



## **GAUTENG PROVINCE**

PROVINCIAL TREASURY  
REPUBLIC OF SOUTH AFRICA

### **REMARKS BY HONOURABLE JACOB MAMABOLO, MEC OF FINANCE ON THE OCCASION OF TABLING THE 2022/23 ANNUAL REPORT OF THE GAUTENG PROVINCIAL TREASURY AND GAUTENG INFRASTRUCTURE FINANCING AGENCY, GAUTENG PROVINCIAL LEGISLATURE, 31 AUGUST 2023.**

Honourable Speaker.

Honourable Premier.

Colleagues in the Executive Council.

Honourable Members of this House.

The HOD of the Gauteng Provincial Treasury.

The CEO of Gauteng Infrastructure Financing Agency.

The People of Gauteng

#### **INTRODUCTION**

- The 2022/23 Annual Report that we are tabling to this House today demonstrates the progress that Gauteng Provincial Treasury has made to realise the mandate of ensuring that all provincial financial resources are managed effectively, in a manner that promotes transparency, accountability and delivery of services to the public.
- Honourable Speaker, let me start by congratulating Provincial Treasury for maintaining a clean audit outcome in the 2022/23 financial year.
- This audit outcome means that the department has achieved consecutive clean audits for the past 11 years!
- In addition, the Provincial Revenue Fund, which is a bank account that is managed by Provincial Treasury where all monies received by the province are deposited also achieved a clean audit in 2022/23 financial year. This means that like Provincial Treasury,

the Provincial Revenue Fund achieved clean audits for 11 consecutive years!

- In addition, Honourable Members, the Gauteng Infrastructure Financing Agency, which is a government component of Provincial Treasury, also achieved a clean audit in 2022/23 financial year.
- This means that the entity has recorded a total of eight consecutive clean audits. To put it slightly differently, GIFA has achieved clean audits every year since it was established.
- Honourable Members achieving a clean audit in the public sector is not easy; and maintaining it is even harder. This is because you must consistently ensure the following:
  - There **Annual Financial Statements** are free from material misstatements.
  - There are no findings on the **Annual Performance Report**, and
  - There are no material findings in **Compliance** with key laws and regulations.
- I therefore take this opportunity to say Congratulations to both Provincial Treasury and GIFA!
- Madam Speaker, this clearly shows that Provincial Treasury leads by example when it comes to prudent management of public resources!
- Provincial Treasury's leadership role was also demonstrated through the support it provided to the province in the period under review, which resulted to significant improvements in the audit outcomes of the province:
  - A total of 43% or six departments achieved clean audit opinions compared to the 29% or 4 departments in the previous year.

- Education and Economic Development improved to clean audits.
- Human Settlements and Roads and Transport have improved from a qualified to an unqualified audit opinion.
- There were no regressions for departments in the current year.
- Turning to our public entities, the following audit outcomes were achieved in the period under review:
  - 58% or 11 entities achieved clean audit opinions, a 22% improvement from the previous year.
  - 32% or six entities achieved unqualified audit opinions, with g-Fleet improving from a qualification to unqualified.
  - Gauteng Liquor Board, Cradle of Humankind and Dinokeng improved to a clean audit.
- Congratulations Team Gauteng!
- In this political term of government, we have indeed made significant progress in establishing a culture of good governance, transparency, public accountability and implemented credible financial controls that have put us on a path to ultimately achieve 100% clean audits.

## **PROVINCIAL TREASURY PERFORMANCE HIGHLIGHTS**

Honourable Members, let me briefly outline some of the highlights in Provincial Treasury's performance.

- The department closely monitored personnel spending to ensure that it does not crowd out the service delivery budget. This resulted in us maintaining the Gauteng Provincial Government wage bill at 56% in this financial year against the target of 60%.
- We continued to implement the Enhanced Revenue Strategy and identified projects that have potential to open new revenue streams and leveraged on technology to increase revenue collection. This led to the 3.9% over collection of revenue above

the appropriation from provincial sources in the 2022/23 financial year.

- As part of efforts to ensure compliance with regulations, the department made consequent management a key component for approval of condonement of historical irregular expenditure. In this regard a total of 22% of historical irregular expenditure was condoned after implementation of consequence management.
- We are committed to ensuring that suppliers are paid on time. In supporting this objective, we ensured that 98% of supplier invoices are submitted electronically against the target of 90%. Provincial Treasury also managed to pay 100% of valid invoices received within 30 days.

## **GIFA PERFORMANCE HIGHLIGHTS**

- Turning to GIFA, I would like to inform you Honourable Members that this entity spent 97% of its R63 million appropriated budget for operations. No unauthorised expenditure or fruitless and wasteful expenditure occurred in the year under review.
- GIFA sourced 5 projects for inclusion in the GIFA pipeline of projects. These projects will support the Elevated Priorities of Gauteng Provincial Government.
  - State-owned Bank
  - State-owned Pharmaceutical Company
  - Hospital Revitalisation
  - Property/ Land Optimisation project
  - Energy Solutions project
- Honourable Members, we completed the feasibility study for Gauteng Provincial Legislature, once approved by EXCO, a submission will be made to National Treasury for approval to release the project to the market. The legal due diligence for the State-owned Bank and the State-owned Pharmaceutical Company were completed and the business cases for the two entities will be completed for submission to EXCO for approval. Thereafter, the

process of establishment will be followed in line the relevant legislation and regulations guiding the establishment of government entities.

- A total of R1.5 billion was raised by GIFA to build 18 new schools in Gauteng Province. The tender for design and build was issued to the market in July 2023 and it closed in August 2023. The construction of these new schools is planned early next year once contractors have been appointed.
- Two projects that will contribute to the regional development of the West Rand and the Sedibeng district municipalities will be released to the market for design, build and operation by the private party, the projects are: Sedibeng Agro-processing Hub, which includes a fresh-produce market and the Krugersdorp Game Reserve.
- All three phases of the Jewellery Manufacturing Precinct are now completed. The Phase 1, a food manufacturing and packaging factory has been in operation since 2019. Construction of the Phase 2 buildings of the Jewellery Manufacturing Hub is completed. Phase 3, which is the Super Block office building was completed and it now houses several tenants.

## **CONCLUSION**

- Honourable Speaker, lastly let me take this opportunity to thank HOD of Provincial Treasury Ncumisa Mnyani and CEO of GIFA Oupa Seabi and their staff members for the hard work and dedication to improve public financial management in our province.
- In compliance with Section 40 of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), I hereby table the Annual Reports of Gauteng Provincial Treasury and the Gauteng Infrastructure Financing Agency.

Thank you!