

VOTE 14

GAUTENG TREASURY

To be appropriated by Vote	R212 896 000
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 a pioneer 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 promote accountability in government;
- Attracting and retaining an appropriate technical skills base at Gauteng Treasury;
- Providing technical assistance including analysing, monitoring and evaluating, and advising customers to enable good financial planning and management;
- Developing and implementing efficient internal systems and processes; and
- 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 (PPP) as an alternate service delivery approach to support the Gauteng Provincial Government's (GPG) economic growth, job creation and poverty alleviation strategies;
- To provide provincial, social and economic research and analysis that informs fiscal policy development and the annual budget process, thus contributing to the Provincial Growth and Development Strategy;
- To allocate resources in line with provincial government priorities and the 5 year plans to contribute to economic, efficient and effective service delivery;
- To maintain fiscal discipline through policies and the monitoring and evaluation of financial performance;
- To maximise current revenue sources and optimise potential new revenue streams;
- To develop and implement a provincial comprehensive revenue strategy;
- To provide provincial socio-economic research and analysis to inform resource allocation and utilisation;
- To conduct sector level policy analysis to maximise efficiency gains and value-for-money solutions; and
- To monitor and evaluate the performance outcomes of spending agencies.

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

- Implement accounting practices that will promote the effective capturing of revenue, expenditure, assets and liabilities;
- Ensure effective management of risks to which the Gauteng Provincial Government (GPG) is exposed through its assets, programs and operations;
- Optimise liquidity requirements, maximise returns within acceptable levels of risk for GPG and secure sound cash management;
- Ensure the efficient and effective management of GPG assets;
- Provide guidance on and lead the implementation of financial management reforms for provincial and local governments;

- Provide provincial social and economic research and analysis that informs fiscal policy development and the annual budget process, contributing to the Provincial Growth and Development strategy;
- Allocate resources which will result in credible budgets in line with provincial government priorities and 5 year plans and thus contribute to economic, efficient and effective service delivery;
- Maintain fiscal discipline through policies and monitoring and evaluating financial performance;
- Provide strategic leadership and technical and strategic support in financial management and budgeting; and
- Manage and oversee the implementation of PPP in Gauteng to support the provincial government's economic growth, job creation and poverty alleviation strategies.

Legislative Mandate

- Division of Revenue Act (DORA), 2008;
- Municipal Finance Management Act (MFMA), 2004;
- Preferential Procurement Policy Framework Act, 2000;
- Promotion of Access to Information Act, 2000;
- Municipality Systems Act, 2000;
- Public Finance Management Act (PFMA), 1999;
- Employment Equity Act, 1998;
- Basic Conditions of Employment Act, 1997;
- Intergovernmental Fiscal Relations Act, 1997;
- Borrowing Powers of Provincial Government Act, 1996;
- The Constitution of the Republic of South Africa, 1996 (Chapter 13);
- Development Facilitation Act, 1995;
- Labour Relations Act, 1995; and
- Public Service Act, 1994.

2. REVIEW OF THE 2008/09 FINANCIAL YEAR

Administration

Human Resources

The organisational structure for 2008/09 was approved by the Member of Executive Council (MEC) in August 2008, bringing it into line with the 2009 – 2014 strategic plan. All approved posts on the structure have been evaluated and significant progress has been made in filling vacancies; as a result, the vacancy rate has been reduced to approximately 10 percent. Significant progress has also been made in meeting employment equity targets as identified in the Employment Equity Plan.

Communications

The Communications Strategy was approved by the Head of Department in December 2008. This is an integrated strategy that focuses on internal communication (mainly with staff within the Department) and externally (mainly external stakeholders including the public, other public institutions and the private sector). Significant progress has also been made in respect of implementing a corporate brand for Gauteng Treasury, an internet website was introduced and the Unit is currently developing an intranet site for internal use.

The Communications Unit coordinates various corporate events including Budget Day and commemorative days such as Youth Day, Women's Day and Heritage Day.

Information Technology

The IT Unit was established in April 2008 and the focus for the 2008/09 financial year is on establishing systems, procedures and policies which include the implementation of an IT help desk, call-logging system, back-up strategy, development of a disaster recovery plan and automation of internal processes (e.g. electronic leave forms and procurement procedures). Enhancements of electronic communication were made through the implementation of mobile solutions.

Auxiliary Services

The Auxiliary Services unit was established in August 2008 to assist with support services to the department by managing shared resources such as provisioning of office accommodation, fleet and security for effective functioning of the units within the department.

Sustainable Resource Management

Budget Management

To enable the compilation of credible and transparent budgets for GPG, the province has a revised budget process for the current budgeting cycle. In 2008, the revisions involved scheduling the process earlier and replacing the Budget Lekgotla with Budget Forums in June followed by technical training sessions in July 2008. The revisions allow provincial departments to focus on consolidating resources toward achieving their mandates and completing their projects for the 2004 - 2009 political cycle and laying the foundation for Vision 2014.

To facilitate the effective management of the provincial budget process and to inform departmental budget compilation, in June 2008 the unit introduced Treasury Guidelines issued in terms of the PFMA. In addition, periodic treasury circulars were issued to outline budget related activities and other requirements for that specific period within the provincial budget process.

Projects aimed at ensuring budget data integrity and smoothing out allocation processes are at the development stage, and will be implemented by February/March 2009. These include the Provincial Budget Database and Data Warehouse system as well as the Medium Term Expenditure Framework (MTEF) financing model.

In terms of the Division of Revenue Act (DORA) of 2008, the province published information giving the budget of each hospital and indicative allocations per school and portion of the Integrated Housing and Human Settlement grant to be allocated to developers in the municipalities early in the financial year.

The following entities now report their financial information to Treasury: the Cradle of Humankind, Dinokeng and the Gauteng Enterprise Propeller. Non-customized sectors also report performance information using the Quarterly Performance Reporting (QPR) model.

Public Finance

Public Finance contributes to Gauteng Treasury's strategic objectives through oversight, guidance and input into sector budget, planning, budget implementation as well as monitoring and evaluation. During the period under review, the unit was able to obtain approval from the Provincial Executive Council to make unauthorized expenditure the first charge against future financial years' allocations. Presented insightful reprioritization and efficiency gains analysis for Budget Forum. Critical areas that departments must take into consideration when preparing for the 2009 Budget Process included alignment of infrastructure budgets with projects cycle. On expenditure monitoring, the unit prepared and submitted detailed quarterly financial and non-financial reports highlighting both the negative and positive aspects of spending.

Assessment of Planning Infrastructure Reporting Model and Infrastructure plans for 2009/10 were carried out for all infrastructure departments and submitted to National Treasury. Public Finance conducted site visits as part of monitoring of infrastructure delivery in the province. The unit was successful in improving the quality of infrastructure reporting model submissions and compliance with legislative requirements. Provincial Technical Committees (PTC) for Education, Health and Social Development has been successfully arranged as required by IDIP. At a strategic level, Public Finance was able to provide sector advice and support to departments in implementing the budget and improve service delivery.

Fiscal and Economic Analysis

Economic Analysis

The second annual Provincial Economic Review and Outlook (PERO) was published in August 2008. The second Socio-Economic Review (SER) will be published in February 2009. Two economic newsletters and two quarterly bulletins (QB) were published, with another two QBs to be published in March 2009. The unit signed a service level agreement with the African Institute for Economic Modelling (AFRINEM) at the University of Pretoria. This was with regard to the development of the Computable General Equilibrium (CGE) model. This involved skills transfer to officials in the unit through 5 workshops held during 2008. The final workshop was held in December 2008, and the development of CGE model will be finalized by March 2009. The unit will complete two impact analysis studies of infrastructure projects within the province using the Social Accounting Matrix (SAM).

Fiscal Policy

The Fiscal Policy unit successfully published the Medium Term Budget Policy Statement (MTBPS) and also completed a study on advertising as a potential source of revenue for the provincial government. To ensure

constant communication with key departments, revenue forum meetings were held regularly. In addition, quarter analyses on own revenue culminating in an annual analysis have been completed. These analyses are important for keeping track of GPG revenue collection capability by facilitating performance monitoring, evaluation and ensuring that corrective action is taken when departments fail to take revenue management seriously. Quarterly reports are regulated by Section 5.3 of the Treasury Regulations, which require that the accounting authority must establish procedures for quarterly reporting to the executive authority in order to facilitate performance monitoring, evaluation and corrective action. All quarterly information is consolidated into the annual report. A draft debt management framework was also completed with the assistance of the key revenue generating departments.

Public Private Partnerships (PPP)

Financial and technical support is provided to provincial departments and municipalities engaged in PPP initiatives. Included amongst the deliverables accomplished are the development of a Municipal Borrowing Framework document and provision of views and recommendations for a request for proposal (RFP) document for the City of Tshwane's PPP project, currently at the RFP stage of the project cycle.

The Municipal PPP Rollout Conference that introduced the new regulatory framework, took place in early August 2008, in collaboration with National Treasury. It was hailed as a success and further engagements were promised to explore PPP in the municipal environment as an alternative service delivery approach. Follow up engagements are being finalised with district municipalities.

The funding commitment from the province for the Chris Hani Baragwanath Hospital PPP project has been finalised, with national co-funding pending. To expedite this process, bi-Lateral engagements were hosted between National Treasury, the National Department of Health as well as Provincial Department of Health. This is to ensure that the National Department of Health supports the project and its funding stream. The provincial Department of Education under the guidance of GT, have registered a PPP initiative with National Treasury aimed at reducing school backlogs and enhancing the learning environment. The project will consider building new schools, and upgrading, maintaining and providing sanitation to existing schools. A project team has been established that includes the appointment of a Transaction Advisor as well as a full time Project Officer to conclude a detailed feasibility study for the proposed initiative.

Local Government Resource Management & Intergovernmental Relations

The unit has an oversight role in relation to municipalities, and with the Department of Local Government, has completed a number of monthly and quarterly technical and financial assessments in line with the requirements of the Municipal Finance Management Act (MFMA) and the Integrated Development Plan (IDP) engagement process. These are:

- Integrated Development Plans and the alignment with municipal budgets;
- Municipal budgets for 2008/09; and
- Service Delivery and Budget Implementation Plans in line with IDPs and Performance Agreements.

Financial Governance (FG)

Financial Accounting

GT worked towards obtaining an unqualified audit opinion on the consolidated annual financial statements for GPG for 2007/08. Out of 14 departments, 2 (the departments of Education and Health) received a qualified audit opinion, 1 (the department of Agriculture) received an unqualified report with no emphasis of matter (EoM) and 11 received unqualified reports with EoM. It should be noted that the achievement of this objective is dependent upon the individual departments getting unqualified audits reports. Treasury has increased its capacity to assist departments with financial management capacity in order to realize that objective.

GT compiled monthly management reports on financial accounting and asset management, submitted to the Legislature on a quarterly basis. These were introduced to assist in obtaining unqualified audit reports. Another initiative was the reintroduction of the Chief Financial Officers (CFO) forum which meets 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.

Risk Management

The Enterprise Risk Management (ERM) approach recognizes that risk management needs to encompass all of an organization's risks: operational, financial, compliance, regulatory and strategic. Risk management must be embedded within the overall context of any business strategy. Effective implementation of risk management is also an intervention aimed at reducing queries raised by the Auditor-General relating to internal controls and risks.

In 2008/09, GT continued with its implementation of ERM in departments. Of critical importance was the development and implementation of a GPG Risk Management Policy, and defining risk management standards. As a result, each department has a risk register, prepared according to the risk management framework. The factors that contributed to a successful implementation were from commitment of top management and the Heads of Department (HOD) Forum, and through integrating risk management into strategic planning processes for 2008/09.

Assets and Liabilities

Treasury focused on strengthening cash flow forecasting in departments as well as achieving maximum 5 percent variance between funds requested to fund expenditure and actual expenditure. Training on cash management has been provided to departments. Treasury continued to optimize interest on investments in 2008/09. However, interest revenue collected in 2008/09 was less than the amount collected in 2007/08 as there were no surplus funds to invest in the second half of 2008/09 as a result of liquidity pressures facing the province.

3. OUTLOOK FOR THE 2009/10 FINANCIAL YEAR

Administration

The Corporate Services Chief Directorate will continue to provide strategic support services to the Department and will function in an integrated manner to support the strategic objectives of the organisation. Services will be regulated by internal service level agreements with business units in the department.

Human Resources

The unit has, to date, made significant progress in developing various HR related strategies, policies and procedures, including the following: HR Plan and HR Strategy, retention strategy and all HR workplace policies. These frameworks and policies will be reviewed in line with best practices. Implementation plans that form part of the strategies, In the 2009/10 financial year, emphasis will be placed on enhancing the already existing systems, policies and practices in support of ensuring that Gauteng Treasury becomes a preferred employer.

In an effort of maintaining desirable staffing levels and ensuring sufficient capacity, the HR unit will continue to manage the vacancy rate through the expedient filling of posts that become vacant. The technical competency framework will be rolled out for implementation in the 2009/10 financial year and HRD interventions will be informed by the strategic development areas identified through a comprehensive skills audit. The Internship programme will continue and a learnership programme will be implemented. Specific emphasis will be placed on ensuring that the department meets the requirement of employing at least 50 percent female at Senior Management level and 2 percent people with disabilities by 2009.

The integrated Employee Wellness strategy that was developed in the 2008/09 financial year will be implemented, ensuring a healthy and happy workforce.

Communications

More emphasis will be placed on improving stakeholder relations (including media relations) contributing towards a credible and visible GT with a reputable and recognisable brand.

Communication mechanisms such as the internet, intranet and publications will be improved in promotion of access to information. An internal resource centre will also be established.

The Communications Unit will improve its relationship with the media through the development and management of a media plan.

Corporate events hosted by the department will be managed by the Communication Unit.

Information Technology

The focus for the 2009/10 financial year will be on improving the newly established IT systems, procedures and policies which include the implementation of an IT help desk, call-logging system, back-up strategy.

The IT Strategy will be developed in support of the overall strategy and business plan of the department. Through conducting a business processing mapping project, opportunities of improving administrative processes through automation will also be identified.

Management of Information Technology and information management will be maximised through the establishment of an IT Steering Committee.

Auxiliary Services

Emphasis will be placed on increasing the security levels in the buildings occupied by the department as well as the roll-out of the newly-established central archiving system for Gauteng Treasury. Occupational health and safety initiatives will also receive significant attention.

Sustainable Resource Management

Budget Management

In 2009/10, the provincial budget database will be improved, based on lessons learned during the pilot phase. This will be rolled out to all the users to facilitate compilation of the main and adjustments budgets during the financial year. Based on the implementation, the database will be reviewed and further enhanced.

In order to facilitate and support the alignment and integration of planning and delivery, the unit will ensure the availability of real-time, accurate and credible information. This will be achieved through the data warehouse system which will electronically manage budget data.

In line with enhancing allocative efficiency and credibility of the annual budget, the Budget Management unit aims at tabling main and adjustments budgets that are informed by government priorities. To achieve this, the unit will populate and implement the MTEF financial model as well as review and enhance the provincial budget process to improve efficiency.

Reporting on financial and performance information on provincial departments and public entities to the stakeholders will continue during the financial year, with improvements made to the quality of the non-financial information.

Public Finance

In previous years emphasis has been on spending capability, the focus will now change to look at value for money. This will be achieved through efficiency gains and economic valuation studies. In future, conducting topical research and publishing findings would be critical in informing policy makers and political principals in responding to the changing needs of the Gauteng citizens. The unit will develop and implement economic and quantitative tools in order to achieve optimal resource allocation that would be essential in pursuing strategic objectives of the department.

The unit will continue to engage in processes to improve reporting to ensure that departments comply with requirements of the PFMA and DORA. Public Finance will make sure that relevant GPG infrastructure departments are given enough support for the implementation of the IDIP. All vacant posts will be filled during 2009/10 financial year by attracting the necessary skills especially in the area of research.

Fiscal Policy and Economic Analysis

Economic Analysis

Publications such as PERO and SER will appear on an annual basis with the aim of providing a well researched review and outlook of the provincial economy to inform policy decisions. The unit will apply the SAM and CGE model developed in the 2008/09 financial year on different projects. There will be three impact analysis studies using SAM and one simulation report based on the CGE model. The unit will publish quarterly bulletins on topical issues, and monthly newsletters which aim to inform public on the key economic issues of a particular month. To receive feedback from stakeholders and to improve the quality of future publications, the unit will hold workshops on a quarterly basis after the publication of major reports.

Fiscal Policy

The Unit will consolidate its achievements by keeping abreast of all revenue-related issues. Consultation and discussion will take place with local, provincial and international stakeholders. To ensure regular contact with other non-significant revenue generating departments, a bi-annual forum will be established.

Public Private Partnerships (PPP)

PPP unit will be focussing on projects aimed at improving service delivery in health care and promoting quality education and equity, in an effort to ensure alignment with national and provincial priorities. The unit will support the enabling infrastructure initiatives and proposals that seek to address service delivery in these sectors, by way of providing technical hands-on support to ensure suitability and value for money.

In addition to focused areas, other service delivery areas include the local sphere of government. Service delivery aspects will mainly be in the area of water related services and solid waste treatment projects.

A municipal engagement plan is being implemented whereby a waste treatment technology PPP project is explored by City of Jo'burg and already at feasibility study stage.

Local Government Resource Management & Intergovernmental Relations

In terms of the Municipal Support Plan, the Gauteng Portal Project is managed jointly with the Department of Local Government. Its purpose is to support municipalities on issues of financial management, governance and administration and serves as a one-stop electronically interactive data warehouse on local government in the province. As part of this collaborative and supportive effort, in the 2009/10 financial year the unit will focus on:

- Deployment of Senior engineers to accelerate Infrastructure spending and development;
- Deployment of Chartered Accountants to assist with financial management issues and general capacity building; and
- Revenue management assistance to municipalities to increase their ability to manage their revenue resource envelope through tariff modelling and review initiatives on the fiscal space of municipalities.

In order to provide ongoing technical support and to ensure collective responsibility with municipalities, the Municipal Manager's Forum and the Chief Financial Officer's Forum will continue as the primary platforms for implementation initiatives and ongoing guidance to implementation.

Financial Governance*Assets and Liabilities*

Through its Financial Systems Directorate, Treasury will implement and rollout financial management systems in the province. Training will be provided to user departments to ensure effective and efficient use of the systems and skills transfer to achieve departmental objectives.

Treasury will also implement a cash management system, an in-house project designed to address the challenges of cash flow projections and improve the efficiency of departmental performance. In order to optimise own revenue, the Department will continue to invest surplus funds in a prudent manner at an acceptable level of risk.

Accounting Services

The unit will continue to provide assistance to departments and entities in order to ensure that financial management is enhanced and that capacity is strengthened. Monthly reporting will be reviewed and enhanced in order to ensure value-for-money to our clients. The unit will introduce a framework on the interpretation of financial statements as a tool to assist decision makers.

There will be continued support in the form of training and workshops to assist departments with the implementation of new accounting standards and preparation of annual financial statements (AFS).

Asset management will focus on immovable assets to ensure that all user departments have asset registers that comply with immovable assets minimum requirements. As custodian of immovable assets within the province, the Department of Public Works has a comprehensive asset register and this will help expedite the implementation of immovable assets management within GPG.

The audit of 2007/08 revealed a number of issues relating to supply chain management non-compliance by departments and public entities. Treasury will therefore ensure that it is fully capacitated to ensure effective support

Risk Management in public entities and municipalities.

In implementing financial management reforms in the province's departments and public entities, the unit will continue to provide capacity to departmental Chief Financial Officers (CFOs). In implementing and monitoring the principles of the Public Finance Management Act (PFMA), the unit will facilitate the creation and listing of public entities as well as ensuring that the Normative Measures of the PFMA are adhered to by provincial departments and public entities. Training will be provided and workshops conducted to create awareness about the new requirements arising from the amendments to the PFMA. The unit will also embark on a project to ensure effective and efficient audit committees within local government which along with internal auditors can be used as effective risk management tools.

The ERM unit focuses on rolling out risk management reforms in all delegated municipalities taking into consideration the lessons from the pilot project. The focus will be on capacitating municipalities to ensure that risks are properly managed while discharging their responsibilities. A risk management forum for municipalities will be established as a platform for ideas-sharing and learning for all local government risk officers. The unit will also continue to strengthen capacity of departmental Chief Risk Officers by ensuring that they are kept abreast of best practices and the latest developments in the risk management sector.

4. RECEIPTS AND FINANCING

The primary source of funding for GT is the equitable share. However, conditional grants allocations for infrastructure specialists and projects came into effect as from the 2008 MTEF.

4.1 Summary of receipts

TABLE 1: SUMMARY OF RECEIPTS: GAUTENG TREASURY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Equitable share	18 510	42 145	111 925	185 549	191 029	191 029	208 486	214 097	224 165
Conditional grants				4 200	4 200	4 200	4 410	4 733	4 955
Total receipts	18 510	42 145	111 925	189 749	195 229	195 229	212 896	218 830	229 120

The equitable share allocation grew by 128 percent from R18.5 million in 2005/06 to R42.1 million in 2006/07 due to the launching of the GT into a fully fledged department.

In the 2008/09 financial year, the equitable share increased to R190 million due to the implementation of the new establishment structure. The equitable share is expected to increase at an average annual growth of 6.5 percent over the 2009 MTEF. Conditional grants allocations are only factored in over the 2008 MTEF and show a growth of 5.7 percent over the same period.

4.2 Departmental receipts collection

TABLE 2: DEPARTMENTAL RECEIPTS: GAUTENG TREASURY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Tax receipts									
Casino taxes									
Horse racing taxes									
Liquor licences									
Motor vehicle licences									
Sales of goods and services other than capital assets		10	19			31			

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Transfers received									
Fines, penalties and forfeits									
Interest, dividends and rent on land	223 189	227 689	326 019	236 500	128 994	124 547	254 240	273 308	285 607
Sales of capital assets									
Financial transactions in assets and liabilities			16			71			
Total departmental receipts	223 189	227 699	326 054	236 500	128 994	124 649	254 240	273 308	285 607

Departmental receipts generated depend on a number of factors including the Department's investment policy. The reduction in part of the provincial reserves is due to the Department's spending requirements. It also receives revenue in the form of interest earned on the investment of provincial reserves.

There was a 44.2 percent decline in revenue collection from R223.2 million in 2005/06 to R124.6 million in 2008/09 (revised estimate) due to the economic downturn which impacted negatively on the amount available for investments in addition to the depletion of provincial reserves. The implementation of the Intergovernmental Cash Coordination Project will vest investment powers in the Corporation of Public Deposits, and interest income is expected to generate R285.6 million in the 2011/12 financial year.

5. PAYMENT SUMMARY

Key assumptions

The preparation of the 2009/10 MTEF budget was guided by the Department's 5-year strategic plan and 2009/10 annual performance plan. Most of the Department's budget is allocated to compensation of employees, followed by goods and services. A personnel model was used to cost the Department's new personnel establishment structure. Historic information was used to budget for recurrent items such as stationery, printing, telephone costs and travel and subsistence costs, while the recruitment and IT plans informed the costing of goods and services and the capital budget.

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		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. Administration	2 884	5 133	15 117	32 308	41 460	41 460	41 706	44 118	46 213
2. Sustainable Resource Management	9 735	25 646	75 698	116 037	110 168	110 168	135 154	136 579	142 982
3. Financial Governance	5 891	11 366	21 110	37 204	39 401	39 401	36 036	38 133	39 925
Total payments and estimates	18 510	42 145	111 925	185 549	191 029	191 029	212 896	218 830	229 120

TABLE 4: SUMMARY OF ECONOMIC CLASSIFICATION: GAUTENG TREASURY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Current payments	17 257	38 344	68 165	121 971	124 665	124 665	129 066	135 377	141 830
Compensation of employees	10 439	18 676	37 089	84 111	62 740	62 535	98 611	104 353	109 586
Goods and services	6 818	19 668	31 076	37 860	61 925	62 133	30 455	31 024	32 244
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies to:	36	50	41 500	60 000	61 551	61 550	81 617	81 683	85 520
Provinces and municipalities	36	14	1 500		1 551	1 551	1 617	1 683	1 760
Departmental agencies and accounts			40 000	60 000	60 000	59 999	80 000	80 000	83 760
Universities and technikons									
Foreign governments and international organisations									
Non-profit institutions									
Households		36							
Payments for capital assets	1 217	3 751	2 260	3 578	4 813	4 813	2 213	1 770	1 770
Buildings and other fixed structures									
Machinery and equipment	1 217	3 751	2 260	3 578	4 813	4 813	2 213	1 770	1 770
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	18 510	42 145	111 925	185 549	191 029	191 029	212 896	218 830	229 120

Expenditure trends

As the Department is labour intensive, its expenditure is dominated by employee compensation. The allocation for Sustainable Resource Management expenditure is 62.5 percent of the total budget in 2008/09 because this programme performs core business of the Department.

Between 2005/06 and 2007/08, expenditure increased significantly from R18.5 million to R111.9 million, an annual growth rate of 120 percent. This was mainly because the Gauteng Fund Office was shifted from the Department of Economic Development (DED) to GT in 2007/08, as well as the elevation of GT to the status of a fully-fledged department with effect from 2006/07.

In 2008/09, the main budget increased marginally by R5.5 million from R185.5 million to R191 million due to funds rolled over from 2007/08 to pay for the Provincial Assets Evaluation project that was completed at the end of the 2007/08 financial year. The purpose of the project was to evaluate all provincial assets with a value of R1 and R0 for all provincial departments, a directive from National Treasury.

Over the MTEF period, budget grows from R212.9 million to R229.1 million. This growth rate is lower than in previous years as no major changes are anticipated except for filling of the vacant posts.

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 delivers 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 with legislation;
- Provide internal and external communications services;
- Provide information technology services;
- Provide all other auxiliary services; and
- Manage and oversee the implementation of PPP 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		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. Management Services	2 884	2 534	4 086	2 544	3 727	3 727	5 697	6 038	6 323
2. Corporate Services		2 599	5 425	19 135	21 522	21 522	20 942	22 287	23 334
3. Office of the CFO			5 606	10 629	16 211	16 211	15 067	15 793	16 556
Total payments and estimates	2 884	5 133	15 117	32 308	41 460	41 460	41 706	44 118	46 213

TABLE 6: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: ADMINISTRATION

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Current payments	2 863	5 069	14 499	28 730	36 647	36 647	39 493	42 348	44 443
Compensation of employees	2 546	2 448	7 480	15 749	14 076	14 115	26 667	28 267	29 701
Goods and services	317	2 621	7 019	12 981	22 571	22 532	12 826	14 081	14 742
Interest and rent on land									
Financial transactions in assets and liabilities									

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Transfers and subsidies to:		2							
Provinces and municipalities		2							
Departmental agencies and accounts									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets	21	62	618	3 578	4 813	4 813	2 213	1 770	1 770
Buildings and other fixed structures									
Machinery and equipment	21	62	618	3 578	4 813	4 813	2 213	1 770	1 770
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	2 884	5 133	15 117	32 308	41 460	41 460	41 706	44 118	46 213

Expenditure trends

Due to the growth in the programme, between 2005/06 and 2007/08 expenditure grew at an average annual rate of 128.9 percent from R2.9 million to R15.1 million. In 2005/06, the programme consisted of one sub-programme (Management) but expanded in 2006/07 to include Corporate Services and the Office of the CFO in 2007/08.

Between 2007/08 and 2008/09, the main budget grew from R15.1 million to R32.3 million due to phasing in of the approved structure for Corporate Services and Office of the CFO as well the centralization of the departmental budget for capital assets. During the adjustment budget process, the programme's budget increased by R9.2 million from R32.3 million to R41.5 million to fund goods and services as well as capital assets required in the office of the CFO and Corporate Services. The costs were associated with additional office space acquired due to increase of personnel, procurement of assets and bank charges for GPG. From 2009/10 to 2011/12, there is steady increase of the budget to accommodate for inflationary adjustment on compensation of employees, goods and services and capital assets. An additional allocation has been provided for the implementation of a Monitoring and Evaluation component within the management services.

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;
- To develop and implement a comprehensive provincial revenue strategy;

- To provide advisory services to relevant stakeholders on fiscal policy matters and the medium term fiscal framework; and
- To provide provincial socio-economic research and analysis to inform resource allocation and utilisation.

Budget Management

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

Public Private Partnerships

- To facilitate, enhance and complement provincial revenue through private investment in infrastructure and service delivery;
- To evolve as a dynamic and sustainable centre of excellence for PPPs, providing technical assistance to public institutions through project feasibility, procurement and management;
- To improve the infrastructure and service delivery efficiency of the province; and
- To drive PPP deal flow by identifying project opportunities that yield value to all stakeholders.

Public Finance

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

Local Government Resources Management & IGR

- Ensure the implementation of the MFMA in all municipalities in Gauteng;
- Ensure compliance with the MFMA by municipalities and municipal entities;
- Monitoring the preparation of municipal budgets;
- Monitoring the monthly outcomes of those budgets;
- Provide municipal budgets and in-year reports and publications;
- Ensure municipal borrowings comply to legislative requirements; and
- Ensuring timeous financial management interventions at municipalities as and when required

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

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. Programme Support		1 228	2 122	1 649	2 827	2 827	2 048	2 153	2 254
2. Budget Management	1 085	5 026	5 546	10 360	8 245	9 387	9 621	10 278	10 761
3. Fiscal Policy	736	3 095	4 061	9 847	8 825	8 826	9 438	10 004	10 474
4. Public Finance	4 380	4 202	8 798	17 625	11 817	10 676	15 053	14 125	14 773
5. Public Private Partnership		1 696	3 528	3 279	3 934	3 933	4 976	5 274	5 522
6. Local Government Resource Management and Intergovernmental Relations	3 534	10 399	11 643	13 277	14 520	14 520	14 018	14 745	15 438
7. Gauteng Fund			40 000	60 000	60 000	59 999	80 000	80 000	83 760
Total payments and estimates	9 735	25 646	75 698	116 037	110 168	110 168	135 154	136 579	142 982

TABLE 8: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: SUSTAINABLE RESOURCE MANAGEMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Current payments	9 598	24 499	33 265	56 037	48 617	48 618	53 537	54 896	57 462
Compensation of employees	5 041	10 894	19 358	41 215	30 161	29 919	44 914	47 494	49 949
Goods and services	4 557	13 605	13 907	14 822	18 456	18 699	8 623	7 402	7 513
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies to:		42	41 500	60 000	61 551	61 550	81 617	81 683	85 520
Provinces and municipalities		6	1 500		1 551	1 551	1 617	1 683	1 760
Departmental agencies and accounts			40 000	60 000	60 000	59 999	80 000	80 000	83 760
Universities and technikons									
Non-profit institutions									
Households		36							
Payments for capital assets	137	1 105	933						
Machinery and equipment	137	1 105	933						
Land and subsoil assets									
Total economic classification	9 735	25 646	75 698	116 037	110 168	110 168	135 154	136 579	142 982

Expenditure trends

Between 2005/06 and 2007/08, expenditure for Sustainable Resource Management grew by 178.8 percent from R9.7 million to R75.7 million, driven largely by the allocation in 2007/08 of R40 million for the Gauteng Fund Project Office as well as an increase in the staff complement with the Public Finance unit employing more sector and infrastructure specialists.

In 2008/09, the Local Government Resource Management and Intergovernmental Relations (LGRM&IR) sub-programmes were absorbed into programme 2. This was a result of the re-alignment process that has resulted in the programme 3 functions being accommodated within similar functions in the remaining two core programmes. When it was under programme 3, LGRM&IR was known as Municipal Budgets. During adjustment budget process, the main budget was reduced from R116 million to R110 million as savings of R5,9 million were identified and utilized for funding goods and services and capital expenditure required in the Administration programme related to the additional office space acquired.

Over the MTEF, the budget is expected to grow at an average annual rate of 7 percent from R135.1 million to R142.9 million due to inflationary adjustments for employee compensation and for goods and services.

KEY OUTPUTS AND SERVICE DELIVERY MEASURES**Sustainable Resource Management****KEY OUTPUTS AND SERVICE DELIVERY MEASURES: SUSTAINABLE RESOURCE MANAGEMENT****Budget Management**

Measurable objective	Performance Measure/ Indicator	Estimate 2008/09	Estimated Annual Targets		
			2009/10	2010/11	2011/12
Availability of provincial budget database	Accurate provincial budget database established	Provincial budget database completed	Accurate provincial database established	Provincial budget database maintained	Provincial budget database maintained
Accurate and credible provincial monthly, quarterly and annual provincial reporting to National Treasury and Gauteng Legislature	Timeous submission of accurate and qualitative monthly, quarterly and annual provincial reports to National Treasury and Gauteng Legislature	Timeous submission of 4 PFMA S32 reports; 4 Quarterly Financial and Performance Reports; 12 In-Year Monitoring; main and adjustment budgets; Provincial Gazette in terms of. 2008 DoRA	Timeous submission of 4 PFMA S32 reports; 4 Quarterly Financial and Performance Reports; 12 In-Year Monitoring; main and adjustment budgets; Provincial Gazette in terms of 2008 DoRA	Timeous submission of 4 PFMA S32 reports; 4 Quarterly Financial and Performance Reports; 12 In-Year Monitoring; main and adjustment budgets; Provincial Gazette in terms of. 2008 DoRA	Timeous submission of 4 PFMA S32 reports; 4 Quarterly Financial and Performance Reports; 12 In-Year Monitoring; main and adjustment budgets; Provincial Gazette in terms of 2008 DoRA
Availability of accurate, credible and timeous budget data	Availability of accurate and credible data warehouse	Data warehouse developed and populated with relevant budget data	Data warehouse updated with relevant budget data	Data warehouse updated with relevant budget data	Data warehouse updated with relevant budget data
Tabling of main and adjustments budgets	Tabling of main and adjustments budgets that is informed by government priorities	Main budget in Feb 2008	Main budget in Feb/ March	Main budget in Feb/ March	Main budget in Feb/ March
		Adjustments budget in Nov 2008	Adjustments budget in Nov	Adjustments budget in Nov	Adjustments budget in Nov
Provision of information to Executive for provincial resource allocation decisions	Medium Term Expenditure Committee (MTEC) report produced to inform Executive decision making on resource allocation	1 consolidated MTEC report produced	1 consolidated MTEC report produced	1 consolidated MTEC report produced	1 consolidated MTEC report produced

Public Finance

Measurable objective	Performance Measure/ Indicator	Estimate 2008/09	Performance Targets		
			2009/10	2010/11	2011/12
Regular, credible reporting from Departments and from Gauteng Treasury to National Treasury	Regular, credible reporting from Departments and from Gauteng Treasury to National Treasury	Reports already produced	Timeous, qualitative and accurate legislated submissions (S32, non financial report, APP, IYM, IRM, infrastructure plan, conditional grants, Annual appropriation) from departments and to NT (monthly, quarterly and annual)	Timeous, qualitative and accurate legislated submissions (S32, non financial report, APP, IYM, IRM, infrastructure plan, conditional grants, Annual appropriation) from departments and to NT (monthly, quarterly and annual)	Timeous, qualitative and accurate legislated submissions (S32, non financial report ,APP, IYM, IRM, infrastructure plan, conditional grants, Annual appropriation) from departments and to NT (monthly, quarterly and annual)
Allocative efficiency and the credibility of annual budgets enhanced	Produce budget benchmark report	Produce the MTEC report to inform Executive decision making	Produce the MTEC report to inform Executive decision making	Produce the MTEC report to inform Executive decision making	Produce the MTEC report to inform Executive decision making
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
Streamlined and integrated planning process and financing between the spheres of government in Gauteng	Ensure effective functioning of relevant forums	Ensure effective functioning of relevant forums	Ensure effective functioning of relevant forums	Ensure effective functioning of relevant forums	Ensure effective functioning of relevant forums

Measurable objective	Performance Measure/ Indicator	Estimate 2008/09	Performance Targets		
			2009/10	2010/11	2011/12
Infrastructure plans produced	Sectoral expenditure reports completed for all sectors	Quarterly	Infrastructure plans produced and coordinated appropriately	Infrastructure plans produced and coordinated appropriately	Infrastructure plans produced and coordinated appropriately
Conditional grants implementation according to DORA provisions	Compliance with the provisions of conditional grant framework	Quarterly	Quarterly	Quarterly	Quarterly

Fiscal Policy and Economic Analysis

Measurable objective	Performance Measure/ Indicator	Estimate 2008/09	Performance Targets		
			2009/10	2010/11	2010/12
Optimize Own Revenue	Ongoing Research on new sources of revenue	1 new source of revenue identified	Continuously investigating new sources of revenue with the intention of implementation.	Continuously investigating new sources of revenue with intention of implementation.	Continuously investigating new sources of revenue with intention of implementation.
	Analyze trend on own revenue	4 Revenue reports produced	4 Revenue reports produced	4 Revenue reports produced	4 Revenue reports produced
	Customization of Revenue Forecasting model	Credible Revenue budget (10-15% variance)	Credible Revenue budget (5-10% variance)	Credible Revenue budget (5-10% variance)	Credible Revenue budget (5-10% variance)
Advise on Fiscal Policy and determine the Medium Term Fiscal Framework	Interact with revenue departments to review their tariffs	4 Revenue forums; 19% increase on own revenue	4 Revenue forums; 10% increase on own revenue	4 Revenue forums; 10% increase on own revenue	4 Revenue forums; 10% increase on own revenue
	Develop a consolidated Revenue strategy	Revenue strategy implemented	Review and Application	Review and Application	Review and Application
Provide an alignment of the policy direction of the province and	Review EXCO documents MTBPS Published	EXCO's presentation informs the MTBPS MTBPS published	EXCO's presentation informs the MTBPS MTBPS published	EXCO's presentation informs the MTBPS MTBPS published	EXCO's presentation informs the MTBPS MTBPS published
	Review departmental plans of action	Review departmental plans of action	Review departmental plans of action	Review departmental plans of action	Review departmental plans of action
	Presentation to the HOD/Budget Forum	Presentation to the HOD/Budget Forum	Presentation to the HOD/Budget Forum	Presentation to the HOD/Budget Forum	Presentation to the HOD/Budget Forum

Public Private Partnerships

Measurable objective	Performance Measure/ Indicator	Estimate 2008/09	Performance Targets		
			2009/10	2010/11	2010/12
Provide legal advice to all provincial and municipal PPP during planning and implementation phases	Time taken to respond to PPP project requests	Respond to requests within 5 working days	Respond to requests within 5 working days	Respond to requests within 5 working days	Respond to requests within 5 working days
Promote PPP projects in departments and municipalities to obtain value for money	Number of PPP projects coordinated	-Coordinate 6 projects (provincial & municipal); Minimum of 8 interventions	Coordinate 7 projects (provincial & municipal); Minimum of 10 interventions	-Coordinate 8 projects (provincial & municipal); Minimum of 10 interventions	-Coordinate 8 projects (provincial & municipal); Minimum of 12 interventions
Monitor and enforce compliance with Treasury Regulations	Number of projects monitored after registration	5 provincial projects & 1 municipal projects monitored	5 provincial projects & 2 municipal projects monitored	6 provincial projects & 2 municipal projects monitored	6 provincial projects & 2 municipal projects monitored
Capacitate departments and municipalities about PPP	Number of workshops/ training interventions	4 training sessions project inceptions/ workshops	4 training sessions/ project inceptions/ workshops	4 training sessions/ project inceptions/ workshops	4 training sessions/ project inceptions/ workshops

Local Govt Resource Management and Intergovernmental Relations

Measurable objective	Performance Measure/ Indicator	Estimate 2008/09	Performance Targets		
			2009/10	2010/11	2010/12
Ensure implementation of the Municipal Finance Management Act in all Gauteng municipalities.	Ensure Budget and Treasury Office(s) in Gauteng Municipalities Established and functional	Act 8 of 11 Municipalities, by year end	Act 9 of 11 Municipalities, by year end	Act 11 of 11 Municipalities, by year end	Act 11 of 11 Municipalities, by year end
	Assist and ensure the appointment of CFO's and Senior Financial Managers	Act 9 of 11 Municipalities	Act 11 of 11 Municipalities	Act 11 of 11 Municipalities	Act 11 of 11 Municipalities
	Ensure that Municipalities prepare MTEF (3 year) Budget in line with MFMA circular 28 & 42	All delegated Municipalities	All delegated Municipalities	All delegated Municipalities	All delegated Municipalities

PROGRAMME 3: FINANCIAL GOVERNANCE

The programme aims to ensure sound financial governance within Gauteng Province through implementation of best accounting practices, supply chain management, enterprise wide risk management, cash flow management and financial management systems.

Programme objectives

- To be a credible partner in Financial Management practices and systems;
- To provide leadership on accounting best practices within Gauteng;
- To ensure the implementation of enterprise wide risk management;
- To ensure sound cash management and implementation of financial management systems; and
- To enforce compliance with the PFMA and the MFMA.

Accounting Services*Financial Accounting – GPG Departments and entities*

- Consolidation of annual financial statements for all GPG departments and provincial entities;
- Provision of technical training and support to all GPG departments and provincial entities; Continuous liaison with National Treasury and the Auditor-General on behalf of GPG departments and provincial entities; and
- Establishments of forums to deal with cross cutting issues that affect all the GPG departments and entities.

Financial Accounting – Municipalities

- Provision of technical training and support to all municipalities within Gauteng ; Continuous liaison with National Treasury and the Auditor-General on behalf of municipalities within Gauteng Province; and
- Establishments of forums to deal with cross cutting issues that affect all the municipalities and attendance of all district municipalities' forums.

Fixed Assets and Supply Chain Management

- Enhance asset management systems and processes within Gauteng Province;
- Effectively implement supply chain management strategy in the province;
- Consolidate and table annual financial statement for departments and entities within the province;
- Compile the Provincial Revenue Funds Financial Statements on an annual basis;
- Analyse and assess Annual Financial Statements of departments, entities and municipalities within Gauteng Province; and
- Provide technical support and training on financial accounting issues to departments, entities and municipalities.

Assets and Liabilities Management

- Optimize liquidity requirements in GPG;
- To ensure sound cash flow management in GPG;
- Invest funds efficiently and optimally on behalf of the province; and
- Implementation and monitoring of sound financial management systems for GPG.

Risk Management

- To ensure implementation of enterprise wide risk management within the Province;
- To enforce compliance to the PFMA; and
- To ensure that Audit Committees and Internal Audit are effective and efficient.

TABLE 11: SUMMARY OF PAYMENTS AND ESTIMATES: FINANCIAL GOVERNANCE

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. Programme Support		5 083	1 978	1 865	2 579	2 579	1 777	1 896	1 985
2. Assets & Liabilities	1 086	2 390	2 828	5 555	5 802	5 802	11 528	12 299	12 877
3. Accounting Services	4 805	2 349	8 382	7 131	24 677	24 677	13 770	14 451	15 130
4. Risk Management			2 622	4 457	6 343	6 343	8 961	9 487	9 933
5. Provincial Financial Reforms (to be Risk Management)		1 544	2 453	8 525					
6. Municipal Financial Governance (to be Accounting Services)			2 847	9 671					
Total payments and estimates	5 891	11 366	21 110	37 204	39 401	39 401	36 036	38 133	39 925

TABLE 12: SUMMARY OF PAYMENTS AND ESTIMATES: FINANCIAL GOVERNANCE

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Current payments	4 796	8 776	20 401	37 204	39 401	39 401	36 036	38 133	39 925
Compensation of employees	2 852	5 334	10 251	27 147	18 503	18 499	27 030	28 592	29 936
Goods and services	1 944	3 442	10 150	10 057	20 898	20 902	9 006	9 541	9 989
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies to:	36	6							
Provinces and municipalities	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		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Households									
Payments for capital assets	1 059	2 584	709						
Buildings and other fixed structures									
Machinery and equipment	1 059	2 584	709						
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	5 891	11 366	21 110	37 204	39 401	39 401	36 036	38 133	39 925

Expenditure Trends

Expenditure increased by R15.2 million from 2005/06 to 2007/08. The most significant increase was in Accounting Services which increased by R6.4 million due to absorption of the t Municipal Financial Governance(MFG) budget and the increase in staff compliment. Risk management unit was introduced in 2007/08 to assist departments in the implementation of enterprise risk management in the province. The unit was moved with a budget of R2,6 million and also absorbed the additional budget of R2.4 million from Provincial Financial Reforms(PFR) as a result of structural changes.

The budget increased from R21.1 million in 2007/08 to an adjusted budget of R39.4 million in 2008/09. This growth is attributable to R18.2 million as a result of structural changes (MFG – R8.5 million and PFR- R9.7 million). A budget of R15 million was utilised for the implementation of Asset valuation project in which the Gauteng Provincial Departments were assisted with valuing all assets to a value of R1 and R0 in the asset register.

Between 2008/09 and 2009/10, the budget decreases by R3.4 million resulting from the completion of special projects which took place in 2008/09. Over the MTEF, the budget increases steadily by 7 percent to accommodate inflationary adjustment on compensation of employees as well as on goods and services item, The budget for machinery and equipment is centralised within Administration programme with effect from 2008/09 financial year.

KEY OUTPUTS AND SERVICE DELIVERY MEASURES

Financial Governance

Accounting Services

Measurable objective	Performance Measure/ Indicator	Estimate 2008/09	Performance Targets		
			2009/10	2010/11	2010/12
Table consolidated financial statements at the legislature with 6 months of the year end	Timeous submission of consolidated statements	October 2008	October 2010	October 2011	October 2012
Consolidated report on audit findings for departments, entities and municipalities.	Actions plans developed based on audit findings.	Action plans based on analysis of audit findings monitored for implementation by departments, entities and municipalities.	Action plans based on analysis of audit findings monitored for implementation by departments, entities and municipalities.	Action plans based on analysis of audit findings monitored for implementation by departments, entities and municipalities.	Action plans based on analysis of audit findings monitored for implementation by departments, entities and municipalities.

Assets and Liabilities Management

Measurable objective	Performance Measure / Indicator	Estimate 2008/2009	Performance Targets		
			2009/10	2010/11	2010/12
Establishing a daily maximum balance for the Provincial Revenue (PRF)	Daily balance in PRF not to exceed R100 million	Average daily minimum balance in the PRF of R189 million in the first quarter	R100 million maximum daily balance in the PRF	R100 million maximum daily balance in the PRF	R100 million maximum daily balance in the PRF
Maintain a properly diversified portfolio of investments	Not more than 30% of total investment portfolio to be held by one bank	Each bank held 30% of total investment portfolio	Not more than 30% of total investment portfolio to be held by one bank	Not more than 30% of total investment portfolio to be held by one bank	Not more than 30% of total investment portfolio to be held by one bank
Minimise the variance between funds transferred to departments and actual expenditure	Variance between funds transferred and actual expenditure not to exceed 5%	13 out of 14 departments complied with the 5% variance measure	All 14 departments to comply with the 5% variance measure	All 14 departments to comply with the 5% variance measure	All 14 departments to comply with the 5% variance measure
Monitor the variance between cash projections by provincial departments and actual expenditure	Measure the extent of under-spending or over-spending by provincial departments on a monthly and cumulative basis	All departments have under-spent on their annual voted funds as the year is still on-going	No under-spending or over-spending by all 14 departments	No under-spending or over-spending by all 14 departments	No under-spending or over-spending by all 14 departments
Skilled Information systems users in the province	Number of training workshops for GPG systems users	Ongoing	12 training workshops per annum	12 training workshops per annum	12 training workshops per annum
Compliance with National Treasury Regulations on systems implementation	Number of departments complying with National Treasury Regulations	Ongoing	All 14 departments complying	All 14 departments complying	All 14 departments complying

Risk Management

Measurable objective	Performance Measure / Indicator	Estimate 2008/09	Performance Targets		
			2009/10	2010/11	2010/12
To ensure the implementation of enterprise risk management within the Province that is aligned to the National Treasury Risk Management Framework.	Alignment of Provincial Risk Management to the National Risk Management Framework	Conduct a benchmarking exercise on the Risk Management strategy	Implemented best practices Risk Management tools and techniques to all provincial departments	Monitor, evaluate and enhance the implemented tools and techniques	Monitor, evaluate and enhance implemented tools and techniques
	Alignment of Provincial Risk Management to the National Risk Management Framework	Ensure alignment of Provincial Risk Management to the National Risk Management Framework	Ensure alignment of Provincial Risk Management to the National Risk Management Framework	Ensure alignment of Provincial Risk Management to the National Risk Management Framework	Ensure alignment of Provincial Risk Management to the National Risk Management Framework

Provincial Financial Reforms

Measurable objective	Performance measure/ indicator	Estimate 2008/09	Performance Targets		
			2009/10	2010/11	2010/12
Ensure that Provincial and Municipal internal audit and audit committees are used effectively and efficiently	Quarterly reports submitted on the evaluation of Provincial and Municipal Internal Audit, Audit Committees and Auditor General in compliance with the charter	Benchmarking on the operations of audit committees conducted	Quarterly report submitted on the evaluation of Provincial and Municipal Internal Audit, Audit Committees and Auditor General in compliance with charter	Quarterly report submitted on the evaluation of Provincial and Municipal Internal Audit, Audit Committees and Auditor General in compliance with charter	Quarterly report submitted on the evaluation of Provincial and Municipal Internal Audit, Audit Committees and Auditor General in compliance with charter

7. OTHER PROGRAMME INFORMATION

7.1 Personnel Information

TABLE 13: PERSONNEL NUMBERS AND COSTS: GAUTENG TREASURY

Personnel numbers	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	As at 31 March 2012
1. Administration	2	10	43	69	84	89	89
2. Sustainable Resource Management	19	36	72	102	117	122	122
3. Financial Governance	17	34	53	63	79	83	83
Total Departmental personnel numbers	38	80	168	234	280	294	294
Total provincial personnel cost (R thousand)	10 439	18 676	37 089	62 740	98 611	104 353	109 586
Unit cost (R thousand)	275	233	221	268	352	355	373

The Department is in the process of revising its organisational structure in line with the 2009 – 2014 Strategic Plan. Based on the strategic objectives and expanded mandate, particularly at municipal level, the staff complement will increase to 280 in the 2009/10 financial year to enable the Department to deliver on its mandate. This is subject to consultation with the Minister for Public Service and Administration.

The above table indicates that personnel numbers increased during 2008/09 - 2009/10 and remain the same over the remaining two years of the MTEF cycle. The cost also increased by the inflationary rate of 5.8 percent as per the guide.

It is anticipated that the personnel number will not increase significantly in the coming financial year. The 24 Contract Workers refers to the staff employed by the Gauteng Fund Project Office which is an interim arrangement until the Fund is established as a separate entity.

TABLE 14: SUMMARY OF DEPARTMENTAL PERSONNEL NUMBERS AND COSTS

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Total for department									
Personnel numbers (head count)	38	80	168	234	234	241	280	294	294
Personnel cost (R thousands)	10 439	18 676	37 089	84 111	62 740	62 533	98 611	104 353	109 586
Human resources component									
Personnel numbers (head count)		2	13	26	11	11	11	11	11
Personnel cost (R thousands)		314	2 941	1 618	1 618	1 618	1 699	1 699	1 699
Head count as % of total for department	0%	3%	8%	11%	5%	5%	4%	4%	4%
Personnel cost as % of total for department	0%	2%	8%	2%	3%	3%	2%	2%	2%

Budget Statement 2 - 2009/10 • Vote 14 - Gauteng Treasury

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2008/09		2009/10
Finance component									
Personnel numbers (head count)		4	16	16	24	24	24	24	24
Personnel cost (R thousands)		608	2 964	2 649	2 649	2 649	2 782	2 782	2 782
Head count as % of total for department	0%	5%	10%	7%	10%	10%	9%	8%	8%
Personnel cost as % of total for province	0%	3%	8%	3%	4%	4%	3%	3%	3%
Full time workers									
Personnel numbers (head count)	38	75	154	234	241	241	280	294	294
Personnel cost (R thousands)	10 439	30 949	59 201	84 111	62 740	63 908	98 611	104 353	109 586
Head count as % of total for department	100%	94%	92%	118%	100%	100%	84%	80%	80%
Personnel cost as % of total for department	100%	166%	160%	100%	100%	102%	100%	100%	100%
Part-time workers									
Personnel numbers (head count)									
Personnel cost (R thousands)									
Head count as % of total for department	0%	0%	0%	0%	0%	0%	0%	0%	0%
Personnel cost as % of total for department	0%	0%	0%	0%	0%	0%	0%	0%	0%
Contract workers									
Personnel numbers (head count)			5		3	24			
Personnel cost (R thousands)									
Head count as % of total for department	0%	0%	3%	0%	1%	10%	0%	0%	0%
Personnel cost as % of total for department	0%	0%	0%	0%	0%	0%	0%	0%	0%

7.2 Training

TABLE 15: PAYMENTS ON TRAINING: GAUTENG TREASURY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. Administration of which Subsistence and travel	64	78	185	230	230	230	241	241	241
Payments on tuition	64	78	185	230	230	230	241	241	241
2. Sustainable Resource Management of which Subsistence and travel	185	193	408	392	392	392	502	502	502
Payments on tuition	185	193	408	392	392	392	502	502	502
3. Financial Governance of which Subsistence and travel	272	303	223	273	273	273	287	287	287
Payments on tuition	272	303	223	273	273	273	287	287	287
Total payments on training	521	574	816	895	895	895	1 030	1 030	1 030

Human Resource Development interventions are informed by the Department's Annual Workplace Skills Plan as required by the Skills Development Act. The Department is finalising a technical competency framework that will be implemented in the 2009/10 financial year. All training and development interventions will be in line with the skills plan for a particular year.

Specific emphasis is being placed on capacity building in the field of management and leadership development through blended interventions which include training programmes, executive coaching programmes and workshops. Capacity building in technical competencies is informed by individuals' personal development plans which form part of the performance management and development system.

The Department has an approved bursary framework for internal employees and participation levels are quite high, thereby enhancing the Department's human capital.

TABLE 16: INFORMATION ON TRAINING: GAUTENG TREASURY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Number of staff	38	80	168	234	241	241	280	294	294
Number of personnel trained of which		49	93	154	138	138	164	179	179
Male		25	36	69	69	69	73	80	80
Female		24	57	85	69	69	91	99	99
Number of training opportunities of which		24	98	38	12	12	43	48	48

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Tertiary			53						
Workshops			45	6	6	6	7	8	8
Seminars				6	6	6	7	8	8
Other		24		26			29	32	32
Number of bursaries offered		23	43	31	43	43	52	52	52
Number of interns appointed		5	17	22	16	16	25	29	29
Number of learnerships appointed							5	6	6
Number of days spent on training				114	114	114	144	159	169

The number of officials to be trained during the MTEF cycle is illustrated in the above table taking into account the Departmental staff complement. The above table indicates number of bursaries, interns, learnerships appointed and estimated days to be spent on training which will depend on specific training requirements

8. CROSS CUTTING ISSUES

OUTCOMES AND OUTPUTS WHICH SPECIFICALLY TARGET WOMEN AND GIRLS

Outcome	Output	Gender Issue	Programme	Sub-Programme	Indicator	Budget R'000
Appropriately skilled, empowered and competent members of staff in Gauteng Treasury	External bursaries	Targeting all employees (focus on female employees)	Corporate Services	Human Resource Management & Auxiliary Services	% distribution of bursaries	360
	Recruitment strategy	Implementation of a recruitment strategy			Recruitment of female employees in line with set EE targets.	1,707
	Employment equity	Achieving representivity targets as set by EE plan			Attainment of targets as per EE plan	

The Gauteng government is committed to promoting employment equity at all levels of government service so that the benefits of these salary payments are equitably shared between women and men and that they participate in decision-making and service delivery at all levels.

OUTCOMES AND OUTPUT WHICH WILL BENEFIT WOMEN EMPLOYEE WITHIN GPG

Outcome	Output	Gender Issue	Programme	Sub-Programme	Indicator	Budget
Appropriately skills, empowered and competent members of staff in Gauteng Treasury	Internal bursaries	Targeting all employees (focus on female employees)	Corporate Services	Human Resource Management & Auxiliary Services	% distribution of bursaries	1 401
	Workplace Skills Plan	Equitable distribution of training and development opportunities to all employees in the Department			Plan in place (focusing on gender)	1 789
	Training interventions				Training reports according to gender.	
	Internship programme	Specifically targets women and people with disabilities			% women employed as interns	510
	Retention strategy	Implementation of retention strategy (including female employees)			Retention of employees (special reference to female employees)	
Gender sensitive and supporting working environment	Wellness programme	Awareness programme on gender and related issues			Policies and programmes in place	
		Implementation and management of policies, e.g. sexual harassment, HIV/Aids, Violence against Women				
		Commemorative days				
		Researching the possibility of establishing a child care programme			Research and findings/ implementation of child care programme	

NUMBER OF WOMEN EMPLOYED AT DIFFERENT LEVELS IN GAUTENG TREASURY

Level	Total	Women	Black TOTAL	Black women	% of Personnel
Head of Department	1	1	1	1	100
Deputy Director General	2	1	2	1	50
Chief Director	10	3	6	2	30
Director	23	12	22	11	52
Deputy Director	59	28	56	26	47
Assistant Director	48	30	45	30	63
Sub-total management	143	75	132	71	52
Non-management	57	38	54	35	67
Total Number of persons	200	113	186	106	57

9. RECONCILIATION OF STRUCTURAL CHANGES

TABLE 17: RECONCILIATION OF STRUCTURAL CHANGES: GAUTENG TREASURY

Programmes for 2008/09			Programmes for 2009/10		
	2008/09 Equivalent			2009/10 Equivalent	
	Programme	Subprogramme		Programme	Subprogramme
Sustainable Resource Management	2	Programme Support Budget Management Fiscal Policy and Economic Analysis Public Finance Public Private Partnership Gauteng Fund	Sustainable Resource Management	2	Programme Support Budget Management Fiscal Policy and Economic Analysis Public Finance Public Private Partnership Local Government Resource Management and Intergovernmental Relations Gauteng Fund
Financial Management Reforms	3	Programme Support Provincial Financial Reforms Municipal Budgets Municipal Financial Governance			
Financial Governance	4	Programme Support Assets and Liabilities Accounting Services Risk management	Financial Governance	4	Programme Support Assets and Liabilities Accounting services-Municipal Financial Accounting and Auditing Risk Management-Provincial Financial Reforms

GLOSSARY

The numeric data contained in this budget statement 2 has been classified in terms of government finance statistics (gfs).

Receipts

Tax receipts: is defined as compulsory, unrequited revenue collected by government units. This mainly consists of taxes, for example, casino tax, motor vehicle licences and gambling; wherein the other party is required by statutory provision to pay taxes in certain circumstances and under certain conditions.

Sales of goods and other than capital assets: this category consists of sales by government units provided that the government has produced the goods or services; this item has the following components, discussed below.

- Sale by market establishments: this includes instances where government units sell goods or services at market related prices.
- Administrative fees: this item consists of revenue collected for sales of regulatory or administrative services. Examples are court and passport fees, drivers' and pilots' license fees, firearm license fees, and radio and television license fees.
- Other sales of goods and services: this item includes revenue from the sale of other goods and services produced or partially produced by a government unit. This includes rental of buildings and machinery, as well as hospital, university, park and museum fees, as well as seeds and livestock produced by the government.
- Sales of scrap, waste, arms and other used goods other than capital assets: this category includes sales of all used goods that are not considered capital assets, for example used military equipment and scrap material.

Fines, penalties and forfeits: this item consists of compulsory payments imposed by a court or quasi-judicial body. Out-of-court settlements are also included in this category.

Interest, dividends and rent on land: this item has three components:

- Interest: this item consists of the revenue associated with ownership of interest-bearing financial instruments, such as bank deposits, loans extended to others, bills and bonds.
- Dividends: this item consists of the revenue associated with ownership of the capital or part of the capital of a productive unit, for example a state-owned enterprise. Dividends come in the form of revenue from shares and distribution of profits to the owner. Gains/losses associated with valuation changes should not be included in this amount reported here.
- Rent on land: this item consists of the revenue due to ownership of land. If it is not possible to distinguish the revenue due to ownership of land from that due to the fixed structures erected thereupon, the whole amount should be recorded under sales of goods and services produced by departments. This item also includes all revenue due to ownership of sub-soil assets and other naturally occurring assets such as virgin forests, game and fisheries that are commercially exploitable.

Transfers received: this item consists of all unrequited receipts from other parties except fines, penalties, forfeits and compensation for damage. Stated differently, when a department does not pay anything in return for the transfer from the other party (except in connection with fines, penalties, forfeits and compensation for damage), an entry should be made under one of the various transfer categories.

Both current and capital transfers are included in this item. Examples of current transfers are voluntary donations, transfers from other government bodies and grants from foreign governments and international organisations. Examples of capital transfers are cash receipts, which a department is required to use toward the acquisition of a capital asset or transferral of ownership rights of capital assets in favour of the department. Departments are requested to distinguish between the following transfer categories:

- Transfers from other governmental units (but excluding educational institutions);

- Transfers from universities and technikons;
- Transfers from foreign governments;
- Transfers from international organisations;
- Transfers from public corporations and private enterprises;
- Transfers from households and non-profit institutions.

Sales of capital assets: this item has two components:

- Land and subsoil assets: land excludes fixed structures erected thereupon. If it is not possible to separate the land from the structures that are erected thereupon, the combined value of the sale should be recorded under buildings or other structures as the case may be. The category, subsoil assets, consists of all assets found subsoil, for example proven reserves of oil, minerals and ores.
- Other capital assets: this item consists of goods that can be used continuously or repeatedly in production for at least one year. Examples are buildings, bridges, roads, machinery, vehicles, software and cultivated assets, such as breeding cattle, dairy cattle, fur- or wool-producing animals as well as trees and shrubs used for production of fruit and nuts.

It deserves notice that sales of goods, such as small tools, worth less than r5,000 are not included under sales of capital assets. These sales should be classified under sales of used goods other than capital assets.

Financial transactions in assets and liabilities: it is necessary to provide for receipts associated with transactions in financial assets and liabilities. This item mainly consists of transactions that reduce a debtor's outstanding account. Examples are repayments of loans and advances to public corporations and to employees, as well as the creation of a liability such as stale cheques.

Payments

(1) Current payments

Compensation of employees: government departments are requested to distinguish between two components: A) salaries and wages which are payable regularly, weekly or monthly or at other intervals; and b) social contributions which includes the government's contribution (but not the employees contribution) to social insurance schemes paid on behalf of employees, example, unemployment insurance funds and pension funds.

Goods and services: this item includes payments for all goods and services, except payments for capital assets and items classified as capitalised expenditure. Goods to be included under this category are all goods that cannot be used continuously or repeatedly in production for a year. Examples would be petrol, coal, small tools, etc. Except if they are to be used within a capital project in which case they should be classified as under the relevant asset category under capital payments (as part of capitalised expenditure). Examples of services are hotels, restaurants, transport, communication, banking, insurance, business services and training, as well as rental of buildings, equipment and vehicles, again except if the service is to be used within a capital project, in which case it should be classified as fixed assets (as part of capitalised expenditure). Payments for rent of land is not included in this category unless it is impossible to distinguish between the rent of land and rental of the fixed structures erected thereupon, in which case rent of land is included in goods and services. If it is possible to make this distinction, rent of land and rent of other naturally occurring assets should be recorded under interest and rent of land.

Interest and rent on land: this item has two components:

- Interest: this item includes the total value of interest payments associated with debts for example interest on borrowing or overdraft facilities.
- Rent on land: this item includes the total value of payments due to use of land owned by another party, including other government units. If possible, payments associated with the use of land should be distinguished from payments due to use of buildings or other fixed structures which are classified under goods and services.

Financial transactions in assets and liabilities: it is necessary to provide for payments associated with transactions in financial assets and liabilities. This item mainly consists of transactions that create or increase a debtor's outstanding account. Examples are lending to public corporations and to employees.

(2) Transfers and subsidies

This item includes unrequited payments made by a government unit. Stated differently, when a department does not receive anything in return for the transfer to the other party, an entry should be made under one of the various transfer categories. Both current and capital transfers are included in this item; the main reason for including both categories is that in practice it is often difficult to differentiate between these two categories. Examples of current transfers are social security benefits paid to households, fines, penalties, compulsory fees and compensation for injuries or damages. Examples of capital transfers are debt forgiveness (to public and private entities) as well as payments to enterprises (publicly and privately owned) or entities.

Departments are requested to distinguish between the following transfer categories:

- Transfers to provinces and municipalities;
- Transfers to departmental agencies and accounts;
- Transfers to universities and technikons;
- Transfers to public corporations and private enterprises;
- Transfers to foreign governments and international organisations;
- Transfers to non-profit institutions;
- Transfers to households.

All these transfer categories are self-explanatory with the exception of transfers to public corporations and private enterprises. Transfers to public corporations and private enterprises consist of all transfers whose purpose is not to subsidise production. Because virtually all transfers to public corporations and private enterprises are intended to subsidise production, this category will be very small.

Social benefits are included in current transfers to households. These are the transfers made to households to protect them against events that may adversely affect their social welfare, for example payments for medical and maternity care, home care, pensions and unemployment compensation. Transfers to households included under other transfers to households are capital transfers, for example housing transfers.

(3) Payments for capital payments

This category consists of purchases of, on the one hand, capital assets that can be used repeatedly or continuously in the production process for at least one year, and, on the other, land and subsoil assets. Capital assets should be separated into the following categories:

Buildings and other fixed structures:

- Buildings: these assets can be used continuously or repeatedly in production for at least one year.
- Other fixed structures: this asset category consists of all fixed structures other than buildings. It includes roads, bridges and dams. These assets can be used continuously or repeatedly in production for at least one year.

Machinery and equipment:

- Transport equipment: this asset category includes vehicles, ships, aircraft and any other asset that can be used for transportation of goods or persons. These assets can be used continuously or repeatedly in production for at least one year.
- Other machinery and equipment: this asset category includes machinery, engines, motors, generators and computer hardware. These assets can be used continuously or repeatedly in production for at least one year.

Cultivated assets: cultivated assets are animals and plants that are used repeatedly or continuously for more than one year to produce other goods or services. Examples of animals to be included in this category are dairy cattle, draft animals, fur- or wool-producing animals, breeding stocks, game and animals used for transportation and entertainment. Examples of plants are trees, vines and shrubs cultivated for production of fruits, nuts, sap, resin, bark and leaf products.

Software and other intangible assets: this asset category includes computer software, artistic originals and mineral exploration, as well as any other intangible asset that can be used continuously or repeatedly in production for at least one year. Research and development, staff training and market research does not constitute capital assets, and payments on such items should be classified under goods and services.

Land and sub-soil assets: this asset category includes all non-produced, non-financial assets, namely land and sub-soil assets.

- Land consists of purchases of land, but excludes structures erected thereupon. It also excludes improvements

to land or the cost of ownership transfer of land. Improvements to land and the cost of ownership transfer of land are recorded under buildings or other fixed structures, as the case may be. Furthermore, if it is not possible to separate the value of the land from the structures that are erected thereupon, the combined value of the acquisition should be recorded under buildings or other fixed structures.

- Sub-soil assets consists of sub-soil assets, such as proven reserves of oil, minerals and ores.

Payments on capital assets that can be used continuously or repeatedly in production for at least one year (i.E. All the above asset categories except land and sub-soil assets) represents the sum of:

- Purchases of new assets;
- The cost of major improvements/extensions to these assets;
- The cost of improvements to land (classified as buildings or other fixed structures as the case may be);
- The cost of ownership transfers of land, buildings and other structures (classified as buildings or other structures as the case may be).

Capitalised compensation

Payments on capital assets also includes capitalised expenditure, i.E. Expenditure on compensation of employees and goods and services if such payments can be directly associated with a capital project, i.E. A project executed by the department to construct, improve or extend a capital asset. However, payments on maintenance and repair of assets should not be capitalised.

Capitalised expenditure should be classified under the relevant asset category, for example, buildings, other structures, transport equipment or software and other intangible assets as the case may be.