>Compensation of Employees</b>
<b>FY</b>	<b>Financial Year</b>
<b>GDP</b>	<b>Gross Domestic Product</b>
<b>GGT</b>	<b>Growing Gauteng Together</b>
<b>GPG</b>	<b>Gauteng Provincial Government</b>
<b>GDARD</b>	<b>Gauteng Department of Agriculture and Rural Development</b>
<b>IPIP</b>	<b>Infrastructure Programme Implementation Plan</b>
<b>MTEF</b>	<b>Medium Term Expenditure Framework</b>
<b>HOD</b>	<b>Head of Department</b>
<b>MEC</b>	<b>Member of the Executive Council</b>
<b>NDP</b>	<b>National Development Plan</b>
<b>PFMA</b>	<b>Public Finance Management Act</b>
<b>SOM</b>	<b>Sector Oversight Model</b>
<b>TMR</b>	<b>Transformation Modernization Re-industrialization</b>
<b>TLB</b>	<b>Tipper Low Bed</b>

The Acting Chairperson of the Economic Development, Environment, Agriculture and Rural Development Portfolio Committee, Mr Mpapa Kanyane, presents the Committee Oversight Report on the Provincial Adjustment Appropriation Bill Allocation for 2021/22 Financial Year for the Gauteng Department of Agriculture and Rural Development (GDARD) as follows:

## **1. EXECUTIVE SUMMARY**

The Gauteng Provincial Adjustment Appropriation Bill, 2021 came about as a result of trying to continue with responding to the challenges brought about by the Covid-19 pandemic. There was also a need to respond to the budget pressures emanating from the 2021 public sector wage agreement and to fund the Presidential Youth Employment Initiative. The Department further reported that the 2021/22 adjustment budget process focused on resourcing the Growing Gauteng Together 2030 (GGT2030) Plan and on spending towards the emerging priorities following the Coronavirus Disease 2019 (COVID-19) pandemic and reprioritise spending that stimulates economic growth and addressing the impact of the July 2021 unrest on both the economy and employment in the Province.

The Committee noted that the adjustments made to the Department's budget are mainly to give effect to approved roll-over requests both for the equitable share and conditional grants, virements and shifts of funds within and between programmes as well as to surrender funds for projects that are not ready for implementation.

The Department's main allocated budget for the year under review was R1,016 billion and has been adjusted upwards to R1,044 billion, increasing by a net amount of R28,6 million. The Department received additional funding of R22 million for a non-pensionable cash subsidy for all employees in Salary level 1 to 12. The conditional grant was adjusted upward by R1 791 000 and accounts for the rollover of unspent funds from the previous financial year. As a result, the budget was adjusted upward by 2,81% denoting an increase of R28,58 million.

## **2. INTRODUCTION**

The Economic Development, Environment, Agriculture and Rural Development Portfolio Committee exercises oversight over the Gauteng Department of Agriculture Development. This includes planning, budgeting, financial management and reporting by the Provincial Department. In line with the provisions of the Constitution of the Republic of South Africa (1996), the Public Finance Management Act (PFMA) (1999) creates the basis on which oversight by Legislatures should be exercised. It clearly outlines areas of service delivery that should be reported on, including the responsibilities of officials and the role of the Legislature in cases where reports have to be tabled.

The Gauteng Provincial Adjustments Appropriation Bill, 2021, sought to amend the Gauteng Provincial Appropriation Act, 2021 (Act No.4 of 2021) in order to respond to the debilitating economic conditions, the country is faced with, which were exacerbated by the lockdown conditions brought about by the Covid-19 pandemic. The budget seeks to further address the budget pressures brought about by the 2021 public sector wage agreement as well as to help in addressing the rising unemployment figures of the youth, through the Presidential Youth Employment Initiative.

The Gauteng Provincial Legislature's oversight methodology stipulates that when analysing the budget, the variables of the Sector Oversight Model (SOM) must be considered. Given that SOM variables are interrelated, which means that priorities, inputs (capital and current), outputs and outcomes should be considered.

### 3. PROCESS FOLLOWED

- The Speaker of the Gauteng Provincial Legislature formally referred Vote 11 of the Provincial Appropriation Bill [G004-2021] of the Gauteng Department of Agriculture and Rural Development to the Economic Development, Environment, Agriculture and Rural Development Portfolio Committee for consideration and reporting as per Rule 220(2).
- In a meeting that convened on the 3<sup>rd</sup> March 2022, the Committee Researcher presented the research analysis on adjustment of Budget Vote 11 for discussion by the Committee. In the same meeting, the Gauteng Department of Agriculture and Rural Development presented the detail of Adjustment Budget Vote 11 to the Committee.
- On Thursday, 10<sup>th</sup> March 2022; the Portfolio Committee deliberated and adopted the draft oversight report. The report was submitted to the Proceedings Unit for tabling and consideration by the House on Tuesday, 15<sup>th</sup> March 2022.

### 4. Overview of Policy Priorities

#### a) National Policy Statement

The Government's immediate priority is to support a rapid return to economic growth in the wake of the COVID-19 lockdowns. The 2021 Budget mainly focused on promoting economic recovery and returning the public finances to a sustainable position. The COVID-19 shock is estimated to have led to a 7.2 per cent contraction in Gross Domestic Product (GDP) growth in 2020. The economy has started to recover in response to improved global conditions and the easing of lockdown restrictions (Treasury report, 2 /2022).

#### b) Provincial Policy Statement

The Gauteng government announced a R5-billion upward revision to its 2021/22 provincial budget indicating that the increase had been made in response to the need for additional resources to respond to the Covid-19 pandemic. The upward adjustment to the provincial equitable shares is allocated to respond to the budget pressures emanating from the 2021 public sector wage agreement and to fund the Presidential Youth Employment Initiative. Gauteng Finance and e-Government MEC Nomantu Nkomo-Ralehoko, said the adjustments were designed to provide a comprehensive response to Covid-19, while safeguarding the implementation of the administration's Growing Gauteng Together 2030 (GGT2030) strategy.

### 5. SUMMARY OF REVISED DEPARTMENTAL ALLOCATIONS

Table 1 shows that the Gauteng Department of Agriculture and Rural Development (GDARD) had the budgets for all three programmes revised upward. The additional budget provided in the midyear adjustment for the three programmes amounts to R28 586 000. The Administration programme recorded the largest percentage increase in budget of 6,43% with the Agriculture and Rural Development as well as Environmental Affairs programmes recording 2,46 and 0,29 percentage points respectively. The overall effect in budget as a result is an upward adjustment of 2,81%.

#### Table 1: Adjustment of Main Budget for Programmes

	2021-2022		2021-2022	
BUDGET	Main Appropriation	Adjustment Budget	Amount Decrease/ increase in FY	% Decrease/ increase in FY
Rand thousand	R'000	R'000	R'000	%
1 - Administration	255 501	271 928	16 427	6%
2 - Agriculture and Rural Development	457 518	468 791	11 273	2%
3 - Environmental Affairs	303 206	304 092	886	0,3%
<b>Total for Programmes</b>	<b>1 016 225</b>	<b>1 044 811</b>	<b>28 586</b>	<b>3%</b>

Source: Department's presentation on PAAB 2021/22

**Table 2: Expenditure 20/21 FY and Preliminary Expenditure 21/22 FY**

	2020/21		2021/22	
BUDGET	Main Appropriation	Adjustment Budget	Amount Decrease/ increase in FY	% Decrease/ increase in FY
Rand thousand	R'000	R'000	R'000	%
Compensation of employees	509 944	540 113	30 169	6%
Goods and services	445 769	438 037	-7 732	-2%
Transfers and subsidies	9 207	11 053	1 846	20%
Payments for capital assets	51 305	55 608	4 303	8%
<b>Total economic classification</b>	<b>1 016 225</b>	<b>1 044 811</b>	<b>28 586</b>	<b>3%</b>

Source: Department's presentation on PAAB 2021/22

The Department's main allocated budget is R1,016 billion and was adjusted upwards to R1,044 billion, increasing by a net amount of R28,6 million. An additional funding of R22 million was also received for a non-pensionable cash subsidy for all employees in Salary level 1 to 12.

The following projects will be funded by the approved roll-over deriving from the equitable share and conditional grants:

- Supply and delivery of agriculture equipment
- Computer equipment
- Rugged device
- Protective clothing
- Research agenda projects
- Motor vehicles

The Committee further noted with concern that an amount of R1.5 million was surrendered from Infrastructure Delivery Management System (IDMS) capacity development due to several officials resigning from this unit. It is reported that the filling of these professional positions will not be done timeously, and a saving was projected and needed to be surrendered.



The Committee further noted with concern that a total of R10 million was surrendered for maintenance and upgrading of infrastructure projects, which resulted in delays in the implementation of projects such as:

- Maintenance at the Marievale Bird Sanctuary Provincial Nature Reserve
- Construction of Fence at Abe bailey
- Upgrading and additions for Southern Water line at Suikersbosrand Nature Reserve under buildings and other fixed structures.

The Department reported that the main revenue sources for the Department are the veterinary commodity export certification; export facility/compartments registration; import and export consignment inspections; abattoir registrations and meat inspector authorizations, conservation permits, processing of Environmental Impact Assessment (EIA) applications, S24G fines, Nature Reserves Entrance and Accommodation fees.

### **Reprioritisations submitted**

The Department reported that the following reprioritisations were submitted to Provincial Treasury to make provision for the following:

- Shortfall of R4,3 million on Compensation of Employees (COE)
- Shortfall on Communication Strategy of R6 million
- The Department did not make provision/budget for COVID-19 expenditure – R1,450 million
- The Department did not make enough provision/budget for Microsoft Licenses – R1,5 million

**The total funds reprioritised is TOTAL: R13,250 million**

### **Economy Recovery Programme**

The Department further reported that the following items were cut to make provision for the Economy Recovery Programme:

- Fleet services (including government motor transport) - R3,3 million
- Inventory: Materials and supplies - R2,4 million
- Travel and subsistence - R4,3 million

**The total funds for the provision of Economy recovery programme is TOTAL: R10 million**

The R10 million was allocated to Environment programme for casual Labor's stipends; rental and hiring of Tipper Low Bed truck (TLBs) and trucks for clean-up campaigns

## **6. COMMITTEE CONCERNS**

### **The Committee is concerned about:**

- 6.1 The lack of improvement on spending the allocated budget, as a result, there is continuous underperforming, and not achieving planned targets.
- 6.2 The lack of spending the Conditional Grants on the agricultural sector.
- 6.3 Inability to complete capital funded projects on time i.e. the Northern water line at the Suikersbosrand Nature Reserve.

- 6.4 Inability to eradicate the backlog faced with the establishment of infrastructure projects brought about by the IDMS policy.

## 7. RECOMMENDATIONS

**The Portfolio Committee recommends the following.**

**All responses should be submitted to the Committee by the 30<sup>th</sup> May 2022.**

- 7.1 The Department should provide monitoring and evaluation quarterly reports on the progress of how planned targets are achieved and the budget is spent on planned projects.
- 7.2 Provide the Committee with a detailed report on how the allocated funds on the Conditional Grants will be utilised to support the agricultural sector.
- 7.3 Provide the Committee with a strategic plan on how targets that are not met due to the delay in tender processes will be achieved in the year under review. The plans should include a structural plan on how the Department's Tender Management Systems has been revised and improved (as the Open Tender System is now in place).
- 7.4 Provide the Committee with a detailed report on improvements made on all capital funded projects in the Province.

## 8. ACKNOWLEDGEMENTS

The Portfolio Committee on Economic Development, Environment, Agriculture and Rural Development wishes to thank the MEC for Economic Development and Agriculture and Rural Development, Mr Parks Tau, the Head of Department (HoD), Ms M Gasela and her team of officials. The Acting Chairperson Hon Mpapa Kanyane further wishes to acknowledge and express her gratitude to the Honourable Members of the Portfolio Committee on Economic Development, Environment, Agriculture and Rural Development Ms F Hassan, Mr. L Makhubela, Ms B Mncube, Ms Sizakele Nkosi-Malobane, Mr. M Gana, Ms A Cilliers, Mr. A Tshitangano, Mr. AD Alberts, Mr. D Adams. Further appreciation goes to the alternate Members of the Committee namely Members: Mr. J Engelbrecht, Ms B F Badenhorst and Mr. J Hoffman. It is an honour to lead such a hard-working team.

Furthermore, the Portfolio Committee would like to express appreciation for the contribution of the following support staff members: Group Committee Coordinator Mr T Bodibe; the Committee Researchers Mr B Mabuza, Ms M Makhubele and Dr A Malapane, Senior Committee Coordinator Mr T Skosana, Committee Coordinator Ms L Mampe, Administrative Assistants; Ms N. Mngadi and Ms V Mokubetsi, Hansard Recorder Mr S Baloyi, Senior Information officer, Ms Azwinndini Netshivhuyu, Communications Officer; Mr Takalani Ndou Service Officer Ms Busisiwe Nhlapo, and Public Participation Officer: Mr B Dhlomo for their dedication and commitment.

## 9. ADOPTION OF THE REPORT

After due consideration the Economic Development, Agriculture and Rural Development Portfolio Committee unanimously adopted the Oversight Report on the Provincial Adjustment Appropriation Bill of the Department of Agriculture and Rural Development Budget Vote 11 for the 2021/22 FY. In terms of Rule 117(2)(c) read together with Rule 164 the Committee presents to this House and recommends the adoption of the Committee's Oversight Report on the Gauteng Department of Agriculture and Rural Development Budget Vote 11 Report for the 2021/22 FY.

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**Hon Mpapa Kanyane**

**Acting Chairperson: Economic Development, Environment, Agriculture and Rural  
Development Portfolio Committee  
Gauteng Provincial Legislature**