



GAUTENG PROVINCE

OFFICE OF THE PREMIER
REPUBLIC OF SOUTH AFRICA

Ms Nomfundo Tshabalala
Head of Department
Provincial Treasury
Johannesburg

Dear Ms Tshabalala

CERTIFICATION OF THE PROVINCIAL ADJUSTMENT APPROPRIATION BILL, 2016

Attached for your attention kindly find a copy of the above Bill, Schedule and Explanatory Memorandum, duly certified by the State Law Advisers.

The State Law Advisers categorise the Bill as a Money Bill.

Please note that no changes may be made to the certified documents without the prior approval of the State Law Advisers. Any unauthorised changes will nullify the certification of the Bill, Schedule and the Explanatory Memorandum.

The State Law Advisers do not certify the correctness of the amounts reflected in the Bill, Schedule or Explanatory Memorandum, as these are the responsibility of the Provincial Treasury.

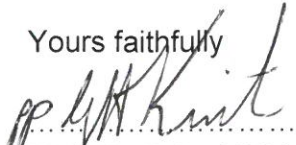
The same conditions as set out herein apply to changes made to any electronic version of the Bill, Schedule or Explanatory Memorandum.

Please ensure that this certificate accompanies the Bill when it is introduced in the Legislature.

Enquiries may be directed to Adv. Geert Kuit
Telephone number : (011) 355 6107
Email address : geert.kuit@gauteng.gov.za
Ref Number : 11/1/1/116

We trust that you will find this in order.

Yours faithfully



.....
Phindile Baleni (Ms)
Director General
Date: 21/11/2016

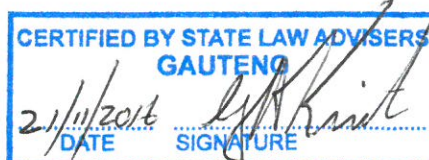
GAUTENG PROVINCIAL GOVERNMENT

**PROVINCIAL ADJUSTMENT APPROPRIATION
BILL, 2016**

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

(MEC FOR FINANCE)

[B – 2016]



BILL

To appropriate adjusted amounts of money from the Provincial Revenue Fund for the requirements of the Province in respect of the financial year ending 31 March 2017, and to provide for 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WHEREAS section 226(2) of the Constitution provides that money may be withdrawn from the Provincial Revenue Fund only in terms of an appropriation by a provincial Act;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;

AND WHEREAS section 31 of the Public Finance Management Act, 1999 (Act 1 of 1999) provides that the MEC for finance may table an adjustments budget;

NOW THEREFORE 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;

“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 Economic Reporting Format"* (September 2009) 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) Adjusted appropriations by the Provincial Legislature of money from the Provincial Revenue Fund for the requirements of the Province in the 2016/17 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, 2016.



SCHEDULE

(As a charge to the Provincial Revenue Fund)

Details of appropriated amount									
Vote	Main Appropriation	Current Payments			Transfers and Subsidies	Payments for Capital Assets	Payments for Financial Assets	Adjusted Appropriation	Specified transfer payments and amounts specifically and exclusively appropriated
		Compensation of Employees	Goods and Services	Other					
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
1 Office of the Premier Vision: Leadership for an integrated city-region, characterised by social cohesion and economic inclusion; the leading economy on the continent, underpinned by sustainable socio-economic development	449 420	17 434	(765)		485	5 212		471 786	
1 Administration	104 081	3 871	(5 756)		192	4 031		106 418	
2 Institutional Development	211 844	(2 070)	(5 629)		237	1 381		205 763	
3 Policy and Governance of which Transfers to Higher education institutions GCRO	133 496 19 000	15 633	10 620		56	(200)		159 605	 19 000
2 Gauteng Provincial Legislature Vision: A modern and transformative legislature that fosters public pride and confidence in democracy and enhances service delivery to the people of Gauteng	641 673	(15 640)	9 177		7 884	6 463		649 557	
1 Leadership and Governance	52 375	(1 991)	319					50 703	
2 Office of the Secretary	20 706	(1 329)	1 201					20 578	
3 Corporate Support Services of which Transfers to Non-Profit Institutions	293 806 102 701	(4 357)	12 073		7 884	3 999		313 405	 110 585
4 Core Business	229 795	(7 085)	(3 556)					219 154	
5 Office of the CFO	44 991	(878)	(860)			2 464		45 717	
3 Economic Development Vision: A radically transformed, modernised and re-industrialised economy in Gauteng, manifesting decent work, economic inclusion and equity	1 331 638	(36 876)	(50 072)		133 728	9 259	22	1 387 699	
1 Administration	227 109	(18 347)	19 032		744	9 100	20	237 658	
2 Integrated Economic Development Services of which Transfers to Departmental Agencies and Accounts Gauteng Enterprise Propeller	198 345 176 418	(10 052)			60 350		2	248 645	 236 718
3 Trade and Sector Development of which Transfers to Departmental Agencies and Accounts Gauteng Growth and Development Agency Cradle of Humankind Dinokeng Gauteng Tourism Authority	624 317 405 949 71 283 49 576 91 994	(3 000)			58 383			679 700	 465 282 63 583 43 576 104 744
4 Business Regulation and Governance of which Transfers to Departmental Agencies and Accounts Gauteng Liquor Board	77 249 26 669	(559)	(11 661)		14 087			79 116	 40 669
5 Economic Planning	204 617	(4 918)	(57 443)		164	159		142 579	

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GAUTENG

24/11/2016
DATE

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Vote		Main Appropriation	Details of appropriated amount							Specified transfer payments and amounts specifically and exclusively appropriated
			Current Payments			Transfers and Subsidies	Payments for Capital Assets	Payments for Financial Assets	Adjusted Appropriation	
			Compensation of Employees	Goods and Services	Other					
4	Health Vision: Daily we provide high-quality, efficient and accessible healthcare to transform people's lives.	37 408 057	152 701	214 852			(118 753)		37 656 857	
	1 Administration	829 895		59 299			15 500		904 694	
	2 District Health Services	12 598 039	26 174	18 324		(12 960)	(31 081)		12 598 496	
	of which									
	National conditional grants									
	Comprehensive HIV/AIDS and TB	3 259 407								3 274 407
	National Health Insurance	7 543								7 543
	Social Sector EPWP Incentive	4 200								4 200
	Transfers to Municipalities	344 531								344 531
	Transfers to Non-profit institutions	482 058								469 098
	3 Emergency Medical Services	1 197 221		(46 000)			46 000		1 197 221	
	of which									
	Transfers to Municipalities	330 795								330 795
	4 Provincial Hospital Services	6 910 146	72 783	10 577		12 960	(10 400)		6 996 066	
	of which									
	Transfers to Non-Profit Institutions	61 972								74 932
	National conditional grants									
	Health Professions Training and Development	208 129								208 129
	5 Central Hospital Services	12 609 627	83 744	821			(741)		12 693 451	
	of which									
	National conditional grants									
	National Tertiary Services	3 727 048								3 727 048
	Health Professions Training and Development	657 115								657 115
	6 Health Sciences and Training	976 452	(30 000)	990			(990)		946 452	
	7 Health Care Support Services	268 747		4 800			(4 800)		268 747	
	8 Health Facilities Management	2 017 930		166 041			(132 241)		2 051 730	
	of which									
	National conditional grants									
	Health Facility Revitalisation	777 818								777 818
	EPWP Integrated Grant	2 000								2 000



Vote		Main Appropriation	Details of appropriated amount							
			Current Payments			Transfers and Subsidies	Payments for Capital Assets	Payments for Financial Assets	Adjusted Appropriation	Specified transfer payments and amounts specifically and exclusively appropriated
			Compensation of Employees	Goods and Services	Other					
5	Education Vision: Every learner feels valued and inspired in our innovative education system.	39 069 226	152 520	618 304		(332 088)	688		39 508 650	
	1 Administration	2 713 306		40 699			4 608		2 758 613	
	2 Public Ordinary School Education	28 624 341	82 535	490 220		(214 218)	63		28 982 941	
	of which									
	National conditional grants									
	HIV/AIDS (Life Skills Education)	32 449								32 449
	National School Nutrition	712 955								712 955
	Maths, Science and Technology	49 810								49 810
	Transfers to Non-Profit Institutions	2 543 070								2 328 852
	3 Independent School Subsidies	580 498				29 325			609 823	
	of which									
	Transfers to Non-Profit Institutions	580 498								609 823
	4 Public Special School Education	2 021 733	72 465	16 872			44		2 111 114	
	of which									
	Transfers to Non-Profit Institutions	353 821								353 821
	5 Early Childhood Development	811 339		17 164		(57 408)	244		771 339	
	of which									
	Transfers to Non-Profit Institutions	240 116								182 708
	6 Infrastructure Development	3 010 234	(2 480)	46 778			(44 298)		3 010 234	
	of which									
	National conditional grants									
	Education Infrastructure	1 385 737								1 385 737
	7 Examination and Education Related Services	1 307 775		6 571		(89 787)	40 027		1 264 586	
	of which									
	National conditional grants									
	EPWP Integrated Grant	2 139								2 139
	Social Sector EPWP Incentive Grant	28 661								28 661
	Transfers to Non-Profit Institutions	168 973								79 186
	Transfers to Departmental Agencies and Accounts	80 531								80 531
6	Social Development Vision: A caring and self-reliant society	4 235 362	8 940	(7 635)		43 365	(8 481)	51	4 271 602	
	1 Administration	519 462	9 951	(15 726)		6 215	(2 108)	6	517 799	
	2 Social Welfare Services	733 925	2 280	2 130		(5 000)	987	12	734 334	
	of which									
	Transfers to Non-Profit Institutions	632 792								627 792
	National conditional grants									
	Social Sector EPWP Incentive Grant	13 108								13 108
	3 Children and Families	2 080 636	(42 974)	9 907		150	3 293	24	2 051 036	
	of which									
	Transfers to Non-Profit Institutions	1 083 573								1 083 573
	4 Restorative Services	446 879		(2 703)		29 781	(10 802)	9	463 164	
	of which									
	Transfers to Non-Profit Institutions	262 324								292 105
	5 Development and Research	454 461	39 683	(1 243)		12 219	149		505 269	
	of which									
	Transfers to Non-Profit Institutions	234 153								246 153



Vote		Main Appropriation	Details of appropriated amount							Specified transfer payments and amounts specifically and exclusively appropriated
			Current Payments			Transfers and Subsidies	Payments for Capital Assets	Payments for Financial Assets	Adjusted Appropriation	
			Compensation of Employees	Goods and Services	Other					
7	Cooperative Governance and Traditional Affairs Vision: Lead provincial department in the coordination, collaboration, and facilitation of cooperative governance in building a globally competitive and people-driven Gauteng City-Region.	418 763		36 090		33 884	27 700	26	516 463	
	1 Administration	123 862		(26)				26	123 863	
	2 Local Governance	203 090		(3 384)		3 384			203 091	
	of which									
	Transfers to Provinces and Municipalities	5 000								8 384
	3 Development and Planning	81 396		39 500		30 500	27 700		179 096	
	of which									
	National conditional grants									
	EPWP Integrated Grant	2 000								2 000
	4 Traditional Institutional Development	10 414							10 414	
8	Human Settlements Vision: To provide integrated sustainable human settlements and improved quality of household life	5 871 166		81 598		100 300	(4 500)	102	6 048 666	
	1 Administration	439 358	(39 414)	77 788		300	(4 510)	102	473 624	
	2 Housing Needs, Research and Planning	33 078		210			10		33 298	
	3 Housing Development	5 287 262	39 414	3 600		89 000			5 419 275	
	of which									
	National conditional grants									
	Housing Disaster Relief	21 569								4 911 899
	Human Settlements Development	4 922 899								2 205
	EPWP Integrated Grant	2 205								
	Transfers to Departmental Agencies and Accounts									
	Gauteng Partnership Fund	212 400								212 400
	4 Housing Assets and Property Management	111 469				11 000			122 469	
	of which									
	National conditional grants									
	Human Settlements Development	99 770								110 770
9	Roads and Transport Vision: A modern integrated, efficient and sustainable transport and road infrastructure system in Gauteng	7 299 704		(55 282)	(180)	1 158 346	(493 141)		7 909 447	
	1 Administration	317 797	6 500	(17 275)			(9 551)		297 471	
	2 Transport Infrastructure	2 552 176	(63 809)	(31 987)		(1 000)	(401 747)		2 053 633	
	of which									
	National conditional grants									
	Provincial Roads Maintenance	501 784								501 784
	EPWP Integrated Grant	2 449								2 449
	Transfers to Provinces and Municipalities	2 500								1 500
	3 Transport Operations	2 298 425		(2 800)		179 286	(7 431)		2 467 480	
	of which									
	National conditional grants									
	Public Transport Operations	2 033 590								2 063 333
	Transfers to Public corporations and private enterprise	2 186 420								2 365 706
	4 Transport Regulation	299 217	57 309	(3 220)	(180)	60	(74 412)		278 774	
	5 Gautrain Rapid Rail Link	1 832 089				980 000			2 812 089	
	of which									
	Transfers to Departmental Agencies and Accounts									
	Gautrain	1 832 089								2 812 089

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			Current Payments			Transfers and Subsidies	Payments for Capital Assets	Payments for Financial Assets	Adjusted Appropriation	
			Compensation of Employees	Goods and Services	Other					
10	Community Safety Vision: To ensure that Gauteng is a safe and secure province.	652 880	10 602	17 218		(2 470)	5 305	45	683 580	
	1 Administration of which Transfers to Provinces and Municipalities	95 742		1 415		165	680		98 002	155
	2 Civilian Oversight of which National conditional grants Social Sector EPWP Incentive Grant Transfers to Non-Profit Institutions	201 351 1 800 1 800	(2 098)	2 477		(1 140)	3 075	15	203 680	1 800
	3 Traffic Management of which Transfers to Provinces and Municipalities Transfers to Public corporations and private enterprise	355 787 1 575 1 240	12 700	13 326		(1 495)	1 550	30	381 898	100
11	Agriculture and Rural Development Vision: An economically transformed agricultural sector including agro-processing and sustainable environmental management for healthy, food secure, developed rural and urban communities in Gauteng.	777 853	(4 309)	59 702		(7 420)	5 731	28	831 585	
	1 Administration of which Transfers to Departmental Agencies and Accounts	181 196 962	(1 300)	4 289		362	121	28	184 696	877
	2 Agriculture and Rural Development of which National conditional grants Land Care Ilima/Letsema Projects Comprehensive Agricultural Support Programme EPWP Integrated Grant Transfers to Public corporations and private enterprise Transfers to Higher Education Institutions Transfers to Departmental Agencies and Accounts	379 368 4 802 26 061 85 079 2 836 400 4 210 11 886	(1 400)	14 518		(9 368)	(450)		382 668	4 802 26 061 85 079 2 836 400 3 986 2 700
	3 Environmental Affairs	217 289	(1 609)	40 895		1 586	6 060		264 221	
12	Sport, Arts, Culture and Recreation Vision: An active, creative and modernised Gauteng City Region contributing to sustainable economic growth and social cohesion.	821 059	(21 834)	14 537	208	11 692	22 574	765	849 001	
	1 Administration	114 001	2 669	(740)	208	411	(707)	765	116 607	
	2 Cultural Affairs of which National conditional grants EPWP Integrated Grant Transfers to Departmental Agencies and Accounts Transfers to Non Profit Institutions	189 757 2 024 27 397 11 760	(13 400)	16 131		(402)	(1 000)		191 086	2 024 28 397 10 330
	3 Library and Archives Services of which National conditional grants Community Library Services Transfers to Provinces and Municipalities Transfers to Non Profit Institutions	274 007 163 339 117 138 750	(3 180)	(4 255)		10 009	24 101		300 682	181 152 126 115 1 750
	4 Sport and Recreation of which National conditional grants Mass Sport and Recreation Participation Programme Social Sector EPWP Incentive Grant Transfers to Non Profit Institutions	243 294 101 084 2 200 11 896	(7 923)	3 401		1 674	180		240 626	83 616 2 200 13 570

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Vote		Main Appropriation	Details of appropriated amount							Specified transfer payments and amounts specifically and exclusively appropriated
			Current Payments			Transfers and Subsidies	Payments for Capital Assets	Payments for Financial Assets	Adjusted Appropriation	
			Compensation of Employees	Goods and Services	Other					
13	E-Government Vision: A Connected Gauteng City-Region leverages technology to provide quality services to citizens.	1 216 132	(179 446)	199 768		22 800	3 932		1 263 186	
	1 Administration	225 760	(41 353)	8 164		(39)	2 287		194 819	
	2 Policy Planning, Strategy Development and Support Services	413 618	(46 464)	135 543			1 216		503 913	
	3 Solutions, Systems and Operations of which Transfers to Higher Education Institutions	552 220	(69 689)	49 062		22 839	429		554 861	22 800
	4 Regulations, Compliance and Public Relations	24 534	(21 940)	6 999					9 593	
14	Gauteng Provincial Treasury Vision: To provide strategic leadership in financial and fiscal matters to ensure sustainable and inclusive social and economic development of the people of Gauteng so that all may enjoy value-for-money services of the highest quality.	607 394	(34 894)	7 400		59 652	2 000		641 552	
	1 Administration	121 342	(65)			65	2 000		123 342	
	2 Sustainable Fiscal Resource Management of which Departmental agencies and accounts Gauteng Infrastructure Financing Agency	149 645	(10 032)	(15 000)		50 032			174 645	102 650
	3 Financial Governance	128 028	(1 012)	5 350		170			132 536	
	4 Supply Chain Management of which Transfers to Public corporations and private enterprise	91 537	(13 220)	8 000		9 320			95 637	8 955
	5 Municipal Financial Governance	36 303	(4 050)	5 550		50			37 853	
	6 Gauteng Audit Services	80 539	(6 515)	3 500		15			77 539	
15	Infrastructure Development Vision: To be a leading sustainable infrastructure provider and facilitator that positions Gauteng as a globally competitive city region with inclusive economic growth and decent work for all.	2 564 853		2 500			(2 500)		2 564 853	
	1 Administration	419 596		32 000			(2 000)		449 596	
	2 Public Works Infrastructure of which Transfers to Municipalities Devolution of rates and taxes Transfers to Departmental Agencies and Accounts	1 806 922		(29 500)			(500)		1 776 922	718 544
	3 Expanded Public Works Programme of which Expanded Public Works Programme Integrated Grant	338 335							338 335	1
		17 167								17 167
TOTAL FOR THE PROVINCE		103 365 179	49 198	1 147 392	28	1 230 158	(538 511)	1 039	105 254 483	



EXPLANATORY MEMORNDUM ON THE ADJUSTED BUDGET APPROPRIATION FOR THE FINANCIAL YEAR 2016/17

1. PURPOSE

The purpose of the Bill is to seek approval and adoption of the 2016/17 adjustment budget. The Bill revises and adjusts the 2016 Provincial Appropriation Act tabled by the Gauteng Member of Executive Council (MEC) for Finance at the Provincial Legislature on 8 March 2016.

2. SUMMARY

Section 31 of the Public Finance Management Act (PFMA) provides that the MEC for Finance in a province may table an adjustments budget before the relevant provincial legislature. It is upon this legislative framework that this memorandum seeks approval to amend the 2016/17 Main Appropriation as tabled on 8 March 2016.

The Gauteng Provincial Government is using the provisions of the Act which states that an adjustments budget for a province may provide for the appropriation of funds that have become available to the province; unforeseeable and unavoidable expenditure; the shifting of funds between and within votes; the shifting of funds to follow the transfer of functions; the utilization of savings under a main division within a vote for the defrayment of excess expenditure under another main division within the same vote; and the rollover of unspent funds from the preceding financial year.



3. DISCUSSION

3.1. FACTORS INFLUENCING THE NATIONAL MACROECONOMIC ENVIRONMENT

The 2016/17 Adjustments Budget is prepared in an economic environment characterized by the following realities:

- The International Monetary Fund (IMF) expects global economic growth to reach 3.1 percent in 2016, slightly down from 3.2 percent growth in 2015.¹ The slowdown in economic growth mirrors more subdued economic prospects in advanced economies, reflective of softer-than-expected economic activity and uncertainties around the consequences of Britain having voted to exit the European Union.
- The emerging market and developing economies are expected to be the main driver of the projected global economic growth in 2016. Growth in this region is expected to strengthen to 4.2 percent in 2016, following five consecutive years of deceleration. However, the outlook still differs widely across the emerging market economies, with various factors weighing negatively on economic activity. These include lower revenues in commodity exporting countries, spillovers from weak demand in advanced economies, the effects of prolonged drought conditions in the Eastern and Southern Africa and continued political uncertainty in some countries. Whilst China and India are expected to show some strong growth in 2016, Nigeria is expected to record negative growth, Brazil and Russia are projected to remain in recession, and South Africa is expected to grow barely by 0.1 percent.
- Despite the domestic challenges, such as current drought conditions and a subdued outlook of South Africa, these are also exacerbated by persistently low demand from the country's main trade partners and lower commodity prices. The National Treasury projects the domestic economy to grow by 0.5

¹ International Monetary Fund. (2016). *World Economic Outlook October Update*. Washington, DC



percent in 2016 and expects a moderate recovery over the next three years, with economic growth reaching 2.2 percent in 2019.² An observation on lower economic growth outlook, presumes a limited scope for additional fiscal expansion in South Africa to further enhance socio-economic development. In his delivery of the 2016 Medium Term Budget Policy Statement, Finance Minister, Pravin Gordhan, emphasized the need to accelerate fiscal consolidation to limit budget deficit and slow the pace of debt accumulation, whilst supporting stronger public and private infrastructure investment that will stimulate economic growth.

3.2. FACTORS INFLUENCING THE PROVINCIAL ECONOMIC OUTLOOK

- Due to the interconnectedness of South Africa's economy, the fragile global recovery and weakening national outlook pose challenges for the province's economy. The IHS Global Insight expects the provincial economic growth to reach 0.8 percent in 2016, down from the 1.5 percent recorded in 2015³.
- The province continues to be the country's economic hub accounting for an estimated 35.4 percent of the country's gross domestic product (GDP) in 2015. This high economic standing continues to draw the attention of many job seekers to the province, with over 1.2 million people estimated to have migrated into the province between 2011 and 2016, according to the Mid-Year Population Estimates, further placing added pressure on the ability of the province to provide basic services for all residents.

Overall, there is clearly a need to continue to increase efforts to unlock economic growth at both the national and provincial levels. Fiscal discipline remains important to ensure that government's targets are achieved. To stimulate economic activity, emphasis must be placed on meeting spending targets, particularly in infrastructure and in the economic development space. In addition, the rollout of the Transformation, Modernisation and Re-industrialisation agenda should be accelerated where possible, as well as the

² National Treasury. (2016). *Medium Term Budget Statement*. Pretoria.

³ HIS Global Insight. (2016). *Regional eXplorer V2.5w*. Pretoria.



enhancement of the Gauteng City-Region to further advance inclusive growth, with a particular emphasis on employment programmes.

3.3 ADJUSTMENTS TO THE 2016/17 MAIN BUDGET

3.3.1 PROVINCIAL REVENUE

Table 1 below outlines the sources of revenue for the 2016/17 adjustments. The details of the adjustments are explained below.

TABLE 1: SUMMARY OF 2016/17 ADJUSTED BUDGET

R'000	Main Appropriation 2016/17	Adjustments			Total Adjustments	Adjusted appropriation
		National Rollovers	National Other	Provincial Other		
Equitable Share	79 599 868					79 599 868
Conditional Grants	18 839 208	62 556	(13 124)		49 432	18 888 640
Transfers from National	98 439 076	62 556	(13 124)		49 432	98 488 508
Provincial Own Revenue	4 981 714			338 733	338 733	5 320 447
Gross Revenue	103 420 790	62 556	(13 124)	338 733	388 165	103 808 955
Less: Direct charges - Political Office bearers	(86 617)					(86 617)
Total Revenue	103 334 173	62 556	(13 124)	338 733	388 165	103 722 338
Financing from Province	36 569			1 501 139	1 501 139	1 537 708
Net Revenue	103 370 742	62 556	(13 124)	1 839 872	1 889 304	105 260 046

3.3.1.1 Transfers from national

Transfers from national increase from R98.439 billion to R98.488 billion in 2016/17. This net increase of R49.4 million comprises R62.6 million approved rollover of conditional grants from 2015/16 and a reduction in conditional grants



due to the correction of an overstated grant allocation that was published in the 2016 Division of Revenue Act.

The provincial sources increase the appropriation by a total of R1.8 billion. This amount comprises R338.7 million increase in provincial own receipts and R1.5 billion from the province to provide for the approved additional funding for GPG priorities and to fund the approved provincial rollovers.

3.3.1.2 Provincial own revenue

Table 2 below shows the adjustments to the provincial own revenue budget for the 2016/17 financial year. The main appropriation increases by R338.7 million from R4.98 billion to R5.32 billion in 2016/17.

TABLE 2: 2016/17 OWN REVENUE CHANGES

R'000	Main Appropriation	Adjustment	Adjusted Appropriation
Office of the Premier	476		476
Gauteng Provincial Legislature			
Economic Development	931 388		931 388
Health	585 100		585 100
Education	30 299		30 299
Social Development	3 070		3 070
Cooperative Governance and Traditional Affairs	506		506
Human Settlements	4 664		4 664
Roads and Transport	3 215 889		3 215 889
Community Safety	19 857	8 730	28 587
Agriculture and Rural Development	14 813		14 813
Sport, Arts, Culture and Recreation	320	347	667
E-Government	917	(329)	588
Gauteng Provincial Treasury	151 415	329 985	481 400
Infrastructure Development	23 000		23 000
Total Changes in Own Revenue	4 981 714	338 733	5 320 447

- **Community Safety:** The adjusted own revenue budget of R28.6 million in 2016/17 is R8.7 million higher than the R19.9 million main budget. The adjustment is caused by a higher rate of revenue collection to date. For example, in the first six months, the department collected 98 percent of the R13.7 million budget for traffic fines.



- **Sport, Arts, Culture and Recreation:** The budget increase of R347 000 from R320 000 to R667 000 in 2016/17 results from parking fees revenue and recovery of debts. Additional parking bays for employees obtained during the year and the high rate of collecting staff debts and previous years' expenditure caused the department to collect 36 percent more revenue than the R320 000 annual budget in six months.
- **E-Government:** The own revenue budget decreases by R329 000 from R917 000 to R588 000 due to a low collection trend on parking fees and recovery of debt and previous years' expenditure which are dependent on the number of employees.
- **Provincial Treasury:** The own revenue budget increases by R330 million from R151.4 million to R481.4 million in 2016/17 due to a higher-than-expected interest revenue earned on positive cash balances in respect of unspent ring fenced funds for infrastructure and conditional grants. The revenue collection for the first six months in 2016/17 is 78 percent higher than the main budget of R151.4 million.

3.3.2 SUMMARY OF REVISED DEPARTMENTAL ALLOCATIONS

Table 3 below shows the summary of the adjusted appropriation per department. The total main appropriation has been adjusted upward by R1.9 billion. Details of the adjustments are explained according to the type of spending for which the adjustment budget has provided.

TABLE 3: REVISED DEPARTMENTAL ALLOCATIONS

R'000	Main appropriation	Adjustments	Adjusted appropriation
Office of the Premier	449 420	22 366	471 786
Gauteng Provincial Legislature	641 673	7 884	649 557
Economic Development	1 331 638	56 061	1 387 699
Health	37 408 057	248 800	37 656 857
Education	39 069 226	439 424	39 508 650
Social Development	4 235 362	36 240	4 271 602
Cooperative Governance and Traditional Affairs	418 763	97 700	516 463
Human Settlements	5 871 166	177 500	6 048 666
Roads and Transport	7 299 704	609 743	7 909 447
Community Safety	652 880	30 700	683 580



Agriculture and Rural Development	777 853	53 732	831 585
Sport, Arts, Culture and Recreation	821 059	27 942	849 001
E-Government	1 216 132	47 054	1 263 186
Gauteng Provincial Treasury	607 394	34 158	641 552
Infrastructure Development	2 564 853		2 564 853
Total Payments	103 365 179	1 889 304	105 254 483

3.3.2.1 Function shifts and suspensions

Function shifts and surrenders for the 2016/17 financial year are as follows:

- **Office of the Premier:** The department receives a total of R2.4 million from the Department of e-Gov for the function shift relating to the Employee Health and Wellness Programme (EHWP).
- **E-Government:** R2.4 million is suspended to the Office of the Premier to provide funding for the operational requirements of the Employee Health & Wellness Programme that migrated with effect from 1st October 2016.

The department receives R842 000 from the Gauteng Provincial Treasury for three employees (from Document Management Centre) who migrated to the department during the process of reviewing and realigning the functions of these departments to improve efficiency in service delivery.

- **Provincial Treasury:** The department reallocates an amount of R842 000 to the Department of e-Government in respect of three employees who migrated to the invoice scanning function within the Document Management Centre.

3.3.2.2 Rollovers

The details of equitable share rollovers are stated below.

- **Economic Development:** R30.5 million rollover is approved to continue the refurbishment and rehabilitation of Township Industrial Parks and the Gauteng IDZ bulk infrastructure projects (namely: Orlando Industrial Park, Khutsong Business Centre, Mabopane Skills Development Centre, Ennerdale Skills Development Centre, Hammanskraal Skills Development



Centre, Alexandra Industrial Park, Saulsville Industrial Park, Kwa Thema Industrial Hub, Residentia Industrial Park and Gauteng IDZ JMP).

- **Health:** R33.8 million is approved for infrastructure to fund the incomplete electro-mechanical projects at various hospitals.
- **Education:** The department receives a rollover of R157 million for the expansion of the ICT programme in the province, and R18 million for the settlement of senior management service conference cost and development courses for middle and foundation managers.
- **COGTA:** An amount of R27.7 million is rolled over to fund the procurement of premises for the Provincial Disaster Management Centre.
- **Human Settlements:** The department receives a rollover of R127.5 million for the bulk infrastructure of Syferfontein phase 2 project; for the payment of rates and taxes for housing stock; and for the procurement of laptops and furniture for new Johannesburg Regional Offices.
- **Community Safety:** R10 million is provided for the procurement of protective clothing of patrollers.
- **Sport, Arts, Culture and Recreation:** The total rollover amounts to R11.6 million. Of this amount, R1.4 million is for the refurbishment, upgrade and construction of infrastructure projects in Ratanda, Diepsloot, Magaliesburg and the South, East and West corridors; and R10.2 million is for the completion of the provincial archive centre and the procurement of equipment for three libraries.
- **E-Government:** A total amount of R12.5 million is rolled over for the completion of projects that commenced in the 2015/16 financial year. This amount includes R1.9 million for the SAP functional upgrade; R750 000 for the installation of security booths at 75 Fox Street building; R1.3 million for the installation of security scanners at 75 Fox Street building; and R8.5 million for the refurbishment of the 75 Fox Street building.



The adjustment of conditional grant allocations is as follows:

- **Health:** The department receives a rollover of R15 million for the Comprehensive HIV, AIDS and TB Grant towards the payment of stipends to community health care workers.
- **Education:** An amount of R4.3 million is allocated for the National School Nutrition Programme Grant to cover a shortfall caused by high food inflation.
- **Human Settlements:** R21.6 million that is provided as the Emergency Relief Funding for hail storm damage in Ekurhuleni Metropolitan Municipality area is no longer classified.
- **Roads and Transport:** R29.7 million from the Public Transport Operation Grant is approved for rollover to pay commitments in respect of subsidies to public transport operators.
- **Sport, Arts, Culture and Recreation:** The Community Library Services Grant amounting to R17.8 million is rolled over for the completion of additional scope of work in community libraries while the allocation for the Mass Participation and Sport Development Grant is reduced by R17.5 million to correct an error that overstated the grant allocation that was published in the 2016 Division of Revenue Act.

Table 4 below provides a summary of adjustments to conditional grants.

TABLE 4: CONDITIONAL GRANT CHANGES

R'000	Main Appropriation	Adjustments	Adjusted Appropriation
Health	8,643,260	15,000	8,658,260
Comprehensive HIV, Aids Grant and TB Grant	3,259,407	15,000	3,274,407
Health Facility Revitalisation Grant	777,818		777,818
Health Professions Training and Development Grant	865,244		865,244
National Tertiary Services Grant	3,727,048		3,727,048
National Health Insurance	7,543		7,543
EPWP Integrated Grant	2,000		2,000
Social Sector EPWP Incentive Grant	4,200		4,200



Education	2,211,751	4,344	2,216,095
Education Infrastructure Grant	1,385,737		1,385,737
HIV and Aids (Life Skills Education) Grant	32,449		32,449
National School Nutrition Programme Grant	712,955	4,344	717,299
Maths, Science and Technology Grant	49,810		49,810
EPWP Integrated Grant	2,139		2,139
Social Sector EPWP Incentive Grant	28,661		28,661
Social Development	13,108		13,108
Social Sector EPWP Incentive Grant	13,108		13,108
Cooperative Governance and Traditional Affairs	2,000		2,000
EPWP Integrated Grant	2,000		2,000
Human Settlements	5,046,443	(21,569)	5,024,874
Housing Disaster Relief Grant in Ekurhuleni	21,569	(21,569)	-
Integrated Housing and Human Settlement Development Grant	5,022,669		5,022,669
EPWP Integrated Grant	2,205		2,205
Roads and Transport	2,537,823	29,743	2,567,566
Provincial Roads Maintenance Grant	501,784		501,784
Public Transport Operations Grant	2,033,590	29,743	2,063,333
EPWP Integrated Grant	2,449		2,449
Community Safety	1,800		1,800
EPWP Integrated Grant	1,800		1,800
Agriculture and Rural Development	118,778		118,778
Comprehensive Agricultural Support Programme Grant	85,079		85,079
Ilima/Letsema Projects Grant	26,061		26,061
Land Care Programme Grant: Poverty Relief and Infrastructure Development	4,802		4,802
EPWP Integrated Grant	2,836		2,836
Sport, Arts, Culture and Recreation	268,647	345	268,992
Community Library Services Grant	163,339	17,813	181,152
Mass Sport and Recreation Participation Programme Grant	101,084	(17,468)	83,616
EPWP Integrated Grant	2,024		2,024
Social Sector EPWP Incentive Grant	2,200		2,200
Infrastructure Development	17,167		17,167
EPWP Integrated Grant	17,167		17,167
Total Changes in Conditional Grants	18 860 777	27 863	18 888 640

3.3.2.3 Additional funding

Provincial Additional Funding

Provincial additional funding has been made available to various departments for the reasons stipulated hereunder.

- **Office of the Premier:** The department receives R20 million for the Tshepo 500 000 project to fund the youth employment programme in the province.



- **Provincial Legislature:** R7.9 million is reallocated from the retained income of the Provincial Legislature to fund an increase in constituency allowances for members and parties in order to fulfil their constitutional obligations.
- **Economic Development:** A total of R25.5 million is allocated to the department. This amount includes R10.5 million that is made available to Gauteng Tourism Agency to contribute towards the hosting of major events in the Province (i.e. World choir games, Cycling Festival and Discorp Africa project). The remaining R15 million is provided to Gauteng Liquor Board to supplement its personnel budget and to GEP to assist the SMMEs financially and non-financially due to the increased demand for GEP product offerings which have increased over the past two financial years.
- **Health:** An amount of R143.7 million is allocated to cover the higher-than-anticipated salary increases for the public sector as per the wage agreement. In addition, R56.3 million is allocated towards ICT for revenue enhancement initiatives.
- **Education:** The department receives R260 million. Of this amount, R155 million is allocated for the filling of critical vacant posts and the appointment of teachers in new schools to be opened in the 2017 academic year; and R105 million will be used to cover a shortfall in funding for municipal services in schools that results from higher electricity prices.
- **Social Development:** An allocation of R36.2 million is received. R15.3 million is allocated to fund an increase of bed capacity in Randfontein Life Recovery Treatment Centre and to fund the establishment of a treatment centre in Sedibeng region. R12 million is provided for the establishment of centres of excellence in Sedibeng and Johannesburg Regions as a replica to the Father Smangaliso Mkhathswa Centre of Excellence implemented in Soshanguve. The Centres of Excellence are established to develop



young recovering addicts who completed their rehabilitation programme and to prepare them to participate in the mainstream economy. The skills programme includes provision of accredited training such as bricklaying, carpentry, tiling and computer literacy. The centre will also provide job centre environment where young people will have access to internet and apply for available job opportunities in the market. A further R8.9 million is allocated to fund the appointment of Assistant Community Development Practitioners and nurses in Institutions managed by the department.

- **CoGTA:** An amount of R30 million is provided for the interventions to address service delivery challenges identified through Ntirhisano programme. These interventions are directed at Emfuleni Local Municipality for the new pump station in Vereeniging; and Rand West Local Municipality (Mohlakeng extension 5 and 11) for electricity services. R20 million is provided to assist Merafong Local Municipality (Khutsong) with infrastructure replacement and refurbishment as part of the Ntirhisano outreach programme. Another R20 million is provided for the flood disaster relief in the province.
- **Human Settlements:** The department receives a total of R50 million which comprises of R30 million for municipal services and R20 million for security services.
- **Roads and Transport:** R580 million is made available to fund the Gautrain Management Agency in respect of settlement of court orders related to disputes.
- **Community Safety:** A total of R20.7 million is allocated to the department. This amount includes R10.7 million for the appointment of traffic college graduates as contract workers and R10 million towards deliverology projects that include, ICT enabled oversight at 40 police stations and the installation of 24 hours camera to monitor performance. The allocation is also made available to conduct research surveys and roll out the Memeza Community Alarm project to the houses of the elderly and



child headed households and enhance public awareness campaigns through outreach programmes and media.

- **Agriculture and Rural Development:** R53.7 million is availed to the department to fund various clean development projects under the Gauteng Cleaner Production and Remediation programme financed by the Development Bank of Southern Africa (R39 million); Bontle ke Botho greening campaigns (R5.2 million); tenant installation services at the department's new office building (R5 million); completion of the hydroponics tunnels in De Deur area in Emfuleni Local Municipality and the establishment of the chicken processing facility in Kaalbasfontein (R2.5 million); and R2 million for Ntirhisano food security programme.
- **Sport, Arts, Culture and Recreation:** A total of R16 million is allocated for key events hosted by the department (namely: Gauteng Sports Awards; Nelson Mandela Remembrance Walk and the Community Festive Games).
- **E-Government:** R36 million is made available to the department for Microsoft licences.
- **GPT:** R35 million is allocated to fund the Project Preparation Facility (PPF) under GIFA. This amount will cater for carrying out feasibility studies for infrastructure projects. Feasibility studies cost between R5 million and R15 million per project and based on the number of projects submitted for PPF funding.

3.3.2.4 Summary of changes to Infrastructure programme

The province assessed the 2016/17 infrastructure portfolio after the second quarter of the financial year to determine whether or not the projects will be delivered as planned by the end of financial year. The province re-aligned the allocations of projects with the estimated level of performance at financial year-end. Adjustments to the infrastructure portfolio relate to reprioritisation



within the projects, provision of additional budgets and reduction of budget allocations in line with the outcomes of the performance reviews.

TABLE 5: SUMMARY OF INFRASTRUCTURE ADJUSTMENT BY VOTE

R'000	Main Appropriation	Adjusted Appropriation	Increase	Decrease
Health	1 967 568	2 001 368	33 800	-
Education	3 012 373	3 012 373	-	-
Social Development	191 125	181 644	-	(9 481)
Human Settlement	5 260 387	5 360 387	100 000	-
Roads and Transport	2 314 972	1 805 735	-	(509 237)
Agriculture and Rural Development	51 417	46 597	-	(4 820)
Sport, Arts, Recreation and Culture	158 916	179 542	20 626	-
Infrastructure Development	265 267	265 267	-	-
Total	13 222 025	12 852 913	154 426	(523 538)

Table 5 above shows that the provincial main appropriation reduces by R369.1 million from R13.2 billion to R12.8 billion during the 2016/17 budget adjustment process.

- **Health:** An approved rollover of R33.8 million for the electro-mechanical programme increases the allocation from R1.97 billion to R2 billion.
- **Social Development:** The allocation decreases from R191.1 million to R181.6 million due to delays in the rollout of the capacity building programme. It was planned that a skilled professional to undertake planning and monitoring of the infrastructure portfolio would be appointed, however a delay in the approval of the organisational structure delayed the planned appointment. This, in turn, slowed down the rollout of the infrastructure portfolio. It is expected that the appointment will take place later in the financial year.
- **Human Settlements:** An increase from R5.3 billion to R5.4 billion includes the additional R100 million that is allocated for commencing detailed studies for Phase 2 Syferfontein mixed-housing development project.



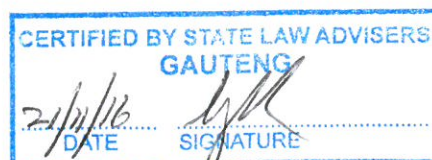
- **Roads and Transport:** The allocation decreases by R509.2 million from R2.3 billion to R1.8 billion due to delays experienced in the pre-planning of projects in adherence to the Standard for Infrastructure Procurement Delivery Management to enable the kick-starting of procurement processes timeously.
- **Agriculture and Rural Development:** The allocation decreases from R51.4 million to R46.6 million due to delays in the rollout of the capacity building programme. The department will have appointed a skilled professional to undertake planning and monitoring of the infrastructure portfolio by the financial year-end to manage the implementation of projects.
- **Sport, Arts, Culture and Recreation:** The allocation increases from R158.9 million to R179.5 million due to approved rollovers of R20.6 million (which includes the Provincial Equitable Share and the Community Libraries grant) for the completion of the Provincial Archives project and eight libraries.

4. JOB CREATION IMPLICATIONS

The province contributes to job creation through the EPWP Integrated and incentive Grants, Tshepo 500 000 project for youth employment, procurement of goods and services as well as infrastructure delivery.

5. ORGANISATIONAL AND PERSONNEL IMPLICATION

Although a transfer of functions amongst the provincial departments (namely: from e-Government to the Office of the Premier and from Provincial Treasury to e-Government) increases the scope of functions for receiving departments, a positive net effect on province is expected given an improved efficiency through realignment of functions.



The budget adjustments provides a total of R318.3 million for funding the higher-than-anticipated salary increases in Health as per the public sector wage agreement; the filling of critical vacant posts in Education and the appointment of teachers in new schools to be opened in the 2017 academic year; the appointment of Assistant Community Development Practitioners and nurses in Social Development; and the appointment of traffic college graduates as contract workers in Community Safety.

6. FINANCIAL IMPLICATIONS

The provincial main appropriation of R103.4 billion will be revised by R1.9 billion to an adjusted appropriation of R105.2 billion. Additional funding is primarily from the national transfers and provincial resources.

7. COMMUNICATION IMPLICATIONS

The amendments to the adjusted budget appropriation will be submitted to stakeholders including Provincial Legislature, Gauteng provincial departments and National Treasury.

8. CONSTITUTIONAL AND LEGAL IMPLICATIONS

The provincial budget is compiled in compliance with formats and timelines prescribed by the National Treasury and is tabled to the Provincial Legislature as per section 215 of the Constitution of the Republic of South Africa (Act 108 of 1996).

9. OTHER DEPARTMENTS OR BODIES CONSULTED

Treasury has extensively consulted with all the affected departments with regard to all the amendments made in the adjusted budget.



10. CLAUSE BY CLAUSE DESCRIPTION

Clause 1:

Defines important words and processes.

Clause 2:

Contains details about the adjusted appropriations for use by the Province for the financial year ending 31 March 2017

Clause 3:

Deals with appropriations that are specifically and exclusively listed

Clause 4:

Contains the short title

Schedule:

Contains details of appropriation by vote as explained under paragraph 3.3 above.

