No.124 - 2022: Fourth Session, Sixth Legislature

**GAUTENG PROVINCIAL LEGISLATURE**

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**ANNOUNCEMENTS,**

**TABLINGS AND**

**COMMITTEE REPORTS**

**========================**

Thursday, 24 March 2022

**ANNOUNCEMENTS**

none

**TABLINGS**

none

**COMMITTEE REPORTS**

**1. The Chairperson of the Finance Portfolio Committee, Hon. J Mpisi, tabled the Committee’s Oversight Report on the** **Principle of the Gauteng Provincial Second Adjustment Appropriation Bill *[G002-2022]* for the 2021/2022 financial year, as attached:**

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**Finance Portfolio Committee**

**Adopted Oversight Report on the Principle of the 2nd Provincial Adjustment Appropriation Bill [G002-2022] for the 2021/22 Financial Year**

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| **Committee Details** | | **Department Details** | | |
| --- | --- | --- | --- | --- |
| **Name of Committee** | **Finance Portfolio Committee** | **Name of Department** | **Treasury** | |
| **Which Financial Year** | **2021/22** | **Dept. Budget Vote Nr.** |  | |
| **Which Quarter** |  | **Hon. MEC** | **Nomantu Nkomo Ralehoko** | |
| **Committee Approvals** | | | | |
|  | **Name** | **Signed** | | **Date** |
| **Hon. Chairperson** | **Joe Mpisi** |  | |  |
| **Adoption and Tabling** | | | | |
| **Date of Final Adoption by Committee** | | **Scheduled date of House Tabling** | | |
| **18 March 2022** | | **25 March 2022** | | |

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The Chairperson of the Finance Portfolio Committee Hon. J. Mpisi, tables the Portfolio Committee Report on the 2nd Gauteng Provincial Adjustment Appropriation Bill *[G002 – 2022]* for the 2021/2022 financial year as follows:

1. **INTRODUCTION**

The 2nd Provincial Adjustment Appropriation Bill (PAAB) *[G002-2022] (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.

Section 31(1) of the PFMA empowers the MEC for Finance to table an adjustments budget in the Legislature. On 09 December 2011, Gauteng Provincial Treasury tabled an adjustment appropriation amounting to R149.559 billion. It is on the same basis that approval is sought for the amendment of the previous budget adjustments tabled on 09 December 20212.

It is against this legislative backdrop that the Bill seeks to amend the 1st Provincial Adjustment Appropriation Bill *[G004-2021]* due to the Departments of Roads and Transport and Human Settlements, inconsultation with the National Treasury and the affected provincial departments, decreased the conditional grants allocations by R71.8 million. The conditional grants for which the allocation is decreased pertains to Provincial Road Maintenance Grant (R51.8 million) and the Informal Settlements Upgrading Partnership Grant (R20 million). Thus reducing the budget for the Gauteng province by R71.8 million from R149.559 billion to R149.487 billion.

1. **PROCESS FOLLOWED**

The Speaker of the Gauteng Provincial Legislature (GPL) formally referred the 2nd PAAB for 2021/22 financial year (FY) to the Finance Portfolio Committee for consideration and reporting.

The Gauteng Provincial Treasury presented the principle of the Bill to the Committee in the meeting of Wednesday, 09 March, 2022.

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 2nd PAAB for the 2021/22 FY.

1. **ADJUSTMENT TO THE 2021/22 FY 1ST ADJUSTMENTS BUDGET**

**3.1 PROVINCIAL REVENUE**

The transfers from national decrease by R71.771 million from R149.558 billion to R149.487 billion.

* 1. **CHANGES TO CONDITIONAL GRANTS**

The changes to conditional grants are due to surrender of unspent funds. Conditional grants are decreased by R71.8 million, that is, Provincial Road Maintenance Grant (R51.8 million) and Informal Settlements Upgrading Partnership Grant (R20 million).

**Department of Roads and Transport**

The adjusted budget for the department decreases by R51.8 million from R8.567 billion to R8.516 billion. The National Department of Transport reduced the Provincial Road Maintenance Grant by R51.8 million. **The Portfolio Committee noted that the reduction was due to poor spending resulting from the department’s inability to finalize procurement of the contracts for maintenance programme on time.**

**Department of Human Settlements**

The adjusted budget for the Department of Human Settlements is revised downwads by R20 million from R5.986 billion to R5.966 billion. The National Department of Human Settlements decreased the Informal Settlements Upgrading Partnership Grant by R20 million. **The Portfolio Committee noted that the conditional grant is decreased due to protracted supply chain management processes which resulted in delayed appointment of service providers.**

* 1. **SUMMARY OF REVISED DEPARTMENTAL ALLOCATIONS**

Table 2 below illustrates the summary of the adjusted appropriation per department. The adjusted appropriation has been revised downward by R71.8 million from R149 558 801 000 to R149 487 028 000.

**Table 2: Revised Departmental allocations**

|  |  |  |  |
| --- | --- | --- | --- |
| **R’000** | **Adjusted Appropriation**  **R’000** | **Adjustments**  **R’000** | **Final Adjusted Appropriation** |
| Office of the Premier | 867 023 |  | 867 023 |
| Legislature | 795 708 |  | 795 708 |
| Economic Development | 1 782 911 |  | 1 782 911 |
| Health | 59 625 510 |  | 59 625 510 |
| Education | 56 678 273 |  | 56 678 273 |
| Social Development | 6 148 557 |  | 6 148 557 |
| Cooperative Governance and Traditional Affairs | 592 072 |  | 592 072 |
| Human Settlements | 5 986 126 | (20 000) | 5 966 126 |
| Roads and Transport | 8 567 497 | (51 773) | 8 515 724 |
| Community Safety | 980 953 |  | 980 953 |
| Agriculture and Rural Development | 1 044 811 |  | 1 044 811 |
| Sport, Arts. Culture and Recreation | 1 025 853 |  | 1 025 853 |
| e-Government | 1 538 942 |  | 1 538 942 |
| Provincial Treasury | 675 545 |  | 675 545 |
| Infrastructure Development | 3 249 020 |  | 3 249 020 |
| **Total** | **149 558 801** | **(71 773)** | **149 558 801** |

Source: Explanatory Memorandum 2021/22

**Vote 1: Office of the Premier**

**The adjusted budget is unchanged at R867 023 000.**

**Vote 2: Gauteng Provincial Legislature**

**The adjusted budget is unchanged at R795 708 000.**

**Vote 3: Department of Economic Development**

**The adjusted budget is unchanged at R1 782 911 000.**

**Vote 4: Department of Health**

**The adjusted budget is unchanged at R59 625 510 000.**

**Vote 5: Department of Education**

**The adjusted budget is unchanged at R56 678 273 000.**

**Vote 6: Social Development**

**The adjusted budget is unchanged at R6 148 557 000.**

**Vote 7: Cooperative Governance and Traditional Affairs**

**The adjusted budget is unchanged at R592 072 000.**

**Vote 8: Human Settlements**

**The adjusted budget is decreased by R20 million from R5 986 126 000 to R5 966 126 000.**

**Vote 9: Department of Roads and Transport**

**The adjusted budget is decreased by R51.773 million from R8 567 497 000 to R8 515 724 000.**

**Vote 10: Department of Community Safety (DCS)**

**The adjusted budget is unchanged at R980 953 000.**

**Vote 11: Department of Agriculture and Rural Development**

**The adjusted budget is unchanged at R1 044 811 000.**

**Vote 12: Department of Sport, Arts, Culture and Recreation**

**The adjusted budget is unchanged at R1 025 853 000.**

**Vote 13: e-Government**

**The adjusted budget is unchanged at R1 538 942 000.**

**Vote 14: Gauteng Provincial Treasury**

**The adjusted budget is unchanged at R675 545 000.**

**Vote 15: Department of Infrastructure Development (DID)**

**The adjusted budget is unchanged at R3 249 020 000.**

* 1. **SOCIO-ECONOMIC IMPLICATIONS**

**Social Implications**

It should be noted that the surrender of conditional grants by the Departments of Roads and Transport and Human Settlements deprives Gauteng residents of the maintenance of their road networks and formalization and upgrading of their localities respectively. Thus improving the quality of life.

**Economic Implications**

Likewise, Gauteng residents will be equally deprived of the positive economic spin-offs that would have accrued as a result of the implementation of road maintenance and the formalization and upgrading of informal settlements.

* 1. **FINANCIAL IMPLICATION**

The 2nd adjustment to the 2021/22 FY appropriation decreases the provincial expenditure by R71.773 million from R149.558 billion to R149.487 billion. The budget allocations for most departments remain unchanged apart from Department of Roads and Transport and Human Settlements.

* 1. **RECOMMENDATIONS**

**The Portfolio Committee recommends the following:**

* + 1. That GPT should ensure that Departments receiving conditional grants have credible demand management plans to circumvent the surrender of conditional grants meant for service delivery due to prolonged supply chain management processes.
  1. **ACKNOWLEDGEMENTS**

The Portfolio Committee would like to thank the Honourable MEC N. Nkomo Ralehoko, the Head of Department Ms. N. Mnyani, and officials of the Gauteng Provincial Treasury.

Thanks, and appreciation to all Members of the Finance Portfolio Committee, Mr. P. Malema; Dr. M.R. Phaladi-Digamela; Mr. W. Matsheke; Dr. B. Masuku; Ms. A. Randall; 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 Coordinator Mr. J. Ntsane and Acting Senior Committee Coordinator Ms. C. de Beer, 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 Administrator Mr. Z. Mabuza, Service Officer Ms. R. Msimanga, Catering Assistant Ms. E. Nthene and Hansard Recorder Ms. R. Singh.

* 1. **ADOPTION**

After due consideration, the Finance Portfolio Committee unanimously adopted the Report on the 2nd *Provincial Adjustment Appropriation Bill [G002-2022]*.

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 Report on the 2nd *Provincial Adjustment Appropriation Bill [G002-2022]* for the 2021/22 financial year.