

# REPORT OF THE PORTFOLIO COMMITTEE ON LEGISLATURE OVERSIGHT; PREMIER'S OFFICE AND FINANCE ON THE MPUMALANGA FINANCE BILL [B3-2013]

## 1. INTRODUCTION

The Mpumalanga Provincial Legislature has, amongst other powers entrusted to it in terms of section 114 of the Constitution of the Republic of South Africa, 1996 (the Constitution), the power to consider, pass, amend or reject any Bill. Further the Mpumalanga Provincial Legislature has, through its **Portfolio Committee on Legislature Oversight; Premier's Office and Finance** (the Committee), a responsibility to maintain oversight over the Department of Finance as one of the provincial organs of State within Mpumalanga Province.

The responsibility to initiate or prepare money Bills resides with the Member of Executive Council responsible for Financial Matters within the Province and therefore with the Department of Finance. The **Mpumalanga Finance Bill [B3-2013]** (the Bill) was tabled in the Office of the Speaker on 5 December 2013 in terms of Rule 153 of the Rules and Orders of the Mpumalanga Provincial Legislature (the Rules).

The Bill was subsequently referred to the Committee for consideration and report back to the House in terms of Rule 180(2) of the Rules.

## 2. OBJECTIVES OF THE BILL

The objectives of the Bill are to approve unauthorised expenditure; and to provide for matters connected therewith.

## 3. METHOD OF WORK

Upon the Bill being referred to it, the Committee considered the Bill as follows:

- 3.1. The Department of Finance (the Department) briefed the Committee on the Bill on **29 January 2014**;
- 3.2. The Committee resolved, in terms of Section 118(1) of the Constitution, to solicit public inputs on the Bill. A public hearing was conducted on **4 February 2014** in the precincts of the Mpumalanga Provincial Legislature at the Govan Mbeki Foyer.
- 3.3. The Committee finalised the draft report on the Bill on **6 February 2014**.

#### **4. PRESENTATION BY DEPARTMENT OF FINANCE ON 29 JANUARY 2014**

The Bill provides for the authorization of unauthorized expenditure for the Mpumalanga Provincial Government arising from amounts as described in the Reports of the Select Committee on Public Accounts (SCOPA) for 2005/6 and 2008/9 financial years. The unauthorised expenditure set out in the paragraph below, is in terms of this Bill, approved and authorised as a direct charge against the Provincial Revenue Fund in terms of section 226(2)(b) of the Constitution, 1996, read with section 34(1)(a) of the Public Finance Management Act, 1999 (Act No.1 of 1999) (the PFMA).

The total amount of **R 41 174 000.00** arose from the SCOPA reports as follows:

- 35<sup>th</sup> Report for 2005/6 (par 3.13) R 39 757 000.00 as a result of over-spending on compensation of employees in District Health Services.
- 23<sup>rd</sup> Report for 2008/9 (par 3.11.2) R 1 417 000.00 as a result of over-expenditure of overtime performed by Emergency Medical Services personnel for standby duty to cover unplanned events where emergency medical services were needed, which due to staff shortages resulted in a significant amount of overtime.

Both the amounts were subsequently condoned by SCOPA in terms of section 34(1)(a) of the PFMA.

The Department's intention was for the amount to be included in the Mpumalanga Finance Act, No 3, 2012 but there was not sufficient budget available at that stage to include it in the Act.

## **5. OBSERVATIONS BY THE COMMITTEE**

The Committee noted that both the amounts were duly condoned by SCOPA in terms of section 34(1)(a) of the PFMA and the Legislature duly adopted a resolution giving effect to such condonation. The Committee therefore acknowledged that the Bill seeks to formalise the condonation process, as required by the Constitution and the PFMA. Section 226(2)(b) of the Constitution, clearly states, in relevant parts, that money may be withdrawn from a Provincial Revenue Fund only as a direct charge against the Provincial Revenue Fund, when it is provided for in the Provincial Act, hence the Bill under consideration.

## **6. PUBLIC CONSULTATION PROCESS**

### **6.1. Public Education**

The Public Participation and Petitions Section (PPPS) of the Legislature facilitated public education workshops in all three districts in the Province.

An open invitation to the public hearing and a call for public comments on the Bill was published in national and provincial printed media, namely in Mpumalanga News (30 January 2014) and Daily Sun (3 February 2014). Interested and affected stakeholders were invited to submit written comments on the Bill before end of business, 5 February 2014.

### **6.2 Public Hearing**

As articulated above, the public hearing on the Bill took place on 4 February 2014 at 14:00 at the precincts of the Mpumalanga Provincial Legislature in the Govan Mbeki Foyer.

In addition to stakeholders invited via national and provincial printed media to the public hearing, invitations to the public hearing were also sent to targeted stakeholders that included the Departments of Finance and Health.

The Bill was widely accepted and supported by the public.

## 7. RECOMMENDATION BY THE COMMITTEE

The Portfolio Committee recommends, that the Mpumalanga Finance Bill [B3-2013], be approved by the Legislature.

## 8. CONCLUSION

The Chairperson extends the Committee's appreciation to all invited stakeholders who took the time to meet with the Committee to interact on matters pertaining to the Bill. A word of appreciation is extended to the Committee Members and the Department of Finance who actively participated in the public hearing to ensure that the objective of the hearing was achieved.

  
HON VVZ WINDVOEL MPL  
CHAIRPERSON

06/02/2014  
DATE

PORTFOLIO COMMITTEE ON LEGISLATURE OVERSIGHT;  
PREMIER'S OFFICE AND FINANCE