

# VOTE 14

## GAUTENG PROVINCIAL TREASURY

|                                       |                             |
|---------------------------------------|-----------------------------|
| To be appropriated by vote in 2018/19 | R 796 413 000               |
| Responsible MEC                       | MEC for Finance             |
| Administering Department              | Gauteng Provincial Treasury |
| Accounting Officer                    | Head of Department          |

### 1. OVERVIEW

#### 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.

#### Mission

We are an activist Treasury that enables and promotes quality service delivery for the citizens of Gauteng through:

- Sustainable financing and funding that ensures developmentally focused allocation of resources and innovative revenue generation;
- Efficient cash management that ensures sustainable liquidity levels in the province;
- Effective financial management and reporting that ensures responsible stewardship and transparent resource utilization and expenditure; and
- A well-structured governance framework that ensures accountability, transparency and fiscal discipline in line with statutory obligations.

#### Strategic goals

- To promote better planning and budgeting synergy across all spheres of government in the province;
- To ensure balanced budgeting and sustainable funding for legislative mandates and strategic priorities of the province;
- To ensure approved financial resources are spent efficiently, effectively and economically across the province;
- To support all departments, entities and municipalities to achieve unqualified audits;
- To reduce fraud and corruption and promote clean government across the province; and
- To ensure statutory obligations are met and that decision makers facilitate appropriate interventions.

#### Core functions and responsibilities

The functions of the Gauteng Provincial Treasury are described in the Public Finance Management Act (PFMA, 1999) and the Municipal Finance Management Act (MFMA, 2003). These can be summarised as follows:

- To manage the budget allocation for the Gauteng Provincial Government;
- To ensure the instilling of fiscal discipline and corporate governance in the province;
- To ensure proper cash management;
- To ensure the effective and efficient utilisation of resources – value for money and compliance with all relevant legislation;
- To develop, implement and monitor compliance with corporate governance norms and standards relating to provincial and local government; and
- To ensure adequate financial accountability.

#### Main services

The mandate of the Gauteng Provincial Treasury is to promote good governance by providing stewardship on all financial matters in the province and to ensure that provincial budgets and budgetary processes promote transparency, accountability and the effective financial management of resources.

In essence, the role of department is to ensure that provincial strategies are funded through projects and other initiatives which are aligned to the provincial priorities and the principles of the Batho Pele policy.

### Ten-Pillar Programme of Transformation, Modernisation and Re-industrialisation

The fifth administration of the Gauteng Province adopted a ten-pillar programme of radical Transformation, Modernisation and Reindustrialisation (TMR) which puts emphasis on radical socio-economic transformation, being an activist and a responsive government. The TMR programme is supported by ten pillars. The mandate of the Gauteng Provincial Treasury is essentially centered on promoting good governance by providing stewardship on all financial matters in the Province. In essence, the role of the department is thus focused on ensuring that strategies and key provincial priorities and projects which align to the TMR programme are funded. In this regards, the GPT supports all ten pillars in the TMR programme through reprioritizing and ensuring all the new provincial priorities are resourced.

At a departmental level, the department directly supports the following Provincial Pillars:

- Pillar 1: Radical economic transformation;
- Pillar 4: Transformation of state and governance; and
- Pillar 5 : Modernisation of the public service.

As an activist Treasury, we have adopted pillars which support and align to the TMR programme and also operationalise the department's mission and vision. The adopted departmental pillars are as follows:

- Promoting better planning and budgeting synergy across all spheres of government in the province;
- Sustainable financing and funding;
- Effective and efficient financial management;
- Support radical economic transformation; and
- Perform all Treasury's statutory obligations and promote a transparent and accountable government.

The Gauteng Provincial Treasury has and continues to implement the departmental strategic pillars which forms part of the TMR agenda. To date, the GPT has achieved the following:

- Improved synergy in planning and budgeting processes between the three spheres of government to ensure key priorities as espoused in the TMR programme are adequately funded in order to accelerate service delivery to the Gauteng citizenry;
- Implementation of the revenue enhancement strategy;
- Stabilization of the provincial wage bill against budget;
- Prudent cash management practices resulting in sustainable liquidity levels in the GPG;
- Provision of structured and targeted training to government institutions resulting in improvement in audit outcomes;
- Implementation of the open tender process as a measure to reduce fraud and corruption in government procurement processes;
- Compliance with regulatory and legislated requirements and standards;
- Implementation of Business Intelligence tools and automation of systems to improve efficiencies in financial management and enhance data integrity;
- Implementation through support of the Township Economy Revitalisation strategy; and
- The department has maintained an unqualified audit opinion with no matters of emphasis as well as for the Provincial Revenue Fund.

### National Development plan

The National Development Plan (NDP) envisions a South Africa where everyone feels free yet bounded to others; where everyone embraces their full potential, a country where opportunity is determined not by birth, but by ability, education and hard work. The realisation of such a society will require transformation of the economy and focused efforts to build the country's capabilities. The main challenge has been unevenness in capacity that leads to uneven performance in local, provincial and national government.

Part of building the country's capabilities includes the work described in Chapter 13 of the NDP where it is indicated that there is a need to build the capability of the state to play a developmental and transformative role.

In alignment with the need to build a capable and developmental state, the Gauteng Provincial department has aligned its objectives with the provincial transformation, modernisation and reindustrialisation programme. The department supports initiatives espoused in the Transformation, Modernisation and Reindustrialisation (TMR) programme.

Some of the key objectives under the chapter are:

- A state that is capable of playing a developmental and transformative role;
- A public service immersed in the development agenda but insulated from undue political interference;
- Relations between national, provincial and local government are improved through a more proactive approach to managing the intergovernmental system; and

- Strengthening local government.

GPT aims to develop systems and interventions to ensure effective financial management in the province. Parts of the interventions in this regard are providing support to departments and local municipalities to achieve unqualified audits, elimination of wastage and monitoring of cost containment in the province. Another important aspect of measures the department has undertaken in this regard is ensuring that government plans and budgets are synergised.

### **External activities and events relevant to budget decisions**

The fifth administration of the Gauteng Provincial Government (GPG) adopted the TMR programme that carries the future plans of the Gauteng City Region. The central economic and social objectives of the TMR remain:

- To change income distribution;
- To enhance equity and thereby raise the living standards of all our people; and
- To change ownership patterns and bring black people into the economic mainstream of our province.

The work towards the realization of these objectives continues with emphasis on the transformation of the industrial structure, the promotion of innovation driven industries, investment into skills development, transformation of apartheid spatial patterns, investment into infrastructure, and the building of strategic transformative partnerships with the private sector.

Due to the interconnectedness of South Africa's economy, the fragile global recovery and weakening national outlook poses challenges for the province's economy. The province continues to be the country's economic hub accounting for an estimated 35.4 per cent of the country's Gross Domestic Product (GDP) in 2015. Economic activity in the Gauteng City Region continues to be dominated by the finance & business services, followed by government, social & personal services sectors.

The subdued economic environment means that the country will face a challenging fiscal outlook going forward. During the 2016 Medium Term Budget Statement by the Minister of Finance, the need to accelerate fiscal consolidation in order to limit budget deficit and slow the pace of debt accumulation, whilst supporting stronger public and private infrastructure investment was emphasised.

Fiscal discipline remains important to ensure that fiscal 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 TMR agenda should be accelerated where possible, as well as the enhancement of the Gauteng City Region to further advance inclusive growth, with a particular emphasis on employment programmes. The 'Brexit' is expected to further dampen global economic growth prospects, potentially having an adverse impact on emerging markets (including South Africa, and eventually Gauteng).

### **Acts, rules and regulations**

- Division of Revenue Act (DORA), 2008;
- Treasury Regulations 2005 and Delegations;
- Prevention and Combating of Corrupt Activities Act, 2004;
- Municipal Finance Management Act, 2004;
- Broad-Based Black Economic Empowerment Act, 2003;
- The Tender Board Repeal Act, 2002;
- Preferential Procurement Policy Framework Act, 2000;
- Promotion of Access to Information Act, 2000 (Act 2 of 2000);
- Municipality Systems Act (2000) and Development Facilitation Act (1995);
- Promotion of Administrative Justice Act, 2000;
- Public Finance Management Act, 1999;
- Employment Equity Act, 1998;
- Basic Conditions of Employment Act, 1997;
- Intergovernmental Fiscal Relations Act, 1997 (Act 97 of 1997);
- Public Service Laws Amendment Act; 1997;
- Government Employees Pension Law, 1996;
- The National Archives Act, 1996;
- Borrowing Powers of Provincial Government Act, 1996 (Act 48 of 1996);
- The Constitution of the Republic of South Africa, 1996;
- Labour Relations Act, 1995;
- Occupational Health and Safety Act, 1995;
- Public Service Act, 1994 Regulations and Delegations;
- The National Archives Act, 1996;
- Borrowing Powers of Provincial Government Act, 1996 (Act 48 of 1996);

- The Constitution of the Republic of South Africa, 1996;
- Labour Relations Act, 1995;
- Occupational Health and Safety Act, 1995;
- Public Service Act, 1994 Regulations and Delegations;

## 2. REVIEW OF THE CURRENT FINANCIAL YEAR (2017/18)

The department continued to support the implementation of the GPG Transformation, Modernisation and Reindustrialisation programme in the 2017/18 financial year and contributed directly to three pillars of the TMR programme (namely: Pillar 1 - Radical economic transformation, Pillar 4 - Transformation of state and governance and Pillar 5 - Modernisation of public service).

The following has been implemented:

### PILLAR 1: RADICAL ECONOMIC TRANSFORMATION

#### **To create an enabling environment for township-based SMME to do business with GPG**

The combined efforts of GPG Departments, entities and local municipalities, supported the Township Economy Revitalisation (TER) Strategy, resulting in the target for procurement from township enterprises being realised in 2016/17 and this effort continued in the 2017/18 financial year, with 16 per cent of procurement expenditure spent on township suppliers.

The GPT continued with its efforts of increasing the number of suppliers registered on the GPG database as a measure to increasing the pool of suppliers available to do business with government. The department partnered with various stakeholders to provide development workshops by training 681 suppliers, hence ensuring that they are fully compliant with government prescripts relating to procurement.

In order for SMMEs and cooperatives to sustain themselves and continue to render services to government, timeous payment of invoices is critical, in this regard 100 per cent of all invoices submitted up to Q3, were paid within 30 days and 99,5 per cent were paid within 15 days upon receipt.

#### **To support the development and implementation of the Township Economy Revitalisation Strategy that encourages the increase in township spend**

GPG departments together with entities and municipalities, supported the Township Economy Revitalisation Strategy that resulted in the target for procurement from township enterprises being realised this continued to be a focus area in the current financial year. The number of township suppliers on the GPG database has increased and the department continued to provide opportunities such as supplier development and incubation as a means to ensure suppliers benefit from public procurement spend by partnering with different stakeholders. Supplier development includes development workshops and training to ensure that suppliers are fully compliant with government prescripts relating to procurement.

### PILLAR 4: TRANSFORMATION OF STATE AND GOVERNANCE

#### **Promoting better planning and budgeting synergy across all spheres of government**

The department put measures in place to ensure that own revenue targets as outlined in the Provincial Revenue Strategy are realised, especially through alternative funding solutions. The department hosted various bi-laterals with the provincial departments and local government to ensure that proposed budgets are aligned to the TMR, other key policies and strategies adopted for implementation in the Gauteng City Region. Budget assessments were conducted at local municipalities and together with municipal fiscal responsiveness assessments oversight on municipalities was intensified.

#### **Ensuring balanced budgeting and sustainable funding for legislative mandates and strategic priorities of the province**

The department ensured that GPG departments are investing massively in catalytic infrastructure projects to facilitate spatial transformation across the five development corridors of the GCR. This is one of the key focus areas for the TMR programme that accelerates the delivery of services and improve economic growth, and to promote increased spending, the department ensured that only projects that are ready to implemented were funded.

#### **Ensuring that approved financial resources are spent efficiently, effectively and economically across the province**

The GPT coordinated cost containment measures for non-core goods and services items and spending on personnel, which was targeted to remain below 60 percent of the total budget, by end of the 3<sup>rd</sup> quarter compensation of employees was at 42 per cent. The GPT further continued to monitor and ensure improvement in the spending of infrastructure and conditional grants.

The province's liquidity levels have remained steady and sustainable. This was as a result of the prudent cash management practices being implemented where it was ensured that cash-outflows did not exceed provincial revenue streams.

**Supporting all departments, entities and municipalities to achieve unqualified audits**

Various interventions by the GPT have resulted in gradual improvement in audit outcomes for departments, public entities and local municipalities. All GPG departments and entities received unqualified audit outcomes for the 2016/17 financial year, with 65 per cent of audit outcomes being clean audits. The department continued to provide technical support and structured targeted training to address issues raised by the Auditor General during audits, this was done to ensure that the province gradually moves towards having unqualified audit outcomes in all its provincial institutions. The implementation of internal audits continued and the department continued to support GPG departments to ensure execution of internal audit recommendations.

**Reducing fraud and corruption and promoting clean government across the province**

The current administration in Gauteng is developing and advocating for a capable, responsive, accountable, clean, activist government machinery. As a result, various interventions have been put in place to realise this and one of the key projects is the implementation of the Open Tender system by government institutions. Already up to the end of the 3rd quarter, 17 projects have been adjudicated, with 68 more projects in the pipeline. Open tender is implemented in all GPG departments, 4 entities and 2 Gauteng local municipalities.

Fraud detection reviews were also conducted as part of the five pillars of the Forensic Services strategy of deterrence, prevention, detection, investigation; sanctions and recovery to ensure eradication of fraud and corruption within the Gauteng Provincial Government.

**Ensuring that statutory obligations are met and that decision makers facilitate appropriate interventions**

Timeous submission of statutory and regulatory reports is fundamental to a Treasury function, through its internal monitoring instrument, the Compliance Dashboard, the department was able to fulfill 100 per cent of its statutory and regulatory reporting obligations.

**PILLAR 5: MODERNISATION OF THE PUBLIC SERVICE**

The roll-out of the automated In-Year Monitoring (IYM) system is continuing, the automation of the IYM was done to ensure credible financial data and improve efficiencies in budget and expenditure reporting processes. The implementation of the online payroll certificate system to public entities which has been deployed to provincial departments has been initiated.

**3. OUTLOOK FOR THE COMING FINANCIAL YEAR (2018/19)**

The 2018/19 financial year marks the last mile for the fifth Political administration which took office in 2014. The Gauteng province has been operating in a tight fiscal space and seeing increased demands on provincial fiscus to mitigate poverty and unemployment and promote growth.

The Gauteng Provincial Treasury is committed to the improvement of the lives of Gauteng citizens. The department's priority is to support the key priorities of this fifth administration. The department continues to support the implementation of the GPG Transformation, Modernisation and Reindustrialisation programme, the Gauteng Economic Development Strategy, the Township Economy Revitalisation strategy and the Infrastructure Master Plan. These policies have been adopted as key policies in the Gauteng City Region to accelerate, radically transform, modernise and re-industrialise the delivery of services to the Gauteng citizenry.

To ensure that the provincial priorities as espoused in the policy documents and plans and ensure that the envisaged service delivery outcomes in the Gauteng province are realised, the department has set out the following focus areas for the financial year:

**PILLAR 1: RADICAL ECONOMIC TRANSFORMATION****To create an enabling environment for township-based SMME to do business with GPG**

The key focus area for the Township Economy Revitalisation strategy is the revitalising and mainstreaming of the township economy and the development of SMME's and cooperatives. This is done through active industrial incentives and transformative procurement policy that promotes the growth of township-based manufacturing and services.

**To support the development and implementation of the township revitalisation strategy that encourages the increase in township spend**

The GPT intends to increase contribution to revitalizing townships by leveraging procurement to transform the economy. In this regard, the department will ensure that the provincial government increases its spending in registered township suppliers on the database to meet the target of 40% of procurement budget by the end of the 2018/19 financial year. This is only achievable with the collaboration of the local government sphere and GPG entities and also to ensure comprehensive reporting on TER across the Gauteng City Region.



Inclusion and sustainability of emerging enterprises are key elements in the acceleration of economic transformation. This is achievable through empowerment which entails a combination of supplier development, access to finance and markets in the mainstream economy.

In this regard, the department will continue with the implementation of various supplier development initiatives which have been established through partnerships with the private sector to ensure that township suppliers receive the net benefit due to them. The GPT will also continue with its efforts of increasing the number of suppliers registered on the CSD to increase the pool of suppliers available to do business with government. The department will continue to monitor and ensure compliance to and implementation of Regulations (PPR) from 1 April 2017 that requires government institutions to sub-contract 30% of all tenders over R30 million.

Payment of invoices for services rendered is an important element in ensuring the sustainability of SMMEs and cooperatives. The Gauteng Provincial Treasury department will put measures and processes in place to ensure timeous payment of invoices within 30 days upon receipt of final and correct invoices.

#### **PILLAR 4: TRANSFORMATION OF STATE AND GOVERNANCE**

##### **Promoting better planning and budgeting synergy across all spheres of government**

Synergy in the three spheres of government promotes better planning and budgeting resulting in an integrated and credible planning framework which will ensure alignment of plans across the spheres of government. Synergising processes is an integral element in ensuring that provincial priorities are strategically resourced with the potential to accelerate service delivery for the Gauteng citizenry and realise economies of scale.

The GPT will host various bilateral engagements with departments through various platforms like the Budget Lekgotla, Budget Fora, Premier's Budget Committee and Inter-Governmental Relations structures where there will be discussions on budget plans to ensure alignment to the TMR programme and other key policies and strategies adopted for implementation in the Gauteng City Region.

##### **Ensuring balanced budgeting and sustainable funding for legislative mandates and strategic priorities of the province**

The Gauteng economy remains the dominant economy in South Africa. The Gauteng City Region government continues to implement the transformation, modernisation and re-industrialisation programme through partnerships with the private sector, labour and the rest of society. The realisation of this programme requires a consultative approach to key priorities and improved synergies. This necessitates prudent budgeting and planning which focus on the provincial priorities to ensure that as a Province, more is done with less and that the priorities espoused in the TMR programme are adequately resourced.

It is for this reason that the GPT will continue to significantly increase and optimize own revenue generated from provincial sources and put measures in place to ensure that own revenue targets as outlined in the Provincial Revenue Strategy are realised. These funds will augment the equitable share and assist the province in ensuring that key priorities such as education, healthcare and social welfare are funded and furthermore citizens receive quality public services. The Gauteng Infrastructure Financing Agency will work with the Gauteng Planning Division to develop a financing model for the Infrastructure Master Plan 2030.

##### **Ensuring that approved financial resources are spent efficiently, effectively and economically across the province**

The GPT will manage the budget of non-core budgetary items and personnel within GPG. In attaining this, the department aims to contain personnel expenditure at below 60 percent against the total budget. Expenditure on infrastructure and conditional grants will be monitored and tracked to ensure improvement in the spending thereof. Similarly, the department will ensure efficient spent on provincial transfers to municipalities and increase capital expenditure at municipalities by putting in place various tracking and monitoring mechanisms.

The department will also continue to work closely with departments and municipalities to ensure the rollout of the infrastructure investment programme in the province. The programme will enable GPG to deliver infrastructure that will greatly support the provision of public services and contribute to the creation of jobs and towards investments in catalytic infrastructure projects to facilitate spatial transformation across the five development corridors of the GCR.

Cash-outflows to departments have remained within the provincial revenue streams, minimising liquidity exposure in the GPG. The department will continue to monitor cash disbursements to departments and ensuring that fund requests do not exceed the appropriated funds and ensure that prudent cash management practices are being implemented in departments.

##### **Supporting all departments, entities and municipalities to achieve unqualified audits**

The efforts and interventions by the GPT in supporting departments, municipalities, and entities to manage their finances in accordance with laws and regulations have resulted in improved audit outcomes for the provincial government. The GPT will continue to work closely with departments, entities and municipalities to ensure sustainability and improvement of the audit outcomes.

The programmes within the GPT will track the implementation of the Auditor General's recommendations and Gauteng Audit Services (GAS) will also conduct internal audits in accordance with approved risk based audit plans to ensure that problematic

areas are identified and addressed timeously to improve final audit outcomes and promote improvements in the internal control environment.

### **Reducing fraud and corruption and promoting clean government across the province**

The GPG is committed to fight fraud and corruption in the public service to construct and advocate for a capable, responsive, accountable, clean and activist government machinery. The five key pillars of Deterrence; Prevention; Detection; Investigation; Sanctions and Recovery as espoused in the Forensic Services strategy and are at the centre of fighting and eradicating fraud and corruption in GPG.

The GPT will work closely with departments to fast-track implementation of the recommendations of fraud detection reviews to expedite action against maladministration, incompetence and corruption. The results of the detection reviews will assist in the identification of risk areas and development of control measures to tighten processes and systems to minimize fraud and corruption.

The roll out of the Open Tender system in the GPG is yielding positive results and restoring public confidence in a fair and just public procurement system. In this regard, the department will continue to accelerate the implementation of the Open Tender system in all provincial departments and introduce legislation on the system so that it becomes the institutionalised manner of procuring goods and services in this province.

### **Ensuring that statutory obligations are met and that decision makers facilitate appropriate interventions**

Compliance with rules and regulations is key in fulfilment of the GPT's mandate. This is achieved by ensuring timeous submissions of credible reports to various key stakeholders as well as payments of invoices to suppliers within the prescribed timeframe of 30 days upon receipts of correct invoice.

The GPT will put interventions in place to ensure compliance to the MPAT standards and requirements and improved Management of Performance Assessment Tool (MPAT) results, and the fulfilment of the department's statutory and regulatory reporting obligations.

### **PILLAR 5: MODERNISATION OF THE PUBLIC SERVICE**

Innovation, modernisation and technology enable service delivery improvement through an increase in productivity and improvement in and enhancement of operational efficiencies. In this regard, the GPT will continue to roll-out and implement Business Intelligence tools as a way of working smarter, driving functional excellence and improving service delivery in GPG. Where possible, processes will be automated to increase credibility of data and improve accuracies.

## **4. REPRIORITISATION**

GPT performed the reprioritisation exercise to identify savings that will be utilised to fund the spending plan over MTEF. The baselines for goods and services in core programmes were reprioritised. Savings were realised through identifying more cost effective ways of service delivery and reducing funds allocated for non-core items. The Administration and Gauteng Audit Services programmes reprioritised R4.8 million and R3 million, respectively, to support the implementation of the new generic structure for provincial treasuries.

The identified savings were also redirected to ensure continued support for the open tender process through probity audits, the implementation requirements of specialised audits in order to enhance transparency, good governance and a clean government through strengthening the internal control and regulatory environment in the province, automation of AFS production and deployment of SAP project system & PPM Modules and Providing assistance to municipalities to improve and promote sound Financial Governance; Financial Management and Administration to optimize revenue; contribute towards expenditure reduction; improving municipal audit outcomes and addressing institutional challenges. In addition the GPT has also directed funds to the Provincial Revenue Enhancement Strategy that aims to maximise the revenue collection in the province.

## **5. PROCUREMENT**

The 2018/19 financial year will see a continuation of various projects that GPT has procured in the prior years. These projects include the economic impact analysis which will be conducted on the Computable General Equilibrium (CGE) model which is estimated at R500 000 and probity auditors for the open tender project estimated at R25 million. The department is also planning to procure business solutions on its existing SAP platforms ranging Infrastructure Project Management (PPM), Forensic Information System (ICM and Analytics) estimated at R5.6 million.

To support Annual financial Statement reporting the GPT will procure a solution to automate the AFS production and continue with the annual AFS training of municipalities at an estimated cost of R500 000.

## 6. RECEIPTS AND FINANCING

### 6.1 Summary of receipts

TABLE 14.1: SUMMARY OF RECEIPTS: GAUTENG PROVINCIAL TREASURY

| R thousand            | Outcome        |                |                | Main appropriation | Adjusted appropriation<br>2017/18 | Revised estimate | Medium-term estimates |                |                |
|-----------------------|----------------|----------------|----------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|----------------|
|                       | 2014/15        | 2015/16        | 2016/17        |                    |                                   |                  | 2018/19               | 2019/20        | 2020/21        |
| Equitable share       | 482 189        | 555 189        | 616 351        | 712 634            | 654 907                           | 654 907          | 796 413               | 831 470        | 882 786        |
| Conditional grants    |                |                |                |                    |                                   |                  |                       |                |                |
| <b>Total receipts</b> | <b>482 189</b> | <b>555 189</b> | <b>616 351</b> | <b>712 634</b>     | <b>654 907</b>                    | <b>654 907</b>   | <b>796 413</b>        | <b>831 470</b> | <b>882 786</b> |

The department is funded through equitable share. The allocation over the 2018 MTEF increases from the 2017/18 revised estimate of R654.9 million to R882.8 million in 2020/21. This corresponds with the departmental plans to implement the approved structure after obtaining the DPSA approval and to align the GPT as closely as possible with the prescribed uniform budget structures for Treasuries.

In the 2015/16 financial year, the GPT was reconfigured to align to the generic structure prescribed for Provincial Treasuries. The department has created new specialised and focused programmes, also taking over functions from the Department of e-Government. This has impacted both the outcomes and the 2018 MTEF period which are inclusive of the adopted functions.

Over the MTEF the department is funding various key projects, such as probity audit for the Open Tender Process, Computable General Equilibrium Model, and Forensic Audit Information Systems, P-Card software licenses and GRAP/Modified Cash Standard training for Municipalities and entities and Automation of Annual Financial Statements production for departments. The department will continue to strengthen their initiatives in support of the Operation Clean Audit such as the Municipal Advisor hands on support programme and various trainings on GRAP and Modified Cash Standard to GPG Departments and entities.

### 6.2 Departmental receipts

TABLE 14.2: SUMMARY OF DEPARTMENTAL RECEIPTS COLLECTION

| R thousand  | Outcome        |                |                | Main appropriation | Adjusted appropriation<br>2017/18 | Revised estimate | Medium-term estimates |                |                |
|---|----------------|----------------|----------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|----------------|
|   | 2014/15        | 2015/16        | 2016/17        |                    |                                   |                  | 2018/19               | 2019/20        | 2020/21        |
| Tax receipts  |                |                |                |                    |                                   |                  |                       |                |                |
| Sales of goods and services other than capital assets | 323            | 555            | 833            | 1 050              | 1 050                             | 1 050            | 1 111                 | 1 173          | 1 238          |
| Transfers received                                    |                |                |                |                    |                                   |                  |                       |                |                |
| Interest, dividends and rent on land                  | 481 453        | 622 676        | 657 747        | 300 000            | 450 000                           | 450 000          | 450 000               | 500 000        | 550 000        |
| Sales of capital assets                               |                | 214            |                |                    |                                   | 84               |                       |                |                |
| Transactions in financial assets and liabilities      | 490            | 451            | 445            | 450                | 450                               | 450              | 500                   | 528            | 557            |
| <b>Total departmental receipts</b>                    | <b>482 266</b> | <b>623 896</b> | <b>659 025</b> | <b>301 500</b>     | <b>451 500</b>                    | <b>451 584</b>   | <b>451 611</b>        | <b>501 701</b> | <b>551 795</b> |

The department generates revenue mainly through the interest earned on favourable cash balances. The interest revenue is supplemented by parking fees charged to staff members and by recovery of debts from the previous years.

The interest revenue forms 99 percent of the total revenue collected by the department in each financial year. The interest revenue increases from R481.4 million in 2014/15 to R622.6 million in 2015/16. The revenue collection increased by R141.2 million between the 2014/15 and 2015/16 financial years. The interest revenue budget is set conservatively given that an increased spending in the province would reduce the cash balances and result in lower interest revenue earned. For this reason, the budget is set to increase from R452 million in 2018/19 to R502 million in 2019/20 and to R552 million in 2020/21.

Other revenue sources, particularly the parking fees, increase gradually from R323 000 to R555 000 between 2014/15 and 2015/16. The amount collected from this revenue source increased significantly in 2016/17 due to the money collected for selling of tender documents by the department.



## 7. PAYMENT SUMMARY

### 7.1 Key assumptions

The 2018 Medium Term Expenditure Framework (MTEF) budget is informed by the Gauteng Provincial Treasury's Strategic Plan, Annual Performance Plan, the provincial outcomes and the Gauteng Provincial Government's programme of action (POA). Provision for annual salary adjustments are made as follows: 6.4 percent in 2018/19; 6.6 percent in 2019/20; 6.5 percent in 2020/21. Provision has also been made for notch progression, performance bonuses, housing allowances, long service award and employer's medical aid contributions.

### 7.2 Programme summary

TABLE 14.3: SUMMARY OF PAYMENTS AND ESTIMATES BY PROGRAMME: GAUTENG PROVINCIAL TREASURY

| R thousand                                | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2014/15        | 2015/16        | 2016/17        |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| 1. Administration                         | 92 037         | 106 291        | 121 306        | 128 921            | 130 194                | 130 194          | 149 397               | 161 278        | 169 434        |
| 2. Sustainable Fiscal Resource Management | 139 420        | 183 041        | 171 420        | 141 751            | 137 751                | 137 751          | 156 001               | 164 773        | 173 831        |
| 3. Financial Governance                   | 109 809        | 126 678        | 125 343        | 145 585            | 153 785                | 153 785          | 166 413               | 170 419        | 179 793        |
| 4. Provincial Supply Chain Management     | 59 200         | 53 460         | 84 545         | 122 614            | 108 341                | 108 341          | 128 034               | 131 039        | 141 399        |
| 5. Municipal Financial Governance         | 28 525         | 29 995         | 37 075         | 61 384             | 44 957                 | 44 957           | 78 576                | 69 737         | 76 724         |
| 6. Gauteng Audit Services                 | 53 198         | 55 724         | 76 662         | 112 379            | 79 879                 | 79 879           | 117 992               | 134 224        | 141 605        |
| <b>Total payments and estimates</b>       | <b>482 189</b> | <b>555 189</b> | <b>616 351</b> | <b>712 634</b>     | <b>654 907</b>         | <b>654 907</b>   | <b>796 413</b>        | <b>831 470</b> | <b>882 786</b> |

### 7.3 Summary of economic classification

TABLE 14.4: SUMMARY OF PROVINCIAL PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: GAUTENG PROVINCIAL TREASURY

| R thousand                           | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|--------------------------------------|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|                                      | 2014/15        | 2015/16        | 2016/17        |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| <b>Current payments</b>              | <b>401 859</b> | <b>429 043</b> | <b>507 718</b> | <b>644 664</b>     | <b>583 225</b>         | <b>583 068</b>   | <b>714 818</b>        | <b>761 592</b> | <b>809 065</b> |
| Compensation of employees            | 332 226        | 364 346        | 406 205        | 548 319            | 461 688                | 460 337          | 590 162               | 629 631        | 670 558        |
| Goods and services                   | 69 633         | 64 697         | 101 513        | 96 345             | 121 537                | 122 731          | 124 656               | 131 961        | 138 507        |
| Interest and rent on land            |                |                |                |                    |                        |                  |                       |                |                |
| <b>Transfers and subsidies to:</b>   | <b>76 944</b>  | <b>120 659</b> | <b>104 500</b> | <b>66 335</b>      | <b>66 849</b>          | <b>67 006</b>    | <b>69 559</b>         | <b>63 014</b>  | <b>66 479</b>  |
| Departmental agencies and accounts   | 75 000         | 120 000        | 102 650        | 55 335             | 55 385                 | 55 385           | 58 544                | 61 940         | 65 346         |
| Non-profit institutions              |                |                |                | 10 000             | 10 000                 | 10 000           | 10 000                |                |                |
| Households                           | 1 944          | 659            | 1 850          | 1 000              | 1 464                  | 1 621            | 1 015                 | 1 074          | 1 133          |
| <b>Payments for capital assets</b>   | <b>3 262</b>   | <b>5 487</b>   | <b>4 083</b>   | <b>1 635</b>       | <b>4 821</b>           | <b>4 821</b>     | <b>12 036</b>         | <b>6 864</b>   | <b>7 242</b>   |
| Machinery and equipment              | 2 970          | 5 487          | 4 083          | 1 635              | 4 821                  | 4 821            | 12 036                | 6 864          | 7 242          |
| Land and sub-soil assets             |                |                |                |                    |                        |                  |                       |                |                |
| Software and other intangible assets | 292            |                |                |                    |                        |                  |                       |                |                |
| <b>Payments for financial assets</b> | <b>124</b>     |                | <b>50</b>      |                    | <b>12</b>              | <b>12</b>        |                       |                |                |
| <b>Total economic classification</b> | <b>482 189</b> | <b>555 189</b> | <b>616 351</b> | <b>712 634</b>     | <b>654 907</b>         | <b>654 907</b>   | <b>796 413</b>        | <b>831 470</b> | <b>882 786</b> |

GPT was reconfigured in 2015/16 to align to the generic structure prescribed for Provincial Treasuries. The department has created new specialised and focused programmes, also taking over functions from the former Gauteng Department of Finance (now Department of E-Government). This has impacted both the outcomes and the 2018 MTEF period which are inclusive of the adopted functions.

Due to the departments, structural reconfiguration the previous outcomes and the 2018 MTEF period is inclusive of the adopted functions. Spending increased from R482.1 million in 2014/15 to R616.3 million in 2016/17. The budget of R712.6 million decreases to R654.9 million in 2017/18 due to the surrender of unutilized budget for vacant posts and suspension of funds to e-Government during the adjustments budget process. In 2018 MTEF period the allocation increases further to R796 million peaking at R882.8 million in the 2020/21 outer year.

Expenditure on compensation of employees increases from R332.2 million in 2014/15 to a projected amount of R461.7 million in 2017/18. Funds surrender during the 2017/18 adjustment process reduced the budget from R548.3 million to R461.7 million. The budget continues to grow in the 2018 MTEF period, R590.2 million in 2018/19 to R671.6 million in 2020/21, which

corresponds with the departmental plans to implement the new organisational structure when the DPSA approves it and to align the GPT as closely as possible with the uniform budget structure designated for Treasuries. Provision has been made for notch progression and annual performance bonuses as well as improvement in condition of service adjustment.

On goods and services, the department has made provisions for key projects and initiatives over the 2018 MTEF period such as Probity Audits, the Open Tender Process and the Forensic Audit Information systems. This is reflected in the increase from R121.5 million in 2017/18 to R138.5 million in 2020/21, at an annual average of 4.6 percent. This budget provides for the operational expenses such as property payments and administrative fees.

The department is still responsible for the transfer payments to the Gauteng Infrastructure Funding Agency and the South African Supplier Development Council (SASDC). The SASDC transfer comes to an end in the 2018/19 financial year. The Transfers and subsidies over the MTEF period are R69.5 million in the 2018/19 financial year, R63 million in the 2019/20 financial year and R66.5 million in the 2020/21 financial year. Transfers and subsidies to household caters for external bursaries provided to disadvantaged students.

Payments for capital assets mainly fund the provision of tools of trade for the department's officials. The resourcing is based on a structured IT equipment refresh process which is informed by the economic useful life of the various IT assets and warranties, as well the additional funds for the provision of servers. The allocation over the MTEF period is R12 million in 2018/19, R6.9 million in 2019/20 and R7.2 million in 2020/21.

## 7.4 Infrastructure payments

N/A

### 7.4.1 Departmental infrastructure payments

N/A

### 7.4.2 Non infrastructure items

N/A

### 7.4.3 Departmental Public-Private-Partnership (PPP) projects

The department does not have any PPP projects. The Provincial Treasury's oversight responsibilities for PPPs within the Province are housed under Sub-programme: Infrastructure Management (Element: PPP unit).

## 7.5 Transfers

### 7.5.1 Transfers to public entities

N/A

### 7.5.2 Transfers to other entities

TABLE 14.5: SUMMARY OF DEPARTMENTAL TRANSFERS TO OTHER ENTITIES: GAUTENG PROVINCIAL TREASURY

| R thousand                            | Outcome       |               |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |               |               |
|---------------------------------------|---------------|---------------|----------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
|                                       | 2014/15       | 2015/16       | 2016/17        |                    |                        |                  | 2018/19               | 2019/20       | 2020/21       |
| Gauteng infrastructure funding agency | 75 000        | 70 000        | 102 650        | 55 335             | 55 385                 | 55 385           | 58 544                | 61 940        | 65 347        |
| <b>Total departmental transfers</b>   | <b>75 000</b> | <b>70 000</b> | <b>102 650</b> | <b>55 335</b>      | <b>55 385</b>          | <b>55 385</b>    | <b>58 544</b>         | <b>61 940</b> | <b>65 347</b> |

During the 2014/15 financial year, the budget for the Gauteng Infrastructure Funding Agency increased from R75 million to R102.6 million in 2016/17 due to the re-establishment of the agency and the provision for the project preparation facility within the unit. Over the MTEF, the allocation for GIFA increases from R58.5 million in 2018/19, to R62 million in 2019/20 and R65 million in 2020/21. The increase in allocation is aimed at ensuring a sustainable pipeline of strategic infrastructure projects that are catalysts for socio-economic development in the province.

### 7.5.3 Transfers to local government

N/A

## 8. PROGRAMME DESCRIPTION

### PROGRAMME 1: Administration

#### Programme description

The programme aims to provide effective leadership, management and administrative support to the Treasury programmes as well as the Member of the Executive Council (MEC) and the Accounting Officer. This is done to carry out the mission and mandate of the department.

#### Programme objectives

- To provide for the well-functioning of the Member of Executive Council for Finance to enable her to provide political leadership and ensure alignment to the Ministerial Handbook.
- To render administrative leadership to the department and is further sub-divided in Strategy Management, a function which manages and coordinates strategic planning, corporate performance, monitoring and evaluation of the department and also provides internal risk management services.
- Financial Management Services which houses the Office of the Chief Financial Officer (CFO) aims to ensure sound financial management in GPT, by ensuring, amongst things, budgets which align to the outcomes and priorities of the department and compliance with Supply Chain prescripts.
- Human Resources, Communications, Legal Services and Information, Communications and Technology (ICT) functions reside in this sub-programme and their purpose is to ensure compliance to good governance principles by providing corporates support services to the department.

#### Key policies, priorities and outputs

Some of the key priorities for the Administration programme in the 2018/19 financial year are as follows:

- Compliance with regulatory and legislated reporting requirements;
- Vacancy rate maintained at accepted levels;
- Implementation of the generic structure;
- Improve departmental score for Management of Performance Assessment Tool (MPAT) and ensure compliance with standards and requirements;
- Ensure timely payment of service providers;
- Maintain department's audit outcome for the financial year under audit; and
- Development of youth in support of Tshepo 1 million.

TABLE 14.6: SUMMARY OF PAYMENTS AND ESTIMATES BY SUB-PROGRAMME: ADMINISTRATION

| R thousand                             | Outcome       |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|--|---------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|  | 2014/15       | 2015/16        | 2016/17        |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| 1. Office Of The Mec                   | 6 471         | 5 840          | 6 310          | 7 288              | 7 288                  | 7 288            | 8 417                 | 8 862          | 9 348          |
| 2. Office Of The Hod                   | 14 692        | 15 064         | 17 274         | 17 709             | 17 709                 | 18 445           | 13 534                | 14 927         | 15 748         |
| 3. Corporate Management                | 52 534        | 59 682         | 73 058         | 77 865             | 75 138                 | 74 402           | 84 850                | 95 432         | 100 681        |
| 4. Financial Management Services (Cfo) | 18 340        | 25 705         | 24 664         | 26 059             | 30 059                 | 30 059           | 42 596                | 42 057         | 43 657         |
| <b>Total payments and estimates</b>    | <b>92 037</b> | <b>106 291</b> | <b>121 306</b> | <b>128 921</b>     | <b>130 194</b>         | <b>130 194</b>   | <b>149 397</b>        | <b>161 278</b> | <b>169 434</b> |

TABLE 14.7: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: ADMINISTRATION

| R thousand                           | Outcome       |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|--------------------------------------|---------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|                                      | 2014/15       | 2015/16        | 2016/17        |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| <b>Current payments</b>              | <b>88 524</b> | <b>100 590</b> | <b>116 349</b> | <b>126 286</b>     | <b>124 305</b>         | <b>124 301</b>   | <b>136 346</b>        | <b>153 340</b> | <b>161 059</b> |
| Compensation of employees            | 62 021        | 68 642         | 77 152         | 91 902             | 89 108                 | 89 099           | 98 852                | 111 605        | 117 742        |
| Goods and services                   | 26 503        | 31 948         | 39 197         | 34 384             | 35 197                 | 35 202           | 37 494                | 41 735         | 43 317         |
| Interest and rent on land            |               |                |                |                    |                        |                  |                       |                |                |
| <b>Transfers and subsidies to:</b>   | <b>1 499</b>  | <b>214</b>     | <b>830</b>     | <b>1 000</b>       | <b>1 067</b>           | <b>1 071</b>     | <b>1 015</b>          | <b>1 074</b>   | <b>1 133</b>   |
| Provinces and municipalities         |               |                |                |                    |                        |                  |                       |                |                |
| Households                           | 1 499         | 214            | 830            | 1 000              | 1 067                  | 1 071            | 1 015                 | 1 074          | 1 133          |
| <b>Payments for capital assets</b>   | <b>2 006</b>  | <b>5 487</b>   | <b>4 083</b>   | <b>1 635</b>       | <b>4 821</b>           | <b>4 821</b>     | <b>12 036</b>         | <b>6 864</b>   | <b>7 242</b>   |
| Machinery and equipment              | 1 731         | 5 487          | 4 083          | 1 635              | 4 821                  | 4 821            | 12 036                | 6 864          | 7 242          |
| Software and other intangible assets | 275           |                |                |                    |                        |                  |                       |                |                |
| <b>Payments for financial assets</b> | <b>8</b>      | <b>44</b>      |                |                    | <b>1</b>               | <b>1</b>         |                       |                |                |
| <b>Total economic classification</b> | <b>92 037</b> | <b>106 291</b> | <b>121 306</b> | <b>128 921</b>     | <b>130 194</b>         | <b>130 194</b>   | <b>149 397</b>        | <b>161 278</b> | <b>169 434</b> |

The Administration expenditure increases from R92 million in 2014/15 to a projected amount of R130.2 million in 2017/18. The budget increases by R1.3 million from R128.9 million to R130.2 million through the adjustments budget process in 2017/18. Over the MTEF period, the budget continues to increase from R149.4 million in 2018/19 to R169.4 million in 2020/21. The growth in Administration is indicative of the department's increase in size where the full structure makes a provision for 1 094 officials and the migrated functions from e-Gov.

Expenditure on compensation of employees increases from R62 million in 2014/15 to R77.1 million in 2016/17. The main budget decreases from R91.9 million to R89.1 million through the 2017/18 adjustments budget process to provide funds for the injury-on-duty claims and leave gratuity payments, debts write-offs and funds suspension to e-Gov for the ICT requirements. Over the MTEF period, the budget allocation is as follows: R98.8 million in 2018/19, R111.6 million in 2019/20 and R117.7 million in 2020/21. The increase in compensation of employees is due to the establishment of capacity to support the growth in the department in terms of personnel and functions, other contributions to the increase include the annual cost of living salary increases, notch progressions and personnel related costs such as performance bonus and service bonus.

The main cost drivers in goods and services are utilities, external audit, lease payments, communication and property payments. The department also has various project earmarked and catered for under goods and services such as the hosting of network servers externally, IT equipment refreshing programme and the Corporate Performance and Evaluation Information Systems.

The spending increases from R1.7 million in 2014/15 to R4.1 million in 2016/17. During the 2017/18 adjustments, the budget increases from R1.6 million to R4.8 million to provide for the purchase of tools of trade including printers. Over the MTEF, The budget allocation over the MTEF amounts to R12 million (2018/19), R6.9 million (2019/20) and R7.2 million (2020/21).

## SERVICE DELIVERY MEASURES

### PROGRAMME1: ADMINISTRATION

| Programme performance measures  | Estimated performance   | Medium-term estimates  |  |  |
|---|---|--|--|--|
|   | 2017/18   | 2018/19  | 2019/20  | 2020/21  |
| Auditor General's audit outcome for the department                                  | Unqualified audit opinion with no other matters in the audit report | Unqualified audit opinion with no other matters in the audit report      | Unqualified audit opinion with no other matters in the audit report      | Unqualified audit opinion with no other matters in the audit report      |
| % of external audit recommendations tracked before next audit cycle                 | 100%  | 100%   | 100%   | 100%   |
| % of supplier payments paid within 30 days after receipt of correct invoice         | 100%  | 100%   | 100%   | 100%   |
| Number of youth developed in support of Tshepo 1 million                            | 50  | 205  | 265  | 275  |
| Number of evaluations conducted   | 3   | 3  | 3  | 3  |
| Approved Annual Performance Plan submitted to GPL in line with prescribed timelines | New indicator   | 2019/20 APP submitted to GPL in line with prescribed timelines           | 2020/21 APP submitted to GPL in line with prescribed timelines           | 2021/22 APP submitted to GPL in line with prescribed timelines           |
| Approved annual report submitted to GPL in line with prescribed timelines           | New indicator   | 2017/18 annual report submitted to GPL in line with prescribed timelines | 2018/19 annual report submitted to GPL in line with prescribed timelines | 2019/20 annual report submitted to GPL in line with prescribed timelines |

### PROGRAMME 2: SUSTAINABLE FISCAL RESOURCE MANAGEMENT

#### Programme description

To ensure the effective and efficient administration of provincial and fiscal resources

#### Programme objectives

- The Budget Management function is responsible for resourcing the provincial priorities and reporting on provincial expenditure.
- The Economic and Fiscal Policy Oversight sub-programme provides socio-economic research and analysis and further ensures optimal own revenue collection in the province.
- Infrastructure Management intends to enhance and monitor infrastructure performance of Provincial Departments, Entities and Municipalities in order to improve the delivery of infrastructure projects and to stimulate economic growth.

- The Financial Assets and Liabilities Management sub-programme promotes and enforces transparency and effective management of the Provincial Revenue Fund by ensuring prudent cash flow management and the liquidity in the Province are sustained.
- The main function for this sub-programme is to guide the formulation of budget policy and monitors the expenditure of the budget to ensure that the resources are spent effectively and efficiently.

### Key policies, priorities and outputs

Some of the key priorities for the Sustainable Fiscal Resource Management programme in the 2018/19 financial year are as follows:

- Optimize own revenue generation
- Improve infrastructure delivery to support economic growth and job creation
- Manage the budget of non-core budgetary items
- Manage the budget for compensation of employees within GPG

TABLE 14.8: SUMMARY OF PAYMENTS AND ESTIMATES BY SUB-PROGRAMME: SUSTAINABLE FISCAL RESOURCE MANAGEMENT

| R thousand                                    | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2014/15        | 2015/16        | 2016/17        |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| 1. Programme Support/Office Of The Ddg        | 79 280         | 124 207        | 106 202        | 60 415             | 60 465                 | 60 539           | 64 343                | 68 044         | 71 785         |
| 2. Budget Management                          | 13 355         | 16 496         | 16 938         | 22 570             | 20 780                 | 20 404           | 25 542                | 27 021         | 28 505         |
| 3. Economic And Fiscal Policy Oversight       | 9 382          | 10 074         | 11 959         | 13 652             | 15 533                 | 14 975           | 14 327                | 15 098         | 15 929         |
| 4. Infrastructure Management                  | 3 287          | 6 359          | 10 129         | 15 175             | 14 375                 | 13 571           | 16 362                | 17 310         | 18 261         |
| 5. Financial Asset And Liabilities Management | 18 836         | 8 664          | 9 574          | 12 425             | 12 270                 | 13 496           | 15 423                | 16 131         | 17 018         |
| 6. Public Finance                             | 15 280         | 17 241         | 16 618         | 17 514             | 14 328                 | 14 766           | 20 004                | 21 169         | 22 333         |
| <b>Total payments and estimates</b>           | <b>139 420</b> | <b>183 041</b> | <b>171 420</b> | <b>141 751</b>     | <b>137 751</b>         | <b>137 751</b>   | <b>156 001</b>        | <b>164 773</b> | <b>173 831</b> |

TABLE 14.9: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: SUSTAINABLE FISCAL RESOURCE MANAGEMENT

| R thousand                           | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|--------------------------------------|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|                                      | 2014/15        | 2015/16        | 2016/17        |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| <b>Current payments</b>              | <b>64 270</b>  | <b>62 840</b>  | <b>68 655</b>  | <b>86 416</b>      | <b>82 366</b>          | <b>82 305</b>    | <b>97 457</b>         | <b>102 833</b> | <b>108 485</b> |
| Compensation of employees            | 59 773         | 55 072         | 59 679         | 75 424             | 68 234                 | 66 902           | 82 421                | 87 182         | 91 974         |
| Goods and services                   | 4 497          | 7 768          | 8 976          | 10 992             | 14 132                 | 15 403           | 15 036                | 15 651         | 16 511         |
| Interest and rent on land            |                |                |                |                    |                        |                  |                       |                |                |
| <b>Transfers and subsidies to:</b>   | <b>75 150</b>  | <b>120 201</b> | <b>102 765</b> | <b>55 335</b>      | <b>55 385</b>          | <b>55 446</b>    | <b>58 544</b>         | <b>61 940</b>  | <b>65 346</b>  |
| Departmental agencies and accounts   | 75 000         | 120 000        | 102 650        | 55 335             | 55 385                 | 55 385           | 58 544                | 61 940         | 65 346         |
| Households                           | 150            | 201            | 115            |                    |                        | 61               |                       |                |                |
| <b>Payments for capital assets</b>   |                |                |                |                    |                        |                  |                       |                |                |
| Buildings and other fixed structures |                |                |                |                    |                        |                  |                       |                |                |
| Land and sub-soil assets             |                |                |                |                    |                        |                  |                       |                |                |
| <b>Payments for financial assets</b> |                |                |                |                    |                        |                  |                       |                |                |
| <b>Total economic classification</b> | <b>139 420</b> | <b>183 041</b> | <b>171 420</b> | <b>141 751</b>     | <b>137 751</b>         | <b>137 751</b>   | <b>156 001</b>        | <b>164 773</b> | <b>173 831</b> |

Ninety five percent of expenditure incurred in Sustainable Fiscal Resource Management were transfer payments and personnel costs during the first three years under review. The total expenditure increases from R139.4 million in 2014/15 to R171.4 million in the 2016/17. The surrender of R4 million back to the Provincial Revenue Fund reduced the main budget from R141.7 million to R137.5 million during the 2017/18 adjustments budget. The budget is set to increase from R156 million to R173.8 million over the MTEF to provide mainly for transfer payments and personnel costs.

Average spending on compensation of employees was R58 million during the first three years under review. The main budget of R75.4 million in 2017/18 was informed by the new organisational structure that is awaiting the DPSA approval. The non-implementation of this new organisation during the financial year resulted in funds for new units in the structure (e.g. data management sub-unit and infrastructure support sub-unit) not being used and being surrender back to the Provincial Revenue Fund during the 2017/18 adjustments. Hence a decrease in the budget from R75.4 million to R68.2 million in 2017/18. The budget over the MTEF increases from R82.4 million (2018/19) to R92 million (2020/21) to accommodate the requirements of new organisational structure when it is approved.

The programme experienced a R1.2 million expenditure increase in goods and services between the 2015/16 and 2016/17 financial years. The budget increases by R3.1 million to become R14.1 million during the 2017/18 adjustments through reallocation of funds from compensation of employees to goods and services to provide for the requirements of the Computable General Equilibrium (CGE) Model. In the MTEF period the allocation is as follows; R15 million (2018/19), R15.6 million (2019/20) and R16.5 million (2020/21). The main cost drivers under this programme are the (CGE) model, Infrastructure management, and the printing of provincial publications such as PERO, SERO, MTBPS, and EPRE.

The budget for transfers and subsidies to the Gauteng Infrastructure Funding Agency (GIFA) increased by R50 000 to become R55.4 million during the 2017/18 adjustments. Over the MTEF period, the budget for transfer payment is as follows R58.5 million for 2018/19, R61.9 million for 2019/20 and R65.3 million for 2020/21.

## SERVICE DELIVERY MEASURES

### PROGRAMME 2: SUSTAINABLE FISCAL RESOURCE MANAGEMENT

| Programme performance measures  | Estimated performance   | Medium-term estimates   |   |   |
|---|---|---|---|---|
|   | 2017/18   | 2018/19   | 2019/20   | 2020/21   |
| Number of engagements conducted with GPG departments on the alignment of budgets to the TMR programme | 14 MTEC sessions held and MTEC resolutions prepared                         | 14 MTEC sessions held and MTEC resolutions prepared                     | 14 MTEC sessions held and MTEC resolutions prepared                     | 14 MTEC sessions held and MTEC resolutions prepared                     |
|   | 15 Budget fora held   | 15 Budget fora held   | 15 Budget fora held   | 15 Budget fora held   |
| Number of budgets tabled in line with prescribed timeframes   | 1 MTEF budget that resources the TMR programme tabled                       | 1 MTEF budget that resources the TMR programme tabled                   | 1 MTEF budget that resources the TMR programme tabled                   | 1 MTEF budget that resources the TMR programme tabled                   |
|   | 1 adjustment budget that resources the TMR programme tabled                 | 1 adjustment budget that resources the TMR programme tabled             | 1 adjustment budget that resources the TMR programme tabled             | 1 adjustment budget that resources the TMR programme tabled             |
| % variance between projections and actuals  | Actual transfer payments should not exceed the quarterly projections by 7%  | Actual transfer payments to not exceed 7% of the quarterly projections  | Actual transfer payments to not exceed 7% of the quarterly projections  | Actual transfer payments to not exceed 7% of the quarterly projections  |
|   | Actual expenditure on CoE should not exceed the quarterly projections by 7% | Actual expenditure on CoE to not exceed 7% of the quarterly projections | Actual expenditure on CoE to not exceed 7% of the quarterly projections | Actual expenditure on CoE to not exceed 7% of the quarterly projections |
| Average % increase in provincial own revenue  | 8%  | 10%   | Own revenue collection increase at CPI                                  | Own revenue collection increase at CPI                                  |
| Number of infrastructure budgets tabled in line with prescribed timeframes                            | 2   | 2   | 2   | 2   |
| % spent on infrastructure budget allocation by the GPT  | New Indicator   | 98%   | 98%   | 98%   |
| AG Audit outcome for the Provincial Revenue Fund  | Unqualified audit opinion with no other matters                             | Unqualified audit opinion with no other matters                         | Unqualified audit opinion with no other matters                         | Unqualified audit opinion with no other matters                         |
| % spent on conditional grants allocation  | 98%   | 98%   | 98%   | 98%   |

### PROGRAMME 3: FINANCIAL GOVERNANCE

#### Programme description

To promote accountability through substantive reflection of financial activities as well as compliance with financial norms and standards in PFMA compliant institutions.

#### Programme objectives

- The Provincial Accounting Services enforces the effective implementation of accounting practices and also prepares accurate consolidated financial statements by focusing on, amongst others, financial accounting matters, asset management, banking and issues related to statutory deductions.
- The main focus for Provincial Forensic Audit is the provision of forensic audit services in the Province.
- The Transversal Internal Audit and Risk Management function provides risk management support services to provincial institutions and have an oversight role on internal audit function.



- The Compliance sub-programme monitors and enforces compliance with the PFMA and other regulatory prescripts by provincial institutions.
- The Financial Information Management Systems function provides oversight on and oversees the management of transversal financial systems in the Province

### Key policies, priorities and outputs

Some of the key priorities for the Financial Governance programme in the 2018/19 financial year are as follows:

- Maintenance and achievement of unqualified audit outcomes for provincial departments and public entities
- Development and monitoring of risk profiles for Provincial Departments and Municipalities
- Implementation of the forensics services strategy in order to eradicate fraud and corruption in the Province
- Monitoring of compliance with 30 days payments policies by departments

**TABLE 14.10: SUMMARY OF PAYMENTS AND ESTIMATES BY SUB-PROGRAMME: FINANCIAL GOVERNANCE**

| R thousand  | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2014/15        | 2015/16        | 2016/17        |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| 1. Programme Support/Office Of The Ddg            | 32 613         | 15 294         | 3 222          | 3 948              | 4 448                  | 4 442            | 5 769                 | 6 000          | 6 332          |
| 2. Provincial Accounting Services                 | 30 992         | 43 019         | 46 766         | 54 233             | 53 233                 | 54 877           | 59 849                | 60 640         | 63 975         |
| 3. Provincial Forensic Audits                     | 14 848         | 19 215         | 23 768         | 25 312             | 39 512                 | 39 139           | 41 523                | 40 705         | 42 945         |
| 4. Transversal Internal Audit And Risk Management | 11 822         | 14 030         | 15 233         | 17 759             | 17 259                 | 16 990           | 18 659                | 19 843         | 20 934         |
| 5. Norms And Standards                            | 12 564         | 14 240         | 9 865          | 3 959              | 3 959                  | 3 803            | 5 213                 | 5 516          | 5 819          |
| 6. Financial Information Management Systems       | 6 970          | 20 880         | 26 489         | 40 374             | 35 374                 | 34 534           | 35 400                | 37 715         | 39 788         |
| <b>Total payments and estimates</b>               | <b>109 809</b> | <b>126 678</b> | <b>125 343</b> | <b>145 585</b>     | <b>153 785</b>         | <b>153 785</b>   | <b>166 413</b>        | <b>170 419</b> | <b>179 793</b> |

**TABLE 14.11: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: FINANCIAL GOVERNANCE**

| R thousand                           | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|--------------------------------------|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|                                      | 2014/15        | 2015/16        | 2016/17        |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| <b>Current payments</b>              | <b>108 469</b> | <b>126 573</b> | <b>125 023</b> | <b>145 585</b>     | <b>153 684</b>         | <b>153 684</b>   | <b>166 413</b>        | <b>170 419</b> | <b>179 793</b> |
| Compensation of employees            | 73 959         | 107 726        | 112 211        | 129 893            | 119 592                | 119 674          | 135 839               | 141 416        | 149 193        |
| Goods and services                   | 34 510         | 18 847         | 12 812         | 15 692             | 34 092                 | 34 010           | 30 574                | 29 003         | 30 600         |
| Interest and rent on land            |                |                |                |                    |                        |                  |                       |                |                |
| <b>Transfers and subsidies to:</b>   | <b>112</b>     | <b>105</b>     | <b>320</b>     |                    | <b>100</b>             | <b>100</b>       |                       |                |                |
| Provinces and municipalities         |                |                |                |                    |                        |                  |                       |                |                |
| Households                           | 112            | 105            | 320            |                    | 100                    | 100              |                       |                |                |
| <b>Payments for capital assets</b>   | <b>1 228</b>   |                |                |                    |                        |                  |                       |                |                |
| Machinery and equipment              | 1 228          |                |                |                    |                        |                  |                       |                |                |
| Software and other intangible assets |                |                |                |                    |                        |                  |                       |                |                |
| <b>Payments for financial assets</b> |                |                |                |                    | <b>1</b>               | <b>1</b>         |                       |                |                |
| <b>Total economic classification</b> | <b>109 809</b> | <b>126 678</b> | <b>125 343</b> | <b>145 585</b>     | <b>153 785</b>         | <b>153 785</b>   | <b>166 413</b>        | <b>170 419</b> | <b>179 793</b> |

Spending for the Financial Governance programme increases from R109.8 million in the 2014/15 financial year to R125.3 million in the 2016/17 financial year. The spending pressures in respect of provincial forensic audits caused the budget to increase through funds reallocated from other programmes during the 2017 adjustments process. For the MTEF period the allocation is set at R166.4 million in 2018/19, R170.4 million in 2019/20 and R179.8 million in the 2020/21 financial years. The increase will fund various system development and enhancements projects as a commitment to modernising the public service for effective service delivery.

Personnel costs incurred increase from R74 million in 2014/15 to R112.2 million in 2016/17. R10.3 million for vacant posts was reallocated to fund goods and services during the 2017/18 adjustments budget; this reduced the personnel budget from R129.9 to R119.6 million. The budget increases from R119.6 million in 2017/18 to R149.2 million in 2020/21 to fund the requirements of the new organisational structure.

Expenditure on goods and services decreased from R34.5 million (2014/15) to R12.8 million (2016/17) due to the completion of the Health Intervention project in 2015/16. The budget increased by R18.4 million to become R34.1 million during the 2017/18 adjustments through R8.2 million reallocated from other programmes and R10.3 million reallocated from funds for vacant posts; these funds increased the allocation for forensic investigation assignments undertaken to improve transparency in the public resources usage. Over the MTEF, the budget ranges between R29 million and R30.6 million. Spending focus over MTEF will be on Investigative Case Management System, forensic audit information system, P-Card and E-Invoicing

software licenses and automation of annual financial statements production for department and entities, deployment of SAP PPM project system. These efforts are in line with the promotion of accountability through substantive reflection of financial activities as well as compliance with financial norms and standards.

## SERVICE DELIVERY MEASURES

### PROGRAMME 3: FINANCIAL GOVERNANCE

| Programme performance measures  | Estimated performance                                      | Medium-term estimates                         |   |   |
|---|--|---|---|---|
|   | 2017/18  | 2018/19                                       | 2019/20                                     | 2020/21                                     |
| % of audit recommendations tracked at public entities before the next audit cycle   | 100%   | 100%  | 100%  | 100%  |
| % of audit recommendations tracked at the departments before the next audit cycle   | 100%   | 100%  | 100%  | 100%  |
| Number of reports produced on the monitoring of compliance to 30 days payment in 3 departments (Health, Education and Infrastructure Dev) | 4  | 4   | 4   | 4   |
| Number of SCM procurement related fraud detection reviews conducted   | New indicator  | 4   | 4   | 4   |
| Number of departments with updated risk profiles  | Update risk profiles for all departments by 31 March 2018  | 14  | 14  | 14  |
| Number of municipalities with risk profiles developed   | Develop risk profiles for 2 municipalities by 30 June 2018 | 8 municipalities with risk profiles developed | 8 municipalities with updated risk profiles | 8 municipalities with updated risk profiles |
| % of departments with unqualified audit outcomes  | All departments with unqualified audit outcomes            | 100%  | 100%  | 100%  |
| % of public entities with unqualified audit outcomes  | All public entities with unqualified audit outcomes        | 100%  | 100%  | 100%  |

### PROGRAMME 4: PROVINCIAL SUPPLY CHAIN MANAGEMENT

#### Programme description

Promote and enforce transparency and effective Supply Chain Management in the province.

#### Programme objective

- The Supply Chain Management Norms and Standards, Governance, Compliance, Monitoring & Evaluation functions oversee the establishment of uniform SCM policy, norms & standards and ensures monitoring and reporting on SCM matters.
- The Client Support function promotes, supports and develops capacity through institutional, organisational, individual and stakeholder development.
- The Transversal Contract Management sub-programme establishes SCM transversal contract management mechanisms in the Province.
- Strategic Procurement establishes SCM strategic procurement mechanisms in support and in alignment to the Township Economic Revitalisation strategy

#### Key policies, priorities and outputs

Some of the key priorities for the Provincial Supply Chain Management programme in the 2018/19 financial year are as follows:

- Full implementation of the Open Tender Process in GPG institutions;
- Increased spending of procurement on registered township suppliers;
- Utilization of township suppliers registered in the centralized supplier database (CSD);
- Supplier Development and training to facilitate greater participation in government procurement; and
- Reduction of historical irregular expenditure.

TABLE 14.12: SUMMARY OF PAYMENTS AND ESTIMATES BY SUB-PROGRAMME: PROVINCIAL SUPPLY CHAIN MANAGEMENT

| R thousand                             | Outcome |         |         | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |         |         |
|--|---------|---------|---------|--------------------|------------------------|------------------|-----------------------|---------|---------|
|  | 2014/15 | 2015/16 | 2016/17 |                    |                        |                  | 2018/19               | 2019/20 | 2020/21 |
| 1. Programme Support/Office Of The Ddg | 3 159   | 6 461   | 28 222  | 28 260             | 32 260                 | 31 348           | 36 398                | 36 898  | 38 929  |
| 2. Scm Policy, Norms And Standards     |         |         | 5 000   | 14 232             | 12 732                 | 16 415           | 22 142                | 22 314  | 23 539  |

| R thousand   | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|--|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|  | 2014/15       | 2015/16       | 2016/17       |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| 3. Governance, Compliance, Monitoring And Evaluation |               |               |               |                    |                        |                  |                       |                |                |
| 4. Scm Client Support                                |               |               | 35 605        | 34 335             | 27 062                 | 25 385           | 37 126                | 39 279         | 44 592         |
| 5. Strategic Procurement                             |               |               | 10 979        | 17 138             | 16 138                 | 15 270           | 19 235                | 20 350         | 21 470         |
| 6. Transversal Contract Management                   |               |               | 4 739         | 28 649             | 20 149                 | 19 923           | 13 133                | 12 198         | 12 869         |
| 7. Movable Asset Management                          |               |               |               |                    |                        |                  |                       |                |                |
| 8. Procurement Services                              | 56 041        | 46 999        |               |                    |                        |                  |                       |                |                |
| <b>Total payments and estimates</b>                  | <b>59 200</b> | <b>53 460</b> | <b>84 545</b> | <b>122 614</b>     | <b>108 341</b>         | <b>108 341</b>   | <b>128 034</b>        | <b>131 039</b> | <b>141 399</b> |

TABLE14.13: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: PROVINCIAL SUPPLY CHAIN MANAGEMENT

| R thousand                           | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|--------------------------------------|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|                                      | 2014/15       | 2015/16       | 2016/17       |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| <b>Current payments</b>              | <b>59 058</b> | <b>53 399</b> | <b>84 109</b> | <b>112 614</b>     | <b>98 316</b>          | <b>98 236</b>    | <b>118 034</b>        | <b>131 039</b> | <b>141 399</b> |
| Compensation of employees            | 57 798        | 49 796        | 59 913        | 92 511             | 72 173                 | 72 093           | 90 314                | 103 323        | 112 157        |
| Goods and services                   | 1 260         | 3 603         | 24 196        | 20 103             | 26 143                 | 26 143           | 27 720                | 27 716         | 29 242         |
| Interest and rent on land            |               |               |               |                    |                        |                  |                       |                |                |
| <b>Transfers and subsidies to:</b>   | <b>9</b>      | <b>61</b>     | <b>430</b>    | <b>10 000</b>      | <b>10 015</b>          | <b>10 095</b>    | <b>10 000</b>         |                |                |
| Non-profit institutions              |               |               |               | 10 000             | 10 000                 | 10 000           | 10 000                |                |                |
| Households                           | 9             | 61            | 430           |                    | 15                     | 95               |                       |                |                |
| <b>Payments for capital assets</b>   | <b>17</b>     |               |               |                    |                        |                  |                       |                |                |
| Land and sub-soil assets             |               |               |               |                    |                        |                  |                       |                |                |
| Software and other intangible assets | 17            |               |               |                    |                        |                  |                       |                |                |
| <b>Payments for financial assets</b> | <b>116</b>    |               | <b>6</b>      |                    | <b>10</b>              | <b>10</b>        |                       |                |                |
| <b>Total economic classification</b> | <b>59 200</b> | <b>53 460</b> | <b>84 545</b> | <b>122 614</b>     | <b>108 341</b>         | <b>108 341</b>   | <b>128 034</b>        | <b>131 039</b> | <b>141 399</b> |

The total expenditure increases from R59.2 million in 2014/15 financial year to R84.5 million in 2016/17. The main allocation increased to R122.6 million in 2017/18 as the implementation of the interventions to improve supply chain management in the province gained momentum. The surrender of funds for vacant posts in the unapproved new organisational structure reduced the budget from R122.6 million to R108.3 million during the 2017/18 adjustments budget process. The allocations over the MTEF amount to R128 million (2018/19), R131 million (2019/20) and R141.4 million (2020/21). These allocations provide for increasing the capacity in the various sub-units within the programme; for the supplier development to support the TER strategy; and for a further rollout of the open tender system in Gauteng Province.

Expenditure on compensation of employees increases from R57.8 million in 2014/15 to a projected amount of R72.1 million in 2017/18. In line with the requirements of the new organisational structure that is yet to be approved by the DPSA, the main budget amounted to R92.5 million in 2017/18. This budget was subsequently reduced to R72.2 million through the surrender of funds for vacant posts during the 2017/18 adjustments. The budget increases from R90.3 million to R112.2 million over the MTEF to capacitate the various business units (namely: SCM Policy, Norms and standards, governance, SCM compliance monitoring and evaluation).

Spending on goods and services increased up to R24.2 million during the first three years under review to fund goods and services required for the open tender system, supplier development and the procurement hub. The budget increased by R6 million to become R26.1 million during the 2017/18 adjustments budget to fund the drafting of the open tender legislation and the hosting of supplier development seminar. The allocation over the MTEF is as follows: R27.7 million for 2018/19 and 2019/20 and R29.2 million for 2020/21. The main focus will be probity audit services required for open tenders in departments and entities, implementation of TER strategy and other SCM interventions as well as other operational requirements.

The transfers and subsidies allocation which commenced in 2016/17 and over the MTEF which comes to an end in 2018/19 caters for supplier development to support township economy revitalization.

## SERVICE DELIVERY MEASURES

**PROGRAMME 4: PROVINCIAL SUPPLY CHAIN MANAGEMENT**

| Programme performance measures  | Estimated performance | Medium-term estimates |                |                |
|---|-----------------------|-----------------------|----------------|----------------|
|   | 2017/18               | 2018/19               | 2019/20        | 2020/21        |
| Number of departments implementing the open tender process  | 14 departments        | 14 departments        | 14 departments | 14 departments |
| Number of registered suppliers undergoing supplier development  | 1 060                 | 1 238                 | 1 188          | 1 000          |
| % spend of procurement on township suppliers in the 5 developmental corridors                                   | Central 39%           | Central 39%           | Central 39%    | Central 39%    |
|   | Eastern 27%           | Eastern 27%           | Eastern 27%    | Eastern 27%    |
|   | Northern 25%          | Northern 25%          | Northern 25%   | Northern 25%   |
|   | Western 6%            | Western 6%            | Western 6%     | Western 6%     |
|   | Southern 3%           | Southern 3%           | Southern 3%    | Southern 3%    |
| Number of public entities implementing the open tender process  | 5 entities            | 7 entities            | 7 entities     | 7 entities     |
| Number of compliance reports produced to monitor government procurement above R30 million subcontracted to SMEs | New Indicator         | 4                     | 4              | 4              |

**PROGRAMME 5: MUNICIPAL FINANCIAL GOVERNANCE****Programme description**

To ensure effective and efficient management in Municipalities and Municipal Entities and coordinate the provisioning of capacity building.

The Municipal Financial Governance Programme is divided into various sub-programmes that enables it to attain its set strategic objectives, deliverable and targets. The sub-programmes are as follows:

**Programme objective**

- The Local Government Financial Services function ensures optimal and sustainable budget management process in delegated local municipalities and further monitors the effective and efficient compliance with financial assets and liabilities management.
- The Municipal Accounting and Asset Management function monitors compliance with financial management and annual reporting framework and further promotes the understanding and implementation of accounting standards (GRAP), as well as the reviewing and reporting on the quality of Annual Financial Statements.
- Municipal Compliance and Financial Management Support co-ordinates, monitors and reports on MFMA implementation and enforces compliance with the MFMA and other regulatory prescripts by local municipalities.

**Key policies, priorities and outputs**

Some of the key priorities for the Municipal Financial Governance programme in the 2018/19 financial year are as follows:

- Reduction of confirmed government debt
- Ensure efficient spent on provincial transfers to municipalities and increase capital expenditure at municipalities
- Improve sound financial management in delegated municipalities
- Maintain the achievement of unqualified audit outcomes for delegated municipalities and municipal entities
- Ensure the credibility of municipal planning and budgeting processes

**TABLE 14.14: SUMMARY OF PAYMENTS AND ESTIMATES BY SUB PROGRAMME: MUNICIPAL FINANCIAL GOVERNANCE**

| R thousand   | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |               |               |
|--|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
|  | 2014/15       | 2015/16       | 2016/17       |                    |                        |                  | 2018/19               | 2019/20       | 2020/21       |
| 1. Programme Support/Office Of The Ddg                   | 28 525        | 29 995        | 37 075        | 11 285             | 44 957                 | 44 957           | 11 682                | 12 359        | 13 038        |
| 2. Local Government Financial Services                   |               |               |               | 13 243             |                        |                  | 19 971                | 12 136        | 12 804        |
| 3. Municipal Accounting And Asset Management             |               |               |               | 12 127             |                        |                  | 21 330                | 13 574        | 14 320        |
| 4. Municipal Compliance And Financial Management Support |               |               |               | 24 729             |                        |                  | 25 593                | 31 668        | 36 562        |
| <b>Total payments and estimates</b>                      | <b>28 525</b> | <b>29 995</b> | <b>37 075</b> | <b>61 384</b>      | <b>44 957</b>          | <b>44 957</b>    | <b>78 576</b>         | <b>69 737</b> | <b>76 724</b> |

**TABLE 14.15: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: MUNICIPAL FINANCIAL GOVERNANCE**

| R thousand                | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |               |               |
|---------------------------|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
|                           | 2014/15       | 2015/16       | 2016/17       |                    |                        |                  | 2018/19               | 2019/20       | 2020/21       |
| <b>Current payments</b>   | <b>28 387</b> | <b>29 971</b> | <b>37 034</b> | <b>61 384</b>      | <b>44 853</b>          | <b>44 853</b>    | <b>78 576</b>         | <b>69 737</b> | <b>76 724</b> |
| Compensation of employees | 27 681        | 28 847        | 29 903        | 54 409             | 41 079                 | 41 079           | 71 238                | 61 927        | 68 485        |
| Goods and services        | 706           | 1 124         | 7 131         | 6 974              | 3 774                  | 3 774            | 7 338                 | 7 810         | 8 239         |
| Interest and rent on land |               |               |               |                    |                        |                  |                       |               |               |

| R thousand                           | Outcome       |               |               | Main appropriation | Adjusted appropriation<br>2017/18 | Revised estimate | Medium-term estimates |               |               |
|--------------------------------------|---------------|---------------|---------------|--------------------|-----------------------------------|------------------|-----------------------|---------------|---------------|
|                                      | 2014/15       | 2015/16       | 2016/17       |                    |                                   |                  | 2018/19               | 2019/20       | 2020/21       |
| <b>Transfers and subsidies to:</b>   | 138           | 24            | 41            |                    | 104                               | 104              |                       |               |               |
| Provinces and municipalities         |               |               |               |                    |                                   |                  |                       |               |               |
| Households                           | 138           | 24            | 41            |                    | 104                               | 104              |                       |               |               |
| <b>Payments for capital assets</b>   |               |               |               |                    |                                   |                  |                       |               |               |
| Software and other intangible assets |               |               |               |                    |                                   |                  |                       |               |               |
| <b>Payments for financial assets</b> |               |               |               |                    |                                   |                  |                       |               |               |
| <b>Total economic classification</b> | <b>28 525</b> | <b>29 995</b> | <b>37 075</b> | <b>61 384</b>      | <b>44 957</b>                     | <b>44 957</b>    | <b>78 576</b>         | <b>69 737</b> | <b>76 724</b> |

The spending for the Municipal Financial Governance increases from R28.5 million in 2014/15 to R37.1 million in 2016/17. The programme surrendered funds for vacant posts during the 2017/18 adjustments budget which reduced the budget from R61.4 million to R45 million. The budget amounts increases up to R78.6 million over the MTEF.

Personnel expenditure was at R27.7 million in 2014/15, R28.8 million in 2015/16 and R29.9 million in 2016/17. In line with the requirements of the unapproved organisational structure, the main budget of R54.4 million was allocated in 2017/18. This budget subsequently reduced to R41.1 million during the 2017/18 adjustments budget when the funds for vacant posts were surrendered to the Provincial Revenue Fund. The budget increases to R71.2 million in 2018/19 to provide for the additional capacity under Municipal Compliance and Financial Management Support and for personnel costs of filled posts.

Expenditure on goods and services amounted to R706 000 in 2014/15 and it increased to R1.1 million in 2015/16 to provide for the various interventions in municipalities in 2015/16. The expenditure further increased to R7.1 million in 2016/17 mainly to provide legal support to Emfuleni Municipality. The budget increases from R7.3 million to R8.2 million over the MTEF to provide for the printing of gazettes, travel expenditure to municipalities, software licenses as well as training and development for municipalities. The projects that will be supported by the programme are MSCOA Hands-on Support, MFG Compliance dashboard tool/ database management tool, Government Debt Verifications and training on annual financial statements.

## SERVICE DELIVERY MEASURES

### ROGRAMME 5: MUNICIPAL FINANCIAL GOVERNANCE

| Programme performance measures   | Estimated performance | Medium-term estimates |         |         |
|--|-----------------------|-----------------------|---------|---------|
|  | 2017/18               | 2018/19               | 2019/20 | 2020/21 |
| Number of budget assessments conducted for delegated municipalities                                      | 16                    | 16                    | 16      | 16      |
| Number of municipal SDBIP assessments conducted  | 8                     | 8                     | 8       | 8       |
| Number of reports produced on the reduction of confirmed provincial government debt that is over 90 days | New Indicator         | 4                     | 4       | 4       |
| % spent on provincial transfers to municipalities  | 75%                   | 75%                   | 80%     | 85%     |
| Number of municipal fiscal responsiveness assessments conducted  | 32                    | 8                     | 8       | 8       |
| % of audit findings tracked in respect of AFS from the audit action plans of municipalities              | 100%                  | 100%                  | 100%    | 100%    |

### PROGRAME 6: GAUTENG AUDIT SERVICES

#### Programme description

To enhance transparency, good governance and a clean government through strengthening the internal control and regulatory environment in the province and to render audit services in the GPG.

#### Programme objective

- The Risk and Compliance Audit Services function manages and ensures performance of risk and compliance audits for the GPG.
- Performance and Computer Audit Services manages and conducts performance and computer audits for GPG departments.

#### Key policies, priorities and outputs

The key priority for the Gauteng Audit Services programme in the 2018/19 financial year are is:

- Conduct audit services that assist in improving the controls environment for GPG departments and trading entities
- Implementation of Internal Audit Plans

TABLE 14.16: SUMMARY OF PAYMENTS AND ESTIMATES: GAUTENG AUDIT SERVICES

| R thousand  | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2014/15       | 2015/16       | 2016/17       |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| 1. Programme Support/Office Of The Ddg                | 3 768         | 3 249         | 11 237        | 10 563             | 10 433                 | 10 433           | 9 009                 | 12 706         | 13 404         |
| 2. Risk And Compliance Audit Services( Cluster1,2,3)  | 14 194        | 13 002        | 21 398        | 37 139             | 23 659                 | 23 169           | 38 428                | 40 657         | 42 893         |
| 3. Risk And Compliance Audit Services( Cluster 4,5,6) | 17 824        | 20 635        | 25 048        | 37 090             | 24 090                 | 24 840           | 45 513                | 48 153         | 50 801         |
| 4. Performance And Computer Audit Services            | 12 913        | 15 156        | 18 979        | 27 587             | 21 697                 | 21 437           | 25 042                | 32 708         | 34 507         |
| 5. Audit Centre Of Excellence                         | 4 499         | 3 682         |               |                    |                        |                  |                       |                |                |
| 6. Financial Audit And Risk Compliance                |               |               |               |                    |                        |                  |                       |                |                |
| <b>Total payments and estimates</b>                   | <b>53 198</b> | <b>55 724</b> | <b>76 662</b> | <b>112 379</b>     | <b>79 879</b>          | <b>79 879</b>    | <b>117 992</b>        | <b>134 224</b> | <b>141 605</b> |

TABLE 14.17: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: GAUTENG AUDIT SERVICES

| R thousand                           | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|--------------------------------------|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|                                      | 2014/15       | 2015/16       | 2016/17       |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| <b>Current payments</b>              | <b>53 151</b> | <b>55 670</b> | <b>76 548</b> | <b>112 379</b>     | <b>79 701</b>          | <b>79 689</b>    | <b>117 992</b>        | <b>134 224</b> | <b>141 605</b> |
| Compensation of employees            | 50 994        | 54 263        | 67 347        | 104 180            | 71 502                 | 71 490           | 111 498               | 124 178        | 131 007        |
| Goods and services                   | 2 157         | 1 407         | 9 201         | 8 199              | 8 199                  | 8 199            | 6 494                 | 10 046         | 10 598         |
| Interest and rent on land            |               |               |               |                    |                        |                  |                       |                |                |
| <b>Transfers and subsidies to:</b>   | <b>36</b>     | <b>54</b>     | <b>114</b>    |                    | <b>178</b>             | <b>190</b>       |                       |                |                |
| Provinces and municipalities         |               |               |               |                    |                        |                  |                       |                |                |
| Households                           | 36            | 54            | 114           |                    | 178                    | 190              |                       |                |                |
| <b>Payments for capital assets</b>   | <b>11</b>     |               |               |                    |                        |                  |                       |                |                |
| Machinery and equipment              | 11            |               |               |                    |                        |                  |                       |                |                |
| <b>Payments for financial assets</b> |               |               |               |                    |                        |                  |                       |                |                |
| <b>Total economic classification</b> | <b>53 198</b> | <b>55 724</b> | <b>76 662</b> | <b>112 379</b>     | <b>79 879</b>          | <b>79 879</b>    | <b>117 992</b>        | <b>134 224</b> | <b>141 605</b> |

Gauteng Audit Services (GAS) spending increases from R53.2 million in 2014/15 to R76.7 million in 2016/17. The programmes expenditure is driven by compensation of employees as most of the audit work is personnel driven. Over MTEF, increasing the capacity of the programme is prioritized to enable the programme to deliver on its mandate that contributes towards the achievement of clean audits in the province.

Personnel costs increase from R51 million in 2014/15 to a projected amount of R71.5 million in 2017/18. The budget increases from R71.5 million in 2017/18 (after the surrender of funds for vacant posts) to R131 million in 2020/21. Of the total staff establishment of 133 posts, 118 posts were active and number of vacancies was 15 as of December 2017. The programme is actively recruiting in the audit market and adopting various strategies to attract and retain audit talent. The increase in the personnel budget over the MTEF is due to inflationary and cost of living adjustments as well as other personnel related spending such as performance bonuses.

Goods and services under this programme consist mainly of provision for specialised audits which are not resident internally, necessitating the augmentation of this gap by using consultants to assist with the execution of the specialised audits. The budget for goods and services increases from R8.2 million in 2017/18 to R10.6 million in 2020/21. The increase is due to the implementation requirements of specialised audits (Performance Audits and Risk & Compliance Audits) in order to enhance transparency, good governance and a clean government through strengthening the internal control and regulatory environment in the province.

## SERVICE DELIVERY MEASURES



| Programme performance measures   | Estimated performance | Medium-term estimates |         |         |
|--|-----------------------|-----------------------|---------|---------|
|  | 2017/18               | 2018/19               | 2019/20 | 2020/21 |
| % implementation of risk based Internal Audit Plans approved by the audit committee                      | 90%                   | 90%                   | 90%     | 90%     |
| % of internal audit recommendations tracked as implemented by departments and trading entities           | 90%                   | 90%                   | 90%     | 90%     |
| % of AG significant findings (findings causing audit qualification) followed-up audits by Internal Audit | 100%                  | 100%                  | 100%    | 100%    |

## **9. OTHER PROGRAMME INFORMATION**

### **9.1 Personnel numbers and costs**

TABLE14.18: SUMMARY OF DEPARTMENTAL PERSONNEL NUMBERS AND COSTS BY COMPONENT

| R thousands   | 2014/15                        |         | Actual                         |         | Revised estimate               |         | Medium-term expenditure estimate |                  |                                |         | Average annual growth over MTEF |         |                                |         |                       |                   |                  |     |      |
|---|--------------------------------|---------|--------------------------------|---------|--------------------------------|---------|----------------------------------|------------------|--------------------------------|---------|---------------------------------|---------|--------------------------------|---------|-----------------------|-------------------|------------------|-----|------|
|   | Personnel numbers <sup>1</sup> | Costs   | 2015/16                        |         | 2016/17                        |         | 2017/18                          |                  | 2018/19                        |         | 2019/20                         |         | 2020/21                        |         | 2017/18 - 2020/21     |                   |                  |     |      |
|   |                                |         | Personnel numbers <sup>1</sup> | Costs   | Personnel numbers <sup>1</sup> | Costs   | Filled posts                     | Additional posts | Personnel numbers <sup>1</sup> | Costs   | Personnel numbers <sup>1</sup>  | Costs   | Personnel numbers <sup>1</sup> | Costs   | Personnel growth rate | Costs growth rate | % Costs of Total |     |      |
| Salary level  |                                |         |                                |         |                                |         |                                  |                  |                                |         |                                 |         |                                |         |                       |                   |                  |     |      |
| 1 – 6   | 148                            | 50 986  | 172                            | 28 807  | 102                            | 16 703  | 77                               | 67               | 144                            | 23 618  | 177                             | 60 052  | 182                            | 44 327  | 182                   | 49 917            | 8%               | 28% | 7%   |
| 7 – 10  | 324                            | 108 075 | 394                            | 175 151 | 479                            | 204 938 | 510                              |                  | 510                            | 210 263 | 517                             | 259 367 | 521                            | 295 552 | 521                   | 310 925           | 1%               | 14% | 46%  |
| 11 – 12   | 128                            | 90 302  | 126                            | 69 681  | 152                            | 102 552 | 162                              |                  | 162                            | 117 920 | 188                             | 148 507 | 196                            | 155 988 | 196                   | 164 568           | 7%               | 12% | 25%  |
| 13 – 16   | 67                             | 82 863  | 104                            | 87 064  | 82                             | 82 012  | 92                               |                  | 92                             | 106 356 | 106                             | 118 533 | 106                            | 129 838 | 106                   | 141 007           | 5%               | 10% | 21%  |
| Other   |                                |         |                                | 3 643   |                                |         | 3                                |                  | 3                              | 2 179   | 6                               | 3 703   | 6                              | 3 926   | 6                     | 4 141             | 26%              | 24% | 1%   |
| Total   | 667                            | 332 226 | 796                            | 364 346 | 815                            | 406 205 | 844                              | 67               | 911                            | 460 337 | 994                             | 590 162 | 1 011                          | 629 631 | 1 011                 | 670 558           | 4%               | 13% | 100% |
| Programme   |                                |         |                                |         |                                |         |                                  |                  |                                |         |                                 |         |                                |         |                       |                   |                  |     |      |
| 1. Administration   | 226                            | 62 021  | 192                            | 68 642  | 211                            | 77 152  | 169                              | 67               | 236                            | 88 426  | 205                             | 99 254  | 222                            | 105 007 | 222                   | 110 781           | (2)%             | 8%  | 17%  |
| 2. Sustainable Fiscal Resource Management                 | 80                             | 59 773  | 86                             | 55 072  | 89                             | 59 679  | 91                               |                  | 91                             | 65 350  | 110                             | 78 621  | 110                            | 83 382  | 110                   | 87 967            | 7%               | 10% | 13%  |
| 3. Financial Governance                                   | 258                            | 73 959  | 233                            | 107 726 | 227                            | 112 211 | 253                              |                  | 253                            | 116 512 | 251                             | 139 010 | 251                            | 141 416 | 251                   | 149 195           | (0)%             | 9%  | 23%  |
| 4. Provincial Supply Chain Management                     |                                | 57 798  | 136                            | 49 796  | 126                            | 59 913  | 144                              |                  | 144                            | 74 673  | 166                             | 103 741 | 166                            | 109 921 | 166                   | 119 118           | 5%               | 17% | 17%  |
| 5. Municipal Financial Governance                         |                                | 27 681  | 51                             | 28 847  | 46                             | 29 903  | 55                               |                  | 55                             | 37 204  | 81                              | 58 038  | 81                             | 65 727  | 81                    | 72 490            | 14%              | 25% | 10%  |
| 6. Gauteng Audit Services                                 | 103                            | 50 994  | 98                             | 54 263  | 116                            | 67 347  | 132                              |                  | 132                            | 78 172  | 181                             | 111 498 | 181                            | 124 178 | 181                   | 131 007           | 11%              | 19% | 19%  |
| Direct charges  |                                |         |                                |         |                                |         |                                  |                  |                                |         |                                 |         |                                |         |                       |                   | 0%               | 0%  | 0%   |
| Total   | 667                            | 332 226 | 796                            | 364 346 | 815                            | 406 205 | 844                              | 67               | 911                            | 460 337 | 994                             | 590 162 | 1 011                          | 629 631 | 1 011                 | 670 558           | 4%               | 13% | 100% |
| Employee dispensation classification                      |                                |         |                                |         |                                |         |                                  |                  |                                |         |                                 |         |                                |         |                       |                   |                  |     |      |
| Public Service Act appointees not covered by OSDs         |                                |         |                                |         |                                |         |                                  |                  |                                |         |                                 |         |                                |         |                       |                   | 0%               | 0%  | 0%   |
| Public Service Act appointees still to be covered by OSDs |                                |         |                                |         |                                |         |                                  |                  |                                |         |                                 |         |                                |         |                       |                   | 0%               | 0%  | 0%   |
| Professional Nurses, Staff Nurses and Nursing Assistants  |                                |         |                                |         |                                |         |                                  |                  |                                |         |                                 |         |                                |         |                       |                   | 0%               | 0%  | 0%   |

| R thousands   | Actual                         |       |                                | Revised estimate |                                |       | Medium-term expenditure estimate |                  |                                |       | Average annual growth over MTEF |       |                                |           |
|---|--------------------------------|-------|--------------------------------|------------------|--------------------------------|-------|----------------------------------|------------------|--------------------------------|-------|---------------------------------|-------|--------------------------------|-----------|
|   | 2014/15                        |       | 2015/16                        |                  | 2016/17                        |       | 2017/18                          |                  | 2018/19                        |       | 2019/20                         |       | 2020/21                        |           |
|   | Personnel numbers <sup>1</sup> | Costs | Personnel numbers <sup>1</sup> | Costs            | Personnel numbers <sup>1</sup> | Costs | Filled posts                     | Additional posts | Personnel numbers <sup>1</sup> | Costs | Personnel numbers <sup>1</sup>  | Costs | Personnel numbers <sup>1</sup> | Costs     |
| Legal Professionals   |                                |       |                                |                  |                                |       |                                  |                  |                                |       |                                 |       |                                |           |
| Social Services Professions   |                                |       |                                |                  |                                |       |                                  |                  |                                |       |                                 |       |                                |           |
| Engineering Professions and related occupations                       |                                |       |                                |                  |                                |       |                                  |                  |                                |       |                                 |       |                                |           |
| Medical and related professionals                                     |                                |       |                                |                  |                                |       |                                  |                  |                                |       |                                 |       |                                |           |
| Therapeutic, Diagnostic and other related Allied Health Professionals |                                |       |                                |                  |                                |       |                                  |                  |                                |       |                                 |       |                                |           |
| Educators and related professionals                                   |                                |       |                                |                  |                                |       |                                  |                  |                                |       |                                 |       |                                |           |
| Others such as interns, EPWP, learnerships, etc                       |                                |       |                                |                  |                                |       |                                  |                  |                                |       |                                 |       |                                |           |
| <b>Total</b>  |                                |       |                                |                  |                                |       |                                  |                  |                                |       |                                 |       | <b>0%</b>                      | <b>0%</b> |

Personnel costs increase from R332 million in 2014/15 to R364 million in 2015/16, the personnel numbers increased from 667 in 2014/15 employees to 796 in 2015/16. Projected personnel numbers increase from 815 in 2016/17 to 911 in 2018/19. The increase is line with the department's plan to fill vacant posts and implement the new structure. Included in the growth in costs is the anticipated increase in inflation. The significant growth in personnel costs and numbers is to ensure that the department continues to provide oversight and technical support to GPG departments

## 9.2 Training

TABLE 14.19: INFORMATION ON TRAINING: GAUTENG PROVINCIAL TREASURY

| R thousand                                | Outcome      |              |              | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |              |              |
|---|--------------|--------------|--------------|--------------------|------------------------|------------------|-----------------------|--------------|--------------|
|   | 2014/15      | 2015/16      | 2016/17      |                    |                        |                  | 2018/19               | 2019/20      | 2020/21      |
| Number of staff                           | 667          | 796          | 815          | 911                | 911                    | 911              | 994                   | 1 011        | 1 011        |
| Number of personnel trained               | 350          | 450          | 500          | 525                | 525                    | 525              | 555                   | 586          | 619          |
| of which                                  |              |              |              |                    |                        |                  |                       |              |              |
| Male                                      | 140          | 160          | 180          | 189                | 189                    | 189              | 200                   | 211          | 223          |
| Female                                    | 210          | 290          | 320          | 336                | 336                    | 336              | 355                   | 375          | 396          |
| Number of training opportunities          | 490          | 600          | 710          | 746                | 746                    | 746              | 789                   | 833          | 879          |
| of which                                  |              |              |              |                    |                        |                  |                       |              |              |
| Tertiary                                  | 250          | 300          | 350          | 368                | 368                    | 368              | 389                   | 411          | 434          |
| Workshops                                 | 200          | 250          | 300          | 315                | 315                    | 315              | 333                   | 352          | 371          |
| Seminars                                  | 40           | 50           | 60           | 63                 | 63                     | 63               | 67                    | 70           | 74           |
| Other                                     |              |              |              |                    |                        |                  |                       |              |              |
| Number of bursaries offered               | 173          | 200          | 200          | 210                | 210                    | 210              | 222                   | 235          | 248          |
| Number of interns appointed               | 35           | 40           | 45           | 42                 | 42                     | 55               | 55                    | 55           | 55           |
| Number of learnerships appointed          | 18           | 20           | 25           | 30                 | 30                     | 28               | 28                    | 28           | 28           |
| Number of days spent on training          |              |              |              |                    |                        |                  |                       |              |              |
| <b>Payments on training by programme</b>  |              |              |              |                    |                        |                  |                       |              |              |
| 1. Administration                         | 1 337        | 1 711        | 2 999        | 1 088              | 1 018                  | 1 018            | 1 663                 | 1 760        | 1 857        |
| 2. Sustainable Fiscal Resource Management | 525          | 364          | 370          | 522                | 522                    | 682              | 753                   | 785          | 817          |
| 3. Financial Governance                   | 1 399        | 1 885        | 2 234        | 1 953              | 753                    | 753              | 1 343                 | 1 424        | 1 470        |
| 4. Provincial Supply Chain Management     | 495          | 929          | 1 821        | 1 368              | 1 368                  | 5 811            | 1 000                 | 1 032        | 1 100        |
| 5. Municipal Financial Governance         |              |              | 188          |                    | 400                    | 660              | 400                   | 450          | 475          |
| 6. Gauteng Audit Services                 |              |              | 859          | 775                | 775                    | 775              | 820                   | 867          | 915          |
| <b>Total payments on training</b>         | <b>3 756</b> | <b>4 889</b> | <b>8 471</b> | <b>5 706</b>       | <b>4 836</b>           | <b>9 699</b>     | <b>5 979</b>          | <b>6 318</b> | <b>6 634</b> |

GPT requires a continuous and an uncompromising acquisition of the required skills. A lifelong learning is a vital mind set for a learning organisation that needs to thrive in the 21st Century moreover with essential response to the service requests of the people of Gauteng. The department recognizes that it's most important asset is its employees, and this asset will need to be managed to ensure the continued success of the department. This is entrenched in the department value of valuing employees.

The department will achieve this through the implementation of meaningful skills programs, internships, learnership and SAIPA programs. To maintain the productivity, well-being and motivation of employees within the rapidly changing environment, GPT must underpin these changes with adequate, appropriate and supportive development and training opportunities.

Training interventions will focus on improving the generic and functional skills of employees, which includes seminars and workshops. All training interventions will be in line with the approved Workplace Skills Plan, as well as the individual Personal Development Plans (PDPs) which form part of the performance management and development system.

The department is continuously committed to addressing skills shortages and scarce skills, and aims to appoint at least 8 per cent of the staff establishment as interns, work intergrated learning and SAIPA each financial year. This exceeds the mandated 5 per cent. In implementing the above-mentioned programmes, the department is contributing towards halving poverty, creating jobs, youth development and ultimately addressing skills shortages in the country. Interns and learners are appointed additional to the staff establishment, and must therefore be budgeted for.

# **Annexure to the Estimates of Provincial Revenue and Expenditure**



TABLE 14.20: SPECIFICATION OF RECEIPTS: GAUTENG PROVINCIAL TREASURY

| R thousand   | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|--|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|  | 2014/15        | 2015/16        | 2016/17        |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| <b>Tax receipts</b>  |                |                |                |                    |                        |                  |                       |                |                |
| <b>Sales of goods and services other than capital assets</b>                 | <b>323</b>     | <b>555</b>     | <b>833</b>     | <b>1 050</b>       | <b>1 050</b>           | <b>1 050</b>     | <b>1 111</b>          | <b>1 173</b>   | <b>1 238</b>   |
| Sale of goods and services produced by department (excluding capital assets) | 323            | 555            | 833            | 1 050              | 1 050                  | 1 050            | 1 111                 | 1 173          | 1 238          |
| Sales by market establishments   | 323            | 555            | 833            | 1 050              | 1 050                  | 1 050            | 1 111                 | 1 173          | 1 238          |
| <b>Transfers received from:</b>  |                |                |                |                    |                        |                  |                       |                |                |
| Public corporations and private enterprises                                  |                |                |                |                    |                        |                  |                       |                |                |
| <b>Fines, penalties and forfeits</b>   |                |                |                |                    |                        |                  |                       |                |                |
| <b>Interest, dividends and rent on land</b>                                  | <b>481 453</b> | <b>622 676</b> | <b>657 747</b> | <b>300 000</b>     | <b>450 000</b>         | <b>450 000</b>   | <b>450 000</b>        | <b>500 000</b> | <b>550 000</b> |
| Interest   | 481 453        | 622 676        | 657 747        | 300 000            | 450 000                | 450 000          | 450 000               | 500 000        | 550 000        |
| <b>Sales of capital assets</b>   |                | <b>214</b>     |                |                    |                        | <b>84</b>        |                       |                |                |
| Other capital assets   |                | 214            |                |                    |                        | 84               |                       |                |                |
| <b>Transactions in financial assets and liabilities</b>                      | <b>490</b>     | <b>451</b>     | <b>445</b>     | <b>450</b>         | <b>450</b>             | <b>450</b>       | <b>500</b>            | <b>528</b>     | <b>557</b>     |
| <b>Total departmental receipts</b>   | <b>482 266</b> | <b>623 896</b> | <b>659 025</b> | <b>301 500</b>     | <b>451 500</b>         | <b>451 584</b>   | <b>451 611</b>        | <b>501 701</b> | <b>551 795</b> |

TABLE 14.21: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: GAUTENG PROVINCIAL TREASURY

| R thousand  | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2014/15        | 2015/16        | 2016/17        |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| <b>Current payments</b>   | <b>401 859</b> | <b>429 043</b> | <b>507 718</b> | <b>644 664</b>     | <b>583 225</b>         | <b>583 068</b>   | <b>714 818</b>        | <b>761 592</b> | <b>809 065</b> |
| Compensation of employees   | 332 226        | 364 346        | 406 205        | 548 319            | 461 688                | 460 337          | 590 162               | 629 631        | 670 558        |
| Salaries and wages  | 295 256        | 320 262        | 357 422        | 477 622            | 394 731                | 405 441          | 515 781               | 551 858        | 587 755        |
| Social contributions  | 36 970         | 44 084         | 48 783         | 70 697             | 66 957                 | 54 896           | 74 381                | 77 773         | 82 803         |
| Goods and services  | 69 633         | 64 697         | 101 513        | 96 345             | 121 537                | 122 731          | 124 656               | 131 961        | 138 507        |
| Administrative fees   | 61             | 84             | 82             | 114                | 113                    | 676              | 630                   | 666            | 703            |
| Advertising   | 2 855          | 3 130          | 5 739          | 1 951              | 3 151                  | 3 850            | 4 261                 | 4 878          | 5 144          |
| Minor assets  | 85             | 558            | 119            | 244                | 2 005                  | 1 778            | 300                   | 300            | 317            |
| Audit cost: External  | 2 879          | 3 213          | 3 444          | 5 323              | 3 468                  | 3 468            | 3 868                 | 4 690          | 4 235          |
| Bursaries: Employees  | 1 218          | 1 761          | 3 196          | 2 545              | 2 889                  | 3 931            | 4 692                 | 5 348          | 5 642          |
| Catering: Departmental activities                                     | 374            | 410            | 775            | 836                | 1 132                  | 907              | 1 103                 | 1 145          | 1 208          |
| Communication (G&S)   | 1 999          | 3 139          | 3 129          | 3 401              | 2 860                  | 3 261            | 3 388                 | 3 593          | 3 791          |
| Computer services   | 2 535          | 5 978          | 9 206          | 12 081             | 10 076                 | 10 076           | 11 372                | 12 012         | 12 672         |
| Consultants and professional services: Business and advisory services | 35 008         | 21 045         | 35 084         | 42 315             | 59 029                 | 56 237           | 61 973                | 64 195         | 67 730         |
| Legal services  | 660            | 555            | 6 255          | 893                | 4 733                  | 4 531            | 1 479                 | 1 536          | 1 620          |
| Contractors   | 1 306          | 1 008          | 517            | 491                | 5 516                  | 4 025            | 503                   | 582            | 614            |
| Fleet services (including government motor transport)                 | 668            | 751            | 384            | 560                | 560                    | 438              | 590                   | 624            | 659            |
| Consumable supplies   | 343            | 508            | 249            | 373                | 563                    | 574              | 279                   | 270            | 284            |
| Consumable: Stationery, printing and office supplies                  | 2 063          | 3 417          | 4 605          | 2 450              | 3 430                  | 2 855            | 2 779                 | 2 949          | 3 111          |
| Operating leases  | 2 494          | 3 588          | 5 538          | 5 196              | 4 796                  | 4 796            | 5 115                 | 5 429          | 5 728          |
| Property payments   | 7 924          | 6 191          | 5 923          | 5 020              | 5 006                  | 5 006            | 6 608                 | 7 269          | 7 668          |
| Travel and subsistence  | 964            | 1 725          | 2 102          | 2 475              | 2 672                  | 2 531            | 2 409                 | 2 574          | 2 716          |
| Training and development  | 3 756          | 5 308          | 8 921          | 5 706              | 4 836                  | 9 699            | 8 219                 | 8 576          | 9 048          |
| Operating payments  | 1 638          | 1 626          | 2 224          | 2 366              | 2 845                  | 2 507            | 2 928                 | 3 046          | 3 213          |
| Venues and facilities   | 803            | 702            | 4 021          | 2 005              | 1 857                  | 1 585            | 2 160                 | 2 279          | 2 404          |
| <b>Transfers and subsidies</b>  | <b>76 944</b>  | <b>120 659</b> | <b>104 500</b> | <b>66 335</b>      | <b>66 849</b>          | <b>67 006</b>    | <b>69 559</b>         | <b>63 014</b>  | <b>66 479</b>  |

| R thousand                                   | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|--|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|  | 2014/15        | 2015/16        | 2016/17        |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| Departmental agencies and accounts           | 75 000         | 120 000        | 102 650        | 55 335             | 55 385                 | 55 385           | 58 544                | 61 940         | 65 346         |
| Provide list of entities receiving transfers | 75 000         | 120 000        | 102 650        | 55 335             | 55 385                 | 55 385           | 58 544                | 61 940         | 65 346         |
| Non-profit institutions                      |                |                |                | 10 000             | 10 000                 | 10 000           | 10 000                |                |                |
| Households                                   | 1 944          | 659            | 1 850          | 1 000              | 1 464                  | 1 621            | 1 015                 | 1 074          | 1 133          |
| Social benefits                              | 1 944          | 613            | 1 109          |                    | 319                    | 543              |                       |                |                |
| Other transfers to households                |                | 46             | 741            | 1 000              | 1 145                  | 1 078            | 1 015                 | 1 074          | 1 133          |
| <b>Payments for capital assets</b>           | <b>3 262</b>   | <b>5 487</b>   | <b>4 083</b>   | <b>1 635</b>       | <b>4 821</b>           | <b>4 821</b>     | <b>12 036</b>         | <b>6 864</b>   | <b>7 242</b>   |
| Machinery and equipment                      | 2 970          | 5 487          | 4 083          | 1 635              | 4 821                  | 4 821            | 12 036                | 6 864          | 7 242          |
| Other machinery and equipment                | 2 970          | 5 487          | 4 083          | 1 635              | 4 821                  | 4 821            | 12 036                | 6 864          | 7 242          |
| Software and other intangible assets         | 292            |                |                |                    |                        |                  |                       |                |                |
| <b>Payments for financial assets</b>         | <b>124</b>     |                | <b>50</b>      |                    | <b>12</b>              | <b>12</b>        |                       |                |                |
| <b>Total economic classification</b>         | <b>482 189</b> | <b>555 189</b> | <b>616 351</b> | <b>712 634</b>     | <b>654 907</b>         | <b>654 907</b>   | <b>796 413</b>        | <b>831 470</b> | <b>882 786</b> |

TABLE 14.22: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: ADMINISTRATION

| R thousand  | Outcome       |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---|---------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2014/15       | 2015/16        | 2016/17        |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| <b>Current payments</b>   | <b>88 524</b> | <b>100 590</b> | <b>116 349</b> | <b>126 286</b>     | <b>124 305</b>         | <b>124 301</b>   | <b>136 346</b>        | <b>153 340</b> | <b>161 059</b> |
| Compensation of employees   | 62 021        | 68 642         | 77 152         | 91 902             | 89 108                 | 89 099           | 98 852                | 111 605        | 117 742        |
| Salaries and wages  | 54 809        | 60 350         | 68 094         | 79 673             | 76 999                 | 79 073           | 86 341                | 98 340         | 103 747        |
| Social contributions  | 7 212         | 8 292          | 9 058          | 12 229             | 12 109                 | 10 026           | 12 511                | 13 265         | 13 995         |
| Goods and services  | 26 503        | 31 948         | 39 197         | 34 384             | 35 197                 | 35 202           | 37 494                | 41 735         | 43 317         |
| Administrative fees   | 46            | 73             | 64             | 96                 | 88                     | 174              | 105                   | 112            | 119            |
| Advertising   | 2 114         | 1 347          | 3 543          | 1 108              | 750                    | 250              | 422                   | 990            | 1 044          |
| Minor assets  | 67            | 558            | 119            | 244                | 2 005                  | 1 778            | 300                   | 300            | 317            |
| Audit cost: External  | 1 738         | 2 209          | 2 624          | 3 841              | 2 241                  | 2 241            | 2 500                 | 3 231          | 2 696          |
| Bursaries: Employees  | 1 218         | 1 761          | 3 196          | 2 545              | 2 889                  | 3 931            | 4 692                 | 5 348          | 5 642          |
| Catering: Departmental activities                                     | 170           | 218            | 296            | 219                | 341                    | 341              | 292                   | 307            | 324            |
| Communication (G&S)   | 1 999         | 3 139          | 3 129          | 3 401              | 2 860                  | 3 261            | 3 388                 | 3 593          | 3 791          |
| Computer services   | 1 802         | 3 854          | 4 611          | 4 833              | 3 919                  | 3 919            | 4 157                 | 4 371          | 4 611          |
| Consultants and professional services: Business and advisory services | 723           | 393            | 1 216          | 1 044              | 398                    | 404              | 665                   | 1 047          | 1 105          |
| Legal services  | 67            | 555            | 1 469          | 893                | 2 567                  | 2 365            | 1 479                 | 1 536          | 1 620          |
| Contractors   | 1 298         | 940            | 491            | 491                | 716                    | 491              | 503                   | 582            | 614            |
| Fleet services (including government motor transport)                 | 668           | 751            | 384            | 560                | 560                    | 438              | 590                   | 624            | 659            |
| Consumable supplies   | 338           | 488            | 248            | 373                | 556                    | 566              | 279                   | 270            | 284            |
| Consumable: Stationery, printing and office supplies                  | 1 054         | 2 304          | 1 258          | 1 026              | 1 566                  | 1 566            | 1 405                 | 1 487          | 1 569          |
| Operating leases  | 2 494         | 3 588          | 5 538          | 5 196              | 4 796                  | 4 796            | 5 115                 | 5 429          | 5 728          |
| Property payments   | 7 924         | 6 191          | 5 923          | 5 020              | 5 006                  | 5 006            | 6 608                 | 7 269          | 7 668          |
| Travel and subsistence  | 278           | 840            | 661            | 713                | 1 079                  | 1 129            | 819                   | 866            | 914            |
| Training and development  | 1 337         | 1 418          | 2 501          | 1 088              | 1 018                  | 1 018            | 1 663                 | 1 760          | 1 857          |
| Operating payments  | 411           | 779            | 884            | 570                | 1 012                  | 858              | 1 189                 | 1 225          | 1 291          |
| Venues and facilities   | 757           | 542            | 1 042          | 1 123              | 830                    | 670              | 1 323                 | 1 388          | 1 464          |
| <b>Transfers and subsidies</b>  | <b>1 499</b>  | <b>214</b>     | <b>830</b>     | <b>1 000</b>       | <b>1 067</b>           | <b>1 071</b>     | <b>1 015</b>          | <b>1 074</b>   | <b>1 133</b>   |
| Households  | 1 499         | 214            | 830            | 1 000              | 1 067                  | 1 071            | 1 015                 | 1 074          | 1 133          |
| Social benefits   | 1 499         | 168            | 89             |                    |                        | 71               |                       |                |                |
| Other transfers to households   |               | 46             | 741            | 1 000              | 1 067                  | 1 000            | 1 015                 | 1 074          | 1 133          |
| <b>Payments for capital assets</b>                                    | <b>2 006</b>  | <b>5 487</b>   | <b>4 083</b>   | <b>1 635</b>       | <b>4 821</b>           | <b>4 821</b>     | <b>12 036</b>         | <b>6 864</b>   | <b>7 242</b>   |
| Machinery and equipment   | 1 731         | 5 487          | 4 083          | 1 635              | 4 821                  | 4 821            | 12 036                | 6 864          | 7 242          |

| R thousand                           | Outcome       |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|--------------------------------------|---------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|                                      | 2014/15       | 2015/16        | 2016/17        |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| Other machinery and equipment        | 1 731         | 5 487          | 4 083          | 1 635              | 4 821                  | 4 821            | 12 036                | 6 864          | 7 242          |
| Software and other intangible assets | 275           |                |                |                    |                        |                  |                       |                |                |
| Payments for financial assets        | 8             |                | 44             |                    | 1                      | 1                |                       |                |                |
| <b>Total economic classification</b> | <b>92 037</b> | <b>106 291</b> | <b>121 306</b> | <b>128 921</b>     | <b>130 194</b>         | <b>130 194</b>   | <b>149 397</b>        | <b>161 278</b> | <b>169 434</b> |

TABLE 14.23: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: SUSTAINABLE FISCAL RESOURCES MANAGEMENT

| R thousand  | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2014/15        | 2015/16        | 2016/17        |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| <b>Current payments</b>   | <b>64 270</b>  | <b>62 840</b>  | <b>68 655</b>  | <b>86 416</b>      | <b>82 366</b>          | <b>82 305</b>    | <b>97 457</b>         | <b>102 833</b> | <b>108 485</b> |
| Compensation of employees   | 59 773         | 55 072         | 59 679         | 75 424             | 68 234                 | 66 902           | 82 421                | 87 182         | 91 974         |
| Salaries and wages  | 53 040         | 49 069         | 53 223         | 65 178             | 59 206                 | 59 495           | 72 458                | 76 582         | 80 791         |
| Social contributions  | 6 733          | 6 003          | 6 456          | 10 246             | 9 028                  | 7 407            | 9 963                 | 10 600         | 11 183         |
| Goods and services  | 4 497          | 7 768          | 8 976          | 10 992             | 14 132                 | 15 403           | 15 036                | 15 651         | 16 511         |
| Administrative fees   | 7              | 2              | 5              | 6                  | 7                      | 481              | 507                   | 536            | 565            |
| Advertising   | 361            | 1 500          | 397            | 511                | 2 071                  | 3 342            | 3 540                 | 3 572          | 3 767          |
| Audit cost: External  | 560            | 485            | 442            | 785                | 630                    | 630              | 731                   | 779            | 822            |
| Catering: Departmental activities                                     | 29             | 53             | 54             | 232                | 382                    | 188              | 396                   | 410            | 433            |
| Computer services   |                | 345            | 76             |                    | 455                    | 455              | 500                   | 500            | 528            |
| Consultants and professional services: Business and advisory services | 906            | 2 818          | 4 675          | 6 066              | 7 192                  | 7 189            | 6 122                 | 6 447          | 6 802          |
| Legal services  | 593            |                |                |                    |                        |                  |                       |                |                |
| Contractors   |                | 68             | 26             |                    |                        | 34               |                       |                |                |
| Consumable supplies   |                | 20             |                |                    |                        |                  |                       |                |                |
| Consumable: Stationery, printing and office supplies                  | 632            | 693            | 1 935          | 693                | 1 033                  | 559              | 532                   | 545            | 575            |
| Travel and subsistence  | 227            | 93             | 201            | 589                | 338                    | 341              | 463                   | 501            | 528            |
| Training and development  | 525            | 936            | 184            | 522                | 522                    | 682              | 753                   | 785            | 828            |
| Operating payments  | 657            | 755            | 910            | 1 177              | 1 091                  | 1 091            | 1 257                 | 1 316          | 1 389          |
| Venues and facilities   |                |                | 71             | 411                | 411                    | 411              | 235                   | 260            | 274            |
| <b>Transfers and subsidies</b>  | <b>75 150</b>  | <b>120 201</b> | <b>102 765</b> | <b>55 335</b>      | <b>55 385</b>          | <b>55 446</b>    | <b>58 544</b>         | <b>61 940</b>  | <b>65 346</b>  |
| Departmental agencies and accounts                                    | 75 000         | 120 000        | 102 650        | 55 335             | 55 385                 | 55 385           | 58 544                | 61 940         | 65 346         |
| Provide list of entities receiving transfers                          | 75 000         | 120 000        | 102 650        | 55 335             | 55 385                 | 55 385           | 58 544                | 61 940         | 65 346         |
| Households  | 150            | 201            | 115            |                    |                        | 61               |                       |                |                |
| Social benefits   | 150            | 201            | 115            |                    |                        | 61               |                       |                |                |
| <b>Payments for capital assets</b>                                    |                |                |                |                    |                        |                  |                       |                |                |
| <b>Payments for financial assets</b>                                  |                |                |                |                    |                        |                  |                       |                |                |
| <b>Total economic classification</b>                                  | <b>139 420</b> | <b>183 041</b> | <b>171 420</b> | <b>141 751</b>     | <b>137 751</b>         | <b>137 751</b>   | <b>156 001</b>        | <b>164 773</b> | <b>173 831</b> |

TABLE 14.24: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: FINANCIAL GOVERNANCE

| R thousand                | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---------------------------|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|                           | 2014/15        | 2015/16        | 2016/17        |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| <b>Current payments</b>   | <b>108 469</b> | <b>126 573</b> | <b>125 023</b> | <b>145 585</b>     | <b>153 684</b>         | <b>153 684</b>   | <b>166 413</b>        | <b>170 419</b> | <b>179 793</b> |
| Compensation of employees | 73 959         | 107 726        | 112 211        | 129 893            | 119 592                | 119 674          | 135 839               | 141 416        | 149 193        |
| Salaries and wages        | 64 702         | 94 234         | 97 800         | 111 822            | 103 922                | 104 029          | 117 593               | 122 617        | 129 360        |
| Social contributions      | 9 257          | 13 492         | 14 411         | 18 071             | 15 670                 | 15 645           | 18 246                | 18 799         | 19 833         |
| Goods and services        | 34 510         | 18 847         | 12 812         | 15 692             | 34 092                 | 34 010           | 30 574                | 29 003         | 30 600         |
| Administrative fees       | 6              | 5              | 7              | 12                 | 12                     | 12               | 13                    | 13             | 14             |
| Advertising               | 94             |                |                |                    |                        |                  |                       |                |                |
| Minor assets              | 18             |                |                |                    |                        |                  |                       |                |                |
| Audit cost: External      | 581            | 519            | 378            | 697                | 597                    | 597              | 637                   | 680            | 717            |

| R thousand  | Outcome        |                |                | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---|----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2014/15        | 2015/16        | 2016/17        |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| Catering: Departmental activities                                     | 175            | 49             | 121            | 100                | 124                    | 124              | 113                   | 120            | 127            |
| Computer services   | 634            | 863            | 2 818          | 5 367              | 4 101                  | 4 101            | 4 018                 | 4 336          | 4 574          |
| Consultants and professional services: Business and advisory services | 31 066         | 16 112         | 7 527          | 6 878              | 27 778                 | 27 778           | 23 854                | 21 792         | 22 990         |
| Consumable supplies   | 4              |                |                |                    | 6                      | 6                |                       |                |                |
| Consumable: Stationery, printing and office supplies                  | 2              | 7              | 1              | 3                  | 3                      | 3                |                       |                |                |
| Travel and subsistence  | 208            | 234            | 298            | 419                | 411                    | 329              | 381                   | 418            | 442            |
| Training and development  | 1 399          | 1 001          | 1 578          | 1 953              | 753                    | 753              | 1 343                 | 1 424          | 1 503          |
| Operating payments  | 270            | 35             | 84             | 164                | 207                    | 207              | 115                   | 120            | 127            |
| Venues and facilities   | 46             | 22             |                | 100                | 100                    | 100              | 100                   | 100            | 106            |
| <b>Transfers and subsidies</b>  | <b>112</b>     | <b>105</b>     | <b>320</b>     |                    | <b>100</b>             | <b>100</b>       |                       |                |                |
| Households  | 112            | 105            | 320            |                    | 100                    | 100              |                       |                |                |
| Social benefits   | 112            | 105            | 320            |                    | 100                    | 100              |                       |                |                |
| <b>Payments for capital assets</b>                                    | <b>1 228</b>   |                |                |                    |                        |                  |                       |                |                |
| Machinery and equipment   | 1 228          |                |                |                    |                        |                  |                       |                |                |
| Other machinery and equipment   | 1 228          |                |                |                    |                        |                  |                       |                |                |
| <b>Payments for financial assets</b>                                  |                |                |                |                    | <b>1</b>               | <b>1</b>         |                       |                |                |
| <b>Total economic classification</b>                                  | <b>109 809</b> | <b>126 678</b> | <b>125 343</b> | <b>145 585</b>     | <b>153 785</b>         | <b>153 785</b>   | <b>166 413</b>        | <b>170 419</b> | <b>179 793</b> |

TABLE 14.25: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: PROVINCIAL SUPPLY CHAIN MANAGEMENT

| R thousand  | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2014/15       | 2015/16       | 2016/17       |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| <b>Current payments</b>   | <b>59 058</b> | <b>53 399</b> | <b>84 109</b> | <b>112 614</b>     | <b>98 316</b>          | <b>98 236</b>    | <b>118 034</b>        | <b>131 039</b> | <b>141 399</b> |
| Compensation of employees   | 57 798        | 49 796        | 59 913        | 92 511             | 72 173                 | 72 093           | 90 314                | 103 323        | 112 157        |
| Salaries and wages  | 52 604        | 42 667        | 51 765        | 81 181             | 60 843                 | 62 402           | 75 493                | 88 742         | 96 398         |
| Social contributions  | 5 194         | 7 129         | 8 148         | 11 330             | 11 330                 | 9 691            | 14 821                | 14 581         | 15 759         |
| Goods and services  | 1 260         | 3 603         | 24 196        | 20 103             | 26 143                 | 26 143           | 27 720                | 27 716         | 29 242         |
| Administrative fees   | 1             |               | 2             |                    | 2                      | 2                |                       |                |                |
| Advertising   | 286           | 283           | 1 799         | 282                | 280                    | 208              | 299                   | 316            | 333            |
| Catering: Departmental activities                                     |               | 24            | 109           | 105                | 105                    | 105              | 112                   | 118            | 124            |
| Consultants and professional services: Business and advisory services | 277           | 1 722         | 15 539        | 18 034             | 18 034                 | 15 057           | 25 530                | 25 400         | 26 800         |
| Contractors   | 1             |               |               |                    | 4 800                  | 3 500            |                       |                |                |
| Consumable: Stationery, printing and office supplies                  |               | 23            | 14            |                    |                        |                  |                       |                |                |
| Travel and subsistence  | 20            | 7             | 109           | 88                 | 128                    | 89               | 93                    | 98             | 103            |
| Training and development  | 495           | 1 406         | 4 008         | 1 368              | 1 368                  | 5 811            | 1 448                 | 1 532          | 1 616          |
| Operating payments  | 180           |               | 13            | 105                | 105                    | 50               |                       |                |                |
| Venues and facilities   |               | 138           | 2 603         | 121                | 121                    | 121              | 238                   | 252            | 266            |
| <b>Transfers and subsidies</b>  | <b>9</b>      | <b>61</b>     | <b>430</b>    | <b>10 000</b>      | <b>10 015</b>          | <b>10 095</b>    | <b>10 000</b>         |                |                |
| Non-profit institutions   |               |               |               | 10 000             | 10 000                 | 10 000           | 10 000                |                |                |
| Households  | 9             | 61            | 430           |                    | 15                     | 95               |                       |                |                |
| Social benefits   | 9             | 61            | 430           |                    | 15                     | 95               |                       |                |                |
| <b>Payments for capital assets</b>                                    | <b>17</b>     |               |               |                    |                        |                  |                       |                |                |
| Software and other intangible assets                                  | 17            |               |               |                    |                        |                  |                       |                |                |
| <b>Payments for financial assets</b>                                  | <b>116</b>    |               | <b>6</b>      |                    | <b>10</b>              | <b>10</b>        |                       |                |                |
| <b>Total economic classification</b>                                  | <b>59 200</b> | <b>53 460</b> | <b>84 545</b> | <b>122 614</b>     | <b>108 341</b>         | <b>108 341</b>   | <b>128 034</b>        | <b>131 039</b> | <b>141 399</b> |

TABLE 14.26: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: MUNICIPAL FINANCIAL GOVERNANCE

| R thousand  | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |               |               |
|---|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
|   | 2014/15       | 2015/16       | 2016/17       |                    |                        |                  | 2018/19               | 2019/20       | 2020/21       |
| <b>Current payments</b>   | <b>28 387</b> | <b>29 971</b> | <b>37 034</b> | <b>61 384</b>      | <b>44 853</b>          | <b>44 853</b>    | <b>78 576</b>         | <b>69 737</b> | <b>76 724</b> |
| Compensation of employees   | 27 681        | 28 847        | 29 903        | 54 409             | 41 079                 | 41 079           | 71 238                | 61 927        | 68 485        |
| Salaries and wages  | 25 185        | 26 016        | 26 914        | 47 815             | 34 486                 | 37 088           | 65 261                | 55 876        | 61 724        |
| Social contributions  | 2 496         | 2 831         | 2 989         | 6 594              | 6 593                  | 3 991            | 5 977                 | 6 051         | 6 761         |
| Goods and services  | 706           | 1 124         | 7 131         | 6 974              | 3 774                  | 3 774            | 7 338                 | 7 810         | 8 239         |
| Administrative fees   |               | 2             | 4             |                    | 4                      | 4                | 5                     | 5             | 5             |
| Catering: Departmental activities                                     |               | 66            | 193           | 180                | 180                    | 149              | 190                   | 190           | 200           |
| Computer services   | 99            | 204           | 434           | 365                | 215                    | 215              | 220                   | 240           | 253           |
| Consultants and professional services: Business and advisory services |               |               |               | 5 092              | 427                    | 427              | 3 300                 | 3 630         | 3 831         |
| Legal services  |               |               | 4 786         |                    | 966                    | 966              |                       |               |               |
| Consumable supplies   | 1             |               | 1             |                    | 1                      | 2                |                       |               |               |
| Consumable: Stationery, printing and office supplies                  | 375           | 390           | 902           | 728                | 828                    | 727              | 842                   | 917           | 967           |
| Travel and subsistence  | 231           | 405           | 522           | 558                | 558                    | 479              | 539                   | 570           | 601           |
| Training and development  |               |               | 187           |                    | 400                    | 660              | 2 192                 | 2 208         | 2 329         |
| Operating payments  |               | 57            | 27            | 50                 | 50                     |                  | 50                    | 50            | 53            |
| Venues and facilities   |               |               | 75            |                    | 145                    | 145              |                       |               |               |
| <b>Transfers and subsidies</b>  | <b>138</b>    | <b>24</b>     | <b>41</b>     |                    | <b>104</b>             | <b>104</b>       |                       |               |               |
| Households  | 138           | 24            | 41            |                    | 104                    | 104              |                       |               |               |
| Social benefits   | 138           | 24            | 41            |                    | 104                    | 104              |                       |               |               |
| <b>Payments for capital assets</b>                                    |               |               |               |                    |                        |                  |                       |               |               |
| <b>Payments for financial assets</b>                                  |               |               |               |                    |                        |                  |                       |               |               |
| <b>Total economic classification</b>                                  | <b>28 525</b> | <b>29 995</b> | <b>37 075</b> | <b>61 384</b>      | <b>44 957</b>          | <b>44 957</b>    | <b>78 576</b>         | <b>69 737</b> | <b>76 724</b> |

TABLE 14.27: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: GAUTENG AUDIT SERVICES

| R thousand  | Outcome       |               |               | Main appropriation | Adjusted appropriation | Revised estimate | Medium-term estimates |                |                |
|---|---------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2014/15       | 2015/16       | 2016/17       |                    |                        |                  | 2018/19               | 2019/20        | 2020/21        |
| <b>Current payments</b>   | <b>53 151</b> | <b>55 670</b> | <b>76 548</b> | <b>112 379</b>     | <b>79 701</b>          | <b>79 689</b>    | <b>117 992</b>        | <b>134 224</b> | <b>141 605</b> |
| Compensation of employees   | 50 994        | 54 263        | 67 347        | 104 180            | 71 502                 | 71 490           | 111 498               | 124 178        | 131 007        |
| Salaries and wages  | 44 916        | 47 926        | 59 626        | 91 953             | 59 275                 | 63 354           | 98 635                | 109 701        | 115 735        |
| Social contributions  | 6 078         | 6 337         | 7 721         | 12 227             | 12 227                 | 8 136            | 12 863                | 14 477         | 15 272         |
| Goods and services  | 2 157         | 1 407         | 9 201         | 8 199              | 8 199                  | 8 199            | 6 494                 | 10 046         | 10 598         |
| Administrative fees   | 1             | 2             |               |                    |                        | 3                |                       |                |                |
| Advertising   |               |               |               | 50                 | 50                     | 50               |                       |                |                |
| Catering: Departmental activities                                     |               |               | 2             |                    |                        |                  |                       |                |                |
| Computer services   |               | 712           | 1 267         | 1 516              | 1 386                  | 1 386            | 2 477                 | 2 565          | 2 706          |
| Consultants and professional services: Business and advisory services | 2 036         |               | 6 127         | 5 200              | 5 200                  | 5 382            | 2 502                 | 5 879          | 6 202          |
| Consumable: Stationery, printing and office supplies                  |               |               | 495           |                    |                        |                  |                       |                |                |
| Travel and subsistence  |               | 146           | 311           | 108                | 158                    | 164              | 114                   | 121            | 128            |
| Training and development  |               | 547           | 463           | 775                | 775                    | 775              | 820                   | 867            | 915            |
| Operating payments  | 120           |               | 306           | 300                | 380                    | 301              | 317                   | 335            | 353            |
| Venues and facilities   |               |               | 230           | 250                | 250                    | 138              | 264                   | 279            | 294            |
| <b>Transfers and subsidies</b>  | <b>36</b>     | <b>54</b>     | <b>114</b>    |                    | <b>178</b>             | <b>190</b>       |                       |                |                |
| Households  | 36            | 54            | 114           |                    | 178                    | 190              |                       |                |                |
| Social benefits   | 36            | 54            | 114           |                    | 100                    | 112              |                       |                |                |
| <b>Payments for capital assets</b>                                    | <b>11</b>     |               |               |                    |                        |                  |                       |                |                |
| Machinery and equipment   | 11            |               |               |                    |                        |                  |                       |                |                |
| Other machinery and equipment   | 11            |               |               |                    |                        |                  |                       |                |                |

| R thousand                    | Outcome |         |         | Main appropriation | Adjusted appropriation<br>2017/18 | Revised estimate | Medium-term estimates |         |         |
|-------------------------------|---------|---------|---------|--------------------|-----------------------------------|------------------|-----------------------|---------|---------|
|                               | 2014/15 | 2015/16 | 2016/17 |                    |                                   |                  | 2018/19               | 2019/20 | 2020/21 |
| Payments for financial assets |         |         |         |                    |                                   |                  |                       |         |         |
| Total economic classification | 53 198  | 55 724  | 76 662  | 112 379            | 79 879                            | 79 879           | 117 992               | 134 224 | 141 605 |