

VOTE 15

DEPARTMENT OF INFRASTRUCTURE DEVELOPMENT

| R thousand | 2016/17 | | | |
|------------------------------|------------------------------------|------------------------|----------|----------|
| | Main appropriation | Adjusted appropriation | Decrease | Increase |
| Amount to be appropriated | 2564853 | 2564853 | | |
| of which: | | | | |
| Current payments | 1 638 306 | 1 640 806 | | 2 500 |
| Transfers and subsidies | 727 922 | 727 922 | | |
| Payments for capital assets | 198 625 | 196 125 | (2 500) | |
| Payment for financial assets | | | | |
| Executive authority | MEC for Infrastructure Development | | | |
| Accounting officer | Head of Department | | | |

1. Vision and Mission

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.

Mission

To contribute towards the radical transformation, modernisation and re-industrialisation of Gauteng by accelerating integrated service delivery, maintenance and management of public infrastructure and deploying build environment professionals while encouraging the active participation of an empowered citizenry.

2. Changes to programme purpose, objective and measures

No changes.

3. Summary of Adjusted Estimates of Departmental Expenditure 2016/17

TABLE 15.1: INFRASTRUCTURE DEVELOPMENT

| Programmes | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|--------------------------------|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| R thousand | | | | | | | | | | |
| 1. Administration | 419 596 | | | | 30 000 | | | | 30 000 | 449 596 |
| 2. Public Works Infrastructure | 1 806 922 | | | | (30 000) | | | | (30 000) | 1 776 922 |
| 3. Expanded Public Works | 338 335 | | | | | | | | | 338 335 |
| Total for programmes | 2 564 853 | | | | | | | | | 2 564 853 |

| Economic classification | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|--------------------------------------|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| R thousand | | | | | | | | | | |
| Current payments | 1 638 306 | | | | 2 500 | | | | 2 500 | 1 640 806 |
| Compensation of employees | 833 203 | | | | | | | | | 833 203 |
| Salaries & wages | 744 882 | | | | | | | | | 744 882 |
| Social contribution | 88 321 | | | | | | | | | 88 321 |
| Goods and services | 803 750 | | | | 2 500 | | | | 2 500 | 806 250 |
| Interest and rent on land | 1 353 | | | | | | | | | 1 353 |
| Transfers and subsidies | 727 922 | | | | | | | | | 727 922 |
| Provinces and municipalities | 718 544 | | | | | | | | | 718 544 |
| Departmental agencies and accounts | 1 | | | | | | | | | 1 |
| Higher education institutions | | | | | | | | | | |
| Non-profit institutions | | | | | | | | | | |
| Households | 9 377 | | | | | | | | | 9 377 |
| Payments for capital assets | 198 625 | | | | (2 500) | | | | (2 500) | 196 125 |
| Buildings and other fixed structures | 169 825 | | | | (500) | | | | (500) | 169 325 |
| Machinery and equipment | 28 800 | | | | (2 000) | | | | (2 000) | 26 800 |
| Heritage assets | | | | | | | | | | |
| Software and other intangible assets | | | | | | | | | | |
| Payments for financial assets | | | | | | | | | | |
| Total economic classification | 2 564 853 | | | | | | | | | 2 564 853 |

The department's budget is R2.6 billion and remains unchanged during the 2016/17 adjustments budget. The adjustments budget supports and is aligned to the 2016/17 ten pillar programme that emphasises the strategic move towards Transformation, Modernisation and Reindustrialisation. The department has implemented shifts and virements of funds to address budget pressures and to fund projects which were not funded at the beginning of the financial year. During the 2016/17 financial year, the department makes budget shifts between two programmes. This results in a budget increase of R30 million for legal costs in programme 1 while the budget for programme 2 is reduced by R30 million for the same item, due to the centralisation of function. The funds will be used for the payment of existing and anticipated litigation which will be finalised during the current financial year.

4. Details of Adjustments to Estimates of Departmental Expenditure 2016/17

Programme 1: Administration

TABLE 15.2: PROGRAMME 1: ADMINISTRATION

| Sub-programmes | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|----------------------------|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| R thousand | | | | | | | | | | |
| 1. Office of the MEC | 8 770 | | | | | | | | | 8 770 |
| 2. Corporate Support | 401 447 | | | | 30 000 | | | | 30 000 | 431 447 |
| 3. Management | 9 379 | | | | | | | | | 9 379 |
| Total for programme | 419 596 | | | | 30 000 | | | | 30 000 | 449 596 |

| Economic classification | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|--------------------------------------|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| R thousand | | | | | | | | | | |
| Current payments | 383 242 | | | | 32 000 | | | | 32 000 | 415 242 |
| Compensation of employees | 167 044 | | | | | | | | | 167 044 |
| Salaries & wages | 148 710 | | | | | | | | | 148 710 |
| Social contribution | 18 334 | | | | | | | | | 18 334 |
| Goods and services | 215 198 | | | | 32 000 | | | | 32 000 | 247 198 |
| Interest and rent on land | 1 000 | | | | | | | | | 1 000 |
| Transfers and subsidies | 7 554 | | | | | | | | | 7 554 |
| Provinces and municipalities | | | | | | | | | | |
| Non-profit institutions | | | | | | | | | | |
| Households | 7 554 | | | | | | | | | 7 554 |
| Payments for capital assets | 28 800 | | | | (2 000) | | | | (2 000) | 26 800 |
| Buildings and other fixed structures | | | | | | | | | | |
| Machinery and equipment | 28 800 | | | | (2 000) | | | | (2 000) | 26 800 |
| Payments for financial assets | | | | | | | | | | |
| Total economic classification | 419 596 | | | | 30 000 | | | | 30 000 | 449 596 |

TABLE 15.3: DETAILS OF SHIFTS AND VIREMENTS PER ECONOMIC CLASSIFICATION : PROGRAMME 1: ADMINISTRATION

| Economic classification | Motivation | From | Motivation | To |
|---|--|----------------|--|---------------|
| Current payments | | (516) | | 32 516 |
| Compensation of employees | | | | |
| Goods and services | Funds are redirected to where security expenditure is incurred | (516) | Funds for legal services will now be managed effectively by the Directorate Legal Advisory within the corporate support programme. Funds are also redirected to cover security expenditure for the MEC | 32 516 |
| Interest and rent on land | | | | |
| Transfers and subsidies | | | | |
| Public corporations and private enterprises | | | | |
| Non-profit institutions | | | | |
| Households | | | | |
| Payments for capital assets | | (2 000) | | |
| Buildings and other fixed structures | | | | |

| Economic classification | Motivation | From | Motivation | To |
|--------------------------------------|---|----------------|------------|---------------|
| Machinery and equipment | Funding for license fees were wrongly allocated to machinery and equipment. | (2 000) | | |
| Heritage assets | | | | |
| Specialised military assets | | | | |
| Software and other intangible assets | | | | |
| Payments for financial assets | | | | |
| Total economic classification | | (2 516) | | 32 516 |

Virements and shifts

An amount of R30 million was shifted to Administration to fund the legal costs and settlement paid on behalf of the Construction branch. The department defended cases against service providers due to poor performance and non-delivery of outputs. Considering the nature of DID's business, such issues are unavoidable where there is non-performance by service providers.

An amount of R2.5 million to fund the software licenses paid for by the ICT directorate, was wrongly allocated to machinery and equipment instead of goods and services where the payment was processed.

Programme 2: Public Works Infrastructure

TABLE 15.4: PROGRAMME 2: PUBLIC WORKS INFRASTRUCTURE

| Sub-programme | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|----------------------------------|-----------------------|---|-------------------------|---------------------------|-------------------------|-------------------------------|------------------------------------|--------------------------------------|----------------------|---------------------------|
| R thousand | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/ unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| 1. Construction | 319 521 | | | | (30 000) | | | | (30 000) | 289 521 |
| 2. Maintenance | 405 939 | | | | (30 000) | | | | (30 000) | 405 939 |
| 3. Immovable Asset Management | 1 081 462 | | | | | | | | | 1 081 462 |
| Total for programme | 1 806 922 | | | | (30 000) | | | | (30 000) | 1 776 922 |

| Economic classification | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|--|-----------------------|---|-------------------------|---------------------------|-------------------------|-------------------------------|------------------------------------|--------------------------------------|----------------------|---------------------------|
| R thousand | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/ unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| Current payments | 916 835 | | | | (29 500) | | | | (29 500) | 887 335 |
| Compensation of employees | 482 510 | | | | | | | | | 482 510 |
| Salaries & wages | 433 151 | | | | | | | | | 433 151 |
| Social contribution | 49 359 | | | | | | | | | 49 359 |
| Goods and services | 434 025 | | | | (29 500) | | | | (29 500) | 404 525 |
| Interest and rent on land | 300 | | | | | | | | | 300 |
| Transfers and subsidies | 720 262 | | | | | | | | | 720 262 |
| Provinces and municipalities | 718 544 | | | | | | | | | 718 544 |
| Departmental agencies and accounts | 1 | | | | | | | | | 1 |
| Non-profit institutions | | | | | | | | | | |
| Households | 1 717 | | | | | | | | | 1 717 |
| Payments for capital assets | 169 825 | | | | (500) | | | | (500) | 169 325 |
| Buildings and other fixed structures | 169 825 | | | | (500) | | | | (500) | 169 325 |
| Machinery and equipment | | | | | | | | | | |
| Heritage assets | | | | | | | | | | |
| Software and other intangible assets | | | | | | | | | | |
| Payments for financial assets | | | | | | | | | | |

| Economic classification | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|-------------------------------|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| R thousand | | | | | | | | | | |
| Total economic classification | 1 806 922 | | | | (30 000) | | | | (30 000) | 1 776 922 |

TABLE 15.5: DETAILS OF SHIFTS AND VIREMENTS PER CLASSIFICATION: PROGRAMME 2: PUBLIC WORKS INFRASTRUCTURE

| Economic classification | Motivation | From | Motivation | To |
|---|--|-----------------|---|---------------|
| Current payments | | (41 400) | | 11 900 |
| Compensation of employees | | | Funds will be used to cover expenditure incurred on G-fleet cars and accruals in the previous financial year. | 11 900 |
| Goods and services | A virement is implemented to move the budget to legal services. Delays in the filling of vacant posts have resulted in lower levels of spending on uniforms, tools of trade and stationery | (41 400) | | |
| Interest and rent on land | | | | |
| Transfers and subsidies | | | | |
| Public corporations and private enterprises | | | | |
| Non-profit institutions | | | | |
| Households | | | | |
| Payments for capital assets | | | | |
| Buildings and other fixed structures | | | | |
| Machinery and equipment | | | | |
| Land and sub-soil assets | | | | |
| Software and other intangible assets | | | | |
| Payments for financial assets | | | | |
| Total economic classification | | (41 400) | | 11 900 |

Virement and shifts

A total amount of R11.9 million is shifted within the programme to cover expenditure on G-Fleet costs, travelling and subsistence allowances which are required to deliver on the department's mandate. Technicians that are placed at the institutions mostly use G-cars on a daily basis to service the clients. Therefore, this cost is critical for service delivery.

An amount of R30 million for legal services is shifted to Administration programme where expenditure for litigations and legal costs has been centralised but the funds were initially allocated to the construction branch to assist the department to deal with cases against service providers due to poor performance and non-delivery of outputs.

Programme 3: Expanded Public Works Programme

TABLE 15.6: EXPANDED PUBLIC WORKS PROGRAMME

| Sub-programme | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|----------------------------|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| R thousand | | | | | | | | | | |
| 1. Programme Support Cbp | 128 098 | | | | (200) | | | | (200) | 127 898 |
| 2. Community Development | 210 237 | | | | 200 | | | | 200 | 210 437 |
| Total for programme | 338 335 | | | | | | | | | 338 335 |

| Economic classification | Main Appropriation | 2016/17 Adjustments | | | | | | | Total Adjustments | Adjusted Appropriation |
|---|--------------------|---|----------------------|------------------------|----------------------|---------------------------|------------------------------|--------------------------------|-------------------|------------------------|
| | | Function Shifts, Surrenders and Suspensions | Roll-overs: National | Roll-overs: Provincial | Virements and Shifts | Unforeseeable/unavoidable | Additional Funding: National | Additional Funding: Provincial | | |
| R thousand | | | | | | | | | | |
| Current payments | 338 229 | | | | | | | | | 338 229 |
| Compensation of employees | 183 649 | | | | | | | | | 183 649 |
| Salaries & wages | 163 021 | | | | | | | | | 163 021 |
| Social contribution | 20 628 | | | | | | | | | 20 628 |
| Goods and services | 154 527 | | | | | | | | | 154 527 |
| Interest and rent on land | 53 | | | | | | | | | 53 |
| Transfers and subsidies | 106 | | | | | | | | | 106 |
| Provinces and municipalities | | | | | | | | | | |
| Public corporations and private enterprises | | | | | | | | | | |
| Non-profit institutions | | | | | | | | | | |
| Households | 106 | | | | | | | | | 106 |
| Payments for capital assets | | | | | | | | | | |
| Buildings and other fixed structures | | | | | | | | | | |
| Machinery and equipment | | | | | | | | | | |
| Land and sub-soil assets | | | | | | | | | | |
| Software and other intangible assets | | | | | | | | | | |
| Payments for financial assets | | | | | | | | | | |
| Total economic classification | 338 335 | | | | | | | | | 338 335 |

TABLE 15.7: DETAILS OF VIREMENTS AND SHIFTS PER ECONOMIC CLASSIFICATION: PROGRAMME 3: EXPANDED PUBLIC WORKS PROGRAMME

| Economic classification | Motivation | From | Motivation | To |
|--------------------------------------|---|--------------|--|------------|
| Current payments | | (300) | | 300 |
| Compensation of employees | Cost containment measures to reduce internal catering resulted in savings that could be reprioritised within the Administration programme | (300) | Funds are shifted to this item to mitigate over expenditure as catering is provided during training for National Youth Service(NYS) and Zivuseni beneficiaries | 300 |
| Goods and services | | | | |
| Interest and rent on land | | | | |
| Transfers and subsidies | | | | |
| Provinces and municipalities | | | | |
| Households | | | | |
| Payments for capital assets | | | | |
| Buildings and other fixed structures | | | | |
| Software and other intangible assets | | | | |
| Payments for financial assets | | | | |
| Total economic classification | | (300) | | 300 |

Virements and Shifts

The department implemented cost containment measures by reducing internal catering which resulted in a saving. An amount of R300 000 is shifted within the programme to cover expenditure incurred on catering offered during training to Zivuseni and NYS beneficiaries. These costs are required to support the initiative of training the youth to equip them with skills that they will require in the future.

5. Expenditure 2015/16 and preliminary expenditure 2016/17

TABLE 15.8: EXPENDITURE 2015/16 AND PRELIMINARY EXPENDITURE 2016/17

| Department | 2015/16 Expenditure Outcome | | | | 2016/17 Preliminary expenditure | | |
|--------------------------------------|--------------------------------|-----------------------------|-------------------------|--|------------------------------------|---------------------------|------------------------------|
| | Adjusted appropriation | April 2015 - September 2016 | April 2015 - March 2015 | April 2015 - March 2016 as a % of adjusted appropriation | Adjusted Appropriation | April 2016-September 2017 | % change 15/16-16/17 Apr-Sep |
| R thousand | | | | | | | |
| 1. Administration | 442 834 | 261 952 | 442 542 | 100% | 449 596 | 306 368 | 17% |
| 2. Public Works Infrastructure | 1 672 878 | 655 423 | 1 672 809 | 100% | 1 776 922 | 779 270 | 19% |
| 3. Expanded Public Works | 298 102 | 132 214 | 297 995 | 100% | 338 335 | 140 818 | 7% |
| Total for programmes | 2 413 814 | 1 049 589 | 2 413 346 | 100% | 2 564 853 | 1 226 456 | 17% |
| Current payments | 1 467 872 | 761 419 | 1 477 906 | 101% | 1 640 806 | 894 845 | 18% |
| Compensation of employees | 706 450 | 309 495 | 703 596 | 100% | 833 203 | 404 224 | 31% |
| Goods and Services | 760 622 | 451 690 | 767 950 | 101% | 806 250 | 490 604 | 9% |
| Interest and rent on land | 800 | 234 | 6 360 | 795% | 1 353 | 17 | (93%) |
| Transfers and subsidies | 684 509 | 185 369 | 682 843 | 100% | 727 922 | 246 640 | 33% |
| Provinces and municipalities | 679 069 | 183 380 | 679 060 | 100% | 718 544 | 239 137 | 30% |
| Departmental agencies and accounts | 1 | | | 0% | 1 | | |
| Higher education institutions | | | | | | | |
| Households | 5 419 | 1 989 | 3 783 | 70% | 9 377 | 7 503 | 277% |
| Payments for capital assets | 260 734 | 102 589 | 251 898 | 96% | 196 125 | 84 048 | (18%) |
| Buildings and other fixed structures | 217 168 | 93 681 | 185 480 | 85% | 169 325 | 66 237 | (29%) |
| Machinery and equipment | 43 566 | 8 908 | 28 467 | 65% | 26 800 | 17 811 | 100% |
| Software and other intangible assets | | | 37 951 | | | | 0% |
| Payments for financial assets | | 212 | 699 | | | 922 | 0% |
| Total economic classification | 2 413 814 | 1 049 589 | 2 413 346 | 100% | 2 564 853 | 1 226 455 | 17% |

Expenditure trends 2015/16

The department spent 100 per cent of its adjusted budget allocated during the 2015/16 financial year. Accruals amounting to R263 million were carried over to the 2016/17 financial year. These accruals are for: operating leases of Gauteng provincial government departments, office security services, immoveable asset register project, infrastructure development, management system and fleet management services which impacts negatively on targets for the current financial year.

Expenditure trends for the first half of 2016/17

The department spent an amount of R 1.2 billion by the end of second quarter of the 2016/17 financial year. This constitutes 48 per cent of the total allocated budget. Programme 1: Administration shows significant spending as at the end of the second quarter due to accruals.

Programme 1: Administration

This programme has spent R306 million or 68 per cent of the adjusted budget compared to R262 million spent in the second quarter of the 2015/16 financial year. The accelerated expenditure is a result of a huge balance of accruals carried through at the beginning of the financial year.

Programme 2: Public Works Infrastructure

Total expenditure on this programme for the second quarter of the 2016/17 financial year amounts to R779 million compared to R655 million spent in the second quarter of the previous financial year. The increase in expenditure is as a result of accrued payments on operating leases, utilities and cleaning services.

Programme 3: Expanded Public Works

This programme spent R149 million or 44 per cent of the adjusted budget as at the end of second quarter of 2016/17 financial year. The reasons for underspending are as a result of delays in programme execution relating to training of beneficiaries.

6. Departmental receipts

TABLE 15.9: DEPARTMENTAL RECEIPTS

| Department | 2015/16 Audited Outcome | | | | 2016/17 Actual Receipts | | |
|---|----------------------------|-----------------------|-----------------------|--|----------------------------|-------------------|------------------------------|
| | Adjusted appropriation | April 2015 - Sep 2015 | April 2014 - Mar 2015 | April 2014 - March 2015 as a % of adjusted appropriation | Adjusted appropriation | Apr 2015-Sep 2015 | % change 14/15-15/16 Apr-Sep |
| R thousand | | | | | | | |
| Tax receipts | | | | | | | |
| Sales of goods and services other than capital assets | 20 440 | 8 073 | 18 152 | 89% | 22 410 | 10 043 | 24% |
| Of which Health patient fees | | | | | | | |
| Interest, dividends and rent on land | | 23 | 119 | | | 15 | (35%) |
| Sales of capital assets | | | | | | | |
| Financial transactions in assets and liabilities | 560 | 383 | 2 002 | 358% | 590 | 831 | 117% |
| Total receipts | 21 000 | 8 479 | 20 273 | 97% | 23 000 | 10 889 | 28% |

Revenue trends for the first half of 2016/17

The department generates revenue from sales of tender documents, boarding fees, commission on garnishees and rental on dwellings. Initially, the department aimed at collecting revenue totalling R23 million for the 2016/17 financial year. The total collection for the first half of the current financial year amounts to R 10.8 million. It is anticipated that the total revenue earmarked for the year will be collected.

7. Changes to transfers and subsidies, conditional grants and infrastructure**7.1 Changes to transfer and subsidies**

No changes.

7.2 Changes to Conditional grant

No changes.

7.3 Changes to Infrastructure

Please refer to the 2016/17 Adjusted Estimates of Capital Expenditure (AECE).

GLOSSARY

The numeric data in this Adjusted EPRE has been classified in terms of government finance statistics (GFS).

1. Receipts

1.1 Tax receipts

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

1.2 Sales of goods and other than capital assets

This category consists of sales by government units, provided that the government has produced the goods or services. This item has the following components:

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

1.3 Transfers received

This item consists of all unrequited receipts from other parties except fines, penalties, forfeits and compensation for damage. When a department does not pay anything in return for the transfer from the other party (except in connection with fines, penalties, forfeits and compensation for damage), an entry should be made under one of the various transfer categories. Current and capital transfers are included in this item. Examples of current transfers are voluntary donations, transfers from other government bodies, and grants from foreign governments and international organisations.

Examples of capital transfers are cash receipts which a department is required to use toward the acquisition of a capital asset, or transfer of ownership rights of capital assets in favour of the department. Departments are requested to distinguish between the following transfer categories:

- Transfers from other governmental units (but excluding educational institutions);
- Transfers from universities and technikons;
- Transfers from foreign governments;
- Transfers from international organisations;
- Transfers from public corporations and private enterprises; and
- Transfers from households and non-profit institutions.

1.4 Fines, penalties and forfeits

This item consists of compulsory payments imposed by a court or quasi-judicial body. Out-of-court settlements are also included in this category.

1.5 Interest, dividends and rent on land

This item has three components:

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

1.6 Sales of capital assets

This item has two components:

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

It deserves notice that sales of goods, such as small tools, worth less than R5 000 are not included under sales of capital assets. These sales should be classified under sales of used goods other than capital assets.

1.7 Financial transactions in assets and liabilities

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

2. Payments

2.1 Current payments

Compensation of employees

Government departments are requested to distinguish between two components:

- Salaries and wages: payable regularly, weekly or monthly or at other intervals; and
- Social contributions: which includes the government's contribution (but not the employees' contribution) to social insurance schemes paid on behalf of employees, example, unemployment insurance funds and pension funds.

Goods and services

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

Interest and rent on land

This item has two components:

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

2.2 Transfers and subsidies

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

Departments are requested to distinguish between the following transfer categories:

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

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

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

2.3 Payments for capital assets

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

Buildings and other fixed structures:

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

Machinery and equipment:

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

Heritage Assets

This asset category includes historical buildings and monuments, archeological sites, conservation areas and nature reserves, as well as works of art.

Specialised Military Assets:

This asset category includes weapons, weapon delivery systems, ammunition and exposure equipment, flying suits and parachutes, rigging, ships and marine equipment.

Biological assets

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

Land and sub-soil assets

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

Software and other intangible assets

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

Payments for financial assets

It is necessary to provide for payments associated with certain purchases of financial assets; that is to expense the account. Most purchases of financial assets are not considered payments, but it is sensible to do so when the government lends to public corporations or makes equity investments in them, for policy purposes.

Capitalised compensation/goods and services

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

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

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