

# VOTE 14

## GAUTENG PROVINCIAL TREASURY

To be appropriated by vote in 2019/20	R 834 950 000
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. In this regard, the GPT supports all ten pillars in the TMR programme through reprioritizing and ensuring all the new provincial priorities are resourced. 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.

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 will, amongst others, implement the following deliverables:

- Ensure credible planning and budgeting processes amongst GPG institutions
- Increase and optimize own revenue generation from provincial sources
- Increase township spend in government procurement
- Conduct audit services that assist in improving the controls environment for GPG departments and trading entities
- Full implementation of the Open Tender Process in GPG institutions
- Reduce historical irregular expenditure
- Monitor the reduction of confirmed provincial government debt
- Implement the Forensics Services strategy in order to eradicate fraud and corruption in the Province
- Implement various supplier development initiatives in partnership with the private sector
- Ensure timely payment of invoices for services rendered
- Manage the budget of non-core budgetary items and personnel within GPG
- Conduct probity audits to improve transparency in government procurement processes through the open tender process
- Support Tshepo 1 Million programme
- Ensure compliance with regulatory and legislated reporting requirements

### **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. There is a clear 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 of the NDP are listed below:

- 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 will continue to intensify the fight against corruption, collusion and maladministration, serve the people with compassion and professionalism, strengthen partnerships with the private sector, labour and civil society and promote social cohesion in Gauteng.

### External activities and events relevant to budget decisions

The International Monetary Fund (IMF) has projected global economic growth at 3.7 per cent for 2018, 3.5 per cent in 2019, and 3.6 per cent in 2020. The projections for growth for 2019 and 2020 were revised down by 0.2 percentage points and 0.1 percentage points, respectively. These lower growth estimates are mainly due to the fact that expected growth for the Euro area has been revised downward and due to the balance of growth risks still being skewed to the downside in the near term and the no-deal withdrawal of the United Kingdom from the European union, after several major economies moderated in high-frequency economic indicators, continuation of the trade tension between China and the US and tighter financial conditions in some vulnerable economies.

However, emerging market and developing economies' growth remains mixed. This is as a result of the recent rise in oil prices, higher yields in the United States, dollar appreciation, trade tensions and geopolitical conflict. These factors affect different regional and individual economies differently and cause them to have varying economic growth prospects. Emerging market and developing economies growth is expected at 4.5 per cent in 2019 and 4.9 per cent in 2020.

The South African economic outlook is weaker than expected, following an unexpected growth contraction of 2.6 per cent in the first quarter of 2018. The economy entered into a recession in the second quarter of 2018 due to weaker than expected performance in agriculture. Growth contracted by 0.4 per cent in that quarter. However, indications are that the overall growth for 2018 will be positive, although less than what was initially expected. Third quarter economic growth improved at 2.2 per cent, and the National Treasury now forecasts growth of 0.7 per cent in 2018, and 1.7 per cent in 2019.

The Gauteng economy remains the dominant economic hub of South Africa. After a revised economic growth of 0.1 per cent in the second quarter and an estimated growth of 2.9 per cent in the third quarter, the provincial economy is growing faster than previously thought. The current forecast indicates that the Gauteng economy will grow by 1.7 per cent for 2019 and 1.9 per cent for 2020.

Although the outlook has improved when compared to the recent past, the level of economic growth in the country remains well below previous highs. This has led to the President of South Africa, Cyril Ramaphosa, to announce new economic stimulus measures. These measures will focus on increased investment in public infrastructure, increased support for entrepreneurship and employment incentives, trade support measures for high growth impact sectors, localised procurement, and training for unemployed youth. These measures, along with the improved outlook are expected to improve the country's growth path.

### Acts, rules and regulations

- Division of Revenue Act, 2018 (Act No. 1 of 2018);
- Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004);
- Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- Broad Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003) as amended by B-BBEE Act 46 of 2013;
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and Preferential Procurement Regulations 2017;
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000);
- Municipal Systems Act, 2000 (Act No. 32 of 2000);
- Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000);
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
- Treasury Regulations issued in terms of the Public Finance Management Act, 1999, Act No. 1 of 1999;
- Public Finance Management Act, 1999 (Act No. 1 of 1999)
- Employment Equity Act, 1998 (Act No. 55 of 1998);
- National Skills Development Act, 1998 (Act No. 97 of 1998)
- Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997);
- Intergovernmental Fiscal Relations Act, 1997 (Act 97 of 1997);
- Government Employees Pension Law, 1996 (Proclamation No. 21 of 1996);
- Borrowing Powers of Provincial Government Act, 1996 (Act No. 48 of 1996);
- The National Archives and Records Service of South Africa Act, 1996 (Act No. 43 of 1996 as amended);
- The Constitution of the Republic of South Africa, 1996;
- Development Facilitation Act, 1995 (Act No. 67 of 1995); and

## 2. REVIEW OF THE CURRENT FINANCIAL YEAR (2018/19)

The department continued to support the implementation of the GPG Transformation, Modernisation and Reindustrialisation programme in the 2018/19 financial year. The GPT 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 key focus area for the Township Economy Revitalisation strategy is the revitalising and mainstreaming of the township economy and the development of SMMEs and co-operatives. GPT continued with efforts to increase the number of companies registered on the provincial database as a measure to expand the pool of suppliers available to do business with government.

The department, working with external partners, intensified its supplier development programmes and this resulted in a total of 1 207 suppliers undergoing supplier development training to date in the year under review. This training ensured that they are fully compliant with government prescripts relating to procurement and are developed not only to supply government but also to compete within the private sector market.

Payment of invoices for services rendered is an important element in ensuring the sustainability of SMMEs and cooperatives. The Gauteng Provincial Treasury department put measures and processes in place to ensure timeous payment of invoices within 30 days upon receipt of final and correct invoices. During the period under review, 100 per cent of all invoices were paid within 30 days and 99 per cent were paid within 15 days.

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

The GPT increased contribution to revitalizing townships by leveraging procurement to transform the economy. In this regard, the department ensured that the provincial government increased its spending in registered township suppliers on the database to meet the target of 30 per cent of discretionary spend by the end of the 2018/19 financial year. This was achievable with the collaboration of the local government sphere and GPG entities and it was key in ensuring availability of comprehensive reporting on TER across the Gauteng City Region. Currently, all GPG departments have spent 11 per cent of their total procurement on township suppliers.

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 continued 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 also continued 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 continued to monitor and ensure compliance to and implementation of Regulations (PPR) from 1 April 2017 that requires government institutions to sub-contract 30 per cent of all tenders over R30 million.

### 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.

To ensure better planning, the department has coordinated budget planning processes and facilitated stakeholder meetings through convening of Budget Fora and Medium Term Expenditure Committee (MTEC). These structures were used to ensure the alignment of provincial strategic programmes with available limited resources. At the local government level, various IGR engagements (CFO Forum, MEC/MMC meetings, Premiers Coordinating Forum) were held to ensure alignment of IDPs and budgets with the TMR programme. Timeous draft and final budget assessments were conducted to provide guidance to municipalities on their budgets.

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

As the provincial government continues to implement the TMR programme, the realisation of the programme objectives requires adequate funding of key priorities. The department put measures in place to ensure that own revenue targets as outlined in the Provincial Revenue Strategy are realised, these measures resulted in the collection of 82 per cent of 2018/19 adjusted appropriation by end of 3<sup>rd</sup> quarter.

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

The GPT is managing the personnel budget within GPG to ensure that personnel costs is maintained below 60 per cent. Expenditure on infrastructure and conditional grants are monitored and tracked to ensure improvement from the achieved 97 per cent and 95 per cent in the previous financial year. To improve spending on infrastructure projects, the department only funded projects that were ready for implementation. Similarly, the department ensured efficient spending on provincial transfers to municipalities and has increased capital expenditure at municipalities by putting in place various tracking and monitoring mechanisms. Furthermore, fiscal responsiveness assessments were undertaken to enhance oversight in municipalities.

The department continued to work closely with departments and municipalities to ensure the rollout of the infrastructure investment programme in the province. The programme is enabling GPG to deliver infrastructure that supports the provision of public services and contribute to the creation of jobs. The province's liquidity levels have remained steady and sustainable, due to the implementation of prudent cash management practices, which ensured that cash-outflows did not exceed provincial revenue streams.

**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 continued to work closely with departments, entities and municipalities to ensure sustainability and improvement of the audit outcomes. All GPG departments and entities have achieved unqualified audit outcomes for the 2017/18 financial year.

The department conducted risk-based internal audits to departments and entities to limit their risk exposure and improve their internal control environments. Relevant programmes within the GPT, tracked the implementation of the Auditor General's recommendations.

**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 are at the centre of fighting and eradicating fraud and corruption in GPG. The GPT has worked 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 have assisted in the identification of risk areas and development of control measures to tighten processes and systems to minimize fraud and corruption.

One of the key projects in fighting corruption is the implementation of the Open Tender system which has been implemented by all GPG departments. More than 104 projects went through the open tender process in 2018/19. The open tender system has through its probity audit managed to save the provincial government a total of R1.2 billion from irregular expenditure.

**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 has fulfilled all its reporting requirements for the period under review.

The GPT achieved a score of 3.7 for the 1.7 MPAT cycle and has put interventions in place to ensure compliance to all MPAT standards and requirements in the next cycle. The department has also achieved a clean audit outcome for the 2017/18 financial year.

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

Innovation, modernisation and technology enable service delivery improvement through an increase in productivity and enhancement of operational efficiencies. In this regard, the GPT continues to develop business intelligence tools as a way of working smarter, driving functional excellence and improving service delivery in GPG.

### 3. OUTLOOK FOR THE COMING FINANCIAL YEAR (2019/20)

The Gauteng province has been operating in a tight fiscal space since 2014, when the fifth administration of government took office. The slow economic growth has resulted in increased demands on provincial fiscus to mitigate poverty and unemployment and promote growth. The GPG introduced many programmes and initiatives to realise the TMR agenda that aims to accelerate and radically transform, modernise and re-industrialise the delivery of services to the Gauteng citizenry.

Some of the key programmes are namely: the Tshepo 1 Million programme that seeks to address the issue of youth unemployment; the Township Economy Revitalisation (TER) strategy that aims to support and develop township-based businesses; the Open Tender Process that intends to address the issue of fraud and corruption and improve transparency in government procurement processes. Lastly, the introduction of various business intelligence tools to improve operational efficiency in GPG departments and entities. The GPT strives to achieve greater social cohesion in Gauteng and it strives to achieve economic transformation.

The GPT has set the following key priorities for the ensuing financial year to realise the goals espoused in the TMR programme.

#### PILLAR 1: RADICAL ECONOMIC TRANSFORMATION

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

The Township Economy Revitalisation (TER) Strategy focuses on revitalising and mainstreaming the township economy and on developing the SMMEs and co-operatives. This government will achieve this through active industrial incentives and transformative procurement policy that promote the growth of township-based manufacturing and services.

The department will continue with collaborative efforts by strengthening partnerships with the private sector, labour and civil society to provide further developmental opportunities to enhance the capacity and capability of suppliers to benefit from the government's procurement of goods and services. The department will improve the focus on the supplier development initiatives to increase the capacity and capability of these suppliers. It will also make efficient and effective interventions to address any challenges encountered.

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

The realisation of the TER Strategy requires all stakeholders (i.e. provincial departments, public entities and local government) to put concerted efforts in supporting township-based businesses. To support the TER Strategy in the province, the GPT will continue with its efforts to increase spending in registered township-based businesses.

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 as well as access to finance and markets in the mainstream economy. The GPT will continue with the supplier development initiatives and programmes established through partnerships with the private sector to benefit the township suppliers. The GPT will increase the monitoring of compliance with the newly adopted Preferential Procurement Regulations of 2017 (PPR) to ensure compliance with the requirement of sub-contracting 30 per cent to SMMEs all government tenders with a value that exceeds R30 million.

Timely payment of invoices for services rendered is an important element in ensuring the sustainability of SMMEs and cooperatives. The GPT 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 three spheres of government (i.e. national, provincial and local) promotes better alignment of planning and budgeting, which results in an integrated and credible planning framework. The better alignment enables strategic and optimal funding for provincial priorities from the limited fiscus. The better alignment also helps in accelerating service delivery for the Gauteng citizenry and in realising economies of scale.

The GPT will conduct departmental budget reviews and host various bilateral engagements with departments to promote economic development and to align the plans and budgets of departments to the TMR programme, key policies and strategies adopted for implementation in the Gauteng City Region. These bilateral engagements include the Budget Fora, Medium Term Expenditure Committee, Premier's Budget Committee and the Inter-Governmental Relations structures.

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

The department will continue the implementation of the GPG own revenue strategy which contributes towards own revenue optimization generated from provincial sources and measures will be put in place to ensure that own revenue targets are realised. Own revenue augments the equitable share and assists the province to fund key priorities such as education, healthcare and social welfare. The province invests the unutilised funds in a financially prudent manner as per the provisions of legislation and approved policies.

**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 in line with budget allocations and avoid over-commitments. Additionally, personnel expenditure will be contained at below 60 percent against the total budget.

Measures will be put in place to speed up the delivery of new infrastructure and attention be paid on the maintenance of existing infrastructure across the Gauteng City Region. Similarly, stringent mechanisms will be employed in the monitoring of expenditure on infrastructure allocation and conditional grants allocation. Collaborative efforts will be put in place to upscale performance and institutionalise IDMS in GPG institutions. The budget increases to fund the provision of capacity in the GPT to implement the IDMS so that the province can increase the value for money in the infrastructure programme of the province.

In minimizing liquidity exposure in the province, cash-outflows to departments will be kept within the provincial revenue streams and cash disbursements to departments will be monitored to ensure that fund requests do not exceed the appropriated funds and that prudent cash management practices are being adhered to. The municipal financial hands on support programme will be enhanced to assist delegated municipalities with stabilizing their finances.

Transfers to delegated municipalities will be made as gazetted and measures will be put in place to track and monitor spending thereof.

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

The GPG has continued to obtain improved audit outcomes. The efforts and interventions by the GPT in supporting departments, municipalities, and entities to manage their finances in accordance with laws and regulations will continue to ensure sustainability and improvement of the audit outcomes and in ensuring that GPG institutions maintain sound financial and cash management practices.

Targeted GRAP training will be provided to delegated municipalities, focusing on capacity building of governance structures, technical assistance in addressing audit issues, guidance on pre-audit matters and audit process and support on quality assurance of financial information. GPT will continue to implement procedures to monitor and manage the process for preparing the annual financial statements. The GPT will also review consistently the Interim and Annual Financial Statements prior submission to AG and will address the issues relating to the verification of immovable assets.

The department will continue conducting value-adding audit services that will contribute to the overall improvement of audit outcomes for GPG departments and trading entities. Internal control assessments, which are based on internal audit reports, implementation of the GAS and AG findings, risk management reports and risk profile of the department will be conducted regularly to proactively highlight and address areas of concern and to promote improvements in the internal control environment.

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

The GPT is committed to upholding ethical leadership and integrity by intensifying the fight against corruption, collusion and maladministration. 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 department will implement efficiencies on management and processing of forensic cases and conduct fraud detection reviews on high-risk, high-value projects. Key focus area will be on improving turnaround times for completion of forensic investigations and increased monitoring to ensure that departments and entities implement the forensic recommendations. The results of the detection reviews will assist in the identification of risk areas and the development of control measures to tighten processes and systems to minimize fraud and corruption.

Full implementation of the Open Tender system in the GPG will assist in restoring public confidence in government procurement system. The introduction of legislation on the open tender system is key in institutionalising open tender processes in the procurement of goods and services in this province. Reduction of historical irregular expenditure will continue to be a key focus area for the department. The department will focus more on mechanisms for prevention of irregular expenditure in the province. Additionally, procurement processes for projects will be finalised and approved timeously to ensure early start to implementation of projects.

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

Compliance with regulatory and legislated reporting requirements is crucial in fulfilment of the GPT's mandate. This is achieved by ensuring timeous submissions of credible reports to various key stakeholders, compliance with Management of Performance Assessment Tool (MPAT) standards, enforcement of cost containment policy compliance in GPG, fulfilment of

the department's statutory and regulatory reporting obligations and payment of invoices to suppliers within the prescribed timeframe of 30 days upon receipt of correct invoices.

In addition to meeting employment equity targets in recruitment, the department will continue with its implementation of various initiatives that aim to realise and promote the rights of women, youth and persons with disabilities. The department will achieve this through various initiatives such as training, awareness sessions and workshops. The department will also achieve this through monitoring the procurement of goods and services benefits women, youth and persons with disabilities.

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

Innovation, modernisation and technology enable service delivery improvement through an increase in productivity and operational efficiency. In this regard, the GPT will invest in automating some of its processes. The GPT will continue to automate the processes of preparing the annual financial statements and legislated reports. It will develop and implement the automated inventory management system in identified departments. It will explore and research on the automation of the procurement process for requests for quotations and for proposals. The GPT will also develop business intelligent system to improve data analytics to improve decision-making process, promote an innovative culture of working smarter, driving functional excellence and improving service delivery in GPG.

## **4. REPRIORITISATION**

The department reprioritised the budget baselines to identify savings that will be utilised to fund the spending plan over the MTEF. There is a budget pressure in the media services required for the Provincial Budget Day events. The department reallocated R2.5 million from non-core items in Programme 1: Administration Programme towards the budget for media services in Programme 2: Sustainable Fiscal Resources Management. The department will implement more cost effective ways to render the supporting administrative services.

The department requires funds to support the implementation of the generic structure for provincial treasuries. Within the budget baselines for compensation of employees, the department reprioritised a total of R13.4 million amongst the programmes to fund the generic structure in 2019/20. Programme 2: Sustainable Financial Resource Allocation releases R3.3 million, Programme 4: Provincial Supply Chain Management releases R6.8 million and Programme 6: Gauteng Audit Services releases R3.4 million from their personnel budgets in 2019/20. The programmes whose personnel budgets increase in 2019/20 are Programme 1: Administration (R6.8 million), Programme 3: Financial Governance (R3.8 million) and Programme 5: Municipal Financial Governance (R2.8 million).

## **5. PROCUREMENT**

The delivery of many outputs of the department depend on the departmental staff and therefore the expenditure on such programme does not reflect in the department's annual procurement plan. The department's procurement plan for 2019/20 reflects the procurement of goods and services from external suppliers, which include the projects stated below.

The department continue to procure the probity audit services required for the Open Tender Process. The Open Tender Process addresses the issue of fraud and corruption and it improves transparency in government procurement processes.

External suppliers will also be required when the department implements its projects and programmes such as the price benchmarking and price trends analysis, media services for the province's budget tabling day events, the implementation of the infrastructure delivery management service and the forensic investigation assignments. The suppliers will also play a role in respect of the department's key programmes such as the P-Card software licenses, support to municipalities regarding the implementation of the standard chart of accounts and external training (i.e. annual financial statements, GRAP and the Institute of Internal Auditors training).

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.



## 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 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Equitable share	555 189	616 351	654 907	796 413	705 663	698 512	834 950	887 032	951 909
<b>Total receipts</b>	<b>555 189</b>	<b>616 351</b>	<b>654 907</b>	<b>796 413</b>	<b>705 663</b>	<b>698 512</b>	<b>834 950</b>	<b>887 032</b>	<b>951 909</b>

The equitable share of the department increased from R555.1 million allocated in 2015/16 to R654.9 million allocated in 2017/18. The main appropriation amounts to R796.4 million in 2018/19 and it reduced to R705.7 million during the adjustments budget process when the department surrendered to the Provincial Revenue Fund the unutilized budget for vacant posts. The allocation increases from R834.9 million in 2019/20 to R951.9 million in 2021/22. This increase in allocation caters for the departmental plans to implement the approved structure after obtaining the DPSA approval and to implement the projects and programmes planned for the MTEF period.

The department's MTEF budget provides for various key projects and programmes, such as probity audit services required for the Open Tender Process, the price benchmarking and price trends analysis, media services for the province's budget tabling day events, the implementation of the infrastructure delivery management service and the forensic investigation assignments. The budget also provides for the P-Card software licenses, support to municipalities regarding the implementation of the standard chart of accounts and external training (i.e. annual financial statements, GRAP and the Institute of Internal Auditors training).

### 6.2 Departmental receipts

TABLE 14.2: SUMMARY OF DEPARTMENTAL RECEIPTS

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Tax receipts									
Sales of goods and services other than capital assets	555	833	834	1 111	900	1 041	1 173	1 238	1 306
Transfers received									
Interest, dividends and rent on land	622 676	657 747	619 878	450 000	580 000	819 944	500 000	550 000	580 250
Sales of capital assets	214		95			5			
Transactions in financial assets and liabilities	451	445	633	500	500	468	528	557	588
<b>Total departmental receipts</b>	<b>623 896</b>	<b>659 025</b>	<b>621 440</b>	<b>451 611</b>	<b>581 400</b>	<b>821 458</b>	<b>501 701</b>	<b>551 795</b>	<b>582 144</b>

The sources of departmental receipts are interest earned cash balances, staff parking fees and recovery of debts from previous financial years. The interest revenue accounts for 99.7 percent of the total revenue collected by the department in each financial year.

The interest revenue decreased from R622.6 million in 2015/16 to R619.8 million in 2017/18. The revenue collection decreased by R37.9 million between the 2016/17 and 2017/18 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 revenue budget is set to increase from R500 million in 2019/20 to R550 million in 2020/21 and R580.2 million in 2021/22.

Sales of goods and services other than capital assets include the staff parking fees and the sale of tender documents. Sales of goods and services other than capital assets increase from R555 000 to R834 000 between 2015/16 and 2017/18. The budget for sales of goods and services other than capital assets increases from R1.2 million in 2019/20 to R1.3 million in 2021/22. The availability of tender documents online enables service providers to download documents for free from the tender portal and this reduces the revenue collected from the sale of tender documents.

## 7. PAYMENT SUMMARY

### 7.1 Key assumptions

The 2019 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). The following key assumptions inform the budget: Provision for annual salary adjustments at an average of: 5.4 per cent in 2019/20; 5.6 per cent in 2020/21 and 5.4 per cent in 2021/22. 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 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
1. Administration	106 291	121 306	132 861	149 397	145 635	144 250	164 992	174 138	185 884
2. Sustainable Fiscal Resource Management	183 041	171 420	140 558	156 001	148 464	146 815	168 496	178 653	191 294
3. Financial Governance	126 678	125 343	135 622	166 413	163 964	162 127	174 295	185 035	199 152
4. Provincial Supply Chain Management	53 460	84 545	96 648	128 034	110 834	109 588	124 266	132 635	141 994
5. Municipal Financial Governance	29 995	37 075	43 471	78 576	45 712	45 653	72 317	76 885	84 026
6. Gauteng Audit Services	55 724	76 662	76 799	117 992	91 054	90 079	130 584	139 686	149 559
<b>Total payments and estimates</b>	<b>555 189</b>	<b>616 351</b>	<b>625 959</b>	<b>796 413</b>	<b>705 663</b>	<b>698 512</b>	<b>834 950</b>	<b>887 032</b>	<b>951 909</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 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>429 043</b>	<b>507 718</b>	<b>554 342</b>	<b>714 818</b>	<b>623 039</b>	<b>615 444</b>	<b>767 572</b>	<b>815 866</b>	<b>876 895</b>
Compensation of employees	364 346	406 205	452 209	590 162	494 383	487 344	629 631	670 558	723 222
Goods and services	64 697	101 513	102 133	124 656	128 656	128 100	137 941	145 308	153 673
<b>Transfers and subsidies to:</b>	<b>120 659</b>	<b>104 500</b>	<b>67 413</b>	<b>69 559</b>	<b>70 588</b>	<b>71 097</b>	<b>63 014</b>	<b>66 479</b>	<b>70 070</b>
Departmental agencies and accounts	120 000	102 650	55 385	58 544	58 544	58 544	61 940	65 346	68 875
Non-profit institutions			10 000	10 000	10 000	10 000			
Households	659	1 850	2 028	1 015	2 044	2 553	1 074	1 133	1 195
	<b>5 487</b>	<b>4 083</b>	<b>4 196</b>	<b>12 036</b>	<b>12 036</b>	<b>11 949</b>	<b>4 364</b>	<b>4 687</b>	<b>4 944</b>
Machinery and equipment	5 487	4 083	4 168	12 036	12 036	11 949	4 364	4 687	4 944
Software and other intangible assets			28						
<b>Payments for financial assets</b>		<b>50</b>	<b>8</b>			<b>22</b>			
<b>Total economic classification</b>	<b>555 189</b>	<b>616 351</b>	<b>625 959</b>	<b>796 413</b>	<b>705 663</b>	<b>698 512</b>	<b>834 950</b>	<b>887 032</b>	<b>951 909</b>

The department's expenditure increased from R555.1 million in 2015/16 to R625.9 million in 2017/18. Over the 2019 MTEF period the allocation increases further to R834.9 million in 2019/20 peaking at R951.9 million in the 2021/22 outer year.

Expenditure on compensation of employees increased from R364.3 million in 2015/16 to a projected amount of R590.1 million in 2018/19. The budget amounts to R590.1 million in 2018/19. The department surrendered funds for vacant posts during the 2018/19 adjustment budget process. This reduced the total personnel budget to R484.3 million in 2018/19. The budget continues to grow in the 2019 MTEF period, from R629.6 million in 2019/20 to R723.2 million in 2021/22, which corresponds with the departmental plans to implement the new organisational structure when the DPSA approves it. Provision has been made for notch progression and annual performance bonuses as well as improvement in conditions of service adjustment.

On goods and services, the department has made provisions for key projects and initiatives over the 2019 MTEF period, such as the as probity audit services required for the Open Tender Process, the price benchmarking and price trends analysis, media services for the province's budget tabling day events, the implementation of the infrastructure delivery management service and the forensic investigation assignments. The budget also provides for the P-Card software licenses, support to municipalities regarding the implementatin of the standard chart of accounts and external training (i.e. annual financial statements, GRAP and the Institute of Internal Auditors training). This is reflected in the increase from R124.6 million in 2018/19 to R156.8 million in 2021/22, at an annual average of 7 percent. This budget also provides for the operational expenses such as property payments and administrative fees.

Transfer payments to GIFA reduced from R120 million in 2015/16 to R55.4 million in 2017/18. Expenditure in the first two years under review includes additional funds allocated to GIFA to provide capital amount for the Project Preparation Fund. The budget for the GIFA's operations amounts R58.4 million in 2018/19 and it increases R61.9 million to R68.9 million over the MTEF. A transfer payment of R10 million for the supplier development initiatives in the province was made in 2017/18 and a further provision of the same amount is made in 2018/19 to continue the said initiatives. Transfers to household, which increase from R659 000 in 2015/16 to R1.2 million 2021/22 provide for injury on duty claims, leave gratuity payments and external bursaries 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 R4.3 million in 2019/20, R4.6 million in 2020/21 and R4.9 million in 2021/22.

## 7.4 Infrastructure payments

### 7.4.1 Departmental infrastructure payments

N/A

### 7.4.2 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		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Gauteng Infrastructure Funding Agency	70 000	102 650	55 385	58 544	58 544	58 544	61 940	65 347	68 941
<b>Total departmental transfers</b>	<b>70 000</b>	<b>102 650</b>	<b>55 385</b>	<b>58 544</b>	<b>58 544</b>	<b>58 544</b>	<b>61 940</b>	<b>65 347</b>	<b>68 941</b>

The budget for the Gauteng Infrastructure Funding Agency increased from R52.6 million to R102.6 million during the 2016/17 financial year. R50 million was allocated for the operations of the agency and to fund the project preparation facility. By the end of 2018, GIFA had established a pipeline of 30 projects, which are currently at different stages of project development cycle.

Over the MTEF, the allocation for GIFA increases from R61.9 million in 2019/20, to R65.3 million in 2020/21 and R68.9 million in 2021/22. 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. In the coming financial years, the GIFA will continue sourcing projects from municipalities and provincial departments and financing their feasibility studies through the PPF.

**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 2019/20 financial year are as follows:

- Compliance with regulatory and legislated reporting requirements;
- Vacancy rate maintained at accepted levels;
- Efficient Human Resources management services;
- Implementation of the generic structure;
- Compliance with Management of Performance Assessment Tool (MPAT) standards and requirements;
- 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		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
1. Office Of The Mec	5 840	6 310	6 910	8 417	6 876	6 715	7 581	8 030	8 507
2. Office Of The Hod	15 064	17 274	19 133	13 534	19 545	19 370	14 880	15 765	16 701
3. Corporate Management	59 682	73 058	79 466	84 850	79 618	80 620	105 255	111 517	119 579
4. Financial Management Services (Cfo)	25 705	24 664	27 352	42 596	39 596	37 545	37 276	38 826	41 097
<b>Total payments and estimates</b>	<b>106 291</b>	<b>121 306</b>	<b>132 861</b>	<b>149 397</b>	<b>145 635</b>	<b>144 250</b>	<b>164 992</b>	<b>174 138</b>	<b>185 884</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		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>100 590</b>	<b>116 349</b>	<b>127 669</b>	<b>136 346</b>	<b>132 167</b>	<b>130 866</b>	<b>159 554</b>	<b>168 318</b>	<b>179 745</b>
Compensation of employees	68 642	77 152	87 154	98 852	94 673	93 763	118 388	125 491	134 566
Goods and services	31 948	39 197	40 515	37 494	37 494	37 103	41 166	42 827	45 179
Interest and rent on land									
<b>Transfers and subsidies to:</b>	<b>214</b>	<b>830</b>	<b>995</b>	<b>1 015</b>	<b>1 432</b>	<b>1 432</b>	<b>1 074</b>	<b>1 133</b>	<b>1 195</b>

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Provinces and municipalities									
Households	214	830	995	1 015	1 432	1 432	1 074	1 133	1 195
	5 487	4 083	4 196	12 036	12 036	11 949	4 364	4 687	4 944
Machinery and equipment	5 487	4 083	4 168	12 036	12 036	11 949	4 364	4 687	4 944
Software and other intangible assets			28						
Payments for financial assets		44	1			3			
<b>Total economic classification</b>	<b>106 291</b>	<b>121 306</b>	<b>132 861</b>	<b>149 397</b>	<b>145 635</b>	<b>144 250</b>	<b>164 992</b>	<b>174 138</b>	<b>185 884</b>

The expenditure for Administration increased from R106.3 million in 2015/16 to R121.3 million in 2016/17. Expenditure further increased to R132.9 million in the 2017/18 financial year. The main appropriation decreases by R3.8 million from R149.4 million to R145.6 million through the adjustment budget process in 2018/19. Over the MTEF period, the budget continues to increase from R165 million in the 2019/20 financial year to R174.1 million in 2020/21 and R185.9 in 2021/22. The growth in Administration is indicative of the department's increase in size, the full structure makes a provision for 1 068 officials. The programme needed to increase its capacity to support the growth in the number of officials and functions.

Expenditure compensation of employees increases from R68.6 million in 2015/16 to R87.1 million in 2017/18 financial year. The main budget decreases from R98.8 million to R94.6 million during the 2018/19 adjustment budget process. The decrease relates to funds reallocated to transfer payments to provide for the injury on duty claims and leave gratuity payments. The decrease also relates to the funds that were reallocated for debts write-off and reallocated to the Department of e-Government to fund a position that was identified as better aligned to the functions of the ICT services business unit under Department of e-Government.

Over the MTEF period, the budget allocation is as follows; R118.3 in 2019/20; R125.4 in 2020/21 and R134.5 in 2021/22. The increase in compensation of employees is due to increase in capacity to support the growth in the department in terms of personnel and functions. The other causes of the increase include the annual cost of living salary adjustments, notch progressions, and personnel related costs such as performance bonus and service bonus.

The main cost drivers under goods and services are utilities, external audit costs, 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.

Payments for capital assets decreased from R5.5 million in 2015/16 to R4.2 million in 2017/18. The budget increases to R12 million in 2018/19 to replace office equipment including the multifunctional printing machines. Thereafter, the budget for capital expenditure reduces to around R4 million annually over the MTEF to maintain the provision of office equipment.

**SERVICE DELIVERY MEASURES****PROGRAMME1: ADMINISTRATION**

Programme performance measures	Estimated performance	Medium-term estimates		
	2018/19	2019/20	2020/21	2021/22
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	140	150	160	170
Number of evaluations conducted	3	3	3	3
Approved Annual Performance Plan submitted to GPL in line with prescribed timelines	2019/20 APP submitted to GPL in line with prescribed timeframes	2020/21 APP submitted to GPL in line with prescribed timeframes	2021/22 APP submitted to GPL in line with prescribed timeframes	2022/23 APP submitted to GPL in line with prescribed timeframes
Approved Annual Report submitted to GPL in line with prescribed timelines	2017/18 Annual Report submitted to GPL	2018/19 Annual Report submitted to GPL	2019/20 Annual Report submitted to GPL	2020/21 Annual Report submitted to GPL

**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 2019/20 financial year are as follows:

- Own revenue optimization
- Monitor expenditure on infrastructure allocation and conditional grants
- Enhancement of value for money
- Minimize liquidity exposure in the province
- Reduction on non-core line items in line with budget allocations and avoiding over-commitments
- Manage the budget for compensation of employees within GPG as part of cost containment measures

**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		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
1. Programme Support/Office Of The DDG	124 207	106 202	60 241	64 343	64 256	63 993	67 092	70 798	74 645
2. Budget Management	16 496	16 938	24 096	25 542	25 742	25 737	28 968	30 845	32 650
3. Economic And Fiscal Policy Oversight	10 074	11 959	14 349	14 327	13 477	13 426	13 016	13 795	14 619
4. Infrastructure Management	6 359	10 129	12 865	16 362	13 662	12 986	28 009	29 400	32 767

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
5. Financial Asset And Liabilities Management	8 664	9 574	12 960	15 423	12 823	12 662	14 137	14 981	15 876
6. Public Finance	17 241	16 618	16 047	20 004	18 504	18 011	17 274	18 834	20 737
<b>Total payments and estimates</b>	<b>183 041</b>	<b>171 420</b>	<b>140 558</b>	<b>156 001</b>	<b>148 464</b>	<b>146 815</b>	<b>168 496</b>	<b>178 653</b>	<b>191 294</b>

TABLE14.9: SUMMARY OF PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: SUSTAINABLE FISCAL RESOURCE MANAGEMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>62 840</b>	<b>68 655</b>	<b>85 098</b>	<b>97 457</b>	<b>89 770</b>	<b>88 217</b>	<b>106 556</b>	<b>113 307</b>	<b>122 419</b>
Compensation of employees	55 072	59 679	66 955	82 421	71 034	69 110	83 911	89 995	98 330
Goods and services	7 768	8 976	18 143	15 036	18 736	19 107	22 645	23 312	24 089
Interest and rent on land									
<b>Transfers and subsidies to:</b>	<b>120 201</b>	<b>102 765</b>	<b>55 460</b>	<b>58 544</b>	<b>58 694</b>	<b>58 598</b>	<b>61 940</b>	<b>65 346</b>	<b>68 875</b>
Departmental agencies and accounts	120 000	102 650	55 385	58 544	58 544	58 544	61 940	65 346	68 875
Households	201	115	75		150	54			
Buildings and other fixed structures									
Land and sub-soil assets									
<b>Payments for financial assets</b>									
<b>Total economic classification</b>	<b>183 041</b>	<b>171 420</b>	<b>140 558</b>	<b>156 001</b>	<b>148 464</b>	<b>146 815</b>	<b>168 496</b>	<b>178 653</b>	<b>191 294</b>

The expenditure decreases from R183 million in 2015/16 to R140.5 million in the 2017/18, due to decreased allocation on transfer payments. Transfer payments and personnel costs amount to 90 per cent of the programmes expenditure for the current year under review. The surrender of R7.5 million to the Provincial Revenue Fund reduced the main budget from R156 million to R148.5 million during the 2018/19 adjustments budget process. The budget is set to increase from R168.5 million in 2019/20 to R191.3 million in 2021/22 to provide for transfer payments and personnel costs and a portion to goods and services.

The average spending on compensation of employees was R60.5 million during the first three years under review. The main budget of R82.4 million in 2018/19 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 surrendered back to the Provincial Revenue Fund during the 2018/19 adjustments. Hence, a decrease in the budget from R82.4 million to R71 million in 2018/19.

The budget over the MTEF increases from R168 million (2019/20) to R178.6 million (2020/21) and R191.3 million (2021/22) to accommodate the requirements of new organisational structure when it is approved; consisting of new units (data management sub-unit and infrastructure support sub-unit).

The programme experienced a R9.1 million expenditure increase in goods and services between the 2016/17 and 2017/18 financial years and a further R3.7 million increase in the 2018/19 period through the reallocation of funds within goods and services to provide for the requirements of Media services towards Budget day and MTBPS day during the adjustment process. For the MTEF period the allocation for goods and services stands at R22.6 million in 2019/20, R23.3 million in 2020/21 and R24 million in 2021/22. The main cost drivers under this programme are the Media services, Implementation of the infrastructure delivery management service, and the printing of provincial publications such as SERO, MTBPS, and EPRE.

The budget for transfers and subsidies to the Gauteng Infrastructure Funding Agency (GIFA) increased by R64.6 between 2015/16 and 2017/18. The 2018/19 main allocation is R58.5 million. Over the MTEF period, the budget for transfer payments is as follows R61.9 million for 2019/20, R65.3 million for 2020/21 and R68.9 million for 2021/22.

**SERVICE DELIVERY MEASURES****PROGRAMME 2: SUSTAINABLE FISCAL RESOURCE MANAGEMENT**

Programme performance measures	Estimated performance	Medium-term estimates		
	2018/19	2019/20	2020/21	2021/22
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 payments of transfer to not exceed the quarterly projections by 7%	Actual payments of transfer to not exceed the quarterly projections by 7%	Actual payments of transfer to not exceed the quarterly projections by 7%	Actual payments of transfer to not exceed the quarterly projections by 7%
	Actual expenditure on CoE to not exceed the quarterly projections by 7%	Actual expenditure on CoE to not exceed the quarterly projections by 7%	Actual expenditure on CoE to not exceed the quarterly projections by 7%	Actual expenditure on CoE to not exceed the quarterly projections by 7%
Average % increase of provincial own revenue		5.3%	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	98%	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 2019/20 financial year are as follows:

- Unqualified audits for all departments and public entities;
- Monitor compliance with 15/30 days payments policies by departments;
- Enforcement of cost containment policy in GPG; and
- Implementation of the Forensics Services strategy.

TABLE14.10: SUMMARY OF PAYMENTS AND ESTIMATES BY SUB-PROGRAMME: FINANCIAL GOVERNANCE



R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
1. Programme Support/Office Of The Ddg	15 294	3 222	4 091	5 769	3 811	3 810	5 049	5 346	5 657
2. Provincial Accounting Services	43 019	46 766	52 093	59 849	54 849	53 546	58 579	62 088	65 808
3. Provincial Forensic Audits	19 215	23 768	30 729	41 523	51 923	51 505	46 851	49 574	53 501
4. Transversal Internal Audit And Risk Management	14 030	15 233	15 696	18 659	16 459	16 458	20 470	21 685	22 973
5. Norms And Standards	14 240	9 865	3 849	5 213	3 783	3 750	4 987	5 286	5 604
6. Financial Information Management Systems	20 880	26 489	29 164	35 400	33 139	33 058	38 359	41 056	45 609
<b>Total payments and estimates</b>	<b>126 678</b>	<b>125 343</b>	<b>135 622</b>	<b>166 413</b>	<b>163 964</b>	<b>162 127</b>	<b>174 295</b>	<b>185 035</b>	<b>199 152</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		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>126 573</b>	<b>125 023</b>	<b>135 308</b>	<b>166 413</b>	<b>163 864</b>	<b>161 775</b>	<b>174 295</b>	<b>185 035</b>	<b>199 152</b>
Compensation of employees	107 726	112 211	113 812	135 839	123 290	122 139	145 231	153 945	165 471
Goods and services	18 847	12 812	21 496	30 574	40 574	39 636	29 064	31 090	33 681
Interest and rent on land									
<b>Transfers and subsidies to:</b>	<b>105</b>	<b>320</b>	<b>314</b>		<b>100</b>	<b>333</b>			
Provinces and municipalities									
Households	105	320	314		100	333			
Machinery and equipment									
Software and other intangible assets									
<b>Payments for financial assets</b>						<b>19</b>			
<b>Total economic classification</b>	<b>126 678</b>	<b>125 343</b>	<b>135 622</b>	<b>166 413</b>	<b>163 964</b>	<b>162 127</b>	<b>174 295</b>	<b>185 035</b>	<b>199 152</b>

Expenditure for this programme increases from R126.6 million in the 2015/16 financial year to R135.6 million in the 2017/18 financial year. The spending pressures resulting from the provincial forensic audit initiative required additional resources to be redirected from other units to this programme during the 2018/19 adjustment process. For the MTEF period the allocation is set at R174.3 million in 2019/20, R185 million in 2020/21 and R199.1 million in the 2021/22 financial years. The increase will fund various system developments and enhancement projects as a commitment to modernising the public service for effective service delivery.

Compensation of employees increased from R107.7 million in 2015/16 to R113.8 million in 2017/18. An amount of R11.2 million under personnel funding was surrendered back to the Provincial Revenue Fund during the adjustment process which decreased the allocation from R135.8 to R123.2 million for the current financial year. The budget increases from R135.8 million in 2018/19 to R165.5 million in 2021/22 to fund the requirements of the new organisational structure currently awaiting approval from the DPSA.

Goods and services expenditure decreased from R18.8 million in 2015/16 to R12.8 million in 2016/17 due to the completion of the Health Intervention project in 2015/16. Expenditure further increased to R21.4 in the 2017/18 financial year due to increase in forensic investigations. The current year budget increased from R30.5 million to 40.5 million through reallocations from other programmes; these funds were to cater for additional forensic investigation assignments which the department continues to undertake in order to improve transparency in public resources usage.

Over the MTEF, the goods and services budget ranges between R29 million and R33 million in 2021/22. The spending focus over MTEF will be on ensuring efficiencies on management and processing of forensic cases and preventative fraud detection reviews, P-Card and E-Invoicing software licenses and automation of Annual Financial Statements production and legislation

reporting for departments and entities. 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		
	2018/19	2019/20	2020/21	2021/22
% 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	4	4	4	4
Number of departments with updated risk profiles	14	14	14	14
Number of municipalities with risk profiles developed	8 municipalities with risk profiles developed	8 municipalities with updated risk profiles	8 municipalities with updated risk profiles	8 municipalities with updated risk profiles
% of departments with unqualified audit outcomes	100%	100%	100%	100%
% of public entities with unqualified audit outcomes	100%	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 2019/20 financial year are as follows:

- Full implementation of the Open Tender Process in GPG institutions
- Increase Government spending in townships
- Monitor compliance to government procurement above R30 million
- Establish partnerships with key stakeholders to provide further developmental opportunities to enhance the capacity and capability of suppliers to benefit from public procurement spend

**TABLE14.12: SUMMARY OF PAYMENTS AND ESTIMATES BY SUB-PROGRAMME: PROVINCIAL SUPPLY CHAIN MANAGEMENT**

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
1. Programme Support/Office Of The DDG	6 461	28 222	19 154	36 398	25 778	25 986	32 874	37 215	40 850
2. Scm Policy, Norms And Standards		5 000	15 659	22 142	17 062	15 887	18 943	20 080	21 284
3. Governance, Compliance, Monitoring And Evaluation									
4. Scm Client Support		35 605	26 568	37 126	37 126	39 346	39 239	40 874	43 326
5. Strategic Procurement		10 979	15 453	19 235	19 235	17 394	20 866	21 381	22 664
6. Transversal Contract Management		4 739	19 814	13 133	11 633	10 975	12 344	13 085	13 870
7. Movable Asset Management									
8. Procurement Services	46 999								
<b>Total payments and estimates</b>	<b>53 460</b>	<b>84 545</b>	<b>96 648</b>	<b>128 034</b>	<b>110 834</b>	<b>109 588</b>	<b>124 266</b>	<b>132 635</b>	<b>141 994</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		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>53 399</b>	<b>84 109</b>	<b>86 427</b>	<b>118 034</b>	<b>100 734</b>	<b>99 459</b>	<b>124 266</b>	<b>132 635</b>	<b>141 994</b>
Compensation of employees	49 796	59 913	72 542	90 314	80 414	78 670	96 550	103 393	111 142
Goods and services	3 603	24 196	13 885	27 720	20 320	20 789	27 716	29 242	30 852
Interest and rent on land									
<b>Transfers and subsidies to:</b>	<b>61</b>	<b>430</b>	<b>10 214</b>	<b>10 000</b>	<b>10 100</b>	<b>10 129</b>			
Non-profit institutions			10 000	10 000	10 000	10 000			
Households	61	430	214		100	129			
Land and sub-soil assets									
Software and other intangible assets									

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Payments for financial assets		6	7						
Total economic classification	53 460	84 545	96 648	128 034	110 834	109 588	124 266	132 635	141 994

The expenditure of the Provincial Supply Chain Management programme increased from R53.4 million in 2015/16 financial year to R96.6 million in 2017/18. The main budget allocation was R128 million in 2018/19, catering for the implementation of the interventions to improve supply chain management in the province. The surrender of funds for vacant posts in the unapproved new organisation structure reduced the budget from R128 million to R110.8 million during the 2018/19 adjustment budget process. The allocations over the MTEF amount to R124.2 million in 2019/20, R132.6 million in 2020/21 and R142 million in 2021/22. 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 increased from R49.7 million in 2015/16 to main budget allocation of R90.3 million in 2018/19 in line with the requirements of the new organisational structure, which was yet to be approved by the DPSA. This budget was subsequently reduced to R80.4 million through the surrender of funds for vacant posts during the 2018/19 adjustments. The budget increases from R96.5 million in 2019/20 to R111.1 million in 2021/22 to capacitate the various business units within the programme (namely: SCM Policy, Norms and standards, governance, SCM compliance monitoring and evaluation and SCM Client Support).

Spending on goods and services increased from R3 million in 2015/16 to up to R13.8 million in 2017/18 to fund goods and services required for the open tender system, supplier development and the procurement hub. The main allocation increased to R27.7 in the 2018/19 to fund the increase in the scope of probity audits and to strengthen institutional capacity needed to effectively implement open tender system in departments and entities. The budget decreased by R7.4 million to become R20.3 million during the 2018/19 adjustment budget to fund the provincial budget tabling costs and for training of municipalities on AFS and implementation of MSCOA hands-on-support. Delays in projects earmarked for the open tender process results in unused budget for the probity in goods and services hence there's a reduction of R7.4 million in goods and services allocation

The allocation over the MTEF is as follows: R27.7 million for 2019/20; R29.2 for 2020/21 and R30.9 million for 2021/22. The main focus will be probity audit services required for open tenders in departments and entities, implementation of TER strategy, Price Benchmarking and Price Trends Analysis and other SCM interventions as well as other operational requirements.

The transfers and subsidies allocation of R10 million, which commenced in 2017/18 ends in 2018/19, the allocation was 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		
	2018/19	2019/20	2020/21	2021/22
Number of departments implementing the open tender process	14 departments	14 departments	14 departments	14 departments
Number of targeted training workshops provided to township-based suppliers	New target	400%	400%	400%
Number of entities implementing the open tender process	7 entities	7 entities	7 entities	7 entities
Number of reports produced to monitor 30% spend directed to Gauteng Township suppliers by GPG departments	New Target	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 2019/20 financial year are as follows:

- Provide support to improve financial and revenue management in delegated municipalities
- Provide support to monitor and assist with the reduction of confirmed provincial government debt
- Monitor spent on provincial transfers to municipalities
- Support the maintenance of unqualified audits for delegated municipalities
- Support local government in ensuring they maintain sound financial governance and strengthen municipal oversight

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		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
1. Programme Support/Office Of The DDG	29 995	37 075	43 471	11 682	45 712	45 653	13 504	14 783	17 395
2. Local Government Financial Services				19 971			22 460	23 568	24 982
3. Municipal Accounting And Asset Management				21 330			19 933	21 129	22 397
4. Municipal Compliance And Financial Management Support				25 593			16 420	17 405	19 252
<b>Total payments and estimates</b>	<b>29 995</b>	<b>37 075</b>	<b>43 471</b>	<b>78 576</b>	<b>45 712</b>	<b>45 653</b>	<b>72 317</b>	<b>76 885</b>	<b>84 026</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		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>29 971</b>	<b>37 034</b>	<b>43 428</b>	<b>78 576</b>	<b>45 662</b>	<b>45 603</b>	<b>72 317</b>	<b>76 885</b>	<b>84 026</b>
Compensation of employees	28 847	29 903	40 307	71 238	42 624	42 588	64 760	68 646	75 334
Goods and services	1 124	7 131	3 121	7 338	3 038	3 015	7 557	8 239	8 692
Interest and rent on land									
<b>Transfers and subsidies to:</b>	<b>24</b>	<b>41</b>	<b>43</b>		<b>50</b>	<b>50</b>			
Provinces and municipalities									
Households	24	41	43		50	50			
Software and other intangible assets									
<b>Payments for financial assets</b>									

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Total economic classification	29 995	37 075	43 471	78 576	45 712	45 653	72 317	76 885	84 026

Municipal Financial Governance spending increased from R29.9 million in 2015/16 to R43.4 million in 2017/18. The programme surrendered funds for vacant posts during the 2018/19 adjustment budget which reduced the budget from R78.5 million to R45.7 million. The 2019/20 budget allocation is R72.3 million and it increases to up to R84 million in 2021/22.

Personnel spending amounted to R28.8 million in 2015/16, R29.9 million in 2016/17 and R40.3 million in 2017/18. In line with the requirements of the unapproved organizational structure, the main budget of R71.2 million was allocated in 2018/19 but subsequently reduced to R42.6 million during the 2018/19 adjustment budget when the funds for vacant posts were surrendered to the Provincial Revenue Fund. The budget increases from R64.7 million in 2019/20 to R75.3 million in 2021/22 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 R1.1 million in 2015/16 and it increased to R7.1 million in 2016/17 to provide legal support to Emfuleni Municipality as part of interventions to municipalities that started in 2015/16. The main allocation for 2018/19 is R7.3 million, the allocation is to cater for Compliance dashboard tool/ database management tool, Government Debt Verifications and MSCOA Hands-on-Support. The budget over the MTEF increases from R7.6 million to R8.6 million in 2021/22 to provide for the printing of gazettes, travel expenditure to municipalities, Municipal IQ software licenses as well as external training and development for municipalities. The projects that will be supported by the programme are MSCOA Hands-on Support, Electricity & Water consumption (Government Debt Verifications) and external trainings namely : Annual Financial Statements; GRAP and IIA.

## SERVICE DELIVERY MEASURES

### PROGRAMME 5: MUNICIPAL FINANCIAL GOVERNANCE

Programme performance measures	Estimated performance	Medium-term estimates		
	2018/19	2019/20	2020/21	2021/22
Number of budget assessments conducted for delegated municipalities	16	16	16	16
Number of municipal SDBIP assessments conducted for delegated municipalities	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 transfers made to municipalities	75%	80%	85%	90%
Number of municipal fiscal responsiveness assessments conducted for delegated municipalities	32	32	32	32
% of audit findings tracked in respect of AFS from the audit action plans of municipalities	100%	100%	100%	100%

### PROGRAMME 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 2019/20 financial year are is:

- Conduct value-adding audit services that will contribute to the improvement on audit outcomes for GPG departments and trading entities
- Put in place a three-year Risk Based Audit plans and ensure timeous approval by the Audit Committee.
- Track the implementation of the internal audit recommendations across the province

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

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
1. Programme Support/Office Of The DDG	3 249	11 237	6 956	9 009	10 233	9 857	20 928	22 401	23 691
2. Risk And Compliance Audit Services( Cluster1,2,3)	13 002	21 398	23 238	38 428	26 948	26 861	41 755	44 785	48 245
3. Risk And Compliance Audit Services( Cluster 4,5,6)	20 635	25 048	25 143	45 513	29 992	29 684	29 475	31 769	34 448
4. Performance And Computer Audit Services	15 156	18 979	21 462	25 042	23 881	23 677	38 426	40 731	43 175
5. Audit Centre Of Excellence	3 682								
6. Financial Audit And Risk Compliance									
<b>Total payments and estimates</b>	<b>55 724</b>	<b>76 662</b>	<b>76 799</b>	<b>117 992</b>	<b>91 054</b>	<b>90 079</b>	<b>130 584</b>	<b>139 686</b>	<b>149 559</b>

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

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>55 670</b>	<b>76 548</b>	<b>76 412</b>	<b>117 992</b>	<b>90 842</b>	<b>89 524</b>	<b>130 584</b>	<b>139 686</b>	<b>149 559</b>
Compensation of employees	54 263	67 347	71 439	111 498	82 348	81 074	120 791	129 088	138 379
Goods and services	1 407	9 201	4 973	6 494	8 494	8 450	9 793	10 598	11 180
Interest and rent on land									
<b>Transfers and subsidies to:</b>	<b>54</b>	<b>114</b>	<b>387</b>		<b>212</b>	<b>555</b>			
Provinces and municipalities									
Households	54	114	387		212	555			
Machinery and equipment									
<b>Payments for financial assets</b>									
<b>Total economic classification</b>	<b>55 724</b>	<b>76 662</b>	<b>76 799</b>	<b>117 992</b>	<b>91 054</b>	<b>90 079</b>	<b>130 584</b>	<b>139 686</b>	<b>149 559</b>

Spending under this programme increased from R55.7 million in 2015/16 to R76.7 million in 2017/18. 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 increased from R54 million in 2015/16 to a projected amount of R111 million in 2018/19. Of the total staff establishment of 128 posts, 116 posts were filled and number of vacancies was 31 as of 31 December 2018. The budget increases from R120.7 million in 2019/20 to R138.3 million in 2021/22. Over the MTEF, the programme envisaged to increase its staff complement to 187. 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.

The budget for goods and services increases from R6.4 million in 2018/19 to R11.1 million in 2021/22. 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 increase in the MTEF allocation 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.

**SERVICE DELIVERY MEASURES****PROGRAMME 6: GAUTENG AUDIT SERVICES**

Programme performance measures	Estimated performance	Medium-term estimates		
	2018/19	2019/20	2020/21	2021/22
% implementation of risk based Internal Audit Plans approved by the audit committee	90%	95%	95%	95%
% of internal audit recommendations tracked as implemented by departments and trading entities	90%	100%	100%	100%
% of AG significant findings (findings causing audit qualification) followed-up audits by Internal Audit	100%	100%	100%	100%
Number of Three-Year Risk-Based Internal Audit Rolling Plans Approved	New Indicator	1900%	1900%	1900%
Number of Annual Internal Control Assessments issued	New Indicator 0%	1900% 0%	1900% 0%	1900% 0%



## 9. OTHER PROGRAMME INFORMATION

### 9.1 Personnel numbers and costs

TABLE 14.18: SUMMARY OF DEPARTMENTAL PERSONNEL NUMBERS AND COSTS BY COMPONENT

R thousands	Actual				Revised estimate				Medium-term expenditure estimate				Average annual growth over MTEF						
	2015/16		2016/17		2017/18		2018/19		2019/20		2020/21		2021/22		2018/19 - 2021/22				
	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	Personnel growth rate	Costs growth rate	% of Total		
Salary level																			
1 – 6	172	28 807	102	16 703	144	23 618	7	80	87	10 943	92	26 113	92	27 901	143	31 272	18%	42%	4%
7 – 10	394	175 151	479	204 938	510	202 135	505		505	229 503	640	327 251	640	350 778	640	381 046	8%	18%	51%
11 – 12	126	69 681	152	102 552	162	117 920	146		146	136 876	179	154 678	179	163 313	185	174 878	8%	9%	25%
13 – 16	104	87 064	82	82 012	92	106 356	75		75	109 275	95	116 895	95	123 326	95	130 109	8%	6%	19%
Other		3 643			3	2 179	1		1	747	5	4 694	5	5 240	5	5 917	71%	99%	1%
Total	796	364 346	815	406 205	911	452 209	734	80	814	487 344	1 011	629 631	1 011	670 558	1 068	723 222	9%	14%	100%
Programme																			
1. Administration	192	68 642	211	77 152	236	87 154	134	80	214	93 763	224	118 388	224	125 491	281	134 566	10%	13%	19%
2. Sustainable Fiscal Resource Management	86	55 072	89	59 679	91	66 955	88		88	69 110	102	83 911	102	89 995	102	98 330	5%	12%	14%
3. Financial Governance	233	107 726	227	112 211	253	113 812	214		214	122 139	249	145 231	249	153 945	249	165 471	5%	11%	23%
4. Provincial Supply Chain Management	136	49 796	126	59 913	144	72 542	133		133	78 670	160	96 550	160	103 393	160	111 142	6%	12%	16%
5. Municipal Financial Governance	51	28 847	46	29 903	55	40 307	49		49	42 588	89	64 760	89	68 646	89	75 334	22%	21%	10%
6. Gauteng Audit Services	98	54 263	116	67 347	132	71 439	116		116	81 074	187	120 791	187	129 088	187	138 379	17%	20%	19%
Direct charges																	0%	0%	0%
Total	796	364 346	815	406 205	911	452 209	734	80	814	487 344	1 011	629 631	1 011	670 558	1 068	723 222	9%	14%	100%

The department's personnel costs increased from R364 million in 2015/16 to R452 million in 2017/18, the personnel numbers increased from 796 in 2015/16 employees to 911 in 2017/18. Projected personnel numbers increase from 814 in 2018/19 to 1068 in 2021/22. The increase is line with the department's plan to fill vacant posts and implement the new structure. Furthermore the growth costs demonstrate the anticipated increase in inflation and other personnel related costs. 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		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Number of staff	796	815	911	814	814	814	1 011	1 011	1 068
Number of personnel trained	450	500	525	555	555	555	586	619	619
of which									
Male	160	180	189	200	200	200	211	223	223
Female	290	320	336	355	355	355	375	396	396
Number of training opportunities	600	710	746	789	789	789	833	879	879
of which									
Tertiary	300	350	368	389	389	389	411	434	434
Workshops	250	300	315	333	333	333	352	371	371
Seminars	50	60	63	67	67	67	70	74	74
Other									
Number of bursaries offered	200	200	210	222	222	222	235	248	248
	40	45	55	55	55	55	55	55	55
Number of learnerships appointed	20	25	28	28	28	28	28	28	28
Number of days spent on training									
<b>Payments on training by programme</b>									
1. Administration	1 711	2 999	1 177	2 036	1 502	1 604	1 760	1 857	1 959
2. Sustainable Fiscal Resource Management	364	370	749	1 128	594	594	785	828	874
3. Financial Governance	1 885	2 234	626	1 716	1 182	1 285	1 424	1 503	1 586
4. Provincial Supply Chain Management	929	1 821	383	1 373	839	839	1 532	1 616	1 705
5. Municipal Financial Governance		188	660	773	241	241	1 955	2 329	2 457
6. Gauteng Audit Services		859	757	1 193	659	659	867	915	965
<b>Total payments on training</b>	<b>4 889</b>	<b>8 471</b>	<b>4 352</b>	<b>8 219</b>	<b>5 017</b>	<b>5 222</b>	<b>8 323</b>	<b>9 048</b>	<b>9 546</b>

The Skills Development Act No.97 of 1998 as amended stipulates that the Department must set aside at least a minimum of 1% personnel budget for Training and Development (T&D) matters in order to capacitate and develop its workforce. The GPT, being a policy department, has been budgeting and spending over 1% yearly given the volumes of its development mandate. These include internally focused and externally focused training programmes. In 2018/19, 316 employees enrolled for under and post graduate qualifications, 110 interns were appointed, 11 External bursary holders were funded, 8 Work integrated learning (WIL) learners and 20 (SAIPA)(define) Trainee Accountant programme.

Over the MTEF, the focus will be to complete the current cycle of 20 SAIPA learners and facilitate a new intake; employ 100 interns and learners, fund 11 external university students, register around 250 professionals with the relevant professional bodies. GPT will continue funding the internal bursary programme and other internal skills development initiatives linked to the Workplace Skills Plan. Given the multiple functions and projects that GPT has, 1% on training and development threshold cannot be sufficient to meet all the training and development commitments.



# **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		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Tax receipts</b>									
<b>Sales of goods and services other than capital assets</b>	<b>555</b>	<b>833</b>	<b>834</b>	<b>1 111</b>	<b>900</b>	<b>1 041</b>	<b>1 173</b>	<b>1 238</b>	<b>1 306</b>
Sale of goods and services produced by department (excluding capital assets)	555	833	834	1 111	900	1 041	1 173	1 238	1 306
Sales by market establishments	555	833	834	1 111	900	1 041	1 173	1 238	1 306
<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>622 676</b>	<b>657 747</b>	<b>619 878</b>	<b>450 000</b>	<b>580 000</b>	<b>819 944</b>	<b>500 000</b>	<b>550 000</b>	<b>580 250</b>
Interest	622 676	657 747	619 878	450 000	580 000	819 944	500 000	550 000	580 250
<b>Sales of capital assets</b>	<b>214</b>		<b>95</b>			<b>5</b>			
Other capital assets	214		95			5			
<b>Transactions in financial assets and liabilities</b>	<b>451</b>	<b>445</b>	<b>633</b>	<b>500</b>	<b>500</b>	<b>468</b>	<b>528</b>	<b>557</b>	<b>588</b>
<b>Total departmental receipts</b>	<b>623 896</b>	<b>659 025</b>	<b>621 440</b>	<b>451 611</b>	<b>581 400</b>	<b>821 458</b>	<b>501 701</b>	<b>551 795</b>	<b>582 144</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		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>429 043</b>	<b>507 718</b>	<b>554 342</b>	<b>714 818</b>	<b>623 039</b>	<b>615 444</b>	<b>767 572</b>	<b>815 866</b>	<b>876 895</b>
Compensation of employees	364 346	406 205	452 209	590 162	494 383	487 344	629 631	670 558	723 222
Salaries and wages	320 262	357 422	398 580	515 781	432 994	429 533	539 618	576 305	618 258
Social contributions	44 084	48 783	53 629	74 381	61 389	57 811	90 013	94 253	104 964
Goods and services	64 697	101 513	102 133	124 656	128 656	128 100	137 941	145 308	153 673
Administrative fees	84	82	948	630	642	905	666	703	742
Advertising	3 130	5 739	7 589	4 261	7 956	7 913	7 614	8 216	8 511
Minor assets	558	119	1 202	300	300	300	300	317	334
Audit cost: External	3 213	3 444	3 315	3 868	3 868	3 679	4 690	4 235	4 467
Bursaries: Employees	1 761	3 196	4 528	4 692	4 692	4 439	5 348	5 642	5 952
Catering: Departmental activities	410	775	1 011	1 103	1 211	1 183	1 145	1 208	1 275
Communication (G&S)	3 139	3 129	3 023	3 388	3 286	3 311	3 593	3 791	4 000
	5 978	9 206	13 672	11 372	10 130	8 791	9 754	10 393	10 963
Consultants and professional services: Business and advisory services	21 045	35 084	38 023	61 973	65 641	67 445	69 934	73 613	78 196
Legal services	555	6 255	4 247	1 479	2 439	2 373	1 536	1 620	1 709
Contractors	1 008	517	489	503	459	610	582	614	647
Fleet services (including	751	384	583	590	742	742	624	659	695

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
government motor transport)									
Consumable supplies	508	249	650	279	578	572	270	284	300
Consumable: Stationery, printing and office supplies	3 417	4 605	2 277	2 779	2 783	2 412	2 949	3 111	3 282
Operating leases	3 588	5 538	4 956	5 115	6 479	6 869	5 429	5 728	6 043
Property payments	6 191	5 923	5 577	6 608	5 114	4 723	7 295	8 024	8 465
Travel and subsistence	1 725	2 102	2 190	2 409	2 966	2 799	2 574	2 716	2 865
Training and development	5 308	8 921	4 352	8 219	5 017	5 222	8 323	9 048	9 546
Operating payments	1 626	2 224	2 284	2 928	2 663	2 172	2 852	3 008	3 172
Venues and facilities	702	4 021	1 217	2 160	1 516	1 517	2 279	2 184	2 304
<b>Transfers and subsidies</b>	<b>120 659</b>	<b>104 500</b>	<b>67 413</b>	<b>69 559</b>	<b>70 588</b>	<b>71 097</b>	<b>63 014</b>	<b>66 479</b>	<b>70 070</b>
Departmental agencies and accounts	120 000	102 650	55 385	58 544	58 544	58 544	61 940	65 346	68 875
Provide list of entities receiving transfers	120 000	102 650	55 385	58 544	58 544	58 544	61 940	65 346	68 875
Non-profit institutions			10 000	10 000	10 000	10 000			
Households	659	1 850	2 028	1 015	2 044	2 553	1 074	1 133	1 195
Social benefits	613	1 109	1 026		712	958			
Other transfers to households	46	741	1 002	1 015	1 332	1 595	1 074	1 133	1 195
<b>Payments for capital assets</b>	<b>5 487</b>	<b>4 083</b>	<b>4 196</b>	<b>12 036</b>	<b>12 036</b>	<b>11 949</b>	<b>4 364</b>	<b>4 687</b>	<b>4 944</b>
Machinery and equipment	5 487	4 083	4 168	12 036	12 036	11 949	4 364	4 687	4 944
Other machinery and equipment	5 487	4 083	4 168	12 036	12 036	11 630	4 364	4 687	4 944
Software and other intangible assets			28						
<b>Payments for financial assets</b>		<b>50</b>	<b>8</b>			<b>22</b>			
<b>Total economic classification</b>	<b>555 189</b>	<b>616 351</b>	<b>625 959</b>	<b>796 413</b>	<b>705 663</b>	<b>698 512</b>	<b>834 950</b>	<b>887 032</b>	<b>951 909</b>

TABLE 14.22: PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: ADMINISTRATION

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>100 590</b>	<b>116 349</b>	<b>127 669</b>	<b>136 346</b>	<b>132 167</b>	<b>130 866</b>	<b>159 554</b>	<b>168 318</b>	<b>179 745</b>
Compensation of employees	68 642	77 152	87 154	98 852	94 673	93 763	118 388	125 491	134 566
Salaries and wages	60 350	68 094	77 133	86 341	83 700	83 059	100 430	105 891	112 503
Social contributions	8 292	9 058	10 021	12 511	10 973	10 704	17 958	19 600	22 063
Goods and services	31 948	39 197	40 515	37 494	37 494	37 103	41 166	42 827	45 179
Administrative fees	73	64	254	105	117	104	112	119	126
Advertising	1 347	3 543	225	422	417	374	445	470	496
Minor assets	558	119	1 202	300	300	300	300	317	334
Audit cost: External	2 209	2 624	2 462	2 500	2 500	2 319	3 231	2 696	2 844
Bursaries: Employees	1 761	3 196	4 528	4 692	4 692	4 439	5 348	5 642	5 952
Catering: Departmental activities	218	296	355	292	390	368	307	324	342

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Communication (G&S)	3 139	3 129	3 023	3 388	3 286	3 311	3 593	3 791	4 000
	3 854	4 611	7 488	4 157	4 151	4 093	4 371	4 611	4 864
Consultants and professional services:									
Business and advisory services	393	1 216	441	665	347	309	997	1 053	1 111
Legal services	555	1 469	3 047	1 479	2 439	2 373	1 536	1 620	1 709
Contractors	940	491	455	503	459	536	582	614	647
Fleet services (including government motor transport)	751	384	583	590	742	742	624	659	695
Consumable supplies	488	248	642	279	578	570	270	284	300
Consumable: Stationery, printing and office supplies	2 304	1 258	1 481	1 405	1 405	1 189	1 487	1 569	1 655
Operating leases	3 588	5 538	4 956	5 115	6 479	6 869	5 429	5 728	6 043
Property payments	6 191	5 923	5 577	6 608	5 114	4 723	7 295	8 024	8 465
Travel and subsistence	840	661	1 106	819	1 198	1 212	866	914	964
Training and development	1 418	2 501	1 177	1 663	1 170	1 681	1 760	1 857	1 959
Operating payments	779	884	913	1 189	984	744	1 225	1 291	1 361
Venues and facilities	542	1 042	600	1 323	726	847	1 388	1 244	1 312
<b>Transfers and subsidies</b>	<b>214</b>	<b>830</b>	<b>995</b>	<b>1 015</b>	<b>1 432</b>	<b>1 432</b>	<b>1 074</b>	<b>1 133</b>	<b>1 195</b>
Households	214	830	995	1 015	1 432	1 432	1 074	1 133	1 195
Social benefits	168	89	71		100	100			
Other transfers to households	46	741	924	1 015	1 332	1 332	1 074	1 133	1 195
<b>Payments for capital assets</b>	<b>5 487</b>	<b>4 083</b>	<b>4 196</b>	<b>12 036</b>	<b>12 036</b>	<b>11 949</b>	<b>4 364</b>	<b>4 687</b>	<b>4 944</b>
Machinery and equipment	5 487	4 083	4 168	12 036	12 036	11 949	4 364	4 687	4 944
Other machinery and equipment	5 487	4 083	4 168	12 036	12 036	11 630	4 364	4 687	4 944
Software and other intangible assets			28						
<b>Payments for financial assets</b>		<b>44</b>	<b>1</b>			<b>3</b>			
<b>Total economic classification</b>	<b>106 291</b>	<b>121 306</b>	<b>132 861</b>	<b>149 397</b>	<b>145 635</b>	<b>144 250</b>	<b>164 992</b>	<b>174 138</b>	<b>185 884</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		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>62 840</b>	<b>68 655</b>	<b>85 098</b>	<b>97 457</b>	<b>89 770</b>	<b>88 217</b>	<b>106 556</b>	<b>113 307</b>	<b>122 419</b>
Compensation of employees	55 072	59 679	66 955	82 421	71 034	69 110	83 911	89 995	98 330
Salaries and wages	49 069	53 223	59 659	72 458	62 708	61 641	70 764	76 812	84 423
Social contributions	6 003	6 456	7 296	9 963	8 326	7 469	13 147	13 183	13 907
Goods and services	7 768	8 976	18 143	15 036	18 736	19 107	22 645	23 312	24 089
Administrative fees	2	5	450	507	507	792	536	565	596
Advertising	1 500	397	7 225	3 540	7 240	7 237	6 853	7 413	7 664
Audit cost: External	485	442	450	731	731	730	779	822	867

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Catering: Departmental activities	53	54	178	396	396	380	410	433	457
	345	76	28	500	450	21	107	114	120
Consultants and professional services: Business and advisory services	2 818	4 675	7 328	6 122	5 993	7 071	10 563	10 382	10 603
Legal services									
Contractors	68	26	34						
Consumable supplies	20								
Consumable: Stationery, printing and office supplies	693	1 935	303	532	532	532	545	575	607
Travel and subsistence	93	201	270	463	468	403	501	528	558
Training and development	936	184	749	753	753	685	785	828	874
Operating payments	755	910	845	1 257	1 257	1 073	1 122	1 184	1 249
Venues and facilities		71	283	235	235	60	260	274	289
<b>Transfers and subsidies</b>	<b>120 201</b>	<b>102 765</b>	<b>55 460</b>	<b>58 544</b>	<b>58 694</b>	<b>58 598</b>	<b>61 940</b>	<b>65 346</b>	<b>68 875</b>
Departmental agencies and accounts	120 000	102 650	55 385	58 544	58 544	58 544	61 940	65 346	68 875
Provide list of entities receiving transfers	120 000	102 650	55 385	58 544	58 544	58 544	61 940	65 346	68 875
Households	201	115	75		150	54			
Social benefits	201	115	75		150	54			
<b>Payments for capital assets</b>									
<b>Payments for financial assets</b>									
<b>Total economic classification</b>	<b>183 041</b>	<b>171 420</b>	<b>140 558</b>	<b>156 001</b>	<b>148 464</b>	<b>146 815</b>	<b>168 496</b>	<b>178 653</b>	<b>191 294</b>

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

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>126 573</b>	<b>125 023</b>	<b>135 308</b>	<b>166 413</b>	<b>163 864</b>	<b>161 775</b>	<b>174 295</b>	<b>185 035</b>	<b>199 152</b>
Compensation of employees	107 726	112 211	113 812	135 839	123 290	122 139	145 231	153 945	165 471
Salaries and wages	94 234	97 800	99 176	117 593	106 401	105 743	124 432	132 112	141 698
Social contributions	13 492	14 411	14 636	18 246	16 889	16 396	20 799	21 833	23 773
Goods and services	18 847	12 812	21 496	30 574	40 574	39 636	29 064	31 090	33 681
Administrative fees	5	7	3	13	13	4	13	14	15
Advertising									
Minor assets									
Audit cost: External	519	378	403	637	637	630	680	717	756
Catering: Departmental activities	49	121	154	113	113	113	120	127	134
	863	2 818	4 977	4 018	4 018	4 017	4 336	4 574	4 825
Consultants and professional services: Business and advisory services	16 112	7 527	15 016	23 854	35 069	34 217	21 853	23 480	25 654



R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Consumable supplies			7			2			
Consumable: Stationery, printing and office supplies	7	1				10			
Travel and subsistence	234	298	162	381	381	276	418	442	465
Training and development	1 001	1 578	626	1 343	293	264	1 424	1 503	1 586
Operating payments	35	84	97	115	50	29	120	127	134
Venues and facilities	22		51	100			100	106	112
<b>Transfers and subsidies</b>	<b>105</b>	<b>320</b>	<b>314</b>		<b>100</b>	<b>333</b>			
Households	105	320	314		100	333			
Social benefits	105	320	314		100	333			
<b>Payments for capital assets</b>									
Machinery and equipment									
Other machinery and equipment									
<b>Payments for financial assets</b>						<b>19</b>			
<b>Total economic classification</b>	<b>126 678</b>	<b>125 343</b>	<b>135 622</b>	<b>166 413</b>	<b>163 964</b>	<b>162 127</b>	<b>174 295</b>	<b>185 035</b>	<b>199 152</b>

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

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>53 399</b>	<b>76 548</b>	<b>76 412</b>	<b>117 992</b>	<b>100 734</b>	<b>99 459</b>	<b>124 266</b>	<b>132 635</b>	<b>141 994</b>
Compensation of employees	49 796	67 347	71 439	111 498	80 414	78 670	96 550	103 393	111 142
Salaries and wages	42 667	59 626	63 308	98 635	68 693	68 398	82 969	86 053	91 431
Social contributions	7 129	7 721	8 131	12 863	11 721	10 272	13 581	17 340	19 711
Goods and services	3 603	9 201	4 973	6 494	20 320	20 789	27 716	29 242	30 852
Administrative fees			3						
Advertising	283				299	302	316	333	351
Catering: Departmental activities	24	2	2		112	117	118	124	131
Consultants and professional services: Business and advisory services	1 722	6 127	2 364	2 502	18 130	18 646	25 400	26 800	28 275
Contractors									
Consumable: Stationery, printing and office supplies	23	495			4	4			
Travel and subsistence	7	311	146	114	89	76	98	103	109
Training and development	1 406	463	757	820	1 448	1 203	1 532	1 616	1 705
Operating payments		306	384	317					
Venues and facilities	138	230	138	264	238	441	252	266	281
<b>Transfers and subsidies</b>	<b>61</b>	<b>114</b>	<b>387</b>		<b>10 100</b>	<b>10 129</b>			
Non-profit institutions					10 000	10 000			

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Households	61	114	387		100	129			
Social benefits	61	114	309		100	129			
<b>Payments for capital assets</b>									
Software and other intangible assets									
<b>Payments for financial assets</b>									
<b>Total economic classification</b>	<b>53 460</b>	<b>76 662</b>	<b>76 799</b>	<b>117 992</b>	<b>110 834</b>	<b>109 588</b>	<b>124 266</b>	<b>132 635</b>	<b>141 994</b>

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

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>29 971</b>	<b>37 034</b>	<b>43 428</b>	<b>78 576</b>	<b>45 662</b>	<b>45 603</b>	<b>72 317</b>	<b>76 885</b>	<b>84 026</b>
Compensation of employees	28 847	29 903	40 307	71 238	42 624	42 588	64 760	68 646	75 334
Salaries and wages	26 016	26 914	36 439	65 261	39 654	38 929	55 709	58 621	63 762
Social contributions	2 831	2 989	3 868	5 977	2 970	3 659	9 051	10 025	11 572
Goods and services	1 124	7 131	3 121	7 338	3 038	3 015	7 557	8 239	8 692
Administrative fees	2	4	224	5	5	5	5	5	5
Catering: Departmental activities	66	193	201	190	190	190	190	200	211
	204	434		220	220	220	240	253	267
Consultants and professional services: Business and advisory services				3 300	600	600	3 630	3 831	4 042
Legal services		4 786	966						
Consumable supplies		1	1						
Consumable: Stationery, printing and office supplies	390	902	493	842	842	677	917	967	1 020
Travel and subsistence	405	522	431	539	540	554	570	601	634
Training and development		187	660	2 192	533	650	1 955	2 329	2 457
Operating payments	57	27		50	55	55	50	53	56
Venues and facilities		75	145		53	64			
<b>Transfers and subsidies</b>	<b>24</b>	<b>41</b>	<b>43</b>		<b>50</b>	<b>50</b>			
Households	24	41	43		50	50			
Social benefits	24	41	43		50	50			
<b>Payments for capital assets</b>									
<b>Payments for financial assets</b>									
<b>Total economic classification</b>	<b>29 995</b>	<b>37 075</b>	<b>43 471</b>	<b>78 576</b>	<b>45 712</b>	<b>45 653</b>	<b>72 317</b>	<b>76 885</b>	<b>84 026</b>

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

R thousand	Outcome			Main appropriation	Adjusted appropriation 2018/19	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
<b>Current payments</b>	<b>55 670</b>	<b>76 548</b>	<b>76 412</b>	<b>117 992</b>	<b>90 842</b>	<b>89 524</b>	<b>130 584</b>	<b>139 686</b>	<b>149 559</b>

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2015/16	2016/17	2017/18				2019/20	2020/21	2021/22
Compensation of employees	54 263	67 347	71 439	111 498	82 348	81 074	120 791	129 088	138 379
Salaries and wages	47 926	59 626	63 308	98 635	71 838	71 763	105 314	116 816	124 441
Social contributions	6 337	7 721	8 131	12 863	10 510	9 311	15 477	12 272	13 938
Goods and services	1 407	9 201	4 973	6 494	8 494	8 450	9 793	10 598	11 180
Administrative fees	2		3						
Advertising									
Catering: Departmental activities		2	2		10	15			
	712	1 267	1 179	2 477	1 291	440	700	841	887
Consultants and professional services: Business and advisory services		6 127	2 364	2 502	5 502	6 602	7 491	8 067	8 511
Consumable: Stationery, printing and office supplies		495							
Travel and subsistence	146	311	146	114	290	278	121	128	135
Training and development	547	463	757	820	820	739	867	915	965
Operating payments		306	384	317	317	271	335	353	372
Venues and facilities		230	138	264	264	105	279	294	310
<b>Transfers and subsidies</b>	<b>54</b>	<b>114</b>	<b>387</b>		<b>212</b>	<b>555</b>			
Households	54	114	387		212	555			
Social benefits	54	114	309		212	292			
<b>Payments for capital assets</b>									
Machinery and equipment									
Other machinery and equipment									
<b>Payments for financial assets</b>									
<b>Total economic classification</b>	<b>55 724</b>	<b>76 662</b>	<b>76 799</b>	<b>117 992</b>	<b>91 054</b>	<b>90 079</b>	<b>130 584</b>	<b>139 686</b>	<b>149 559</b>