



GAUTENG PROVINCE

PROVINCIAL TREASURY
REPUBLIC OF SOUTH AFRICA

REMARKS BY MEC NOMANTU NKOMO-RALEHOKO DURING THE DEBATE ON THE 2019/20 ANNUAL REPORT OF GAUTENG PROVINCIAL TREASURY, LEGISLATURE, 26 MARCH 2021.

Honourable Members thank you for your contribution to the debate.

Let me briefly deal with some of the key issues that you raised in today's debate.

1. Government debt to municipalities

COVID-19 has severely impacted revenue collection in our municipalities and this is a serious risk to service delivery in the province. That is why the Provincial Government is committed to continue meeting our obligations to municipalities by paying our rates and taxes, and assist the sphere of local government in this difficult time.

In the period April to December 2020, provincial government departments paid R1.5 billion to municipalities for rates and taxes. This increased the amount paid to municipalities for these services since the 2018/19 financial year to R5.4 billion.

The outstanding provincial debt to municipalities during this period amounted to just over R600 million. This outstanding balance included disputes, Section 21 schools (who are responsible for their own account payments and not DoE), unallocated and advance payments which all added up to a total of R300 million. Taking all of this into account, the provincial debt to municipalities was effectively R296.2 million as at end of December last year.

As Gauteng Provincial Treasury, we continue to work through the Debt Management Committee to assist both departments and municipalities in managing the overall outstanding debt.

Lastly on this point, let me say we will provide a quarterly report to Legislature to demonstrate the progress departments are making in paying rates and taxes to municipalities.

2. Audit Outcomes

As the custodian of provincial resources, we remain committed to improve financial management, promote transparency and public accountability.

With regards to Human Settlements, this department received a qualified audit opinion in the 2019/20 financial year. This was after it obtained a disclaimer in the 2018/19 financial year.

The qualified audit status was received due to, amongst other things, material misstatements on the annual financial statements and non-compliance with rules and regulations.

As Gauteng Provincial Treasury, we will continue to work closely with my counterpart, MEC Maile and the HOD of Human Settlement, to provide the necessary support as they work to address issues that resulted in the failure to achieve desired audit outcomes.

3. Implementation of infrastructure projects

Honourable Members, to effectively implement infrastructure service delivery, we use the following minimum criteria to demonstrate readiness to implement infrastructure projects that are mostly funded from the Provincial Equitable Share portion of the budget:

Firstly, the criteria for Planning and Budgeting:

- 10 Year Plan (IAMP/RAMP).
- Business Case.
- Approved 3 Year IPMP and IPIP.

Secondly, is the criteria for Planning and Design to proceed to Construction:

- Procurement of PSPs (where required)
- Land (ownership, zoning, EIA, size, suitability).
- Studies (e.g. geotechnical, traffic impact, EIA).
- Statutory permissions.
- Bulk services.

- Accepted Strategic Briefs, Concept Reports, Designs and Drawings, Tender Documentation.
- Approved Site Development Plans, Building Plans etc.

Thirdly, the criteria for Construction:

- Procurement strategy and plan.
- Tender advertised.
- Tender evaluated.
- Tender awarded.
- Issue of Construction Permit.
- Site hand over.
- Contractual commitments that corresponds to the contractual terms in the valid contract [completion date, construction cost].

In addition, Gauteng Provincial Treasury is engaging National Departments to adopt the institutionalisation of funding projects that are shovel ready, to prevent the surrender of funds to the National Revenue Fund.

4. Gauteng Infrastructure Financing Agency

Lastly, Honourable Members, let me address issues raised about GIFA as follows:

In 2020 GIFA undertook a Business Process Re-engineering process to improve operations during the project development cycle. This included developing a multi-criteria toolkit for screening, selection and prioritising projects. This will assist GIFA to work on projects that have a greater chance of progressing and reaching financial close within quicker timeframe.

The Business Process Re-engineering process also provided Standard Operating Procedures (SOPs) to strengthen project planning, management and execution. The SOPs also provide the decision gates to assist in addressing the delays in approvals. Finally, GIFA will work closely with Gauteng Provincial Treasury and project sponsors particularly on matters relating to capital budget confirmations for the purpose of addressing the affordability challenges.

I thank you