

GAUTENG PROVINCIAL GOVERNMENT

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**PROVINCIAL ADJUSTMENT 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]

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01/03/10	
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# B I L L

**To provide for the appropriation of money from the Provincial Revenue Fund for the requirements of the Province in the 2009/10 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**WHEREAS** section 226(2) of the Constitution provides that money may be withdrawn from the Provincial Revenue Fund only in terms of an appropriation by a provincial Act;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;



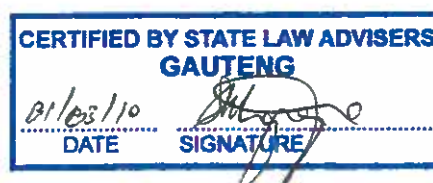
**"conditional grants"** means allocations to provinces, local government or municipalities from the national government's share of revenue raised nationally, provided for in section 214(1)(c) of the Constitution;

**"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 2009/10 financial year, to votes and main divisions within a vote, and for the specific listed purposes, is set out in the Schedule.

(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 Adjustment Appropriation Act, 2010.



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

Details of vote		Details of adjusted appropriation				Total per Vote and Adjusted Main Division	
No.	VOTE AND PROGRAMME DESCRIPTION	Total per Vote and Main Division	Adjusted Main Division	Current Payments	Transfers		Capital Payments
		R'000	R'000	R'000	R'000	R'000	
1	<b>Office of the Premier</b> <i>Vision: To serve as a political nerve centre to ensure government excels in fulfilling its mandate.</i>	226,538	( 11 000)	( 11 000)			217,538
	1 Administration .....	53,796					53,796
	2 Institutional Development .....	79,213	( 5 100)	( 5 100)			74,113
	3 Policy and Governance .....	95,528	( 5 900)	( 5 900)			89,628
2	<b>Gauteng Provincial Legislature</b> <i>Vision: The Gauteng Legislative community (in observing our constitutional obligations, which include law making, the exercise of oversight, ensuring co-operative governance and public participation) will (1) strive for and maintain a modern, dynamic, competent, accessible, transparent and accountable legislature in the 21st century, (2) foster ethical governance and public confidence in the legislature and (3) aim to attract and retain skilled &amp; professional staff.</i>	216,035	16 613	16 613			232,648
	1 Leadership and Governance.....	9,086	500	500			9,586
	2 Office of the Secretary .....	9,849					9,849
	3 Corporate Governance .....	110,699	13 613	13 613			124,312
	4 Parliamentary Operations .....	75,018					75,018
	5 Office of the CFO .....	11,383	2 500	2 500			13,883
3	<b>Economic Development</b> <i>Vision: To be a centre of development excellence, contributing to a conducive environment for economic growth in Gauteng.</i>	875,719					875,719
	1 Administration .....	96,330					96,330
	2 Integrated Economic Development Services .....	230,368					230,368
	<i>Of which</i>						
	Transfers						
	Gauteng Enterprise Propeller	128,324					128,324
	3 Trade and Industry Development .....	485,280					485,280
	<i>Of which</i>						
	Transfers						
	Gauteng Economic Development Agency	64,000					64,000
	Gauteng Tourism Agency	48,500					48,500
	Gauteng Film Commission	18,400					18,400
	Cradle of Humankind	32,000					32,000
	Dinokeng	28,071					28,071
	Blue IQ	296,981					296,981
	4 Business Regulation and Governance.....	47,705					47,705
	5 Economic Planning .....	16,036					16,036

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No.	Details of vote VOTE AND PROGRAMME DESCRIPTION	Total per Vote and Main Division	Details of adjusted appropriation			Total per Vote and Adjusted Main Division
			Adjusted Main Division	Current Payments	Transfers	
4	<b>Health</b> <i>Vision: Health for a better life.</i>	<b>17,200,765</b>				<b>17,200,765</b>
1	Administration .....	438,267				438,267
2	District Health Services .....	4,545,155				4,545,155
	Of which					
	Conditional Grant from National Comprehensive HIV and AIDS grant	760,870				760,870
	Forensic Pathology Services	81,584				81,584
	Transfers to Municipalities	188,000				188,000
	Transfers to Non-profit Institutions	308,956				308,956
3	Emergency Medical Services.....	607,162				607,162
	Of which					
	Transfers to Municipalities	270,850				270,850
4	Provincial Hospital Services.....	4,064,433				4,064,433
	Of which					
	Transfers to Non-profit Institutions	176,000				176,000
5	Central Hospital Services.....	4,969,198				4,969,198
	Of which					
	Conditional Grant from National National Tertiary Services	2,328,301				2,328,301
	Health Professions Training and Development	614,812				614,812
6	Health Training and Sciences .....	599,347				599,347
7	Health Care Support Services .....	140,511				140,511
8	Health Facilities Management .....	1,864,892				1,864,892
	Of which					
	Conditional Grant from National Hospital Revitalisation	755,190				755,190
	Provincial Infrastructure	97,272				97,272
9	Internal Charges .....	(28,000)				(28,000)
5	<b>Education</b> <i>Aim: A smart service delivery of quality public education, which promotes a dynamic citizenship of socio-economic growth and development in Gauteng and South Africa.</i>	<b>19,961,832</b>				<b>19,961,832</b>
1	Administration .....	1,474,905				1,474,905
2	Public Ordinary School Education .....	15,537,548				15,537,548
	Of which					
	Conditional Grant from National HIV/AIDS	25,253				25,253
	Provincial Infrastructure	257,812				257,812
	Transfers to Non-profit Institutions	911,845				911,845
3	Independent School Education .....	314,667				314,667
	Of which					
	Transfers to Non-profit Institutions	313,461				313,461
4	Education in specialised Schools.....	1,002,735				1,002,735
	Of which					
	Transfers to Non-profit Institutions	222,599				222,599
5	Further Education and Training .....	674,499				674,499
	Of which					
	Transfers to Non-profit Institutions	146,894				146,894
6	Adult Basic Education and Training .....	322,974				322,974
7	Early Childhood Development .....	280,785				280,785
	Of which					
	Conditional Grant from National National School Nutrition	251,590				251,590
8	Auxiliary and Associated Services .....	373,719				373,719

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Details of vote		Details of adjusted appropriation				Total per Vote and Adjusted Main Division	
No.	VOTE AND PROGRAMME DESCRIPTION	Total per Vote and Main Division	Adjusted Main Division	Current Payments	Transfers		Capital Payments
6	<b>Social Development</b> <i>Vision: A caring and integrated Social Development system that facilitates human development and improves the quality of life of people of Gauteng.</i>	1,943,389					1,943,389
	1 Administration .....	309,725					309,725
	2 Social Welfare Services .....	1,463,256					1,463,256
	<i>Of which</i>						
	Transfers to Non-profit Institutions .....	829,402					829,402
	3 Development and Research .....	170,408					170,408
	<i>Of which</i>						
	Transfers to Non-profit Institutions .....	47,500					47,500
7	<b>Housing</b> <i>Vision: To be a province where all households inhabit quality homes in vibrant and sustainable communities</i>	3,844,293					3,844,293
	1 Administration .....	230,248					230,248
	<i>Of which</i>						
	Conditional Grant from National Integrated Housing & Human Settlement Development .....	11,988					11,988
	2 Housing Needs, Research and Planning .....	18,152					18,152
	<i>Of which</i>						
	Conditional Grant from National Integrated Housing & Human Settlement Development .....	3,000					3,000
	3 Housing Development .....	3,511,179					3,511,179
	<i>Of which</i>						
	Conditional Grant from National Integrated Housing & Human Settlement Development Projects .....	3,101,098					3,101,098
	Alexandra Renewal Project .....	195,000					195,000
	20 Prioritised Township Programme .....	50,000					50,000
	4 Housing Asset Management Property Management.....	84,714					84,714
	<i>Of which</i>						
	Conditional Grant from National Integrated Housing & Human Settlement Development .....	71,000					71,000
8	<b>Local Government</b> <i>Vision: To ensure that the Gauteng province comprises viable local government and sustainable communities.</i>	256,613					256,613
	1 Administration .....	53,356					53,356
	2 Local Governance .....	159,934					159,934
	<i>Of which</i>						
	Transfers to Municipalities .....	14,000					14,000
	3 Integrated Development Planning and Service Delivery .....	39,367					39,367
	4 Traditional Institution Management .....	3,956					3,956

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Details of vote		Details of adjusted appropriation				Total per Vote and Adjusted Main Division	
No.	VOTE AND PROGRAMME DESCRIPTION	Total per Vote and Main Division	Adjusted Main Division	Current Payments	Transfers		Capital Payments
9	<b>Roads and Transport</b> <i>Vision: For socio-economic growth, development, and an enhanced quality of life for all people in Gauteng.</i>	9,939,828					9,939,828
	1 Administration .....	189,891					189,891
	2 Road Infrastructure .....	1,614,928					1,614,928
	Of which						
	Conditional Grant from National	411,106					411,106
	Provincial Infrastructure	63800					63,800
	Transfers						
	3 Public and Freight Transport .....	1,604,761					1,604,761
	4 Gautrain Rapid Rail Link .....	6,530,246					6,530,246
	Of which						
	Conditional Grant from National	2,832,691					2,832,691
	Gautrain Rapid Rail Link						
	Transfers	3,697,557					3,697,557
	Gautrain Rapid Rail Link						
10	<b>Community Safety</b> <i>Vision: To ensure that Gauteng is a safe and secure province.</i>	347,483					347,483
	1 Administration .....	53,479					53,479
	2 Promotion of Safety .....	39,559					39,559
	3 Civilian Oversight .....	50,769					50,769
	4 Traffic Management .....	203,676					203,676
11	<b>Agriculture and Rural Development</b> <i>Vision: To be leaders in natural resource management.</i>	410,490					410,490
	1 Administration .....	133,640					133,640
	2 Agriculture .....	171,759					171,759
	Of which						
	Conditional Grant from National	3,599					3,599
	Land Care: Poverty Relief and Infrastructure Development	33,844					33,844
	Comprehensive Agricultural Support Programme	2,658					2,658
	Transfers to Municipalities	3,188					3,188
	Transfers						
	3 Conservation .....	45,983					45,983
	4 Environment .....	58,928					58,928
12	<b>Sport, Arts, Recreation and Culture</b> <i>Vision: A vibrant home of champions where sport, arts, culture, and recreation promote nation building, economic growth and create sustainable livelihoods through ensuring skilled, active and healthy communities.</i>	362,205	2 000	2 000			364,205
	1 Administration .....	83,982					83,982
	2 Cultural Affairs .....	40,828	2 000	2 000			42,828
	Of which						
	Transfers to Non-Profit Institutions	10,540					10,540
	3 Library and Information Services .....	59,672					59,672
	Of which						
	Conditional Grant from National	47,774					47,774
	Library Services Grant	50,556					50,556
	Transfers to Municipalities						
	4 Sport and Recreation .....	177,543					177,543
	Of which						
	Conditional Grant from National	63,834					63,834
	Mass Sport and Recreation Participation Programme Grant	7,200					7,200
	Transfers to Non-Profit Institutions						
	Transfers to Universities and Technikon						1,000

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No.	VOTE AND PROGRAMME DESCRIPTION	Total per Vote and Main Division	Adjusted Main Division	Current Payments	Transfers		Capital Payments
13	<b>Gauteng Shared Service Centre</b> <i>Vision: To be a provider of World-class support services in the public sector.</i>	1,338,404	5 000	5 000			1,343,404
	1 Gauteng Audit Services .....	44,488					44,488
	2 Human Resource Services .....	74,697					74,697
	3 Procurement Services.....	70,135					70,135
	4 Financial Services.....	68,043					68,043
	5 Technological Support Services..... <i>Of which Projects Gauteng Online</i>	745,877					745,877
	6 Corporate Affairs .....	350,000					350,000
		335,166	5 000	5 000			340,166
14	<b>Gauteng Treasury</b> <i>Vision: Gauteng Provincial Treasury aspires to be pioneers in financial management and fiscal discipline within the public sector in South Africa.</i>	192,297	( 15 000)	( 14 000)		( 1 000)	177,297
	1 Administration .....	55,098	( 4 928)	( 3 928)		( 1 000)	50,170
	2 Sustainable Resource Management .....	90,325	( 4 363)	( 4 363)			85,962
	<i>Of which Conditional Grant from National Provincial Infrastructure Transfers</i>	4,410					4,410
		120,000					120,000
	3 Financial Governance .....	46,874	( 5 709)	( 5 709)			41,165
15	<b>Infrastructure Development</b> <i>Vision: Socio-economic growth, development, and an enhanced quality of life for all people in Gauteng.</i>	1,402,187	11 000	11 000			1,413,187
	1 Administration .....	141,239					141,239
	2 Public Works.....	1,050,494	11 000	11 000			1,061,494
	<i>Of which Transfers GPG Precinct Conditional Grant from National Devolution of Property Rate Funds</i>	173,983					173,983
		470,872					470,872
	3 Community Based Programmes..... <i>Conditional Grant from National Expanded Public Works Programme Incentive Grant</i>	210,434					210,434
<b>TOTAL</b>		<b>58,540,958</b>	<b>8 613</b>	<b>9 613</b>		<b>( 1 000)</b>	<b>58,548,671</b>

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## EXPLANATORY MEMORANDUM

### ADJUSTED BUDGET APPROPRIATION FOR THE FINANCIAL YEAR 2009/10

#### 1. PURPOSE

To seek approval for the Adjusted Budget Appropriation of 2009/10, as tabled on 17 November 2009 by the Gauteng MEC for Finance at the Legislature. The adjusted appropriation makes provision for surrender of monies to the Provincial Revenue Fund and reallocation to specific areas requiring additional funding in order to address the spending pressures that have arisen after the tabling of the main Adjusted Budget Appropriation of 2009/10.

#### 2. BACKGROUND AND DISCUSSION

The MEC for Finance tabled the 2009/10 Adjusted Estimates on 17th November 2009. During that stage the tabled adjusted budget included additional funding to the amount of R3.4 billion. Out of this amount, R1.5 billion was allocated from National to cater for the much higher than anticipated spending by the Province on items and programmes funded primarily through national transfers. These include funding to cover the costs associated with the higher than anticipated wage settlement, implementation of Occupation Specific Dispensation for health workers and educators as well as inflationary adjustments for conditional grants. This Adjusted Appropriation to be tabled in 2010 will further revise the provincial expenditure upwards by R6.613 million, from R58.540 billion to R58.546 billion as a result of surrenders and additional funding to various departments in the Province.

#### 3. AMENDMENTS TO PROVINCIAL ADJUSTMENT ESTIMATE

Total adjustments to the revised appropriation are discussed in detail below.

##### PROVINCIAL REVENUE FUND - DIRECT CHARGES

Direct charges are funds that have been set aside by the provincial government for withdrawal from the Gauteng Revenue Fund. These funds are budgeted for over the medium term and the adjustment thereof, particularly the political office bearers, occurs after the tabling of the adjustment Budget. The 2009/10 adjusted budget appropriation did not make provision for the adjustments as proclaimed in 2009, thus leading to the shortfall of R6.787 million. Therefore, an additional amount of R6.787 million has been made available to cater for the direct charges of political office bearers. This adjustment includes additional funding of R130 000 accruing to the Office of the Premier. The resolution was passed in terms of the provisions of Section 6 (1) of the Remuneration of Public Office Bearers Act of 1997 and the Presidential Proclamation No. 79 of 2009 as gazetted (Gazette No: 32739).



Following the 2009 national and provincial General Elections in April, a total of 20 Members did not return to serve in the GPL. As a result, gratuity payments amounting to R6.152 million were paid out to prospective members as Ex Gratia payments in line with the Remuneration of Public Office Bearers Act. Therefore, the total amount of direct charges increases by R12.939 million

**TABLE 1: SUMMARY OF REVISED DEPARTMENTAL ALLOCATIONS**

Department R Thousand	Adjusted Appropriation	Additional allocations/(surrenders)	Final Adjusted Appropriation (2009/10)
Office of the Premier	228 538	(11 000)	217 538
Gauteng Provincial Legislature	216 035	16 613	232 648
Economic Development	875 719		875 719
Health	17 200 765		17 200 765
Education	19 981 832		19 981 832
Social Development	1 943 389		1 943 389
Housing	3 844 293		3 844 293
Local Government	256 613		256 613
Roads and Transport	9 939 828		9 939 828
Community Safety	347 483		347 483
Agriculture and Rural Development	410 490		410 490
Sport, Arts, Culture & Recreation	362 205		362 205
Gauteng Shared Service Centre	1 338 404	5 000	1 343 404
Gauteng Treasury	192 297	(15 000)	177 297
Infrastructure Development	1 402 167	11 000	1 413 167
<b>Total</b>	<b>58 540 058</b>	<b>6 613</b>	<b>58 546 671</b>



## ALLOCATION OF ADDITIONAL FUNDS

### Gauteng Provincial Legislature

The Proclamation on Political Office Bearer's remuneration adjustment during November 2008 resulted to an increase on the salaries of the Members of the Provincial Legislature. At that stage, the Legislature utilized its appropriated funds to the value of R6.613 million to ensure that the Members of the Provincial Legislature are compensated accordingly. In addition to this amount, R10 million has been made available to the Legislature for the baseline adjustment. Therefore, the total budget of the Legislature increases by R16.613 million from R216.035 million to R232.648 million.

### Gauteng Shared Service Centre

The Shared Service Centre is responsible for the transversal systems in the province, including the cost of utilisation and connectivity. The estimated cost of rendering this service in any given financial year is linked to the number of users that are appointed and provided with access from Gauteng Provincial Departments. In the current financial year, the Shared Service Centre has seen an increase in this number and the related costs of utilisation and connectivity. In line with the objective of ensuring cost efficiencies and consolidation of resources for economies of scale and to provide data connectivity for the province, an amount of R5 million has been allocated to the department to cover the unavoidable increased costs in the current financial year.

### Department of Infrastructure Development

The department will receive an additional amount of R11 million for the payment of utilities in respect of the Kopanong GPG Precinct, which provides office accommodation for the provincial departments in the Johannesburg central business district. The effect of an increase in the electricity unit costs and the financial constraints that the Province experiences in 2009/10 resulted in the spending pressures within the department. Payment of utilities account will result in uninterrupted supply of basic services (electricity and water) whilst providing revenue for municipality to deliver on its mandate.

## SURRENDER OF FUNDS

### Gauteng Treasury

A total amount of R15 million has been suspended from Gauteng Treasury to the Provincial Revenue Fund to enable the Province to finance other key spending pressures in the current financial year. These unspent funds have been realised due to the existing unfilled posts and those vacant posts that were filled in the latter part of the year, as well as under spending on the capital allocation due to the merger with GSSC. The acquisition of machinery and equipment was put on hold and the furniture budgeted for Treasury's new offices will not materialise because renovations of the building are put on hold. The



process of merging the two departments and the moratorium placed on the filling of Senior Management Services posts has contributed to the under spending.

**Office of the Premier**

Office of the Premier has surrendered a total amount of R11 million to the Provincial revenue Fund. Part of the funds that were set aside for the establishment of the Gauteng Planning Commission as a key element of the renewal programme and the late commencement of Branding Gauteng project will not be fully utilised in the current financial year. The latter project will run until the 2010 FIFA World Cup.

**6. ORGANISATIONAL AND PERSONNEL IMPLICATIONS**

None.

**7. SOCIAL IMPACT**

In general additional funding allocated to departments will contribute to uninterrupted supply of public services and contribute to improving the social status of citizens in the Province thereby leading to social and economic development of the community.

**8. FINANCIAL IMPLICATIONS**

The abovementioned amendments will revise the provincial expenditure upwards from R58.540 billion to R58.546 billion. The increase in departmental adjusted appropriation reflects in Gauteng Provincial Legislature, Gauteng Shared Service Centre and the Department of Infrastructure Development whilst the decrease in allocations affected the Office of the Premier and Gauteng Treasury.

**9. ENVIRONMENTAL IMPACT**

No negative impact.

**10. OTHER DEPARTMENTS OR BODIES CONSULTED**

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

**11. COMMUNICATION IMPLICATIONS**

The amendments to the Adjustment Budget (in the form of explanatory memorandum and appropriation bill) will be submitted to all stakeholders including the Legislature, Gauteng departments and National Treasury.



**12. CLAUSE BY CLAUSE DESCRIPTION**

**Clause 1**

Provides for the definitions.

**Clause 2**

Provides for the adjusted appropriations for the use by Province for the financial year ending 31 March 2010.

**Clause 3**

Provides for appropriations listed for specific and exclusive use.

**Clause 4.**

Provides the Short Title of the Bill.

**Schedule:**

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

