

GAUTENG PROVINCIAL LEGISLATURE

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

Wednesday, 14 June 2023

ANNOUNCEMENTS

none

TABLINGS

none

COMMITTEE REPORTS

1. The Chairperson of the Finance Portfolio Committee, Hon. T B Munyai, tabled the Committee's Oversight Report on the Fourth Quarterly Performance Report of the Gauteng Provincial Government (GPG-Wide) for the 2022/2023 financial year, as attached:



GAUTENG

LEGISLATURE

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Finance Portfolio Committee
Adopted Oversight Report on the 4th Quarter Financial Performance Report of the
Gauteng Provincial Government for the 2022/23 FY

| Committee Details | | Department Details | |
|-------------------------------------|-----------------------------|---------------------------------|-----------------------------|
| Name of Committee | Finance Portfolio Committee | Name of Department | Gauteng Provincial Treasury |
| Which Financial Year | 2022/23 | Dept. Budget Vote Nr. | N/A |
| Which Quarter | 4 th | Hon. MEC | Jacob Mmabolo |
| Committee Approvals | | | |
| | Name | Signed | Date |
| Hon. Chairperson | Tshilidzi Munyai | | 09 June 2023 |
| Adoption and Tabling | | | |
| Date of Final Adoption by Committee | | Scheduled date of House Tabling | |
| 09 June 2023 | | 15 June 2023 | |

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Acronyms

| | |
|-------|--|
| CoGTA | Department of Cooperative Governance and Traditional Affairs |
| COVID | Coronavirus Disease |
| DED | Department of Economic Development |
| DID | Department of Infrastructure Development |
| FY | Financial Year |
| GDARD | Gauteng Department of Agriculture and Rural Development |
| GPG | Gauteng Provincial Government |
| GPL | Gauteng Provincial Legislature |
| GPT | Gauteng Provincial Treasury |
| MEC | Member of Executive Council |
| OoP | Office of the Premier |
| PFMA | Public Finance Management Act |
| PPE | Personal Protective Equipment |
| SACR | Sports, Arts, Culture and Recreation |
| SOM | Sector Oversight Model |

1. EXECUTIVE SUMMARY

The Gauteng Provincial Government (GPG) quarterly financial performance report as tabled by the Gauteng Provincial Treasury (GPT), affords the Finance Portfolio Committee an opportunity to interrogate the financial position and monitor the financial performance of GPG Departments for the quarter under review. Furthermore, the tabling of the GPG quarterly financial performance report ensures that the GPG departments are accountable to the Gauteng Provincial Legislature (GPL) through the Finance Portfolio Committee.

The total provincial receipts amounted to R156.1 billion or 99.95% of the total budget. Out of this amount equitable share amounted to R122.1 billion, conditional grants, R26.5 billion and own revenue collection, R7.5 billion. During the budget adjustment process, the provincial allocation was adjusted downward from R155.347 billion to R155 346 billion and the Department of Education was the major beneficiary of the process. As at the end of the 4th quarter, GPG departments requisitioned R155.35 billion or 100% of the total appropriated budget. However, as at the end of the 4th quarter an impressive R7.54 billion or 104% was collected.

Comparative to the same reporting period in the 2021/22 FY when the overall expenditure stood at 96%, the overall GPG expenditure for the 2022/23 FY is R155.3 billion or 97 per cent of the adjusted budget. Most Departments spent above 90%, while slow spending was recorded under the Departments of Sports, Arts Culture and Recreation (SACR) and Community Safety at 88% and 89%, individually. Underspending is attributed to administrative and operational challenges, unfilled funded vacant posts, as well as slow supply chain management processes.

On the other hand, the overall expenditure on goods and services amounts to R32.5 billion or 93% of the adjusted budget of R35 billion, with underspending resulting from slow supply chain processes such as delays in the appointment of service providers service providers and the late submission of invoices by service providers. It is also important to note that expenditure for items such as laboratory services, Agency and support / outsourced services, transport for departmental activity, and medical supplies at 102%, 117.6%, 119.5% and 123.4% respectively, shows the tendency to spiral out of control.

Of the adjusted budget of R11.9 billion for the infrastructure programme, expenditure of R11.3 billion or 96% was realized at the end of the 4th quarter. Most departments recorded expenditure equal and above 85% with pockets of over expenditure reported, and the least performing departments were Departments of Health, Sports, Arts, Culture and Recreation (SACR), and Agriculture and Rural Development (GDARD) at 74%, 69%, and 85% correspondingly. Reasons advanced for the under expenditure ranged from delay in issuing the instruction/approval to the contractors to continue with construction, poor performance of contractors, and delays in the appointment of contractors. On the other hand, the department of Education and Human settlement expended 102% respectively.

The overall expenditure of GPG department conditional grants amounts to 24.4 billion or 99% of the adjusted budget of R27 billion. Underperformance was recorded in the Departments Agriculture and Rural Development at 60%, Road and Transport at 81%, SACR at 82%, and

Health at 88%. Slow spending is due to delayed in the appointment, delays in the approval of grant business plans, challenges in procurement such as non-responsive tenders, and vacant posts impacting on procurement and programme execution. However, it is worth noting that, the Departments of Human Settlement, Cooperative Governance and Traditional Affairs (COGTA), Community Safety and Infrastructure Development realized 100% expenditure on conditional grants followed by Education and Social Development both at 99%.

Although there is a marked improvement in the financial performance of some GPG departments, there are departments that are still lagging and will be observed through in-year-monitoring.

2. INTRODUCTION

The GPL, in its role to exercise oversight over departments, continuously monitors financial performance through quarterly report assessment. This is done to assess departmental financial performance against set objectives.

Furthermore, the Constitution of the Republic of South Africa enjoins the Provincial Legislatures through "Powers of Provincial Legislature", Chapter 6 section 114(2) to provide mechanisms-

- a. *to ensure that all provincial executive organs of state in the province are accountable to it; and*
- b. *to maintain oversight of -*
 - I. *the exercise of provincial executive authority in the province, including the implementation of legislation; and*
 - II. *any provincial organ of state.*

It is against this backdrop that the financial performance of GPG departments in the fourth quarter is being assessed through this oversight report. This report therefore provides an overview of the financial performance of all GPG departments in the fourth quarter of the 2022/23FY and seeks to measure progress in the implementation of projects by GPG departments and efficiency in the utilisation of departments allocated budgets.

3. PROCESS FOLLOWED

The Speaker formally referred the 4th Quarter Financial Performance Report of the Gauteng Provincial Government for the 2022/23 FY year to the Portfolio Committee for consideration and reporting. On 01 June 2023, GPT, led by MEC J. Mamabolo presented the 4th GPG State of Finances Report to the Portfolio Committee.

Due to time constraints, the Portfolio Committee could not invite stakeholders to their meetings to observe Committee proceedings and later make verbal or written submissions in line with the GPL public participation mandate and the Constitution of the Republic of South Africa.

On Friday, 09 June 2023, the Portfolio Committee deliberated and adopted the oversight report on the 4th quarter financial performance of the provincial departments. Subsequently, the report was submitted to the Proceedings Unit for tabling and consideration by the House.

4. COMPLIANCE AND QUALITY

As prescribed in the GPL Standing Rules, the Gauteng Provincial Treasury timeously submitted the 4th Quarter Financial Performance Report for the 2022/23 FY, that is, 30 days after the quarter had ended.

5. OVERSIGHT ON STRATEGIC PRIORITIES

a. Priorities

In response to the global and domestic challenges that confront the province, the government has committed to a plan of Growing Gauteng Together 2030, henceforth referred to as GGT 2030. The plan reflects a collective vision for the Gauteng City Region (GCR) in a decade's time, and beyond, it also highlights priority actions and measures of success. Therefore the 2022 Medium Term Expenditure Framework (MTEF) budget outlines the extent to which the GGT 2030 has been resourced, with a view to grow the ideals and the vision contained in the GGT 2030.

The GGT 2030 does not constitute a departure from the foregoing policy priorities, its plan of action, sets out the vision for the Gauteng of 2030, guided by the principles and priorities contained in the Freedom Charter, the National Development Plan, the Manifesto, and work carried out to date as part of Gauteng's Transformation, Modernization and Reindustrialization (TMR) programme. It is also guided by the following overarching policy, strategies, commitments, and policy directives. The Sustainable Development Goals, the New Urban Agenda (NUA), the Paris climate agreement (COP 21), and the African Union's Agenda 2063 at international level. At a provincial level, the strategy is undergirded by Gauteng Spatial Development Framework (GSDF) 2030 and Gauteng City Region Integrated Infrastructure Master Plan (GIIMP). The Medium-Term Strategic Framework (MTSF), the Integrated Urban Development Framework (IUDF) and the National Spatial Development Framework (NSDF) at a national level. While at a local level the strategy is supported by Municipal Growth and Development Strategies, Integrated Development Plans (IDPs), and Spatial Development Frameworks (SDFs)

The GGT 2030 reflects how the GCR intends to address the fundamental challenges facing the residents of Gauteng. That is, unemployment, poverty and hunger, crime and substance abuse, climate change, unsustainable growth and economic crises, migration, flight and displacement, health, inequality, social exclusion, lack of decent work and social protection, political instability, insecurity, and violent conflicts. In an endeavour to solve these social maladies, GGT 2030 is predicated on the following priorities. That is, Economy, Jobs, and Infrastructure; Education, Skills, and Healthcare; Sustainable Human Settlements, New Cities and the Land Release; Safety, Social Cohesion and Food Security; Sustainable Future for All, building a Capable, Ethical and Developmental State; Building a Better Africa and Better World; and Sustainable Development for Future Generations. Each of these priorities have its

key projects and programmes to create a seamlessly integrated, socially cohesive, sustainable, and economically inclusive Gauteng City Region (GCR).

GPT contributes directly to the Medium-Term Strategic Framework's priority 1 and 6, Economic Transformation and Job Creation, and a Capable Ethical and Developmental State. Provincially, GPT aligns with all 6 policy priorities of GGT 2030. However, GPT's priorities are, Increased compliance with legislated prescripts; Enhanced sound finances in the province; Sustainable local government finances; Reduced youth unemployment; and Alternative sources of funding. The Portfolio Committee would utilize oversight mechanisms and tools at its disposal to monitor the performance of GPT with regards to the policy priorities it aligns with.

6. OVERSIGHT ON BUDGET EXPENDITURE

6.1 Cash Management

As at the end of the 4th quarter, the province received an amount of R156.1 billion or 99.95% of the total budgeted provincial receipts. The amount is made up of R 122.1 billion in equitable share, R26.5 billion in conditional grants, and R7.5 billion in own revenue. To fund various programmes of the Departments, an amount of R155.4 billion was requisitioned from the adjusted appropriation. Of this amount, departmental cash requisitions and direct charges accounted for R155.43 billion and R86.18 million respectively. **The Portfolio Committee noted that direct charges were paid against the Provincial Revenue Fund for political office bearers.**

6.2 Revenue Collection

Revenue collected during the quarter under review amounts to R7.54 billion of the main appropriation of R7.25 billion. **The Portfolio Committee noted that the overall collection stood at 104%, which represents over-collection of R291 million or 4%.** The province main contributors to revenue generation are Department of Roads and Transport from vehicle license fees and Department of Economic Development from casino taxes and liquor licenses.

To this effect, the DRT collected R4.6 billion or 96.2% and the DED collected R1.1 million or 96.5%. Thereby under collecting on their appropriated targets by 3.8% and 3.3% respective. The DRT cited the non-surrender of revenue by municipalities and the South African Post Office as the contributory factor for missing its revenue target. **The Portfolio Committee urged GPT to be consistent in reporting non-surrender of revenue by municipalities and the value thereof.** While DED attributed underperformance in revenue collection to collected liquor license fees which remain un-surrendered.

Similarly, the Department of Health collected 93.73% of the main appropriation, thus under collecting by 6.27% due to compliance challenges for submitting Road Accident Fund claims. In the same vein, the Departments of CoGTA and Community Safety have under collected by 18.5% and 31.1% respectively, against their appropriated revenue.

On the contrary, the Gauteng Provincial Treasury surpassed the R1.1 million revenue collection against the main appropriation by R485.3 million or 77%. The overcollection was occasioned by interest revenue generated from favourable surplus balances resulting from Draft 4th Quarter Performance Report of the Gauteng Provincial Government for the 2022/23FY

slow spending for the period under review. While other departments have over collected by R196.5 million or 44% against their combined appropriated target of R136.4 million.

6.3 Overall Expenditure for GPG Departments

During the budget adjustment process, the GPG budget increased from R153 billion to R155.4 billion representing an increase of R2.4 billion. Total expenditure for the 4th quarter amounts to R150.337 billion or 97% of the adjusted allocation. Although most departments performed equal and greater than 90%, the average expenditure of all departments is 95% and significant under expenditure was recorded in the SACR (88%) and DCS (89%).

For the 2022/23 FY the GPG's net expenditure was increased to cater for the provision for the public sector improvement in conditions of service from R86.9 billion to R87.5 billion. As at the end of the 4th quarter, expenditure for compensation of employees stood at R86.5 billion, or 99%. Most departments spent 95% and above of their compensation of employees' budget and there was slight underspending of 1 billion by all the department due to a variety of factors. For example, under expenditure for GPT and SACR was due to the surrendering funds to the PRF on account of funded vacant posts. While DED and DCS reprioritized funds to areas of budget experiencing expenditure pressures. **The Portfolio Committee noted that most departments have applied to shift funds pertaining to compensation of employees to goods services to reduce overall underspending.**

Under goods and services, GPG Departments spent R32.5 billion or 93% of the adjusted budget of R35 billion. Under spending was ascribed to slow supply chain management processes such as delays in the appointment of service providers and late submission of invoices by service providers. The expenditure for most items under goods and services is equal and greater than 80%, while expenditure for transport for departmental activity, medical supplies, laboratory services, and outsourced services, shows a tendency to spiral out of control at 119%, 123%, 102% and 118% correspondingly. Despite the rollover of funds from 2021/22, further adjustments will have to be made during the year-end shifts and virements processes to offset the remaining over expenditure. **The Portfolio Committee noted that under expenditure reported under Computer Services is consistent with the performance of the Department of e-Government, while Education will apply to roll over the unspent Learner and Teacher Support Material (LTSM) funds, due to the delays encountered in the procurement process.**

6.3.1 EXPENDITURE PER VOTE

Vote 1: As at the end of the 4th quarter, the Office of the Premier spend 93% of the total adjusted budget of R803.9 million. The underspending is evident under the transfers and subsidies and goods and services. The underspending on the former is due to claimants taking long to submit supporting documents as claimants often do not have the required supporting documents and there are family disputes amongst claimants. While under expenditure for goods and services is due to the delays in the filling of critical vacant posts, the postponement of projects as well as delays in advertising of Life Esidimeni. In addition, the maintenance of the e-cabinet server could not be paid for as the server is out of commission.

Vote 2: Of the unchanged allocation of R825.2 million for the Gauteng Provincial Legislature, R739.9 million or 90% was spent.

Under expenditure was ascribed to unfilled vacancies and delays in the implementation of the 2021/22 FY pay progression for P07 and P08 staff, which contributed to underspending on compensation of employees. Under expenditure is due to the congested term programme, underspending of goods and services largely from committees' activities, and incomplete institutional strategies. Moreover, there were delays in the delivery of motor vehicles, laptops, generator, and some office furniture, hence under-expenditure under capital expenditure.

Vote 3: The Department of Economic Development spent 97% of its adjusted budget allocation of R1.796 billion. The Portfolio Committee noted that despite the forecast that DED will break even at the end of the financial year, it underspent by R46 million.

Vote 4: As at the end of the 4th quarter, Department of Health spent 96% of the upwardly adjusted allocation from R59.4 billion to R61.3 billion.

It should be noted that underspending was concentrated in the core programme of District Health Services, particularly the sub-programmes specifically for the Community Health Centres, Community Health Clinics, Coroner Services, District Hospitals, District Management, HIV/Aids and Nutrition, and Central Hospitals, which are mainly Conditional Grant funded. Under expenditure arose from under linking of health professionals and due to delays in the procurement of health technology in facilities. **The Portfolio Committee is concerned about the department's under expenditure on its core programmes and the resultant impact on service delivery.**

Underspending was also recorded under Health Sciences Training programme, particularly the bursaries programme, resulting from challenges in training nurses due to accreditation issues. Furthermore, the Health Facilities Management Programme was characteristic of slow spending due to sluggish progress in the construction of clinics and slow submission of project execution documents. **The Portfolio Committee noted that this trend also reflects in the Department's conditional grants and infrastructure programme for the period under review.** Finally, goods and services as well as machinery and equipment also experienced underspending to the tune of R2.7 billion owing to delays in supply chain management processes such as probity audits, contract finalization and tender processes.

Vote 5: The appropriation for the Department of Education increased by R253.6 million from R59.7 billion to R60.2 billion and 99% was spent.

The recorded underspending of R466 million resulted from the slow filling of funded vacant posts in programme 1 and programme 2.

Vote 6: The Department of Social Development main budget remained unchanged at R5.5 billion. The department spent 98% of the allocated budget.

To avoid under expenditure, the department reprioritized funds from underspending items to fund expenditure pressured items including elevated priorities such as substance abuse,

community nutrition programme, skills development, and youth and women empowerment. Although insignificant, the 2% under expenditure was due to delays in implementing substance abuse interventions to expand bed capacity for inpatient treatment under transfers and subsidies, delays in finalizing infrastructure projects under payment for capital assets, and procurement processes contributing to underspending on dignity packs and school uniform under goods and services.

Vote 7: During the budget adjustment process the budget allocation for COGTA remained unchanged at R610.7 million and 97% was expended. Under expenditure although inconsequential was attributed to delays in filling vacant posts across all programmes.

Vote 8: The main allocation for Human Settlement Department was increased from R6.3 billion to R 6.4 billion, the department managed to spend 99% thereof.

Vote 9: The main budget for the Department of Roads and Transport was decreased from R8.7 billion to R8.4 billion during the budget adjustment process and R7.6 billion or 91% was spent.

The major contributor to under expenditure is Transfers and Subsidies (R567.5m), Goods and Services (R143.5m) and Compensation of Employees (R84.5m). For Transfers and Subsidies, under expenditure is due to delays in the finalization of the new bus tenders and failure to transfer funds to the Taxi Trust as envisaged. The moratorium on the processing of operating licensing applications, delays in the finalisation of tender processes, termination of projects due to poor performance by the contractors led to Goods and Services underspending. While under expenditure under Compensation of Employees is accredited to unfilled vacancies. **The Portfolio Committee noted with concern the perennial under expenditure because of delayed finalization of the new bus tenders.**

Vote 10: The Department of Community Safety's budget was increased from R1.2 billion to an adjusted budget of R1.4 billion. Which consist mainly of additional allocation to fund the elevated priority of defeating or overcoming lawlessness and crime in the province and to a lesser extent of rolled over funds from the previous financial year. Of this amount, 89% was spent.

The bulk of the under expenditure realized was within the additional funding for elevated priorities. The under expenditure was linked to the leasing of helicopters for deployment to crime hotspots, e-Panic button App to activate immediate calls from the Call Centre and an armed response and/or the deployment of emergency services and leasing and/ or procurement of drones and the training of drone operator pilots. To mitigate under expenditure and the ultimate surrender of funds to the Provincial Revenue Fund (PRF), it was noted that procurement was underway, commitments were already in place to secure funding, which would be evaluated for roll-over for the 2023/24 FY. GPT indicated that while the department was busy with procurement processes to secure the roll-over of funds, such efforts were not commensurate with the envisaged spending. **The Portfolio Committee is concerned that failure to spend monies earmarked for the implementation of the elevated priority within the department's purview casts doubt on its capacity to deliver services.**

Vote 11: Department of Agriculture & Rural Development spent 90% of the adjusted allocation of R1.1 billion.

The R114 million or 10% under expenditure emanates primarily from the Agriculture and Rural Development and Environmental Affairs programmes owing to delays in the implementation of farmer support projects within the Agriculture and Rural Development programme. The aforementioned projects are associated with conditional grant funding, more especially the Comprehensive Agriculture Support Programme (CASP) with over R65 million under expenditure as at the end of the financial year. **The Portfolio Committee noted with concern about under expenditure trend that has been replicated over the past few years, due to the delays in grant funding flowing to the department, due to the delays in finalising business plans.**

Vote 12: The main allocation of the SACR amounting to R1.097 billion was reduced to R 968 million during the budget adjustment process and 88% of the adjusted allocation was spent. Marking a department with the least performance of all GPG departments.

The underspending is a culmination of the administrative and operational challenges that the department has experienced, with vacancies in key positions, that in turn had a knock-on effect on activities such as procurement, and programme execution.

Vote 13: The Gauteng Department of e-Government's budget was adjusted upwards by R45.6 million from R1.690 billion to R1.735 billion due to the approved roll-over of unspent funds from the 2021/22 FY and 92% was expended.

The rationale for under expenditure was attributed to projects such as Email as a Service, which was awaiting the appointment of a service provider as well as Email archiving, security, and replacement of hardware for Domain controllers / Distribution, Fully Managed Data Centre (for both e-Gov and other departments) and Private Automatic Branch Exchange (PABX), all of which the procurement process was still underway at the end of the 2022/23 financial year.

Vote 14: Following the downward adjustment of the Gauteng Provincial Treasury's budget by R108.6 million due to the unutilized funds for the vacant posts in the approved structure. The main budget was adjusted from R792.9 million to R684.1 million and 100% was spent.

Vote 15: The DID's budget was adjusted to R3.3 billion and 97% thereof was spent.

Underspending was attributed to transfers and subsidies (rates and taxes), arising from a credit from the City of Johannesburg from the 2021/22 financial year, which largely offset what the department was supposed to pay the municipality, and for which Treasury approval was granted to reprioritize the funds to other expenditure pressured areas within the budget. **The Portfolio Committee noted that the department needs to improve with regards to their expenditure of transfers and subsidies.**

6.4 Infrastructure Expenditure

Of the adjusted total allocation of R11.76 billion, 96% or R11.3 billion was spent at the end of the 4th quarter. **The Portfolio Committee noted that the expenditure improved when compared with the 94% recorded during the same period in the previous financial year. The Portfolio Committee further noted with appreciation that Departments of Education and Human Settlement spent their entire allocations, while Department of Infrastructure Development recorded an expenditure of 99%.**

Despite the Department of Human Settlements, spending the entire allocated budget of R5.47 billion, R2.7 billion was in the form of transfers made up of R2.2 billion to the entities and R471 million to municipalities. Of the total transfers, R1.3 billion was transferred in the last quarter of this financial year, R378.9 million to municipalities and R923.4 million to entities. GPT reported that these transfers in most instances did not equate to actual expenditure. For example, in the 2021/22- FY, R224.9 million was transferred to municipalities, of which only R39.3 million was spent, and R1.5 billion was transferred to Gauteng Partnership Fund (GPF), of which only R905.4 million was spent. **In light of the foregoing, the Portfolio Committee is concerned that the transfer of funds to municipalities and entities in the final quarter of the financial year is suggestive of fiscal dumping. The Portfolio Committee further noted with concern that the performance outputs of the department regarding housing units at 73% and the number of serviced stands at 86% were disproportionate to the 100% expenditure incurred.**

The Department of Health was allocated R2.319 billion and the budget was adjusted downward to R2.104 billion and the department spent 76% of the adjusted budget, which is an underspending of R550 million. Under expenditure is due to delays in issuing the instruction/approval to the contractors to continue with construction and poor performance by the contractors. This has thus affected the Chris Hani Critical Repairs and Hellen Joseph Nurses Residence projects. While the Johannesburg Forensic Pathology Services and Randfontein Clinic were mainly affected by the poor performance of the contractors.

GDARD infrastructure programme only managed to spend R22.6 million (85%) at the end of the quarter. The reasons provided for underspending by R3.9 million on this programme is because of the delays in the appointment of contractors for the upgrading and maintenance of Tarlton Agripark, Vereeniging Fresh Produce and Roodeplaat Nature Reserve. While the infrastructure programme for Department of SACR only spent R18.3 million or 69% of the allocated budget. The department attributed this underspending to poor performance by the contractors as some of the contractors have not finished their projects thus resulting in delays.

Other departments that realized under expenditure concerns Department of Social Development at R135 million or 93%, though insignificant considering the size of its allocation. The poor expenditure performance is because of procurement of another contractor to complete the outstanding work at Bantubonke Early Childhood Development. The first contractor was terminated due to poor performance.

The Department of Roads and Transport spent 97% of its allocated adjusted budget of R1.76 billion. The R1.7 billion was spent on upgrading and maintenance of existing roads contributed to the recorded expenditure. Key projects include the upgrading of roads K101/Old Pretoria Road between Rooihuiskraal interchange and Olifantsfontein Road), K46 (William Nicol Drive

between Juskei river and Diepsloot) and the K73 between Woodmead Drive and Allandale Road. **The Portfolio Committee commended the department on having completed projects, as roads play a prominent role in the growth of the economy as it enhances productivity within the economy.**

6.5 Conditional Grant Expenditure

For the period under review, conditional grant expenditure is R24.6 billion, which represents 91% of the upwardly adjusted allocation of R27.017 billion. Most departments' expenditure is equal and greater than 90%.

The underperformance relates to GDARD (at 60 %), DRT (at 81%), SACR (at 82%), and Health at (at 88%). Underspensing for GDARD pertains to slow supply chain processes within the department and delays in finalising planning processes on the Comprehensive Agriculture Support Programme (CASP) and the Land Care grant. To minimize the delays in delivery of projects on the CASP in future, the department has undertaken to implement a "beneficiary/farmer account", wherein resources are transferred directly to deserving farmers. The department is also making efforts to appoint additional supply chain management personnel to enhance its procurement processes. **The Portfolio Committee is concerned about the continued trend of delayed approval of the conditional grants business plans.**

The Department of Transport spent 81% of its downwardly revised conditional grant budget of R3.322 billion. Under expenditure pertain to delays to the finalization of the new bus tender and unpaid invoices for services rendered in March 2023 on the Provincial Transport Operations Grant (PTOG), whilst underspensing on Provincial Roads Maintenance Grant (PRMG) is due to delays in the appointment of Road Infrastructure Strategic Framework for South Africa (RISFSA) 1,2 & 3 service providers (PRMG). **The Portfolio Committee is concerned about the protracted process of issuing the bus tenders and whether it will ever be concluded.**

The overall under expenditure for the Department of Health conditional grants stood at a staggering R1.8 billion due to the Comprehensive HIV/AIDS Component of the District Health Programmes Grant (R878m), National Tertiary Services Grant (R775m) and Health Facility Revitalisation Grant (R387m), procurement of machinery in hospitals, and the construction and rehabilitation of new and existing health facilities.

7. OVERSIGHT ON PUBLIC INVOLVEMENT

Due to time constraints, the Portfolio Committee was unable to invite stakeholders to their meetings mainly to observe Committee proceedings and later make verbal or written submissions, as required by the Standing Rules of the Gauteng Provincial Legislature.

8. OVERSIGHT ON RESOLUTION MANAGEMENT

The Portfolio Committee, in its endeavour to enhance oversight and comply with the prescripts of SOM, periodically assesses the responses on resolutions passed by the House. This

exercise is aimed at ensuring that House resolutions are implemented to impact positively on service delivery targets as a way of improving the lives of the people of Gauteng.

| RESOLUTIONS MANAGEMENT | | |
|--|--|--|
| RESOLUTIONS PASSED DURING THE PREVIOUS QUARTER | RESOLUTIONS / ACTION DUE DURING THE QUARTER UNDER REVIEW | RESOLUTIONS CLOSED |
| <i>Number of Resolutions passed during the Quarter under review</i> | <i>Number of Resolution Responses / Action due in the Quarter under review</i> | <i>From those due in the Quarter under review, how many Resolutions are now closed</i> |
| 10 | 10 | 0 |
| <i>Nature of Resolutions</i> | <i>How many new and how many outstanding</i> | <i>Reasons for Resolutions not yet closed</i> |
| 3 Service Delivery 3 Governance 4 Internal Arrangements | | Responses not received by Department |
| <i>With respect to the Resolutions / Action due during the Quarter under review but still Open, what measures has the Committee taken to ensure speedy Closure of these Resolutions</i> | | |
| The Committee will follow up with the Proceedings Unit | | |

9. CONCERNS AND RECOMMENDATIONS

Committee is concerned about the following:

Department of Health

1. The department's under expenditure on its core programmes and the resultant impact on service delivery.

Department of Human Settlements

2. That the transfer of funds to municipalities and entities in the final quarter of the financial year is suggestive of fiscal dumping.
3. That the performance outputs of the department regarding housing units at 73%, and the number of serviced stands at 86% were disproportionate to the 100% expenditure incurred.

Department of Roads and Transport

4. The perennial under expenditure because of delayed finalization of the new bus tenders;

Department of Community Safety

5. That failure to spend monies earmarked for the implementation of the elevated priority within the department's purview casts doubt on its capacity to deliver services;

Department of Agriculture and Rural Development

6. The under expenditure trend that has been replicated over the past few years, due to the delays in grant funding flowing to the department, due to the delays in finalising business plans;

Committee Recommendations

After assessing the GPG State of finances, the Portfolio Committee recommends the following and requests for responses by **29 July 2023**.

Department of Health

1. That the department should devise and submit a plan detailing how it intends improving its performance on core programmes;

Department of Human Settlements

2. That the Department submit a report explaining the rationale for the effecting transfers and subsidies to municipalities and entities towards the end of the financial year and not realizing the requisite expenditure levels;
3. That the department submit a report the explaining the discrepancies in the performance outputs, whereby the former is not commensurate with the expenditure levels;

Department of Roads and Transport

4. That the department provide cogent reasons for the continued delay in the appointment of bus tenders and the impact thereof on service delivery;

Department of Community Safety

5. That the department should provide a report justifying its capacity to deliver services on the elevated priority within the department's purview ;

Department of Agriculture and Rural Development

6. That the department should provide a detailed strategy on how it intends breaking the vicious circle of under expenditure due to the delays in finalising business plans.

10. ACKNOWLEDGEMENTS

The Portfolio Committee extends gratitude to the Honourable MEC J. Mamabolo, the Head of Department Ms. N. Mnyani and officials of the Gauteng Provincial Treasury for their cooperation during the consideration of the report.

Appreciation for diligence, dedication and commitment shown during deliberations on the 4th Quarter Financial Performance Report process goes to all Members of the Finance Portfolio Committee Mr. S. Khanyile, Ms. R. Mogale; Dr. M.R. Phaladi-Digamela; Dr. B. Masuku; Ms. A. Randall; Mr. P. Atkinson; Mr. P. Makwala; Ms. D. Mdlankomo; and Ms A de Lange.

The Committee's gratitude is extended to the following support staff: Group Committee Coordinator Mr. T. Bodibe, Senior Committee Coordinator Mr. J. Ntsane, Researcher Ms. L. Chiloane; Legal Advisor Ms. W. Ngubane; Senior Information Officer Mr. W. Nsibande; Media Officer Mr. A. Dikola; Committee Administrator Mr. Z. Mabuza, Service Officer Ms. R. Msimanga, and Hansard Recorder Ms. R. Singh, Interns Ms. T. Mangole and Ms. F. Masonono.

11. ADOPTION

After due consideration, the Finance Portfolio Committee adopted the 4th Quarter Financial Performance Report on the Gauteng Provincial Government for the 2022/23 FY.

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 4th Quarter Financial Performance Report of the Gauteng Provincial Government for the 2022/23 FY.