

VOTE 14

GAUTENG TREASURY

To be appropriated by Vote	R185 549 000
Responsible MEC	MEC for Finance and Economic Affairs
Administering department	Gauteng Treasury
Accounting officer	Head of Department

1. OVERVIEW

Vision

Gauteng Treasury aspires to be pioneers in financial management and fiscal discipline within the public sector in South Africa.

Mission

To provide custodianship and distribution of Public Funds as well as Financial Management Services, through:

- *Strengthening financial management to achieve operational efficiency and promoting accountability in government;*
- *Attracting and retaining an appropriate technical skills base at Gauteng Treasury;*
- *Providing technical assistance including analysing, monitoring, evaluating and advising customers to enable good financial planning and management;*
- *Developing and implementing efficient internal systems and processes;*
- *Investing in and empowering Gauteng Treasury employees.*

Strategic Goals

- To integrate policies within Treasury to ensure synergy and effective co-ordination;
- To manage and oversee the implementation of Public Private Partnership projects in Gauteng to support the GPG economic growth, job creation and poverty alleviation strategies;
- Provide provincial, social and economic research and analysis that inform fiscal policy development and the annual budget process contributing to the Provincial Growth and Development Strategy;
- Allocate resources in line with provincial government priorities and the five plans to contribute to economic, efficient and effective service delivery;
- Maintain fiscal discipline through policies and the monitoring and evaluation of financial performance;
- To maximise current revenue sources and optimise potential new revenue streams;
- Develop and implement a provincial comprehensive revenue strategy;
- Provide provincial socio-economic research and analysis in order to inform resource allocation and utilisation.
- To conduct sector level policy analysis in order to maximise efficiency gains and value for money;
- To monitor and evaluate performance outcomes of spending agencies.

The key functions for the Gauteng Treasury (GT) are:

- Implementing accounting practices that will promote the effective capturing of revenue, expenditure, assets and liabilities;
- Ensuring the effective management of risks to which the Gauteng Provincial Government (GPG) is exposed to by virtue of its assets, programs and operations;
- Optimising liquidity requirements and maximising returns within acceptable levels of risk for GPG and securing sound cash management;
- Ensuring the efficient and effective management of assets for GPG;
- Providing guidance and leading the implementation of financial management reforms for both provincial and local governments;
- Providing provincial social and economic research and analysis that inform fiscal policy development and the

annual budget process, contributing to the provincial growth and development strategy;

- Allocating resources in line with provincial government priorities and 5 year plans to contribute to economic, efficient and effective service delivery (credible budgets);
- Maintaining fiscal discipline through policies and monitoring and evaluating financial performance;
- Providing strategic leadership and technical and strategic support in financial management and budgeting;
- Promoting knowledge of the Treasury Regulations (16) pertaining to Public Private Partnerships (PPPs) through a level of excellence in technical support to provincial government institutions;
- Managing and overseeing the implementation of PPPs in Gauteng to support Gauteng Provincial Government's economic growth, job creation and poverty alleviation strategies.

Legislative mandate

The following Acts govern the administration of government departments and for specific legislation pertaining to the administration of Treasury, detail is provided:

- Municipal Finance Management Act (MFMA), 2004;
- Preferential Procurement Policy Framework Act, 2000 provides a framework for the implementation of the preferential procurement policy.
- Promotion of Access to Information Act, 2000;
- Municipality Systems Act, 2000 outlines the support and monitoring responsibilities in terms of Municipal Integrated Development Planning (MIDP) processes.
- Public Finance Management Act (PFMA), 1999 regulates financial management to ensure that revenue, expenditure, assets and liabilities are managed efficiently and effectively and provides for the responsibilities of persons entrusted with financial management and matters connected therewith.
- Employment Equity Act, 1998;
- Basic Conditions of Employment Act, 1997;
- Intergovernmental Fiscal Relations Act, 1997 defines the role of the Minister of Finance and Economic Development and that of the Treasury as representatives of the provincial government, in promoting cooperation between other spheres of government on fiscal, budgetary and financial matters. It also provides insight into the prescribed processes for the determination of the equitable share and the allocation of revenue rose nationally and matters in connection therewith.
- Borrowing Powers of Provincial Government Act, 1996 provides norms and conditions to which Gauteng Treasury must adhere in negotiating loans for the provincial government.
- The Constitution of the Republic of South Africa, 1996 (Chapter 13);
- Development Facilitation Act, 1995 outlines the support and monitoring responsibilities in terms of Municipal Integrated Development Planning (MIDP) processes.
- Labour Relations Act, 1995;
- Public Service Act, 1994; and
- Division of Revenue Act, which provides for the equitable division of revenue, rose nationally, inclusive of conditional grants, amongst the three spheres of government and matters incidental thereto.

Key policy areas and developments

An overview of the key policy areas and developments over the period being reported include the following:

- Participation in the GCR Academy through scarce and critical skills training internally and externally.
- Develop a budget process manual, budget database and MTEF model as well as the rollout of the Activity Based costing model.
- Implementation of the departmental communication strategy through informative publications such as the departmental Annual Report, quarterly newsletters, information brochures, press releases etc.
- Issue of quarterly economic bulletins and produce a Provincial and Socio Economic Review and Outlook, Social Accounting Matrix analysis and impact report and a Macro-Economic model.
- Introduction of the Gauteng Municipal support programme to assist municipalities in financial management.
- Publication of all municipal financial and non-financial information through the Gauteng Municipal database/portal.
- The implementation of the conversion of GRAP to GAMAP in line with new accounting standards that were promulgated.
- Implementation of the asset management reforms in the province based on the National Treasury reforms towards accrual accounting.

2. REVIEW OF THE 2007/08 FINANCIAL YEAR

Administration

Human Resources

The reviewed organisational structure for the department over the MTEF has been approved. The reviewed structure saw the increase of posts from 161 to 195 posts. Prior to the approval of the structure, the vacancy rate was reduced from 60 percent to 40 percent, with the vacancy rate of the new structure on 50 percent. The department has a 53 percent female representation overall, 33 percent female representation on SMS level and 1 percent representation of people with disabilities.

During this year, the department has launched its' internship programme and has appointed 15 interns, which represents 15 percent of the total establishment. To ensure that the regulatory framework is complied with, and appropriate systems and processes are in place, HRM delegations and 11 policies have been approved.

The department has concluded a skills audit of all employees on levels 1 – 12, and the competencies of members of the Senior Management Services have been assessed. This, together with the personal development plans contained in performance agreements, has formed the basis of the approved Workplace Skills Plan (WSP) which informs training and development initiatives of the department. The department has also awarded bursaries to 22 employees which cover qualifications from Grade 12 to master's degree levels.

In the interest of increasing the pool of possible employees, the department has awarded bursaries to 10 full-time students in the fields of economics, econometrics and accounting. These students will be expected to work in an internship capacity in the department during and after the completion of their studies to support their educational knowledge with the applicable skills.

The department has concluded a culture audit. The results of this audit will inform the HR strategy/ plan of the department which will address issues such as recruiting and retaining scarce and critical skills, employee well-being, HIV and Aids, training and development etc.

Sustainable Resource Management

Budget Management

The budgeting planning process for 2008 MTEF commenced early in the 2007/08 financial year. The provincial budget planning stage, which covers the budget makgotla that were held in June and November 2007, highlighted the consolidation of GPG gains towards effective delivery on 2004 mandate, three major areas of priorities and identified flagship programmes that must receive priority funding in the 2008 MTEF period. The next key stage of the process (that is, organising stage) saw for the first time the customisation of departments' budget input templates. The budget input templates were preloaded with departments' specific available data in order to allow departments to focus on capturing the new budget data and hence improve the turnaround time. New developments in the budget implementation stage of the process relate to the issuance of regular Treasury Circulars that provide guidance for each key points of the process with an ultimate aim of improving the quality of Treasury submissions as well as compliance with provincial budget process timelines. The monitoring and evaluation stage highlighted proactive measures taken to improve spending of provincial budget, namely the tabling of the provincial amendments to the 2006/07 adjustment budget.

Budgetary reforms relating to the period under review include the introduction of new model for performance reporting and the upgrade of the standard chart of accounts (SCOA) that is currently in progress. The 2007/08 financial year, the unit conducted a research on the projects relating to planned electronic systems. In preparation for the MTEF funding model, the unit commenced planning for the development of the consolidated budget database and MTEF model linked to existing economic research initiatives. This includes a training programme on financial modelling that was aimed at providing basic skills in modelling. With respect to knowledge management, the unit drafted a budget process manual that is scheduled to be finalized early in the 2008/09 financial year and provide subsequent training to all departments. The evaluation report for the pilot phase of the Activity-Based Costing that was implemented in the Department of Sport, Arts, Culture and Recreation will be finalised by 31 March 2008.

Public Finance

Public Finance was established in the previous financial year to monitor the implementation of the budget and

to strengthen reporting systems in the province. The unit has placed a lot of emphasis on the monitoring of expenditure and that spending during the course of the year be closely scrutinised by departments. Significant positive strides have been made in financial resource management, Public Finance will however; continue to support departments in achieving their mandates by providing financial management expertise, advice and support as well as encouraging them to do proper planning. Proper planning will lead to better budgeting which jointly, is intending to enhance service delivery.

This unit is now almost fully capacitated with diverse skills including infrastructure specialists. This has enabled the unit to provide strategic support to departments in implementing the budget and improve service delivery. Public Finance was successful in introducing set of measures to improve budget preparation, implementation, monitoring and reporting processes at a departmental level. Such measures include among others a phase-in approach to the utilization of analytical techniques, introducing the requirements for programme planning on the basis of business case for each proposal, implementation and monitoring plans and support departments to improve the quality of non-financial and financial reports for infrastructure spending, in Year Monitoring and conditional grants. Public Finance successfully implemented the Infrastructure Delivery Programme which seeks to ensure that departments align the budget and infrastructure delivery cycle.

Fiscal Policy

The Fiscal Policy and Economic Analysis unit consolidated on some of the achievements for the 2006/07 in terms of improving the structure and approach of the Medium Term Budget Policy Statement (MTBPS). A feasibility study on provincial taxation was completed; a decision whether to proceed or not to proceed will be taken in the financial year 2008/09. Better cooperation with the main own revenue generating departments has resulted in more effective and efficient collection of revenue and to build on this achievement an own revenue forum meets on a quarterly basis to discuss all own revenue related issues.

The first annual Provincial Economic Review and Outlook (PERO) was tabled in 2007. The provincial Social Accounting matrix was completed together with the analysis report. Two quarterly bulletins were completed and circulated while the third one will be circulated before the end of the financial year. The Socio Economic Review (SER) will also be tabled before the end of the financial year. The service level agreement with the University of Pretoria has been finalized with regard to the development of the provincial Computable General Equilibrium Model (CGE).

Public Private Partnerships

In view of a decision taken by the Provincial Executive Council the Gauteng Public-Private Partnership (PPP) unit has been established under the auspices of the Gauteng Treasury. The unit accepted the role as regulator to oversee, manage execute and support PPP's at a provincial level in line with Treasury Regulation 16 to the PFMA.

The structure for the Gauteng PPP Unit has been designed to promote efficient delivery in the technical, financial and legal activities pertaining to a specific project. Positions in the Legal, Financial and Administrative desks have been filled and are currently fully functional in providing PPP advice to the Gauteng Provinces. Considerable progress has been made on the Legal Desk, to become a unit that provides legal expertise to the entire Gauteng Treasury, as well as legal project support to all departments. The legal database has been updated and a forum to ensure a common platform for legal advice in the Province is in the process to materialise.

In view of the daunting challenges the PPP unit face as a new established unit, the skilled advisors have been appointed to assist in providing the much needed support and assistance throughout the province. They have fulfilled their obligations in terms of the establishment of a firm regulatory framework, providing ongoing regulatory advice and assistance in the establishment of a capable PPP unit, and to enforce PPP regulations to promote sustainable PPP's through a level of excellence and technical support to provincial government institutions. The necessary skills have been transferred within the unit and relevant appointments under the financial and legal desk have been finalised to support the strategic plan.

The feasibility study report for the Chris Hani Baragwanath has been completed and was presented for National Treasury review and approval. The unit in collaboration with Gauteng Department of Health and National Treasury are in the process of resolving affordability challenges regarding the Chris Hani Baragwanath. The Gautrain Rapid Link project is currently under construction whilst the listing of Gautrain Agency is underway. Other initiatives at inception stage include building schools and related water and sanitation in schools. A rollout of Municipal PPP Guidelines by National Treasury and DPLG teams in collaboration with Gauteng Treasury

promises to enhance service delivery for the betterment of the GPG citizens with potential spin-offs for poverty alleviation.

Furthermore, the PPP unit had identified an increase in PPP deal flow in the Health and Educational sector that yield value for all stakeholders in the Province. Significant progress has been made in the Health Sector providing advice in drafting of feasibility studies and procurement documentation to enhance project success. In support of PPP Initiatives as well as the challenging prospect to increase deal flow, a Communication Plan has been designed to establish a platform to sell the PPP concept, involve all relevant stake holders and propose ongoing solutions for infrastructure and service delivery in Gauteng through a PPP model.

Provincial Financial Management and Governance (PFMG)

Financial Accounting

Gauteng Treasury worked towards obtaining an unqualified audit opinion on the consolidated annual financial statements for GPG for 2007/08. However it should be noted that the audit opinion will only be known once the Auditor General has finalised the audits. Furthermore, it should be noted that the achievement of this objective is dependent upon the individual departments getting unqualified audits reports. Treasury has to exert all the effort in assisting departments with financial management capacity in order to realize that objective. Treasury has increased its capacity in order to provide effective assistance to departments.

With effect from the second quarter of 2007/08 financial year, Gauteng Treasury implemented monthly management reports on financial accounting and asset management. These reports are submitted to the Legislature on a quarterly basis. They were introduced as mechanism to assist in obtaining unqualified audit reports. Another initiative was the reintroduction of the Chief Financial Officers (CFO) forum that met on a quarterly basis to share information on issues of policy development and effective implementation of Budgeting, Supply Chain Management, Financial Accounting, Cash Management, Risk Management, Asset Management and other financial management related matters.

Asset Management

For the 2007/08 financial year, asset management focused on ensuring that all departments implemented their asset management strategies. Asset Management is an area that leads to most matters of emphasis and qualifications in GPG departments. The focus of asset management therefore was to ensure that queries relating to asset management were minimized for 2007/08, by assisting departments with ensuring that their assets are properly classified, evaluated accurately and all are recorded in their asset registers. Reporting requirements on asset management were also introduced in 2007/08 to Legislature on a quarterly basis as an endeavour to obtain unqualified reports. Treasury initiated the process of assisting departments to fair value all their assets to meet the target date of March 2008.

Risk Management

Enterprise Risk Management (ERM) approach recognizes that risk management needs to encompass all organizations' risks such as operational, financial, compliance, regulatory and strategic risks. In essence, risk management must be imbedded within the overall context of any business strategy. In 2007/08, Gauteng Treasury continued on its implementation of ERM in departments. Of critical importance was the development and implementation of a GPG Risk Management Policy and defining the risk management standards. This resulted in each department having a risk register that was prepared according to the risk management framework. The success factors that drove the implementation were obtained from top management commitment from HOD Forum as well integrating risk management into strategic planning process for 2007/08. Effective implementation of risk management was also an intervention aimed at reducing queries raised by the Auditor General relating to internal controls and risks.

Assets and Liabilities

Treasury once again focused on strengthening the cash flow forecasting in departments as well as the achievement of 5 percent variance between funds requested to fund expenditure and actual expenditure. There has been tremendous improvement in this regard. Training on cash management has been provided to departments to capacitate them in this regard. Treasury continued to optimize interest on investments, an activity that contributes substantial funds into the Provincial Own Revenue. The implementation of the Treasury and Cash management system has not started due to the moratorium that has been placed on implementation of systems by National Treasury. However a submission has been made to National Treasury to request for approval for the implementation of the system.

Provincial Financial Management Reforms (PFMR)

Municipal Budgets & Financial Reporting and Compliance (MBFRC)

During the 2007/08 financial year the province intensified its support to Gauteng Municipalities in addition to the current support framework established through the Gauteng Municipal Support Plan. In an effort to understand the current local government milieu the unit in conjunction with the municipal counterparts and other key stakeholders developed through the Gauteng Municipal Finance Summit engagements key resolutions that would see the unit enhancing municipal capacity over the next 2 years. These resolutions have been tabled to at the Premier Coordinating Forum for endorsement. The Municipal Support Plan is managed jointly with the Department of Local Government. This project is ongoing and to date we have consistent improvement in the financial performance and management of our municipalities.

In the advent of the Municipal Finance Management Act implementation framework drawing to a close the Provincial Treasury through various interventions will continue to contribute and enhance the current institutional capacity of Municipal CFO Offices. This Treasury intends doing this through various pilot projects covering:

- Gauteng Municipal Intern Support Grant,
- Municipal Interventions Framework and Assessment Tool; and
- Generic Budget Policies Framework and Operational Manuals.

During the current municipal financial year the Provincial Treasury provided direct financial support to Nokeng Tsa Taemane in an effort to aid the municipality with its institutional challenges. Through this support Nokeng has already appointed a Chief Financial Officer and the department looks forward to the municipality establishing a Budget and Treasury Office in line with the requirements of the MFMA.

The Unit implemented adopted and where active supported the establishment of Municipal District CFO Forums. In conjunction with our sister Department of Local Government we continue to assess Infrastructure Development Programme (IDP), Municipal Budgets and Service Delivery Budget Implementation Plans (SDBIP's).

Municipal Financial Governance

The unit provided GAMAP/GRAP institutional support to all delegated municipalities to assist them to convert to the set accounting standards. The unit has commenced with a risk management initiative to assess the risk averseness of all delegated municipalities. The outcomes of this initiative will inform the type of intervention which the unit will adopt for next financial year.

Public Finance Management Reforms (PFMR)

The unit has continued with its institutional and financial support to Gauteng departments and more specifically the CFO offices. In line with the requirements of the PFMA - the current structural support focus is aimed at:

- Financial Accounting
- Management Accounting
- Supply Chain Management
- Asset Management.

This year saw the establishment and introduction of the Provincial Audit Committee which in the main will focus on consolidated statements, Revenue Fund and Transversal matters. In terms of Supply Chain Management (SCM) the unit provided extensive training on procurement committees and their functioning. Through the current compliance framework the unit continuously assessed provincial departments and municipalities levels of compliance with the said regulatory framework.

3. OUTLOOK FOR THE 2008/09 FINANCIAL YEAR

Administration

Human resources

The Human Resource Management unit will focus on the implementation of a comprehensive human resource strategy/plan. The plan will focus on interventions to recruit and retain scarce and critical skills, maintaining and increasing the well-being of employees, training and development of employees through i.e. accredited training programmes and bursary schemes, internships and the development of a broad competency framework for all posts in the department.

Sustainable Resource Management

Budget Management

The Budget Management unit will continue to focus at exploring more efficient methods of process management, improving backbone budget information and support systems and exploring possible funding models.

The unit intends to increase the human resource capacity by appointing more sector analysts and electronic systems-biased skills to ensure further improvements in the budget information quality. Budget Management is planning to enhance the availability of integrated information systems to achieve our strategic objectives, development and completion of electronic systems such as electronic filing system, budget consolidation database and a data warehousing system and new MTEF funding model for the province. All these activities are in line with the mandate of the unit. The database project will be developed in phases; the first phase includes data gathering, alignment of data with the standard chart of accounts.

The evaluation report for the pilot phase of the Activity-Based Costing that was implemented in the Department of Sport, Arts, Culture and Recreation will inform the decision to roll out the project to other departments. It is planned that the roll out will initially cover three departments in 2008/09.

Public Finance

The unit will continue to engage in process to improve reporting to ensure that departments comply with requirements of the PFMA and DORA. Emphasis has been on spending capability, but the focus ought to change to look at value for money. The challenge has always been on availability and credibility of information on performance. Public Finance will try to get the buy in of departments in conducting efficiency, value for money and economic evaluation studies. The unit will continue to give active support for the implementation of the Infrastructure Delivery Improvement Programme to all infrastructure departments in the province. All vacant posts will be filled during 2008/09 financial year to attract the necessary skills.

The following are the planned quality improvement measures:

- Improved relationship with external and internal stakeholders to improve service delivery.
- Creating partnerships with both internal and external stakeholders to improve service delivery through leveraging technical expertise and capacity as well as enhancing research capabilities.
- Development and implementation of economic and quantitative tools in order to achieve optimal resource allocation.
- Support departments to improve the quality of non-financial and financial reports.
- Provide strategic support to departments regarding the preparation of 2010 FIFA World Cup

Fiscal Policy and Economic Analysis

The unit intends building on its past achievements by working closely with all GPG departments to highlight the importance of effective and efficient debtor management. A provincial revenue strategy is currently being developed to simplify revenue management for the main own revenue departments. In addition, the MTBPS is to examine the policy framework and challenges confronting GPG in its quest to meet both provincial and national service delivery priorities. The unit will also develop a revenue forecasting model to assist departments with their revenue projections.

As on-going projects, the PERO and SER will be published on an annual basis with the objective to provide a well researched review and outlook of the provincial economy so as to inform other policy decisions. The unit will collaborate with other departments to ensure that its research is informative and remain relevant. The unit will publish quarterly bulletins on topical issues. It intends to use the developed SAM to assess the economic impact of different projects in the province and also to finalize the development of the CGE model together with the University of Pretoria.

Public Private Partnerships

The origin of the proposal to integrate the Gauteng PPP Unit under Sustainable Resource Management (SRM) stemmed from the Provincial Treasury's mandate to create a coherent approach in infrastructure and improved service delivery efficiency in all spheres of government. Such a mandated will face current challenges that government is facing in addressing serious backlogs, under performance and the absence of specialised skills and authority to manage and regulate PPP's, thereby protecting the public interest.

During the preparation of the integration plan, cognisance has been taken of all specific requirements for a successful integration, supported by a sound business plan. The unit will also advance with the implementation of this Integration Plan. Its will be engaged in the necessary processes required to ensure that its structure and the way its function allows a successful delivery of its set goals. This process may take a period of time to implement, however the potential for future successes will be demonstrated in the integrated communication plan as well as supporting timeframe for planned successes.

The strategic objectives identified for this integration plan aims to strengthen existing achievements and address the gaps identified. In support of the integration plan the unit will secure private financial support to enhance provincial revenue through private investment in infrastructure and service delivery. Its will evolve as a dynamic and sustainable centre of excellence for PPP's, providing technical assistance to public institutions through project feasibility, procurement and management. It will ensure successful identification of PPP project opportunities that will yield value for all stakeholders and promote an enabling environment through PPP's in the Municipal field.

In support of the above objective, the unit will ensure that such are supported by sufficient resources, new appointments and sufficient training to develop skills in the PPP field. Furthermore, the PPP unit will communicate the government's PPP strategy clearly and consistently to all departments, local authorities, potential investors and other stakeholders. Its will assist institutions to prepare and implement cost-effective and affordable PPP projects. Such assistance would be available throughout the PPP project cycle from project identification through to financial closure.

Provincial Financial Management and Governance (PFMG)

Financial Accounting

In line with strengthening capacity in departments, Treasury will continue to work towards assisting all GPG departments and their entities to obtain an unqualified audit report and hence an unqualified report for the consolidated annual financial statements. Some of the interventions to ensure that this objective is achieved, Treasury will use of monthly reporting supported by the CFO forums to ensure that all departments share experiences and knowledge in financial management. Furthermore, Treasury will embark on assisting departments in clearing their audit queries and ensuring that they do not recur and a number of tools have already been developed in this regard. Treasury will also focus on ensuring that the internal audit recommendations are implemented.

Asset Management

In 2008/09, Treasury will ensure that all departments have all their assets valued in line with the implementation of the asset management reforms. Valuation of all assets will be the culmination of the implementation of asset management plans that have already been signed by the Chief Financial Officers. A focus will also be placed on training of asset managers in departments to ensure that GPG assets are properly managed and maintained.

Risk Management

As Treasury continues to implement enterprise wide risk management, the focus will be on capacitating the departments to ensure that risks are properly managed in departments while discharging their functions. For enterprise risks to be properly managed, departments will have to determine their risk appetite. Risk appetite is the amount of exposure or potential adverse impact from an event that a department is willing to accept or retain. This will enable the Accounting Officers to communicate the risk appetite to all levels of the departments and therefore be incorporated in the day to day operations. Treasury will therefore work with the Chief Risk Officers in departments to determine the risk appetite.

Assets and Liabilities

Treasury will continue to assist departments in ensuring that they meet the target of 5% of actual expenditure, cash flow projections against the fund requested to fund expenditure. The assistance will be provided by means of training of departments on a quarterly basis as well as providing them with a user friendly system to assist with cash management. In order to optimize own revenue the department will continue to invest surplus funds in a prudent manner while maintaining the appropriate level of risk.

Public Finance Management Reforms (PFMR)

Municipal Budgets and Compliance

The unit plans in 2008/09 will focus on enhancing current intergovernmental processes relating to financial transfers and planning between provincial government and district and local municipalities by ensuring timeous availability of the Provincial Gazette in the municipalities. Its will ensure that delegated municipalities successfully prepare and

timeously submit their monthly In-Year-Monitoring reports, Withdrawal Statements, MFMA Compliance Returns for consideration by Municipal Councils, Provincial and National Treasury and other Government Institutions.

In line with the intergovernmental relationship with Local Government the unit will continue its collective support to municipalities under the Gauteng Municipal Support Plan and implement support initiatives aimed at capacitating all municipalities in Gauteng Province. A municipal financial capacity building initiative as well as the Municipal Intern Support Programme will be launched. The unit will go live with the portal for the Gauteng Municipal database where all the municipal financial and non – financial information will be housed. Its will in collaboration with the Department of Local Government drive the implementation of the Gauteng Financial Summit Resolutions and Agenda towards ultimately improving service delivery at a local government level.

The unit will continue to monitor compliance with the MFMA in all the delegated municipalities. The unit's internal capacity has evolved extensively and with the advent of the 2008/09 financial year it will see the institutionalisation and operationalisation of the Directorate: Municipal Compliance and Intergovernmental Relations.

Municipal Financial Governance (MFG)

The MFG unit will continue their support to municipalities by:

- Assisting with formulation of Risk Management Strategies and monitoring implementation;
- Evaluating AFS of municipalities for reasonableness and fair presentation ;
- Assessing and Monitoring the functioning and effectiveness of Internal Audit and Audit Committees;
- Assisting with establishment of Audit committees and Internal Audit units
- Assisting municipalities with GRAP/GAMAP Conversion and implementation and AFS preparation;
- Assisting with establishing credible Asset Management Controls and Systems; and
- Vetting the establishment and functioning of Municipal Financial Systems

Public Finance Management Act (PFMA)

The unit continues to carry out its main function of leading the implementation of financial management reforms in both the provincial departments and public entities. The policy setting and monitoring function in terms of Supply Chain Management will continue to gain momentum and going forward the unit will provide ongoing institutional support and training to municipalities and provincial departments.

4. RECEIPTS AND FINANCING

The primary source of funding for Gauteng Treasury is the equitable share; however conditional grants allocations are made with effect from the 2008 MTEF. The launching of Gauteng Treasury as a fully fledged department saw it expenditure increasing 127.6 percent in 2006/07 as more personnel capacity was employed to support the GT oversight functions.

4.1 Summary of receipts

TABLE 1: SUMMARY OF RECEIPTS: GAUTENG TREASURY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Equitable share	26,870	18,510	42,145	100,292	100,292	100,292	181,349	207,628	213,184
Conditional grants				4,000	4,000	4,000	4,200	4,410	4,733
Total receipts	26,870	18,510	42,145	104,292	104,292	104,292	185,549	212,038	217,917

The primary source of funding for Gauteng Treasury is the equitable share, however conditional grants allocations are made with effect from the 2008 MTEF. The launching of Gauteng Treasury as a fully fledged department saw its expenditure increasing by 127.6 percent in 2006/07 as more personnel capacity was employed to support the GT oversight functions. The department's budget further increased by 149.8 percent in 2007/08 due to the implementation of the new structure. This, together with total allocation of R220 million for the Gauteng Fund over the MTEF period, resulted in the department's budget growing at an annual average of 23.6 percent. The equitable share allocation grew by an average of 16.2 percent between 2004/05 and 2006/07, and by an average of 5.5 percent over the MTEF. Conditional grants allocations are only factored over the 2008 MTEF and reflect a growth of 5.1 percent.

4.2 Departmental receipts collection

TABLE 2: DEPARTMENTAL RECEIPTS: GAUTENG TREASURY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Tax receipts									
Casino taxes									
Horse racing taxes									
Liquor licences									
Motor vehicle licences									
Sales of goods and services other than capital assets			10			10			
Transfers received									
Fines, penalties and forfeits									
Interest, dividends and rent on land	176,063	223,189	227,689	152,184	220,000	259,977	236,500	254,240	273,308
Sales of capital assets									
Financial transactions in assets and liabilities						10			
Total departmental receipts	176,063	223,189	227,699	152,184	220,000	259,997	236,500	254,240	273,308

Interest revenue grows at 9 percent between the 2004/05 and 2006/07 financial years. This positive growth continues over the 2008 MTEF albeit at a reduced average growth of 5 percent. This reduction in the growth rate is influenced by:

- The depletion of part of the provincial reserves due to spending requirements by departments; and
- The implementation of further phases of the intergovernmental cash coordination project that will place investment powers with the Corporation of Public Deposits which may vary the amount of interest earned over the MTEF.

5. PAYMENT SUMMARY

5.1 Key assumptions

The preparation of the 2008/09 MTEF budget was guided by the Gauteng and National Treasury's budget guideline. The department further received its guidance from its five year strategic plan and 2008/09 annual performance plan. Bulk of the department's budget is allocated to compensation of employees and followed by goods and services. To arrive at the personnel budget, a personnel model was used to costs the department's new personnel establishment structure. Historic information was used to budget for the recurrent items such as stationery, printing, telephone costs, travel and subsistence costs, while the recruitment as well as the IT plans were consulted to cost the goods and services and a capital budget. The once off programmes and initiative were costed from zero.

5.2. Programme summary

TABLE 3: SUMMARY OF PAYMENTS AND ESTIMATES: GAUTENG TREASURY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
1. Administration	834	2,884	5,133	11,614	12,092	20,582	32,308	34,344	36,398
2. Sustainable Resource Management	4,985	6,201	15,247	39,741	73,956	23,892	102,760	124,140	124,871
3. Financial Management Reforms	621	3,534	11,943	32,009	19,276	20,204	31,473	33,306	35,190
4. Financial Governance	10,373	5,891	9,822	20,928	14,235	14,681	19,008	20,248	21,458
Total payments and estimates: Gauteng Treasury	16,813	18,510	42,145	104,292	119,559	79,359	185,549	212,038	217,917

It is critical to start-off by explaining that Gauteng Treasury was created as a fully fledged department in the 2006/07 financial year. Prior to that, it existed as a programme within the Department of Economic Development (DED); hence Table 3 reflects historical information. The overall actual expenditure and appropriations increased by R201 million between 2004/05 and 2010/11, mainly due to the elevation of the Gauteng Treasury to a status of a fully fledged organisation as well as establishment of the Gauteng Fund. During the 2007/08 Adjustments Estimates, the management of the Gauteng Fund function together with its budget amounting to R26 million was transferred from DED to Gauteng Treasury. Gauteng Fund will be mainly responsible to attract infrastructure investment in the province. All programmes increased during the period under review, namely Programme 2: Sustainable Resource Management, Programme 1: Administration, Programme 3: Financial Management Reforms and Programme 4: Financial Governance, by R119 million, R35 million, R34 million and R11 million respectively. Gauteng Treasury's expenditure grew by average of 67.7 percent between 2004/05 and 2007/08 and will grow by 40 percent between 2007/08 and 2010/11.

TABLE 4: SUMMARY OF ECONOMIC CLASSIFICATION: GAUTENG TREASURY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Current payments	15,500	17,257	38,344	102,137	74,914	78,270	121,971	128,245	133,897
Compensation of employees	6,901	10,439	18,676	59,451	41,104	37,004	84,111	88,122	91,320
Goods and services	8,599	6,818	19,668	42,686	33,810	41,266	37,860	40,123	42,577
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies	24	36	50		41,500		60,000	80,000	80,000
Provinces and municipalities	24	36	14		1,500				
Departmental agencies and accounts					40,000		60,000	80,000	80,000

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organizations									
Non-profit institutions									
Households			36						
Payments for capital assets	1,289	1,217	3,751	2,155	3,145	1,089	3,578	3,793	4,020
Buildings and other fixed structures									
Machinery and equipment	1,289	1,217	3,751	2,155	3,145	1,089	3,578	3,793	4,020
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification: Gauteng Treasury	16,813	18,510	42,145	104,292	119,559	79,359	185,549	212,038	217,917

From the above table it is evident that the main cost drivers of the department is compensation of employees which accounts for average of 45.3 percent of the department's budget followed by 'goods and services' (35.1 percent) and transfers and subsidies (15.3 percent). The department's expenditure for compensation of employees grew by average of 71.6 percent between 2004/05 and 2007/08. This can be attributed to the implementation of the newly approved – structure in 2007/08 which saw expenditure growing by 104.1 percent in 2007/08. The phased in approach will be used in filling all the vacant positions between 2007/08 and 2010/11.

The goods and services expenditure grew by average of 75 percent between 2004/05 and 2007/08. Growth in the budget was mainly driven by procurement of office equipment and setting up of systems. Over the medium term, expenditure for goods and services is expected to decrease after all the once of items have been purchased.

The payments for capital assets expenditure grew at a negative average of 5.5 percent between 2004/05 and 2007/08. In 2006/07, the department's expenditure for machinery grew by 193.3 percent due the refurbishment of the building. Over the medium term, payments for capital assts will grow by average of 54.5 percent.

6. PROGRAMME DESCRIPTION AND INPUT

PROGRAMME 1: ADMINISTRATION

Programme description

To provide well-functioning and co-ordinated programmes and activities to ensure that the department deliver on its role and mandate.

Programme objectives

- Integrate policies within Treasury to ensure synergies and effective co-ordination;
- Drive the departmental strategy;
- Provide required support to enhance delivery;
- Provide human resource management services, compliant to legislation
- Provide internal and external communications services;
- Provide information technology services;
- Provide all other auxiliary services; and
- Manage and oversee the implementation of Public and Private Partnerships in Gauteng to support the GPG economic growth, job creation and poverty alleviation strategies.

TABLE 5: SUMMARY OF PAYMENTS AND ESTIMATES: ADMINISTRATION

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
1. Management Services	834	2,884	2,534	3,864	3,864	6,395	2,544	2,697	2,858
2. Corporate Services			2,599	3,341	4,326	3,544	19,135	20,380	21,597
3. Office of the CFO				4,409	3,902	10,643	10,629	11,267	11,943
Total payments and estimates: Administration	834	2,884	5,133	11,614	12,092	20,582	32,308	34,344	36,398

Table 5 describes the trends in the actual expenditure and appropriations for Programme 1: Administration and it can be seen that between 2006/07 and 2010/11, the budget increased by R36 million due to the creation of units such as communications, human resources and Chief Financial Officer's office. Sub-programme 2: Corporate Services has seen an increase of R19 million between 2006/07 and 2010/11 period. Management Services has increased slightly by R2 million between 2004/05 and 2010/11 financial years. Over the medium term the overall expenditure of this programme will grow by 20.9 percent.

TABLE 6: SUMMARY OF ECONOMIC CLASSIFICATION: ADMINISTRATION

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Current payments	811	2,863	5,069	11,172	11,065	20,322	28,730	30,551	32,378
Compensation of employees	763	2,546	2,448	6,177	6,177	8,319	15,749	16,795	17,780
Goods and services	48	317	2,621	4,995	4,888	12,003	12,981	13,756	14,598
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies	23		2						
Provinces and municipalities	23		2						
Departmental agencies and accounts									
Universities and technikons									

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Public corporations and private enterprises Foreign governments and international organizations Non-profit institutions Households									
Payments for capital assets		21	62	442	1,027	260	3,578	3,793	4,020
Buildings and other fixed structures Machinery and equipment Cultivated assets Software and other intangible assets Land and subsoil assets		21	62	442	1,027	260	3,578	3,793	4,020
Total economic classification:									
Administration	834	2,884	5,133	11,614	12,092	20,582	32,308	34,344	36,398

Examining table 6 that shows the trends in actual expenditure and final appropriation by economic classification, it is clear that on average, the main cost drivers under this programme are 'Compensation of Employees' (59.2 percent) and goods and services (35.2 percent) in the period under review. Payments for capital assets only accounts for 5.2 percent of the programme total budget. The key role of this programme is to provide support function to the entire department. It is worth noting that between 2004/05 and 2007/08 both compensation of employees and goods and services grew by 192.6 percent and 121.7 percent respectively.

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

Programme description

The programme aims to optimise resources allocation, utilisation and revenue in order to maximise the net social benefit to Gauteng citizens.

Programme objectives

Fiscal Policy and Economic Analysis

- To maximise current revenue sources and optimise potential new revenue streams;
- Develop and implement a provincial comprehensive revenue strategy;
- Provide advisory services to relevant stakeholders on fiscal policy matters and the medium term fiscal framework;
- Provide provincial socio-economic research and analysis in order to inform resource allocation and utilisation

Budget Management

- To allocate resources in an optimal and transparent manner this is aligned to national and provincial priorities and address equity, need and spatial development;
- To implement budget reforms which enhance budgeting processes in the province and enshrines the stochastic nature of budgeting.

Public Finance

- To provide strategic support to departments and agencies to effectively utilise public resources;
- To conduct sector level policy analysis in order to maximise efficiency gains and value for money;
- To monitor and evaluate performance outcomes of spending agencies.

TABLE 7: SUMMARY OF PAYMENTS AND ESTIMATES: SUSTAINABLE RESOURCE MANAGEMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
1. Programme Support	486		1,228	1,307	1,307	2,023	1,649	1,748	1,853
2. Budget Management	4,065	1,085	5,026	9,368	9,368	8,935	10,360	11,121	11,868
3. Fiscal Policy	434	736	3,095	6,309	6,309	4,110	9,847	10,438	11,064
4. Public Finance		4,380	4,202	12,941	8,441	8,824	17,625	17,357	16,402
5. Public Private Partnership			1,696	9,816	8,531		3,279	3,476	3,684
6. Gauteng Fund					40,000		60,000	80,000	80,000
Total payments and estimates: Sustainable Resource Management	4,985	6,201	15,247	39,741	73,956	23,892	102,760	124,140	124,871

Table 7 illustrates the trends in actual expenditure and appropriation for Programme 2: Sustainable Resources Management between the period 2004/05 and 2010/11. This programme has seen an increase of R120 million during the period under review, driven largely by increase in the allocation to Sub-Programme 6: Gauteng Fund, followed by Sub-Programme 4: Public Finance (R12 million), Sub-Programme 3: Fiscal Policy (R11 million) and lastly Sub-Programme 2: Budget Management (R8 million).

Growth in appropriations for this programme highlight that between 2004/05 and 2007/08 came in at 68.6 percent and will escalate to 73.5 percent in the medium term period.

TABLE 8: SUMMARY OF ECONOMIC CLASSIFICATION: SUSTAINABLE RESOURCE MANAGEMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Current payments	4,985	6,074	14,605	39,023	32,833	23,606	42,760	44,140	44,871
Compensation of employees	2,679	2,912	7,146	27,320	19,673	13,895	32,519	33,287	33,352
Goods and services	2,306	3,162	7,459	11,703	13,160	9,711	10,241	10,853	11,519
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies			4		40,000		60,000	80,000	80,000

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Provinces and municipalities			4						
Departmental agencies and accounts					40,000		60,000	80,000	80,000
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organizations									
Non-profit institutions									
Households									
Payments for capital assets		127	638	718	1,123	286			
Buildings and other fixed structures									
Machinery and equipment		127	638	718	1,123	286			
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification: Sustainable Resource Management	4,985	6,201	15,247	39,741	73,956	23,892	102,760	124,140	124,871

Looking at trends in actual expenditure and appropriations by economic classification, the largest cost drivers are compensation of employees, goods and services, and transfers and subsidies respectively averaging 41.6 percent, 30.7 percent and 26.7 percent of the programmes budget during the period under review. The programme's expenditure on compensation of employees grew by 145 percent while in goods and services grew by 136 percent in 2006/07. This can be attributable to Public Finance unit employing more sector and infrastructure specialist.

KEY OUTPUTS AND SERVICE DELIVERY MEASURES**Sustainable Resource Management****Budget Management**

Strategic Objectives	Measurable objective	Performance Measure /Indicator	2007/08 Estimate	Performance Targets		
				2008/09	2009/10	2010/11
Compile credible and transparent budget for GPG according to the planned budget cycle						
	Consolidated MTEF indicative allocation letter					
	Timeliness	Within 2 weeks of Budget Lekgotla	Within 2 weeks of Budget Lekgotla	Within 2 weeks of Budget Lekgotla	Within 2 weeks of Budget Lekgotla	
	Treasury budget guideline circular development and distributed					
	Timeliness	Within 2 weeks of Budget Lekgotla	Within 2 weeks of Budget Lekgotla	Within 2 weeks of Budget Lekgotla	Within 2 weeks of Budget Lekgotla	
	Training on budget guideline during the Budget Forum workshop	Training on budget guideline circular	Within 2 weeks of issuing budget guideline circular	Within 2 weeks of issuing budget guideline circular	Within 2 weeks of issuing budget guideline circular	Within 2 weeks of issuing budget guideline circular
	Provincial cabinet memo on budget lekgotla distributed					
	Timeliness	Within 2 weeks of Budget Lekgotla	Within 2 weeks of Budget Lekgotla	Within 2 weeks of Budget Lekgotla	Within 2 weeks of Budget Lekgotla	
	Bilateral engagements between NT and the province on provincial budget implementation	Hosting of National Treasury visits	2 visits per year (July and November)	2 visits per year (July and November)	2 visits per year (July and November)	2 visits per year (July and November)
		Participation in provincial benchmark exercise	2 Benchmark session reports (1 for pre-benchmark and 1 for final benchmark)	2 Benchmark session reports (1 for pre-benchmark and 1 for final benchmark)	2 Benchmark session reports (1 for pre-benchmark and 1 for final benchmark)	2 Benchmark session reports (1 for pre-benchmark and 1 for final benchmark)
	Bilateral engagements between provincial budget committee and departments on departmental budget implementation	Hosting of Premier Budget Committee	Premier Budget Committee recommendations report	Premier Budget Committee recommendations report	Premier Budget Committee recommendations report	Premier Budget Committee recommendations report
	Table annual and adjustment budgets	Submission of annual and adjustment budgets that meet the requirements of NT and Provincial Priorities	100% compliance	100% compliance	100% compliance	100% compliance
	MTEF financing model	System development and implementation	Research completion	System development and testing	System implementation	System review
	Implementation of budgetary reforms	Budget related research and supporting reforms from stakeholders	Research on budgetary reforms and implementation in the province	Training on researched reforms and reforms from stakeholders	Training on researched reforms and reforms from stakeholders	Training on researched reforms and reforms from stakeholders
Ensure availability of high integrity budget information for decision making within the GPG budget process	Monthly and Quarterly Financial and Non-Financial Reporting	IYM Data Consolidated Checked and Reported	Monthly and Quarterly	Monthly and Quarterly	Monthly and Quarterly	Monthly and Quarterly
	Development of data electronic systems	Provincial budget database and data warehouse	Terms of reference for system development and first phase development	Second and third phases development	Review and improvement	Review and improvement

Public Finance

Strategic Objectives	Measurable objective	Performance Measure /Indicator	2007/08 Estimate	Performance Targets		
				2008/09	2009/10	2010/11
Oversight, guidance and input into provincial budgetary planning, development, implementation and analysis	Improved quality of departmental inputs to budget statement and timeous submissions	Budget review sessions with all departments	Review all 14 departments annually in May	Review all 14 departments annually in May	Review all 14 departments annually in May	Review all 14 departments annually in May
	Provincial Treasury Budget Guide for 2008/09 work shopped to all departments	100% compliance by departments to budget prescripts	14 departments	14 departments	14 departments	14 departments
MTEF and Adjustment budget sectoral analysis	Interventions to support strategic planning framework with departments	Improved alignment of strategic plans, annual performance plans and resource allocations	Annually in June	Annually in June	Annually in June	Annually in June
	Review of sectoral MTSF	Assessment reports completed	14 reports completed annually in August	14 reports completed annually in August	14 reports completed annually in August	14 reports completed annually in August
	Adjustment Budget, MTEF, Infrastructure plan and budget analysis sectoral report	Assessment reports completed	14 reports completed annually in September	14 reports completed annually in September	14 reports completed annually in September	14 reports completed annually in September
	Inputs to benchmark exercise	Sectoral analysis on spending pressure and service delivery	14 reports completed annually in January	14 reports completed annually in January	14 reports completed annually in January	14 reports completed annually in January
Budget Implementation quarterly assessment reports	Sectoral expenditure report	Sectoral expenditure reports completed for all sectors	Quarterly	Quarterly	Quarterly	Quarterly
	Sectoral performance report	Performance reports completed	Quarterly	Quarterly	Quarterly	Quarterly
Monitor implementation of all conditional grants	Conditional grants implementation according to DORA provisions	Compliance with the provisions of conditional grant framework	Quarterly	Quarterly	Quarterly	Quarterly
	Conditional grants performance Report	Evaluation Report on Infrastructure implementation completed	Quarterly	Quarterly	Quarterly	Quarterly
Conducting efficiency, value for money and economic evaluation studies	Intervention that support budget proposal and business plan development.	Training sessions for budget task teams held	Annually in June	Annually in June	Annually in June	Annually in June
	Presentations to legislature on financial and economic performance	Presentation to legislator is made	Quarterly	Quarterly	Quarterly	Quarterly
Monitor and Facilitate implementation of infrastructure delivery Improvement programme - IDIP/IDIP Model	Training Departments on the IDIP (improved service delivery Model)	Roll out the model in all infrastructure departments	June 2007			
	Provide IRM training to Infrastructure implementing departments	Improved compliance by departments	June 2007			
	Monitor and evaluate spending on infrastructure	Monthly and quarterly spending and delivery reports completed	Quarterly	Quarterly	Quarterly	Quarterly
	Material and significant improvement in delivery of infrastructure plans	Assessment report on infrastructure plans	Annually in July	Annually in July	Annually in July	Annually in July

Strategic Objectives	Measurable objective	Performance Measure /Indicator	2007/08 Estimate	Performance Targets		
				2008/09	2009/10	2010/11
	Infrastructure Site visit reports	Site visit report submitted	Monthly and Quarterly	Monthly and Quarterly	Monthly and Quarterly	Monthly and Quarterly
	Development of Infrastructure database and Maintenance	Infrastructure database developed and updated	Monthly	Monthly	Monthly	Monthly

Fiscal Policy and Economic Analysis

Strategic Objectives	Measurable objective	Performance Measure /Indicator	2007/08 Estimate	Performance Targets		
				2008/09	2009/10	2010/11
Conduct feasibility study on provincial taxation	Feasibility study planned and implemented	Annual Outline of research programme	N/A no research was undertaken	Conduct research with the assistance of external experts	Report on the initial results of the research	Continue with annual updates.
Advise fiscal policy and determine the medium term fiscal framework	Quarterly reports produced (monitoring and evaluation)	Timely Published progress review report	4 Reports produced for legislature and departments	4 Reports produced for legislature and departments	4 Reports produced for legislature and departments	4 Reports produced for legislature and departments
	Annual budget review publication	Timely Published budget review	Annually in March	Annually in March	Annually in March	Annually in March
	HoD/Budget Lekgotla presentation	Timely scheduled lekgotla presentation events	2 presentations per year	2 presentations per year	2 presentations per year	2 presentations per year
	Develop borrowing framework	Policy document	Draft frame work developed	Borrowing frame work adopted	Ad hoc updates of the framework	Ad hoc updates of the framework
	MTBPS compiled	Timely Published report		First draft produced prior to 2nd lekgotla	Final report before Nov.	First draft produced prior to 2nd lekgotla
				Final report before Nov.	First draft produced prior to 2nd lekgotla	Final report before Nov.
Optimise own revenue (GPG)	Revenue forecasting model utilised	Percentage variance of revenue forecasted		98% accuracy	98% accuracy	98% accuracy
Produce regular provincial economic review and outlook reports	Analyse the potential and constraint for growth and development in the province	Timely Published Gauteng Growth and Development Report (GGDR)		GGDR report published Quarterly	GGDR report published Quarterly	GGDR report published Quarterly
	Econometric modelling (trend and forecast analysis) reports	Timely published trend analysis report		Bi-annual Report Published	Bi-annual Report Published	Bi-annual Report Published
	Monthly and quarterly economic report	Timely published reports		Monthly and quarterly report published	Monthly and quarterly report published	Monthly and quarterly report published
	Provincial Economic Review and Outlook and Socio-economic report	Timely published reports	Annual report published	Annual report published	Annual report published	Annual report published
	Social Accounting Matrix analysis report and impact analysis	Timely published reports	Annual report published	Annual report published	Annual report published	Annual report published
	Macro Economic Model	Timely published reports	Annual report published	Annual report published	Annual report published	Annual report published

Public Private Partnerships

Strategic Objectives	Measurable objective	Performance Measure /Indicator	2007/08 Estimate	Performance Targets		
				2008/09	2009/10	2010/11
To manage and oversee the implementation of Public and Private Partnerships in Gauteng	Promote and enabling environment for PPPs	Percentage satisfaction with regard to quality output, timeliness and cost	100%	100%	100%	100%
	Increase with PPP unit policy and regulations	Percentage satisfaction of compliance clearly identifying areas of non-compliance	100%	100%	100%	100%
	Facilitate and enhance provincial revenue through private investment in infrastructure and service delivery	Number of increased private finance initiatives	5	6	6	7
	Promote a platform for a revitalised and concerted action programme to promote a greater role for private sector investment	Percentage increase in opportunities that can provide financial support	100%	100%	100%	100%
	BEEs adapting to a suitable range of skills in PPPs	Percentage increase of BEEs to demonstrate a suitable range of skills	70%	80%	90%	100%
	Facilitate certainty in the regulatory framework	Percentage increase of stakeholder training and awareness programmes	100%	100%	100%	100%
	Drive PPP deal flow by identifying project opportunities that yield value for all stakeholders	Increase in the number of registered PPP projects	5	6	7	8
	Satisfactory regulated PPP projects providing a stable and planned platform for new PPP initiatives	Increase in the number of newly regulated PPP projects within GPG	2	4	4	5

PROGRAMME 3: FINANCIAL MANAGEMENT REFORM (FMR)**Programme description**

Provision of guidance and leadership towards the implementation of financial management reforms brought about by the implementation of both the PFMA to provincial departments and the MFMA to municipalities.

Programme objectives

- In terms of Provincial Government:
- Taking the lead role in developing financial management skills and capacity in the province;
- Ensuring that Internal Audit and Audit Committees are used effectively as risk management tools in departments;
- Continue to research better financial management practices and policies with a goal of implementing them both in GPG and in municipalities;
- Ensuring compliance to the PFMA by departments and their public entities;
- Ensure implementation and compliance to a Supply Chain Management Policy for departments and municipalities.

In terms of Local Government:

- Ensuring the implementation of the MFMA in all municipalities in Gauteng;
- Ensuring compliance with the MFMA by municipalities and municipal entities;
- Monitoring the preparation of municipal budgets;

- Monitoring the monthly outcomes of those budgets;
- Assisting municipalities with the implementation of GRAP standards and the general preparation of Financial Statements;
- Assisting municipalities with establishing Internal Audit units and Audit Committees;
- Assisting municipalities of formulating realistic Risk Management Strategies and monitoring the implementation of those strategies;
- Assisting municipalities with establishing credible Asset Management controls and systems; and
- Ensuring timeous financial management interventions at municipalities as and when required.

TABLE 9: SUMMARY OF PAYMENTS AND ESTIMATES: FINANCIAL MANAGEMENT REFORMS (FMR)

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
1. Programme Support	621		2,853	2,943	2,516	1,750	2,954	3,131	3,319
2. Provincial Financial Reforms		332	1,544	11,527	3,557	5,521	8,525	9,037	9,579
3. Municipal Budgets		3,202	7,546	9,252	5,916	9,904	10,323	10,887	11,426
4. Municipal Financial Governance				8,287	7,287	3,029	9,671	10,251	10,866
Total payments and estimates: Financial Management Reforms	621	3,534	11,943	32,009	19,276	20,204	31,473	33,306	35,190

In table 9, actual expenditure and appropriations for Programme 3: Financial Management Reforms are presented. Between 2004/05 and 2010/11, the overall budget increased by R35 million, primarily due to allocations of sub-programmes. Provincial Financial Reforms has increased by R9.247 million between 2005/06 and 2010/2011, followed by Municipal Budget (R8.million). Municipal Financial Governance was only established in 2007/08 and has increased by R8 million during the same period. The programme's expenditure grew by 469.1 percent and 237.9 percent in 2005/06 and 2006/07 respectively. The growths were driven by subprogrammes Programme Support and Municipal Budget Reforms. Over the medium term, expenditure grows by 20.3 percent.

TABLE 10: SUMMARY OF ECONOMIC CLASSIFICATION: FINANCIAL MANAGEMENT REFORMS

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Current payments	621	3,524	11,111	31,469	17,236	20,045	31,473	33,306	35,190
Compensation of employees	621	2,129	4,669	11,648	8,148	7,675	20,418	21,588	22,769
Goods and services		1,395	6,442	19,821	9,088	12,370	11,055	11,718	12,421
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies			38		1,500				

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Provinces and municipalities			2		1,500				
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organizations									
Non-profit institutions									
Households			36						
Payments for capital assets		10	794	540	540	159			
Buildings and other fixed structures									
Machinery and equipment		10	794	540	540	159			
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification:									
Programme									
Financial Management									
Reforms	621	3,534	11,943	32,009	19,276	20,204	31,473	33,306	35,190

Analysis by economic classification indicates that compensation of employees accounts for average of 62 percent and goods and services share is only 37 percent of the total budget for the programme. The programme's compensation of employees drastically grew by 249 percent; 119 percent and 166 percent in 2005/06; 2006/07 and 2008/09 respectively, after increasing capacity for the Municipal Budget and Municipal Financial Management units.

KEY OUTPUTS AND SERVICE DELIVERY MEASURES

Financial Management Reforms

Provincial Financial Reforms

Strategic Objectives	Measurable objective	Performance Measure /Indicator	2007/08 Estimate	Performance Targets		
				2008/09	2009/10	2010/11
Ensure implementation of the MFMA in all Gauteng Municipalities	Establishment of budget and Treasury offices	Number of units established		90% filled	100% filled	100% filled
	Appointment of CFO's and Other Senior management	Percentage of appointments made		100 filled	100 filled	100 filled

Strategic Objectives	Measurable objective	Performance Measure /Indicator	2007/08 Estimate	Performance Targets		
				2008/09	2009/10	2010/11
	Set up process for three MTEF budgets	Percentage of municipalities with completed processes		100 % complete	100 % complete	100 % complete
Monitor the preparation of annual budget and their monthly outcomes for municipalities	Municipal IDP'S and service delivery budget implementation plans reviewed	Evaluation report on the quality of IDP's and service delivery plans		1 Report annually per Municipality.	1 Report annually per Municipality.	1 Report annually per Municipality.
Monitor and assess annual financial statements for municipalities	Submission of annual financial statements	Evaluation report on annual financial statements submitted		1 Report annually per Municipality.	1 Report annually per Municipality.	1 Report annually per Municipality.
Ensure timeous financial management interventions at municipalities as and when required	Provide Technical assistance and training to municipalities	Number of people trained and Frequency of requests for assistance		Report on No. of trainees and Ad hoc progress reports	Report on No. of trainees and Ad hoc progress reports	Report on No. of trainees and Ad hoc progress reports
Take the lead role in developing financial management skills and capacity in the province	Provide Technical assistance and training to municipalities	Number of people trained and Frequency of requests for assistance		Report on No. of trainees and Ad hoc progress reports	Report on No. of trainees and Ad hoc progress reports	Report on No. of trainees and Ad hoc progress reports
Ensure that internal audit committees are used effectively as risk management tools in departments	Monitor the implementation of recommendations made by internal audit (GAS) by CFO's and HOD's.	Implementation progress reports		Quarterly reports	Quarterly reports	Quarterly reports
	Report on non complying departments	Compliance report		Quarterly reports	Quarterly reports	Quarterly reports
Ensuring that financial management normative measures are adhered to in terms of the PFMA in both department and provincial public entities	Report on the compliance by departments and provincial public entities	Compliance report		Annual compliance report	Annual compliance report	Annual compliance report
Ensure implementation and compliance to supply chain management Policy for departments	Departmental expenditure analysis and vendor procurement spend analysis (GSSC as an implementation agency)	Compliance with the requirements on the BBBEE act and the policy	Annual spend analysis by from GSSC	100% compliance and spend analysis report	100% compliance and spend analysis report	100% compliance and spend analysis report

Municipal Budgets and Financial Reporting

Strategic Objectives	Measurable objective	Performance Measure /Indicator	2007/08 Estimate	Performance Targets		
				2008/09	2009/10	2010/11
	Monitor the preparation of budgets by municipalities	9 Municipal Budgets tabled and submitted timeously to Council and PT	Draft Budgets by March Annually Final Budget by May/June Annually	Draft Budgets by March Annually Final Budget by May/June Annually	Draft Budgets by March Annually Final Budget by May/June Annually	Draft Budgets by March Annually Final Budget by May/June Annually
		Municipal IDP's and Service Delivery Budget Implementation Plans (SDBIP's) Reviewed	Annually by September	Annually by September	Annually by September	Annually by September
		National and Provincial Transfer/Grant Schedules supplied to Municipalities	Immediately after acceptance of Final and Adjustment Budgets (Bi-Annually)	Immediately after acceptance of Final and Adjustment Budgets (Bi-Annually)	Immediately after acceptance of Final and Adjustment Budgets (Bi-Annually)	Immediately after acceptance of Final and Adjustment Budgets (Bi-Annually)
	Monitor the monthly outcomes of Municipal budgets	Municipal Monthly In-Year Reporting prepared and submitted to Council and PT	8 of 8 Municipalities	At all municipalities	At all Municipalities	At all Municipalities
		Grant Transfer Schedules Monitored	Monthly	Monthly	Monthly	Monthly

Strategic Objectives	Measurable objective	Performance Measure /Indicator	2007/08 Estimate	Performance Targets		
				2008/09	2009/10	2010/11
Provide Municipal Budget and In Year Reports and Publications		Consolidated Statement on Monthly Budget outcomes submitted to Provincial Legislature	Within 30 days of each Quarter's end	Within 30 days of each Quarter's end	Within 30 days of each Quarter's end	Within 30 days of each Quarter's end
		Consolidated Statement on Monthly Budget outcomes published in a Provincial Gazette	Within 45 days of each Quarter's end	Within 45 days of each Quarter's end	Within 45 days of each Quarter's end	Within 45 days of each Quarter's end
		Monthly Budget Statements Reported to NT	Monthly on the 22nd Working Day	Monthly on the 22nd Working Day	Monthly on the 22nd Working Day	Monthly on the 22nd Working Day
		MFMA Returns Reported to NT	Quarterly and Annually	Quarterly and Annually	Quarterly and Annually	Quarterly and Annually
		Municipal Withdrawal statements reported to NT	Quarterly	Quarterly	Quarterly	Quarterly
		PT Comments on Draft Budgets submitted to Municipalities	Annually in April	Annually in April	Annually in April	Annually in April
		Municipal Annual Reports Assessed by PT and consolidated findings submitted to NT	Annually in April	Annually by end April	Annually by end April	Annually by end April
Ensure Municipal Borrowings comply to legislative requirements (MFMA)		Budgeted Short Term Debt Monitored	Annually during Draft Budget phase	Annually during Draft Budget phase	Annually during Draft Budget phase	Annually during Draft Budget phase
		PT Comments on Long Term Debt submitted to Municipalities	100% compliance as and when required	100% compliance as and when required	100% compliance as and when required	100% compliance as and when required
		Municipal Securities, Guarantees and Disclosures Monitored	Annually and 100% compliance as and when required (In-year)	Annually and 100% compliance as and when required (In-year)	Annually and 100% compliance as and when required (In-year)	Annually and 100% compliance as and when required (In-year)
Provide Technical Assistance and Training to the Municipalities		Number of Financial Management Assistance training sessions, workshops and/or presentations conducted with the Municipalities	At least 2 events/ workshops per year	At least 2 events/ workshops per year	At least 2 events/ workshops per year	At least 2 events/ workshops per year

Municipal Financial Governance

Strategic Objectives	Measurable objective	Performance Measure /Indicator	2007/08 Estimate	Performance Targets		
				2008/09	2009/10	2010/11
Monitor and Assess Annual Financial Statements of municipalities	Timeous Submission of annual financial statements	Quality of audited financial statement from the municipalities in Gauteng		Nov 2008	Nov 2009	Nov 2010
Define framework for financial management systems	Framework defined	IFMS and requirements report		Facilitate pilot of IFMS in GPG	Implement IFMS in GPG	Implement IFMS in GPG
Provide for the oversight and management of existing financial system	Determine the requirements for and implement financial management systems	Financial Systems integration strategy		Align and Obtain approval from NT	Pilot ancillary systems	Implement systems

Strategic Objectives	Measurable objective	Performance Measure /Indicator	2007/08 Estimate	Performance Targets		
				2008/09	2009/10	2010/11
	Develop policy framework for the evolution of efficient finance management systems	Financial Systems integration strategy and policy		Align and Obtain approval from NT	Maintain and update the policy	Maintain and update the policy

PROGRAMME 4: FINANCIAL GOVERNANCE

Programme description

- Implement accounting practices that will promote effective capturing of revenue, expenditure, assets and liabilities;
- Ensure the effective management of risks to which the Gauteng Provincial Government (GPG) is exposed to by virtue of its assets, programs and operations;
- Optimise liquidity requirements and maximize returns within acceptable levels of risk for the GPG and to secure sound cash management;
- To ensure the efficient and effective management of assets for the GPG;
- To ensure that the financial systems of GPG are efficient to enable GPG to perform its operations effectively.

Programme objectives

Financial Accounting

- Compile and submit Consolidated Financial Statements for the GPG;
- Compile the Provincial Revenue Fund Financial Statements on an annual basis;
- Submit reports to legislature and National Treasury;
- Provide technical assistance and training to departments.

Risk Management

- Develop and manage a GPG risk strategy and advise departments;
- Recommend and enforce effective processes to determine exposure to risk and develop plans to mitigate and prevent risks;
- Submit Risk reports to Legislature and National Treasury to compare variances, actual against the budget and forecasts;
- Provide technical assistance and training to departments.

Assets and Liabilities

- Optimise cash flow management within the GPG;
- Ensure liquidity and that the province is adequately funded;
- Efficient management of the Provincial Revenue Fund;
- Invest funds efficiently and optimally on behalf of the province;
- Monitor the commercial banking SLA between GPG and its Banker and act as a banker for GPG Departments;
- Provide Cash Management Assistance and Training to GPG Departments;
- Submit Cash Flow reports to Legislature and National Treasury to compare variances, actuals against the budget and forecasts.

Asset Management

- Ensure effective and efficient management of assets for the province;
- Submit Asset Management reports to National Treasury;
- Provide asset management technical assistance and training to departments.

Financial Systems

- Determine the requirements for and implement financial management systems.
- Develop policy frameworks for the evolution of and efficient financial management systems

TABLE 11: SUMMARY OF PAYMENTS AND ESTIMATES: FINANCIAL GOVERNANCE

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
1. Programme Support	7,534		5,083	3,119	3,119	2,597	1,865	1,977	2,096
2. Assets Liabilities	945	1086	2,390	5,268	5,268	3,652	5,555	6,028	6,469
3. Accounting Services	1,894	4805	2,349	7,845	1,152	5,138	7,131	7,519	7,885
4. Risk Management				4,696	4,696	3,294	4,457	4,724	5,008
5. Provincial internal Audit									
Total payments and estimates: Financial Governance	10,373	5,891	9,822	20,928	14,235	14,681	19,008	20,248	21,458

Actual expenditure and estimated budget for programme 4: Financial Governance between 2004/05 and 2010/11 are reproduced in table 11 and it can be seen that in this period under review, that the allocations to the programme rose by R11 million. The most significant rise is in sub-programme 3: Accounting Services which increased by R6 million, followed by Asset and Liabilities with an increase of R6 million. This programme grew by 12.3 percent between 2004/05 and 2007/08 and will continue to grow by 13.5 percent in the medium term. It is important to note that Risk Management was established in 2007/08 financial year.

TABLE 12: SUMMARY OF ECONOMIC CLASSIFICATION: FINANCIAL GOVERNANCE

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Current payments	9,083	4,796	7,559	20,473	13,780	14,297	19,008	20,248	21,458
Compensation of employees	2,838	2,852	4,413	14,306	7,106	7,115	15,425	16,452	17,419
Goods and services	6,245	1,944	3,146	6,167	6,674	7,182	3,583	3,796	4,039
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies	1	36	6						
Provinces and municipalities	1	36	6						
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Foreign governments and international organizations									
Non-profit institutions									
Households									
Payments for capital assets	1,289	1,059	2,257	455	455	384			
Buildings and other fixed structures									
Machinery and equipment	1,289	1,059	2,257	455	455	384			
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification:									
Financial Governance	10,373	5,891	9,822	20,928	14,235	14,681	19,008	20,248	21,458

Table 12 represents actual expenditure and appropriation by economic classification. The average share of compensation of employees stands at 58.9 percent of the programme expenditure, with goods and services taking up 32.9 percent during the period under scrutiny.

KEY OUTPUTS AND SERVICE DELIVERY MEASURES

Financial Governance

Accounting Services

Strategic Objectives	Measurable objective	Performance Measure /Indicator	2007/08 Estimate	Performance Targets		
				2008/09	2009/10	2010/11
Compile and submit consolidated financial statements for the GPG	Table consolidated financial statements at the legislature with 6 months of the year end	Timeous submission of consolidated statements	Oct 2006	Oct 2007	Oct 2008	Oct 2009
	Submit consolidated financial statements to Auditors within 3 month of year end	Timeous submission of consolidated statements	June 2006	June 2007	June 2008	June 2009
Compile the provincial revenue fund financial statement on an annual basis	Unqualified audit opinion on the statements	Unqualified annual provincial revenue fund statements	100% un-qualified	100% un-qualified	100% un-qualified	100% un-qualified
Ensure effective and efficient management of assets for the province	Asset management strategy implemented	All assets are accurately valued	Approved asset acquisition and maintenance and disposal plan in place	100% Co-mpliance	100% Co-mpliance	100% Co-mpliance
Strengthen capacity and organisation of the state	Analysis of audit findings by the AG on department's books	Queries cleared and not recurring in next financial year	All queries cleared within one week	All queries cleared within one week	All queries cleared within one week	All queries cleared within one week

Risk Management

Strategic Objectives	Measurable objective	Performance Measure /Indicator	2007/08 Estimate	Performance Targets		
				2008/09	2009/10	2010/11
Develop and manage a GPG risk strategy and advise departments	Develop and manage a GPG risk strategy and advise departments	GPG Risk Management Policy defined and implemented		Policy implemented by year end		
		Review all existing Risk Management Policies and Strategies in use in GPG departments and draft a Plan for the implementation and rollout of a provincial Risk Management Policy		Review completed, Draft Plan completed.		
	Recommend and enforce effective processes to determine exposure to risk and develop plans to mitigate and prevent risks	Facilitate the compilation of an Annual Risk Assessment Report for each GPG department, incl. recommendations and plans	13 Annual Reports within 2 months of Financial Year End	13 Annual Reports within 2 months of Financial Year End	13 Annual Reports within 2 months of Financial Year End	13 Annual Reports within 2 months of Financial Year End
	Submit Risk reports to Legislature and National Treasury to compare variance Actual against Budget and Forecasts	Quarterly Risk Management Reports Produced	Quarterly Reports submitted	Quarterly Reports submitted	Quarterly Reports submitted	Quarterly Reports submitted
	Provide Technical Assistance and Training to the GPG departments	Number of training sessions, workshops and/or presentations conducted with departments	At least 1 per quarter	At least 1 per quarter	At least 1 per quarter	At least 1 per quarter

Assets and Liabilities

Strategic Objectives	Measurable objective	Performance Measure /Indicator	2007/08 Estimate	Performance Targets		
				2008/09	2009/10	2010/11
Ensure effective and efficient management of assets for the province	Establishing Asset Management teams at all GPG departments	Number of team established	Progress report compiled	Progress report compiled	Ad hoc Progress reports compiled	Ad hoc Progress report compiled
	Submit Asset Management reports to National Treasury	Consolidated GPG assets report	Reports for NT Compiled	Reports for NT Compiled	Reports for NT Compiled	Reports for NT Compiled
	Provide Asset Management technical assistance and training to the GPG departments	Number of people trained and frequency of assistance rendered	Progress report compiled	Progress report compiled	Ad hoc Progress reports compiled	Ad hoc Progress report compiled
Optimize cash flow management within GPG	Variance between funds requested, cash flow projection and actual expenditure not to exceed 5%	Consolidated Cash management reports	Max. 5% 13 Depart. Complying	Max. 5% 14 Depart. Complying	Max. 5% 14 Depart. Complying	Max. 5% 14 Depart. Complying
Ensure liquidity and that the province is adequately funded	Daily cash balance are maintained as planned not to exceed R200m	Consolidated Cash management reports	Max. R200m	Max. R150m	Max. R100m	Max. R50m
Invest funds efficiently and optimally on behalf of the province	Maintain a properly diversified portfolio of investment (not more than 30% of the portfolio to be held by any one bank	Investment Report	Max. 30% per Fin. Institution	Max. 30% per Fin. Institution	Max. 30% per Fin. Institution	Max. 30% per Fin. Institution
	Interest revenue to meet at least budgeted amounts	Interest Received	Meet Budget	Meet Budget	Meet Budget	Meet Budget
	Effective and efficient management of revenue fund and related bank accounts	Recommendations of internal audit implemented	100% implemented	100% implemented	100% implemented	100% implemented
	Maintenance of accountants diary	All tasks completed	100% completed	100% completed	100% completed	100% completed

7. OTHER PROGRAMME INFORMATION

7.1 Personnel numbers and costs

TABLE 13: PERSONNEL NUMBERS AND COSTS: GAUTENG TREASURY

Personnel numbers	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011
1. Administration	2	2	10	23	73	80	80
2. Sustainable Resource Management	6	14	25	43	91	91	91
3. Assets and Liabilities Management	10	10	22	53	63	72	72
4. Financial Governance	10	12	23	40	49	50	50
Total provincial personnel numbers	28	38	80	159	276	293	293
Total provincial personnel cost (R thousand)	6,901	10,439	18,676	59,451	84,111	88,122	91,320
Unit cost (R thousand)	246	275	233	374	305	301	312

TABLE 14: SUMMARY OF DEPARTMENTAL PERSONNEL NUMBERS AND COSTS

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Total for department									
Personnel numbers (head count)	28	38	80	159	159	159	276	293	293
Personnel cost (R thousands)	6,901	10,439	18,676	59,451	84,111	88,122	84,111	88,122	91,320
Human resources component									
Personnel numbers (head count)			2	6	6	6	26	29	29
Personnel cost (R thousands)			314	1,541	1,541	1,541	1,618	1,699	1,699
Head count as % of total for department			3%	3%	3%	3%	9%	10%	10%
Personnel cost as % of total for department			2%	3%	2%	2%	2%	2%	2%
Finance component									
Personnel numbers (head count)			4	9	9	9	16	16	9
Personnel cost (R thousands)			608	2,523	2,523	2,523	2,649	2,782	2,782
Head count as % of total for department			5%	5%	5%	5%	6%	5%	3%
Personnel cost as % of total for department			3%	4%	3%	3%	3%	3%	3%
Full time workers									
Personnel numbers (head count)	28	38	75	154	154	154	276	293	293
Personnel cost (R thousands)	6,901	10,439	30,949	59,201	40,854	36,754	84,111	88,122	91,320

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Head count as % of total for department	100%	100%	94%	97%	97%	97%	100%	100%	100%
Personnel cost as % of total for department	100%	100%	166%	100%	99%	99%	100%	100%	100%
Part-time workers									
Personnel numbers (head count)									
Personnel cost (R thousands)									
Head count as % of total for department									
Personnel cost as % of total for department									
Contract workers									
Personnel numbers (head count)				5	5	5			
Personnel cost (R thousands)				250	250	250			
Head count as % of total for department				3%	3%	3%			
Personnel cost as % of total for department									

7.2 Training

TABLE 15: PAYMENTS ON TRAINING: GAUTENG TREASURY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
1. Administration		64	78	185	185	185	230	241	241
Subsistence and travel		64	78	185	185	185	230	241	241
Payments on tuition									
2. Sustainable Resource									
Management	200	89	93	308	308	308	326	433	433
Subsistence and travel	200	89	93	308	308	308	326	433	433
Payments on tuition									
3. Financial Management									
Reforms		287	301	188	188	188	198	208	208
Subsistence and travel		287	301	188	188	188	198	208	208

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Payments on tuition									
4. Financial Governance	23	81	102	135	135	135	141	148	148
Subsistence and travel	23	81	102	135	135	135	141	148	148
Payments on tuition									
Total payments on training: Gauteng Treasury	223	521	574	816	816	816	895	1,030	1,030

TABLE 16: INFORMATION ON TRAINING: GAUTENG TREASURY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Number of staff	28	38	80	184	184	184	276	293	293
Number of personnel trained			49	109	109	109	154	164	179
of which									
Male			25	49	49	49	69	73	80
Female			24	60	60	60	85	91	99
Number of training opportunities			24	34	34	34	38	43	48
of which									
Tertiary									
Workshops				5	5	5	6	7	8
Seminars				5	5	5	6	7	8
Other			24	24	24	24	26	29	32
Number of bursaries offered			23	28	28	28	31	34	37
Number of interns appointed			5	15	18	18	22	25	29
Number of learnerships appointed								5	6
Number of days spent on training				103	103	103	114	144	159

8. CROSS CUTTING ISSUES

Outcome	Output	Gender Issue	Programme	Sub-Programme	Indicator/ Output	Performance Targets		
						2008/09	2009/10	2010/11
Ensure fully integrated financial and procurement management system	Economic empowerment – improved facilitation of business engagement, effective procurement of quality goods and services	Most of the goods and service providers for the department are male dominated. Encourage and support the participation of women as service providers to the department through processes put in place in accordance with the Preferred Procurement Policy Framework Act	Internal Finance.	Supply Chain Management.	Percentage of goods and services procured from entities managed and controlled by women.	1,500	2,000	2,500
Appropriately skilled, empowered and competent members of staff in Gauteng Treasury.	Workplace Skills Plan. Training and development interventions.	Equitable distribution of training and development opportunities to all employees in the Department (including females).	Corporate Services	HRM and Aux. Serv.	Plan in place (focusing on gender). Training reports according to gender.	R1,323	R1,455	R1,600
	Internal and External bursaries.	Targeting all employees (focus on female employees).	Corporate Services	HRM and Aux. Serv.	Distribution of bursaries granted (female employees = 55% of staff complement)	810	891	980
	Internship programme.	Programme that specifically targets women and disabled.	Corporate Services	HRM and Aux. Serv.	55% women employed as interns.	567	623	686
	Recruitment strategy.	Implementation of a recruitment strategy.	Corporate Services.	HRM and Aux. Serv.	Recruitment of female employees in line with set EE targets.	1,000	1,100	1,210
	Employment Equity.	Achieving representivity targets as set by EE plan	Corporate Services.	HRM and Aux. Serv.	Attainment of targets as per EE plan.	16	18	19
	Retention strategy.	Implementation of retention strategy (including female employees).	Corporate Services.	HRM and Aux. Serv.	Retention of employees (special reference to female employees)	2	3	3

Outcome	Output	Gender Issue	Programme	Sub-Programme	Indicator/ Output	Performance Targets		
						2008/09	2009/10	2010/11
Gender sensitive and supportive working environment.	Wellness programme.	Awareness programme on gender- and related issues. Implementation and management of: • Sexual Harassment Policy. • HIV/AIDS Policy. • Violence against women programme. • Commemorative days (e.g. women's day).	Corporate Services.	HRM and Aux. Serv.	Policies and programmes in place.	170	187	205
	Wellness Programme.	Researching the possibility of establishing child care programme.	Corporate Services.	HRM and Aux. Serv	Research and findings/ implementation of child care programme.	40	50	60

9. RECONCILIATION OF STRUCTURAL CHANGES

TABLE 17: RECONCILIATION OF STRUCTURAL CHANGES: GAUTENG TREASURY

Programmes for 2007/08			Programmes for 2008/09		
	2008/09 Equivalent				
	Programme	Sub programme		Programme	Sub programme
Administration	1	Management Services Corporate Services Office Of the CFO Public Private Partnership	Administration	1	Management Services Corporate Services Office Of the CFO
Sustainable Resource Management	2	Programme Support Budget Management Fiscal Policy and Economic Analysis Public Finance	Sustainable Resource Management	2	Programme Support Budget Management Fiscal Policy and Economic Analysis Public Finance Public Private Partnership Gauteng fund

Annexure to Budget Statement 2

TABLE 18: SPECIFICATION OF RECEIPTS: GAUTENG TREASURY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Tax receipts									
Casino taxes									
Horse racing taxes									
Liquor licences									
Motor vehicle licences									
Sales of goods and services other than capital assets			10			10			
Sale of goods and services produced by department (excluding capital assets)			10			10			
Sales by market establishments									
Administrative fees									
Other sales			10			10			
Of which									
Health patient fees									
Other (Specify)									
Sales of scrap, waste, arms and other used current goods (excluding capital assets)									
Transfers received from:									
Other									
governmental units									
Universities and technikons									
Foreign governments									
International organizations									
Public corporations and private enterprises									
Households and non-profit institutions									
Fines, penalties and forfeits									
Interest, dividends and rent on land	176,063	223,189	227,689	152,184	220,000	259,977	236,500	254,240	273,308
Interest	176,063	223,189	227,689	152,184	220,000	259,977	236,500	254,240	273,308

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Dividends									
Rent on land									
Sales of capital assets									
Land and subsoil assets									
Other capital assets									
Financial transactions in assets and liabilities						10			
Total departmental receipts	176,063	223,189	227,699	152,184	220,000	259,997	236,500	254,240	273,308

TABLE 19: SUMMARY OF ECONOMIC CLASSIFICATION: ADMINISTRATION

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Current payments	811	2,863	5,069	11,172	11,065	20,322	28,730	30,551	32,378
Compensation of employees	763	2,546	2,448	6,177	6,177	8,319	15,749	16,795	17,780
Salaries and wages	763	2,546	2,112	6,177	6,177	8,319	15,749	16,795	17,780
Social contributions			336						
Goods and services of which	48	317	2,621	4,995	4,888	12,003	12,981	13,756	14,598
Bank charges and card fees			1,302	247	2,114	2,114			
Consult, Contract & Special Serv			1,095	1,768	4,434	4,434			
Other	48	317	225	6,196	1,450	1,450	12,852	13,623	14,441
Interest and rent on land									
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies	23		2						
Provinces and municipalities	23		2						
Provinces2									
Provincial Revenue Funds									
Provincial agencies and funds									
Municipalities3	23		2						

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Municipalities	23		2						
of which: Regional service council									
levies									
Municipal agencies and funds									
Departmental agencies and accounts									
Social security funds									
Universities and technikons									
Public corporations and private enterprises ⁵									
Public corporations									
Private enterprises									
Foreign governments and international organizations									
Non-profit institutions									
Households									
Social benefits									
Other transfers to households									
Payments for capital assets		21	62	442	1,027	260	3,578	3,793	4,020
Buildings and other fixed structures									
Buildings									
Other fixed structures									
Machinery and equipment		21	62	442	1,027	260	3,578	3,793	4,020
Transport equipment									
Other machinery and equipment		21	62	442	1,027	260	3,578	3,793	4,020
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification:									
Administration	834	2,884	5,133	11,614	12,092	20,582	32,308	34,344	36,398

TABLE 20: SUMMARY OF ECONOMIC CLASSIFICATION: SUSTAINABLE RESOURCE MANAGEMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Current payments	4,985	6,074	14,605	39,023	32,833	23,606	42,760	44,140	44,871
Compensation of employees	2,679	2,912	7,146	27,320	19,673	13,895	32,519	33,287	33,352
Salaries and wages	2,679	2,912	6,478	27,320	19,673	13,895	32,519	33,287	33,352
Social contributions			668						
Goods and services of which	2,306	3,162	7,459	11,703	13,160	9,711	10,241	10,853	11,519
Consult, Contract & Special Serv			2,897	2,978	2,899	2,899			
Inventory			1,439	1,577	1,498	1,498			
Other	2,306	3,162	3,123	7,534	5,653	5,653	10,112	10,719	11,362
Interest and rent on land									
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies					40,000		60,000	80,000	80,000
Provinces and municipalities									
Provinces2									
Provincial Revenue Funds									
Provincial agencies and funds									
Municipalities3									
Municipalities									
Municipal agencies and funds									
Departmental agencies and accounts					40,000		60,000	80,000	80,000
Social security funds					40,000		60,000	80,000	80,000
Provide list of entities receiving transfers4									
Universities and technikons									
Public corporations and private enterprises5									
Public corporations									
Private enterprises									

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Foreign governments and international organizations									
Non-profit institutions									
Households									
Social benefits									
Other transfers to households									
Payments for capital assets		127	638	718	1,123	286			
Buildings and other fixed structures									
Buildings									
Other fixed structures									
Machinery and equipment		127	638	718	1,123	286			
Transport equipment									
Other machinery and equipment		127	638	718	1,123	286			
Cultivated assets									
Software and other intangible assets									
Land and subsail assets									
Total economic classification: Sustainable Resource Management	4,985	6,201	15,247	39,741	73,956	23,892	102,760	124,140	124,871

TABLE 21: SUMMARY OF ECONOMIC CLASSIFICATION: FINANCIAL MANAGEMENT REFORMS

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Current payments	621	3,524	11,111	31,469	17,236	20,045	31,473	33,306	35,190
Compensation of employees	621	2,129	4,669	11,648	8,148	7,675	20,418	21,588	22,769
Salaries and wages	621	2,129	4,195	11,648	8,148	7,675	20,418	21,588	22,769
Social contributions			474						
Goods and services		1,395	6,442	19,821	9,088	12,370	11,055	11,718	12,421
of which									
Consultants, Contract & Special Serv			3,876	14,848	7,643	7,643			
Travel and Subsistence			1,206	1,445	1,445	1,445			
Other		1,395	1,360	3,528			11,055	11,718	12,421

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Interest and rent on land									
Interest									
Rent on land									
Transfers and subsidies			38		1,500				
Provinces and municipalities			2		1,500				
Provinces2									
Provincial Revenue Funds									
Provincial agencies and funds									
Municipalities3			2		1,500				
Municipalities			2		1,500				
of which: Regional service council levies									
Municipal agencies and funds									
Departmental agencies and accounts									
Social security funds									
Provide list of entities receiving transfers4									
Universities and technikons									
Public corporations and private enterprises5									
Public corporations									
Private enterprises									
Foreign governments and international organizations									
Non-profit institutions									
Households			36						
Social benefits			36						
Other transfers to households									
Payments for capital assets		10	794	540	540	159			
Buildings and other fixed structures				540	540	159			
Buildings									
Other fixed structures				540	540	159			
Machinery and equipment		10	794						
Transport equipment									

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Other machinery and equipment		10	794						
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification:									
Programme Assets and Liabilities									
Management	621	3,534	11,943	32,009	19,276	20,204	31,473	33,306	35,190

TABLE 22: SUMMARY OF ECONOMIC CLASSIFICATION: FINANCIAL GOVERNANCE

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Current payments	9,083	4,796	7,559	20,473	13,780	14,297	19,008	20,248	21,458
Compensation of employees	2,838	2,852	4,413	14,306	7,106	7,115	15,425	16,452	17,419
Salaries and wages	2,838	2,852	3,927	14,306	7,106	7,115	15,425	16,452	17,419
Social contributions			486						
Goods and services	6,245	1,944	3,146	6,167	6,674	7,182	3,583	3,796	4,039
of which									
Consultants, Contract & Special Serv			1,466	1,838	1,838	1,838			
Maint,Repair & Running Cost			1,242		507	507			
Other	6,245	1,944	438	4,329	4,329	4,329	3,454	3,661	3,881
Interest and rent on land									
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies	1	36	6						
Provinces and municipalities	1	36	6						
Provinces2									
Provincial Revenue Funds									
Provincial agencies and funds									
Municipalities3	1	36	6						
Municipalities	1	36	6						
of which: Regional service council levies									

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2004/05	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Municipal agencies and funds									
Departmental agencies and accounts									
Social security funds									
Provide list of entities receiving transfers ⁴									
Universities and technikons									
Public corporations and private enterprises ⁵									
Public corporations									
Private enterprises									
Foreign governments and international organizations									
Non-profit institutions									
Households									
Social benefits									
Other transfers to households									
Payments for capital assets	1,289	1,059	2,257	455	455	384			
Buildings and other fixed structures									
Buildings									
Other fixed structures									
Machinery and equipment	1,289	1,059	2,257	455	455	384			
Transport equipment									
Other machinery and equipment	1,289	1,059	2,257	455	455	384			
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification:									
Financial									
Governance	10,373	5,891	9,822	20,928	14,235	14,681	19,008	20,248	21,458

