

# VOTE 14

## GAUTENG PROVINCIAL TREASURY

|                                       |                             |
|---------------------------------------|-----------------------------|
| To be appropriated by vote in 2017/18 | R712 634 000                |
| Responsible MEC                       | MEC for Finance             |
| Administering Department              | Gauteng Provincial Treasury |
| Accounting Officer                    | Head of Department          |

### 1. OVERVIEW

#### Vision

To provide strategic leadership in financial and fiscal matters to ensure sustainable and inclusive social and economic development of the people of Gauteng so that all may enjoy value for money services of the highest quality.

#### Mission

We are an activist Treasury that enables and promotes quality service delivery for the citizens of Gauteng through:

- Sustainable financing and funding that ensures developmentally focused allocation of resources and innovative revenue generation;
- Efficient cash management that ensures sustainable liquidity levels in the province;
- Effective financial management and reporting that ensures responsible stewardship and transparent resource utilization and expenditure; and
- A well-structured governance framework that ensures accountability, transparency and fiscal discipline in line with statutory obligations.

#### Strategic goals

- To promote better planning and budgeting synergy across all spheres of government in the province;
- To ensure balanced budgeting and sustainable funding for legislative mandates and strategic priorities of the province;
- To ensure approved financial resources are spent efficiently, effectively and economically across the province;
- To support all departments, entities and municipalities to achieve unqualified audits;
- To reduce fraud and corruption and promote clean government across the province; and
- To ensure statutory obligations are met and that decision-makers facilitate appropriate interventions.

#### Core functions and responsibilities

The functions of the Gauteng Provincial Treasury (GPT) are described in the Public Finance Management Act (PFMA, 1999) and the Municipal Finance Management Act (MFMA, 2003). These can be summarised as follows:

- To manage the budget allocation for the Gauteng Provincial Government;
- To ensure the instilling of fiscal discipline and corporate governance in the province;
- To ensure proper cash management;
- To ensure the effective and efficient utilisation of resources – value for money and compliance with all relevant legislation;
- To develop, implement and monitor compliance with corporate governance norms and standards relating to provincial and local government; and
- To ensure adequate financial accountability.

#### Main services

The mandate of the Gauteng Provincial Treasury is to promote good governance by providing stewardship on all financial matters in the province and to ensure that provincial budgets and budgetary processes promote transparency, accountability and the effective financial management of resources.

In essence, the role of the department is to ensure that provincial strategies are funded through projects and other initiatives which are aligned to the provincial priorities.

### **Ten-Pillar Programme of Transformation, Modernisation and Re-industrialisation**

The fifth Administration has placed emphasis on radical socio-economic transformation, an activist and responsive government. The strategic thrust which is a Gauteng City Region (GCR) wide programme and policy of radical socio-economic transformation known as Transformation, Modernisation and Reindustrialisation (TMR) underpinned by a ten-pillar programme. The mandate of the Gauteng Provincial Treasury is essentially centered on promoting good governance by providing stewardship on all financial matters in the province. In essence, the role of the department is thus focused on ensuring that strategies and key provincial priorities and projects which align to the TMR programme are funded. In this regards, the GPT supports all ten pillars in the TMR programme through reprioritizing and ensuring all the new provincial priorities are resourced.

At a departmental level, the department directly supports the following provincial pillars:

- Pillar 1: Radical economic transformation;
- Pillar 4: Transformation of state and governance; and
- Pillar 5: Modernisation of the public service.

As an activist Treasury, we have adopted pillars which support and align to the TMR programme and also operationalise the department's mission and vision. The adopted departmental pillars are as follows:

- Promoting better planning and budgeting synergy across all spheres of government in the province;
- Sustainable financing and funding;
- Effective and efficient financial management;
- Support radical economic transformation; and
- Perform all Treasury's statutory obligations and promote a transparent and accountable government.

The Gauteng Provincial Treasury has implemented and continues to implement the departmental strategic pillars which are aligned to the Transformation, Modernisation and Re-industrialisation agenda. To date, the GPT has achieved the following:

- Improved synergy in planning and budgeting processes among three spheres of government to ensure key priorities as espoused in the TMR programme are adequately funded in order to accelerate service delivery to the Gauteng citizenry;
- Implementation of the revenue enhancement strategy;
- Stabilization of the provincial wage bill against budget;
- Prudent cash management practices resulting in sustainable liquidity levels in the GPG;
- Provision of structured and targeted training to government institutions resulting in improvement in audit outcomes;
- Implementation of the open tender process as a measure to reduce fraud and corruption in government procurement processes;
- Compliance with regulatory and legislated requirements and standards;
- Implementation of Business Intelligence (BI) tools and automation of systems to improve efficiencies in financial management and enhance data integrity;
- Implementation of initiatives that support the Township Economy Revitalisation Strategy; and
- Maintenance of an unqualified audit opinion with no matters of emphasis for the department and the Provincial Revenue Fund.

### **National Development Plan**

The National Development Plan (NDP) envisions a South Africa where everyone feels free yet bounded to others; where everyone embraces their full potential, a country where opportunity is determined not by birth, but by ability, education and hard work. The realisation of such a society will require transformation of the economy and focused efforts to build the country's capabilities. The main challenge has been unevenness in capacity that leads to uneven performance in local, provincial and national government. Part of building the country's capabilities includes the work described in Chapter 13 of the NDP where it is indicated that there is a need to build the capability of the state to play a developmental and transformative role.

In alignment with the need to build a capable and developmental state, the GPT has aligned its objectives with and supports the initiatives espoused in the provincial TMR programme.

Some of the key objectives under the NDP chapter are:

- A state that is capable of playing a developmental and transformative role;
- A public service immersed in the development agenda but insulated from undue political interference;
- Relations between national, provincial and local government are improved through a more proactive approach to

- managing the intergovernmental system; and
- Strengthening local government.

Under this programme, the GPT aims to develop systems and interventions to ensure effective financial management in the province. Parts of the interventions in this regard are providing support to departments and municipalities to achieve unqualified audits, elimination of wastage and monitoring of cost containment in the province. Another important aspect of measures the department has undertaken in this regard is ensuring that government plans and budgets are synergised.

### **External activities and events relevant to budget decisions**

The province continues to be the country's economic hub accounting for an estimated 35.4 per cent of the country's Gross Domestic Product (GDP) in 2015. Economic activity in the Gauteng City Region continues to be dominated by the finance & business services, followed by government, social & personal services sectors.

The fifth administration of the Gauteng Provincial Government (GPG) adopted the TMR programme that carries the future plans of the Gauteng City Region. The central economic and social objectives of the TMR remain:

- To change income distribution;
- To enhance equity and thereby raise the living standards of all our people; and
- To change ownership patterns and bring black people into the economic mainstream of the province.

The work towards the realization of these objectives continues with emphasis on the transformation of the industrial structure, the promotion of innovation-driven industries, investment into skills development, transformation of apartheid spatial patterns, investment into infrastructure, and the building of strategic transformative partnerships with the private sector.

Due to the interconnectedness of South Africa's economy, the fragile global recovery and weakening national outlook poses challenges for the province's economy. The subdued economic environment means that the country will face a challenging fiscal outlook over MTEF. During the 2016 Medium Term Budget Policy Statement speech made by the Minister of Finance, the emphasis was placed on the need to accelerate fiscal consolidation in order to limit budget deficit and slow the pace of debt accumulation, whilst supporting stronger public and private infrastructure investment.

Fiscal discipline remains important to ensure that fiscal targets are achieved. To stimulate economic activity, emphasis must be placed on meeting spending targets, particularly in infrastructure and in the economic development space. In addition, the rollout of the TMR agenda should be accelerated where possible, as well as the enhancement of the Gauteng City Region to further advance inclusive growth, with a particular emphasis on employment programmes. The 'Brexit' is expected to further dampen global economic growth prospects, potentially having an adverse impact on emerging markets (including South Africa, and eventually Gauteng), thus putting pressure on the current budget and the need to contain costs.

### **Acts, rules and regulations**

- Division of Revenue Act (DORA), 2016;
- Treasury Regulations 2005 and Delegations;
- Prevention and Combating of Corrupt Activities Act, 2004;
- Municipal Finance Management Act, 2004;
- Broad-Based Black Economic Empowerment Act, 2003;
- The Tender Board Repeal Act, 2002;
- Preferential Procurement Policy Framework Act, 2000;
- Promotion of Access to Information Act, 2000 (Act 2 of 2000);
- Municipality Systems Act (2000) and Development Facilitation Act (1995);
- Promotion of Administrative Justice Act, 2000;
- Public Finance Management Act, 1999;
- Employment Equity Act, 1998;
- Basic Conditions of Employment Act, 1997;
- Intergovernmental Fiscal Relations Act, 1997 (Act 97 of 1997);
- Public Service Laws Amendment Act; 1997;
- Government Employees Pension Law, 1996;
- The National Archives Act, 1996;
- Borrowing Powers of Provincial Government Act, 1996 (Act 48 of 1996);
- The Constitution of the Republic of South Africa, 1996;
- Labour Relations Act, 1995;
- Occupational Health and Safety Act, 1995; and
- Public Service Act, 1994 Regulations and Delegations.

## 2. REVIEW OF THE CURRENT FINANCIAL YEAR (2016/17)

The department supported the implementation of the GPG Transformation, Modernisation and Re-industrialisation programme in the 2016/17 financial year and contributed directly to three pillars of the TMR programme (namely: Pillar 1 - Radical economic transformation; Pillar 4 - Transformation of state and governance; and Pillar 5 - Modernisation of public service).

The department contributed towards eight priority areas that are critical in institutionalising the Gauteng City Region by directly contributing towards these four areas:

- Revitalising and mainstreaming of the township economy and development of SMMEs and cooperatives through active industrial incentives and transformative procurement policy that promotes the growth of township-based manufacturing and services;
- Constructing and advocating for a capable, responsive, accountable, clean, activist government machinery through interventions such as Ntirhisano Programme and Service Delivery War Room, Administration Roadmap, Integrity Management Units and Open Tender System;
- Investing massively in catalytic infrastructure to facilitate spatial transformation across the five development corridors of the GCR – public transport, energy, water, sanitation, broadband and open green spaces; and
- Intervening through different programmes to address the explosive situation of youth unemployment and marginalisation.

### Pillar 1: Radical economic transformation

The department continued to support provincial initiatives in driving the radical economic transformation of the provincial economy including the township economy and reindustrialisation of the province by ensuring that township enterprises, co-operatives and SMMEs are registered on the government service provider database and are compliant with the regulatory requirements in order for them to do business with government. In this regard, a total of 7 024 township suppliers have been registered on the GPG supplier database through the National Treasury's centralised supplier database. The department has achieved 99 per cent payment of invoices within 30 days in 2016/17. In its quest for continuous improvement, the department has started monitoring its payment of suppliers within 15 days with the intention of targeting 15 days as a standard for supplier payment.

To improve the GPG market share for township enterprises, partnerships have been established with private sector to develop suppliers in designated sectors. The department has also implemented measures to improve the market share for local content and township enterprises, with monitoring of spending on designated sectors and identification of suppliers for development into designated economic sectors. Current spending by GPG departments, entities and municipalities is at 22.1 per cent of total procurement against a target of 18 per cent for the financial year.

The implementation of the department's Phase 1 of the Township Economy Revitalisation (TER) Strategy focused on increasing procurement from township enterprises, increasing awareness of market access for township enterprises and growing the GPG supplier database through targeted drives for the registration of new township suppliers.

As part of the implementation of Phase 2 of the TER Strategy, the department made inputs into the National Treasury's Strategic Procurement Framework which informed the development of the GPG Sourcing Strategy. Furthermore, the department has signed a Memorandum of Agreement with a specialist in SMME development to promote the private sector participation in the TER. To date, more than 10 supplier enterprises are being trained and taken through the supplier development and incubation process. It is envisioned that this partnership will assist the GPT in creating vibrant and sustainable township enterprises that will grow the economy and address the current socio-economic challenges.

### Pillar 4: Transformation of state and governance

The GPT assessed and reviewed the budgets of provincial departments through the MTEC process and assessed the municipal budgets to align them with provincial priorities to ensure that limited resources are spent on provincial priorities in line with the TMR programme and wastage of resources is eliminated.

The GPT, Gauteng Planning Division (in the Office of the Premier), Department of Cooperative Governance and Traditional Affairs and municipalities collaborated in the development of an integrated planning framework to improve synergy in government planning and programmes.

With regard to the improvement of financial management in the province, the department's interventions assisted all provincial departments and entities to achieve unqualified audit outcomes. This was achieved through training sessions held with departments early in the financial year and other training sessions scheduled towards the end of the financial year to prepare for the audit period.

The department intensified the monitoring of municipalities and deployed staff members to assist with the preparation of annual financial statements in municipalities. Audit findings for the 2015/16 financial year were assessed and improvement

plans were implemented; this assisted in ensuring that all municipalities achieved unqualified audit outcomes. The municipal fiscal responsiveness assessments were conducted throughout the financial year to ensure that municipal financial management systems are effective in revenue collection; to ensure that the database of debtors is correct; and to ensure that billing is accurate. All these are aimed at improving citizen's confidence in government systems. The province put processes in place to reduce amounts owed by provincial departments to municipalities to contribute to the financial stability in municipalities.

The open tender system is one of the strategies that the GPG has adopted to transform procurement processes within supply chain management in order to eliminate corruption, non-compliance and promote transparency and good governance in the province. An analysis and selection of projects for the open tender process identified 59 projects of which 57 are already in the open tender process. The open tender process has been extended to municipalities and public entities, which resulted in 5 of their projects going through the open tender system.

#### **Pillar 5: Modernization of the Public Service**

With regard to building institutional capacity and enhancing transparency in government accounting and procurement processes as measures to combat corruption and fraud, the GPG supply chain management officials and bid committee members received training. And the lessons learnt from the probity audits provided invaluable information on the skills of procurement officials, which assisted in customising targeted training interventions.

The department continued its drive to modernise financial management systems in the province. The BI tool to track and trace accruals, commitments and irregular expenditure has been deployed in all departments.

A total of 68 learners were placed in the department during the financial year, with 20 being SAIPA learners who have a 3-year contract while the balance have a 1-year contract. This is part of the department's SAIPA Learnership Programme and Work Experience Placement Programme where the interns and learners are given an opportunity to learn practical work skills. These programmes contribute to the Tshepo 500 000 Programme.

### **3. OUTLOOK FOR THE COMING FINANCIAL YEAR (2017/18)**

The 2017/18 financial year is the mid-term mark for the fifth administration. It is necessary for the department to reflect on its achievements to date and it is crucial for the department to put measures in place that will see to the attainment of the provincial priorities that are espoused in the TMR programme and the departmental strategic plan to ensure the acceleration of service delivery in Gauteng Province.

The TMR programme, the Gauteng Economic Development Strategy, the Township Economy Revitalisation Strategy and the Infrastructure Master Plan remain the key policies that the Gauteng City Region has adopted to accelerate service delivery to the Gauteng citizenry. The GPT will support these policies through the following:

#### **PILLAR 1: RADICAL ECONOMIC TRANSFORMATION**

##### **To create an enabling environment for township-based SMMEs to do business with GPG**

The key focus area for the Township Economy Revitalisation Strategy is the revitalisation and mainstreaming of the township economy and the development of SMMEs and co-operatives through active industrial incentives and a transformative procurement policy that promotes the growth of township-based businesses.

##### **To support the development and implementation of the Township Economy Revitalisation Strategy that encourages the increase in township spend**

The combined efforts of GPG departments, entities and municipalities, to support the Township Economy Revitalisation Strategy has resulted in the target for procurement from township enterprises being realised and this effort will continue to be a focus area in the 2017/18 financial year. The department will increase the number of township suppliers on the GPG database and it will continue to provide opportunities such as supplier development and incubation as a means to ensure suppliers benefit from public procurement spend by partnering with different stakeholders. Part of the supplier development will include development workshops and training to ensure that suppliers are fully compliant with government prescripts relating to procurement.

The GPT is committed to ensuring that SMMEs and co-operatives are paid within 30 days in order for the businesses to sustain themselves and continue to operate.

#### **PILLAR 4: TRANSFORMATION OF STATE AND GOVERNANCE**

##### **Promoting better planning and budgeting synergy across all spheres of government**

South Africa, being an emerging economy, is affected by the fragile global recovery. The weakening and bleak national



outlook pose challenges for the GP economy as it indicates the country's fiscal outlook going forward. In this regard, the department will put measures in place to ensure that provincial own revenue targets are realised as stated in the Provincial Revenue Enhancement Strategy. Strategies such as sourcing alternative funding solutions will be explored. Various bilaterals will be hosted with provincial departments and municipalities to continue engaging through dialogues on budget plans proposed, alignment of TMR, other key policies and strategies adopted for implementation in the Gauteng City Region.

Platforms such as Budget Fora, Premier's Budget Committee and inter-governmental relations structures will be utilised to realise this and to ensure full participation by all stakeholders in streamlining planning processes, creating synergy and improving the credibility of planning processes in the different spheres of government.

#### **Ensuring balanced budgeting and sustainable funding for legislative mandates and strategic priorities of the province**

Key focus areas for the TMR include investing massively in catalyst infrastructure projects to facilitate spatial transformation across the five development corridors of the GCR to accelerate the delivery of services and improve economic growth.

The GPT will explore partnerships that might assist with revenue generation in the province and find alternative funding solutions for other related infrastructure projects. Together with CoGTA, GPT will implement strategies that will tackle the rising municipal debt and improve revenue collection in the local government sphere.

#### **Ensuring that approved financial resources are spent efficiently, effectively and economically across the province**

To stimulate economic activity, the department will put emphasis on meeting spending targets on infrastructure and economic development and ensure that GPG departments spend in line with approved budget and avoid over-commitments.

The GPT will coordinate and implement the strategy of cost containment in the province. The strategy relates to a reduction of expenditure on nine identified items that are regarded as non-core in public service delivery. The GPT will continue to monitor the spending on personnel, which is targeted to remain below 60 percent of the total budget. The department will also continue to monitor and to ensure improvement in the spending on infrastructure and conditional grants.

Prudent cash management practices have resulted in steady and sustainable liquidity levels within GPG. The department will ensure that the liquidity levels remain unchanged through monitoring and ensuring that the cash outflows do not exceed the provincial revenue streams.

#### **Supporting all departments, entities and municipalities to achieve unqualified audits**

Various interventions by the GPT have resulted in gradual improvement in audit outcomes of departments, public entities and local municipalities. The department will continue to provide technical support, structured and targeted training to address issues raised by the Auditor-General during audits and to ensure that the province gradually moves towards having unqualified audit outcomes in all its provincial institutions. These efforts are aimed at ensuring the implementation of sound financial management practices and the implementation of recommendations specified in the action plans.

The Gauteng Audit Services will conduct internal audits which will be a precursor to the Auditor-General's audits and will highlight matters that need speedy interventions to ensure improvement of audit outcomes. The GPT will provide structured and targeted training on key problematic areas highlighted as needing prompt interventions.

#### **Reducing fraud and corruption and promoting clean government across the province**

The current administration in Gauteng Provincial Government is aiming at constructing and advocating for a capable, responsive, accountable, clean, activist government machinery. As a result, various interventions are in place to realise this; and one of the key projects is the implementation of the open tender system by government institutions. The GPT will accelerate the implementation of the project and ensure that 80 percent of government procurement is implemented through the open tender system.

The department will implement the Forensic Services Strategy which focuses on five pillars (namely: Deterrence, Prevention, Detection, Investigation and Sanctions and Recovery) to ensure eradication of fraud and corruption within the GPG.

#### **Ensuring that statutory obligations are met and that decision-makers facilitate appropriate interventions**

Timeous submission of credible statutory and regulatory reports is fundamental to a Treasury function. As a result, the GPT takes pride in having maintained the number one spot in the provincial Management of Performance Assessment Tool (MPAT) results. The GPT endeavours to work even harder to improve on areas where interventions are required to ensure full compliance with the MPAT standards and requirements in the coming financial year.

The department will continue to ensure compliance with regulatory prescripts and framework and to put measures in place to promote transparency and improve public confidence in government processes.

## PILLAR 5: MODERNISATION OF THE PUBLIC SERVICE

The pilot and the rollout of the automated In-Year Monitoring (IYM) system to provincial departments will continue in the ensuing financial year. The automation of the IYM is aimed at ensuring credible financial data and improve efficiencies in budgeting and expenditure reporting processes.

The BI tools that were rolled out in the prior financial year will be further enhanced to improve the existing financial systems and processes. The department will carry out a pilot on the patient management system, a system that aims to have centralised data for patients.

The online payroll certificate system deployed in provincial departments will be implemented in public entities and the GPT will engage appropriate stakeholders in the municipalities to commence discussions on the rollout of Municipal Standard Chart of Account (MSCOA).

## 4. REPRIORITISATION

GPT performed the reprioritisation exercise to identify savings that will be utilised to fund the spending plan over MTEF. The baselines for goods and services in core programmes were reprioritised. The department reduced funds allocated to non-core items and savings were realised to fund priority areas.

The department reprioritised R124 million in 2017/18 and R128 million in 2018/19 among all the departmental programmes. Inclusive in these amounts is R17.4 million in 2017/18 and R16.7 million in 2018/19 that was reallocated to increase compensation of employees in order to provide for the additional capacity that is required under Municipal Financial Governance, Provincial Supply Chain Management and Gauteng Audit Services.

The identified savings under goods and services were redirected to fund the continued support of the open tender process through probity audits; the implementation requirements of specialised audits in order to enhance transparency, good governance and a clean government. Good governance will be achieved through strengthening the internal control and regulatory environment in the province, automation of AFS production and deployment of SAP project system & PPM Modules.

Furthermore, the reprioritisation will cater for providing assistance to municipalities to improve and promote sound financial governance, financial management and administration to optimize revenue collection. Overall, the reprioritisation will contribute towards expenditure reduction, improving municipal audit outcomes and addressing institutional challenges. The overall service delivery will not be negatively affected by the budget reprioritisation.

## 5. PROCUREMENT

The 2017/18 financial year will see a continuation of various systems that the GPT procured in the prior years. These projects include specialist capacity on the infrastructure development management system (IDMS), economic impact analysis (CGE Model), IYM automation pilot roll out and probity auditors for the open tender projects.

The department is planning to procure business solutions on its existing SAP platforms ranging from SCOA configurations to support municipalities in Gauteng, Infrastructure Project Management, Data Analytics, Fraud Risk Management Tool and Patient Administration.

To support annual financial statement reporting, the GPT will procure a solution to automate the AFS production and continue with the annual AFS training for municipalities, department and entities.

## 6. RECEIPTS AND FINANCING

### 6.1. Summary of receipts

TABLE 14.1: SUMMARY OF RECEIPTS: GAUTENG PROVINCIAL TREASURY

| R thousand            | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|-----------------------|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|                       | 2013/14        | 2014/15        | 2015/16        |                    |                        |                  | 2017/18               | 2018/19        | 2019/20        |
| Equitable share       | 429 322        | 482 189        | 555 189        | 607 394            | 641 552                | 638 836          | 712 634               | 764 513        | 813 070        |
| <b>Total receipts</b> | <b>429 322</b> | <b>482 189</b> | <b>555 189</b> | <b>607 394</b>     | <b>641 552</b>         | <b>638 836</b>   | <b>712 634</b>        | <b>764 513</b> | <b>813 070</b> |

The department is funded through the equitable share. The 2015/16 financial year takes into account the reconfiguration implemented to align to the generic structure prescribed for Provincial Treasuries. The department has created new specialised and focused programmes, which includes the functions taken over from the former Gauteng Department of Finance (now Department of e-Government).

The department's equitable share budget increased from R429.3 million in 2013/14 to R555.2 million in 2015/16. The increases were attributable to the funds provided for the Health Intervention project in 2013/14 and 2014/15. The 2016/17 main budget increases from R607.4 million to R641.5 million during the adjustment budget process due to funds allocated to the department's entity, i.e. Gauteng Infrastructure Funding Agency (GIFA).

Over the 2017 MTEF, the budget increases from R712.6 million in 2017/18 to R813.1 million in 2019/20 to fund the implementation of the revised organisational structure and other projects such as the Probity Audit for the open tender system, Infrastructure Delivery Management Systems, Computable General Equilibrium Model, Forensic Audit Information Systems, Fraud risk management tool, Data analytics tool, P-Card software licenses, training on GRAP or modified cash standards for departments and entities and the automation of annual financial statements compilation of provincial departments.

## 6.2. Departmental receipts

TABLE 14.2: SUMMARY OF DEPARTMENTAL RECEIPTS COLLECTION

| R thousand  | Outcome        |                |                | Main appropriation | Adjusted appropriation<br>2016/17 | Revised estimate | Medium-term estimates |                |              |
|---|----------------|----------------|----------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|--------------|
|   | 2013/14        | 2014/15        | 2015/16        |                    |                                   |                  | 2017/18               | 2018/19        | 2019/20      |
| Tax receipts  |                |                |                |                    |                                   |                  |                       |                |              |
| Casino taxes  |                |                |                |                    |                                   |                  |                       |                |              |
| Sales of goods and services other than capital assets | 235            | 338            | 555            | 1 000              | 1 000                             | 986              | 1 050                 | 1 111          | 1 173        |
| Transfers received                                    |                |                |                |                    |                                   | 10               |                       |                |              |
| Interest, dividends and rent on land                  | 247 283        | 481 452        | 622 676        | 150 000            | 480 000                           | 575 138          | 300 000               | 350 000        | 369 600      |
| Sales of capital assets                               |                |                | 214            |                    |                                   |                  |                       |                |              |
| Transactions in financial assets and liabilities      | 375            | 477            | 451            | 415                | 400                               | 395              | 450                   | 500            | 528          |
| <b>Total receipts</b>                                 | <b>247 893</b> | <b>482 267</b> | <b>623 896</b> | <b>151 415</b>     | <b>481 400</b>                    | <b>576 529</b>   | <b>301 500</b>        | <b>351 611</b> | <b>371 1</b> |

The departmental receipts are generated from interest earned on favourable cash balances, staff parking fees, and debt recovered from previous financial years.

Approximately 99 per cent of the department's total receipts is the interest revenue earned. The interest revenue increases from R247.9 million in 2013/14 to R622.7 million in 2015/16. The 2016/17 budget for interest revenue increases from R150 million to R480 million during the adjustment budget process due to revenue over-collection in the first few months of the financial year. The budget is set conservatively given that an increased spending in the province would reduce the cash balances and result in lower interest revenue earned. For this reason, the budget increases from R300 million in 2017/18 to R369.6 million in 2019/20.

The other revenue sources, particularly the parking fees, increase gradually from R338 000 in 2014/15 to R555 000 in 2015/16. As the staff complement increased in 2015/16 after a transfer of functions from the former Gauteng Department of Finance, the revenue collection from this source is now higher. The sale of tender documents contributes to the increase in departmental receipts.

## 7. PAYMENT SUMMARY

### 7.1. Key assumptions

The strategic documents that inform the department's budget for the MTEF include the Strategic Plan, Annual Performance Plan, provincial outcomes and the Gauteng Provincial Government's programme of action (POA).

The salary growth rates prescribed by the National Treasury inform the provision for the annual salary adjustments, which are as follows: 7.1 percent in 2017/18, 6.9 percent in 2018/19 and 5.8 percent in 2019/20. The personnel budget takes into account the other personnel-related costs such as notch progression, performance bonuses, housing allowances, long service award and employer's medical aid contributions.



## 7.2. Programme summary

TABLE 14.3: SUMMARY OF PAYMENTS AND ESTIMATES BY PROGRAMME: GAUTENG PROVINCIAL TREASURY

| R thousand                                | Outcome        |                |                | Main appropriation | Adjusted appropriation<br>2016/17 | Revised estimate | Medium-term estimates |                |                |
|---|----------------|----------------|----------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|----------------|
|   | 2013/14        | 2014/15        | 2015/16        |                    |                                   |                  | 2017/18               | 2018/19        | 2019/20        |
| 1. Administration                         | 79 876         | 92 037         | 106 291        | 121 342            | 123 342                           | 123 342          | 128 921               | 140 529        | 148 675        |
| 2. Sustainable Fiscal Resource Management | 109 128        | 139 420        | 183 041        | 149 645            | 174 645                           | 174 645          | 141 751               | 151 201        | 159 973        |
| 3. Financial Governance                   | 101 776        | 109 809        | 126 678        | 128 028            | 132 536                           | 131 866          | 145 585               | 155 523        | 164 541        |
| 4. Provincial Supply Chain Management     | 58 311         | 59 200         | 53 460         | 91 537             | 95 637                            | 94 240           | 122 614               | 130 891        | 132 120        |
| 5. Municipal Financial Governance         | 27 526         | 28 525         | 29 995         | 36 303             | 37 853                            | 37 853           | 61 384                | 65 376         | 73 537         |
| 6. Gauteng Audit Services                 | 52 705         | 53 198         | 55 724         | 80 539             | 77 539                            | 76 890           | 112 379               | 120 992        | 134 224        |
| <b>Total payments and estimates</b>       | <b>429 322</b> | <b>482 189</b> | <b>555 189</b> | <b>607 394</b>     | <b>641 552</b>                    | <b>638 836</b>   | <b>712 634</b>        | <b>764 513</b> | <b>813 070</b> |

## 7.3. Summary of economic classification

TABLE 14.4: SUMMARY OF PROVINCIAL PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: GAUTENG PROVINCIAL TREASURY

| R thousand                           | Outcome        |                |                | Main appropriation | Adjusted appropriation<br>2016/17 | Revised estimate | Medium-term estimates |                |                |
|--------------------------------------|----------------|----------------|----------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|----------------|
|                                      | 2013/14        | 2014/15        | 2015/16        |                    |                                   |                  | 2017/18               | 2018/19        | 2019/20        |
| <b>Current payments</b>              | <b>374 481</b> | <b>401 859</b> | <b>429 043</b> | <b>552 102</b>     | <b>524 608</b>                    | <b>522 820</b>   | <b>644 664</b>        | <b>693 318</b> | <b>748 328</b> |
| Compensation of employees            | 290 627        | 332 226        | 364 346        | 453 361            | 418 467                           | 415 539          | 548 318               | 590 162        | 629 631        |
| Goods and services                   | 83 854         | 69 633         | 64 697         | 98 741             | 106 141                           | 107 281          | 96 345                | 103 156        | 118 697        |
| Interest and rent on land            |                |                |                |                    |                                   |                  |                       |                |                |
| <b>Transfers and subsidies to:</b>   | <b>51 119</b>  | <b>76 944</b>  | <b>120 659</b> | <b>52 888</b>      | <b>112 540</b>                    | <b>112 697</b>   | <b>66 335</b>         | <b>69 559</b>  | <b>63 014</b>  |
| Departmental agencies and accounts   | 50 000         | 75 000         | 120 000        | 52 650             | 102 650                           | 102 650          | 55 335                | 58 544         | 61 940         |
| Higher education institutions        |                |                |                |                    |                                   |                  |                       |                |                |
| Non-profit institutions              |                |                |                |                    | 8 955                             | 8 955            | 10 000                | 10 000         |                |
| Households                           | 1 119          | 1 944          | 659            | 238                | 935                               | 1 092            | 1 000                 | 1 015          | 1 074          |
| <b>Payments for capital assets</b>   | <b>3 718</b>   | <b>3 262</b>   | <b>5 487</b>   | <b>2 404</b>       | <b>4 404</b>                      | <b>3 319</b>     | <b>1 635</b>          | <b>1 636</b>   | <b>1 728</b>   |
| Buildings and other fixed structures |                |                |                |                    |                                   |                  |                       |                |                |
| Machinery and equipment              | 3 557          | 2 970          | 5 487          | 2 404              | 4 404                             | 3 319            | 1 635                 | 1 636          | 1 728          |
| Software and other intangible assets | 161            | 292            |                |                    |                                   |                  |                       |                |                |
| <b>Payments for financial assets</b> | <b>4</b>       | <b>124</b>     |                |                    |                                   |                  |                       |                |                |
| <b>Total economic classification</b> | <b>429 322</b> | <b>482 189</b> | <b>555 189</b> | <b>607 394</b>     | <b>641 552</b>                    | <b>638 836</b>   | <b>712 634</b>        | <b>764 513</b> | <b>813 070</b> |

Due to the department's structural reconfiguration the previous years' outcomes and the 2017 MTEF period is inclusive of the adopted functions. Spending increased from R429.3 million in 2013/14 to R555.2 million in 2015/16. This level of spending includes the department's interventions in the Department of Health to improve financial and operational management. The 2016/17 main appropriation increases from R607.4 million to R641.5 million during the adjustment budget process mainly because of additional funds provided to the Gauteng Infrastructure Funding Agency and the funds reallocated to the Department of e-Government (e-Gov) following the transfer of a function back to e-Gov. The budget increases from R712.6 million to R813.1 million over the MTEF.

Expenditure on compensation of employees increases from R290.6 million in 2013/14 to R364.3 million in 2015/16. The 2016/17 main budget decreases from R453.4 million to R418.5 million during the adjustment budget process when the funds for vacant posts are reallocated for the priorities of the department. Over the MTEF, the budget increases from R548.3 million to R629.6 million to cater for the cost of the revised organisational structure.

Expenditure on goods and services was R83.8 million in 2013/14. The amount of R69.6 million spent in 2014/15 includes R30 million for the Health Intervention project. The increase in the 2016/17 main budget from R98.7 million to R106.1 million during the adjustment budget process includes R5.3 million allocated for the provincial forensic assignments undertaken to improve transparency and accountability in the use of public resources. Over the MTEF, the department is funding various key projects including Probity Audit for the open tender system, Infrastructure Delivery Performance Management, Computable General Equilibrium Model, Forensic Audit Information Systems, fraud risk management tool, data analytics tool, P-Card software licenses, training on GRAP/ modified cash standards for departments and entities and the automation of annual financial statements of departments.

The department is still responsible for the Gauteng Infrastructure Funding Agency. Transfers made to the departmental agency over the MTEF period are as follows: R55.3 million in 2017/18, R58.5 million in 2018/19 and R61.9 million in 2019/20. The department introduced a transfer to the South African Diversity Council during 2016/17 adjustment period and over the 2017 MTEF to implement the supplier development and incubation programme that will contribute to the Township Economic Revitalisation programme in order to capacitate township suppliers to participate in government's procurement of goods and services.

The payment for capital assets mainly fund the provision of tools of trade for the officials to perform their functions efficiently and effectively. The resourcing is based on a structured IT equipment refresh process which is informed by the economic useful life of the various IT assets and warranties. The allocation over the MTEF period will be as follows: R1.6 million in 2017/18 and 2018/19 and R1.7 million in 2019/20.

#### 6.4. Infrastructure payments

N/A

##### 6.4.1. Departmental infrastructure payments

N/A

##### 6.4.2. Maintenance

N/A

##### 6.4.3. Non infrastructure items

N/A

##### 6.4.4. Departmental Public-Private-Partnership (PPP) projects

The department does not have any PPP projects. The Provincial Treasury's oversight responsibilities for PPPs within the Province are housed under Sub-programme: Infrastructure Management (Element: PPP unit).

#### 6.5. Transfers

##### 6.5.1. Transfers to public entities

N/A

##### 6.5.2. Transfers to other entities

TABLE 14.5: SUMMARY OF DEPARTMENTAL TRANSFERS TO OTHER ENTITIES: GAUTENG PROVINCIAL TREASURY

| R thousand                            | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |               |               |
|---------------------------------------|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
|                                       | 2013/14       | 2014/15       | 2015/16       |                    |                        |                  | 2017/18               | 2018/19       | 2019/20       |
| GAUTENG INFRASTRUCTURE FUNDING AGENCY | 50 000        | 75 000        | 70 000        | 52 650             | 102 650                | 102 650          | 55 335                | 58 544        | 61 940        |
| <b>Total departmental transfers</b>   | <b>50 000</b> | <b>75 000</b> | <b>70 000</b> | <b>52 650</b>      | <b>102 650</b>         | <b>102 650</b>   | <b>55 335</b>         | <b>58 544</b> | <b>61 940</b> |

Transfers to the Gauteng Infrastructure Funding Agency increase from R50 million in 2013/14 to R70 million in 2015/16. The main appropriation increases from R52.6 million to R102.6 million during the 2016/17 adjustment budget process to provide capital amount for the Project Preparation Facility that funds the costs of feasibility studies for infrastructure projects. Over the MTEF, the allocation for GIFA increases from R55.3 million to R61.9 million to ensure a sustainable pipeline of strategic infrastructure projects that are catalysts for socio-economic development in the province.

##### 6.5.3. Transfers to local government

N/A

## 8. PROGRAMME DESCRIPTION

### PROGRAMME 1: Administration

#### Programme description

The programme aims to provide effective leadership, management and administrative support to the Treasury's Programmes, Member of the Executive Council (MEC) and the Accounting Officer. This is done to carry out the mandate of the department.

### Programme objectives

- To provide for the well-functioning of the Member of Executive Council for Finance to enable the MEC to provide political leadership and ensure alignment to the Ministerial Handbook.
- To render administrative leadership to the department. The programme is further sub-divided into Strategy Management, a function which manages and coordinates strategic planning, corporate performance, monitoring & evaluation of the department and also provides internal risk management services.
- Financial Management Services which house the Office of the Chief Financial Officer (CFO) to ensure sound financial management in GPT, by ensuring, amongst things, budgets which align to the outcomes and priorities of the department and compliance with Supply Chain prescripts.
- Human Resources, Communications, Legal Services and Information, Communications and Technology (ICT) functions reside in this programme and their purpose is to ensure compliance to good governance principles by providing corporates support services to the department.

### Key policies, priorities and outputs

Some of the key priorities for the Administration programme in the 2017/18 financial year are as follows:

- Management of the departmental vacancies to acceptable levels;
- Full implementation of the generic structure to ensure human capacity;
- Prudent management of financial resources resulting in an unqualified audit opinion on the Annual Financial Statements (AFS) and Pre-Determined Objectives (PDOs);
- Ensure compliance to the Management of Performance Assessment Tool (MPAT) standards and requirements;
- Ensure full compliance with legislation and other mandatory regulatory matters and prescripts; and
- Ensure timeous payments of service providers.

TABLE 14.6: SUMMARY OF PAYMENTS AND ESTIMATES BY SUB-PROGRAMME: ADMINISTRATION

| R thousand                             | Outcome       |               |                | Main appropriation | Adjusted appropriation<br>2016/17 | Revised estimate | Medium-term estimates |                |                |
|--|---------------|---------------|----------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|----------------|
|  | 2013/14       | 2014/15       | 2015/16        |                    |                                   |                  | 2017/18               | 2018/19        | 2019/20        |
| 1. Office Of The MEC                   | 7 033         | 6 471         | 5 840          | 8 270              | 8 270                             | 7 740            | 7 288                 | 7 696          | 8 141          |
| 2. Office Of The HOD                   | 10 314        | 14 692        | 15 064         | 16 789             | 17 389                            | 19 381           | 17 709                | 18 834         | 19 927         |
| 3. Corporate Management                | 41 855        | 52 534        | 59 682         | 70 936             | 70 774                            | 71 561           | 77 865                | 84 001         | 88 870         |
| 4. Financial Management Services (CFO) | 20 674        | 18 340        | 25 705         | 25 347             | 26 909                            | 24 660           | 26 059                | 29 998         | 31 737         |
| <b>Total payments and estimates</b>    | <b>79 876</b> | <b>92 037</b> | <b>106 291</b> | <b>121 342</b>     | <b>123 342</b>                    | <b>123 342</b>   | <b>128 921</b>        | <b>140 529</b> | <b>148 675</b> |

TABLE 14.7: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: ADMINISTRATION

| R thousand                           | Outcome       |               |                | Main appropriation | Adjusted appropriation<br>2016/17 | Revised estimate | Medium-term estimates |                |                |
|--------------------------------------|---------------|---------------|----------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|----------------|
|                                      | 2013/14       | 2014/15       | 2015/16        |                    |                                   |                  | 2017/18               | 2018/19        | 2019/20        |
| <b>Current payments</b>              | <b>77 006</b> | <b>88 524</b> | <b>100 590</b> | <b>120 100</b>     | <b>120 035</b>                    | <b>119 697</b>   | <b>126 286</b>        | <b>137 878</b> | <b>145 873</b> |
| Compensation of employees            | 44 926        | 62 021        | 68 642         | 78 862             | 78 797                            | 79 776           | 91 902                | 99 254         | 105 007        |
| Goods and services                   | 32 080        | 26 503        | 31 948         | 41 238             | 41 238                            | 39 921           | 34 384                | 38 624         | 40 866         |
| Interest and rent on land            |               |               |                |                    |                                   |                  |                       |                |                |
| <b>Transfers and subsidies to:</b>   | <b>75</b>     | <b>1 499</b>  | <b>214</b>     | <b>238</b>         | <b>303</b>                        | <b>326</b>       | <b>1 000</b>          | <b>1 015</b>   | <b>1 074</b>   |
| Departmental agencies and accounts   |               |               |                |                    |                                   |                  |                       |                |                |
| Households                           | 75            | 1 499         | 214            | 238                | 303                               | 326              | 1 000                 | 1 015          | 1 074          |
| <b>Payments for capital assets</b>   | <b>2 795</b>  | <b>2 006</b>  | <b>5 487</b>   | <b>1 004</b>       | <b>3 004</b>                      | <b>3 319</b>     | <b>1 635</b>          | <b>1 636</b>   | <b>1 728</b>   |
| Machinery and equipment              | 2 774         | 1 731         | 5 487          | 1 004              | 3 004                             | 3 319            | 1 635                 | 1 636          | 1 728          |
| Software and other intangible assets | 21            | 275           |                |                    |                                   |                  |                       |                |                |
| <b>Payments for financial assets</b> |               | <b>8</b>      |                |                    |                                   |                  |                       |                |                |
| <b>Total economic classification</b> | <b>79 876</b> | <b>92 037</b> | <b>106 291</b> | <b>121 342</b>     | <b>123 342</b>                    | <b>123 342</b>   | <b>128 921</b>        | <b>140 529</b> | <b>148 675</b> |

The expenditure for Administration increased from R79.9 million in 2013/14 to R 106.3 million in 2015/16. The 2016/17 main budget increases from R121.3 million to R123.3 million during the adjustment budget process to procure new laptops and desktops for employees. Over the MTEF, the budget increases from R128.9 million in 2017/18 to R148.7 million in 2019/20.

The main costs drivers under goods and services are utilities, external audit, lease payments, communication and property payments. The department also has various projects earmarked and catered for under goods and services. These projects include the hosting of network servers externally, IT equipment refresh programme, Corporate Performance and Evaluation Information System and the establishment of the disaster recovery site.

Expenditure on compensation of employees increased from R44.9 million in 2013/14 financial year to R68.6 million in 2015/16 to fund the provision of human capacity in line with the growing department. The main budget decreases from R78.9 million to R78.8 million in 2016/17 due to the reallocation of funds for the vacant posts towards the priorities of the department. The budget increases from R91.9 million to R105 million over the MTEF to provide for the implementation of the revised organisational structure.

Expenditure on goods and services increased from R26.5 million in 2014/15 to R31.9 million in 2015/16. The higher expenditure included payments for operational requirements such as property payments, operating leases and staff training. The budget increases from R34.4 million in 2017/18 to R40.9 million over the MTEF to support the revised organisational structure.

Over the MTEF, spending for payments for capital assets is expected to stay at average allocation of R2 million per financial year. The estimated allocation being R2 million for 2017/18; 2018/19, 2019/20 financial years respectively.

## SERVICE DELIVERY MEASURES

### PROGRAMME1: ADMINISTRATION

| Performance Measures   | Estimated Annual Targets                             |   |   |
|--|--|---|---|
|  | 2017/18  | 2018/19   | 2019/20   |
| Auditor-General's audit outcome for the department   | Unqualified audit opinion with no other matters year | Unqualified audit opinion with no other matters | Unqualified audit opinion with no other matters |
| % of external audit recommendations tracked before next audit cycle                                | 100%   | 100%  | 100%  |
| % of supplier payments paid within 15 days after receipt of correct invoice                        | 98%  | 98%   | 98%   |
| % compliance with regulatory and legislated reporting requirements as per the compliance dashboard | 100%   | 100%  | 100%  |
| % implementation of the GPG Capacity Building and Support training plan                            | 100%   | 100%  | 100%  |
| Number of youth developed through partnerships with firms and professional bodies                  | 50   | 100   | 150   |
| Number of evaluations conducted  | 3  | 3   | 3   |

### PROGRAMME 2: SUSTAINABLE FISCAL RESOURCE MANAGEMENT

#### Programme description

To ensure the effective and efficient administration of provincial and fiscal resources.

#### Programme objectives

- The Budget Management sub-programme develops and manages the implementation of policy frameworks relating to budget matters in the province and monitors spending in accordance to allocated budgets to ensure that limited financial resources are spent effectively and efficiently;
- The Economic and Fiscal Policy Oversight sub-programme provides socio-economic research and analysis and further ensures effective oversight over revenue collection in the province;
- Infrastructure Management sub-programme intends to enhance and monitor infrastructure performance of provincial departments, entities and municipalities as a means of monitoring the implementation of the Provincial Infrastructure Master Plan;
- The Financial Assets and Liabilities Management sub-programme promotes and enforces transparency and effective management of the financial asset portfolio of the province by ensuring prudent cash flow management processes and that the liquidity levels in the province are sustained. This sub-programme is also responsible for the management of the Provincial Revenue Fund; and
- The main objective of the Public Finance sub-programme is to monitor and report on financial and non-financial performance in provincial institutions.

#### Key policies, priorities and outputs

Some of the key priorities for the Sustainable Fiscal Resource Management programme in the 2017/18 financial year are as follows:

- Ensure measures are put in place to ensure attainment of the own revenue target as prescribed in the Provincial Revenue Enhancement Strategy;
- Explore partnerships that might enhance revenue generation in the province;
- Explore alternate funding solutions for infrastructure projects as aligned in the Provincial Infrastructure Master Plan; and
- Reduction of spending on non-core budgetary items.

TABLE 14.8: SUMMARY OF PAYMENTS AND ESTIMATES BY SUB-PROGRAMME:SUSTAINABLE FISCAL RESOURCE MANAGEMENT

| R thousand                                    | Outcome        |                |                | Main appropriation | Adjusted appropriation<br>2016/17 | Revised estimate | Medium-term estimates |                |                |
|---|----------------|----------------|----------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|----------------|
|   | 2013/14        | 2014/15        | 2015/16        |                    |                                   |                  | 2017/18               | 2018/19        | 2019/20        |
| 1. Programme Support/Office Of The DDG        | 55 911         | 79 280         | 124 207        | 59 166             | 108 945                           | 107 203          | 60 415                | 63 940         | 67 650         |
| 2. Budget Management                          | 12 406         | 13 355         | 16 496         | 21 483             | 16 733                            | 17 149           | 22 570                | 23 879         | 25 265         |
| 3. Economic And Fiscal Policy Oversight       | 8 058          | 9 382          | 10 074         | 12 058             | 11 068                            | 11 807           | 13 651                | 14 443         | 15 281         |
| 4. Infrastructure Management                  | 3 114          | 3 287          | 6 359          | 27 734             | 7 195                             | 9 607            | 15 175                | 16 523         | 17 481         |
| 5. Financial Asset And Liabilities Management | 16 962         | 18 836         | 8 664          | 12 040             | 9 540                             | 9 840            | 12 425                | 12 223         | 12 931         |
| 6. Public Finance                             | 12 677         | 15 280         | 17 241         | 17 164             | 21 164                            | 19 039           | 17 514                | 20 193         | 21 365         |
| <b>Total payments and estimates</b>           | <b>109 128</b> | <b>139 420</b> | <b>183 041</b> | <b>149 645</b>     | <b>174 645</b>                    | <b>174 645</b>   | <b>141 751</b>        | <b>151 201</b> | <b>159 973</b> |

TABLE 14.9: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: SUSTAINABLE FISCAL RESOURCE MANAGEMENT

| R thousand                           | Outcome        |                |                | Main appropriation | Adjusted appropriation<br>2016/17 | Revised estimate | Medium-term estimates |                |                |
|--------------------------------------|----------------|----------------|----------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|----------------|
|                                      | 2013/14        | 2014/15        | 2015/16        |                    |                                   |                  | 2017/18               | 2018/19        | 2019/20        |
| <b>Current payments</b>              | <b>59 088</b>  | <b>64 270</b>  | <b>62 840</b>  | <b>95 595</b>      | <b>70 563</b>                     | <b>71 880</b>    | <b>86 416</b>         | <b>92 657</b>  | <b>98 033</b>  |
| Compensation of employees            | 53 562         | 59 773         | 55 072         | 71 629             | 61 597                            | 61 372           | 75 424                | 80 458         | 85 126         |
| Goods and services                   | 5 526          | 4 497          | 7 768          | 23 966             | 8 966                             | 10 508           | 10 992                | 12 199         | 12 907         |
| <b>Transfers and subsidies to:</b>   | <b>50 040</b>  | <b>75 150</b>  | <b>120 201</b> | <b>52 650</b>      | <b>102 682</b>                    | <b>102 765</b>   | <b>55 335</b>         | <b>58 544</b>  | <b>61 940</b>  |
| Departmental agencies and accounts   | 50 000         | 75 000         | 120 000        | 52 650             | 102 650                           | 102 650          | 55 335                | 58 544         | 61 940         |
| Households                           | 40             | 150            | 201            |                    | 32                                | 115              |                       |                |                |
| <b>Payments for capital assets</b>   |                |                |                | <b>1 400</b>       | <b>1 400</b>                      |                  |                       |                |                |
| Machinery and equipment              |                |                |                | 1 400              | 1 400                             |                  |                       |                |                |
| <b>Payments for financial assets</b> |                |                |                |                    |                                   |                  |                       |                |                |
| <b>Total economic classification</b> | <b>109 128</b> | <b>139 420</b> | <b>183 041</b> | <b>149 645</b>     | <b>174 645</b>                    | <b>174 645</b>   | <b>141 751</b>        | <b>151 201</b> | <b>159 973</b> |

The expenditure for Sustainable Fiscal Resource Management increased from R109.1 million in 2013/14 to R183 million in 2015/16. The main budget increases from R149.6 million to R174.6 million during the adjustment budget process in 2016/17 to increase the capital amount required for the Project Preparation Facility within the Gauteng Infrastructure Funding Agency (GIFA). Over the MTEF period, the allocation is as follows; R141.7 million in the 2017/18 financial year, R151.2 million in the 2018/19 financial year and R159.9 million in the 2019/20 financial year. The MTEF expenditure provides mainly for the additional capacity required for the infrastructure management function.

Expenditure on compensation of employees increased from R53.6 million in 2013/14 to R59.8 million in 2014/15 financial year. It further increased from R55.1 million in the 2015/16 financial year to R71.6 million in the 2016/17 financial year. In the MTEF period the allocation is as follows; R75.4 million in the 2017/18 financial year, R80.5 million in the 2018/19 financial year and R85.1 million in the 2019/20 financial year. The increase in the budget is due to the additional human capital requirements under the infrastructure management unit. The growth in personnel represents the department's plans to implement the revised organisational structure.

Expenditure on goods and services amounted to R5.5 million in 2013/14. There was an decrease of R1.1 million in expenditure to R4.5 million in the 2014/15 financial year. Expenditure then increased to R7.8 million in the 2015/16 financial year. Over the MTEF period, the allocation is as follows: R11 million in the 2017/18 financial year, R12.2 million in the 2018/19 financial year and R12.9 million in the 2019/20 financial year. The main cost drivers under this programme are Computable General Equilibrium Model, Infrastructure Delivery Management System, as well as the printing of provincial budget and economic publications.

The transfer to be made to the Gauteng Infrastructure Funding Agency (GIFA) over the MTEF amounts to R55.3 million in 2017/18, R58.5 million in 2018/19 and R61.9 million in 2019/20.

**SERVICE DELIVERY MEASURES****PROGRAMME 2: SUSTAINABLE FISCAL RESOURCE MANAGEMENT****Budget Management**

| Performance measures  | Estimated Annual Targets Target   |   |   |
|---|---|---|---|
|   | 2017/18   | 2018/19   | 2019/20   |
| Number of engagements conducted with GPG departments on the alignment of budgets to the TMR programme | 14 MTEC sessions held and key MTEC resolutions prepared                     | 14 MTEC sessions held and key MTEC resolutions prepared                     | 14 MTEC sessions held and key MTEC resolutions prepared                     |
|   | 15 Budget Fora held   | 15 Budget Fora held   | 15 Budget Fora held   |
| Number of engagements conducted with GPG departments on the alignment of budgets to the TMR programme | 1 MTEF budget that resources the TMR tabled                                 | 1 MTEF budget that resources the TMR tabled                                 | 1 MTEF budget that resources the TMR tabled                                 |
|   | 1 Adjustment budget that resources the TMR tabled                           | 1 Adjustment budget that resources the TMR tabled                           | 1 Adjustment budget that resources the TMR tabled                           |
| % variance between projections and actuals  | Actual payment transfers should not exceed the quarterly projections by 7%  | Actual payment transfers should not exceed the quarterly projections by 5%  | Actual payment transfers should not exceed the quarterly projections by 5%  |
|   | Actual expenditure on CoE should not exceed the quarterly projections by 7% | Actual expenditure on CoE should not exceed the quarterly projections by 5% | Actual expenditure on CoE should not exceed the quarterly projections by 5% |
| Number of budgets tabled according to the prescribed timeframes                                       | 1 MTEF budget that resources the TMR tabled                                 | 1 MTEF budget that resources the TMR tabled                                 | 1 MTEF budget that resources the TMR tabled                                 |
|   | 1 Adjustment budget that resources the TMR tabled                           | 1 Adjustment budget that resources the TMR tabled                           | 1 Adjustment budget that resources the TMR tabled                           |

**Economic and Fiscal Policy Oversight**

| Performance measures   | Estimated Annual Targets Target |              |                             |
|--|---------------------------------|--------------|-----------------------------|
|  | 2017/18                         | 2018/19      | 2019/20                     |
| Average % increase in own revenue collection                           | 8%                              | 8%           | % increase according to CPI |
| Tabling of SERO according to the prescribed timeframes                 | SERO tabled                     | SERO tabled  | SERO tabled                 |
| Tabling of MTBPS at Legislature according to the prescribed timeframes | MTBPS tabled                    | MTBPS tabled | MTBPS tabled                |

**Infrastructure Management**

| Performance measures   | Estimated Annual Targets Target |         |         |
|--|---------------------------------|---------|---------|
|  | 2017/18                         | 2018/19 | 2019/20 |
| Number of infrastructure budgets tabled according to the prescribed timeframes | 2                               | 2       | 2       |
| % spent on infrastructure allocation   | 98%                             | 98%     | 98%     |

**Financial Assets and Liabilities Management**

| Performance measures  | Estimated Annual Targets Target                              |  |  |
|---|--|--|--|
|   | 2017/18  | 2018/19  | 2019/20  |
| AG Audit outcomes for the Provincial Revenue Fund   | Unqualified audit opinion with no other matters              | Unqualified audit opinion with no other matters              | Unqualified audit opinion with no other matters              |
| Cash-outflows for departments within the provincial revenue streams   | Disbursement to departments do not exceed appropriated funds | Disbursement to departments do not exceed appropriated funds | Disbursement to departments do not exceed appropriated funds |
| Number of departments with ring-fenced funds for compensation of employees, conditional grants, critical services, municipalities and infrastructure (provincial equitable share) | All departments  | All departments  | All departments  |

**Public Finance**

| Performance measures  | Estimated Annual Targets Target |         |         |
|---|---------------------------------|---------|---------|
|   | 2017/18                         | 2018/19 | 2019/20 |
| Number of budget bilaterals conducted   | 1                               | 1       | 1       |
| Number of annual budget assessments for identified key programmes / departments conducted | 4                               | 5       | 6       |
| % of GPG wage bill against budget   | 60%                             | 60%     | 60%     |
| % spent on conditional grants allocation  | 98%                             | 98%     | 98%     |



### PROGRAMME 3: FINANCIAL GOVERNANCE

#### Programme description

To promote accountability through substantive reflection of financial activities as well as compliance with financial norms and standards in PFMA compliant institutions.

#### Programme objectives

- The Provincial Accounting Services sub-programme enforces the effective implementation of accounting practices and also prepares accurate consolidated financial statements by focusing on, amongst others; financial accounting matters, asset management, banking and issues related to statutory deductions;
- The main focus for the Provincial Forensic Audit sub-programme is the provision of forensic audit services in the province;
- The Transversal Internal Audit and Risk Management sub-programme provides risk management support services to provincial institutions and plays an oversight role on internal audit function;
- The Compliance sub-programme monitors and enforces compliance with the PFMA and other regulatory prescripts by provincial institutions; and
- The Financial Information Management Systems sub-programme provides oversight and oversees the management of transversal financial systems in the province.

#### Key policies, priorities and outputs

Some of the key priorities for the Financial Governance programme in the 2017/18 financial year are as follows:

- Maintenance and achievement of unqualified audit outcomes for provincial departments and public entities;
- Management of the contractual partnership with the Provincial Banker;
- Introduction of Business Intelligence tools to modernize processes and improve data integrity; and
- Implementation of the Forensic Services strategy in order to eradicate fraud and corruption in the province.

TABLE 14.10: SUMMARY OF PAYMENTS AND ESTIMATES BY SUB-PROGRAMME: FINANCIAL GOVERNANCE

| R thousand  | Outcome        |                |                | Main appropriation | Adjusted appropriation<br>2016/17 | Revised estimate | Medium-term estimates |                |                |
|---|----------------|----------------|----------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|----------------|
|   | 2013/14        | 2014/15        | 2015/16        |                    |                                   |                  | 2017/18               | 2018/19        | 2019/20        |
| 1. Programme Support/Office Of The DDG            | 28 986         | 32 613         | 15 294         | 4 315              | 3 564                             | 4 076            | 3 948                 | 4 432          | 4 687          |
| 2. Provincial Accounting Services                 | 30 896         | 30 992         | 43 019         | 53 597             | 49 202                            | 47 126           | 54 233                | 58 333         | 61 717         |
| 3. Provincial Forensic Audits                     | 14 341         | 14 848         | 19 215         | 23 171             | 26 671                            | 27 356           | 25 312                | 28 123         | 29 753         |
| 4. Transversal Internal Audit and Risk Management | 10 377         | 11 822         | 14 030         | 16 797             | 16 797                            | 16 034           | 17 759                | 19 523         | 20 653         |
| 5. Norms And Standards                            | 6 075          | 12 564         | 14 240         | 6 948              | 9 956                             | 9 923            | 3 959                 | 5 213          | 5 516          |
| 6. Financial Information Management Systems       | 11 101         | 6 970          | 20 880         | 23 200             | 26 346                            | 27 351           | 40 374                | 39 900         | 42 215         |
| <b>Total payments and estimates</b>               | <b>101 776</b> | <b>109 809</b> | <b>126 678</b> | <b>128 028</b>     | <b>132 536</b>                    | <b>131 866</b>   | <b>145 585</b>        | <b>155 523</b> | <b>164 541</b> |

TABLE 14.10: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: FINANCIAL GOVERNANCE

| R thousand                           | Outcome        |                |                | Main appropriation | Adjusted appropriation<br>2016/17 | Revised estimate | Medium-term estimates |                |                |
|--------------------------------------|----------------|----------------|----------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|----------------|
|                                      | 2013/14        | 2014/15        | 2015/16        |                    |                                   |                  | 2017/18               | 2018/19        | 2019/20        |
| <b>Current payments</b>              | <b>99 974</b>  | <b>108 469</b> | <b>126 573</b> | <b>128 028</b>     | <b>132 366</b>                    | <b>131 677</b>   | <b>145 585</b>        | <b>155 523</b> | <b>164 541</b> |
| Compensation of employees            | 63 907         | 73 959         | 107 726        | 116 097            | 115 085                           | 114 557          | 129 892               | 140 280        | 148 416        |
| Goods and services                   | 36 067         | 34 510         | 18 847         | 11 931             | 17 281                            | 17 120           | 15 693                | 15 243         | 16 125         |
| <b>Transfers and subsidies to:</b>   | <b>879</b>     | <b>112</b>     | <b>105</b>     |                    | <b>170</b>                        | <b>189</b>       |                       |                |                |
| Departmental agencies and accounts   |                |                |                |                    |                                   |                  |                       |                |                |
| Households                           | 879            | 112            | 105            |                    | 170                               | 189              |                       |                |                |
| <b>Payments for capital assets</b>   | <b>923</b>     | <b>1 228</b>   |                |                    |                                   |                  |                       |                |                |
| Machinery and equipment              | 783            | 1 228          |                |                    |                                   |                  |                       |                |                |
| Software and other intangible assets | 140            |                |                |                    |                                   |                  |                       |                |                |
| <b>Payments for financial assets</b> |                |                |                |                    |                                   |                  |                       |                |                |
| <b>Total economic classification</b> | <b>101 776</b> | <b>109 809</b> | <b>126 678</b> | <b>128 028</b>     | <b>132 536</b>                    | <b>131 866</b>   | <b>145 585</b>        | <b>155 523</b> | <b>164 541</b> |

The expenditure for Financial Governance increases from R 101.8 million in 2013/14 financial year to R109.8 million in the 2014/15 and R126.7 million in the 2015/16 financial year. In 2016/17 financial the budget allocation is R128 million. Over the MTEF period, the allocation is R145.5 million in 2017/18, R155.5 million in 2018/19 and R164.5 million in 2019/20.

The increase will fund various projects that support the modernisation of the public service for effective service delivery,

i.e. Forensic Lab establishment, forensic audit information system, Fraud risk management tool, P-Card software licenses, training on GRAP/ modified cash standards, automated compilation of annual financial statements of departments and entities and the deployment of the SAP project system.

Expenditure on compensation of employees increases from R63.9 million in 2013/14 to R73.9 million in 2014/15 and R107.7 million in 2015/16. The budget increases from R129.9 million in 2017/18 to R148.4 million in 2019/20. The increases in compensation of employees over the MTEF is due to inflationary adjustments.

Goods and services was at R36 million in 2013/14 and it decreased to R34.5 million in 2014/15 and to R18.8 million in 2015/16. The significant decrease is due to the Health Intervention project (R70 million) that was concluded in 2014/15. The 2016/17 main budget increases from R11.9 million to R17.3 million during the adjustment budget due to R5.3 million allocated for the provincial forensic assignments undertaken to improve transparency and accountability in the use of public resources. The allocation for the MTEF period increases from R15.7 million in 2017/18 to R16.1 million in 2019/20. Spending focus over MTEF will be on various project listed above.

## SERVICE DELIVERY MEASURES

### PROGRAMME 3: FINANCIAL GOVERNANCE

#### Provincial Accounting Services

| Performance measures   | Estimated Annual Targets |         |         |
|--|--------------------------|---------|---------|
|  | 2017/18                  | 2018/19 | 2019/20 |
| % of audit recommendations tracked at public entities before the next audit cycle (issues relating to the AFS only)  | 100%                     | 100%    | 100%    |
| Number of reports produced on the monitoring of the implementation of 90% compliance of 30 days payments in three departments (Health, Education and Infrastructure Development) | 4                        | 4       | 4       |

#### Provincial Forensics Audits

| Performance Indicators                         | Medium-Term Targets |         |         |
|--|---------------------|---------|---------|
|  | 2017/18             | 2018/19 | 2019/20 |
| % of planned fraud detection reviews conducted | 100%                | 100%    | 100%    |

#### Transversal Internal Audit and Risk Management

| Performance Indicators  | Medium-Term Targets   |  |  |
|---|---|--|--|
|   | 2017/18   | 2018/19  | 2019/20  |
| Updated risk profiles for departments and development of risk profiles for municipalities | Update risk profiles for all departments and by 31 March 2018 | Update risk profiles for all departments and entities by 31 March 2019 | Update risk profiles for all departments and entities by 31 March 2020 |
|   | Develop risk profiles for 2 municipalities by 30 June 2018    | Develop risk profile for all delegated municipalities by 30 June 2019  | Develop risk profile for all delegated municipalities by 30 June 2020  |

### PROGRAMME 4: PROVINCIAL SUPPLY CHAIN MANAGEMENT

#### Programme description

To promote and enforce transparency and effective Supply Chain Management in the province.

#### Programme objective

- The Supply Chain Management Norms and Standards, Governance, Compliance, Monitoring & Evaluation functions oversees the establishment of uniform SCM policy, norms & standards and ensures monitoring and reporting on SCM matters;
- The Client Support function promotes, supports and develops capacity through institutional, organisational, individual and stakeholder development;
- The Transversal Contract Management sub-programme establishes SCM transversal contract management mechanisms in the Province; and
- Strategic Procurement establishes SCM strategic procurement mechanisms in support and in alignment to the Township Economic Revitalisation strategy.

### Key policies, priorities and outputs

Some of the key priorities for the Provincial Supply Chain Management programme in the 2017/18 financial year are as follows:

- Increase the number of open tender projects from 60% to 80% of government procurement. Establishing frameworks, guidelines and norms and standards in departments to ensure consistency and uniformity in applying open tender principles and also promoting good governance and transparency.
- There shall be a state of the art procurement hub where all tenders will be evaluated and adjudicated. As a minimum, the hub will be fitted with electronic devices such as voice recordings and video cameras to record all the proceedings during briefing sessions, closing of bids, evaluation and adjudication of bids. This is a project that will be delivered through the Kopanong Precinct. GPT and GIFA are working together to ensure the completion and delivery of the project. The HUB is planned to be complete in 2018/19.
- Development of township suppliers is critical in ensuring that township suppliers are ready to provide consistent goods and services into the Government supply chain at the required scale. A thorough knowledge of the supply side capacity is essential, an assessment and verification of supplier profile will provide a clear indication of interventions needed. Further, developing township suppliers will facilitate greater participation in government procurement and ensures attainment of the growth targets as set out in the NDP.
- There are township spend targets that have been set for the corridors to achieve, however not all corridors were able to achieve targets and these are Southern and Western corridors. Interventions aimed at improving spend are in place and these are: - analysis of demand by government institution, matching suppliers to the demand to create business opportunities and development of suppliers.
- All pillars of TER strategy implemented and delivery of identified programmes.

TABLE14.11:SUMMARY OF PAYMENTS AND ESTIMATES BY SUB-PROGRAMME:PROVINCIAL SUPPLY CHAIN MANAGEMENT

| R thousand   | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|--|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|  | 2013/14       | 2014/15       | 2015/16       |                    |                        |                  | 2017/18               | 2018/19        | 2019/20        |
| 1. Programme Support/Office Of The DDG               | 2 347         | 3 159         | 6 461         | 20 047             | 28 047                 | 26 649           | 28 260                | 29 657         | 40 935         |
| 2. SCM Policy, Norms And Standards                   |               |               |               | 10 000             | 6 100                  | 5 043            | 14 232                | 15 143         | 19 358         |
| 3. Governance, Compliance, Monitoring And Evaluation |               |               |               | 4 836              | 4 836                  |                  |                       |                |                |
| 4. SCM Client Support                                |               |               |               | 31 025             | 31 025                 | 37 465           | 34 335                | 37 126         | 39 279         |
| 5. Strategic Procurement                             |               |               |               | 7 868              | 7 868                  | 11 205           | 17 138                | 19 235         | 20 350         |
| 6. Transversal Contract Management                   |               |               |               | 17 761             | 17 761                 | 13 878           | 28 649                | 29 731         | 12 198         |
| 7. Movable Asset Management                          |               |               |               |                    |                        |                  |                       |                |                |
| 8. Procurement Services                              | 55 964        | 56 041        | 46 999        |                    |                        |                  |                       |                |                |
| <b>Total payments and estimates</b>                  | <b>58 311</b> | <b>59 200</b> | <b>53 460</b> | <b>91 537</b>      | <b>95 637</b>          | <b>94 240</b>    | <b>122 614</b>        | <b>130 891</b> | <b>132 120</b> |

TABLE14.12:SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: PROVINCIAL SUPPLY CHAIN MANAGEMENT

| R thousand                           | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|--------------------------------------|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|                                      | 2013/14       | 2014/15       | 2015/16       |                    |                        |                  | 2017/18               | 2018/19        | 2019/20        |
| <b>Current payments</b>              | <b>58 228</b> | <b>59 058</b> | <b>53 399</b> | <b>91 537</b>      | <b>86 317</b>          | <b>84 879</b>    | <b>112 614</b>        | <b>120 891</b> | <b>132 120</b> |
| Compensation of employees            | 56 132        | 57 798        | 49 796        | 77 013             | 63 793                 | 62 432           | 92 511                | 99 912         | 100 367        |
| Goods and services                   | 2 096         | 1 260         | 3 603         | 14 524             | 22 524                 | 22 447           | 20 103                | 20 979         | 31 753         |
| <b>Transfers and subsidies to:</b>   | <b>79</b>     | <b>9</b>      | <b>61</b>     |                    | <b>9 320</b>           | <b>9 361</b>     | <b>10 000</b>         | <b>10 000</b>  |                |
| Departmental agencies and accounts   |               |               |               |                    |                        |                  |                       |                |                |
| Non-profit institutions              |               |               |               |                    | 8 955                  | 8 955            | 10 000                | 10 000         |                |
| Households                           | 79            | 9             | 61            |                    | 365                    | 406              |                       |                |                |
| <b>Payments for capital assets</b>   |               | <b>17</b>     |               |                    |                        |                  |                       |                |                |
| Software and other intangible assets |               | 17            |               |                    |                        |                  |                       |                |                |
| <b>Payments for financial assets</b> | <b>4</b>      | <b>116</b>    |               |                    |                        |                  |                       |                |                |
| <b>Total economic classification</b> | <b>58 311</b> | <b>59 200</b> | <b>53 460</b> | <b>91 537</b>      | <b>95 637</b>          | <b>94 240</b>    | <b>122 614</b>        | <b>130 891</b> | <b>132 120</b> |

The expenditure was R58.3 million in the 2013/14 financial year and it increased to R59.2 million in 2014/15. In the 2015/16 financial year, there was decrease in the budget to R53.5 million. The allocation over the MTEF is as follows: R122.6 million in the 2017/18 financial year, R130.9 million in 2018/19 financial and R132.1 million in 2019/20. The main contributor to the increase in the budget is the personnel to be added in the areas of SCM policy, norms and standards, governance, SCM compliance monitoring and evaluation and the procurement of services for facilitation of the open tender process,

procurement hub and supplier development to support township revitalization.

Expenditure on compensation of employees was R56.1 million in 2013/14 and it increased to R57.8 million in the 2014/15 financial year. The expenditure decreases to R49.8 million in the 2015/16 financial year. The main budget decreases from R77 million to R63.8 million during the adjustment budget process in 2016/17 due to the reallocation of unspent funds for vacant posts to other priorities of the department. The allocation over the MTEF is as follows: R92.5 million in 2017/18, R99.9 million in 2018/19 financial year and R100.4 million in 2019/20.

The goods and services expenditure was R2.1 million in 2013/14 and R1.3 million in 2014/15. The expenditure in the 2015/16 financial year was R3.6 million and it increased to R14.5 million in 2016/17. The allocation over the MTEF is as follows: R20.1 million for the 2017/18 financial year, R21 million in 2018/19 and R31.7 million in 2019/20. The spending focus will be on services procured to facilitate the open tender process and procurement hub.

The transfers to be made to the South African Supplier Development Council (SASDC), which commenced during the 2016/17 financial year, will end in the 2018/19 financial year. The aim of the transfer is to support the township economic revitalization programme of the province through improving the capability of township businesses to participate in the government procurement of goods and services.

## SERVICE DELIVERY MEASURES

### PROGRAMME 4: PROVINCIAL SUPPLY CHAIN MANAGEMENT

#### Provincial Supply Chain Management

| Performance measures   | Estimated Annual Targets                              |   |   |
|--|---|---|---|
|  | 2017/18   | 2018/19   | 2019/20   |
| Number of departments, local municipalities & public entities implementing the open tender process | 14 departments, 5 entities and 3 local municipalities | 14 departments, 7 entities and 5 local municipalities | 14 departments, all entities and 7 local municipalities |
| Number of registered suppliers undergoing targeted supplier development                            | 1 060   | 1 410   | 1 500   |
| Number of departments implementing the strategic sourcing strategy                                 | 2   | Remaining departments and entities                    | Impact assessment of TER strategy implementation        |
| % spend in procurement on registered Township suppliers  | 28%   | 40%   | 40%   |
| % increase in procurement spend on township suppliers in the 5 developmental corridors             | Central – 39%   | Central – 39%   | Central – 39%   |
|  | Northern – 27%  | Northern – 27%  | Northern – 27%  |
|  | Eastern – 25%   | Eastern – 25%   | Eastern – 25%   |
|  | Southern – 6%   | Southern – 6%   | Southern – 6%   |
|  | Western – 3%  | Western – 3%  | Western – 3%  |

### PROGRAMME 5: MUNICIPAL FINANCIAL GOVERNANCE

#### Programme description

The programme monitors the effective, efficient, sustainable financial management and financial reporting of all municipal fiscal resources for municipalities and municipal entities and it coordinates the provisioning of capacity building. The Municipal Financial Governance Programme is divided into various sub-programmes that enables it to attain its set strategic objectives, deliverable and targets.

#### Programme objective

- The Local Government Financial Services sub-programme ensures optimal and sustainable budget management process in delegated local municipalities and further monitors the effective and efficient compliance with financial assets and liabilities management.
- The Municipal Accounting and Asset Management sub-programme monitors compliance with financial management and annual reporting framework and further promotes the understanding and implementation of accounting standards (GRAP), as well as the reviewing and reporting on the quality of Annual Financial Statements.
- Municipal Compliance and Financial Management Support sub-programme coordinates, monitors and reports on MFMA implementation and enforces compliance with the MFMA and other regulatory prescripts by local municipalities.

#### Key policies, priorities and outputs

Some of the key priorities for the Municipal Financial Governance programme in the 2017/18 financial year are as follows:

- Monitor and provide technical financial management reviews on the implementation of municipal budgets;
- Guide and advice municipalities on effective rollout and preservation management of all local government service delivery resources;
- Provide guidance and support to ensure that all municipal fiscal planning and budgets are funded, credible and

- aligned to the TMR through benchmark engagements;
- Guide and support the merger process through the Finance and ICT Sub-stream towards assisting in the creation of a functional RandWest City municipality;
- Strengthen and optimize municipal revenue management value chain through technical and targeted support within the statutory framework;
- Strengthen intergovernmental fiscal relations, through Municipal Finance IGR structures within the MFMA prescripts and build collaboration and capacity with all key stakeholders involved in local government level matters.

TABLE 14.13: SUMMARY OF PAYMENTS AND ESTIMATES BY SUB PROGRAMME: MUNICIPAL FINANCIAL GOVERNANCE

| R thousand   | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |               |               |
|--|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
|  | 2013/14       | 2014/15       | 2015/16       |                    |                        |                  | 2017/18               | 2018/19       | 2019/20       |
| 1. Programme Support/Office Of The DDG                   | 27 526        | 28 525        | 29 995        | 5 374              | 37 853                 | 37 853           | 11 285                | 11 682        | 12 359        |
| 2. Local Government Financial Services                   |               |               |               | 12 305             |                        |                  | 13 243                | 11 471        | 12 136        |
| 3. Municipal Accounting And Asset Management             |               |               |               | 12 249             |                        |                  | 12 127                | 12 830        | 13 574        |
| 4. Municipal Compliance And Financial Management Support |               |               |               | 6 375              |                        |                  | 24 729                | 29 393        | 35 468        |
| <b>Total payments and estimates</b>                      | <b>27 526</b> | <b>28 525</b> | <b>29 995</b> | <b>36 303</b>      | <b>37 853</b>          | <b>37 853</b>    | <b>61 384</b>         | <b>65 376</b> | <b>73 537</b> |

TABLE 14.14: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: MUNICIPAL FINANCIAL GOVERNANCE

| R thousand                           | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |               |               |
|--------------------------------------|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
|                                      | 2013/14       | 2014/15       | 2015/16       |                    |                        |                  | 2017/18               | 2018/19       | 2019/20       |
| <b>Current payments</b>              | <b>27 526</b> | <b>28 387</b> | <b>29 971</b> | <b>36 303</b>      | <b>37 803</b>          | <b>37 812</b>    | <b>61 384</b>         | <b>65 376</b> | <b>73 537</b> |
| Compensation of employees            | 20 061        | 27 681        | 28 847        | 35 130             | 31 080                 | 29 807           | 54 409                | 58 760        | 66 537        |
| Goods and services                   | 7 465         | 706           | 1 124         | 1 173              | 6 723                  | 8 005            | 6 974                 | 6 616         | 7 000         |
| <b>Transfers and subsidies to:</b>   | <b>138</b>    | <b>24</b>     |               |                    | <b>50</b>              | <b>41</b>        |                       |               |               |
| Non-profit institutions              |               |               |               |                    |                        |                  |                       |               |               |
| Households                           |               | 138           | 24            |                    | 50                     | 41               |                       |               |               |
| <b>Payments for capital assets</b>   |               |               |               |                    |                        |                  |                       |               |               |
| Software and other intangible assets |               |               |               |                    |                        |                  |                       |               |               |
| <b>Payments for financial assets</b> |               |               |               |                    |                        |                  |                       |               |               |
| <b>Total economic classification</b> | <b>27 526</b> | <b>28 525</b> | <b>29 995</b> | <b>36 303</b>      | <b>37 853</b>          | <b>37 853</b>    | <b>61 384</b>         | <b>65 376</b> | <b>73 537</b> |

The spending for the programme increases from R27.5 million in 2013/14 to R30 million in 2015/16. The budget for the 2016/17 financial year is R36.3 million. The budget over the MTEF is R61.4 million in 2017/18 and R65.4 million in 2018/19 and R73.5 million in 2019/20.

The expenditure on compensation of employees was R20.1 million in 2013/14 and it increased to R28.8 million in 2015/16. The increase in spending between 2013/14 to 2014/15 was mainly to fund the Municipal Advisor Programme for hands-on financial management support in municipalities.

The personnel budget over the MTEF period is as follows: R54.4 million in the 2017/18 financial year, R58.8 million in the 2018/19 financial year and R66.5 million in 2019/20. The increase is due to inflationary adjustment (Annual cost of living adjustment, notch progression and performance bonus) and the additional capacity under Municipal Compliance and Financial Management Support.

The goods and services expenditure was R7.5 million in the 2013/14 financial year. The expenditure at R706 000 was lower in 2014/15 because the various interventions in municipalities had been concluded in 2013/14. The expenditure increased to R1.1 million in 2015/16. The main budget increased to R6.7 million during the adjustment budget process in 2016/17 to fund the data cleansing project which assists with the detention of unconfirmed government properties and the verification of accounts information to assist with the reduction of municipal debt. The allocation for goods and services for the programme over the MTEF is as follows: R7 million in the 2017/18 financial year, R6.6 million in the 2018/19 financial year and R7 million in the 2019/20 financial year.

The main cost drivers are printing of gazettes, travel expenditure to municipalities, software licenses and training and development for municipalities. The programme will also embark on a new project that will help municipalities to improve and promote sound financial governance, financial management and administration to optimise revenue, improve municipal audit outcomes and address the institutional challenges.

**SERVICE DELIVERY MEASURES****PROGRAMME 5: MUNICIPAL FINANCIAL GOVERNANCE****Local Government Financial Services**

| Performance Indicators   | Medium-Term Targets |         |         |
|--|---------------------|---------|---------|
|  | 2017/18             | 2018/19 | 2019/20 |
| Number of municipal budget assessments conducted                         | 16                  | 16      | 16      |
| Number of municipal SDBIP assessments conducted                          | 8                   | 8       | 8       |
| % reduction of confirmed provincial government debt that is over 90 days | 40%                 | 50%     | 70%     |
| % spent on provincial transfers to municipalities                        | 75%                 | 85%     | 90%     |
| Number of municipal fiscal responsiveness assessments conducted          | 32                  | 32      | 32      |

**Municipal Accounting and Assets Management**

| Performance Indicators                                     | Medium-Term Targets |         |         |
|--|---------------------|---------|---------|
|  | 2017/18             | 2018/19 | 2019/20 |
| % of audit recommendations tracked at local municipalities | 100%                | 100%    | 100%    |

**PROGRAMME 6: GAUTENG AUDIT SERVICES****Programme description**

To enhance transparency, good governance and a clean government through strengthening the internal control and regulatory environment in the province and to render audit services in the GPG.

**Programme objective**

- The Risk and Compliance Audit Services sub-programme manages and ensures performance of risk and compliance audits for the GPG; and
- Performance and Computer Audit Services sub-programme manages and conducts performance and computer audits for GPG departments.

**Key policies, priorities and outputs**

The key priorities for the Gauteng Audit Services programme in the 2017/18 financial year are :

- Conduct audit services that will ensure improvement on audit outcomes for GPG departments and public entities; and
- Implementation of the Combined Assurance Model.

**TABLE 14.15: SUMMARY OF PAYMENTS AND ESTIMATES: GAUTENG AUDIT SERVICES**

| R thousand  | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2013/14       | 2014/15       | 2015/16       |                    |                        |                  | 2017/18               | 2018/19        | 2019/20        |
| 1. Programme Support/Office Of The DDG                | 1 910         | 3 768         | 3 249         | 7 981              | 11 261                 | 11 128           | 10 563                | 12 009         | 12 706         |
| 2. Risk And Compliance Audit Services( Cluster1,2,3)  | 15 136        | 14 194        | 13 002        | 25 378             | 21 598                 | 21 151           | 37 139                | 38 428         | 40 657         |
| 3. Risk And Compliance Audit Services( Cluster 4,5,6) | 16 569        | 17 824        | 20 635        | 25 487             | 25 487                 | 25 430           | 37 090                | 45 513         | 48 153         |
| 4. Performance And Computer Audit Services            | 14 204        | 12 913        | 15 156        | 21 693             | 18 921                 | 18 910           | 27 587                | 25 042         | 32 708         |
| 5. Audit Centre Of Excellence                         | 4 886         | 4 499         | 3 682         |                    |                        |                  |                       |                |                |
| 6. Financial Audit And Risk Compliance                |               |               |               |                    | 272                    | 271              |                       |                |                |
| <b>Total payments and estimates</b>                   | <b>52 705</b> | <b>53 198</b> | <b>55 724</b> | <b>80 539</b>      | <b>77 539</b>          | <b>76 890</b>    | <b>112 379</b>        | <b>120 992</b> | <b>134 224</b> |

**TABLE 14.16: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: GAUTENG AUDIT SERVICES**

| R thousand                         | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|------------------------------------|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|                                    | 2013/14       | 2014/15       | 2015/16       |                    |                        |                  | 2017/18               | 2018/19        | 2019/20        |
| <b>Current payments</b>            | <b>52 659</b> | <b>53 151</b> | <b>55 670</b> | <b>80 539</b>      | <b>77 524</b>          | <b>76 875</b>    | <b>112 379</b>        | <b>120 992</b> | <b>134 224</b> |
| Compensation of employees          | 52 039        | 50 994        | 54 263        | 74 630             | 68 115                 | 67 595           | 104 180               | 111 498        | 124 178        |
| Goods and services                 | 620           | 2 157         | 1 407         | 5 909              | 9 409                  | 9 280            | 8 199                 | 9 494          | 10 046         |
| <b>Transfers and subsidies to:</b> | <b>46</b>     | <b>36</b>     | <b>54</b>     |                    | <b>15</b>              | <b>15</b>        |                       |                |                |
| Departmental agencies and accounts |               |               |               |                    |                        |                  |                       |                |                |
| Non-profit institutions            |               |               |               |                    |                        |                  |                       |                |                |
| Households                         | 46            | 36            | 54            |                    | 15                     | 15               |                       |                |                |



| R thousand                           | Outcome       |               |               | Main appropriation | Adjusted appropriation<br>2016/17 | Revised estimate | Medium-term estimates |                |                |
|--------------------------------------|---------------|---------------|---------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|----------------|
|                                      | 2013/14       | 2014/15       | 2015/16       |                    |                                   |                  | 2017/18               | 2018/19        | 2019/20        |
| Payments for capital assets          |               | 11            |               |                    |                                   |                  |                       |                |                |
| Machinery and equipment              |               | 11            |               |                    |                                   |                  |                       |                |                |
| Software and other intangible assets |               |               |               |                    |                                   |                  |                       |                |                |
| Payments for financial assets        |               |               |               |                    |                                   |                  |                       |                |                |
| <b>Total economic classification</b> | <b>52 705</b> | <b>53 198</b> | <b>55 724</b> | <b>80 539</b>      | <b>77 539</b>                     | <b>76 890</b>    | <b>112 379</b>        | <b>120 992</b> | <b>134 224</b> |

The expenditure for Gauteng Audit Services (GAS) increased from R52.7 million in 2013/14 to R55.7 million in 2015/16. The 2016/17 main budget reduces from R80.5 million to R77.5 million during the adjustment budget process due to the reallocation of funds from compensation of employees to goods and services to fund the outsourcing of specialized audit services to eliminate backlogs in the project of addressing the recommendations of the Auditor-General regarding annual audit. The budget increases from R112.4 million in 2017/18 to R134.2 million in 2019/20.

More than 90 percent of the GAS budget is allocated in compensation of employees. Due to the scarce skills in the audit industry in general, priority has been directed toward ensuring adequate capacity for the Programme in order to execute its provincial obligations that contribute towards the achievement of clean audits in the province.

The expenditure on compensation of employees increased from R52 million in 2013/14 to R54.3 million in 2015/16. The main budget decreases from R74.6 million to R68.1 million during the 2016/17 adjustment budget process to fund the abovementioned prioritized project of the programme. Over the MTEF, the budget increases from R104.2 million in 2017/18 to R124.2 million in 2019/20 given that the programme is actively recruiting in the audit market and adopting various strategies to attract and retain audit talent.

Funds for goods and services provide mainly for specialised audits which are not resident internally, necessitating the augmentation of this gap by the use of consultants to assist with the execution of these specialised audits. Expenditure on goods and services increases from R620 000 in 2013/14 to R9.3 million in 2016/17. The budget is set to increase from R8.2 million to R10 million over the MTEF to fund the requirements of specialised audits (Performance Audits and Risk & Compliance Audits) in order to enhance transparency, good governance and a clean government through strengthening the internal control and regulatory environment in the province.

## SERVICE DELIVERY MEASURES

### PROGRAMME 6: GAUTENG AUDIT SERVICES

| Performance measures  | Estimated Annual targets |         |         |
|---|--------------------------|---------|---------|
|   | 2017/18                  | 2018/19 | 2019/20 |
| % implementation of Internal Audit Plans  | 90%                      | 90%     | 90%     |
| % of internal audit recommendations tracked by depts. and trading entities                        | 90%                      | 90%     | 95%     |
| % of AG significant findings (Findings causing audit qualification) followed-up by Internal Audit | 100%                     | 100%    | 100%    |

## 9. OTHER PROGRAMME INFORMATION

### 9.1. Personnel numbers and costs

TABLE 14.17: PERSONNEL NUMBERS AND COSTS BY PROGRAMME

| Personnel numbers                         | As at<br>31 March 2014 | As at<br>31 March 2015 | As at<br>31 March 2016 | As at<br>31 March 2017 | As at<br>31 March 2018 | As at<br>31 March 2019 | As at<br>31 March 2020 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 1. Administration                         | 175                    | 226                    | 192                    | 211                    | 214                    | 230                    | 268                    |
| 2. Sustainable Fiscal Resource Management | 72                     | 80                     | 86                     | 89                     | 91                     | 94                     | 95                     |
| 3. Financial Governance                   | 101                    | 258                    | 233                    | 227                    | 253                    | 268                    | 275                    |
| 4. Provincial Supply Chain Management     |                        |                        | 136                    | 126                    | 144                    | 147                    | 155                    |
| 5. Municipal Financial Governance         |                        |                        | 51                     | 46                     | 55                     | 57                     | 79                     |
| 6. Gauteng Audit Services                 | 135                    | 103                    | 98                     | 116                    | 132                    | 134                    | 174                    |

| Personnel numbers                            | As at<br>31 March 2014 | As at<br>31 March 2015 | As at<br>31 March 2016 | As at<br>31 March 2017 | As at<br>31 March 2018 | As at<br>31 March 2019 | As at<br>31 March 2020 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Direct charges                               |                        |                        |                        |                        |                        |                        |                        |
| <b>Total provincial personnel numbers</b>    | <b>483</b>             | <b>667</b>             | <b>796</b>             | <b>815</b>             | <b>889</b>             | <b>930</b>             | <b>1 046</b>           |
| Total provincial personnel cost (R thousand) | 290 627                | 332 226                | 364 346                | 415 539                | 548 316                | 590 162                | 629 631                |
| Unit cost (R thousand)                       | 602                    | 498                    | 458                    | 510                    | 617                    | 635                    | 602                    |

The personnel numbers for the department indicate the department's dedication to align with the generic structure for treasuries. Personnel numbers increase from 796 in March 2016 to 889 in March 2018. Personnel numbers are set to increase to 1 046 in March 2020 in line with full implementation of the new organisational structure.

## PERSONNEL NUMBERS AND COSTS

TABLE 14.18: SUMMARY OF DEPARTMENTAL PERSONNEL NUMBERS AND COSTS BY COMPONENT

| R thousands                               | Actual  |                                |       | Revised estimate               |       |              |                  | Medium-term expenditure estimate |       |                                |       | Average annual growth over MTEF |       |                       |                   |                  |       |       |        |
|---|---------|--------------------------------|-------|--------------------------------|-------|--------------|------------------|----------------------------------|-------|--------------------------------|-------|---------------------------------|-------|-----------------------|-------------------|------------------|-------|-------|--------|
|   | 2013/14 | 2014/15                        |       | 2015/16                        |       | 2016/17      |                  | 2017/18                          |       | 2018/19                        |       | 2019/20                         |       | 2016/17 - 2019/20     |                   |                  |       |       |        |
|   |         | Personnel numbers <sup>1</sup> | Costs | Personnel numbers <sup>1</sup> | Costs | Filled posts | Additional posts | Personnel numbers <sup>1</sup>   | Costs | Personnel numbers <sup>1</sup> | Costs | Personnel numbers <sup>1</sup>  | Costs | Personnel growth rate | Costs growth rate | % Costs of Total |       |       |        |
| Salary level                              |         |                                |       |                                |       |              |                  |                                  |       |                                |       |                                 |       |                       |                   |                  |       |       |        |
| 1 – 6                                     | 70      | 17 197                         | 148   | 21 824                         | 172   | 35 543       | 35               | 67                               | 102   | 19 036                         | 122   | 23 624                          | 135   | 25 368                | 171               | 26 708           | 18,8% | 11,9% | 4,3%   |
| 7 – 10                                    | 252     | 62 168                         | 324   | 78 913                         | 394   | 181 888      | 479              |                                  | 479   | 207 271                        | 510   | 265 698                         | 545   | 288 686               | 595               | 307 136          | 7,5%  | 14,0% | 49,1%  |
| 11 – 12                                   | 99      | 12 533                         | 128   | 61 138                         | 126   | 76 417       | 152              |                                  | 152   | 104 885                        | 162   | 135 482                         | 159   | 151 564               | 175               | 162 739          | 4,8%  | 15,8% | 25,6%  |
| 13 – 16                                   | 62      | 45 062                         | 67    | 53 701                         | 104   | 93 800       | 82               |                                  | 82    | 84 347                         | 92    | 121 297                         | 87    | 122 976               | 100               | 131 278          | 6,8%  | 15,9% | 20,7%  |
| Other                                     |         |                                |       |                                |       | 3 644        |                  |                                  |       |                                | 3     | 2 216                           | 4     | 1 568                 | 5                 | 1 770            |       |       | 0,2%   |
| Total                                     | 483     | 136 960                        | 667   | 215 576                        | 796   | 391 292      | 748              | 67                               | 815   | 415 539                        | 889   | 548 316                         | 930   | 590 162               | 1 046             | 629 631          | 8,7%  | 14,9% | 100,0% |
| Programme                                 |         |                                |       |                                |       |              |                  |                                  |       |                                |       |                                 |       |                       |                   |                  |       |       |        |
| 1. Administration                         | 175     | 44 926                         | 226   | 62 021                         | 192   | 68 642       | 144              | 67                               | 211   | 79 776                         | 214   | 91 903                          | 230   | 99 253                | 268               | 105 007          | 8,3%  | 9,6%  | 17,4%  |
| 2. Sustainable Fiscal Resource Management | 72      | 53 562                         | 80    | 59 773                         | 86    | 55 072       | 89               |                                  | 89    | 61 372                         | 91    | 75 424                          | 94    | 80 458                | 95                | 85 126           | 2,2%  | 11,5% | 13,9%  |
| 3. Financial Governance                   | 101     | 63 907                         | 258   | 73 959                         | 233   | 107 726      | 227              |                                  | 227   | 114 557                        | 253   | 129 892                         | 268   | 140 280               | 275               | 148 416          | 6,6%  | 9,0%  | 24,7%  |
| 4. Provincial Supply Chain Management     |         | 56 132                         |       | 57 798                         | 136   | 49 796       | 126              |                                  | 126   | 62 432                         | 144   | 92 511                          | 147   | 99 912                | 155               | 100 367          | 7,1%  | 17,1% | 16,1%  |
| 5. Municipal Financial Governance         |         | 20 061                         |       | 27 681                         | 51    | 28 847       | 46               |                                  | 46    | 29 807                         | 55    | 54 407                          | 57    | 58 760                | 79                | 66 537           | 19,8% | 30,7% | 9,5%   |
| 6. Gauteng Audit Services                 | 135     | 52 039                         | 103   | 50 994                         | 98    | 54 263       | 116              |                                  | 116   | 67 595                         | 132   | 104 180                         | 134   | 111 498               | 174               | 124 178          | 14,5% | 22,5% | 18,5%  |
| Total                                     | 483     | 290 627                        | 667   | 332 226                        | 796   | 364 346      | 748              | 67                               | 815   | 415 539                        | 889   | 548 316                         | 930   | 590 162               | 1 046             | 629 631          | 8,7%  | 14,9% | 100,0% |

The total departmental personnel costs increase from R290.6 million in 2013/14 to R629.6 million in 2019/20 in respect of personnel headcount that increases from 483 to 1 046 during the same period. The implementation of the new organisational structure informs this trend. This significant growth in personnel ensures that the department continues to provide oversight and technical support to GPG departments.

TABLE 14.19: INFORMATION ON TRAINING: GAUTENG PROVINCIAL TREASURY

| R thousand                                | Outcome      |              |              | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |              |              |
|---|--------------|--------------|--------------|--------------------|------------------------|------------------|-----------------------|--------------|--------------|
|   | 2013/14      | 2014/15      | 2015/16      |                    |                        |                  | 2017/18               | 2018/19      | 2019/20      |
| Number of staff                           | 483          | 667          | 796          | 815                | 815                    | 815              | 889                   | 930          | 1 046        |
| Number of personnel trained               | 366          | 350          | 450          | 500                | 500                    | 500              | 525                   | 555          | 586          |
| of which                                  |              |              |              |                    |                        |                  |                       |              |              |
| Male                                      | 148          | 140          | 160          | 180                | 180                    | 180              | 189                   | 200          | 211          |
| Female                                    | 218          | 210          | 290          | 320                | 320                    | 320              | 336                   | 355          | 375          |
| Number of training opportunities          | 333          | 490          | 600          | 710                | 710                    | 710              | 746                   | 789          | 833          |
| of which                                  |              |              |              |                    |                        |                  |                       |              |              |
| Tertiary                                  | 150          | 250          | 300          | 350                | 350                    | 350              | 368                   | 389          | 411          |
| Workshops                                 | 153          | 200          | 250          | 300                | 300                    | 300              | 315                   | 333          | 352          |
| Seminars                                  | 30           | 40           | 50           | 60                 | 60                     | 60               | 63                    | 67           | 70           |
| Other                                     |              |              |              |                    |                        |                  |                       |              |              |
| Number of bursaries offered               | 150          | 173          | 200          | 200                | 200                    | 200              | 210                   | 222          | 235          |
| Number of interns appointed               | 26           | 35           | 40           | 45                 | 45                     | 45               | 42                    | 42           | 44           |
| Number of learnerships appointed          | 18           | 18           | 20           | 25                 | 25                     | 25               | 30                    | 30           | 30           |
| Number of days spent on training          |              |              |              |                    |                        |                  |                       |              |              |
| <b>Payments on training by programme</b>  |              |              |              |                    |                        |                  |                       |              |              |
| 1. Administration                         | 3 199        | 1 337        | 1 711        | 2 293              | 2 293                  | 2 999            | 1 088                 | 1 663        | 1 760        |
| 2. Sustainable Fiscal Resource Management | 268          | 525          | 364          | 451                | 451                    | 370              | 522                   | 553          | 585          |
| 3. Financial Governance                   | 3 776        | 1 399        | 1 885        | 1 867              | 2 117                  | 2 234            | 1 953                 | 1 241        | 1 313        |
| 4. Provincial Supply Chain Management     |              | 495          | 929          | 1 303              | 1 303                  | 1 821            | 1 368                 | 1 448        | 1 532        |
| 5. Municipal Financial Governance         | 167          |              |              |                    |                        | 188              |                       |              |              |
| 6. Gauteng Audit Services                 |              |              |              | 729                | 729                    | 859              | 775                   | 820          | 867          |
| <b>Total payments on training</b>         | <b>7 410</b> | <b>3 756</b> | <b>4 889</b> | <b>6 643</b>       | <b>6 893</b>           | <b>8 471</b>     | <b>5 706</b>          | <b>5 725</b> | <b>6 057</b> |

The transformation of GPT requires a continuous and an uncompromising acquisition of the required skills. A lifelong learning is a vital mind set for a learning organisation that needs to thrive in the 21st Century moreover with essential response to the service requests of the people of Gauteng. The department recognizes that it's most important asset is its employees, and this asset will need to be managed to ensure the continued success of the department.

The department will achieve this through the implementation of meaningful skills programs, internships, learnership and SAIPA programs. To maintain the productivity, well-being and motivation of employees within the rapidly changing environment, GPT must underpin these changes with adequate, appropriate and supportive development and training opportunities.

Training interventions will focus on improving the generic and functional skills of employees, which includes seminars and workshops. All training interventions will be in line with the approved Workplace Skills Plan, as well as the individual Personal Development Plans (PDPs) which form part of the performance management and development system.

The department is continuously committed to addressing skills shortages and scares skills, and aims to appoint at least 8 per cent of the staff establishment as interns, work intergrated learning and SAIPA each financial year. This exceeds the mandated 5 per cent. In implementing the above-mentioned programmes, the department is contributing towards halving poverty, creating jobs, youth development and ultimately addressing skills shortages in the country. Interns and learners are appointed additional to the staff establishment, and must therefore be budgeted for.

# **ANNEXURE TO THE ESTIMATES OF PROVINCIAL REVENUE AND EXPENDITURE**

TABLE 14.20: SPECIFICATION OF RECEIPTS:GAUTENG PROVINCIAL TREASURY

| R thousand  | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2013/14        | 2014/15        | 2015/16        |                    |                        |                  | 2017/18               | 2018/19        | 2019/20        |
| <b>Tax receipts</b>   |                |                |                |                    |                        |                  |                       |                |                |
| Casino taxes  |                |                |                |                    |                        |                  |                       |                |                |
| Motor vehicle licences  |                |                |                |                    |                        |                  |                       |                |                |
| <b>Sales of goods and services other than capital assets</b>                        | <b>235</b>     | <b>323</b>     | <b>555</b>     | <b>1 000</b>       | <b>1 000</b>           | <b>986</b>       | <b>1 050</b>          | <b>1 111</b>   | <b>1 173</b>   |
| Sale of goods and services produced by department (excluding capital assets)        | 235            | 323            | 555            | 1 000              | 1 000                  | 986              | 1 050                 | 1 111          | 1 173          |
| Sales by market establishments  | 235            | 323            | 555            | 1 000              | 1 000                  | 986              | 1 050                 | 1 111          | 1 173          |
| Administrative fees   |                |                |                |                    |                        |                  |                       |                |                |
| Other sales   |                |                |                |                    |                        |                  |                       |                |                |
| Of which  |                |                |                |                    |                        |                  |                       |                |                |
| Health patient fees   |                |                |                |                    |                        |                  |                       |                |                |
| Sales of scrap, waste, arms and other used current goods (excluding capital assets) |                |                |                |                    |                        |                  |                       |                |                |
| <b>Transfers received from:</b>   |                |                |                |                    |                        | <b>10</b>        |                       |                |                |
| Other governmental units  |                |                |                |                    |                        |                  |                       |                |                |
| Higher education institutions   |                |                |                |                    |                        |                  |                       |                |                |
| Foreign governments   |                |                |                |                    |                        |                  |                       |                |                |
| International organisations   |                |                |                |                    |                        |                  |                       |                |                |
| Public corporations and private enterprises   |                |                |                |                    |                        | 10               |                       |                |                |
| Households and non-profit institutions  |                |                |                |                    |                        |                  |                       |                |                |
| <b>Fines, penalties and forfeits</b>  |                |                |                |                    |                        |                  |                       |                |                |
| <b>Interest, dividends and rent on land</b>   | <b>247 283</b> | <b>481 453</b> | <b>622 676</b> | <b>150 000</b>     | <b>480 000</b>         | <b>575 138</b>   | <b>300 000</b>        | <b>350 000</b> | <b>369 600</b> |
| Interest  | 247 283        | 481 453        | 622 676        | 150 000            | 480 000                | 575 138          | 300 000               | 350 000        | 369 600        |
| Dividends   |                |                |                |                    |                        |                  |                       |                |                |
| Rent on land  |                |                |                |                    |                        |                  |                       |                |                |
| <b>Sales of capital assets</b>  |                |                | <b>214</b>     |                    |                        |                  |                       |                |                |
| Land and sub-soil assets  |                |                |                |                    |                        |                  |                       |                |                |
| Other capital assets  |                |                |                |                    |                        |                  |                       |                |                |
| <b>Transactions in financial assets and liabilities</b>                             | <b>375</b>     | <b>490</b>     | <b>451</b>     | <b>415</b>         | <b>400</b>             | <b>395</b>       | <b>450</b>            | <b>500</b>     | <b>528</b>     |
| <b>Total departmental receipts</b>  | <b>247 893</b> | <b>482 266</b> | <b>623 896</b> | <b>151 415</b>     | <b>481 400</b>         | <b>576 529</b>   | <b>301 500</b>        | <b>351 611</b> | <b>371 301</b> |

TABLE 14.21: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: GAUTENG PROVINCIAL TREASURY

| R thousand                | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---------------------------|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|                           | 2013/14        | 2014/15        | 2015/16        |                    |                        |                  | 2017/18               | 2018/19        | 2019/20        |
| <b>Current payments</b>   | <b>374 481</b> | <b>401 859</b> | <b>429 044</b> | <b>552 102</b>     | <b>524 608</b>         | <b>522 820</b>   | <b>644 662</b>        | <b>693 318</b> | <b>748 328</b> |
| Compensation of employees | 290 627        | 332 226        | 364 347        | 453 361            | 418 467                | 415 539          | 548 316               | 590 162        | 629 631        |
| Salaries and wages        | 232 115        | 295 256        | 319 920        | 385 698            | 355 716                | 365 735          | 477 621               | 513 341        | 546 412        |
| Social contributions      | 58 512         | 36 970         | 44 427         | 67 663             | 62 751                 | 49 804           | 70 695                | 76 821         | 83 219         |
| Goods and services        | 83 854         | 69 633         | 64 697         | 98 741             | 106 141                | 107 281          | 96 345                | 103 156        | 118 697        |
| Administrative fees       | 281            | 61             | 84             | 277                | 299                    | 295              | 114                   | 129            | 136            |
| Advertising               | 2 719          | 2 855          | 3 130          | 1 916              | 4 836                  | 3 543            | 1 951                 | 2 064          | 2 185          |
| Minor assets              | 197            | 85             | 558            | 232                | 164                    | 83               | 244                   | 258            | 273            |



| R thousand   | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|--|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|  | 2013/14        | 2014/15        | 2015/16        |                    |                        |                  | 2017/18               | 2018/19        | 2019/20        |
| <i>Audit cost: External</i>  | 2 164          | 2 879          | 3 213          | 4 525              | 4 525                  | 3 071            | 5 323                 | 5 547          | 5 869          |
| <i>Bursaries: Employees</i>  | 1 217          | 1 218          | 1 761          | 1 535              | 1 535                  | 2 939            | 2 545                 | 2 692          | 2 848          |
| <i>Catering: Departmental activities</i>                                     | 1 624          | 374            | 410            | 811                | 848                    | 901              | 836                   | 796            | 843            |
| <i>Communication (G&amp;S)</i>   | 1 835          | 1 999          | 3 139          | 4 699              | 4 052                  | 3 903            | 3 401                 | 3 538          | 3 743          |
| <i>Computer services</i>   | 3 445          | 2 535          | 5 978          | 7 633              | 9 453                  | 9 559            | 12 081                | 12 565         | 13 293         |
| <i>Consultants and professional services: Business and advisory services</i> | 39 293         | 35 008         | 21 045         | 43 053             | 38 999                 | 39 941           | 42 315                | 44 105         | 56 221         |
| <i>Legal services</i>  | 917            | 660            | 555            | 27                 | 6 087                  | 6 346            | 893                   | 979            | 1 036          |
| <i>Contractors</i>   | 5 599          | 1 306          | 1 008          | 2 361              | 2 076                  | 552              | 491                   | 1 366          | 1 445          |
| <i>Agency and support / outsourced services</i>                              | 58             |                |                |                    |                        |                  |                       |                |                |
| <i>Entertainment</i>   |                |                |                |                    |                        |                  |                       |                |                |
| <i>Fleet services (including government motor transport)</i>                 | 1 452          | 668            | 751            |                    | 349                    | 411              | 560                   | 590            | 624            |
| <i>Inventory: Fuel, oil and gas</i>  |                |                |                | 38                 |                        |                  |                       |                |                |
| <i>Consumable supplies</i>   | 801            | 343            | 508            | 598                | 599                    | 470              | 373                   | 609            | 644            |
| <i>Consumable: Stationery, printing and office supplies</i>                  | 1 735          | 2 063          | 3 417          | 2 124              | 3 151                  | 4 048            | 2 450                 | 3 403          | 3 600          |
| <i>Operating leases</i>  | 1 443          | 2 494          | 3 588          | 4 043              | 4 081                  | 5 223            | 5 196                 | 5 415          | 5 729          |
| <i>Property payments</i>   | 4 291          | 7 924          | 6 191          | 9 575              | 6 928                  | 7 303            | 5 020                 | 5 624          | 5 950          |
| <i>Transport provided: Departmental activity</i>                             |                |                |                |                    |                        |                  |                       |                |                |
| <i>Travel and subsistence</i>  | 4 001          | 964            | 1 725          | 3 633              | 4 719                  | 3 242            | 2 475                 | 2 803          | 2 965          |
| <i>Training and development</i>  | 7 410          | 3 756          | 5 308          | 6 643              | 6 893                  | 8 471            | 5 706                 | 5 725          | 6 057          |
| <i>Operating payments</i>  | 1 923          | 1 638          | 1 626          | 2 463              | 2 383                  | 2 276            | 2 366                 | 2 669          | 2 827          |
| <i>Venues and facilities</i>   | 1 449          | 803            | 702            | 2 555              | 4 164                  | 4 704            | 2 005                 | 2 278          | 2 409          |
| <i>Rental and hiring</i>   |                |                |                |                    |                        |                  |                       |                |                |
| Interest and rent on land  |                |                |                |                    |                        |                  |                       |                |                |
| Interest   |                |                |                |                    |                        |                  |                       |                |                |
| Rent on land   |                |                |                |                    |                        |                  |                       |                |                |
| <b>Transfers and subsidies</b>   | <b>51 119</b>  | <b>76 944</b>  | <b>120 658</b> | <b>52 888</b>      | <b>112 540</b>         | <b>112 697</b>   | <b>66 335</b>         | <b>69 559</b>  | <b>63 014</b>  |
| Provinces and municipalities   |                |                |                |                    |                        |                  |                       |                |                |
| Departmental agencies and accounts   | 50 000         | 75 000         | 120 000        | 52 650             | 102 650                | 102 650          | 55 335                | 58 544         | 61 940         |
| Social security funds  |                |                |                |                    |                        |                  |                       |                |                |
| Provide list of entities receiving transfers                                 | 50 000         | 75 000         | 120 000        | 52 650             | 102 650                | 102 650          | 55 335                | 58 544         | 61 940         |
| Non-profit institutions  |                |                |                |                    | 8 955                  | 8 955            | 10 000                | 10 000         |                |
| Households   | 1 119          | 1 944          | 658            | 238                | 935                    | 1 092            | 1 000                 | 1 015          | 1 074          |
| Social benefits  | 1 119          | 1 944          | 612            |                    | 697                    | 854              |                       |                |                |
| Other transfers to households  |                |                | 46             | 238                | 238                    | 238              | 1 000                 | 1 015          | 1 074          |
| <b>Payments for capital assets</b>   | <b>3 718</b>   | <b>3 262</b>   | <b>5 487</b>   | <b>2 404</b>       | <b>4 404</b>           | <b>3 319</b>     | <b>1 635</b>          | <b>1 636</b>   | <b>1 728</b>   |
| Machinery and equipment  | 3 557          | 2 970          | 5 487          | 2 404              | 4 404                  | 3 319            | 1 635                 | 1 636          | 1 728          |
| Transport equipment  |                |                |                |                    |                        |                  |                       |                |                |
| Other machinery and equipment  | 3 557          | 2 970          | 5 487          | 2 404              | 4 404                  | 3 319            | 1 635                 | 1 636          | 1 728          |
| Software and other intangible assets   | 161            | 292            |                |                    |                        |                  |                       |                |                |
| <b>Payments for financial assets</b>   | <b>4</b>       | <b>124</b>     |                |                    |                        |                  |                       |                |                |
| <b>Total economic classification</b>   | <b>429 322</b> | <b>482 189</b> | <b>555 189</b> | <b>607 394</b>     | <b>641 552</b>         | <b>638 836</b>   | <b>712 632</b>        | <b>764 513</b> | <b>813 070</b> |

TABLE 14.22: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: ADMINISTRATION

| R thousand  | Outcome       |               |                | Main           | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---|---------------|---------------|----------------|----------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2013/14       | 2014/15       | 2015/16        |                |                        |                  | 2017/18               | 2018/19        | 2019/20        |
| <b>Current payments</b>   | <b>77 006</b> | <b>88 524</b> | <b>100 590</b> | <b>120 100</b> | <b>120 035</b>         | <b>119 697</b>   | <b>126 286</b>        | <b>137 878</b> | <b>145 873</b> |
| Compensation of employees   | 44 926        | 62 021        | 68 642         | 78 862         | 78 797                 | 79 776           | 91 902                | 99 254         | 105 007        |
| Salaries and wages  | 35 941        | 54 809        | 60 350         | 63 680         | 63 615                 | 70 769           | 79 673                | 86 243         | 91 242         |
| Social contributions  | 8 985         | 7 212         | 8 292          | 15 182         | 15 182                 | 9 007            | 12 229                | 13 011         | 13 765         |
| Goods and services  | 32 080        | 26 503        | 31 948         | 41 238         | 41 238                 | 39 921           | 34 384                | 38 624         | 40 866         |
| Administrative fees   | 116           | 46            | 73             | 261            | 277                    | 261              | 96                    | 110            | 117            |
| Advertising   | 1 284         | 2 114         | 1 347          | 1 067          | 1 018                  | 1 412            | 1 108                 | 1 172          | 1 240          |
| Minor assets  | 195           | 67            | 558            | 232            | 164                    | 83               | 244                   | 258            | 273            |
| Audit cost: External  | 1 082         | 1 738         | 2 209          | 3 116          | 3 116                  | 1 948            | 3 841                 | 3 979          | 4 210          |
| Bursaries: Employees  | 1 217         | 1 218         | 1 761          | 1 535          | 1 535                  | 2 939            | 2 545                 | 2 692          | 2 848          |
| Catering: Departmental activities                                     | 1 580         | 170           | 218            | 264            | 256                    | 234              | 219                   | 240            | 255            |
| Communication (G&S)   | 1 835         | 1 999         | 3 139          | 4 699          | 4 052                  | 3 903            | 3 401                 | 3 538          | 3 743          |
| Computer services   | 283           | 1 802         | 3 854          | 3 896          | 4 885                  | 4 885            | 4 833                 | 5 031          | 5 322          |
| Consultants and professional services: Business and advisory services | 1 302         | 723           | 393            | 1 738          | 2 338                  | 1 304            | 1 044                 | 1 415          | 1 497          |
| Legal services  |               | 67            | 555            | 27             | 1 587                  | 1 079            | 893                   | 979            | 1 036          |
| Contractors   | 5 597         | 1 298         | 940            | 2 361          | 2 050                  | 526              | 491                   | 1 366          | 1 445          |
| Agency and support / outsourced services                              |               |               |                |                |                        |                  |                       |                |                |
| Entertainment   |               |               |                |                |                        |                  |                       |                |                |
| Fleet services (including government motor transport)                 | 1 452         | 668           | 751            |                | 349                    | 411              | 560                   | 590            | 624            |
| Housing   |               |               |                |                |                        |                  |                       |                |                |
| Inventory: Fuel, oil and gas  |               |               |                | 38             |                        |                  |                       |                |                |
| Consumable supplies   | 797           | 338           | 488            | 598            | 598                    | 469              | 373                   | 609            | 644            |
| Consumable: Stationery, printing and office supplies                  | 1 051         | 1 054         | 2 304          | 1 241          | 1 241                  | 1 554            | 1 026                 | 1 405          | 1 487          |
| Operating leases  | 1 443         | 2 494         | 3 588          | 4 043          | 4 081                  | 5 223            | 5 196                 | 5 415          | 5 729          |
| Property payments   | 4 291         | 7 924         | 6 191          | 9 575          | 6 928                  | 7 303            | 5 020                 | 5 624          | 5 950          |
| Travel and subsistence  | 3 391         | 278           | 840            | 2 026          | 2 502                  | 1 401            | 713                   | 812            | 859            |
| Training and development  | 3 199         | 1 337         | 1 418          | 2 293          | 2 293                  | 2 999            | 1 088                 | 1 663          | 1 760          |
| Operating payments  | 539           | 411           | 779            | 752            | 752                    | 873              | 570                   | 603            | 639            |
| Venues and facilities   | 1 426         | 757           | 542            | 1 476          | 1 216                  | 1 114            | 1 123                 | 1 123          | 1 188          |
| Rental and hiring   |               |               |                |                |                        |                  |                       |                |                |
| Interest and rent on land   |               |               |                |                |                        |                  |                       |                |                |
| Interest  |               |               |                |                |                        |                  |                       |                |                |
| <b>Transfers and subsidies</b>  | <b>75</b>     | <b>1 499</b>  | <b>214</b>     | <b>238</b>     | <b>303</b>             | <b>326</b>       | <b>1 000</b>          | <b>1 015</b>   | <b>1 074</b>   |
| Provinces and municipalities  |               |               |                |                |                        |                  |                       |                |                |
| Non-profit institutions   |               |               |                |                |                        |                  |                       |                |                |
| Households  | 75            | 1 499         | 214            | 238            | 303                    | 326              | 1 000                 | 1 015          | 1 074          |
| Social benefits   | 75            | 1 499         | 168            |                | 65                     | 88               |                       |                |                |
| Other transfers to households   |               |               | 46             | 238            | 238                    | 238              | 1 000                 | 1 015          | 1 074          |
| <b>Payments for capital assets</b>                                    | <b>2 795</b>  | <b>2 006</b>  | <b>5 487</b>   | <b>1 004</b>   | <b>3 004</b>           | <b>3 319</b>     | <b>1 635</b>          | <b>1 636</b>   | <b>1 728</b>   |
| Machinery and equipment   | 2 774         | 1 731         | 5 487          | 1 004          | 3 004                  | 3 319            | 1 635                 | 1 636          | 1 728          |
| Transport equipment   |               |               |                |                |                        |                  |                       |                |                |
| Other machinery and equipment   | 2 774         | 1 731         | 5 487          | 1 004          | 3 004                  | 3 319            | 1 635                 | 1 636          | 1 728          |
| Land and sub-soil assets  |               |               |                |                |                        |                  |                       |                |                |
| Software and other intangible assets                                  | 21            | 275           |                |                |                        |                  |                       |                |                |
| <b>Payments for financial assets</b>                                  |               | <b>8</b>      |                |                |                        |                  |                       |                |                |
| <b>Total economic classification</b>                                  | <b>79 876</b> | <b>92 037</b> | <b>106 291</b> | <b>121 342</b> | <b>123 342</b>         | <b>123 342</b>   | <b>128 921</b>        | <b>140 529</b> | <b>148 675</b> |

TABLE 14.23: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: SUSTAINABLE FISCAL RESOURCES MANAGEMENT

| R thousand  | Outcome       |               |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |               |               |
|---|---------------|---------------|----------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
|   | 2013/14       | 2014/15       | 2015/16        | 2016/17            |                        |                  | 2017/18               | 2018/19       | 2019/20       |
| <b>Current payments</b>   | <b>59 088</b> | <b>64 270</b> | <b>62 840</b>  | <b>95 595</b>      | <b>70 563</b>          | <b>71 880</b>    | <b>86 416</b>         | <b>92 657</b> | <b>98 033</b> |
| Compensation of employees   | 53 562        | 59 773        | 55 072         | 71 629             | 61 597                 | 61 372           | 75 424                | 80 458        | 85 126        |
| Salaries and wages  | 42 580        | 53 040        | 49 069         | 61 165             | 54 295                 | 54 864           | 65 179                | 69 495        | 73 526        |
| Social contributions  | 10 982        | 6 733         | 6 003          | 10 464             | 7 302                  | 6 508            | 10 245                | 10 963        | 11 600        |
| Goods and services  | 5 526         | 4 497         | 7 768          | 23 966             | 8 966                  | 10 508           | 10 992                | 12 199        | 12 907        |
| Administrative fees   |               | 7             | 2              | 5                  | 7                      | 9                | 6                     | 6             | 6             |
| Advertising   | 1 124         | 361           | 1 500          | 486                | 486                    | 486              | 511                   | 540           | 572           |
| Minor assets  |               |               |                |                    |                        |                  |                       |               |               |
| Audit cost: External  |               | 560           | 485            | 745                | 745                    | 745              | 785                   | 831           | 879           |
| Bursaries: Employees  |               |               |                |                    |                        |                  |                       |               |               |
| Catering: Departmental activities                                     | 44            | 29            | 53             | 269                | 236                    | 162              | 232                   | 246           | 260           |
| Communication (G&S)   |               |               |                |                    |                        |                  |                       |               |               |
| Computer services   |               |               | 345            |                    |                        | 76               |                       |               |               |
| Consultants and professional services: Business and advisory services | 1 427         | 906           | 2 818          | 19 033             | 4 029                  | 5 286            | 6 065                 | 6 666         | 7 052         |
| Legal services  | 917           | 593           |                |                    |                        |                  |                       |               |               |
| Contractors   |               |               | 68             |                    | 26                     | 26               |                       |               |               |
| Consumable supplies   |               |               | 20             |                    |                        |                  |                       |               |               |
| Consumable: Stationery, printing and office supplies                  | 542           | 632           | 693            | 660                | 871                    | 1 312            | 693                   | 733           | 775           |
| Operating leases  |               |               |                |                    |                        |                  |                       |               |               |
| Travel and subsistence  | 106           | 227           | 93             | 588                | 597                    | 584              | 590                   | 785           | 830           |
| Training and development  | 268           | 525           | 936            | 451                | 451                    | 370              | 522                   | 553           | 585           |
| Operating payments  | 1 098         | 657           | 755            | 1 261              | 1 261                  | 1 125            | 1 177                 | 1 404         | 1 488         |
| Venues and facilities   |               |               |                | 468                | 257                    | 327              | 411                   | 435           | 460           |
| Rental and hiring   |               |               |                |                    |                        |                  |                       |               |               |
| Interest and rent on land   |               |               |                |                    |                        |                  |                       |               |               |
| Interest  |               |               |                |                    |                        |                  |                       |               |               |
| Rent on land  |               |               |                |                    |                        |                  |                       |               |               |
| <b>Transfers and subsidies</b>  | <b>50 040</b> | <b>75 150</b> | <b>120 201</b> | <b>52 650</b>      | <b>102 682</b>         | <b>102 765</b>   | <b>55 335</b>         | <b>58 544</b> | <b>61 940</b> |
| Provinces and municipalities  |               |               |                |                    |                        |                  |                       |               |               |
| Provinces   |               |               |                |                    |                        |                  |                       |               |               |
| Departmental agencies and accounts                                    | 50 000        | 75 000        | 120 000        | 52 650             | 102 650                | 102 650          | 55 335                | 58 544        | 61 940        |
| Social security funds   |               |               |                |                    |                        |                  |                       |               |               |
| Provide list of entities receiving transfers                          | 50 000        | 75 000        | 120 000        | 52 650             | 102 650                | 102 650          | 55 335                | 58 544        | 61 940        |
| Higher education institutions   |               |               |                |                    |                        |                  |                       |               |               |
| Non-profit institutions   |               |               |                |                    |                        |                  |                       |               |               |
| Households  | 40            | 150           | 201            |                    | 32                     | 115              |                       |               |               |
| Social benefits   | 40            | 150           | 201            |                    | 32                     | 115              |                       |               |               |
| Other transfers to households   |               |               |                |                    |                        |                  |                       |               |               |
| <b>Payments for capital assets</b>                                    |               |               |                | <b>1 400</b>       | <b>1 400</b>           |                  |                       |               |               |
| Machinery and equipment   |               |               |                | 1 400              | 1 400                  |                  |                       |               |               |

| R thousand                           | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|--------------------------------------|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|                                      | 2013/14        | 2014/15        | 2015/16        |                    |                        |                  | 2017/18               | 2018/19        | 2019/20        |
| Other machinery and equipment        |                |                |                | 1 400              | 1 400                  |                  |                       |                |                |
| Software and other intangible assets |                |                |                |                    |                        |                  |                       |                |                |
| <b>Payments for financial assets</b> |                |                |                |                    |                        |                  |                       |                |                |
| <b>Total economic classification</b> | <b>109 128</b> | <b>139 420</b> | <b>183 041</b> | <b>149 645</b>     | <b>174 645</b>         | <b>174 645</b>   | <b>141 751</b>        | <b>151 201</b> | <b>159 973</b> |

TABLE 14.24: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: FINANCIAL GOVERNANCE

| R thousand  | Outcome       |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---|---------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2013/14       | 2014/15        | 2015/16        |                    |                        |                  | 2017/18               | 2018/19        | 2019/20        |
| <b>Current payments</b>   | <b>99 974</b> | <b>108 469</b> | <b>123 595</b> | <b>128 028</b>     | <b>132 366</b>         | <b>131 677</b>   | <b>145 585</b>        | <b>155 523</b> | <b>164 541</b> |
| Compensation of employees   | 63 907        | 73 959         | 104 748        | 116 097            | 115 085                | 114 557          | 129 892               | 140 280        | 148 416        |
| Salaries and wages  | 51 009        | 64 702         | 91 256         | 98 888             | 99 626                 | 100 050          | 111 822               | 121 093        | 128 117        |
| Social contributions  | 12 898        | 9 257          | 13 492         | 17 209             | 15 459                 | 14 507           | 18 070                | 19 187         | 20 299         |
| Goods and services  | 36 067        | 34 510         | 18 847         | 11 931             | 17 281                 | 17 120           | 15 693                | 15 243         | 16 125         |
| Administrative fees   |               | 6              | 5              | 11                 | 11                     | 11               | 12                    | 13             | 13             |
| Advertising   |               | 94             |                | 94                 | 63                     |                  |                       |                |                |
| Minor assets  | 2             | 18             |                |                    |                        |                  |                       |                |                |
| Audit cost: External  | 1 082         | 581            | 519            | 664                | 664                    | 378              | 697                   | 737            | 780            |
| Catering: Departmental activities                                     | –             | 175            | 49             | 200                | 218                    | 236              | 100                   | 113            | 120            |
| Computer services   | 2 828         | 634            | 863            | 2 718              | 3 670                  | 3 020            | 5 367                 | 5 532          | 5 853          |
| Consultants and professional services: Business and advisory services | 27 980        | 31 066         | 16 112         | 5 340              | 9 840                  | 10 277           | 6 879                 | 6 641          | 7 025          |
| Contractors   |               | 7              |                |                    |                        |                  |                       |                |                |
| Agency and support / outsourced services                              | 58            |                |                |                    |                        |                  |                       |                |                |
| Consumable supplies   |               | 4              |                |                    |                        |                  |                       |                |                |
| Consumable: Stationery, printing and office supplies                  | 10            | 2              | 7              | 3                  | 3                      | 3                | 3                     | 3              | 3              |
| Travel and subsistence  | 160           | 208            | 234            | 477                | 495                    | 453              | 419                   | 460            | 487            |
| Training and development  | 3 776         | 1 399          | 1 001          | 1 867              | 2 117                  | 2 234            | 1 953                 | 1 241          | 1 313          |
| Operating payments  | 171           | 270            | 35             | 157                | 150                    | 130              | 164                   | 174            | 184            |
| Venues and facilities   |               | 46             | 22             | 400                | 50                     | 378              | 100                   | 328            | 347            |
| Interest and rent on land   |               |                |                |                    |                        |                  |                       |                |                |
| Interest  |               |                |                |                    |                        |                  |                       |                |                |
| <b>Transfers and subsidies</b>  | <b>879</b>    | <b>112</b>     | <b>87</b>      | <b>170</b>         | <b>189</b>             |                  |                       |                |                |
| Non-profit institutions   |               |                |                |                    |                        |                  |                       |                |                |
| Households  | 879           | 112            | 87             | 170                | 189                    |                  |                       |                |                |
| Social benefits   | 879           | 112            | 87             | 170                | 189                    |                  |                       |                |                |
| Other transfers to households   |               |                |                |                    |                        |                  |                       |                |                |
| <b>Payments for capital assets</b>                                    | <b>923</b>    | <b>1 228</b>   |                |                    |                        |                  |                       |                |                |
| Machinery and equipment   | 783           | 1 228          |                |                    |                        |                  |                       |                |                |
| Transport equipment   |               |                |                |                    |                        |                  |                       |                |                |

| Outcome                              |                |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|--------------------------------------|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
| R thousand                           | 2013/14        | 2014/15        | 2015/16        | 2016/17            |                        |                  | 2017/18               | 2018/19        | 2019/20        |
| Other machinery and equipment        | 783            | 1 228          |                |                    |                        |                  |                       |                |                |
| Software and other intangible assets | 140            |                |                |                    |                        |                  |                       |                |                |
| <b>Payments for financial assets</b> |                |                |                |                    |                        |                  |                       |                |                |
| <b>Total economic classification</b> | <b>101 776</b> | <b>109 809</b> | <b>123 682</b> | <b>128 028</b>     | <b>132 536</b>         | <b>131 866</b>   | <b>145 585</b>        | <b>155 523</b> | <b>164 541</b> |

TABLE 14.25: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: PROVINCIAL SUPPLY CHAIN MANAGEMENT

| Outcome   |               |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
| R thousand  | 2013/14       | 2014/15       | 2015/16       | 2016/17            |                        |                  | 2017/18               | 2018/19        | 2019/20        |
| <b>Current payments</b>   | <b>58 228</b> | <b>59 058</b> | <b>56 378</b> | <b>91 537</b>      | <b>86 317</b>          | <b>84 879</b>    | <b>112 614</b>        | <b>120 891</b> | <b>132 120</b> |
| Compensation of employees   | 56 132        | 57 798        | 52 775        | 77 013             | 63 793                 | 62 432           | 92 511                | 99 912         | 100 367        |
| Salaries and wages  | 44 906        | 52 604        | 45 303        | 66 240             | 53 020                 | 53 380           | 81 181                | 87 091         | 86 340         |
| Social contributions  | 11 226        | 5 194         | 7 472         | 10 773             | 10 773                 | 9 052            | 11 330                | 12 821         | 14 027         |
| Goods and services  | 2 096         | 1 260         | 3 603         | 14 524             | 22 524                 | 22 447           | 20 103                | 20 979         | 31 753         |
| Administrative fees   | 165           | 1             |               |                    | 2                      | 2                |                       |                |                |
| Advertising   | 195           | 286           | 283           | 269                | 3 269                  | 1 645            | 282                   | 299            | 316            |
| Catering: Departmental activities                                     |               |               | 24            | 4                  | 54                     | 86               | 105                   | 112            | 118            |
| Consultants and professional services: Business and advisory services | 1 700         | 277           | 1 722         | 12 555             | 15 055                 | 16 243           | 18 034                | 18 789         | 29 437         |
| Legal services  |               |               |               |                    |                        |                  |                       |                |                |
| Contractors   | 2             | 1             |               |                    |                        |                  |                       |                |                |
| Agency and support / outsourced services                              |               |               |               |                    |                        |                  |                       |                |                |
| Consumable supplies   | 2             |               |               |                    |                        |                  |                       |                |                |
| Consumable: Stationery, printing and office supplies                  |               |               | 23            |                    | 4                      | 4                |                       |                |                |
| Operating leases  |               |               |               |                    |                        |                  |                       |                |                |
| Property payments   |               |               |               |                    |                        |                  |                       |                |                |
| Travel and subsistence  | 8             | 20            | 7             | 83                 | 383                    | 52               | 88                    | 93             | 98             |
| Training and development  |               | 495           | 1 406         | 1 303              | 1 303                  | 1 821            | 1 368                 | 1 448          | 1 532          |
| Operating payments  | 1             | 180           |               | 99                 | 43                     | 13               | 105                   | 110            | 117            |
| Venues and facilities   | 23            |               | 138           | 211                | 2 411                  | 2 581            | 121                   | 128            | 135            |
| Interest and rent on land   |               |               |               |                    |                        |                  |                       |                |                |
| Interest  |               |               |               |                    |                        |                  |                       |                |                |
| Rent on land  |               |               |               |                    |                        |                  |                       |                |                |
| <b>Transfers and subsidies</b>  | <b>79</b>     | <b>9</b>      | <b>78</b>     | <b>9 320</b>       | <b>9 361</b>           | <b>10 000</b>    | <b>10 000</b>         | <b>10 000</b>  | <b>10 000</b>  |
| Non-profit institutions   |               |               |               |                    | 8 955                  | 8 955            | 10 000                | 10 000         |                |
| Households  | 79            | 9             | 78            |                    | 365                    | 406              |                       |                |                |
| Social benefits   | 79            | 9             | 78            |                    | 365                    | 406              |                       |                |                |
| Other transfers to households   |               |               |               |                    |                        |                  |                       |                |                |
| <b>Payments for capital assets</b>                                    |               | <b>17</b>     |               |                    |                        |                  |                       |                |                |
| Software and other intangible assets                                  |               | 17            |               |                    |                        |                  |                       |                |                |

| Outcome                       |         |         |         | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |         |         |
|-------------------------------|---------|---------|---------|--------------------|------------------------|------------------|-----------------------|---------|---------|
| R thousand                    | 2013/14 | 2014/15 | 2015/16 | 2016/17            |                        |                  | 2017/18               | 2018/19 | 2019/20 |
| Payments for financial assets | 4       | 116     |         |                    |                        |                  |                       |         |         |
| Total economic classification | 58 311  | 59 200  | 56 456  | 91 537             | 95 637                 | 94 240           | 122 614               | 130 891 | 132 120 |

TABLE 14.26: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: MUNICIPAL FINANCIAL GOVERNANCE

| Outcome   |               |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |               |               |
|---|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
| R thousand  | 2013/14       | 2014/15       | 2015/16       | 2016/17            |                        |                  | 2017/18               | 2018/19       | 2019/20       |
| <b>Current payments</b>   | <b>27 526</b> | <b>28 387</b> | <b>29 971</b> | <b>36 303</b>      | <b>37 803</b>          | <b>37 812</b>    | <b>61 384</b>         | <b>65 376</b> | <b>73 537</b> |
| Compensation of employees   | 20 061        | 27 681        | 28 847        | 35 130             | 31 080                 | 29 807           | 54 409                | 58 760        | 66 537        |
| Salaries and wages  | 16 049        | 25 185        | 26 016        | 30 021             | 25 971                 | 26 810           | 47 815                | 50 784        | 57 486        |
| Social contributions  | 4 012         | 2 496         | 2 831         | 5 109              | 5 109                  | 2 997            | 6 594                 | 7 977         | 9 051         |
| Goods and services  | 7 465         | 706           | 1 124         | 1 173              | 6 723                  | 8 005            | 6 974                 | 6 616         | 7 000         |
| Administrative fees   |               |               | 2             |                    | 2                      | 12               |                       |               |               |
| Advertising   | 116           |               |               |                    |                        |                  |                       |               |               |
| Catering: Departmental activities                                     |               |               | 66            | 74                 | 84                     | 183              | 180                   | 85            | 90            |
| Communication (G&S)   |               |               |               |                    |                        |                  |                       |               |               |
| Computer services   | 79            | 99            | 204           | 518                | 383                    | 305              | 365                   | 398           | 421           |
| Consultants and professional services: Business and advisory services | 6 621         |               |               |                    | 750                    | 750              | 5 092                 | 5 092         | 5 388         |
| infrastructure and planning   |               |               |               |                    |                        |                  |                       |               |               |
| Legal services  |               |               |               |                    | 4 500                  | 5 267            |                       |               |               |
| Consumable supplies   |               | 1             |               |                    | 1                      | 1                |                       |               |               |
| Consumable: Stationery, printing and office supplies                  | 132           | 375           | 390           | 220                | 532                    | 680              | 728                   | 442           | 467           |
| Travel and subsistence  | 336           | 231           | 405           | 361                | 444                    | 518              | 558                   | 539           | 570           |
| Training and development  | 167           |               |               |                    |                        | 188              |                       |               |               |
| Operating payments  | 14            |               | 57            |                    | 27                     | 27               | 50                    | 60            | 64            |
| Venues and facilities   |               |               |               |                    |                        | 74               |                       |               |               |
| Rental and hiring   |               |               |               |                    |                        |                  |                       |               |               |
| Interest and rent on land   |               |               |               |                    |                        |                  |                       |               |               |
| Interest  |               |               |               |                    |                        |                  |                       |               |               |
| <b>Transfers and subsidies</b>  | <b>138</b>    | <b>24</b>     |               | <b>50</b>          | <b>41</b>              |                  |                       |               |               |
| Households  | 138           | 24            |               | 50                 | 41                     |                  |                       |               |               |
| Social benefits   | 138           | 24            |               | 50                 | 41                     |                  |                       |               |               |
| Other transfers to households   |               |               |               |                    |                        |                  |                       |               |               |
| <b>Payments for capital assets</b>                                    |               |               |               |                    |                        |                  |                       |               |               |
| Software and other intangible assets                                  |               |               |               |                    |                        |                  |                       |               |               |
| <b>Payments for financial assets</b>                                  |               |               |               |                    |                        |                  |                       |               |               |
| Total economic classification   | 27 526        | 28 525        | 29 995        | 36 303             | 37 853                 | 37 853           | 61 384                | 65 376        | 73 537        |



TABLE 14.27: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: GAUTENG AUDIT SERVICES

| R thousand  | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2013/14       | 2014/15       | 2015/16       |                    |                        |                  | 2017/18               | 2018/19        | 2019/20        |
| <b>Current payments</b>   | <b>52 659</b> | <b>53 151</b> | <b>55 670</b> | <b>80 539</b>      | <b>77 524</b>          | <b>76 875</b>    | <b>112 379</b>        | <b>120 992</b> | <b>134 224</b> |
| Compensation of employees   | 52 039        | 50 994        | 54 263        | 74 630             | 68 115                 | 67 595           | 104 180               | 111 498        | 124 178        |
| Salaries and wages  | 41 631        | 44 916        | 47 926        | 65 704             | 59 189                 | 59 862           | 91 953                | 98 635         | 109 701        |
| Social contributions  | 10 408        | 6 078         | 6 337         | 8 926              | 8 926                  | 7 733            | 12 227                | 12 863         | 14 477         |
| Goods and services  | 620           | 2 157         | 1 407         | 5 909              | 9 409                  | 9 280            | 8 199                 | 9 494          | 10 046         |
| Administrative fees   |               | 1             | 2             |                    |                        |                  |                       |                |                |
| Advertising   |               |               |               |                    |                        |                  | 50                    | 53             | 57             |
| Computer services   | 255           |               | 712           | 501                | 515                    | 1 273            | 1 516                 | 1 604          | 1 697          |
| Consultants and professional services: Business and advisory services | 263           | 2 036         |               | 4 387              | 6 987                  | 6 081            | 5 200                 | 5 502          | 5 822          |
| Consumable supplies   | 2             |               |               |                    |                        |                  |                       |                |                |
| Consumable: Stationery, printing and office supplies                  |               |               |               |                    | 500                    | 495              |                       | 820            | 868            |
| Operating leases  |               |               |               |                    |                        |                  |                       |                |                |
| Property payments   |               |               |               |                    |                        |                  |                       |                |                |
| Transport provided: Departmental activity                             |               |               |               |                    |                        |                  |                       |                |                |
| Travel and subsistence  |               |               | 146           | 98                 | 298                    | 234              | 108                   | 114            | 121            |
| Training and development  |               |               | 547           | 729                | 729                    | 859              | 775                   | 820            | 867            |
| Operating payments  | 100           | 120           |               | 194                | 150                    | 108              | 300                   | 317            | 335            |
| Venues and facilities   |               |               |               |                    | 230                    | 230              | 250                   | 264            | 279            |
| Rental and hiring   |               |               |               |                    |                        |                  |                       |                |                |
| Interest and rent on land   |               |               |               |                    |                        |                  |                       |                |                |
| Interest  |               |               |               |                    |                        |                  |                       |                |                |
| <b>Transfers and subsidies</b>  | <b>46</b>     | <b>36</b>     | <b>54</b>     |                    | <b>15</b>              | <b>15</b>        |                       |                |                |
| Non-profit institutions   |               |               |               |                    |                        |                  |                       |                |                |
| Households  | 46            | 36            | 54            |                    | 15                     | 15               |                       |                |                |
| Social benefits   | 46            | 36            | 54            |                    | 15                     | 15               |                       |                |                |
| Other transfers to households   |               |               |               |                    |                        |                  |                       |                |                |
| <b>Payments for capital assets</b>                                    |               | <b>11</b>     |               |                    |                        |                  |                       |                |                |
| Buildings and other fixed structures                                  |               |               |               |                    |                        |                  |                       |                |                |
| Buildings   |               |               |               |                    |                        |                  |                       |                |                |
| Other fixed structures  |               |               |               |                    |                        |                  |                       |                |                |
| Machinery and equipment   |               | 11            |               |                    |                        |                  |                       |                |                |
| Transport equipment   |               |               |               |                    |                        |                  |                       |                |                |
| Other machinery and equipment   |               | 11            |               |                    |                        |                  |                       |                |                |
| Software and other intangible assets                                  |               |               |               |                    |                        |                  |                       |                |                |
| <b>Payments for financial assets</b>                                  |               |               |               |                    |                        |                  |                       |                |                |
| <b>Total economic classification</b>                                  | <b>52 705</b> | <b>53 198</b> | <b>55 724</b> | <b>80 539</b>      | <b>77 539</b>          | <b>76 890</b>    | <b>112 379</b>        | <b>120 992</b> | <b>134 224</b> |

