

GAUTENG PROVINCIAL GOVERNMENT

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**PROVINCIAL APPROPRIATION  
BILL, 2010**

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*(As introduced in the Gauteng Legislature as a section 120 Bill)  
(The English Text is the official text of the Bill)*

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(MEC FOR FINANCE)

[B – 2010]



# B I L L

To provide for the appropriation of money from the Provincial Revenue Fund for the requirements of the Province in the 2010/11 financial year; and to provide for subordinate matters incidental thereto.

## PREAMBLE

**WHEREAS** section 226(2) of the Constitution provides that money may be withdrawn from the Provincial Revenue Fund only in terms of an appropriation by a provincial Act;

**AND WHEREAS** section 26 of the Public Finance Management Act, 1999 (Act 1 of 1999) provides that the Provincial Legislature must appropriate money for each financial year for the requirements of the Province;

**BE IT ENACTED** by the Provincial Legislature of the Gauteng Province, as follows:—

### Definitions

1. In this Act, unless the context indicates otherwise, any word or expression to which a meaning has been assigned in the Public Finance Management Act has the meaning assigned to it in that Act and —

**"Act"** includes the Schedule and its annexures;



**"conditional grants"** means allocations to provinces, local government or municipalities from the national government's share of revenue raised nationally, provided for in section 214(1)(c) of the Constitution;

**"current payments"** means any payments made by a provincial department in respect of the operational requirements of that department, and includes, amongst others, payments for the compensation of employees, goods and services, interest, rental of immovable property and financial transactions relating to assets and liabilities, but exclude transfers and subsidies, payments for capital assets and payments made under section 73 of the Public Finance Management Act;

**"transfers and subsidies"** means any payments made by a provincial department to another organ of state or any other person in respect of which the national department does not receive anything of similar value directly in return, and includes the payment of conditional grants;

**"payments for capital assets"** means any payments made by a provincial department –

(a) for assets that can be used continuously or repeatedly in production for more than one year, and from which future economic benefits or service potential is expected to flow directly to the provincial department making the payment;

and



(b) that must be classified as or deemed to be payments for capital assets in accordance with the "Reference Guide to the new Economic Format" (November 2003, Version 2) and the "Asset Management Framework" (April 2004, Version 3.3), issued by the National Treasury under section 76 of the Public Finance Management Act; and

**"Public Finance Management Act"** means the Public Finance Management Act, 1999 (Act No. 1 of 1999).

### **Appropriation of money for the requirements of the Province**

2(1) Appropriation by the Provincial Legislature of money from the Provincial Revenue Fund for the requirements of the Province in the 2010/11 financial year, to votes and main divisions within a vote, and for the specific listed purposes, is set out in the Schedule and Annexure A, B and C.

(2) Subject to section 3, spending of appropriations is subject to the Public Finance Management Act.

### **Appropriation listed as specifically and exclusively**

3. Despite the provisions of any law, appropriations to a vote or main divisions within a vote that are listed as specifically and exclusively may only be utilised for the purpose indicated and may not be used for any other purpose, unless an Act of the Provincial Legislature amends or changes the purpose for which it was allocated.

### **Short title**

4. This Act is called the Provincial Appropriation Act, 2010.



SCHEDULE							
(As a charge to the Provincial Revenue Fund)							
VOTE AND PROGRAMME DESCRIPTION	Details of appropriated amount						
	Main Appropriation	Current	Transfers and Subsidies	Capital	Specified transfer payments	Amounts specifically and exclusively appropriated	Total
	R'000	R'000		R'000	R'000	R'000	R'000
<b>1 Office of the Premier</b>	<b>300 336</b>						
<p><b>Vision:</b> To be an executive political nerve centre of strategic planning for co-operative governance, economic growth and social development in Gauteng.</p> <p><b>1 Administration</b></p> <p>The programme is responsible for the overall strategic management of the province and supporting the Premier, Executive Council and the Director General in fulfilling their statutory and political responsibilities. Administration is comprised of the Premier's Support office, Office for Executive Council Support, Office of the Director General, Financial Management and Security and Risk Management.</p>		70 564					70 564
<p><b>2 Institutional Development</b></p> <p>This programme is comprised of Strategic Human Resources, Legal Services and Government Communication and Information Services. These services promote effective government communication with high levels of public participation, awareness and access to government information and positive perceptions of government; provides Human Resource Management and Auxiliary Services support to the OoP and strategic support on Human Resources Management to the GPO and provides strategic Legal support to the Premier and the Executive Council to ensure that the OoP excels in fulfilling its mandate.</p>		70 992		6 423			77 415
<p><b>3 Policy and Governance</b></p> <p>To support the Premier and Executive Council through: Centralised Strategic Planning through Gauteng Planning Commission; Monitoring and evaluation of government performance; Renewal of the cabinet system; Developing strategic partnerships; Development of intergovernmental relations; Developing international relations; and coordination of programmes for targeted and vulnerable groups including women, youth, Persons with disabilities (PwDs) and military veterans.</p>		42 677	9 680				52 357
<b>TOTAL</b>		<b>184 233</b>	<b>9 680</b>	<b>6 423</b>			<b>200 336</b>
<b>2 Gauteng Provincial Legislature</b>	<b>294 408</b>						
<p><b>Vision:</b> We, The Gauteng Legislative community, in performing our constitutional obligations to make laws, exercise oversight and encourage public participation, will always: 1. Reflect the values, aspirations and cultures of the South African people; 2. Be accessible, transparent and accountable in our work; 3. Enhance Government's ability to deliver services; and 4. Provide a transformative and developmental Legislature for the Province.</p> <p><b>1 Leadership and Governance</b></p> <p>To provide leadership and direction to the Legislature Services Board (LSB), Strategic management of committees to ensure political outcomes and ensuring that institutional obligations are executed.</p>		20 809		41			20 849
<p><b>2 Office of the Secretary</b></p> <p>To provide administrative leadership and direction to the Gauteng Provincial Legislature, secretariat support to the Board and strategic management of committees to ensure political outcomes and ensuring that institutional obligations are executed.</p>		11 873					11 873
<p><b>3 Corporate Services</b></p> <p>This programme is responsible for providing administering: 1. facilities for Members as determined by the Legislative Services Board (LSB) and ministerial handbook, as well as facilitating work for Members of the Legislature by rewarding them in terms of the Remuneration of Public Office Bearers Act; 2. Providing efficient and effective human resource management and development and general administration to the Gauteng Provincial Legislature; and 3. Providing technological support services for the Legislature and its work; provide efficiently co-ordinated document related services, security services and building management within the Gauteng Provincial Legislature.</p>		88 220	44 680	22 255			155 155
<p><b>4 Core Business</b></p> <p>To provide effective and efficient management and administration of committees, enhance the level of procedural expertise and advice, ensure qualitative participation in the National Council of Provinces (NCOP) processes and efficient legal support to both the Corporate and Legislative processes within the GPL, Hansard and Language services, and public participation and petition services.</p>		86 710		231			86 941
<p><b>5 Office of the CFO</b></p> <p>To provide financial management support to the institution as a whole by ensuring that funds are available to support the execution of the institutions strategic plan.</p>		19 590					19 590
<b>TOTAL</b>		<b>227 201</b>	<b>44 680</b>	<b>22 527</b>			<b>294 408</b>

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VOTE AND PROGRAMME DESCRIPTION	Main Appropriation	Details of appropriated amount					Total
		Current	Transfers and Subsidies	Capital	Specified transfer payments	Amounts specifically and exclusively appropriated	
<b>3 Economic Development</b> Vision: To be the centre of development activities in the Gauteng Global City Region and beyond, ensuring a conducive environment for the achievement of shared and sustainable growth.	1 084 655						
<b>1 Administration</b> To provide leadership, strategic management in accordance with legislation, regulations, and policies and ensures appropriate support services to all other programmes.		106 259		570			106 829
<b>2 Integrated Economic Development Services</b> To sustain economic development through shared partnerships and develop, maintain, analyse and implement a provincial GIS system to inform planning and monitoring.  <i>of which</i> Transfers to Departmental Agencies and Accounts Gauteng Economic Propeller		32 736	216 026	260		128 559	249 022
<b>3 Trade and Sector Development</b> To stimulate economic growth through industry development, trade and investment promotion. And is also responsible for the translation of economic policies into implementable strategies.  <i>of which</i> Transfers to Departmental Agencies and Accounts Gauteng Economic Development Agency Gauteng Tourism Agency Gauteng Film Office Cradle of Humankind Dinokeng Transfers to Public corporations/Private enterprises Blue IQ		2 916	646 356	116		65 836 64 151 16 070 72 954 71 598	649 386
<b>4 Business Regulation and Governance</b> To ensure an equitable, socially responsible business environment that allows for predictability.		54 934		1 284		355 747	56 218
<b>5 Economic Planning</b> It is responsible for the development of provincial economic policies and strategies to achieve and measure sustainable economic development.		22 925		275			23 200
<b>TOTAL</b>		<b>219 770</b>	<b>862 382</b>	<b>2 504</b>	<b>650 363</b>	<b>144 652</b>	<b>1 084 655</b>

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VOTE AND PROGRAMME DESCRIPTION	Main Appropriation	Details of appropriated amount				Amounts specifically and exclusively appropriated	Total
		Current	Transfers and Subsidies	Capital	Specified transfer payments		
<b>4 Health and Social Development</b>	<b>22 237 371</b>						
<p>Vision: To be the best provider of quality health and social services to the people in Gauteng.</p> <p><b>1 Administration</b></p> <p>The purpose of this programme is to provide political and strategic direction and leadership, to guide and support the development of policy frameworks and guidelines for the implementation of priority programmes, to develop policies and legislation on health care provision and to ensure that norms and standards are followed in the course of implementation.</p> <p><b>2 District Health Services</b></p> <p>The purpose of the programme is to render comprehensive primary health care services, district hospital services, comprehensive HIV and AIDS care and nutrition. It includes the delivery of priority health programmes.</p> <p>of which</p> <p>National conditional grants HIV/AIDS grant Forensic Pathology Services Transfers to Municipalities Transfers to Non-profit Institutions</p> <p><b>3 Emergency Medical Services</b></p> <p>To render rapid, effective and efficient emergency medical services and non emergency services in accordance with provincial norms and standards.</p> <p>of which</p> <p>Transfers to Municipalities</p> <p><b>4 Provincial Hospital Services</b></p> <p>To render general and specialised hospital services provided by general specialists through the regional hospitals, tuberculosis, psychiatric/mental, dental training and other specialized sub-programmes.</p> <p>of which</p> <p>Transfers to Non-Profit Institutions</p> <p><b>5 Central Hospital Services</b></p> <p>To provide a highly specialised health care service, a platform for the training of health workers, a place of research, and to serve as specialist referral centres for regional hospitals and neighbouring provinces.</p> <p>of which</p> <p>National conditional grants National Tertiary Services Health Professions Training and Development</p> <p><b>6 Health Sciences and Training</b></p> <p>To provide education, training and development for all health personnel in Health Sciences, Social Services and development.</p> <p>of which</p> <p>Transfers to Universities and technicians</p> <p><b>7 Health Care Support Services</b></p> <p>The purpose of this programme is to render non-clinical services, including laundry, food services and medical supplies, to support hospitals and clinics in an effective and efficient manner. The achievements of this programme focus on implementation of supply chain management, including the Broad Based Black Economic Empowerment (BBBEE) strategy, in support of the six strategic goals of the department.</p> <p><b>8 Health Facilities Management</b></p> <p>To plan, provide and equip new facilities/assets, and to upgrade, rehabilitate and maintain hospitals and clinics.</p> <p>of which</p> <p>National conditional grants Hospital Revitalisation Provincial Infrastructure EPWP incentive grant for the social sector</p> <p><b>9 Social Welfare Services</b></p> <p>Provide integrated developmental social welfare services to the poor and vulnerable in partnership with stakeholders and civil society.</p> <p>of which</p> <p>National conditional grants EPWP incentive grant for the social sector Transfers to Non-Profit Institutions</p> <p><b>10 Development and Research</b></p> <p>Provide sustainable development programmes, which facilitate empowerment of communities based on empirical research and demographic information.</p> <p>of which</p> <p>Transfers to Non-Profit Institutions</p>	732 735	8 500	43 780			785 015	
		5 236 162	572 896	64 669			5 873 727
						1 277 683	
						92 421	
					203 100		
					357 296		
		338 669	285 700	15 000			649 369
					295 700		
		4 271 342	190 310	103 000			4 564 652
					184 800		
		5 475 505	6 600	167 658			5 649 763
						2 561 154	
						651 701	
		619 485	29 000	9 000			657 484
					835		
		147 894	250	1 500			149 644
		747 661		1 299 816			2 047 477
						798 609	
						113 618	
						1 530	
		585 318	983 633	114 000			1 682 951
						3 570	
					975 302		
		128 080	49 199				177 279
					47 600		
<b>TOTAL</b>		<b>18 282 852</b>	<b>2 136 097</b>	<b>1 818 423</b>	<b>2 064 633</b>	<b>5 500 286</b>	<b>22 237 371</b>

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			Current	Transfers and Subsidies	Capital	Specified transfer payments		Amounts specifically and exclusively appropriated
5	<p><b>Education</b></p> <p>Vision: To ensure that every learner in Gauteng does well at school and leaves our institutions with the knowledge, skills and qualifications that will give them the best chance of success in adult life.</p> <p>22 485 539</p>							
	<p>1 Administration</p> <p>To provide overall management of the education system in accordance with the National Education Policy Act, the Public Finance Management Act, and other policies.</p>		1 299 124	2 190	20 000		1 321 314	
	<p>2 Public Ordinary School Education</p> <p>To provide public ordinary education from Grades 1 to 12, in accordance with the South African Schools Act, of which</p> <p>National conditional grants HRV/AIDS Provincial Infrastructure Transfers to Non-Profit Institutions</p>		15 166 014	964 131	1 023 964		17 154 109	
	<p>3 Independent School Subsidies</p> <p>To support independent schools in accordance with the provisions of the South African Schools Act, 1996 of which</p> <p>Transfers to Non-Profit Institutions</p>		1 000	349 600		923 059	350 600	
	<p>4 Public Special School Education</p> <p>To provide compulsory public education in special schools in accordance with the South African Schools Act, 1996 and White Paper 6 on Inclusive education, of which</p> <p>Transfers to Non-Profit Institutions</p>		852 417	314 366	28 918	349 600	1 196 701	
	<p>5 Further Education and Training</p> <p>To provide Further Education and Training (FET) at public FET colleges in accordance with the Further Education and Training Act, of which</p> <p>National conditional grants Further Education and Training College Sector Recapitalisation Transfers to Non-Profit Institutions</p>		667 745	252 000		250 000	919 745	
	<p>6 Adult Basic Education and Training</p> <p>To provide Adult Basic Education and Training (ABET) in accordance with the Adult Basic Education Act.</p>		335 812				335 812	
	<p>7 Early Childhood Development</p> <p>To provide Early Childhood Education (ECD) at Grade R and earlier levels in accordance with White Paper 5, of which</p> <p>Transfers from National conditional grants National School Nutrition</p>		492 391		65 150		557 541	
	<p>8 Auxiliary and Associated Services</p> <p>To provide the education institutions as a whole with training and support, of which</p> <p>Transfers to Non-Profit Institutions</p>		568 411	81 306		21 306	649 717	
	<b>TOTAL</b>		<b>19 382 914</b>	<b>1 963 593</b>	<b>1 139 032</b>	<b>1 854 899</b>	<b>1 670 207</b>	<b>22 485 539</b>
6	<p><b>Local Government and Housing</b></p> <p>Vision: an accountable department which builds integrated, sustainable communities that enjoy a good quality of life through promoting participatory governance.</p> <p>4 511 575</p>							
	<p>1 Administration</p> <p>The Administration programme renders corporate support to the department. The programme enables the business units of the department to perform efficiently by providing HR support, financial management support, strategic planning support, ITC and facilities' support. The main aim of the programme is to ensure effective leadership, management and administrative support to the core business divisions through continuous refinement of organizational strategy and structure in compliance with appropriate legislation and best practice, of which</p> <p>Integrated Housing and Human Settlement Development Grant</p>		265 291	18 019	5 400		288 710	
	<p>2 Human Settlements</p> <p>This programme undertakes key functions for the department viz. Policy, research, municipal support and registration of institutions. Attached to this programme are the other transversal functions that include Quality Assurance, Housing Support and Strategic Planning, of which</p> <p>Integrated Housing and Human Settlement Development Grant</p>		140 393	3 914 861			4 055 254	
	<p>3 Cooperative Governance</p> <p>Coordinate and facilitate integrated development and planning in municipalities to ensure that a variety of services are delivered in an integrated and Sustainable manner. The program also supports and monitors municipalities in the province and ensure that communities have access to basic services and government services.</p>		159 467	20	5 010		164 497	
	<p>4 Traditional Institutional Development</p> <p>To promote and facilitate viable and sustainable traditional institutions and to support and enhance the capacity of traditional authorities, of which</p> <p>Integrated Housing and Human Settlement Development Grant</p>		3 114				3 114	
	<b>TOTAL</b>		<b>568 265</b>	<b>3 932 900</b>	<b>10 410</b>		<b>71 000</b>	<b>4 511 575</b>





VOTE AND PROGRAMME DESCRIPTION	Main Appropriation	Details of appropriated amount					Total
		Current	Transfers and Subsidies	Capital	Specified transfer payments	Amounts specifically and exclusively appropriated	
<b>7 Roads and Transport</b> Vision: Socio-economic growth, development, and an enhanced quality of life for all people in Gauteng.	<b>6 178 849</b>						
1 Administration To provide the overall management and administrative support function for the Office of the MEC and for the Department.		221 632					221 632
2 Roads Infrastructure To plan, design, construct, innovate and maintain the provincial road network, the provincial public transport network, and public transport infrastructure. of which National conditional grants Provincial infrastructure		1 475 707		57 008		462 164	1 592 715
3 Public and Freight Transport To promote, regulate, and develop an integrated public transport system, incorporating transformation of the bus and taxi industries, and the integration of Gautrain into the public transport network and commuter rail system. of which National conditional grants Public Transport Operations grant		1 893 142		3 000		1 496 442	1 896 142
4 Gautrain Rapid Rail Link To plan, design and construct the Rapid Rail Link and ensure efficient management and implementation of the Gautrain. of which National conditional grants Gautrain Transfers to Departmental Agencies and Accounts Gautrain			2 528 360			438 360	2 528 360
<b>TOTAL</b>		<b>3 590 481</b>	<b>2 528 360</b>	<b>60 008</b>		<b>4 925 326</b>	<b>6 178 849</b>
<b>8 Community Safety</b> Vision: To realize Gauteng as a safe and secure province.	<b>369 940</b>						
1 Management and Administration The programme provides administrative and management support to the Office of the MEC and the HOD. It also covers all financial, supply chain, legal, fraud, risk, auxiliary support and human resource management activities for the department. These functions are assigned to the Chief Financial Officer (CFO) and the Chief Directorate for Corporate Support.		50 993	418	1 081			52 502
2 Promotion of Safety The aim of this Programme is to promote safety in the province through the provision of education and awareness programmes on road safety and crime prevention. The programme also coordinates social crime prevention initiatives in the province, with programmes to prevent violence against women and children, and enhance victim empowerment.		41 650		100			41 750
3 Civilian Oversight The purpose of the programme is to facilitate the delivery of improved police services through monitoring and evaluating the functioning of the province's Law Enforcement Agencies (LEAs) and promoting good relations between the police and the communities. The programme consists of three sub-programmes, namely, Monitoring of Police Service Delivery, Service Evaluation and Research, and Community Police Relations. of which Transfers to Public corporations and private enterprises		46 017	800	600		800	47 417
4 Traffic Management The aim of this Programme is to provide traffic law enforcement services at a provincial level.		222 896	500	4 915			228 271
<b>TOTAL</b>		<b>361 516</b>	<b>1 718</b>	<b>6 706</b>	<b>800</b>		<b>369 940</b>

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VOTE AND PROGRAMME DESCRIPTION	Main Appropriation	Details of appropriated amount					Amounts specifically and exclusively appropriated	Total
		Current	Transfers and Subsidies	Capital	Specified transfer payments			
<b>9 Agriculture and Rural Development</b> Vision: To be leaders in natural resource management.	444 373							
<b>1 Administration</b> To provide leadership, management, efficient and effective financial management, human resource management and development, facilities management services, professional legal services and enforcement services, communication and awareness as well as knowledge and project management services to the department.		126 142		9 112				135 254
<b>2 Agriculture</b> To provide an integrated provincial agricultural and veterinary management system to optimise the contribution of sustainable agriculture to the economy towards quality of life for all. To provide for the equitable development of all communities in the Gauteng Province with the aim of enhancing food security, economic growth and creation of decent work through agricultural development.		156 472	14 600					173 072
<i>of which</i> Transfers to Municipalities Transfers to Public Corporations and Departmental Agencies Transfers to Universities and Technikons National conditional grants Land Care: Poverty Relief and Infrastructure Development Ilima/letsame Projects grant Comprehensive Farmer Support Programme					2 600 9 954 2 046		3 815 10 000 42 187	
<b>3 Conservation</b> To promote the sustainable utilisation and the conservation of biological diversity and natural processes, for the development of all communities.		39 947		11 039				50 986
<b>4 Environment</b> To ensure sound environmental management and the protection of biodiversity as part of the creation of a safe and healthy living environment. To coordinate environmental management in the provinces and engages the stakeholders with regards to the different environmental sectors.		84 061	1 000					85 061
<i>of which</i> Transfers to Municipalities <b>TOTAL</b>		408 622	15 600	20 151	15 600		56 002	444 373
<b>10 Sport, Arts, Culture and Recreation</b> Vision: A vibrant home of champions where sport, recreation, arts and culture promote nation building, social cohesion, economic growth and create sustainable livelihoods through ensuring skilled, active and healthy communities.	337 928							
<b>1 Administration</b> Provide professional internal and programme-specific corporate support services to the department and to develop coherent annual themes and communication strategies that link the five national days (Human Rights, Freedom, Youth, National Women's and Heritage days), to major themes of government as a whole.		68 720	250	370				69 340
<i>of which</i> Transfers to Households					250			
<b>2 Cultural Affairs</b> The Cultural Affairs programme is responsible for the identification, development, support and promotion of arts and culture, and facilitating the identification, promotion, preservation and protection of heritage resources towards government's socio-economic objectives.		34 148	11 500	100				45 748
<i>of which</i> Transfers to Local Government Transfers to Non Profit Institutions					11 500			
<b>3 Library and Information Services</b> To provide the strategic, operational and legislative framework for the effective and efficient functioning of library, information and archival services in the province. The archival services function aim to ensure that systems, knowledge and skills are in place for sound records management and repository of documentation to facilitate seamless access to information.		7 819	57 929	100				65 848
<i>of which</i> National conditional grants Library Services grant Transfers to Municipalities					54 203		51 619	
<b>4 Sport and Recreation</b> To: 1. Promote, support and facilitate sport development and to contribute to nation building, economic growth, job creation and promoting sustainable livelihoods for sportmen and women; 2. Focus on enhancing and expanding the promotion of sport development and talent identification; 3. Promote Integrated mass participation by communities; 4. Position Gauteng as the preferred venue for competitive sporting events.		147 482	8 500	1 010				156 992
<i>of which</i> National conditional grants Mass Sport and Recreation Participation Programme grant Transfers to Universities and Technikons Transfers to Non Profit Institutions					1 000 7 500		67 664	
<b>TOTAL</b>		258 169	78 179	1 580	74 453		119 283	337 928

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<b>11 Finance</b> <b>Vision:</b> To be an activist, developmental and interventionist department; providing strategic and operational support to the Province, towards the achievement of Inclusive	1 486 433						
<b>1 Administration (Corporate Support)</b> To provide well-functioning and co-ordinated programmes and activities to ensure that the department deliver on its role and mandate.		259 844		12 091			271 935
<b>2 Sustainable Resource Management</b> The programme aims to optimise resources allocation, utilisation and revenue in order to maximise the net social benefit to Gauteng citizens. of which National conditional grants Provincial infrastructure		56 364	2 000			4 734	58 364
<b>3 Financial Governance</b> 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; and to ensure that the financial systems of GPG are efficient to enable GPG to perform its operations effectively.		45 133					45 133
<b>4 Gauteng Audit Services</b> To provide a full range of internal audit services, to all departments.		52 456		407			52 863
<b>5 Human Resources Services</b> To provide specialised and efficient HR Solutions to the GPG departments		67 923		725			68 648
<b>6 Procurement services</b> To provide Procurement related services to GPG customers.		75 470		844			76 314
<b>7 Finance Services</b> Providing finance services to GPG, providing an enabling environment for doing business with government, facilitating on-time payment, specifically with regards to BBEE companies & SMME's.		65 011		253			65 264
<b>8 Technology Support Services</b> Technology Support Services (TSS) is the Information and Communications Technology (ICT) shared services provider for GPG, responsible for all transversal or cross departmental ICT Infrastructure. Gauteng Online		778 336		29 576		400 000	807 912
<b>9 Gauteng Fund Agency</b> To institutionalise an alternative funding model for Gauteng Provincial Government, including the development of strategies to attract private sector funding into Infrastructure projects of government.			50 000				50 000
<b>TOTAL</b>		1 400 537	52 000	43 896		404 734	1 486 433
<b>12 Infrastructure Development</b> <b>Vision:</b> To be a leading infrastructure provider and facilitator that positions Gauteng as a globally competitive city region with sustainable and growing economy.	1 215 239						
<b>1 Administration</b> To conduct the overall management and administrative support function to the Office of the MEC and department.		126 796					126 796
<b>2 Public Works</b> To provide accommodation outside of the CBD precinct area for all provincial departments, manage the provincial property portfolio for the optimum benefit of all concerned and to construct, maintain, render professional and technical services to departments in respect of buildings and related infrastructure. of which Transfers to Departmental Agencies and Accounts GPG Precinct National conditional grants Devolution of Property Rate Funds		330 865	548 578		243 756	258 381	879 443
<b>3 Community Based Programmes</b> Facilitate the implementation of multi-sectoral projects across the province whereby particularly youth, women and people with disabilities are provided with relevant training and productive employment opportunities such that skills and enterprises are developed and sustained, infrastructure is developed and maintained, and local economies enhanced.		209 000				191 381	209 000
<b>TOTAL</b>		666 661	548 578		243 756	449 762	1 215 239
<b>TOTAL FOR THE PROVINCE</b>	60 856 646	45 366 987	12 264 087	3 125 236	4 884 494	17 112 983	60 856 646

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**SCHEDULE ON HEALTH: PROGRAMME 5**  
(As a charge to the Provincial Revenue Fund)

Vote	Description	Vote and main divisions	Forward estimates	
			2010/11	2011/12
		R'000	R'000	R'000
4	<b>Health</b> <b>Programme 5: Central Hospital Services</b>  <i>Aim: To provide a highly specialised health care service, a platform for the training of health workers, research and serve as specialist referral centres for regional hospitals and neighbouring provinces.</i>  <i>of which</i>			
	<b>a. Compensation of employees</b>	<b>3 565 661</b>	<b>3 812 832</b>	<b>4 032 564</b>
	<b>b. Transfers to Hospitals</b>	<b>6 600</b>	<b>6 900</b>	<b>7 245</b>
	<b>c. Current payments (type, e.g. medicine costs)</b>	<b>1 100 101</b>	<b>1 100 101</b>	<b>1 100 101</b>
	<b>d. Payments for capital assets</b>	<b>167 658</b>	<b>136 682</b>	<b>153 773</b>

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**SCHEDULE ON TRANSFERS**  
(As a charge to the Provincial Revenue Fund)

Description	Vote and main divisions	Forward estimates	
	2010/11	2011/12	2012/13
	R'000	R'000	R'000
<b>Transfers to Municipalities:</b>			
<b>Department of Health</b>			
City of Johannesburg	166 240	175 510	184 286
City of Tshwane	72 960	77 020	82 972
Ekurhuleni	195 300	206 190	216 500
Sedibeng	33 970	35 860	37 653
West Rand	30 330	32 030	33 632
<b>Department of Sport, Art, Culture and Recreation</b>			
City of Johannesburg	8 120	12 158	12 158
City of Tshwane	6 020	6 500	6 500
Ekurhuleni	6 179	5 557	5 557
Mogale City	4 279	4 209	4 209
<b>Transfers to Public Entities:</b>			
<b>Department of Economic Development</b>			
Gauteng Development Economic Agency	65 836	52 234	54 846
Gauteng Tourism Agency	64 151	51 987	55 043
Gauteng Film Office	16 070	15 007	15 603
Gauteng Enterprise Propeller	128 559	131 963	138 561
Blue IQ	355 747	175 748	194 333

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# EXPLANATORY MEMORANDUM

## ESTIMATES OF REVENUE AND EXPENDITURE FOR THE 2010 MTEF

### 1. PURPOSE OF THE BILL

The purpose of this memorandum is to explain the Gauteng budget appropriations for the financial years 2010/11 to 2012/13.

### 2. SUMMARY

This memorandum provides an overview of the final provincial key strategic focus areas and how the planned services delivery will be achieved from a fiscal policy perspective. It further depicts a blueprint of the key provincial outcomes of the planning and budgeting process followed in ensuring that the government's programmes of action is given effect to. This memorandum also highlights key service delivery projects and programmes aligned with the provincial priorities and the relative available resources within which the province should achieve its planned service delivery targets that complements the Gauteng Medium-Term Strategic Framework (MTSF).

It further highlights the extent of the reprioritisation of projects, programmes and cost-containment measures that the departments have implemented in order to realise efficiency savings. This process was aimed at ensuring that available resources and economies of scale are maximised towards optimal realisation of the outputs and outcomes emanating from the province's programme of action for the 2009-2014 period.

The 2010 MTEF budget appropriation includes the amounts that are already in the departmental baselines, which have been reprioritised mainly to fund key programmes and projects in line with both national and provincial priorities. The appropriation of resources comprises of equitable share, conditional grants and funding from provincial own revenue. For the 2010 MTEF, there is no additional discretionary allocation received by the province from national. Although Gauteng is now the most populous province in the country, the provincial equitable



share has been adjusted downwards, mainly due to the global economic meltdown that has had a significant impact on South Africa and Gauteng and revenue collection that is slowing down both at national and provincial levels. The province only received additional funding earmarked for specific purposes, such as the reincorporation of Merafong into Gauteng, Occupation Specific Dispensation (OSD) for educators, nurses, doctors and therapists.

In total, the transfers from national for the 2010/11 financial year amount to R58.902 billion. The details in terms of areas of critical investment on key projects and programmes will be discussed in the sections below with more focus on the planned service delivery outcomes instead of projects and or programmes.

### 3. DISCUSSION

The 2010 Medium Term Expenditure Framework is underpinned by the reallocation of funds to provincial priorities to be implemented in the 2009-2014 period. The funding mechanism for the 2010 MTEF mainly took into account the outcomes-based resource allocation. The outcomes-based resource allocation requires funding to be made on predetermined targets in line with key priorities as adopted by the EXCO, following the reconfiguration of Gauteng Provincial Departments and reaffirmed provincial mandate. Departments were requested to review and reprioritise their existing baseline appropriations by cutting the frills over the medium term. In approving the framework and to increase the policy scope for responding to the current economic situation, spending reductions amounting to R718m over the next three years were effected. These reductions should be effected in **non core areas of the departments**.

Due to the prevailing limited fiscal space, the province is not in a position to opt for expansionary fiscal policy implementation, however, it is critical that more should be done with less and optimal benefits and economies of scale should be derived from the available financial resources. This section provides an overview of high impact, high visibility projects and programmes for the 2010 MTEF in line with each of the provincial priority areas, and the manner in which the province intends to fund them.





## **OUTCOME 1: DECENT WORK AND BUILDING A GROWING INCLUSIVE ECONOMY**

Gauteng is the economic engine of South Africa, it contributes more than two third to the national output. This presents both an opportunity and a challenge, as it is currently, Gauteng has become the most populous province despite being the smallest province in the country. If the country is to make a dent in reducing unemployment, poverty alleviation and reducing the levels of inequality, more is expected from this province. The Provincial government has embarked on a number of initiatives to ensure that we build an inclusive economy that is able to create decent work for the people of Gauteng. The year 2009 saw the country entering into recession for the first time in seventeen years; however there are signs of recovery that are beginning to emerge.

In responding to this phenomenon, the Provincial Government has identified key service delivery outcomes that should determine the extent which the government is impacting on the lives of the citizens. The following outcomes are central in achieving the key priority of creating decent work and growing an inclusive economy;

- Average income and reduced poverty levels,
- High rates of labour absorption and employment,
- Socio-economic equality, and
- Economic diversification.

From a macro-economic perspective, relevant provincial departments are required to ensure a stable pro-employment environment through prudent fiscal policy; harness the public sector for increased employment and competitiveness. The Department of Economic Development should develop Gauteng's industrial strategy to promote creation of decent work, diversification, SMME promotion and an inclusive economy.

For improved and quality public service delivery, the province will build a skilled and capable workforce to support an inclusive growth path. Activities that should be implemented to realise this outcome are:

- Promote knowledge-based economy;
- Strengthen rural economic development programmes and the Green economy;



- Enhance tourism activities during 2010 and beyond; and strengthen social economy through cooperatives, mutual societies, scoping and incentives.

As part of the projects and programmes that will fast track realisation of this outcomes, the following projects will have direct impact;

- Maize Triangle Strategy: Entails development of Emfuleni Agriculture hub, Midvaal Agriculture hub and Lesedi Agriculture hub.
- The Clean and Green Strategy project: This strategy includes the environment clean-up campaigns, conversion of illegal dumping sites into recreational parks and tree planting in identified areas to ensure that the green-form of nature is restored, this will further contribute to minimising the impact of global warming.
- Review of the Gauteng Development Strategy (GDS).
- Construction, upgrading/ tarring and maintenance of the provincial roads infrastructure. In addition, the provision of the *Gauride* transport services to the stadia during the 2010 FIFA World Cup.
- The 2010 FIFA World Cup and Gauteng Gateway 2010 campaign.

Provincial departments responsible for the delivery of socio-economic infrastructure shall drive the process of ensuring that the provincial infrastructure network responds to the socio-economic gaps in the province. Infrastructure delivery should account for the current demand and ensure that future demand is catered for.

In terms of delivery of an adequate responsive infrastructure network, the following are the key outputs that should be achieved:

- Roads, rail, aviation, ICT, and basic services.
- Integrated planning, design and costing of infrastructure.
- Project execution (on time and within budget).
- Tracking and benchmarking performance.
- Use of labour intensive methods.



## **STRATEGIC PRIORITY 2: Promoting quality education and skills development**

In order to improve the socio-economic profile and performance of the province, it is fundamental that consideration be made regarding the provision of quality education. The grade 12 performance for the 2009 academic year was 71.6 per cent, compared to a 76 per cent in the 2008 schooling year. This kind of performance calls for more focus on the provision of quality education through increased public outlay in learner-teacher support material and school support. An amount of R1.1 billion has been made available for improved education management, district support services and ensuring that educators and learners are at school on time.

Key outcomes that will indicate that the province is achieving its targets on quality basic education are:

- fundamental shift in the management of education;
- balanced short and long-term interventions; and
- more focus on performance management and accountability.

These outcomes will not be attained in isolation, but through the following key outputs:

- quality teaching and learning;
- improved literacy and numeracy at schools;
- better Grade 12 examination performance; and
- quality early childhood development.

The Department of Education is central and should implement the following activities in line with realising the key outputs identified:-

- implement an outcomes-focused planning and accountability system.
- develop a basic education plan and minimum levels of resourcing.
- ensure minimum threshold of school functionality.
- review of the institutional mechanism, i.e. reorganisation of head office to support schools, districts and improving relationship between schools and districts.
- development of teacher capacity, commitment and practice.
- support schools for improvement in performance and accountability.



- improve learner retention and achieve universal access to ECD programmes.
- conduct the external assessment of learners in Grade 3; 6 and 9; implement Mathematics and Science strategy, and provide learners with workbooks and DVDs.

### **OUTCOME 3: A LONG AND HEALTHY LIFE FOR ALL**

In order to promote a healthy life for all in the province, there is need to improve access to health care and performance of the public health system. Accordingly, the Department of Health has a set of key outputs that are critical in realising the desired outcome, these outputs are:

- Reduced mortality rate;
- Reduced impact of HIV and AIDS;
- Reduced TB case load; and
- Improved effectiveness of the health system.

The aim is to develop a long and healthy life for all Gauteng citizens, through eliminating disparities in access to healthcare, particularly for the poor and most vulnerable, and improving its quality. The Department of Health and Social Development will implement programmes in line with the 10-point plan 2009-2014 aimed at promoting healthy lifestyles and also step up the fight against HIV and AIDS, TB and other diseases as well as ensuring the effectiveness of the health system.

Critical to realising these objectives, the Department of Health and Social Development is required to:

- effectively coordinate the roll-out of the ARV.
- reduce the prevalence and incidents of the HIV and AIDS by 50 per cent.
- prevent mother to child transmission of HIV.
- integrate services related to HIV and TB from a one delivery point.
- increase the circumcision services.
- reduce the child mortality rate by 50 per cent in 5 years.
- reduce the maternal mortality rate by 50 per cent in 5 years.
- improve TB outcomes by reducing incidents by 8 per cent year-on-year.
- expand the roll-out of UN DOTS programme for TB.
- improve the effectiveness of the health systems by providing adequate infrastructure.

The health sector has been facing consistent budget pressures over the year. In order to intervene in addressing budgetary constraints facing the sector, the Department of Finance has



allocated an amount of R100 million in the 2010/11 to cater for baseline adjustments for purchasing goods and services.

#### **OUTCOME 4: RURAL DEVELOPMENT AND FOOD SECURITY**

The province has committed itself to building vibrant rural communities and food security. Through sustainable land reform and the acquisition and redistribution of the strategically land, the Department of Housing and Local Government should ensure that rural and peri-urban settlements are developed.

The Department of Agriculture and Rural Development is required to:

- recapitalise and develop farms that are in distress,
- develop community, institutional and schools gardens,
- establish Agri-Parks, and
- develop rural infrastructure, nature conservation, disaster mitigation and management.

The following are some of the identified projects that provide linkages with the attainment of these objectives:

- Establishment of the Food banks throughout the province. This entails the distribution of food parcels to Home Community Based-Centres' (HCBC) beneficiaries.
- The intensification and implementation of the community and households food production programme, targeting establishment of 36 000 household food gardens and over 900 community and school-based food production units by 2014.
- The Letsema/ lilima project has been allocated funding for the *"Back to the land and work the land" project.*
- Establish and manage the Land Care Forum; Junior Land Care School projects; Junior Land Care Youth Camps. This will be implemented as part of the Gauteng Clean and Green campaign.
- Develop the Greenhouse Gas inventory, which is aimed at managing the climate change effects. A strategy to ensure that the environment is sustained will be completed in 2010/11 and implementation will commence in 2011/ 12 financial year.



## **STRATEGIC PRIORITY 5: Intensifying the fight against crime and corruption**

Gauteng will continue to intensify its fight against crime to ensure that all people in the province are and feel safe. Secondly, the fight against corruption within the public sector shall also be vigorously enhanced.

The Department of Community Safety shall ensure a safe place through:

- intensifying programmes aimed at managing the societal perception on crime,
- integration of ICT systems and combat cyber crime,
- improve forensic services through ICT utilisation,
- improve services delivery through coordinated and proportionate resourcing, capacity building and planning across cluster departments,
- establish effective community safety forums and street committees,

The Department of community Safety shall further implement the following projects in the continued fight against crime:

- the Aggravated Robbery Strategy,
- rural Safety and the Patroller Programme,
- Hlayiseka School Safety Project (in partnership with the Department of Education), and
- construction of new Driver Licence Testing Centres (DLTCs).

## **STRATEGIC PRIORITY 6: Building cohesive and sustainable communities**

Building cohesive and sustainable communities involves various provincial departments and external stakeholders. The Department of Local Government and Housing 's outcomes-based key programmes include the following:

- In terms of human settlements, the department shall deliver accelerated housing opportunities through upgrading informal settlements, housing accreditation for Metros and certain municipalities, and support for backyard rental.



- To improve access to basic services, there should be fast tracked bulk infrastructure planning and funding, municipal support to infrastructure planning aligned with human settlement plans.
- The province should support the development of a responsive, accountable, effective and efficient local government system in line with the 10 point plan for local government.

Various provincial departments will also contribute in building cohesive and sustainable communities through their programmes, i.e.:

- Bana Pele: School Uniform Provisioning,
- Masupatsela Pioneer Programme,
- War Room on poverty,
- "Getting to know your province" project,
- Learn to Swim programme,
- The 20 PTP project, and
- Ikhaya Lethemba project.

#### **STRATEGIC PRIORITY 7: Strengthening the developmental state and good governance**

The province has established the Gauteng Planning Commission in line with the National Planning Commission in order to improve the capacity of the state and to ensure integrated planning in the province. The Commission will furthermore harmonise the provincial planning process by ensuring that all provincial state organs' plans give effect to the optimisation and attainment of the province-wide 2009-2014 service delivery targets.

The Premier Advisory unit has been established to provide advice to the Premier. The establishment of the GPG-Wide Monitoring and Evaluation Framework should be concluded to ensure effective service delivery and improved governance. There generic province-wide monitoring and reporting tool will be developed to ensure that there is uniform reporting within the province and that the report will provide information requirements for all key stakeholders for decision and policy making.



As part of our efforts to enhance financial management and stabilize provincial finances, the province will develop a comprehensive turnaround strategy to generate alternative sources of funding and stabilize provincial finances. Measures have been put in place to ensure that available limited resources are allocated to key strategic areas that will yield positive results.

#### 4. PROVINCIAL FISCAL ENVELOPE

Table 1 below depicts the provincial resource envelope. A summary of the total receipts or revenue envelope reflects the total revenue of R61.7 billion, R66.7 billion and R70.0 billion for the financial years 2010/11, 2011/12 and 2012/13 respectively.

TABLE 1: PROVINCIAL REVENUE ENVELOPE

<i>R Thousand</i>	2010/11	2011/12	2012/13
Equitable Share	45,134,335	48,791,833	51,459,021
Conditional Grants	13,728,634	14,816,533	15,354,778
<b>TOTAL TRANSFERS FROM NATIONAL</b>	<b>58,862,969</b>	<b>63,608,366</b>	<b>66,813,799</b>
Own Revenue	2,801,234	3,061,030	3,187,558
Less: Direct Charges Office Bearers	-55,485	-59,924	-64,718
<b>TOTAL REVENUE</b>	<b>61,608,718</b>	<b>66,609,472</b>	<b>69,936,639</b>

The total provincial revenue consists of transfers from national and provincial own revenue. National transfers are made of equitable share and conditional grants. Equitable share accounts for 73 per cent while conditional grants accounts for 23 per cent of the total transfer from national. Equitable share grow from R45.1 billion in 2010/11 financial year to R51.4 billion in 2012/13 financial year. This shows a projected average growth of 6.78 per cent over the MTEF, while conditional grants grow by an average of 5.76 per cent over the MTEF.

Provincially raised revenue will grow from R2.8 billion in 2010/11 to R3.2 billion in the 2012/13 financial year. Provincial own revenue is projected to accumulate to R9.1 billion over the MTEF. The major contributors to provincial own revenue is the Department of Economic Development; Department of Health and Social Development; Department of Roads and Transport and Department of Finance.





#### 4.1 Conditional grants

The total conditional grant allocated to the GPG for the 2010/11 financial year amounts to R13.729 billion. A gradual increase is projected over the 2010 MTEF mainly due to the increase in the allocation of comprehensive HIV/AIDS grant, infrastructure grant and Gautrain. Of importance to note is that the unallocated amount of R39.2 million in 2010/11 is an incentive grant that will be transferred and recorded in the books of the province based on the set achievement of EPWP targets.

The table below shows the conditional grant allocations for Gauteng over the next MTEF. In the table, there are three new conditional grants that have been introduced for the coming MTEF whilst some have been revised to create new baselines.

TABLE 2: CONDITIONAL GRANTS

Department/Grant	2010/11	2011/12	2012/13
	R Thousand		
<b>AGRICULTURE</b>	<b>56,002</b>	<b>68,009</b>	<b>71,409</b>
Comprehensive Agricultural Support Programme Grant	42,187	43,965	46,163
Ilima/Letsema Projects Grant	10,000	20,000	21,000
Land Care Programme Grant: Poverty Relief and Infrastructure Development	3,815	4,044	4,246
<b>EDUCATION</b>	<b>1,316,190</b>	<b>1,511,144</b>	<b>1,599,366</b>
Further Education and Training College Sector Recapitalisation Grant	883,160	928,310	974,354
HIV and Aids (Life Skills Education) Grant	26,202	28,175	29,217
National School Nutrition Programme Grant	388,884	509,798	548,691
Technical Secondary Schools Recapitalisation Grant	17,944	44,861	47,104
<b>HEALTH</b>	<b>5,383,098</b>	<b>5,904,573</b>	<b>6,423,010</b>
Comprehensive HIV and Aids Grant	1,277,683	1,609,901	1,922,644
Forensic Pathology Services Grant	92,421	97,966	102,864
Health Professions Training and Development Grant	651,701	690,803	725,310
Hospital Revitalisation Grant	798,609	805,967	837,259
National Tertiary Services Grant	2,561,154	2,699,936	2,834,933
Expanded Public Works Programme Grant for the Social Sector	1,530		
<b>SOCIAL DEVELOPMENT</b>	<b>3,570</b>		
Expanded Public Works Programme Grant for the Social Sector	3,570		
<b>HUMAN SETTLEMENTS</b>	<b>3,771,831</b>	<b>4,322,945</b>	<b>4,068,497</b>
Integrated Housing and Human Settlement Development Grant	3,771,831	4,322,945	4,068,497
<b>NATIONAL TREASURY</b>	<b>952,477</b>	<b>1,097,646</b>	<b>1,211,032</b>
Infrastructure Grant to Provinces	952,477	1,097,646	1,211,032
<b>SPORT, ARTS, CULTURE and RECREATION</b>	<b>119,283</b>	<b>126,440</b>	<b>132,762</b>
Mass Sport and Recreation Participation Programme Grant	67,664	71,724	75,310



Community Library Services Grant	51,619	54,716	57,452
<b>TRANSPORT</b>	<b>2,126,183</b>	<b>1,785,776</b>	<b>1,848,702</b>
Gautrain Rapid Rail Link Grant	438,360	5,300	
Devolution of Property Rate Funds Grant	191,381	202,864	213,007
Public Transport Operations Grant	1,496,442	1,577,612	1,635,695
<b>TOTAL ALLOCATED CONDITIONAL GRANT REVENUE</b>	<b>13,728,634</b>	<b>14,816,533</b>	<b>15,354,778</b>
Unallocated: EPWP for infrastructure sector	39,154		
<b>TOTAL CONDITIONAL GRANTS: GPG</b>	<b>13,767,788</b>	<b>14,816,533</b>	<b>15,354,778</b>

#### 4.1.1 New conditional grants introduced

Three new conditional grants were introduced in the 2010 MTEF, namely the

- Technical Secondary Schools Recapitalisation Grant,
- Further Education and Training College Sector Grant, and
- Expanded Public Works Programme Grant for the Social Sector.

Amounts of R17.9 million in 2010/11, R44.9 million in 2011/12 and R47.1 million in 2012/13 are allocated to the **Technical Secondary Schools Recapitalisation Grant** to improve conditions of technical schools and modernise them to meet teaching requirements.

Total amounts of R883.2 million in 2010/11, R928.3 million in 2011/12 and R974.4 million in 2012/13 are allocated to the **Further Education and Training College Sector Grant** to commence planning for the eventual shift of the FET Colleges function to the newly established Department of Higher Education and Training.

An amount of R5.1 million is allocated in 2010/11 to the **Expanded Public Works Programme Grant for the Social Sector**. This is not an incentive grant but a wage subsidy to be used to subsidise non-profit organisations working in Home Community Based Care programmes for the Department of Health and Social Development to ensure volunteers that currently do not receive a stipend get a minimum form of remuneration. An incentive model will be developed during 2010/11 and allocations during 2011/12 and 2012/13 are contingent on the progress made in this regard.



#### 4.1.2 Changes to conditional grants baselines

The allocation for the Infrastructure Grant to Provinces is revised upwards to enable the province to scale up and accelerate the construction, maintenance, upgrading and rehabilitation of new and existing infrastructure. The recipients of this grant are Health and Social Development, Education, Roads and Transport, and Department of Finance. The latter receives a portion of the grant for the purposes of capacitating the infrastructure unit to manage and monitor the implementation of capital projects in line with the IDIP Model. The planning and implementation of projects within this allocation should strive to apply labour intensive methods in order to maximise job creation and skills development and to enhance the capacity to deliver on high-value capital projects, i.e. schools, hospitals and clinics, and roads.

The **Comprehensive HIV and AIDS grant** has been adjusted upwards in line with the President's call to improve and expand the provinces' response to the scourge of HIV and AIDS. This funding will assist the department to ensure that the province implements the newly revised National Strategic Plan on HIV and AIDS, which seeks to increase the distribution of antiretrovirals, treatment and care facilities.

The **Gautrain project** received additional funding mainly to cater for CPIX and foreign exchange adjustments. This funding is made available due to the high exchange costs as a result of the global recession.

In the agricultural sector, the baseline allocations for the **Comprehensive Agricultural Support Programme grant** has been increased only for the 2010/11 fiscal year in order to cater for the procurement of the decision support system (Extension Suite Online) for the implementation for the Extension Recovery Plan.



## 4.2 Provincial own revenue

TABLE 3: PROVINCIAL OWN REVENUE

R'000	2010/11	2011/12	2012/13
	Medium-term estimates		
Education	23,501	24,389	25,408
Health and Social Development	448,097	489,514	535,049
Office of the Premier	100	104	110
Economic Development	614,124	650,010	688,043
Housing and Local Government	3,996	3,995	4,194
Roads and Transport	1,634,135	1,764,942	1,764,942
Community Safety	10,762	11,712	12,681
Agriculture and Rural Development	1,275	1,348	1,374
Sport, Arts, Culture And Recreation	326	330	335
Finance	50,629	100,664	140,699
Infrastructure Development	14,289	14,022	14,723
<b>Total departmental own source receipts</b>	<b>2,801,234</b>	<b>3,061,030</b>	<b>3,187,558</b>
<b>Percentage share of revenue per department</b>			
Roads and Transport	58.3%	57.6%	55.4%
Economic Development	21.9%	21.2%	21.6%
Health and Social Development	16.0%	16.0%	16.7%
Finance	1.8%	3.2%	4.4%
Education	0.8%	0.8%	0.8%
Infrastructure Development	0.5%	0.4%	0.5%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Table 3 above shows a summary of the revenue generated by the province. The projected revenue to be raised in 2010/11 financial year amounts R2.8 billion, and will grow to R3.2 billion in 2012/13 financial year. The total estimated revenue to be collected by the province is increasing at a declining rate due to the downward revision of revenue to be generated by the Department of Finance. The department derives revenue from interest and dividends generated from surplus funds which are not immediately needed by departments for spending. Unauthorised and accelerated overspending of the previous financial year has had a huge impact on the ability of this department to optimize on revenue collection since the provincial surplus has been depleted and funds available for investment are limited.

The bottom section of the table reflects contribution by various departments. The first three departments contribute approximately 95% to the Provincial Revenue Fund. Concerted efforts



have been made by departments to maximize own revenue. These include the review of tariffs, renewal of motor vehicle licences at 75 post offices, and appointment of Alexander Forbes to collect patient fees from the Road Accident Fund.

#### 4.5 Provincial Net position

TABLE 4: NET POSITION

NET POSITION			
	2010/11	2011/12	2012/13
Equitable Share	45,134,335	48,791,833	51,459,021
Conditional Grants	13,728,634	14,816,533	15,354,778
<b>Total Transfers from National</b>	<b>58,862,969</b>	<b>63,608,366</b>	<b>66,813,799</b>
Own Revenue	2,801,234	3,061,030	3,187,558
Less: Direct Charges Office Bearers	55,485	59,924	64,718
<b>Total Revenue</b>	<b>61,608,718</b>	<b>66,609,472</b>	<b>69,936,639</b>
<b>Total Allocated Expenditure</b>	<b>60,856,644</b>	<b>66,263,599</b>	<b>68,515,970</b>
<b>Surplus/Deficit</b>	<b>752,074</b>	<b>345,873</b>	<b>1,420,669</b>
Less: Financing from surplus 08/09 deficit	709,513		
Financing from surplus 09/10 adjustment deficit	230,630		
Less: Balance b/f		(188,069)	
<b>Net Surplus/Deficit</b>	<b>(188,069)</b>	<b>157 804</b>	<b>1,420,669</b>

The table above highlights the provincial fiscal position for the 2010 MTEF. In 2010 financial year, the province will realise a surplus of R752 million, from which the 2008/09 main budget deficit of R709.5 million and the 2009/10 adjustment budget deficit of R230.6 million will be financed. In the 2011/12 and 2012/13 financial years, the Provincial Revenue fund will realise surpluses of R157.8 million and R1.4 billion respectively.

It is critical to note that the province is projecting to over spend the entire budget for the 1009/10 financial year by R2.2 billion that should also be financed from the 2010/11 budget. This will result in a net deficit position to the tune of R2.4 billion in 2010/11; another deficit of R2 billion in 2011/12; however, in the financial year 2012/13, the provincial cash position will recover to a surplus of R1.4 billion.



A critical observation is the need for fiscal discipline by departments projecting to overspend. The amount of value in terms of various services that will be forgone is high, indicating that this potential over spending shows a high opportunity cost for the province. The forgone benefit of clearing the overspending is significant; however, there is need to address system inefficiencies within overspending departments to ensure that there are economies of scale and efficiency gains. Parts of the measures that will be put in place to stabilize provincial finances include:

- Increasing motor vehicle license fees by 10% from 2010/11 financial year.
- Introducing Electronic Data Interface to fast track payments by Medical Aids.
- The introduction of new number plates in the province.

#### 4. TOP SLICING TO FUND KEY PRIORITIES

As indicated above, changes to the equitable share over the MTEF shows a reduced allocation to the province due to the implementation of technical adjustments. The huge impact amounting to R2.1 billion is largely due to data changes in equitable share. In addition, an amount of R17 million has been reallocated to Northern Cape for 2010 World Cup activities to ensure that all provinces realise some benefits and legacy after this major event.

Following this adjustment and to ensure that key projects and programmes that contribute to the achievements of the provincial priorities are financed, total spending reductions and reallocations amounting to R718 million were approved. The total amount has been made available to various departments for the baseline adjustment of the Health sector and Gauteng Legislature, for providing safe mobility and transport by implementing Gauride during the 2010 FIFA World Cup and to cater for the Alexandra Renewal programme commitments.

TABLE 7: ADDITIONAL FUNDING FOR KEY PRIORITIES

'000	10/11	11/12	12/13
Health sector	107 000		
Gauteng Legislature	70 000	80 000	95 000
Alexandra Renewal Programme	82 000	51 000	55 000
Gauride	140 000		



## 5. ADDITIONAL FUNDING FOR PRIORITIES-BASED OUTCOMES

TABLE 8: FUNDING FOR PRIORITIES-BASED OUTCOMES

Department	2010/11	2011/12	2012/13
	R'000		
Health and Social Development ( <i>Health</i> )	300,000	307,889	235,031
Education	109,754	153,945	117,515
<b>Total allocated</b>	<b>409,754</b>	<b>461,834</b>	<b>352,546</b>

In line with the pronouncement by the President during his State of the Nation Address of 2010, emphasis is placed on outcome based performance. Outcomes effectively mark the beginning of a process for improving government performance and enhancing service delivery.

In Education, funds totalling R380 million have been set aside to improve the quality of education in the province. In particular, these funds will be used to:

- improve numeracy and literacy;
- conduct external assessment of learners in grade 3; 6 and 9;
- implement Mathematics and Science strategy; and
- provide learners with workbooks and DVDs.

In the quest to provide a long and healthy life for all, an additional amount of R842.9 million is allocated to the Department of Health and Social Development for reducing mortality rates, increasing life expectancy of our citizens and improving the effectiveness of the health system. The latter will be achieved by implementing a more effective health system that will enable the province to reduce disease levels, improve patient safety and reduce premature deaths.



## 6. FUNDING FOR MERAFONG

TABLE 7: FUNDING FOR SERVICES IN MERAFONG

Department	2010/11	2011/12	2012/13
	R'000		
Education	269,972	364,719	479,620
Health and Social Development: 1. Health services	178,068	194,181	200,688
2. Social Development	34,798	41,027	43,353
Community Safety	15,000	20,800	28,000
Housing and Local Government	2,181	2,301	2,416
Agriculture and Rural Development	3,000	3,020	3,181
Roads and Transport	30,000	31,770	33,581
Sport, Arts, Culture and Recreation	6,326	4,000	4,500
Infrastructure Development	466	492	522
<b>Total allocated</b>	<b>539,811</b>	<b>662,310</b>	<b>795,862</b>

The re-incorporation of Merafong was promulgated during the course of the 2009/10 financial year, when the new administration came into office, and protocols were signed at all ministerial levels. Budgetary adjustments in line with the new municipal boundaries were finalised in the 2009/10 financial year. The above amounts shows the allocations made per departments for the purposes of service delivery in Merafong. These will further contribute to the restoration of public confidence and further builds a cohesive and sustainable Gauteng community.

An amount of R539.9 million has been allocated in 2010/11, increasing to R795.9 million in the outer year of the MTEF. The growth from 2010/11 to 2011/12 financial year shows a 22.7 per cent increase in nominal terms and from 2011/12 to 2012/13 shows a 20.2 per cent. The major share has been allocated to Education, followed by Health and Social Development, and Roads and Transport.

## 7. 2010 MTEF BUDGET ALLOCATIONS

Table 9 below shows a summary of the provincial expenditure budget per department. A total provincial outlay of R60.8 billion is made available for the 2010/11 financial year. This budget grows to R66.3 billion in 2011/12 and 68.5 billion in 2012/13 financial years respectively. The key principles that inform these allocations are:





- Allocating resources in line with provincial priorities, i.e. health, education, safety, etc.
- Making improvement on the conditions of service.
- Allocating resources for service delivery in Merafong.
- Baseline adjustment for the Gauteng Legislature and Health.
- Project and programmes aligned with priorities as discussed in section 4 above.

The table also provides more information with respect to the sectoral share of the budget over the MTEF. Percentages shown alongside each department across the MTEF show a share of a department against the total provincial budget. The social sector services continues to enjoy a lion's share of the budget, with R44.7 billion, followed by the economic sector services with R13.8 billion and the governance sector with R2.4 billion in the 2010/11 fiscal year.

TABLE 9: SUMMARY OF PROVINCIAL ALLOCATED EXPENDITURE PER SECTOR

DEPARTMENT	2009/10	2010/11	2011/12	2012/13	2010/11	2011/12	2012/13
	Adj Budget	Medium-Term Estimates (R'000)			Budget share per sector		
Education	19,981,832	22,485,539	24,925,237	25,885,941	36.9%	37.6%	37.8%
Health and Social Development: 1. Health function	17,200,765	20,072,001	21,924,502	23,175,097	33.0%	33.1%	33.8%
2. Social Development	1,943,389	2,165,370	2,401,356	2,522,889	3.6%	3.6%	3.7%
<b>TOTAL FOR SOCIAL SECTOR</b>	<b>39,125,986</b>	<b>44,722,909</b>	<b>49,251,095</b>	<b>51,583,928</b>	<b>73.5%</b>	<b>74.3%</b>	<b>75.3%</b>
Economic Development	875,719	1,084,655	1,228,598	846,746	1.8%	1.9%	1.2%
Housing and Local Government	4,100,906	4,511,575	5,063,547	4,777,901	7.4%	7.6%	7.0%
Agriculture and Rural Development	410,490	444,373	486,217	510,922	0.7%	0.7%	0.7%
Roads and Transport	9,939,828	6,178,849	6,145,060	6,447,475	10.2%	9.3%	9.4%
Infrastructure Development	1,402,167	1,215,239	1,274,866	1,366,939	2.0%	1.9%	2.0%
Sport, Arts, Culture and Recreation	362,205	337,928	349,828	367,784	0.6%	0.5%	0.5%
<b>TOTAL FOR ECONOMIC SECTOR</b>	<b>17,091,315</b>	<b>13,772,617</b>	<b>14,548,115</b>	<b>14,317,767</b>	<b>22.6%</b>	<b>22.0%</b>	<b>20.9%</b>
Office of the Premier	228,538	200,336	214,771	225,668	0.3%	0.3%	0.3%
Gauteng Legislature	216,085	294,408	315,204	342,198	0.5%	0.5%	0.5%
Community Safety	347,483	369,940	400,553	427,108	0.6%	0.6%	0.6%
Finance	1,530,702	1,496,433	1,533,862	1,619,302	2.5%	2.3%	2.4%
<b>TOTAL FOR GOVERNANCE SECTOR</b>	<b>2,322,758</b>	<b>2,361,117</b>	<b>2,464,390</b>	<b>2,614,276</b>	<b>3.9%</b>	<b>3.7%</b>	<b>3.8%</b>
<b>TOTAL FOR THE PROVINCE</b>	<b>58,540,059</b>	<b>60,856,644</b>	<b>66,263,599</b>	<b>68,515,970</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

In terms of percentages, the social sector constitute an average of 74 per cent of the entire MTEF budget of the province, followed by the economic sector which takes an average of 23 per cent and lastly the governance sector with approximately 4 per cent. The apportionment of the budget is also driven by the huge personnel numbers within the social sector, mainly Education and Health professionals.



TABLE 10: SUMMARY OF EXPENDITURE PER ECONOMIC CLASSIFICATION

Department	2009/10			2010/11	2011/12	2012/13
	Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
Current payments	39,135,045	40,843,205	42,851,775	45,551,220	49,978,317	52,191,478
<i>Compensation of employees</i>	25,628,592	27,435,561	28,092,712	29,910,976	32,611,643	33,939,713
<i>Goods and services</i>	13,506,453	13,407,644	14,759,050	15,640,243	17,366,675	18,251,766
Transfers and subsidies	13,592,828	14,699,508	14,982,129	12,173,767	12,922,534	12,683,966
Payments for capital assets	2,531,246	2,997,346	2,448,445	3,131,659	3,362,750	3,640,527
Payments for financial assets	-	-	9,137	-	-	-
<b>Total economic classification</b>	<b>55,259,119</b>	<b>58,540,059</b>	<b>60,291,486</b>	<b>60,856,645</b>	<b>66,263,599</b>	<b>68,515,970</b>

The total expenditure baseline per economic classification shows a positive growth for all items. The total provincial personnel bill for the 2010/11 amounts to R29.9 billion, and increases to R33.9 billion in 2012/13. Goods and services amounts to R15.6 billion in 2010/11, and further grows to R17.4 billion and R18.3 billion in 2011/12 and 2012/13 financial years respectively.

Compensation of employees takes the major share of the total budget throughout the entire MTEF period, due to the huge personnel numbers in the province mainly made up of educators, health workers as well as administrative personnel. In terms of capital investment, payments for capital assets constitute the lowest share of the entire budget.

### 8.3 Expenditure Baseline Adjustments

The total expenditure baseline has been adjusted significantly from 2009 MTEF to the 2010 MTEF. Over the next three years, the baselines budgets have been adjusted from an amount of R60.9 billion in 2010/11 to R68.5 billion in 2012/13 financial year. An additional amount of R5.6 billion (10.1 per cent) has been added to the 2010/11 budget; the 2011/12 financial year has been increased by R5.4 billion (8.9 per cent) whilst 2012/13 increases by R2.3 billion (3.4 per cent).



The increases over the MTEF are mainly for adjustments on the general salary increases; carry through costs for personnel and occupation specific dispensation, as well as earmarked national allocations in terms of conditional grants and other policy imperatives.

#### 8.4 Cost of living adjustment

Additional funding totalling R3.1 billion over the MTEF has been made available to departments to provide for the improvement in conditions of service that arise from higher inflation. The table below sets out the additional allocation that has been made available to departments in addition to the available personnel baselines.

TABLE 11: SUMMARY OF ADDITIONAL PERSONNEL FUNDING

Name of department	2010/11	2011/12	2012/13
	R'000		
Office of the Premier	2,616	2,919	3,225
Gauteng Legislature	3,819	4,262	4,709
Economic Development	2,506	2,797	3,091
Education	530,918	592,542	654,693
Health and Social Development: 1. Health functions	289,462	323,061	356,945
2. Social Development	19,628	21,907	24,205
Housing and Local Government	11,429	12,756	14,094
Community Safety	6,046	6,748	7,456
Agriculture and Rural Development	6,340	7,076	7,818
Roads and Transport	11,075	12,360	13,656
Sport, Arts, Culture and Recreation	2,724	3,040	3,359
Finance	15,710	17,533	19,372
Infrastructure Development	12,113	13,519	14,937
<b>TOTAL</b>	<b>914,386</b>	<b>1,020,520</b>	<b>1,127,560</b>

The additional personnel funding grows from R914.4 million in 2010/11 to R1.1 billion in 2012/13. These increases, from year 1 to year 3 translate to 12 per cent and 10 per cent respectively.



## 8. ORGANISATIONAL AND PERSONNEL IMPLICATIONS

The provincial allocation for personnel amounts to R29.9 billion (49.9 per cent) of the total provincial outlay of R60.8 billion in 2010/11 financial year to address all aspects of personnel policy including unanticipated higher personnel costs that arise from higher inflation, general salary increases, carry through costs for personnel and increase in departmental establishment and Occupation Specific Dispensation for educators, doctors, nurses and other professionals.

The sector specific allocations include the Occupation Specific Dispensation that has been made available to Health and Education. Health receives an additional amount of R623 million for three years, while Education receives R1.5 billion for Occupation Specific Dispensation. All these funds have been allocated to departments over the MTEF.

## 9. SOCIAL IMPACT

The combined share of the social sector (Health, Education and Social Development) is R44.3 billion or 71 per cent of the total provincial expenditure for the 2010/11 financial year. This comprises of 37 per cent share for Education for the provision of quality public education and promotion of a dynamic citizenship for socio-economic growth and development in Gauteng; a share of 33 per cent for Health for the provision of responsive and quality health services to the citizens; and a share of 4 per cent for Social Development services to cater for the social welfare services. The other 27 per cent of the total provincial allocation is utilised by other departments whose programmes promote growth and development, public safety programmes, sustainable communities and ensures proper governance and accountability.

## 10. FINANCIAL IMPLICATIONS

The provincial revenue amounts to R61.6 billion in 2010/11 while the estimated budget amounts to R60.9 billion. This leaves a gross surplus of R752 million. From this surplus, the following will be financed, i.e. 2008/09 budget deficit (R709.5 million); 2009/10 adjustment budget deficit of R230.6 million and estimated overspending amounting to R2.1 billion. This



results in a net budget deficit of R2.4 billion, which will be carried forward to 2010/11 financial year.

#### **11. COMMUNICATION IMPLICATIONS**

The Appropriation Bill will be published in a form of Estimates of Provincial Expenditure and Capital Estimates that will be circulated to the Gauteng Provincial Legislature, provincial departments and other stakeholders.

#### **12. CONSTITUTIONAL IMPLICATIONS**

This memorandum is as per Section 215 Constitution, which provides for the MEC for Finance to table the provincial budget before the start of a financial year containing estimates of revenue and expenditure.

#### **13. OTHER DEPARTMENTS CONSULTED**

Treasury has extensively consulted with all the departments with regards to all the allocations made in their respective budgets.

#### **14. CLAUSE BY CLAUSE**

##### **Clause 1**

Defines important words and processes.

##### **Clause 2**

Appropriates monies from the Provincial Revenue Fund for use by province for financial year ending 31<sup>st</sup> March 2010.

##### **Clause3**

Provides for appropriation listed as specifically and exclusively.

##### **Clause4**

Provides for the Short title of the Bill.

##### **Schedule:**

Contains details of appropriation by vote as fully explained under paragraph 2 above.

