REPORT ON BUDGET HEARINGS HELD IN 2003

PART 1

FINANCES OF AND ADHERENCE TO PFMA BY INSTITUTIONS FUNDED BY THE KWAZULU-NATAL PROVINCE

1. <u>INTRODUCTION</u>

The Portfolio Committee on Finance, noting that the Public Finance Management Act (PFMA) calls for accountability by various Government Agencies, started the 2003 budget process by calling for documents (i.e. financial statements and Operational Plans) from government-funded Institutions, through the funding Departments. The Finance Committee's understanding of financial accountability, briefly, means reporting on what has been accomplished with the resources entrusted to a Department.

The aim of this exercise was for Parliament to satisfy itself that funds that are voted for, transfers to institutions, and grants, actually fulfill the purpose for which they are allocated.

As is the norm when the Finance Portfolio committee deals with such issues, the Provincial Treasury was invited and was present to give advice and offer their views as the custodian of the Provincial coffers.

2. MATTERS DEALT WITH

Financial statements were requested via Departments from the following institutions:

- KZN Federal Council For Disability vote 1
- Amafa AkwaZulu-Natali vote 5
- KZN Philharmonic Orchestra vote 4

- KZN Section of Mountain Club S.A vote 3
- S.A Association for Marine and Biological Research Institute vote 3
- KZN Wildlife vote 3

In addition to the above, the Committee followed up on its 2002 mid-year expenditure reviews whereby it resolved to together with the Portfolio committee on Agriculture, look into the issue of the Ntingwe Tea Estate; Coastal Cashew Nuts and the Xoshindlala Projects.

3. <u>ISSUES</u>

3.1 Government-funded Institutions

It was agreed that there should be clear distinction between the Government-funded Institutions e.g. those that are public entities like Amafa AkwaZulu-Natali who are fully funded by Government and are a creature of statute and those institutions that receive a grant-in-aid from government e.g. Mountain Club of SA.

During discussions on the above, it was pointed out that the listing of some of the entities as public entities was erroneous since they do not fulfill the three requirements as set out in the PFMA:

- Established in terms of legislation
- Fully or substantially-funded
- Accountable to parliament
 - 1. The Provincial Treasury reported that they were in the process of clearing those off the list.
 - 2. It was agreed that whether the institution is a Public Entity or is receiving a direct funding voted by Legislature, there must be accountability over those funds.

3.2 KZN Philharmonic Orchestra

It was noted in the 2002/2003 budget statements that there was a discrepancy in the figures reflected for 2000/2001 and 2001/2002 financial years where a figure of R9m is reflected as transferred payments instead of R 7m.

Resolution 3. The Department of Economic Development and Tourism to ensure that the above is corrected.

3.3 KZN Wildlife

Resolution 4. The Committee having noted a withholding of funds from the Nature Conservation Service by the Department of Agriculture, resolves to call on the Provincial Treasury to ensure that funds voted for transfer to specific institutions, get transferred to those institutions in the year in which they are voted subject to Section 18(2)(g) of the PFMA.

3.4 KZN Council for Disability

Resolution 5. The Portfolio Committee on Premier is called upon to hold meetings with this institution in order to be appraised of the activities thereof and to assess whether the Province is getting value for money.

3.5 AMafa AkwaZulu-Natali

Resolution 6. See page 17 (resolution 30)

3.6 Mountain Club of SA KZN Section

The Department could not produce the latest financial statements for the Institution.

Resolution 7 The Department of Agriculture should follow up on submission of the financial statements and satisfy themselves that the funds voted are used for the intended purpose.

3.7 SA Association for Marine and Biological Research

It was noted that the institution did not present any business plans.

Resolution 8. The Department of Agriculture is called upon to ensure that the business plan is in place before any transfer payment can be effected.

3.8 <u>INtingwe Tea and Coastal Cashew Nuts</u>

Resolution 9. Having properly considered the request from the Department of Agriculture and Environmental Affairs to fund both INtingwe Tea and Coastal Cashew nuts subsidiaries out of its possible savings for the year 2002/3, the Finance Portfolio Committee supported the funding of the two institution through Ithala.

4. MECHANISATION PROJECT - DEPARTMENT OF AGRICULTURE

Although no approval was obtained from the Legislature for a transfer to be effected, the Department transferred R10m that they had saved in programme 2 to the Agricultural Development Trust in order to fund the mechanization project. The Committee noted that:

- a) The transfer was an irregular expenditure and therefore constituted a financial misconduct, and
- b) The Department subsequently reversed the transferred R10m with interest.

5. XOSHINDLALA PROJECTS

The Committee is concerned that whilst Xoshindlala projects target poorest communities, the majority of them were unsustainable.

PART II

HEARINGS INTO VARIOUS VOTES

The Finance Portfolio Committee would like to commend all Departments on the efforts made to comply with the PFMA. There has been a marked improvement in the presentation of the provincial budget statements with, in many instances clearly articulated performance measures and outputs. In particular the Finance Portfolio Committee would like to single out the notable improvement in the Department of Education.

6. <u>VOTE 1 - DEPARTMENT OF THE PREMIER</u>

6.1 Programme 3

Resolution 10. The Committee requests the Premier to facilitate the early submission of legislation by Members of the Provincial Executive to the Legislature for consideration and passing.

6.2 Programme 4

6.2.1 Emandleni/Matleng

It was noted with concern that the Emandleni/Matleng budget is still located in the Department of the Premier when a decision for it to become an FET was taken more than a year ago.

Resolution 11. The Committee calls on the Departments of the Premier and Education and Culture to ensure that by May 2003, the functions and the funds are already shifted to Vote 5 - Education and Culture.

The Portfolio Committees on Premier and Education to closely monitor this process and report back to the House by June 2003.

6.2.3 Federal Council for Disability

Resolution 12. Noting that there has been no justification for the increased funding towards the Council, the Committee recommends that the allocation of R600 000 be reduced to the base funding of R220 000 with a possibility of an increase through adjustments estimates.

6.2.4 Resolution 3 of 1999 (Bargaining Chamber)

A resolution was reached at the Public Service Co-ordinating Bargaining Council in 1999 of which chapter XVI (State and Other Housing) provides for the allocation of housing to an employee where the employer deems it necessary for that particular employee to occupy specific housing. During the mid-year reviews the Finance Committee raised this issue with all Departments as it felt that the resolution was not being properly interpreted by the Departments. The matter was again followed up with the Premier's Department when they appeared before the Finance Committee this year for the 2003/4 budget hearings. (see attached resolution of the Finance Portfolio Committee)

Resolution 13. The Committee requested the Department to study this resolution and forward their understanding of the resolution to the Committee by 30 April 2003.

6.3 PART B. YOUTH COMMISSION

6.3.1 Monitoring and Accountability

Concern must be expressed that there does not seem to be adequate consultation with and accountability over the funds allocated by the Department to the Youth Commission.

6.3.2 Youth Parliament

Whilst the Department is budgeting for Youth Parliament, this is not explained in the Service Delivery Measures. Furthermore it is noted that Youth Parliament is also budgeted for in the vote 2 (Provincial Parliament) budget.

Resolution 14. The Committee is concerned over possible duplication of resources and therefore calls on the Premier's Department and the Provincial Legislature to consolidate the budget for this function.

The Premier's Committee and the Parliamentary Executive Board to follow up on this matter.

6.4 The Committee notes the Department's request for R60.4 million in additional funding to construct a new building to house the Premier's department.

Resolution 14A. The Committee resolves to approve an amount of R1,82 million

to cover the costs of professional fees in the 2003/2004 financial

year, subject to the determination of need by ROPAC, which will

ensure that the province is not subjecting itself to wasteful and

fruitless expenditure.

7. <u>VOTE 2 - PROVINCIAL PARLIAMENT</u>

The Committee still notes with concern that the resolutions of the House are still not followed up. Where the House passes a resolution, it would be expected that the Office of the Speaker ensures that resolutions are dispatched to Departments and responses are received and circulated to all members.

<u>Programme 1 – Administration</u>

7.1.1 <u>Separate Budget for the Speaker's Office</u>

The Committee notes that a resolution of the House taken after the 2002 budget hearings calling for the separation of the budget for the Speaker's Office from that of general administration was not heeded.

Resolution 15. It is therefore resolved that the Acting Accounting Officer for the

Legislature and the CFO must urgently meet with the Provincial Treasury

to effect this resolution in the final print of the 2003/4 budget statements.

7.1.2 Programme 1 - Table 2.6 (Acquisition of Capital Assets)

The Committee noting:

- that the Legislature by majority resolved that the seat of the Legislature be
 Pietermaritzburg
- b) That in order to give effect to this Resolution, provision must be made for adequate <u>facilities and</u> office accommodation for <u>Members and</u> staff in Pietermaritzburg.
- c) that a long term solution to the parking problem is required.

Resolution 16. Resolves:

- a) That the Provincial Treasury must make the necessary provision in the KwaZulu-Natal Appropriation Bill, 2003, to give effect to this resolution for adequate facilities and office accommodation for Members and staff in Pietermaritzburg, including a solution to the parking problem.
- b) That in the interim the Executive Board be authorised to acquire appropriate office accommodation and parking facilities.

7.2 Programme 2 - Table 2.8 Output number 4

7.2.1 <u>Youth Parliament</u>

The Committee noted that the Legislature has budgeted R 182 000.00 towards Youth Parliament a function which is also budgeted for under vote 1 - Premier.

Resolution 17. The Committee is concerned over possible duplication of resources and therefore calls on the Premier's Department and the Provincial Legislature to consolidate the budget for this function.

The Premier's Committee and the Parliamentary Executive Board to follow up on this matter.

7.2.2 Revenue

Noting that the Legislature have not budgeted to collect revenue in the form of rental from the Members' flats at Ulundi and that the reason given was that the flats have been transferred over to the Department of Works;

Resolution 18. It is resolved that:

- a) the Executive Board ensures that it obtains documentary proof of handing over of the properties to the Department of Works.
- b) the Portfolio Committee on Public Works pursues the collection of revenue by the Department of Works.

8. VOTE 3 - AGRICULTURE

Serious concern must be expressed over the fact that the Department was ill-prepared for the initial hearing.

8.1 Programme 1 - (revenue)

The Committee noted with concern a decrease in revenue that the department is budgeting to collect during the current financial year.

8.2 <u>Programme 2 - Agricultural Development Services</u>

8.2.1 Special Projects (R 11,5m)

The Committee supports the shift in policy position of the Department towards special projects where the projects will be large scale projects which will be self sustainable and that there will be a paradigm shift in approach from the small unsustainable projects to large self-sustainable projects.

Unfortunately the Department failed to convince the Committee that it had given sufficient thought supported with necessary business plans to this new approach.

Resolution 19. The Committee therefore resolves that the amount allocated to Special Projects be <u>ring-fenced under</u> the Regional Services programme, where it will be released by the Provincial Treasury on production of proper business plans by the Department of Agriculture. In the meantime the MEC's undertaking that the funds will not be utilised until business plans have been produced is noted.

8.2.2 Grant-in-Aid (Mjindi Farming)

The concern of the Committee with this allocation was that a resolution had been taken by the Board of Directors of Mjindi to cease operating by 31 March 2002 and in

implementation of the resolution, assets belonging to Mjindi had been disposed through sale and the staff retrenched. Despite the foregoing having taken place, the Mjindi operations did not cease and the Department had even budgeted for the funding of Mjindi in the outer years of the MTEF. Treasury had not been advised of the resolution as well as the subsequent developments.

Resolution 20. When the Department appeared at a subsequent hearing, they tabled a winding down report and committed themselves to phasing out the entity's current operation before the end of September 2003. In this regard

Provincial Treasury must reduce the allocation of Mjindi Farming to

R4.24 million for the 2003/2004 financial year, and reallocate the budget for the outer years (2004/2005 and 2005/2006) and the anticipated savings of R800 000 for the 2003/2004 financial year.

9. VOTE 4 - ECONOMIC DEVELOPMENT AND TOURISM

9.1 <u>Programme 2 - Spatial Economic Co-ordination</u>

Table 4.7 - Agri-business

The Committee and the Department were in agreement that the primary function of the Department is, inter alia, to develop entrepreneurial and business skills especially amongst the Previously Disadvantaged Individuals (PDI) and SMMEs with a view to enabling the beneficiaries to run economically viable businesses.

Resolution 21. The Committee resolves to encourage the Department to work as a catalyst in public/private partnerships to create environment in which the required businesses and entrepreneurial skills will be applied.

9.2 Programme 5 - Policy Development

Of concern to the Committee is that the finalization of the Provincial Growth and Development Strategy policy which was due to be completed by the end of the Financial year has not been completed and has now been targeted for November 2003.

9.3 KZN Business Rehabilitation Trust

- 9.3.1 Concern must be expressed that the issue whether the Trust should be listed as a Public Entity remains unresolved.
- 9.3.2 The Committee is concerned that the regulations have not been promulgated and that all acts performed under them might be *ultra vires*.

Resolution 22. It is therefore resolved that the Department must remedy this situation.

The Portfolio Committee on Economic Development and Tourism to monitor this situation and report on developments during the mid-year expenditure reviews.

9.4 Departmental Allocation

It is noted with concern that the allocation to the Department is inadequate to deal with the economic developmental needs of the Province.

Resolution 23. The Committee therefore resolves to encourage the Department to enter into discussions with the Provincial Treasury with a view to addressing the Committee's concern.

10. VOTE 5 - EDUCATION AND CULTURE

One should record that a marked improvement was noted in the preparedness of the Department when they appeared before the Finance Committee this year. The Committee hopes that this improvement will also reflect in the Administration and Financial accountability of the Department.

10.1 **Programme 1 - Administration**

Peculiar to this Department was the provision for bursaries (R 3m) which is lumped together with the allocation to the Office of the MEC thus resulting in an inflated figure of R 8, 678m.

Resolution 24. The Committee's proposal that the two allocations be split was accepted by the Department.

10.2 Programme 2 - Public Ordinary School Education

10.2.1 Learner Support Material

Of major concern with this allocation was to note that as at February 2003 the Department had expended 25% of its allocation towards learner support material.

Resolution 25. The Committee resolves:

- a) To urge the Department to put in place a three year plan to provide for learner support materials
- b) To support Treasury in its attempts to urge the Department of Education and Culture to process tenders in such a manner that they are with Treasury by 30th of June 2003 for learner support material for the 2004/5 financial year.

10.2.2 The Committee having noted:

- a) the intention to provide for the building of 750 new classrooms and 950 new toilets in the current financial year
- b) that the Department of Works has indicated that they have already prepared a substantial number of plans and are in a position to proceed with tenders and the construction immediately.
- c) that additional funds have been provided under conditional provincial infrastructure grants,
- **Resolution 26**. The Committee therefore urges the Department of Education and Culture to proceed, without delay, with the construction programme so as to address and remedy the serious shortage of classrooms and toilets and avoid an unnecessary under-expenditure.
- 10.2.3 The Committee noting with concern that at the beginning of the year the Department had not put in place plans to spend R 401m for infrastructure provision in Education even though they knew as early as February 2002 that the amount was available to the Department for the 2003/2004 financial year.
 - **Resolution 27**. The Committee resolves to urge the Department to start planning their expenditure on a three year cycle and make its plans available to the Department of Works at least six months ahead of the financial year in which the funds are to be spent.

10.2.4 Personnel

a) The Portfolio Committee on Finance has observed that over the years there have been significant overruns of the budget due to over-expenditure on personnel.

b) <u>Learner: Educator Ratio</u>

Concern must once again be expressed over disputed personnel figures. Whilst table 5.38 indicates an overall increase of personnel from 83 205 to 84 075 by 31 March 2004 of which the Department claims that educator increases will be minimal, the figures in table 5.9 indicate to the contrary.

Resolution 28. The Committee recommends that the Portfolio Committee on Education and Culture monitors the proposed shift of 2000 Educator posts from public secondary schools to public primary schools to ensure that the shift does in fact take place. The Finance Committee further recommends that the Portfolio Committee on Education and Culture monitors educator post numbers on a regular basis.

10.3 **Programme 5 - Further Education And Training**

Emandleni/Matleng

It was noted with concern that the Emandleni/Matleng is still housed under the Department of the Premier when a decision for it to become an FET was taken more than a year ago.

Resolution 29. The Committee calls on the Departments of the Premier and of Education and Culture to ensure that by May 2003, the functions and the funds are already shifted to vote 5 - Education and Culture.

The Portfolio Committees on Premier and Education to closely monitor this process and report back to the House by June 2003.

10.4 Programme 8 - Auxilliary and Associated Services

10.4.1 Amafa AkwaZulu-Natali

- **Resolution 30**. The Committee calls on the MEC for Education and Culture to address the following concerns regarding the KwaZulu-Natal Heritage Act by 31 May 2003;
 - i) To table amendments to the Act which, inter alia
 - a) provide a fixed term of office for the chairperson and members of the Board of Amafa.
 - b) Provide a transparent and consultative process for the appointment and removal of the chairperson and members of the Board of Amafa, including consultation with the relevant Portfolio Committee of the KwaZulu-Natal Provincial Legislature.
 - c) Provide a clause to prohibit the appointment of Members of Parliament and Provincial Legislatures to the Board of Amafa.
 - ii) To promulgate the regulations under the Act.

10.4.2 Archives and Museum Services

It was reported by the Department that there are insufficient funds for the Department to adequately carry out this function.

Resolution 31. Noting with concern that these services are grossly under-funded, the Portfolio Committee calls upon the Department to reprioritize its budget to take better care of the services and ensure full compliance with statutory obligations in order to adequately fund this mandate.

11. VOTE 6 - PROVINCIAL TREASURY

Conditional Grants

Noting that there has been a minimum Legislature oversight over the utilization of the conditional grants;

Resolution 32. The Committee resolves to call on all the Portfolio Committees of the KwaZulu-Natal Provincial Legislature to monitor the compliance, implementation and expenditure of all conditional grants.

Resolution 33. The Committee further resolves to call on the MEC for Provincial Treasury to facilitate the provision of quarterly reports to the Finance Portfolio Committee on the implementation and expenditure of provincial conditional grants.

12. <u>VOTE 8 - HOUSING</u>

Programme 4 - Project Management

12.1 <u>Accreditation of the Ethekwini Municipality</u>

Resolution 34. The Committee resolves that the MEC for Housing takes whatever steps necessary for the full accreditation of the Ethekwini Municipality in terms of the provisions of the National Housing Act (Act No. 107 of 1997) <u>during the 2003/2004 financial year</u> and report progress by 30th June 2003.

12.2 Human Settlement Redevelopment Grant

Resolution 35. The Committee recommends that the MEC for Finance favourably consider the request by the Department of Housing for the rollover of the Human Settlement Redevelopment Grant allocation for the 2002/2003 financial year, with due cognisance of the late approval of the provincial project proposals by the National Department of Housing.

12.3 Maintenance of Provincial Assets

The Committee notes with concern:

- a) the news report of major building purchases in Durban without proper authority.
- b) that no maintenance budget had been planned for these buildings for the 2003/2004 financial year

Resolution 36. The Committee resolves:

- a) to request the Department to ensure that, if state ownership of these properties is finalised, that all rentals due to the Department be ascertained and collected.
- b) to request the Department to report to the Committee by 30th May 2003 on the financial implications to the Province of these purchased properties, including maintenance costs. In addition such report must justify the appropriateness of these purchases in terms of the core functions of the Department. If no such justification exists, the Department must indicate the steps it will take to protect Government interests.

12.4 Housing Conditional Grant

The Committee, noting that the Division of Revenue Bill for 2003/4 provides amongst other conditions that Provincial Housing departments should ensure that all subsidies for 2003/04 are allocated by 30th April 2003, through consultation with municipalities,

Resolution 37. The Committee therefore calls on the Department of Housing to take note of this condition.

12.5 Revenue collection

The Committee notes with concern the unacceptably low levels of revenue collection from the alienation and rental of state housing stock, and requests the MEC for Housing to submit a report detailing the concrete steps that will be taken by the Department to address this concern during 2003/2004 financial year.

13. <u>VOTE 9 - SAFETY AND SECURITY</u>

13.1 Programme 1

Support Staff - Office of the MEC

Noting that when the MEC runs more than one Department, the guidelines for Ministerial staff are laid down in the Ministerial Handbook.

Resolution 38. The Committee therefore resolves to request the Department of Safety and Security to liaise with the MEC and the Department of Traditional and Local Government affairs to regularize Ministerial staff in terms of the Ministerial Guidelines.

13.2 Programme 2 - Civilian Oversight

The Finance Committee notes with concern that:

- a) the Department is not carrying out its civilian oversight to the optimum level and requested more funding
- b) the current budget for this programme has not been fully spent, and the Community Police Fora have not yet finalized and submitted their business plans

Resolution 39. The Committee therefore resolves:

- a) to request the Portfolio Committee on Safety and Security to closely monitor the spending and civilian oversight functions of this Department.
- b) That the Portfolio Committee on Safety and Security must review the overall business plan of the Community Policing Fora, which must be supplied before the 30 June 2003.

14. <u>VOTE 10 - ROYAL HOUSEHOLD</u>

Resolution 40. The Committee resolves:

- a) that the Department of Royal Household observes the necessary protocol in the consultation of the King and his Royal Household in the compilation of the budget of the Royal Household.
- b) For the Department to report to the Premier's Portfolio Committee by the 30th of June 2003 on the operational plan and progress made for the commercialization of the Royal Farms, with a view to these farms becoming self-sustaining and a viable concern.

15. VOTE 11 - TRADITIONAL AND LOCAL GOVERNMENT AFFAIRS

15.1 <u>Transfer to the Tribal Trust Fund</u>

The Finance Committee noting:

- a) the proposed transfer of R3,17m to the Tribal Trust Fund
- that this transfer constitutes a violation of the resolution passed by the House in 2002 concerning the prohibition of future transfers to the Tribal Trust Fund from public monies;
- c) the explanation given by the Department that such transfer was necessary for the augmentation of the Tribal Court secretaries salaries in the form of a subsidy

Resolution 41. The Committee resolves for the House to reconfirm its resolution of 2002

that no future transfer payments may be paid into the Traditional

Authorities Trust Account.

15.2 <u>Venue for the House of Traditional Leaders</u>

The Finance Portfolio Committee noting the expenditure on venues for the House of Traditional Leaders;

Resolution 42. The Committee resolves for the Speaker, on behalf of the KwaZulu-Natal

Provincial Legislature, to formally hand over the former Chamber in

Ulundi, together with its Hansard recording equipment, to the House of

Traditional Leaders for its use for meetings, including its Committee

meetings.

15.3 Legislation Administered by the Department

The Committee notes that many of the legislative mandates which govern this Department are very old, in one instance dating back to 1947;

Resolution 43. Recommends that the Department conducts a legislative review, paying particular attention to the KwaZulu-Natal House of Traditional Leaders

Act, 7 of 1994, the AmaKhosi and Iziphakanyiswa Act no. 9 of 1990

(amended in 1995), the Pounds Ordinance of 1947 and the National Town Planning ordinance no. 27 of 1949, during the 2003/2004 financial year.

15.4 Rural Infrastructure Development

The Finance Committee is concerned that the R30,017 million allocated for Rural Infrastructure Development has only been allocated to Traditional Affairs.

- Resolution 44. The Committee strongly recommends that municipalities in rural areas also receive a portion of the funds for infrastructural development. The Committee also notes that the allocation of R30,017 million from the Provincial Infrastructure Grant for the conversion of tribal courts into Rural Administrative Centres gives rise to the following issues:
 - (a) the ownership of these Centres and therefore the legality of this expenditure;
 - (b) whether ongoing maintenance costs of these Centres will be borne by the Traditional Authorities concerned
- **Resolution 45**. The Committee requests a report to be tabled on the business plans and arrangements with other Departments regarding the conversion of Tribal Courts to Rural Administrative Centres.
- The Committee also notes with concern that the budget to the sub-program on Local Government and transfers to municipalities is substantially reduced.

 The above will be reviewed during the mid-year expenditure reviews.

15.6 The Committee notes the Department's request for R52.23 million in additional funding to construct a new Chamber and office accommodation for the House of Traditional Leaders in Ulundi.

Resolution 45A. The Committee resolves to approve an amount of R1,58 million to cover the costs of professional fees in the 2003/2004 financial year, subject to the determination of need by ROPAC, which will ensure that the province is not subjecting itself to wasteful and fruitless expenditure.

16. VOTE 12 - TRANSPORT

16.1 <u>Performance Measures</u>

The Finance Committee notes that the performance measures of this department does not include accident figures.

Resolution 46. In order to monitor the effectiveness of Program 3, the Committee recommends that accident/crash figures be included as performance measures. It is also recommended that the Portfolio Committee on Transport monitor statistics on a regular basis.

16.2 Road Maintenance

The Committee notes with concern that the department has a road maintenance backlog which will result in the need for large expenditures in outer years.

17. <u>VOTE 13 - SOCIAL WELFARE AND POPULATION DEVELOPMENT</u>

17.1 The Finance Committee notes with concern that transfer payments to NGO and NPO support listed in the budget statements in table 13.10 have not increased in line with inflation.

- 17.2 The Finance Committee further notes that there are approximately 150 000 AIDS orphans in KwaZulu-Natal and that institutional support to 500 orphans and 30 child-headed households is unacceptably low. The Committee is aware that Child Support Grants and Foster Care Grants alleviate some of the problem but this department has an obligation to do more to assist these orphans.
 - Resolution 47. The Committee resolves that the Department reprioritise its budget to allow for an increased budget of R34 million to Programme 3 for NGOs and NPOs in the 2003/2004 financial year, and furthermore to increase the budget for NGOs and NPOs in the outer years (2004/2005 and 2005/2006).

17.3 IT

Resolution 48. The Committee resolves to request the MEC for Social Welfare and
Population Development to report to the Committee by 30 June 2003 on
the progress made in transferring the appropriate IT responsibilities to
SITA in line with all other provincial Departments.

PART III TRANSVERSAL RESOLUTIONS

18. <u>LEGISLATION</u>

Noting:

- a) that S 114 of the Constitution of the Republic of South Africa places an obligation on the Legislature to maintain oversight on the implementation of legislation by the Executive;
- b) that the budget statements for 2003/4 contain extensive lists of Acts, rules and regulations governing the core-functions of each and every Department and
- c) that in many instances the applicable Legislation is outdated in some respects;

Resolution 49. The Committee therefore resolves:

That all Portfolio Committees must, as a matter of priority:

- a) monitor the implementation of all legislation governing the functions of their line-function Departments;
- b) review all legislation with a view to effecting amendments, if any and Departments must become actively involved in such a process.

19. <u>MEMBERSHIP OF MEMBERS OF THE LEGISLATURE IN GOVERNMENT FUNDED</u> <u>INSTITUTIONS ACCOUNTABLE TO THE EXECUTIVE AND / OR THE LEGISLATURE</u>

Noting a possible compromise of accountability where members of the Legislature or the Provincial Executive take up membership in such institutions,

Resolution 50. The Committee resolves to call on all members of the Legislature and the Provincial Executive not to be members of government-funded institutions accountable to the Executive & / or the Legislature..

20. PROPER WEBSITES FOR THE GOVERNMENT DEPARTMENTS

Noting that there is currently a lack of proper websites for Government Departments,

including the Provincial Parliament, where information about the Department can be

obtained,

Resolution 51. The Committee resolves to call upon all the Government Departments to

work towards establishing proper websites.

21. CONDITIONAL GRANTS

Resolution 52. The Committee resolves that all Portfolio Committees must monitor the

utilisation of conditional grants.

Departments must be circumspect on utilization of grants for other purposes like

administrative costs where there is no specific allowance in the conditions of the

grant, for that purpose.

22. LABOUR INTENSIVE PROJECTS

In pursuance of the alleviation of poverty in the Province through job creation, all the

Government Departments embarking on poverty alleviation projects are encouraged to

ensure preferential procurement. A study case in point is the Zibambele program by the

Department of Transport.

In conclusion, Mr Speaker, the Finance Portfolio Committee, in its endevour to strengthen

accountability and enhance transparency, shall ensure that there is an established procedure for

quarterly reporting to sectoral Portfolio Committees against the Departments' operational plans to

facilitate effective performance, monitoring of the budget.

CHAIRPERSON: FINANCE PORTFOLIO COMMITTEE

DATE

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CLOSING REMARKS

Mr Speaker, Sir, these have been one of those rare and yet exciting hearings where a marked improvement in participation by members of various Portfolio Committees has been noted. I appreciate the effort that they have put in attending and participating during the budget hearings.

I would like to thank all members who took time to attend the hearings, the members of the Finance Committee whose effort are reflected in this report which is their product, the Provincial Treasury team, MEC Miller and his Departmental Officials who have sat in all our budget hearings and assisted us on technical matters.

Lastly, I would like to thank our Committee support staff, Mr Khanyile who has tirelessly ran errands for the Committee ensuring that all the required documentation is available for members, our team Finance, Zethembiso Nzuza (Secretary for Finance Committee) and Sindi Tembe (Secretary for Public Accounts Committee).

V C XABA - CHAIRPERSON	DATE
Thank-you.	
I say to you all, a job well done.	