



**Publication:** City Press - Main  
**Title:** LOCAL GOVERNMENT UNDERSPENDS BY R1 BILLION  
**Publish date:** 26 Mar 2023  
**Page:** 4

**Reach:** 56056  
**AVE:** R 239690.48  
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# LOCAL GOVERNMENT UNDERSPENDS BY R1 BILLION

North West has been severely criticised for underspending its allocated budgets and **failing to deliver** essential services to its citizens

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**W**ith less than a week to go before the financial year end, the North West government has already surrendered more than R419 million to National Treasury after failing to spend its allocated budget.

Treasury found the provincial government to have underspent by R1 billion.

However, the province managed to persuade Treasury to roll R600 million over to the new financial year so that it can pay several departments for outstanding projects.

The provincial government was severely criticised for returning the money to Treasury while service delivery was still a major issue.

DA member of the provincial legislature Freddy Sonakile raised serious concerns about the failure of the North West government to serve its citizens.

He argued that there were many service delivery protests because of its failure to spend its budget on necessities such as proper roads and infrastructure, water supply, clinics, and classrooms.

This was confirmed by Premier Bushy Maape during a question and answer session in the provincial legislature last week.

City Press has learnt that the underspent figure could be higher, as many municipalities had failed to use their budgets, with only three months remaining before their financial year comes to a close.

Five departments, including health; human settlements; public works and infrastructure; roads and transport; and agriculture, land reform and rural development, were high on the list of those that had underspent on conditional grants.

According to Maape, the department of health's contribution to underspending was R256 million, but it had managed to get R253 million rolled over.

The unspent funds were allocated to the department for the construction of clinics and hospitals, as well as maintenance of various existing health facilities in the province.

Maape said the main reasons for underspending were noncompliance of certain projects with supply chain management prescripts, appointments of unsuitable contractors and inconsistent sittings of bid committees. Opposition parties accused Maape's administration of failing its citizens and of focusing on enriching itself, rather than on rendering service delivery.

The North West government was also accused of spending the bulk of its allocated budget on salaries, which is said to be 60%, while spending only 40% on other things, including service delivery.

Sonakile argued that the figures were supposed to be the other way around, with more money spent on service delivery and less on salaries.

The department of public works and infrastructure recorded an underexpenditure of R373 million of its provincial road maintenance grant.

After presenting its case to National Treasury, it was permitted to carry R222 million over to the new financial year.

The department was also heavily criticised for not complying with the rollover criteria. Its underspending was attributed to contractors' poor performance on projects under construction, as well as on cancelled bids due to inconsistencies identified by internal audits.

City Press reported a week ago that the department had spent more than R47 million on a 4.5km stretch of Nelson Mandela Drive in Mahikeng, although the contractor was not compliant with its appointment requirements. This had forced the agent to recommend that the department terminate the contract, but it has since refused to do so.

In her 2021/22 Public Finance Management Act report, Auditor-General Tsakane Maluleke said the roads in North West and some government buildings under its management were in a poor state.

"Despite this, the department underspent its budget on transport infrastructure by R466 million, mostly relating to road construction and maintenance, due to a lack of proper planning in the procurement process to ensure that a panel of prequalified contractors with the required Construction Industry Development Board grading was available," she wrote.

The department of agriculture, land reform and rural development had only managed to get Treasury to roll R26 million of its unspent R12 million budget over to the new financial year.

Treasury refused to grant it a bigger rollover on the grounds that its submission did not comply with the rollover requirements.

The department was also criticised for the poor performance of its contractors and for having a nonfunctioning bid committee.

The department of human settlements surrendered R117 million of its unspent R170 million budget. However, Maluleke stated in the audit report that it had still not finished the Geluksoord housing project in Lekwa-Teemane or the Matlosana Extension 5 project, both of which were supposed to have been completed in 2019.

Maape also indicated that the department of education had spent less on educational infrastructure grants, HIV/Aids, national school nutritional programme grants and early childhood development grants.

National Treasury declined its request for a rollover, arguing that most of its projects were still at the planning stage and did not meet rollover requirements.

When approached for further information, the provincial treasury could neither confirm nor deny the figures mentioned by Maape, arguing that the 2022/23 financial year had not yet closed.

Treasury spokesperson Kesalopa Gill said: "The financial year of the provincial government ends on March 31 2023, so departments are still transacting and should be allowed to close their books before confirming their expenditure performance."

She said it would also be unfair to predict the outcome of expenditure for the current financial year before critical accountability processes had been concluded.

## R419M

**THE NORTH WEST GOVERNMENT HAS  
ALREADY SURRENDERED MORE THAN  
R419 MILLION TO NATIONAL TREASURY AFTER  
FAILING TO SPEND ALLOCATED BUDGET**