



GAUTENG  
LEGISLATURE

Your View -- Our Vision

'Making Your Future Work Better  
– Learning from Madiba'

# ANNUAL REPORT 2017/18



CO-OPERATIVE GOVERNANCE



LAW-MAKING



OVERSIGHT



PUBLIC PARTICIPATION



GAUTENG PROVINCIAL LEGISLATURE

Meaningful Involvement  
by the People

Responsive Laws

Coherent Legislative  
Sector

Public Confidence in  
Governance

"Follow our call  
to the  
Gauteng  
Democratic  
Court  
Commemorating  
the  
Democratic  
Court  
of  
Gauteng  
in  
the  
Year  
of  
Democracy  
2017"



# ANNUAL REPORT 2017/18

**'Making Your Future Work Better**  
– Learning from Madiba'

Nelson Mandela, Deputy President of the African National Congress of South Africa, raises his fist in the air while addressing the Special Committee Against Apartheid in the General Assembly Hall. UN Photo/Pernaca Sudhakaran



The Gauteng Provincial Legislature (GPL) is the parliament of the people of Gauteng. The GPL has the constitutional mandates of law-making, oversight and scrutiny, public participation and cooperative governance.

The GPL therefore makes laws that address the specific needs of Gauteng, conducts oversight over Gauteng Provincial Departments to support the improvement of service delivery, conducts public participation interventions to ensure public involvement in the GPL business processes and promotes cooperative governance for coherent decision-making across spheres of government.



**GAUTENG**  
LEGISLATURE

Your View ~ Our Vision

Gauteng Provincial Legislature's General Information  
Physical address: 34 Rissik Street, Johannesburg, 2001  
Postal address: Private Bag X52, Johannesburg, 2000

Telephone Number: +2711 498 9111

Email: [info@gpl.gov.za](mailto:info@gpl.gov.za)

Website: [www.gpl.gov.za](http://www.gpl.gov.za)



**PART A: GENERAL INFORMATION ..... 6**

1.	Gauteng Provincial Legislature's General Information.....	6
2.	List Of Abbreviations/Acronyms.....	7
3.	Foreword By The Speaker.....	8
4.	Report Of The Accounting Officer .....	10
5.	Statement Of Responsibility And Confirmation Of Accuracy Of The Annual Report.....	12
6.	Strategic Overview.....	13
6.1	Vision .....	13
6.2	Mission.....	13
6.3	Values .....	13
7.	Legislative And Other Mandates.....	13
8.	Organisational Structure .....	14
9.	Office bearers 2014 – 2019.....	16

**PART B: PERFORMANCE INFORMATION ..... 22**

1.	Overview Of Gauteng Provincial Legislature's Performance .....	22
1.1	Performance Of Committees .....	22
1.2	Organisational Environment.....	25
1.3	Key Policy Developments And Legislative Changes .....	25
2	Strategic Outcome-Oriented Goals .....	25
3	Performance Information By Programme .....	27
3.1	Programme 1: Leadership And Governance.....	27
3.2	Programme 2: Office Of The Secretary.....	29
3.3	Programme 3: Corporate Support Services.....	32
3.4	Programme 4: Core Business .....	34
3.5	Programme 5: Chief Financial Officer's Office .....	40
4	Transfer Payments.....	41
4.1	Transfer Payments To Political Parties/Political Party Funding Transfers.....	41
5	Donor Funds.....	42
5.1	Donor Funds Received .....	42
6	Capital Investment.....	42
6.1	Capital Investment, Maintenance And Asset Management Plan .....	42

**PART C: GOVERNANCE ..... 46**

1.	Introduction .....	46
2.	Corporate Governance Statement: The Gauteng Legislative Board Services (LSB).....	46
3.	Risk Management .....	50
4.	Fraud And Corruption.....	50
5.	Code Of Conduct.....	50
6.	Health Safety And Environmental Issues.....	50
7.	Oversight Committee On The Premier's Office And Legislature (OCPOL).....	51
8.	Scopa Resolutions .....	52
9.	Prior Modifications To Audit Reports .....	52
10.	Internal Audit And Audit Committee .....	52
11.	Audit And Risk Committee Report .....	53
12.	Transversal Mainstreaming .....	54

**PART D: HUMAN RESOURCE MANAGEMENT ..... 58**

1.	Introduction .....	58
2.	Legislation That Governs GPL Human Resource Management .....	58
3.	Overview Of Human Resources .....	59
4.	Human Resource Oversight Statistics .....	59

**PART E: FINANCIAL INFORMATION ..... 80**

1.	Report of the Accounting Officer .....	78
2.	Confirmation of the accuracy and fair presentation of the Annual Financial Statements submitted .....	82
3.	Report of the Auditor-General to Gauteng Provincial Legislature .....	83
4.	Auditor-General's responsibility for the audit .....	86
5.	Statement of Financial Position .....	88
6.	Statement of Financial Performance .....	89
7.	Statement of Changes in Net Assets .....	90
8.	Cash Flow Statement.....	91
8.	Statement of Comparison of Budget and Actual Amounts .....	92
9.	Accounting Policies .....	93
10.	Notes to the Annual Financial Statements .....	106
11.	Detailed Income statement .....	127



# ANNUAL REPORT 2017/18

**“A woman of fortitude”** in recognition  
of her courage, discipline, integrity and  
love for her country.



Albertina Sisulu “A woman of fortitude” in recognition of her courage, discipline, integrity and love for her country.

Ma Sisulu was truly a woman of fortitude. Her strength, resilience and the will to carry on shone like a beacon in the darkest days of apartheid.

Albertina Sisulu dedicated her life to her country and its people. She will forever be remembered as a fearless leader in the struggle and a mother to the nation. She worked tirelessly towards creating a better and more equitable South Africa.

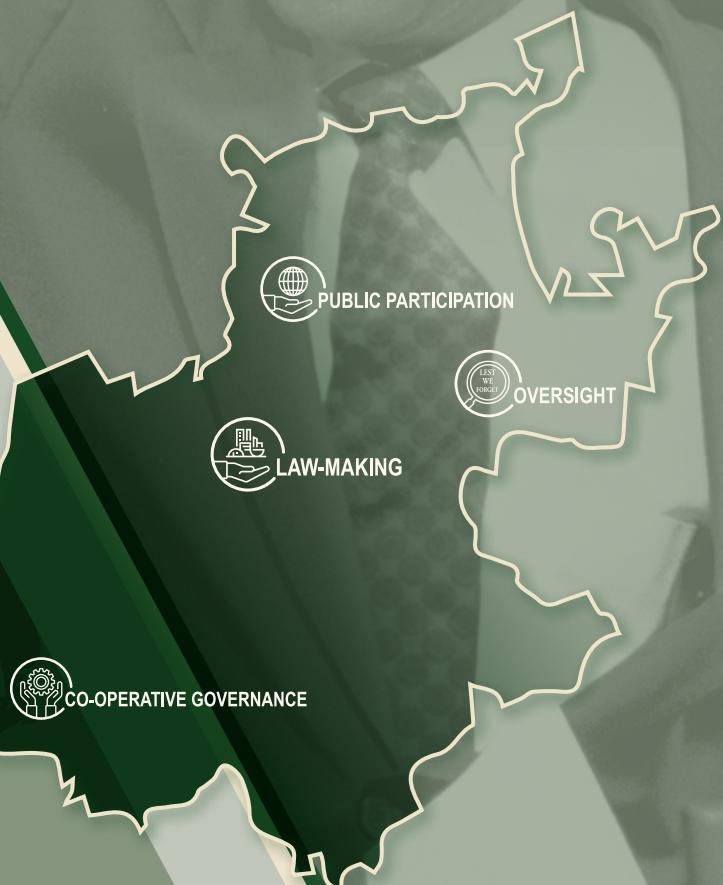
Throughout her life she worked to ensure that all people in South Africa should enjoy the benefits of freedom and democracy.

# ALBERTINA SISULU

# PART

A

**'Making Your Future Work Better  
– Learning from Madiba'**





# LEGISLATIVE INFORMATION



### 3. PREAMBLE TO THE CONSTITUTION

*"We, the people of South Africa,  
Recognise the injustices of our past;  
Honour those who suffered for justice and freedom in our land;  
Respect those who have worked to build and develop our country; and  
Believe that South Africa belongs to all who live in it, united in our diversity.  
We therefore, through our freely elected representatives, adopt this Constitution as the supreme law of the Republic so as to -*

*Heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights;  
Lay the foundations for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law;*

*Improve the quality of life of all citizens and free the potential of each person; and  
Build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations.*

*May God protect our people.  
Nkosi sikelel' i-Afrika. Morena boloka setjhaba sa heso.  
God seën Suid-Afrika. God bless South Africa.  
Mudzimu fhatutshedza Afurika. Hosi katekisa Afrika."*



## 2. LIST OF ABBREVIATIONS/ACRONYMS

APP	Annual Performance Plan	LAC	Legislature Adjudication Council
BBBEE	Broad-Based Black Economic Empowerment	LGBTI	Lesbian, Gay, Bisexual, Transgender and Intersex
BEP	Business Enhancement Plan	LSB	Legislative Services Board
CCTV	Closed Circuit Television	LSS	Legislative Sector Support
CHEA-AR	Commonwealth Hansard Editors Association Africa Region	MEC	Member of Executive Council
COID	Compensation for Occupational Injuries and Diseases	MPLs	Members of the Provincial Legislature
COSO	Committees of Sponsoring Organisations of the Treadway Commission Framework	MPWC	Multi-Party Women's Caucus
COVAC	Committees Oversight and Accountability Framework	NCOP	National Council of Provinces
CPA	Commonwealth Parliamentary Association	NGO	Non-Governmental Organisation
CRC	Citizens Responsibility Campaign	NSF	National Speakers' Forum
CRR	Capital Replacement Reserve	OCoC	Office of the Chairperson of Committees
CWP	Commonwealth Women Parliamentarians	OCPOL	Oversight Committee on the Premier's Office and Legislature
EAP	Employee Assistance Programme	O-Dep-CoC	Office of the Deputy Chairperson of Committees
ECM	Enterprise Composite Model	OHS	Occupational Health and Safety
EFT	Electronic Transfer	PBMER	Integrated Framework for Planning, Budgeting, Monitoring, Evaluation and Reporting
FIS	Focused Intervention Study	PDMC	Provincial Disaster Management Centre
FMPPLA	Financial Management of Parliament and Provincial Legislatures Act	PPPF Act	Preferential Procurement Policy Framework Act
GEYODI-R	Gender, Youth and People Living with Disabilities	PPE	Property, Plant and Equipment
GPF	Gauteng Partnership Fund	PSC	Public Service Commissioner
GPL	Gauteng Provincial Legislature	PwD	People with Disabilities
GRAP	Generally Recognised Accounting Practice	SADC	Southern African Development Community
GRIR	Goods Received Invoice Received	SALSA	Secretaries' Association of the Legislatures of South Africa
GSF	Gauteng Speakers' Forum	SA GAA	South African Statement of Generally Accepted Accounting Practice
HDIIs	Historically Disadvantaged Individuals	SCM	Supply Chain Management
Hon	Honourable	SCOPA	Standing Committee on Public Accounts
HVAC	Heating Ventilation and Air Conditioning	SDGs	Sustainable Development Goals
IAS	International Accounting Standards	SOM	Sector Oversight Model
ICT	Information and Communications Technology	SPOF	Strategic Projects Oversight Forum
IPSAS	International Public Sector Accounting Standards	TM Policy	Transversal Mainstreaming Policy
IPMS	Integrated Performance Management System	TMFP	Transversal Mainstreaming Audit and Training Project
IR	Invoice Received	UIF	Unemployment Insurance Fund
IT	Information Technology		



### 3. FOREWORD BY THE SPEAKER



HON. L N MEKGWE  
Speaker Of The Gauteng Legislature

We present the annual report in a year that we, as a nation, commemorate and celebrate the centenary of the birth of one of the greatest sons of our soil - Nelson Rolihlahla Mandela.

**I**t is indeed an honour and privilege to introduce the Annual Report of the Gauteng Provincial Legislature (GPL) for the 2017/2018 financial year to the people of Gauteng. This annual report provides a detailed account of our achievements during the year under review, in the implementation of the Institutional Five-Year Strategic Plan for 2014-2019. We present the annual report in a year that we, as a nation, commemorate and celebrate the centenary of the birth of one of the greatest sons of our soil - Nelson Rolihlahla Mandela. It is only befitting that we commemorate his legacy and celebrate his life for the contribution that he has made to the Struggle for freedom and humane social relations across the globe.

We should draw lessons and inspiration from his life as we confront the various challenges facing us, not only as a province, but as a nation as we continue the struggle for a united South Africa in which all live in peace with equal rights and opportunities - a non-racial society in which the social and economic barriers that have separated black from white are torn down – one where in which black poverty and white privilege are consigned to the past and replaced by respect, solidarity and non-racial equality and a society where all citizens have equal opportunities to determine their own destiny.

One of the ways to achieve this vision of Nelson Mandela is through strengthening the instruments of representative and participatory democracy – of which the Gauteng Provincial Legislature is one such instrument.

As a Legislature, it is our constitutional mandate to hold the Executive accountable for the commitments made to the people. We also involve the public in the legislature business and forge meaningful partnerships with stakeholders and civil society, understanding that such partnerships provide the means through which people can participate fully in changing their lives for the better. We liaise and cooperate with other state institutions and

constitutional bodies, and make laws that are responsive to the needs of the people of Gauteng.

It is against this backdrop and with this understanding that this annual report provides a detailed account of our achievements during the year under review in the implementation of the GPL Five-Year Strategic Plan for 2014-2019. The Five-Year Strategic Plan has been developed around priorities and strategic pillars, which have been identified by our Presiding Officers.

**The six pillars of GPL as an activist and transformative legislature are:**

- |   |   |
|---|---|
| <br><b>1</b> Transformation of the legislature governance processes. | <br><b>2</b> Modernisation of legislature business of oversight, public participation and law-making practices                 |
| <br><b>3</b> Re-engineered public participation beyond slogans       | <br><b>4</b> Transformation of the legislative sector in the context of Integrated Global City Region and connected government |
| <br><b>5</b> Transformation of the law-making processes              | <br><b>6</b> Consolidating oversight practices of the legislature  |

During the year under review, we have made substantial progress in holding the Executive accountable, using various tools and instruments. These include committee hearings, receiving reports from the Executive, committee recommendations, House resolutions, questions, motions and debates. The GPL, through its committees, have also intensified visits and engagements at key service delivery sites to assess, first-hand, the work done by the Executive in servicing the citizens. The institution has conducted Focused Intervention Studies and Committee Inquiries to ensure that no stone is left unturned in holding the Executive accountable.

With respect to meaningfully involving the public in the legislature business, we have continued our work to engage all sectors and groupings in the province, including the marginalised and stigmatised communities, for we are a legislature of all the people of Gauteng. In this regard, we had successful engagements with the following sectors of society: religious, Lesbian, Gay, Bisexual, Transgender and Intersex (LGBTI); commercial sex workers, senior citizens, workers and children.

On law-making, the legislations that we have passed are inclusive and considerate of the views and inputs of the people they are meant to serve and this was achieved through the constitutional processes of intense public consultation and input.

We have taken our legislature to the people to ensure that not only are we accessible to the people where we are, but that we also access the people in their respective communities. Our cooperative governance achievements show that we harness the power, resources and value of productive and sustained partnerships with other government departments and constitutional bodies to ensure that as a collective, we remain focused on the needs of the people of this beautiful province.

In addition, we have been actively involved in learning, sharing and benchmarking within the province and with other legislatures locally and abroad. Through the National Speakers' Forum, we have been actively involved and made positive contributions to the development of sector-wide norms and processes to enhance and

standardise legislative processes throughout all legislatures in the country. Through the Gauteng Speakers' Forum, we have continued our work to assist the newly established local legislatures with legislative processes and procedures.

Finally, we have the pleasure of noting the change in political leadership at the Gauteng Provincial Legislature during the year under review. We welcome Hon. Uhuru Moiloa, the former Deputy Speaker, as the new MEC for Human Settlements, Cooperative Governance and Traditional Affairs; Hon. Nomantu Nkomo-Ralehoko, the former Chairperson of Committees, as the new Deputy Speaker; Hon. Mike Madlala, the former Deputy Chairperson of Committees, as the new Chairperson of Committees; and Hon. Mpapa Kanyane as the new Deputy Chairperson of Committees.

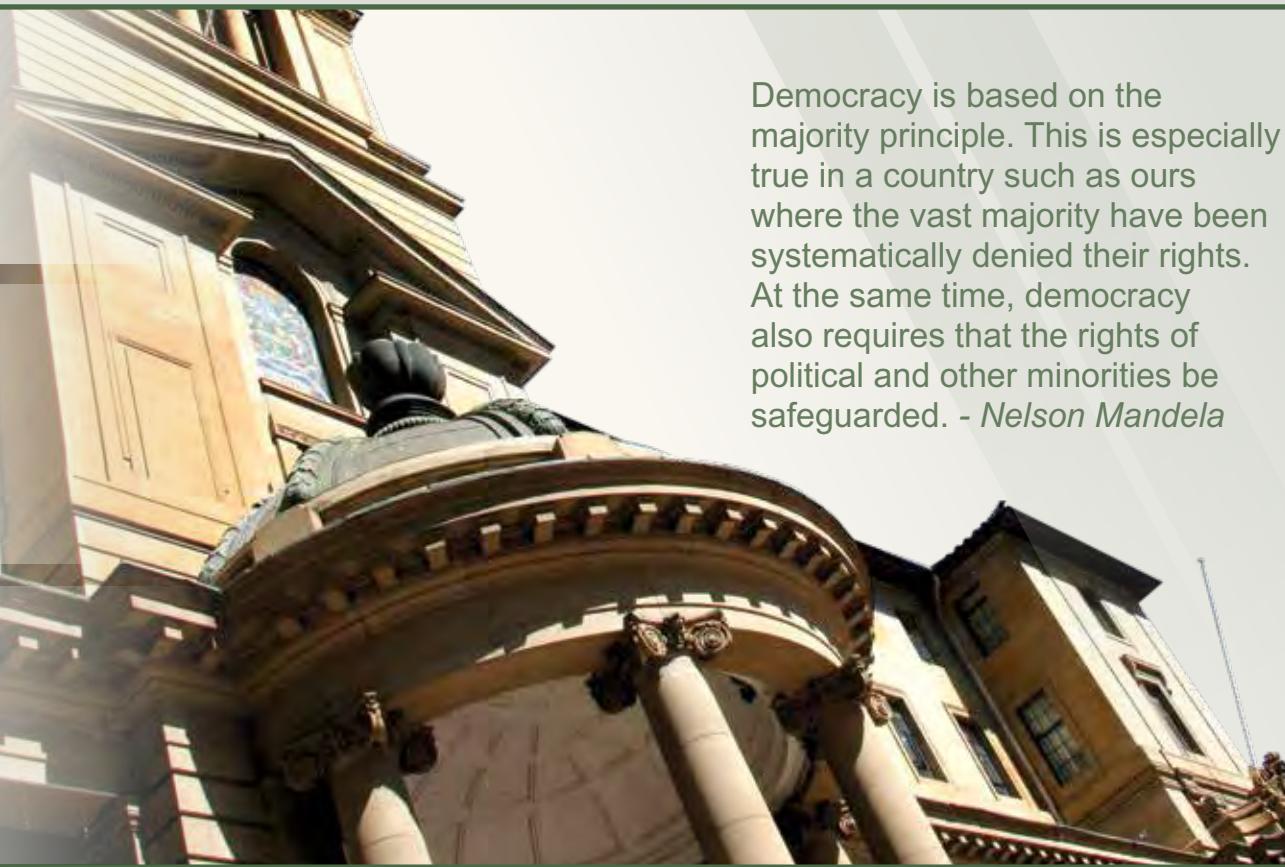
We wish them well and remain confident that they will discharge their respective duties with diligence and distinction.

We also celebrate the centenary of the birth of Albertina Nontsikelelo Sisulu, a stalwart of the Struggle for freedom, who is remembered for her strength, compassion and tireless commitment to the people of this country. She represented the epitome of selfless service to the people and it is thus important that we remember her life and outstanding contribution to the cause of freedom, democracy and service delivery in our country.

In this regard and in the spirit of selfless service delivery, despite our notable achievements, we can and will never rest in complacency. Rather, we will push harder and increase our endeavours in the relentless pursuit of a robust and focused oversight, meaningful public participation, responsive law-making and purpose-driven cooperative governance. To this end, we have convened a seminar on oversight towards the end of the financial year to reflect on our oversight processes, as well as to hear the voices from external groups, NGOs and academic institutions on ways and means to enhance our processes in the interest of the people.



**Hon. L N Mekgwe**  
Speaker of the Gauteng Provincial Legislature  
31<sup>st</sup> May 2018





## 4. REPORT OF THE ACCOUNTING OFFICER



MR P. SKOSANA  
Secretary to the Gauteng Provincial Legislature

Central to the work of the legislature is to ensure that the voice of the people is heard, their rights are upheld and services are delivered to the most vulnerable of our society.

### Overview of the operations of the Gauteng Provincial Legislature

The deliverables of the 2017/2018 Annual Performance Plan were mainly informed by the constitutional mandates of the Gauteng Provincial Legislature (GPL) as articulated in the strategic goal and objective of the Fifth Legislature. In this reporting period, the GPL has continued to make strides towards becoming a responsive legislature that foster public confidence. Central to the work of the legislature is to ensure that the voice of the people is heard, their rights are upheld and services are delivered to the people of Gauteng, especially the most vulnerable of our society. Thus, the administration's role is to provide greater support to the Members of the Provincial Legislature (MPLs) to fulfil their constitutional mandates in terms of oversight and scrutiny, law-making, public participation as well as cooperative governance. In discharging these mandates, administration has ensured that there is good leadership and governance in its operations to enhance public confidence.

In pursuit of the GPL's strategic goal, several achievements were made, confirming the GPL's ability to maintain high standards of good governance. Good progress was also made with the development and adoption of the GPL Governance Framework. This framework will establish and entrench efficiencies in GPL's ability to meet its goals. A three-year implementation plan was developed and actioned in this reporting period.

One of the key achievements in this reporting period is that the GPL has been able to maintain a clean audit it achieved in the past five consecutive years. Efforts will be made to keep this status quo by continuous improvement of internal processes and systems.

The internal control environment is continuously monitored by management and internal audit to ensure the adequacy and effectiveness of the intended controls. The policies regulating the control environment were also regularly reviewed during the period.

Overall, the GPL recorded an 82% achievement of targets planned for the 2017/2018 financial year. The performance against pre-determined objectives has shown a slight decrease of achievement over the medium term with 90% of targets being achieved in the 2015/2016 financial year, 83% in the 2016/2017 financial year and 82% in the period under review. The fluctuating performance over the medium-term period for the 2017/2018 financial year, should be understood within the following contextual background peculiar to the 2017/2018 financial year and thus making its performance on the predetermined objectives less comparable to the other financial years in the medium-term period. In the 2017/2018 financial year, the Gauteng Legislature radically changed its annual performance planning, moving it from an individually-based APP per programme to a single APP applicable to the entire institution and thus making its performance on the predetermined objectives less comparable to the other financial years.

Performance indicators and targets moved from measuring inputs towards measurement of process outputs and some attempt to measure the results – striving to measuring things that matter. All these changes affected the number of performance indicators and targets that were previously measured; for example, from 241 in 2015/2016 and 52 in 2016/2017, to a total of 17 in 2017/2018.

All these efforts were implemented to enhance planning, monitoring and reporting of the GPL, as well as complying with the developments/efforts to standardise the legislative sector as an independent arm of the state. These efforts are spearheaded by the Secretaries'

Association of the Legislatures of South Africa (SALSA) through the finalisation of the Legislative Sector Strategy and the initial steps to develop norms and standards that will regulate the sector.

Due to the ever-increasing need to be results-oriented and to promote evidence-based programming and reporting, the GPL has increased its focus on monitoring and evaluating the impact of its work. In this reporting period, a study titled, 'Evaluation of the effectiveness of oversight tools or mechanisms' was completed. The GPL is currently processing the recommendations of the report to its various governance structures. To a large extent, the GPL is currently in a process of re-engineering integrated planning, performance monitoring and reporting.

Some of the main processes of re-engineering planning and execution were achieved through the Business Enhancement and Re-Engineering of Public Participation in the GPL projects. Once completed, the projects will integrate all business solutions and systems to effectively support the core mandates of the GPL and increase productivity and performance. The projects will also prepare the environment to embrace new innovations and to further entrench programme and project management in the GPL.

## The GPL is an early adopter of cloud-based ICT technologies that is driving innovation, increasing compliance and reducing ICT costs. As such, the GPL's innovation in utilising cloud technology to reduce ICT infrastructure costs was recognised and published by Microsoft as a customer success story.

Further efforts to modernise the GPL business processes include enhancement of compliance with staff and Members' declaration of interest process and strengthened protection of GPL data against cybersecurity risks. One of the major achievement of enhancing GPL business processes is the development of the House-Sitting Information Portal as a central element of improving GPL processes.

An MPL satisfaction survey was not conducted as planned. However, The GPL focused on conducting its bi-annual perception audit to measure perceptions

of its clients; Members and staff, regarding the support services they receive from the administration. In the next reporting period, internal monitoring tools to measure Members' satisfaction will be enhanced to ensure that satisfaction is measured on an ongoing basis.

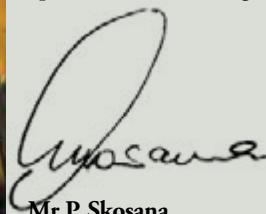
The GPL is also cognisant of the fact that leadership, education and development of human resources is important in order to achieve higher levels of organisational performance. The institution will continue to reduce barriers to learning and promote learning and growth across the institution. In this reporting period, the Covey Leadership training was implemented to inculcate attitude and behaviour change through vision, mission and value system; to promote and encourage knowledge building, integration and coordination, and to nurture a culture that promotes open and honest dialogue, teamwork, collaboration and high performance teams. Although the legislature experienced a labour action that was protracted over a two-week period; nevertheless, staff made great efforts to ensure that the institution was not negatively affected by this action.

### Other

To the best of my knowledge, there are no other material facts or circumstances which may have an effect on the understanding of the financial state of affairs not addressed elsewhere in this report.

The legislature continues to enjoy strategic support as well as political guidance from the Executive Authority, the Legislature Services Board, the Office of the Chairperson of Committees and the Office of the Chief Whip. The GPL management team and staff worked tirelessly in their strive for continuous improvement of service delivery and steady increase in the value addition that the GPL brings to the GPG. This resulted in the smooth running of the legislature.

It is against this background that I am pleased to submit the 2017/2018 Annual Report to the Honourable Speaker of the Gauteng Legislature for approval.



**Mr P. Skosana**

Accounting Officer of the Gauteng Provincial Legislature  
31<sup>st</sup> May 2018



## 5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

- » All information and amounts disclosed throughout the annual report are consistent.
- » The annual report is complete, accurate and is free from any omissions.
- » The annual report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.
- » The Annual Financial Statements (Part E) have been prepared in accordance with Generally Accepted Accounting Practice (GRAP) and the requirements of the Financial Management of Parliament and Provincial Legislature's Act of 2009 (FMPPLA) issued by the National Treasury.

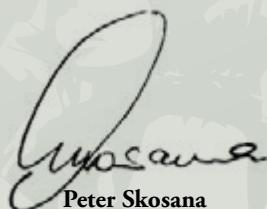
The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

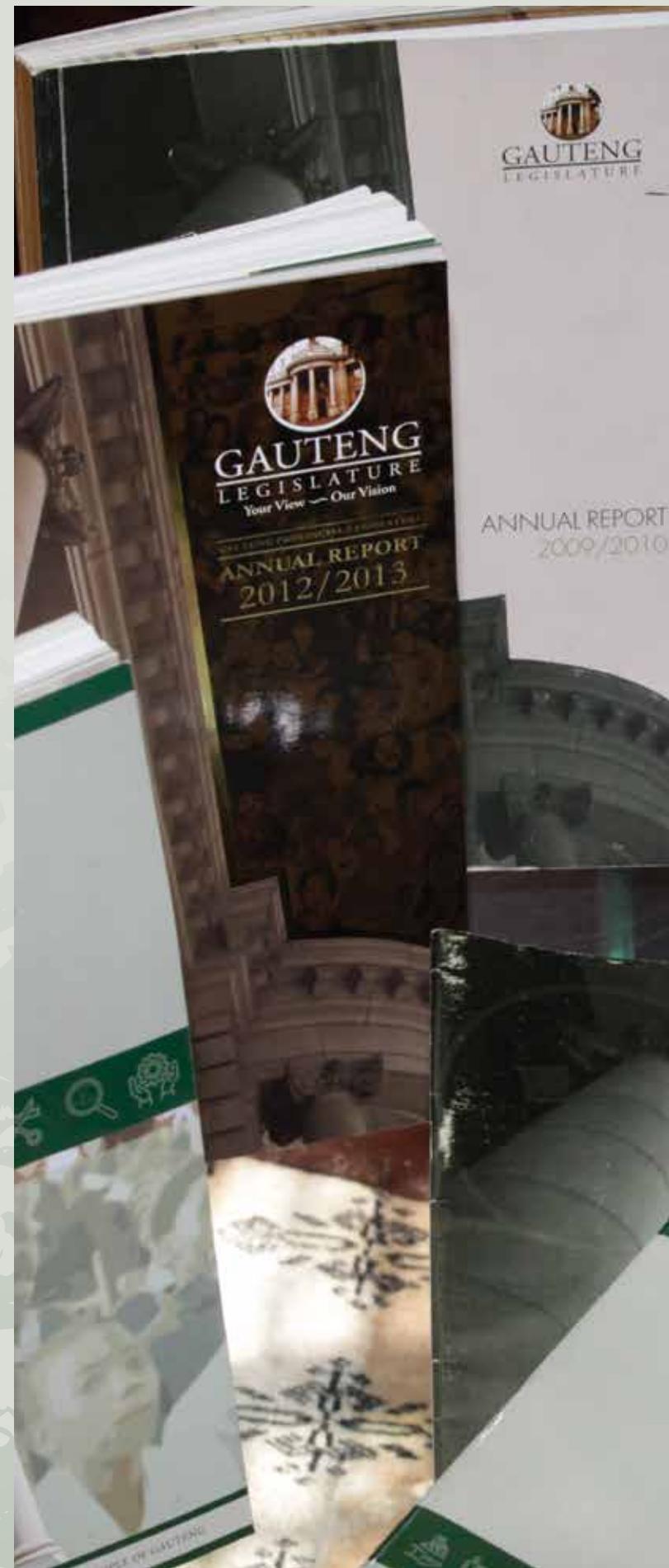
The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Gauteng Provincial Legislature for the financial year ended 31 March 2018.

Yours faithfully



Peter Skosana  
Secretary to the Legislature



## 6. STRATEGIC OVERVIEW

### Vision

A modern and transformative legislature that fosters public pride and confidence in democracy and enhances service delivery to the people of Gauteng.

### Mission

In observing our constitutional obligations, the GPL:

- » is a modern and dynamic African legislature of the 21st Century;
- » is a caring, responsive, activist and transformative legislature;
- » reflects the values, aspirations and cultures of the South African people;
- » is the most competent, accessible, transparent and accountable legislature;
- » fosters ethical and good governance;
- » attracts, develops, and retains skilled and professional staff;
- » recognises staff contributions, rewards their achievements and provide a stimulating environment.

### Values

#### The GPL believes and strives for:



**Moral integrity:** Being honourable and following ethical principles.



**Goal-oriented:** Working diligently to achieve results.



**Professionalism:** Being knowledgeable with a non-partisan, positive attitude as well as proficient in executing duties.



**Teamwork:** Being cooperative and working well with others.



**Courtesy:** Being polite and having respect for individual dignity.



**Development:** Encouraging the achievement of personal growth, learning and development.



**Economy:** Using public resources economically, effectively and efficiently.



**Excellence:** Continuous improvement in performance and standards.



**Transparency:** Openness and accountability, i.e. being sincere and candid in discussions.



**Participation:** Fostering popular involvement in decision-making process.



**Social equity:** Promoting non-racialism, non-sexism, gender equality and respect for religious and cultural diversity.

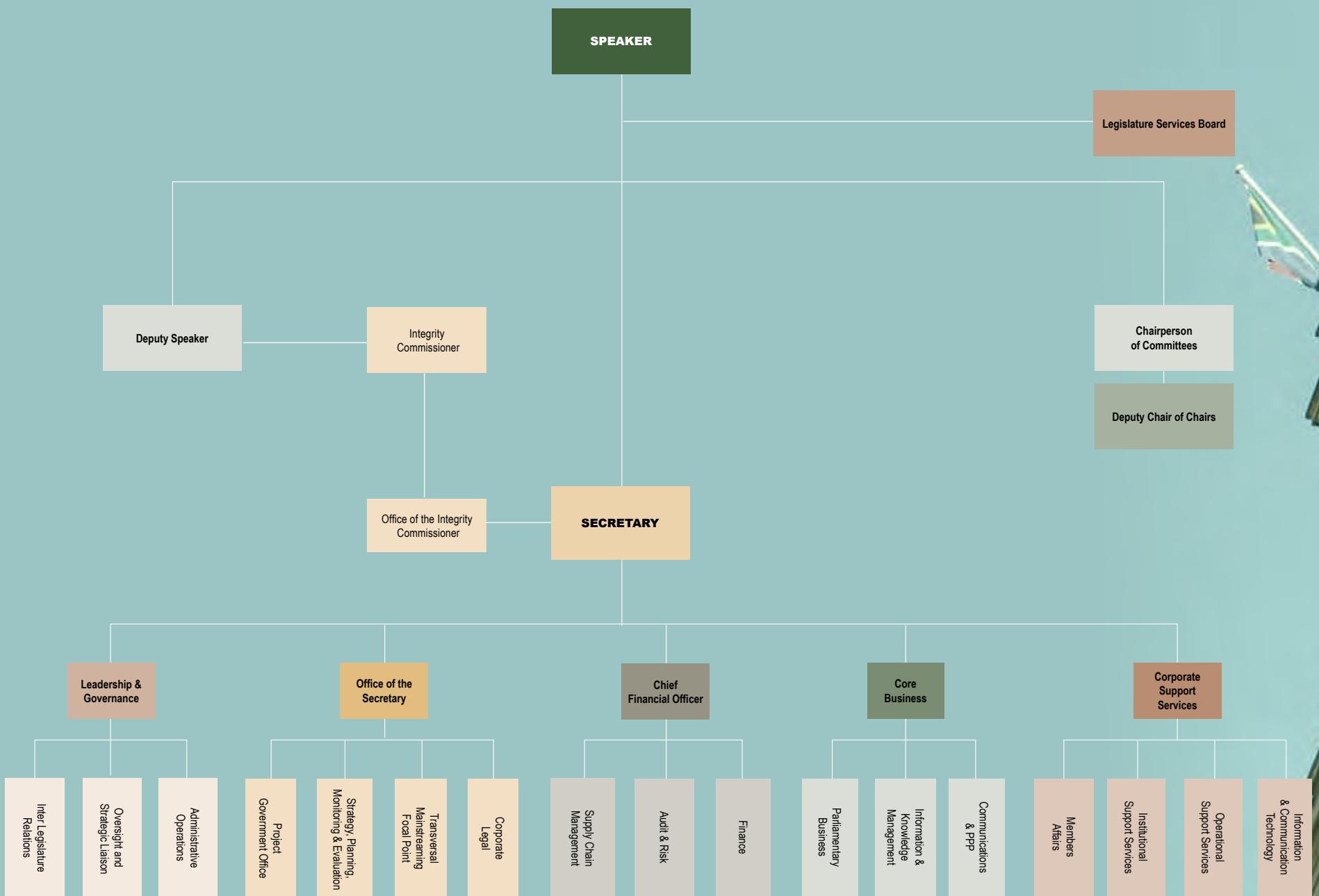
## 7. LEGISLATIVE AND OTHER MANDATES

The constitutional mandates of the legislature remained unchanged. The provincial legislatures are established in terms of Chapter 6 of the Constitution of the Republic of South Africa, 1996 (hereafter referred to as the Constitution). Section 114 of the Constitution of the Republic of South Africa clearly states the responsibility of the Gauteng Provincial Legislature. This section entrusts the GPL with the responsibility to pass, amend and reject any Bill before it, including initiation or preparation of legislative Bills. The Act further extends the responsibilities of the GPL to oversee the Executive over the implementation of their departments' mandate. The GPL also has the responsibility to facilitate the involvement of the public in the legislative and other processes of the legislature and its committees in line with Section 118 of the Constitution.

#### The following are key legislative mandates that further outline the GPL's responsibilities and requirements:

- » Constitution of the Republic of South Africa, Act No. 108 of 1996 (Chapter 3 and Sections 114, 118 and 142 of the Constitution).
- » Financial Management of Parliament and Provincial Legislatures Act, 2009.
- » Political Party Fund Act, 2007.
- » Preferential Procurement Framework Act (Act No. 5 of 2000).
- » The Promotion of Access to information Act (Act No. 2 of 2000).
- » Public Finance Management Act (Act No. 1 of 1999).
- » The Gauteng Provincial Legislature Service Act (Act No.5 of 1996), and
- » Treasury Regulations.

## 8. ORGANISATIONAL STRUCTURE





## 9. OFFICE BEARERS 2014 – 2019

### Presiding Officers



**Hon. Lentheng Ntombi Mekgwe**  
Speaker Of The Gauteng Legislature



**Hon. Nomantu Nkomo Ralehoko**  
Deputy Speaker



**Hon. Mike Madlala**  
Chairperson of Committees



**Hon. Mpapa Kanyane**  
Deputy Chairperson of Committees

### Chairpersons of Standing Committees



**Hon. Mike Madlala**  
Chairperson of Committees



**Hon. Lentheng Ntombi Mekgwe**  
Rules and Programming Committees



**Hon. Nomantu Nkomo Ralehoko**  
Privileges and Ethics Committee



**Hon. Godfrey Tsotetsi**  
Oversight Committee on the  
Premier's Office and the Legislature



**Hon. Jacqueline Mofokeng**  
Committee on the Scrutiny  
of Subordinate Legislation



**Hon. Refilwe Mogale**  
Petitions Committee



**Hon. Mbongeni Radebe**  
Public Accounts Committee

“A good leader can engage in a debate frankly and thoroughly, knowing that at the end he and the other side must be closer, and thus emerge stronger. You don’t have that idea when you are arrogant, superficial, and uninformed.” - Nelson Mandela

## Leader of Government Business



Hon. Barbara Creecy

## Leaders of Political Parties



Hon. Brian Hlongwa  
ANC



Hon. John Moodey  
DA



Hon. Mandisa Mashego  
EFF

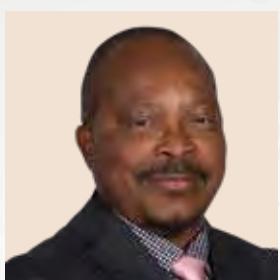


Hon. Bonginkosi Dhlamini  
IFP



Hon. Philip Van Staden  
FFP

## Chairpersons of Portfolio Committees



Hon. Sochayile Khanyile  
Community Safety Committee



Hon. Mohatla Alfred Tseki  
Co-operative Governance,  
Traditional Affairs and Human  
Settlements Committee



Hon. Errol Magerman  
Economic, Environment, Agriculture  
and Rural Development Committee



Hon. Joe Mpisi  
Education Committee



Hon. Sakhile Khumalo  
Finance Committee



Hon. Nompi Nhlapo  
Health Committee



Hon. Lindiwe Lasindwa  
Infrastructure Development  
Committee



Hon. Mafika Mgcinna  
Roads and Transport Committee



Hon. Thuliswa Nkabinde  
Social Development Committee



Hon. Joyce Pekane  
Sports, Arts, Culture and  
Recreation Committee

## Whips of Political Parties



**Hon. Brian Hlongwa**  
Chief Whip  
ANC



**Hon. Thoko Magagula**  
Deputy Chief Whip  
ANC



**Hon. Maggie Tlou**  
ANC



**Hon. Busisiwe Mncube**  
ANC



**Hon. W Mbatha**  
ANC



**Hon. Mike Moriarty**  
Chief Whip  
DA



**Hon. Fred Nel**  
DA



**Hon. Janet Semple**  
DA



**Hon. Refiloe Nt'sekhe**  
DA



**Hon. Khume Ramulifho**  
DA



**Hon. Lindiwe Dzimba**  
EFF



**Hon. Hoffnel Ntobeng**  
EFF

"A real leader uses every issue, no matter how serious and sensitive, to ensure that at the end of the debate we should emerge stronger and more united than ever before."  
- Nelson Mandela

## Official Opening of the Legislature

### **Front Row – left to right:**

MPL John Moody; MEC Ismail Vadi; MEC Jacob Mamabolo; MEC Paul Mashatile; MEC Barbara Creecy; Premier David Makhura; Speaker Lentheng Mekgwe; Deputy Speaker Uhuru Moiloa; MEC Sizakele Nkosi-Malobane; MEC Lebohang Maile; MEC Dr Gwen Ramokgopa; MEC Panyaza Lesufi; MEC Faith Mazibuko; Chief Whip Brian Hlongwa

### **Second Row – left to right:**

Sergeant at Arms Mr Musa Zuma; Secretary to the Legislature Peter Skosana; Deputy Chairperson of Committees Michael Madlala; Chairperson Refilwe Mogale; MPL Pinky Mncube; Chairperson Thuliswa Nkabinde; Guest; Deputy Chief Whip Thokozile Magagula; Chairperson Sochayile Khanyille; Chairperson Jacqueline Mofokeng; Chairperson Joe Mpisi; Chairperson Errol Magerman; Chairperson Godfrey Tsotetsi; Chairperson Nompi Nhlapo; Chairperson Sakiwe Khumalo; Chairperson of Committees Nomantu Ralehoko; Chairperson Lindiwe Lasindwa; MPL Daisy Mashego; MPL Maggie Tlou; MPL Caroline Ranoko; MPL Molebatsi Bopape;

### **Third Row – left to right:**

Chairperson Joyce Pekane, MPL Ashor Sarupen, MPL Adriana Randall, MPL Michele Clarke, MPL Paul Willemburg, MPL Dr Hein Volmink, MPL Phillip van Staden, MPL Janet Semple, MPL Dr Neil Campbell, MPL Khume Ramulifho, MPL Allan Fuchs, MPL Valentine Mbatha, MPL Bonginkosi Dhlamini, Guest, Guest, Guest, Chairperson Mbongeni Radebe, MPL Nomathemba Mokgethi, Chairperson Mohatla Tseki, MPL Hoffinel Ntobeng

### **Fourth Row - left to right:**

MPL Mpapa Kanyane, MPL Ali Makola, MPL Mafika Mgcinna, MPL Ina Cilliers, MPL Makashule Gana, MPL Fred Nel, MPL Janho Engelbrecht, Refiloe Ntsekhe, MPL Mike Moriarty, MPL Christina Mabala, MPL Malesela Ledwaba

### **Fifth Row - left to right:**

MPL Justus de Goede, MPL Graham Gersbach, MPL Jack Bloom, MPL Lebohang More, MPL Kingsol Chabalala, Guest, MPL Kate Lorimer

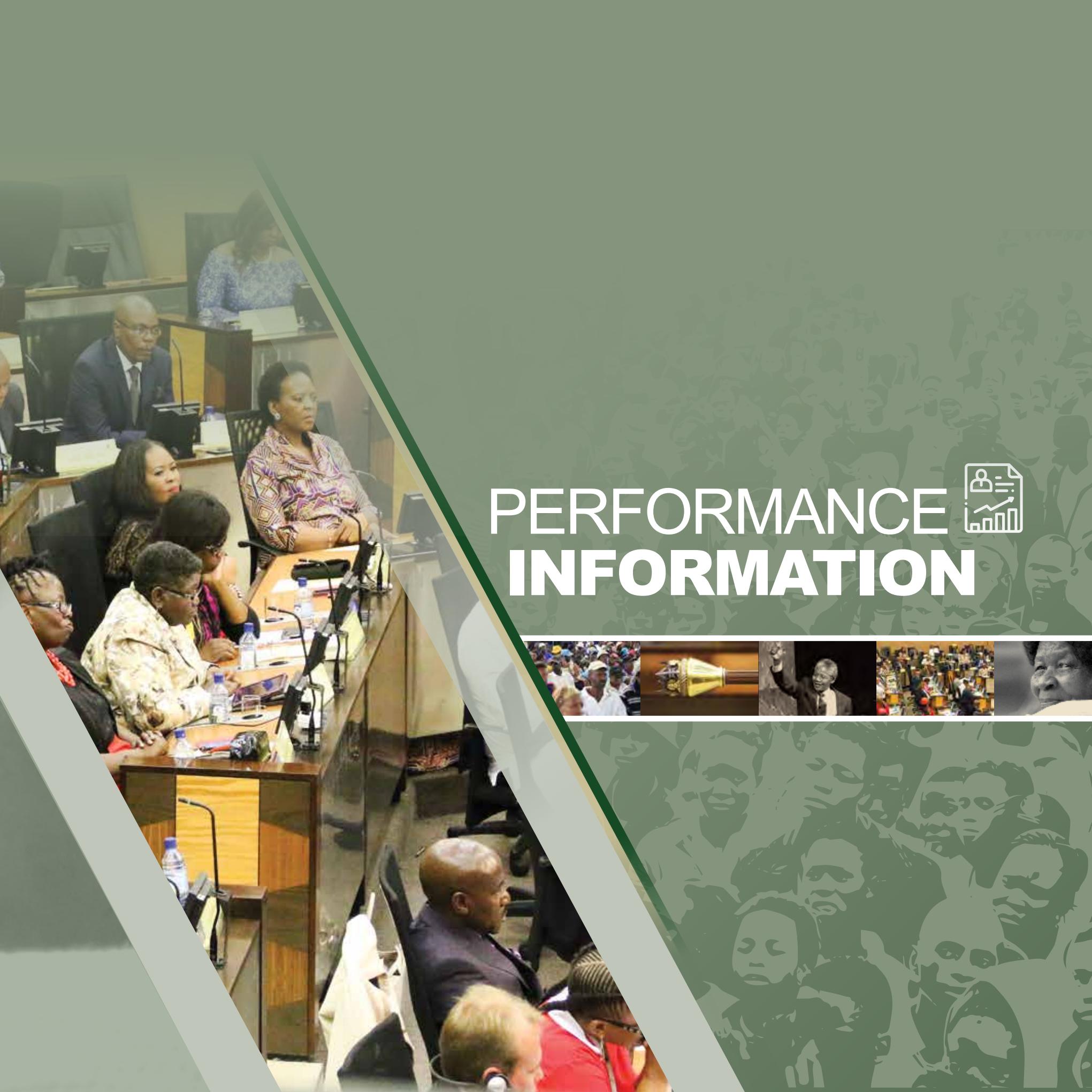


# PART

B

**'Making Your Future Work Better  
– Learning from Madiba'**





# PERFORMANCE INFORMATION





## PERFORMANCE INFORMATION



HON. MIKE MADLALA  
Chairperson of Committees

The primary role of the Office of the Chairperson of Committees (OCoC) is to monitor and evaluate the discharge of mandates by the committees of the House and to ensure strategic management of committees and committee business, thereby ensuring that the mandate of the institution is delivered.

### 1. Overview Of Gauteng Provincial Legislature's Performance

#### 1.1 Performance of committees

The core mandate of the Gauteng Provincial Legislature is discharged by Committees. The Chairperson of Committees is accountable for strategic management of GPL standing and portfolio committee business in so far as it relates to oversight, public policy discourse, law-making processes, public participation and stakeholder management as well as ensuring that the committee programmes are adhered to in line with GPL strategic goals and by extension with global, national and provincial priorities.

#### The role of the Chairperson of Committees

The primary role of the Office of the Chairperson of Committees (OCoC) is to monitor and evaluate the discharge of mandates by the committees of the House and to ensure strategic management of committees and committee business, thereby ensuring that the mandate of the institution is delivered. Thus, the OCoC monitors the impact of committee oversight initiatives and ensures that committees drive their work in line with the legislature's objectives and programmes. The OCoC also ensures that there is a qualitative approach to oversight and scrutiny, stakeholder management as well as law-making and policy development.

According to Rule 174 of the GPL's Standing Rules, the OCoC, through the Standing Committee of Chairpersons, is responsible for coordinating the work of the committees of the legislature, considering their annual programme, and for making recommendations to the Rules Committee and the Programming Committee regarding any matter affecting the scheduling or functioning of any committee.





## Focus of Office of the Chairperson of Committees and Deputy Chairperson of Committees



Oversight over the Provincial Executive is one of the core mandates of the Gauteng Provincial Legislature and is championed by the Chairperson of Committees. The Office of the Chairperson of Committees (OCoC) conducts its oversight over the Executive in line with the other core mandates of the institution, i.e. public participation, law-making and cooperative governance. It uses as an instrument of assessment the Sector Oversight Model of the South African Legislative Sector (also referred to as the Sector Oversight Model "SOM").

Within the GPL, SOM is given effect through the Committees' Oversight and Accountability Framework (COVAC), which aligns committee oversight processes to the relevant provincial, national and global priorities, e.g. Gauteng Priorities, National Development Plan, SADC Development Plan, Africa Agenda 2063 and the Sustainable Development Goals (SDGs). In this regard, committees have conducted their work of overseeing the Executive in line with SOM and COVAC and have thereby produced several oversight reports emanating from these activities.

To ensure that there is credible verification at service delivery sites, several Focused Intervention Studies (FIS) reports were produced. These were to assess the "on the ground" actual status at key service delivery sites as such as healthcare, suman settlements, safety and security, education, food security and support to vulnerable groups.



Committees have recorded substantial progress in ensuring that laws passed are responsive to the needs of the people. This is done through the process of drafting Bills and through referral of Bills to the National Council of Provinces (NCOP) to ensure that not only do the Bills pass the constitutional muster, but they also are representative of the needs of the people of Gauteng. Bills processed relate to environmental management,

traditional leadership, governance, agriculture, mining and financial management. Through the Committees' Oversight and Accountability Framework, committees have also reported on the implementation, by the Executive, of Bills passed by the legislature and the impact of such legislation.



## Cooperative Governance

Committees of the legislature do not exist and work as islands unto themselves. As legal formations, they collectively represent the interests of the people. Thus, through COVAC, they have reported on the meaningful partnerships that were created, maintained or sustained with our government institutions and constitutional bodies. This is to ensure that the oversight, public participation and law-making work conducted by committees was shared, corroborated, peer reviewed and strengthened through corporative governance processes.

Committees have also participated in local, regional and international benchmarking exercises to ensure that the processes, practices and innovations of the Gauteng Legislature are shared on a global platform and that lessons learnt from the international arena are institutionalised. This ensures that the Gauteng Provincial Legislature remains at the cutting edge of processes and innovations related to legislative governance.



## PERFORMANCE INFORMATION |continued|



HON. MPAPA KANYANE  
Deputy Chairperson of Committees

The Legislature have established dynamic relations with civil society organisations and draw them in when doing their legislative work of oversight and law-making.

**The role of the Deputy Chairperson of Committees**  
The Office of the Deputy Chairperson of Committees (O-Dep-CoC) is responsible for mobilising civil society to participate in the work and business of the GPL, especially in public participation programmes, and to ensure the implementation of the Re-engineering of Public Participation including the Stakeholder Management Strategy for Presiding Officers. The House committees' mandates on the public participation function are to seek the views of broad sectors of the people of Gauteng, especially those representing vulnerable groups. To do this work, committees of the legislature have established dynamic relations with civil society organisations and draw them in when doing their legislative work of oversight and law-making. In addition, the O-Dep-CoC must ensure strategic coordination of committees with the work of the NCOP. This coordination with the NCOP is an essential linkage between the GPL as the provincial parliament and National Parliament.



### Public Participation

With respect to public participation and stakeholder management, all committees worked hard to make the Gauteng Legislature accessible to the public, as well as to meaningfully involve them in legislature business. Making the legislature accessible to the public is provided for in the Gauteng Petitions Act, (Act 5 of 2002). This Act allows members of the public to petition the legislature on any topic of service delivery or governance that they feel strongly about. In this regard, the Standing Committee on Petitions facilitated responses and actions from relevant government departments to issues raised through the petitions. With respect to committees meaningfully involving the public in legislature business, several engagements were

conducted with a view to inform the public on the work done by the legislature. The work of the committees was not exclusive to mainstream communities, but also extended to marginalised communities in the province. In this regard, committees were engaged in several sector parliaments aimed at deepening participatory democracy by providing voices to the marginalised and "voiceless" communities.

In this reporting period, committees actively engaged the various sectors of society, which include the senior citizens, youth, workers, women; Lesbian, Gay, Bisexual, Transgender and Intersexual communities; people with disabilities, Commercial Sex Workers as well as children of Gauteng.

Having noted the considerable achievements made by committees during the period under review,



committees have delivered on their mandates and given effect to the constitutional provisions as well as the Standing Rules with respect to oversight and scrutiny, public participation and stakeholder engagement, law-making and cooperative governance.

The relentless and in-depth focus on oversight proves that the GPL is serious about holding the Executive accountable and thereby ensuring that planned performance is indeed achieved. However, no improvement is to be considered with complacency and relief, for the mission now at hand is to ensure that every year's annual performance report is an enhancement of the one before.

## 1.2 Organisational environment

In the year under review, the GPL had a full complement of executive and senior management to provide support to the political leadership in discharging their constitutional mandate. The vacancy rate improved from 6.9% in the past financial year to 4% in this reporting period. The changing nature and form of the work undertaken by the GPL and recommendations of evaluations undertaken in the past two years necessitated a review of the current organisational structure to ensure that the GPL is structured appropriately and adequately to respond to the demands of a 21st century legislature



and the changing environment. The review process commenced during this reporting period and will be concluded in the 2018/2019 financial year.

## 1.3 Key policy developments and legislative changes

During the reporting period, there were no major key policy developments and/or legislative changes that affected the mandate of the GPL. Nevertheless, the GPL worked in close collaboration with the National Parliament on the initial steps towards the development of the Gauteng "Integrity Act". However, the National Speaker's Forum resolved that this will be a national prerogative and the process is now with the National Parliament to further process the development of the Act.

## 2. Strategic Outcome - Oriented Goals

The GPL has one strategic outcome-oriented goal: to be a responsive legislature that fosters public confidence. It is supported by six (6) strategic objectives, and progress made towards achieving this five-year goal is provided below.

The focus of the Gauteng Provincial Legislature is to provide effective and efficient legislative services that contribute to a better life for all Gauteng residents through fulfilling its constitutional mandate that facilitate support to Members, committees and the House to make laws, conduct oversight as well as facilitate public involvement.

With regard to scrutiny and oversight of the Executive, the GPL has used oversight tools such as scrutiny of departmental reports, consideration of the Auditor-General's reports, public hearings, motions for debate, questions to the Executive, committee inquiries, oversight visits, a resolution-tracking mechanism, questions and resolutions to hold the Executive accountable in respect of service delivery. The GPL has continued to build on the gains of the past two decades in oversight and managed to subject the Executive to constant accountability.

At the centre of discharging its mandate, the GPL held all planned House Sittings that enabled robust debates, tabling of motions, questions by the Executive and adoption of resolutions by the

Members of the Provincial Legislature. Furthermore, the period under review saw oversight entrenchment, further intensifying the independent verification of information, through unannounced oversight visits. This year saw an increase in the number of unannounced visits conducted by committees.

In this reporting period, the multi-faceted use of the oversight tools by Members of the Legislature were enhanced. These efforts are made towards consolidating the legislature's oversight practices. For instance, the use of unannounced visits has gained traction as part of the verification of reported performance by the Executive as per SOM requirements. In certain instances, these would also be accompanied by questions, resolutions and/or a FIS. Depending on the relevance of the purpose, the different oversight tools have been applied to:

- » ensure communication flow – *informative function*;
- » compel the Executive to respond or change course of action - *coercive function*;
- » increase public trust – *legitimacy function*;
- » redefine terms of engagement – *cultural function*; or
- » converge the voters' and government's priorities – *linkage function*.

As a result, the quantity does not really matter. What matters is which tool Members find more effective to attain a certain purpose, as detailed in the GPL's report on the Effectiveness of Oversight Tools.

Public participation mechanisms continue to play a critical role in ensuring a transparent and accountable democratic government. During the period under review, the GPL continued to intensify the implementation of public participation mechanisms such as focused sector parliaments, feedback sessions and taking the legislature to the people to earnestly involve the people of Gauteng in the GPL business. As a result, this re-engineering of public participation has resulted in an increased number of people engaging in the business of the GPL.

This reporting period saw increased participation in both face-to-face interactive activities as well as through social media, with the latter accounting for a large number of people reached. All these interventions undertaken are an effort by the GPL to be a responsive and proactive legislature that fosters public confidence.

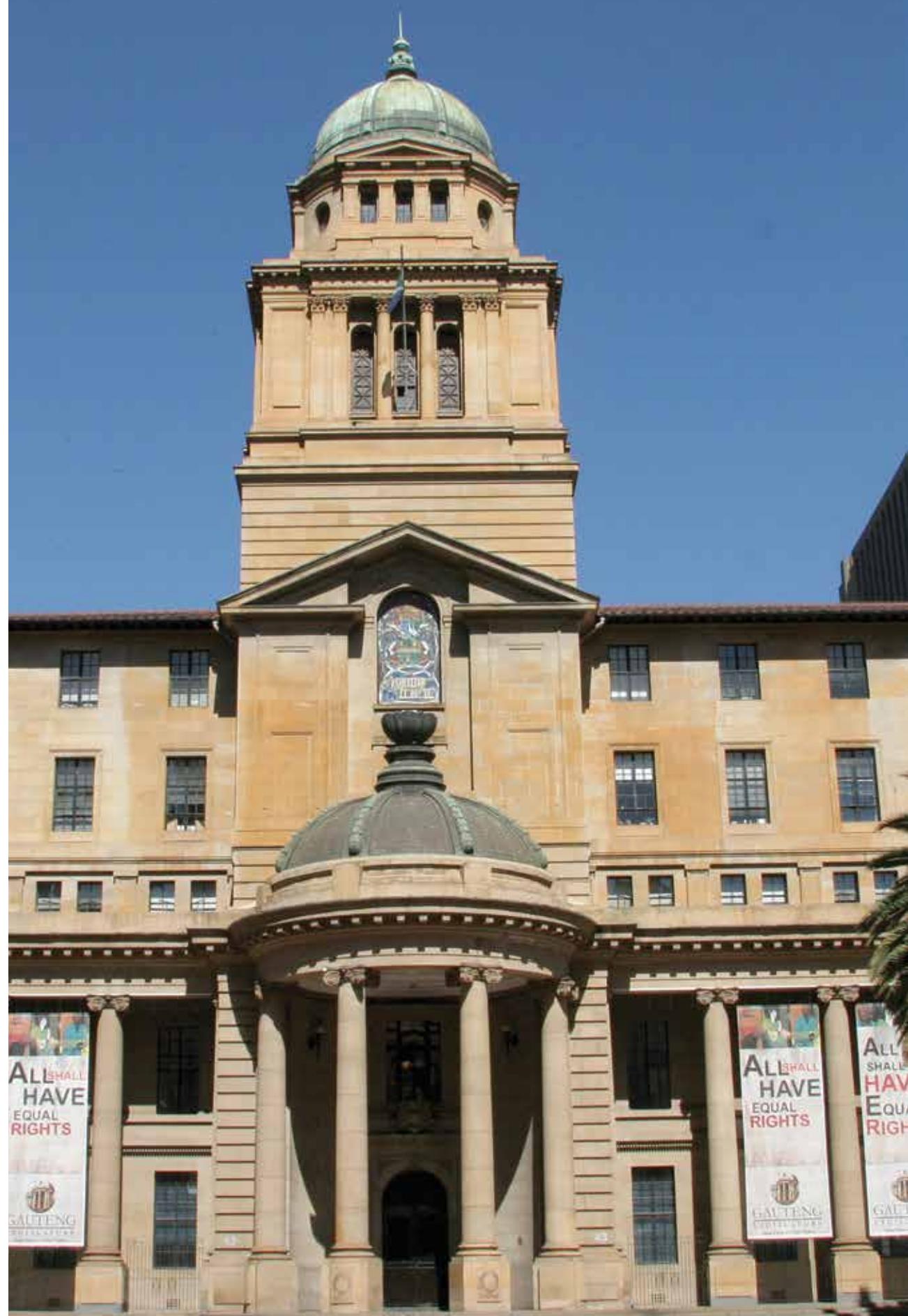
Some of the achievements realised in this reporting period with regard to the re-engineering of public participation include completion/conclusion of the following:

- » The development of a comprehensive public education programme that is grounded on a strong civic education curriculum;
- » The design of a framework for the constituency programme that strives to connect the Presiding Officers and the MPLs with the constituency;
- » The creation of an Evaluation Report on the Effectiveness of Oversight Tools;
- » Evaluation of the public participation mechanisms namely, sector parliaments, Bua Le Sechaba, petitions system, public participation in oversight and law-making, and the processing of its recommendations through various governance structures.

Regarding law-making, the GPL continues to process referred Bills, monitor the implementation of existing legislation as well as the regulations thereof in good time. This was mainly done through the scrutiny of subordinate legislation in conjunction with portfolio committees' processing of principal legislation, to ensure responsive legislation.

Strengthening cooperative governance to advance parliamentary oversight has become a key theme of the Gauteng Legislature in the past few years. This gives effect to the full realisation of socioeconomic goals across the different spheres of government and promotes coherent decision-making between government spheres in support of service delivery. The GPL has through engagement at the National Speakers' Forum (NSF) contributed to improve sector cohesion and collaboration. Furthermore, with regard to international collaboration, the GPL, on behalf of the African continent, led a motion for amending the status of the Commonwealth Parliamentary Association (CPA) from a charity to international organisation status. The resolution was passed in 2017, thus the work to effect the transformation is now underway.

The GPL received a clean audit for the past three consecutive years and efforts to maintain the status quo are in place, both for financial and non-financial performance. The Executive Authority approved the governance framework and an implementation plan is in place to ensure that it is actioned accordingly. As an early adopter of ICT technologies, the GPL made strides in the modernisation of the legislature business of oversight, public participation and law-making practices. This reporting period saw the development of the House-Sitting Information Portal as a central element of improving GPL processes. This is breaking new ground in the way the legislature is operating to improve effectiveness and efficiency in its work.



### 3. Performance Information by Programme

#### Programme 1:

##### 3.1 Leadership and Governance

The purpose of Programme 1 is to provide overall strategic leadership and direction to the institution. The core function of the programme is to ensure alignment of institutional processes to the strategic objectives outlined in the 2014-2019 GPL Strategy, and monitors and oversees the execution of institutional obligations. In addition, the programme provides leadership and direction to the Legislative Services Board (LSB) as well as safeguarding the strategic political management of Presiding Officers and Office Bearers, including the strategic management of committees to ensure political outcomes.

The programme comprises six sub-programmes namely: the Office of the Speaker, the Office of the Deputy Speaker, the Office of Chairpersons of Committees, the Office of the Deputy Chairperson of Committees, the Legislature Service Board, and the Inter-Legislature Relations Office. Although Programme 1 contributes to all six GPL strategic objectives, the focused contribution is in three strategic objectives as per the performance table below.

##### Summary of Achievements

The performance of committees is overseen by the Office of the Chairperson of Committees, and a quarterly report is presented to the Standing Committee of Chairpersons. This forum provides a space for robust engagement. The performance of committees is largely based on the implementation of the Sector Oversight Model that has been in place since 2012, as an instrument to facilitate structured oversight processes. The review of the committees' performance illustrate that the GPL committees remained functional and discharged their oversight, public participation and law-making functions effectively, with the support of Committee Support Unit. Through this support, the committees implemented their mandated duties in line with the approved parliamentary programme and addressed key activities that emanated from the NCOP.

In this reporting period, GPL committees' application

of oversight tools such as inquiries, questions, motions, oversight visits, FISes and resolutions to track service delivery for the people of Gauteng continued to be improved. Over this period, there was an increased application of unannounced oversight visits as these are part of routine oversight activities, validation of information and, in some cases, specific ongoing research/investigations.

Public participation is one of the mandates that aims to demonstrate the work of the legislature by promoting its activities. This includes meaningful engagement of the community in key issues that affect them, and educating the public in the work and procedures of the GPL. Key activities included media profiling of the Chairpersons of committees on platforms such as social media, mainstream and community media with a bias towards the latter as it has capacity to reach most people.

To foster a coherent and coordinated legislative sector, the GPL is guided by the Inter-Institutional Relations Strategy, which, amongst others, provides for a framework to establish inter-institutional relations between the GPL and various organisations at the provincial, national, regional, continental and international level. Furthermore, the strategy articulates the collective intent, expectations, results, benefits and envisaged outcomes of collaborations. During this period, the

GPL participated at various levels to enhance its work and that of the sector to ensure that GPL discharges its mandate as well as contributes to the sustenance and growth of the legislative sector.

The participation in the National Speakers' Forum (NSF) and coordination of the Gauteng Speakers Forum (GSF) were the central work, with the GSF providing an anchor at provincial level to promote coherence in the sector. One of the key achievements in this reporting period is the signed Memoranda of Understanding between the GPL and municipalities, to agree on the areas of cooperation regarding inter-legislature activities.

Benchmarking exercises are a mechanism for the GPL to ensure that committees are empowered to conduct their oversight role. In this reporting period, the committees undertook in- and out-bound learning and sharing processes provincially and/or internationally. The institution hosted delegations from China, Ghana, Namibia, Nigeria, Palestine as well as other South African provincial legislatures. The GPL also partnered with the Chinese Consulate to sponsor a primary school in Orange Farm that saw a distribution of laptops, school uniforms, sports gear, building materials, stationery and reading books.



The institution also continued its oversight on strategic institutional projects through the Strategic Projects Oversight Forum (SPOF).

#### Performance indicators

<b>Programme 1: Leadership and Governance</b>						
Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Improved accountability by the executive to the legislature in respect of service delivery	Number of quarterly oversight reports on the performance of Committees	New indicator	3	Achieved: 3	No Deviation	Not Applicable
Improved meaningful involvement by the public in legislature business	Number of quarterly oversight reports on feedback provided to communities	New indicator	2	Achieved: 2	No Deviation	Not Applicable
Fostered coherent and coordinated legislative sector	Number of reports on fostering a coherent legislative sector by MPLs	New indicator	3	Achieved: 3	No deviation	Not Applicable

#### Changes to planned targets

In this reporting period, two new indicators were introduced. The first one being to incorporate reporting on oversight on the performance of committees, i.e. a number of quarterly oversight reports on the performance of committees; and the second one is a number of reports on fostering a coherent legislative sector by MPLs.

One indicator was revised, i.e. percentage increase in feedback provision by the GPL to the public per annum, was replaced by the number of oversight reports on feedback provided to communities.



## Programme 2:

### 3.2 Office of the Secretary

The Secretary's office serves as the custodian of the development and implementation of the strategy and provides strategic, tactical and operational leadership to GPL administration for the achievement of the institutional mandate of oversight and scrutiny, law-making, public participation and cooperative governance. The Office is established to enable the Secretary to the Legislature to fulfil administrative and financial obligations in line with applicable legislation and legal directives. The Office is also accountable for the institutional strategic planning, reporting, budgeting, monitoring, contract management, evaluation and project governance.

The programme contributes to all strategic objectives. It ensures alignment of strategy to operational plans, monitors GPL programmes in their performance and directly responds to Strategic Objectives 4 and 5, i.e. Fostered coherent and coordinated legislative sector, and Enhanced public confidence in the governance and leadership of the legislature, respectively.

#### Summary of Achievements

The Office of the Secretary plays a critical role in providing strategic direction to facilitate effective decision-making by GPL administration. It achieves this through monitoring and tracking progress on decisions based on reported performance information, institutional strategic projects and accountability to GPL oversight structures including Presiding Officers, Office Bearers, Standing Committee of Chairpersons, LSB, Board committees, OCPOL, SCOPA, Finance Portfolio Committee and SPOF.

The implementation of the GPL Strategy was tracked through the Secretariat and Extended Secretariat Committees. In addition, the GPL adjusted its 2017/2018 APP primarily to address the Auditor-General's 2016/2017 findings. The consolidated, final adjusted 2017/2018 APP was presented to the Extended Secretariat and Secretariat structures and subsequently approved by the LSB. On the other hand, the 2018/2019 GPL APP and operational plans were developed and the finalised APP was submitted to the Executive Authority. In compliance with the Financial Management of

Parliament and Provincial Legislatures Act (FMPPLA) and other relevant legislative prescripts, the Office of the Secretary oversees the effective and efficient management of the legislature through the Secretariat as the ultimate decision-making structure in the GPL's administration. The decision-making power is in relation to the administrative support provided to Members to enable them to hold the Executive accountable for service delivery.

During the reporting period, there was continued implementation of the FMPPLA, with about 100% compliance with regard to non-financial and financial performance. To ensure good governance and enhanced public confidence in the work of the GPL, the Secretariat considered and adopted various policies, monthly and quarterly performance reports, financial management, monitoring and evaluation and other institutional project governance reports. Furthermore, the SCM status reports regarding levels of the GPL's overall compliance with the FMPPLA, PPPF Act Regulations, the SCM Policy and legislative framework governing the management of SCM operations were monitored and tracked through the Secretariat. This also includes demand costing management, acquisition management, socioeconomic imperatives, affirmative procurement and tender committees' reports. Furthermore, in compliance with contract

management guidelines, the status of all contracts in relation to duration, costs and purpose were monitored and tracked through the contract register and reported at various structures. This was to ensure streamlining of contract management and alignment to the procurement process in terms of cancellations, renewals and to ensure that new tender processes are properly followed.

The year under review saw improved implementation of the GPL's Integrated Framework for Planning, Budgeting, Monitoring, Evaluation and Reporting (PBMER). There is also continued improvement in planning processes to ensure integration and that committees remain central in guiding institutional priorities as mandated by the Presiding Officers. Performance management approach was improved to ensure accountability by programme managers. Performance monitoring was conducted in a hierarchical manner to ensure quality assurance and improvements include a streamlined reviewable process with senior managers required to verify and sign off on performance information and the corresponding portfolio of evidence files. At programme level, Annual Performance Plans targets and functional activities are integrated into the programme's operational plans and monitored monthly at Secretariat level. Although there are clear benefits on improved efficiencies in performance



reporting using SharePoint, a dedicated performance information management system is ideal to further enhance the process.

One of the key achievements in this reporting period is the completion of the Transversal Mainstreaming Audit and Training Project. The project was aimed at determining a baseline for the legislature to improve both strategic and operational efficiencies in the mainstreaming of cross-cutting issues such as gender, race, disability and youth. The main deliverables of the project include but are not limited to, audit report, several published background papers on the internal/external policy environment, methodology as well as norms and standards for Transversal Mainstreaming audits. Furthermore, three sets of customised training materials targeting Members, management and staff were developed. The latter will be approved in the next financial year. Through this project, a total of 41 Members and staff participated in the piloting of the materials. All deliverables emanating from the audit are accessible from the legislature's website.

In terms of the GPL Standing Rules 276-281, the Office of the Integrity Commissioner is mandated with the implementation of a Code of Conduct which outlines the minimum ethical standards of behaviour expected from the elected representatives, including upholding propriety, integrity and ethical values in their conduct. In line with these provisions, in the reporting period under review, the GPL conducted several initiatives to promote a culture of high standards of ethical conduct among Members of the Legislature as well as to empower them with the necessary knowledge to make informed decisions on matters of ethics/conflict of interest situations. These include a capacity development programme targeted at all Members of the Legislature, the completion of the 2017/2018 Register for Members' Interest for publication in the 2018/2019 financial year within the stipulated period as well as continuing the investigation of six complaints. One of the key highlights of this reporting period is the rollout of the eDisclosure system, which is an electronic disclosure system for Members to improve efficiencies of the legislatures' processes.

Furthermore, the legislature has initiated engagement with relevant stakeholders on the development of integrity legislation for Gauteng. It is envisaged that such legislation will establish norms and standards on all matters relating to ethics and integrity within the province. The Legal Services Section continued to provide legal support to the administration, committees

and the Office of the Speaker.

During this period, the GPL continued to provide leadership, oversight and monitored the implementation of institutional projects. Through the approved Project Governance Framework, the Project Governance Office continues to provide support in the form of mentorship and coaching to the GPL project management community. This was augmented by regular project management forums, providing a platform to gain project management knowledge, and discussing and finding resolutions to problems experienced on individual projects. The development of the Project Management Proficiency Assessment was completed and will be implemented during the new financial year.

In the reporting period, the milestones achieved include, amongst others, the project manager proficiency evaluation questionnaire and the automation of the project proficiency assessment tool which has been developed on SharePoint. The tool is ready to be rolled out throughout the institution.

Furthermore, key multi-year projects are continually being implemented during this financial year and are envisaged to reach closure during the new financial year. These projects are Re-engineering of Public Participation – Baseline Survey, Business Enhancement Project and the Transversal Mainstreaming Focal Point initiative, the

Multi-Party Women's Caucus (MPWC) project. Capital projects that were implemented include, amongst others, ECM Upgrade, Upgrade of AV System in the Chamber, Auditorium Screen Replacement, Project 8 - CCTV for City Hall, Harry Hofmeyr Parking, GPL Perimeter, Upgrade of aged infrastructure – Roof Covering, Structure and Waterproofing and HVAC Rehabilitation of the Main Building.

Another key achievement was the promotion of sector administrative governance through fostering a coherent and coordinated legislative sector. The GPL took a leading role in the development of norms and standards that will standardise how the sector operates. To this end, the GPL continued to provide support and participated in the National Speakers Forum, and took a central role in coordinating the Gauteng Speakers' Forum. As part of administrative governance, the GPL played a key role in the National SALSA Cluster meetings. The cluster meetings provided a platform for administrators to share best practice and innovations that are relevant to the sector, and also address challenges faced by the sector.

Furthermore, the GPL hosted several in-bound study tours from local, provincial and international legislatures as part of promoting dialogue and sharing best practices among legislatures. This provided an opportunity to exchange views with counterparts from other provinces, countries and



within municipalities. The GPL also participated in the Commonwealth Hansard Editors Association Africa Region (CHEA-AR) Conference in Swaziland, aimed at capacity building and deliberation on challenges faced by the Hansard practitioners.

#### Performance indicators

Programme 2: Office of the Secretary						
Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Fostered coherent and coordinated legislative sector	Number of reports on fostering a coherent legislative sector by administration	N/A	3	Achieved: 3	No Deviation	Not Applicable
Enhanced public confidence in the governance and leadership of the Legislature	Number of quarterly performance information reports on APP progress	N/A	4	Achieved: 4	No Deviation	Not Applicable

#### Changes to planned targets

During this reporting period, two indicators were discontinued and two new indicators were introduced. Discontinued indicators are: level of fostering a coherent legislative sector and level of implementation of legislative sector's norms and standards, as well as GEYODI-R Index. The new indicators are: number of quarterly performance information reports on APP progress and number of reports on level of fostering a coherent legislative sector by administration. These changes were to respond to the Specific, Measurable, Achievable, Relevant and Time-bound (SMART) principle, but did not change the substance of the planned performance.

#### The Outlook

Through project governance function, the Office of the Secretary intends to enforce compliance with the Legislature's Project Governance Framework and enhance project management competency for the institution.

Further, it intends to provide continuous support and guidance on the strategic management and

governance of the legislature's portfolio of projects to deliver business value, thus contributing to the realisation of the institution's constitutional mandate.

In continuing to be responsive and providing better and efficient services to Members of the Provincial Legislature (MPLs) and the people of Gauteng, the GPL will embark on an Organisational Development (OD) exercise. Through the OD project, the GPL will review its organisational structure and align it to the strategy. Progress on the project deliverables, including change management and organisational culture, will be closely monitored and tracked for implementation by the Secretariat. Also, a project on the review of the Terms of Reference for the Secretariat and its subcommittees will be conducted to enhance accountability of the administration, institute consequence management, and improve decision-tracking and implementation.

As part of the strategic, operational and technical support provided to the political and administrative wings of the legislature, the Transversal Mainstreaming Focal Point conducts research to inform relevance in the interventions implemented by the legislature. As such, in 2018/2019, a study will be conducted to explore the media portrayal of people based on gender, race, disability and age. The study will examine persisting stereotypes in the

media, which continue to perpetuate vulnerability for different sections of society. The findings of the study will be used to lobby media houses for impartiality in their adverts and shows, as well as informing policy and law-making.



## Programme 3:

### 3.3 Corporate Support Services

The purpose of the Corporate Support Services is to provide support to all internal stakeholders. These include providing enabling facilities and benefits for Members and their political parties, rendering human resource and Members' Facilities management services, providing household, security and logistical services, including the facilitation of occupational health and safety, as well as rendering administrative and user support services, and enhancing and maintaining information technology infrastructure.

Programme 3 is a support function comprised of four Directorates, i.e. Members' Affairs, Operational Support Services, Institutional Support Services as well as Information and Communications Technology. *It contributes to Strategic Objectives 5 and 6 as listed below:*

- » Enhanced public confidence in the governance and leadership of the Legislature
- » Modernised business practices towards supporting the functions of the Legislature

#### **Summary of Achievements**

In this reporting period, the legislature undertook several initiatives aimed at enhancing good governance and leadership through efforts to improve people management maturity, including facilities for Members and political parties, e-governance maturity and connectivity, as well as operational support services.

The legislature continued to provide support to Members by rolling out capacity building, wellness and social responsibility programmes. Memoranda of Agreement were signed with represented political parties within the legislature and the implementation of the contents were effectively monitored. In this reporting period, Party Fund and constituency allowances to political parties represented in the GPL were made timeously. These transfers were made in terms of section 35(1) of the Financial Management of Parliament and Provincial Legislatures Act (Act No 10 of 2009) and comprehensive policies, which guide the spending of the transfer payments.

Furthermore, in line with the Political Party Funding Act, the GPL conducted financial audits on all funds transferred to political parties. All the five parties achieved clean audits attributed to the support and monitoring offered by the GPL to the parties.

Formal academic training for Members is arranged and funded by the Legislative Sector Support (LSS). In this reporting period, 16 Members participated in this programme by enrolling in the Certificate in Governance and Public Leadership at the University of the Witwatersrand as well as the University of Johannesburg. Additionally, the GPL rolled out various mandatory training covering the funding of the parliament and legislature sector regulations, Petitions Act, Standing Rules and project management were also rolled out to 51 Members. Two Wellness Day programmes were conducted for Members to promote a healthy lifestyle for all.

During the reporting period, three social responsibility/outreach programmes were implemented throughout Gauteng. The main beneficiaries of the outreach programmes were learners from Bongani Primary School in Sedibeng, children from the Nigel Change Children's Home as well as the Salome Growing Day Centre.

As one of the key activities undertaken to ensure continuous service improvement, the GPL conducted its bi-annual perception survey to measure the perception levels of its clients, Members and staff, regarding the support services they receive from the administration. Of the 450 online surveys distributed, 254 responses were received from the employees. Fifteen in-depth interviews were targeted to the Members but only two responded positively which resulted in a 22% response rate while 15 senior managers (44%) were interviewed. A total of 110 staff members and Members participated in the focused group discussions. Key recommendations of the perception audit will form the basis of an action plan that will be implemented in the next financial year, in a bid to continuously improve on the service offering provided by administration to the Members.

Information and Communications Technology (ICT) is a strategic and operational enabler to organisations. The GPL recognises the importance of ICT in enhancing strategic as well as operational efficiency and productivity while at the same time recognising the emerging risks related to ICT. In this reporting period, the legislature continued to implement the Business Enhancement Plan (BEP), reaching a 75% rollout. The BEP is a five-year strategic project aimed at modernising the legislature business of oversight, public-participation and law-



making practices. The implementation of the BEP in the period under review, has culminated in the establishment of a solid ICT infrastructure foundation to improve business practices' efficiency through automation.

With regard to human resource efficiency, the new SAP portal is now live and used broadly within the legislature. It is anticipated that full usage of the system will result in reduced audit findings. The identified gaps in the SAP Human Capital Management module has now been enhanced to improve efficiencies in the administration of compensation and benefits. A major achievement of the BEP is the development and initiation of training of the House-Sitting Information Portal as a central element of improving GPL processes.

The legislature is an early adopter of cloud-based ICT technologies that is driving innovation, increasing compliance and reducing ICT costs. As such, the GPL's innovation in utilising cloud technology to reduce ICT infrastructure costs was recognised and published by Microsoft as a customer success story. This is the second consecutive year that Microsoft has recognised the GPL as an innovator in adoption of cloud technologies to modernise business practices.

*The investment in cloud technologies has enabled the institution to:*

- » Develop electronic meeting portals to enable paperless meetings and improve meeting records management.

- » Create e-learning systems to increase user skills and drive system adoption.
- » Enhance the efficiency and records management of the monitoring and evaluation process.
- » Automate form-based processes to improve efficiency and stakeholder management.
- » Enable the institute to use video-conferencing technology to reduce travel costs.
- » Reduce licensing costs by R1 million per annum.
- » Improve the management of parliamentary business records in a central electronic library.
- » Enhance compliance to the leave management process.
- » Enhance compliance to the declaration of interest process for staff and Members.
- » Strengthen protection against cybersecurity risks by utilising the most advanced cyber-protection technology to protect GPL user data.

The legislature has developed an ICT Governance Framework that is aligned to the King IV Report, the Department of Public Service and Administration (DPSA) Governance of ICT Framework, COBIT and ITIL principles. The implementation of the governance framework has contributed to a significant reduction of ICT audit findings and reduced ICT risks from concerning levels to acceptable levels. Furthermore, the GPL has strengthened the protection of its ICT systems from cybersecurity threats with the implementation of a modernised

threat management gateway to ensure that GPL information is further protected from data loss.

The Space Optimisation Project seeks to address challenges faced due to limited physical space for the institution and to address the issue of operating from two buildings, namely City Hall and Sage Centre. It is not feasible to increase space in the City Hall due to the stringent heritage limitations. Furthermore, following a condition assessment of the building, there is a huge backlog on maintenance identified, which needs to be undertaken to ensure that the City Hall building is in the required condition to meet the building standards for the GPL. To address accommodation challenges, a preliminary feasibility study was conducted and possible solutions were proposed. The preferred option being pursued is to undertake the project as a public-private partnership project, with the assistance of the Gauteng Infrastructure Financing Agency. It is expected that the feasibility study will be concluded in the next financial year and the project will be rolled out based on the outcomes of the study.

To promote good governance and leadership as well as to contribute to the maintenance of the GPL's clean audit, the Policy Committee reviewed and processed a total of 19 internal policies and nine of these were adopted by the LSB.

## Performance indicators

Programme 3: Corporate Support Services						
Strategic Objective	Performance Indicator	Actual Achievement 2016/17	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Enhanced public confidence in the governance and leadership of the Legislature	Percentage increase in MPL satisfaction with administrative service support rendered	70%	5%	<b>Not Achieved:</b> the satisfaction survey was not conducted	Deviation: the GPL focused mainly on the perception audit instead of satisfaction survey	The internal monitoring tools such as CRM and IT Quality Survey will be enhanced to ensure that MPLs' satisfaction is measured on an ongoing basis.
Modernised business practices towards supporting the functions of the Legislature	Efficiency of GPL business processes	43% completion of BEP	75% completion of BEP	<b>Achieved:</b> 75% completion of BEP	No deviation	Not Applicable

### **Strategy to overcome areas of underperformance**

The MPL Satisfaction Survey was not conducted as planned because focus was on the institutional perception audit. In the next reporting period, internal monitoring tools that measure MPL satisfaction such as CRM and the IT Quality Survey will be enhanced to ensure that satisfaction is measured on an ongoing basis.

### **Changes to planned targets**

The performance indicator, 'level of administrative support rendered to the House and its committees' was changed to 'percentage increase in in MPL satisfaction with administrative support services rendered'. The change was to ensure that the indicator complies with the SMART principle and the annual target did not change.

### **The Outlook**

In the coming year, the Corporate Support Services Programme will focus on the following key activities:

- » Convening a task team on the disestablishment of the Fifth Legislature and establishment of the Sixth Legislature (preparations for new Members of the Sixth Legislature).
- » OD implementation and alignment of resources.
- » Development and implementation of the Perception Audit action plan. To ensure that the recommendations of the audit are taken into consideration and implemented accordingly, an action plan will be developed and presented to the senior management for effective implementation. The implementation of the action plan will be monitored and reported on accordingly.
- » Enhancement of internal monitoring tools such as CRM and the IT Quality Survey to measure Members' satisfaction levels on an ongoing basis.
- » Completion of the Business Enhancement Project - the scope of the BEP will be 100% completed in the 2018/2019 financial year.
- » Completion of the Business Enhancement Project - the scope of the BEP will be 100% completed in the 2018/2019 financial year. This will be coupled with rigorous change management process to ensure full utilisation of electronic solutions and increase the uptake of the systems.



## **Programme 4:**

### **3.4 Core Business**

The purpose of the Core Business Programme is to provide comprehensive support to the House and its committees to be able to advance the constitutional mandates of law-making, oversight and scrutiny over the work of the Executive, public participation and cooperative governance. In all the mandates, Core Business Programme ensures that the people of Gauteng are involved in the business of the legislature through different public participation initiatives and creation of platforms that ensure effective participation.

The programme consists of four sub-programmes that play a central role in the attainment of key strategic objectives of the GPL. These sub-programmes include the Parliamentary Business, Communications, Public Participation and Petitions, and Information and Knowledge Management.

In this reporting period, the programme contributed to all strategic objectives which support the constitutional mandates of the legislature as part of integrated programme implementation. However, specific contribution was limited to four key strategic objectives which include: Improved accountability by the Executive to the legislature in respect of service delivery, improved meaningful involvement by the public in legislature business, increased responsiveness of laws to meet the needs of the people of Gauteng and fostered coherent and coordinated legislative sector. In executing the mandates, the programme continued to provide comprehensive professional support to the legislature through coordination and administration of House and committee business.

### **Summary of Achievements**

In strengthening oversight and scrutiny, the programme continued to support the implementation of the Sector Oversight Model (SOM). In line with SOM, the House committees produced 79 oversight reports on the work of the departments, and 21 Focused Interventions Studies (FIS) reports. The FISes covered, amongst others, the following:

- » the effectiveness of healthcare in NGOs housing mentally-ill patients;
- » the assessment of the housing developments in the former Metsweding District since the merger with Tshwane Metropolitan Council and a presentation on

- the Evaluation of the role of the Gauteng Partnership Fund (GPF) in providing financial support to housing developments projects;
- » the assessment of the relationship between resourcing of police stations and their performance in the fight against crime;
- » the assessment of district and departmental support to farm schools in the Gauteng Province;
- » the assessment of progress made during the post-merger to support the newly established Rand-West City Local Municipality
- » Assessment of the prospect of the Provincial Disaster Management Centre (PDMC) in terms of its functionality and funding;
- » the assessment of the progress made on the implementation of the House Resolutions raised in 2015 about the Integrated School Health Programme;
- » the role of foodbanks and how they develop vulnerable communities,

These oversight reports as well as the FIS reports were subsequently tabled and adopted by the House, culminating into 538 resolutions that were passed by the House in the year under review. House Resolutions are a mechanism applied to gauge the effectiveness of the legislature on its role of oversight and scrutiny to hold the executive accountable on service delivery matters.

In this reporting period, processing of resolutions meant that 503 House Resolutions were communicated to the relevant Executives. A total of 261 responses<sup>1</sup> to resolutions were received, and of these, 257 were referred

to respective House Committees for oversight purposes and tracking of implementation by departments.

The legislature also utilises questions and motions as oversight tools to hold the Executive accountable. In the period under review, 1 269 questions were processed. The processing<sup>2</sup> of Members' questions for oral and written responses involved, editing the questions for compliance with the Standing Rules, communicating them to the Executive, publishing them in the Order Paper as well as managing responses to questions. A total of 1 001 written responses<sup>3</sup> were received in this reporting period.

In addition, a total of 19 motions were passed by the House. The motions covered amongst others, the following topics: the provision of re-usable sanitary towels by community-based clinics, alignment of provincial budgetary allocations with Gauteng's Transformation, Modernisation and Re-industrialisation Programme; consequence management, effective options for maintaining and constructing social infrastructure, and the virtual spatial mapping model of Gauteng City Region. The processing of motions meant that all 19 substantive motions after approval by the Rules and Programming Committee were subsequently placed on the Order Paper for debate and voting in the House plenary.

To further improve oversight and scrutiny over the Executive, the legislature conducted an evaluation of the effectiveness of the oversight tools. The evaluation focused on the following oversight tools: resolution tracking, motions, questions and committee inquiries as tools of

oversight. The recommendations of the study will be implemented in the next financial year.

The Gauteng Petitions Act requires that the legislature provides a platform for the people of Gauteng to submit their petitions or complaints to the legislature. The processing of petitions involved rendering administrative support to the Standing Committee, communication of the adopted petitions to the relevant Authorities as well as the outcome of processing the petition to relevant Petitioners. The petitions as an oversight mechanism allowed Petitions Standing Committee on behalf of Petitioners to facilitate, oversee and demand action on the backlogs and / or queries relating to service delivery issues from the provincial departments.

In the period under review, a total of 172 petitions were tabled by the Petitions Standing Committee. These comprised of 90 new petitions, 23 petitions proposed for closure, and 59 petitions heard through internal and external hearing for provincial departments to provide responses. Of the 90 new petitions, 81 were adopted, while nine were rejected as they did not meet the requirements as defined in the Act. In addition, 23 petitions were closed, while 59 remain open. The latter will be further processed in the next reporting periods.

On the public participation front, several workshops were conducted in support of the legislature business such as House Sittings and sector parliaments. Public education, with a particular focus on civic education, was central to the work undertaken in this reporting period.



<sup>1</sup> The responsibility for responding to resolutions rests with the Executive to whom the resolutions are put.

<sup>2</sup> The Processing of questions is two pronged as detailed – communication to the executive and responses received from the executive

<sup>3</sup> The responsibility for responding to questions in writing rests with the Executive to whom the questions are put.

A total of eight (8) sector parliaments and stakeholder engagements took place as listed in the table below.

#	Sector Parliament Focus	Venue	Date
1	Workers Indaba	Ekurhuleni Municipal Chamber	13-14 Jun 2017
2	Youth Parliament	NASREC Expo Centre	15-Jun-17
3	Children's Parliament	Vereeniging Banquet Hall	10 Jul 2017
4	Women's Indaba	Birchwood Hotel	31-Aug-17
5	Senior Citizens Parliament	Alex San Kopano Hall	17-Oct-17
6	Lesbians, Gays, Bisexual, Transgender & Intersexual (LGBTI) Parliament	Committee Room C	10-Nov-17
7	Commercial Sex Workers Parliament	Committee Room C	10-Nov-17
8	Persons with Disabilities Seminar	Birchwood Hotel	07-Dec-17

Sector parliaments are a tool that the GPL uses to enhance public participation and to deepen democracy by involving specific targeted groups. In addition, various feedback sessions were held to report back on the resolutions emanating from the sector parliaments or community queries raised during the Taking Legislature to the People activities.

In this reporting period, the legislature continued to use of technology to improve efficiencies in the work of the House and to extend the reach to communities within and beyond the province. For example, the GPL has enhanced the way it communicate its work so as to improve the public's understanding of its role and the work that it does. There has been an increased presence on broadcast and social media. Social media, especially Facebook and Twitter, is used as a critical source of informing the public about GPL's various initiatives, including key events and topical issues that affect the people of Gauteng. This year, using social media as an entry point to effective public participation, the number of people reached increased to 101 665. Social media, especially Facebook and Twitter, accounted for 90% percent of this reach, while the other mediums accounted for the remaining 10%. This represents noteworthy improvements; however, the legislature will continue to strengthen the use of social media to engage with the public and make its work more visible and accessible to all.

There has also been improved access to public representatives through the broadcast media. Chairpersons of Committees have been on various community TV and radio stations in an attempt to engage directly with the public to improve their understanding of the work of the legislature, but also to provide feedback on service delivery matters, mainstream media and increase contact with the public on key events and topical issues that affect the people of Gauteng. For example, interviews conducted were to raise awareness on the Provincial Petition's Week, sensitisation of the public on the Plant Improvement Amendment Bill [B 8B-2015], Plant Breeder's Rights Bill [B 11B-2015] hearings, etc. The institution also hosted a successful first Sitting of the 2018 fifth session of the Legislature at the GPL Precinct, under the theme, "*Making your future work better, Learning from Madiba*".

As part of the continuous involvement of the people of Gauteng in the business of the legislature, the GPL hosted a successful first sitting of the 2018 Fifth Session of the Legislature at the GPL Precinct, under the theme 'Making your future work better, Learning from Madiba'. Other events that were hosted in the reporting period include, among others, the following: the National Commemorative Days such as the Freedom Day and the Worker's Day, and launched the Men's Forum were launched during Women's month



as part of a campaign to fight against the abuse of women and children. The activities of the Men's Forum included a visit to the Juvenile Centre at correctional services in Pretoria, undertaking the Citizens Responsibility Campaign (CRC), and the Hlwekisa Campaign which entailed the clean-up of two taxi ranks in the City of Johannesburg.

In the same month, the GPL hosted the 3rd Annual Vita Basadi Awards to recognise excellence by Gauteng women in various industries and acts of community service throughout the city region. Through this initiative, the Honourable Speaker - Ntombi Mekgwe - honoured at least 20 Gauteng women in eight (8) general and two (2) special categories who make a positive impact in their communities without reward.

*The following tables shows the award category, the name of the winner and the runner-up in each category:*



The law-making power in Gauteng is vested in the Gauteng Provincial Legislature by the Constitution. Section 114 (1) of the Constitution mandates it to consider, pass, amend or reject any Bill before it and initiate or prepare legislation. The legislature also participates in the National Council of Provinces (NCOP) to ensure that all the Bills passed by parliament represent the interests and needs of the people of Gauteng. In the period under review, GPL considered at least 11 Bills. This includes Bills referred to the legislature by the NCOP and those introduced in the provincial legislature. The Provincial Bills deliberated upon and finalised include the main Appropriation Bill, the Second Adjustment Appropriation Bill as well as the Gautrain Management Agency Amendment Bill.

In fulfilment of its constitutional duty to facilitate public participation in its legislative processes, efforts were made to garner meaningful involvement of the Gauteng public and other interested parties through public hearings and calls for written submissions. Other key efforts regarding

the processing of Provincial and NCOP Bills included procedural and legal advice, research support for content analysis and public engagement. The table below indicates the Acts that were passed or mandates given by the GPL during the year under review.

Type of Bill	Name
NCOP Bills	<ul style="list-style-type: none"> <li>» Traditional Leadership and Governance Framework Amendment Bill [B 8-2017]</li> <li>» Plant Improvement Amendment Bill [B 8B-2015]</li> <li>» Plant Breeder's Rights Bill [B 11B-2015]</li> <li>» Mineral, Resources Development Amendment Bill [B 15B-2013]</li> <li>» Division of Revenue Bill x 3 [B42017, B24-2017, B2-2018]</li> </ul>
Provincial Bills	<ul style="list-style-type: none"> <li>» Gauteng Appropriation Bill x 2 [G002-2017; G001-2018]</li> <li>» Gauteng Second Adjustment to Appropriation Bill [G002-2018]</li> <li>» Gautrain Management Agency Amendment Bill [G001B-2017]</li> </ul>

In fulfilling its mandate of co-operative governance, the legislature contributed towards the celebrations of the 20 years of the Constitution and the 20 years since the establishment of the NCOP. The contribution entailed infusing the work relating to the celebrations in the business of the legislature. Important to mention was the successful hosting of the thought leadership seminar which reflected on the evolution of the Constitution, the judiciary and parliament, specifically the NCOP.

#### Performance indicators

##### Programme 4: Core Business

Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
<b>Improved accountability by the Executive to the Legislature in respect of service delivery</b>	Number of Sector Oversight Model (SOM) imperative reports produced	New indicator	43 quarterly oversight reports	Achieved: 49 Quarterly Oversight Reports produced	Deviation: 6 quarterly oversight reports: - 4 quarterly oversight reports; 2 special reports produced on the Appropriation Bill, and the 2nd Adjustment on the Appropriation Bill.	Additional 6 reports produced.
		New indicator	30 annual oversight reports	Achieved: 30 annual oversight reports produced	No deviation	Not applicable
		New indicator	21 Committee FIS reports	Achieved: 21 Committee FIS reports produced	No deviation	Not applicable
	Percentage of resolutions processed by the House	100%	100% of resolutions processed	Not Achieved with significant work done: 96% of resolutions processed	Deviation: 4% Out of 538 resolutions taken by the House, 503 were processed.	Improve management oversight on the business process flows and turn-around time of communicating House resolutions. The outstanding 35 will be processed in the next reporting period.

<sup>4</sup> Refer to processing of questions in page 39  
<sup>5</sup> Refer to processing of petitions in page 39

Programme 4: Core Business						
Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
<b>Improved meaningful involvement by the public in legislature business</b>	Percentage of questions processed by the House	100%	100%	Achieved: 100% ('1269 written and oral, as well as 1 001 replies from executive) of questions processed	No deviation	Not applicable
	Percentage of motions processed by the House	100%	100%	Achieved: 100% (19) motions processed.	No deviation	Not applicable
<b>Increased responsiveness of laws to meet the needs of the people of Gauteng</b>	Percentage of petitions processed in accordance with the relevant legislation	New indicator	100%	Not Achieved – significant work done: 87% petitions processed	Deviation: 13% of petitions not processed	Petition process flow and management will be improved. The outstanding petitions will be processed in the next reporting periods.
	Percentage increase in the people of Gauteng who participate in the business of the GPL	0.002% (25820)	5% (27 111)	Achieved: 294% (101 665)	Deviation: Target is exceeded by 289% (74 554) due to the exploitation of social media.	Social media has significantly increased the number of people who virtually participate in the business of the legislature. Planning for this target for 2018/19 will consider actual achievement for this financial year.
<b>Increased responsiveness of laws to meet the needs of the people of Gauteng</b>	Percentage of Bills processed by the GPL	100%	100%	Achieved: 100% (11 Bills processed)	No deviation	Not applicable

#### Strategy to overcome areas of underperformance

For the two targets not achieved, percentage of petitions processed in accordance with the relevant legislation and percentage of resolutions processed by the House, focus will be to review and improve management oversight on the business process flows and turn-around time of processing petitions and communicating House resolutions.

#### Changes to planned targets

Changes to planned targets include the discontinuation of two indicators: percentage increase in public submissions and percentage increase in public submissions received annually. Furthermore, two targets were recrafted: percentage closed

versus open resolutions and percentage increase in utilisation of public submission. The two were recrafted as percentage of resolutions processed by the House and percentage petitions of processed in accordance with the relevant legislation respectively. One new indicator, number of Sector Oversight Model imperative reports produced, was introduced.

#### The Outlook

In the next financial year, the GPL will focus on the implementation of the recommendations emanating from all the work completed with respect to the Re-engineering of Public Participation project. This will also include concluding the last deliverable of the project which is the baseline assessment of public participation

in the GPL which reflects on how the legislature has evolved in this area and how it should perform in future. The improvements required around oversight and scrutiny as per the recommendations of the evaluation of the effectiveness of the oversight tools will also be implemented in the 2018/2019 financial year.

The GPL will, in the next reporting period, conduct a perception survey to understand how it is perceived by the people of Gauteng. The outcomes of the survey will assist the institution in its commitment to continuous learning and improvement of its business operations, and how the institution as the voice of the people connects with the public that it serves.

## Programme 5:

### 3.5 Chief Financial Officer's Office

The purpose of the programme is to provide professional financial, risk and supply chain management services to stakeholders for the realisation of the GPL strategic goals and objectives. The office strives to raise financial resources equitably to ensure adequate funding for the implementation of the Institutional strategic plan whilst promoting effective financial management in respect of revenue, expenditure, assets and liabilities.

The office promotes strong financial, supply chain and risk management practices through partnership processes with all programmes of the GPL. It provides effective and efficient management of all financial resources through the implementation of best business practices by linking strategic planning, budgeting and reporting. The office is also responsible for ensuring continuous implementation of all relevant financial legislation to enhance the fiscal stability, accountability and integrity of the GPL.

Programme 5 is a custodian to governance processes as they pertain to financial management, supply chain management, as well as audit and risk management. The programme also ensures resource allocation and management in support of institutional programmes.

This programme contributes towards Strategic Objective 5, i.e. Enhanced public confidence in the governance and leadership of the legislature.

#### Summary of Achievements

The programme promoted strong financial, supply chain and risk management practices through partnership processes with all programmes of the GPL and stakeholders for the realisation of the institutional strategic goals and objectives. Finance, Supply Chain and Risk Management activities were increasingly aligned and managed to promote good governance. This enhanced a continuation of economic, efficient and effective utilisation of resources for the achievement of the GPL's objective. The programme continued with its objective of ensuring that the GPL achieves its stated objectives with limited resources, by implementing cost-cutting measures and prioritising activities and projects. In

line with Section 51 of FMPPLA, financial reports were prepared on a monthly basis and submitted to both internal and external stakeholders within 15 days of each month.

Significant achievements during this reporting period include the sustaining of the clean audit outcome. The programme coordinated and facilitated the 2016/2017 regulatory audit by the Auditor-General of South Africa, in line with FMPPLA. The 2016/2017 final audit report was issued before the end of July 2017 and the GPL, once again, achieved an unqualified audit opinion with no matters of emphasis. An external audit strategy was immediately updated to address the AG's reported findings. The implementation of the action plans was monitored throughout the period. The final Audit Plan for 2017/2018 was presented to the Audit & Risk Committee for acceptance and approval.

In this reporting period, the GPL institutional Governance Framework and associated implementation plan was developed and presented to the LSB and its committeees. The Governance Framework was duly adopted for implementation in the 2018/2019 financial year. Furthermore, the GPL implemented the Risk Management Plan. This involved the Audit & Risk Committee, Risk

Management Committee, implementation of GPL Risk Mitigating Plans, as well as fraud risk assessment and operational risk assessment for all subunits.

In improving the supply and demand value chain as well as to ensure improved facilitation of requisitions, demand plans for all programmes were prepared to facilitate requisitions for goods and services in this reporting period. Furthermore, existing suppliers in the database were vetted and the non-vetted suppliers were removed from the database. During this period, legislature made strides in implementing the revitalisation of township economies. Thus, in response to the GPL imperative of *Taking the Legislature to the People*, township businesses were prioritised and allocated business in line with the (ownership) Economic Revitalisation (TER) Programme. Provision for the promotion of BBBEE is also made in our SCM policy to further emphasise the seriousness that is orchestrated by both the Acts. The programme ensured monthly reporting of HDIs, PWDs, women and youth participating in procurement processes.

All the above activities contributed to enhanced public confidence in the governance and leadership of the legislature which has a direct impact on becoming a responsive legislature that fosters public confidence.



### Performance indicators

Programme 5: Chief Financial Officer's Office						
Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Enhanced public confidence in the governance and leadership of the Legislature	Results of the audit outcome	Clean audit outcome achieved	Results of the audit outcome	Achieved: Clean audit outcome achieved	No Deviation	Not Applicable

### Changes to planned targets

No changes have been made to this programme's performance indicators or targets during the reporting period.

### The Outlook

The programme will continue to promote strong financial, supply chain and risk management practices through partnership processes with all programmes of the GPL and stakeholders for the realisation of the institutional strategic goals and objectives.

Through this process, it will further provide effective and efficient management of all financial resources through the implementation of best business practices whilst ensuring adherence to all applicable statutory and regulatory requirements.

**The programme will strive to raise financial resources equitably to ensure adequate funding for the implementation of the Institutional strategic plan whilst promoting effective financial management in respect of revenue, expenditure, assets and liabilities.**

The programme will continue with its objective of ensuring that the GPL achieves its stated objectives with limited resources, by implementing efficiency and cost cutting measures and prioritising activities and projects.

## 4. Transfer Payments

### 4.1 Transfer Payments to Political Parties / Political Party Funding Transfers

In this reporting period, the GPL fulfilled the requirements of Section 236 of the South African Constitution which promotes multi-party democracy and, in particular, funding of political parties participating in the provincial legislatures on an equitable and proportional basis.

The Political Party Funding and constituency allowances are paid to political parties that are represented in the GPL. The main objective of the payment of a constituency allowance, on one hand, is to

enable parties represented in the GPL to establish and maintain infrastructure to serve the interests of their constituents. The political party funding, on one hand, allows each party represented in the GPL to establish and maintain its own administrative infrastructure within the GPL precinct; enable Members to obtain the required training to fulfil their constitutional mandate as well as to enable them to attend party political meetings in the interest of the GPL.

Section 236 of the Constitution promotes multi – party democracy and in particular funding of political parties participating in provincial legislatures on an equitable and proportional basis. A total amount of R114.9 million was transferred to Political Parties. Details of transfers to parties during the year is reflected in the table below:

Name of Political Party	Political Party Funding	Constituency Funding	Total Amount Transferred
African National Congress	36 729	21 120	57 849
Democratic Alliance	22 407	12 144	34 551
Economic Freedom Front	9 657	4 224	13 881
Inkatha Freedom Party	3 436	528	4 247
Freedom Front Plus	3 851	528	4 379
<b>Total</b>	<b>76 079</b>	<b>38 544</b>	<b>114 907</b>

The expenditure of public funds by political parties is carefully regulated and closely monitored. The financial effect of this distribution is reflected in the Annual Financial Statements of the fund. In instances where any party did not comply with the provisions of the Gauteng Political Party Fund Act, funds were withheld accordingly.

## 5. Donor Funds

### 5.1 Donor Funds Received

The GPL received donations from two companies, i.e. Standard Bank of South Africa and Heineken. The total amount received for the 2017/2018 financial year is R250 000. The donation received was totally spent during the 2017/2018 financial year. The donation was received in cash through the transfer of funds into the GPL's bank account.

The details of each donation are as follows:

Name of Organisation	Nature of Donation/ Sponsorship	Amount
Standard Bank of South Africa	Official Opening of the Gauteng Legislature	R200 000
Heineken	Hosting of the 3rd Vita Basadi Awards	R50 000

## 6. Capital Investment

### 6.1 Capital investment, maintenance and asset management plan

In this reporting period, no major capital investments were made or maintained by the GPL. The safeguarding of GPL's assets remained a priority as prescribed by FMPPLA. All assets within the GPL were physically verified through stocktake exercises conducted at mid- and end-year. The legislature maintained and updated an asset register that adheres to the requirements of relevant prescripts. The asset register is updated immediately with acquisitions, disposals and any other movements of assets.

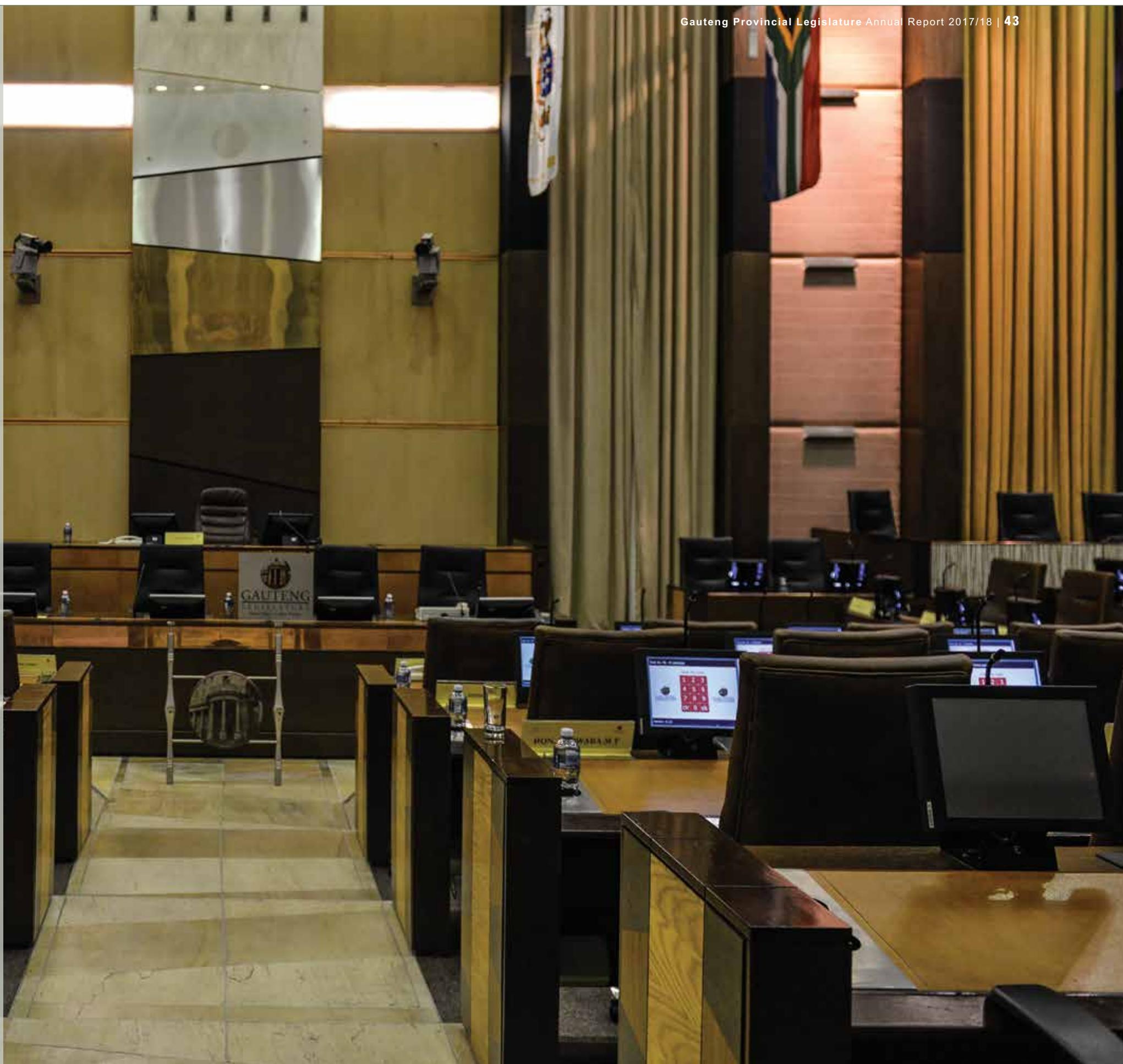
In line with the GPL Strategy, replacing and disposing of old and redundant equipment that no longer support effective GPL service delivery was undertaken. All assets that could not be cost-effectively repaired or refurbished were disposed of. All stolen and lost assets were dealt with in line with the GPL policy on the management of losses. Furthermore, all losses due to theft were investigated and recommendations were made on whether to recover the loss or to write it

off. The number of losses due to theft was relatively low. All losses were removed from the asset register after approval. All new assets were updated and asset verification was conducted to ensure that all changes in the asset register are updated.

Continued efforts were made to strengthen the overall control of assets and compliance was monitored on an ongoing basis. The table below provides a list of all infrastructure-related projects undertaken during this reporting period. These are mainly maintenance and repairs due to the ageing or normal wear and tear of infrastructure.

**Out of the total budget of R20,9 million which was allocated for the infrastructure projects, R2,6 million was spent in this reporting period. This represents 13% spent.**

Corporate Support Services			
Description	Approved budget 2017/18	Expenditure to date	(over)/under
SAGE Project	R3 728 778	R1 431 837	R2 296 941
Business enhancement project	R7 550 000	R621 733	R6 928 267
Installation of close circuit television to HHP, precinct and city hall	R1 700 000		R1 700 000
Upgrade of aged infrastructure - Roof Covering, Structure & Waterproofing	R500 000	R82 033	R417 967
Upgrade of aged infrastructure - plumbing & drainage - main building	R500 000	0	R500 000
Upgrade / remedial works to exterior of building.	R500 000	0	R500 000
Replacement of aged infrastructure / upgrade - Fire detection / suppression detection systems	R500 000	0	R500 000
Rehabilitation of west wing	R500 000	0	R500 000
<b>Total</b>	<b>R15 478 778</b>	<b>R2 135 603</b>	<b>R13 343 175</b>
Office of the CFO			
Replacement of auditorium video wall	R4 600 000	0	4 600 000
Replacement of House sitting chairs	R800 000	R500 050	299 950
<b>Total</b>	<b>R5 400 000</b>	<b>R500 050</b>	<b>R4 899 950</b>
<b>Grand Total</b>	<b>R20 878 778</b>	<b>R2 635 653</b>	<b>R18 243 125</b>
Percentage spending		13%	87%



# PART

# C

**'Making Your Future Work Better  
– Learning from Madiba'**



# GOVERNANCE





## GOVERNANCE



HON. NOMANTU NKOMO-RALEHOKO  
Deputy Speaker

The legislature continuously strives to deliver on its key mandates and strategic objectives by entrenching risk management and internal controls in its day to day operations.

### 1. Introduction

The GPL's Corporate Governance Framework embodies the principles of the King reports where applicable, FMPPLA as well as structures, processes and systems that enable the legislature to maintain the highest standards of Good Governance.

Governance of the GPL is two-pronged, with the Legislature Services Board (LSB) as headed by the Executive Authority being held accountable by the Oversight Committee on the Premier's Office and the Legislature (OCPOL) while the Accounting Officer is held responsible by the LSB.

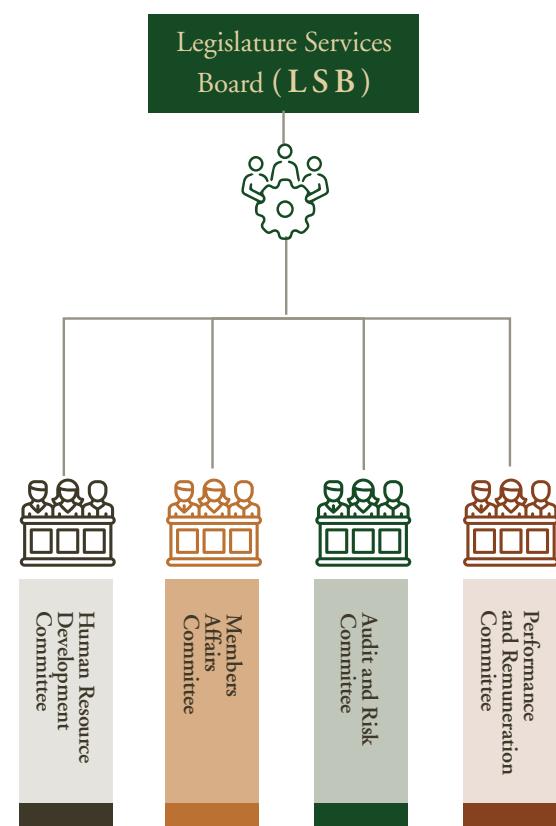
The LSB as supported by management is responsible for ensuring high governance standards in the GPL. The legislature continuously strives to deliver on its key mandates and strategic objectives by entrenching risk management and internal controls in its day to day operations. It is fully committed to integrity, transparency, fairness and accountability in all its operations

### 2. Corporate Governance Statement: The Gauteng Legislative Board Services (LSB)

The LSB was established in terms of the Legislature Services Act (Act No. 5 of 1996), the Public Finance Management Act (Act No. 1 of 1999), and the recommendations of the King IV Report, and the Protocol on Corporate Governance for Public Entities. The Board of Directors is appointed in terms of section (4)1 of the Legislature Act and comprises the Speaker of the Legislature, who acts as Chairperson of the Board; the Deputy Speaker, the Chairperson of Committees, the Leader of the Democratic Alliance, the Leader of IFP, the Leader

of ANC, two independent members nominated as per the recommendation of the Governance Review Audit, the Chairperson of the Audit and Risk Committee, and the Secretary to the Legislature. To ensure its efficient operation and in compliance with best practices and legislative requirements, the Board has four (4) sub-committees as depicted in below, and has appointed a Legislature Services Board Secretary (LSB Secretary) to assist the organisation in carrying out its mandate.

#### 2.1 The governance structure of the LSB



## 2.2 Compliance to Financial Management of Parliament and Provincial Legislatures Amendment Act, 2014

In executing its mandate, the Board has an obligation to formulate strategic, annual and operational plans; to allocate resources for the implementation of those plans and to monitor and report the results. The Financial Management of Parliament and Provincial Legislatures Act (FMPPLA), 2009 provides guidance with respect to the preparation of the strategic and annual performance plans and on reporting on the achievement of those plans. The purpose of the Act recognises that parliaments and legislatures must be governed by the democratic values and principles enshrined in the Constitution to promote and maintain a high standard of professional ethics in the financial management; to promote efficient, economic, and effective use of resources allocated to parliament, and to ensure the transparent, accountable and sound management of the revenue, expenditure, assets and liabilities of parliaments and legislatures.

The Act replaced the Gauteng Legislature's compliance to FMPPLA (2009) since it was constitutionally declared null and void. During the 2014/2015 financial year, the legislature started to comply with the provisions of the FMPPLA and continued to comply in the period under review.

- » to review and approve strategic plans, policies and operating budgets as well as to monitor financial performance and expenditure; and
- » to ensure accurate, concise, transparent and timely reporting.

## 2.3 The role and functions of the LSB

The LSB is ultimately responsible and accountable for the affairs and performance of the GPL and for ensuring the sustainability of the institution into the future.

*The Board's role includes, but not limited to, the following:*

- » to ensure that appropriate systems and procedures are in place to enable the GPL to conduct its business in an honest, ethical and responsible manner;
- » to ensure that effective audit, risk management and compliance measures are in place;
- » to review, assess and guide management in setting group strategy and business plans;

The LSB executes its responsibility by delegating authority to the LSB subcommittees and management. The functions of the LSB subcommittees are described comprehensively in the charters of these subcommittees.

**Powers delegated to management are prescriptive and controlled through delegations of authority to include only limited financial decision-making capacity without prior approval by the LSB.**

### Composition of the Legislature Services Board

---



**L N Mekgwe**  
Speaker



**Mike Madlala**  
Non-Executive Member



**Jack Bloom**  
Non-Executive Member



**Nomantu Nkomo-Ralehoko**  
Non-Executive Member



**Bonginkosi Dhlamini**  
Non-Executive Member



**Brian Hlongwa**  
Non-Executive Member



**Nandipha Madiba**  
Independent Non-Executive Member



**Sandile Luthuli**  
Independent Non-Executive Member



**Hlaleleni Dlepu**  
Independent Non-Executive Member



**Peter Skosana**  
Secretary to the Legislature

The Chairperson is appointed in terms of Section 4 of the Legislature Services Act. The role of the LSB Chairperson is to lead the LSB and provide overall leadership and strategic direction, to oversee the adoption of appropriate governance and financial management rules and principles, to manage oversight on the implementation of the GPL Strategy, to ensure that any potential conflicts of interest are managed properly and to ensure that the LSB meets the goals for each financial year. The Chairperson functions with the office of the Board Secretary who provides both administrative and professional support from a legal and governance perspective.

## 2.4 Composition of the LSB subcommittees and meeting attendance



**Human Resource Development Committee (8 Members)**

Names Of Members	Attendance Of Meetings
Uhuru Moiloa (Chairperson)	<b>4 of 5</b>
Nomantu Nkomo-Ralehoko	<b>5 of 5</b>
Siphiwe Mgcinia	<b>2 of 5</b>
Phillip van Staden	<b>1 of 5</b>
Joyce Pekane (Non-Executive Members)	<b>1 of 5</b>
Tshokolo Nong (Independent)	<b>4 of 5</b>
Siphelele Zulu (Independent)	<b>3 of 5</b>
Peter Skosana (Secretary to the Legislature)	<b>4 of 5</b>



**Members' Affairs Committee (16 Members)**

Names Of Members	Attendance Of Meetings
Ntombi Lentheng Mekgwe (Chairperson)	<b>3 of 3</b>
Uhuru Moiloa	<b>2 of 3</b>
Nomantu Nkomo-Ralehoko	<b>3 of 3</b>
Brian Hlongwa	<b>2 of 3</b>
Mike Madlala	<b>2 of 3</b>
Thokozile Magagula	<b>3 of 3</b>
Pinkie Busisiwe Mncube	<b>1 of 3</b>
Maggie Tlou	<b>2 of 3</b>
Mandisa Mashego	<b>0 of 3</b>
Phillip van Staden	<b>3 of 3</b>
Mike Moriarty	<b>0 of 3</b>
Refiloe Nt'sekhe	<b>2 of 3</b>
Fred Nel	<b>1 of 3</b>
Janet Sample	<b>0 of 3</b>
Bonginkosi Dhlamini	<b>1 of 3</b>
Peter Skosana (Secretary to the Legislature)	<b>2 of 3</b>



**Performance and remuneration committee (10 Members)**

Names Of Members	Attendance Of Meetings
Sandile Luthuli (Chairperson)	<b>4 of 4</b>
Ntombi Lentheng Mekgwe	<b>2 of 4</b>
Uhuru Moiloa	<b>4 of 4</b>
Nomantu Nkomo-Ralehoko	<b>4 of 4</b>
Joyce Pekane	<b>1 of 4</b>
Thokozile Magagula	<b>2 of 4</b>
Mpapa Kanyane	<b>0 of 4</b>
Zola Fihlani (Independent)	<b>2 of 4</b>
Given Sibiya (Independent)	<b>4 of 4</b>
Peter Skosana - Secretary to the Legislature	<b>4 of 4</b>



**Audit and Risk Committee (4 Members)**

Names Of Members	Attendance Of Meetings
Nandipha Madiba (Chairperson)	<b>7 of 7</b>
Victor Nondabula (Independent)	<b>5 of 6</b>
Roy Mnisi (Independent)	<b>6 of 7</b>
Japie du Plessis (Independent)	<b>0 of 1</b>

## 2.5 Appointment and Induction of LSB Members

The Board requires individuals with the necessary competence in order to fulfil its strategic role as the custodian of the institution's good governance. In exercising its duties, the Board is expected to act with due diligence and skill and members are required to have a sound understanding of the business of the legislature. Directors are appointed based on their proven record of accomplishment in public and private sector leadership roles and a wide-range of expertise gained in different fields. In addition, appointments to the Board reflect provincial and national demographics.

In moving with the spirit and objects of good governance, the Committee of Performance and Remuneration was also restructured with the Chairperson, Hon Ntombi Mekgwe, who is also the Chairperson of the Board resigning and making way for an independent Chairperson to lead the committee. In this position, Mr Sandile was appointed to lead this committee. Mr Luthuli is also a Board Member. An orientation programme for new directors is in place and was undertaken in this financial year to ensure that Board members are adequately trained and have the required knowledge of the structure and mandate of the institution, operations and policies, to enable them to fulfil their duties and responsibilities.

## 2.6 Charters

Each committee is governed by its own charter which is its terms of reference. These charters flow from the LSB Charter and they determine the mandate of each committee. Meetings of the LSB and its subcommittees are on an annual schedule and the LSB is required to conduct a minimum of four meetings per year. The subcommittees make recommendations to the LSB which is the final decision-making authority responsible for the development of internal policies and monitoring of strategic decisions of the Board.

## 2.7 Statement of commitment to the King IV Report

The Board recognises the need to conduct the organisation in accordance with the principles of the King Code of Corporate Practices and Conduct. These principles include discipline, independence, responsibility, fairness, social responsibility, transparency

and the accountability of directors to all stakeholders. A number of these principles are entrenched in the group's internal controls and policy procedures governing corporate conduct. The Board is satisfied that every effort has been made in the financial year which ended on 31 March 2018 to comply in all material aspects with King IV Report. Members participated in a workshop to review the GPL Governance Framework and its implementation plan.

## 2.8 Good Corporate Governance

In exercising good governance, the LSB has led the administration towards effective leadership based on an ethical foundation. Compliance, as any other business activity, took place within the context of strong leadership and sound governance principles.

The Board has strived to ensure its alignment with FMPPLA and King Reports on principles of good governance and improved accountability. The LSB ensures that the GPL complies with all applicable laws and policies and adheres to codes and standards. All these compliance responsibilities are very onerous, especially where the state is

involved. This is exacerbated by the fact that different single provisions in laws, policies, codes and standards cannot be read in isolation, but need to be interpreted in the context of the entire scope of compliance applicable to the GPL.

## 2.9 Fees for Non-Executive Members

Only external members (Non-Executive Directors) receive a fee for their contribution as members of the respective LSB subcommittees. Fee structures are recommended to the LSB by the Chairperson of the Performance and Remuneration Committee, based on market research of trends and levels for directors' remuneration. Further information on Board members' remuneration appears on page 114 of the AFS.

## 2.10 Evaluation of the LSB

The LSB carries out a self-evaluation process on an annual basis facilitated by the Office of the Board Secretary. The evaluation focuses on whether the LSB is fulfilling its mandate as contained in the LSB Charter as well as examining the effectiveness of the LSB. The conclusions from the evaluation are reviewed

by the LSB and, where appropriate, best practice recommendations are implemented.

## 2.11 Delegation of authority

The Secretary to the Legislature (CEO) has the LSB's delegated authority for the management of the GPL and functions with the assistance of the Executive Directors. The delegated authority imposes certain restrictions and conditions appropriate for the effective exercise of such delegated powers. However, the LSB has not delegated its responsibility and accountability.

## 2.12 Technology governance

Technology governance is vital to striking the right balance between holding on to our technology lead and service delivery. In line with King IV Report, technology governance forms part of our governance structures, policies and procedures. It forms part of the organisation's strategic and business processes and is managed by the Information Technology Unit. A well-defined technology strategy, which is clearly mapped to the IT governance principles of King IV has been adopted.



Each framework element is supported by evidence, including aligning technology strategy and business needs, delivering value and managing performance, information security, information management, risk management, business continuity management and compliance.

### 3. Risk management

The GPL recognises risk management as an integral part of responsible management and has, therefore, continued to implement the adopted Risk Management Policy and Strategy during the period under review, which is aligned to the COSO Framework, Committees of Sponsoring Organisations of the Treadway Commission. The objective of this policy is to identify, manage, control and respond to business, financial and operational risks that may adversely affect the performance of the GPL.

An annual strategic risk assessment informed by the strategic objectives of the GPL was conducted during April 2017 and presented to the Audit & Risk Committee accordingly. The Risk Management Committee met on a quarterly basis to consider progress regarding the mitigation of the identified risks. The strategic risks and associated action plans were communicated, on a quarterly basis, to the Legislature Services Board through the Chairperson of the Audit & Risk Committee on a quarterly basis. Operational risk assessments were also conducted at the sub-programme level during the reporting period. The identified risks and their mitigating controls were continuously tracked and progress on the implementation of action plans in the risk registers were monitored and reported to oversight structures on a regular basis.

The GPL implemented 'Year 4' of the adopted Five-Year Risk Management Plan and implementation progress was regularly monitored and further periodically reported to oversight structures.

### 4. Fraud and corruption

The GPL continued to implement the adopted Fraud Risk Management Policy and has also developed a Fraud Prevention Plan during the reporting period. Progress on the implementation of the Fraud

Prevention Plan was monitored throughout the period and progress reported to oversight structures which include the Risk Management Committee, Audit & Risk Committee and the Board on a quarterly basis.

The Anti-Fraud & Corruption Hotline, which the Public Service Commissioner (PSC) administers, remained operational during the period and Members, staff, service providers and the public are continuously encouraged to use the Hotline number to report possible or alleged incidents of fraud or corruption. Whistle blowers have the option to remain anonymous and are protected in terms of the Protected Disclosures Act, No 26 of 2000. There were no cases reported through the Anti-fraud and Corruption hotline, however, if case do get reported, these would be forwarded to GPL's Accounting Officer for further investigation. Various anti-fraud and corruption initiatives were implemented in line with the Fraud Prevention Plan to improve the overall management of fraud.

### 5. Code of Conduct

The Gauteng Provincial Legislature (GPL) strives for and expect the highest standards of ethical conduct and professional behaviour from Members of the Provincial Legislature (MPLs) and GPL employees. The revised Conflict of Interest and Code of Conduct for MPLs was adopted by the House. Also, the online disclosure of registrable interests (e-disclosure) for MPLs was developed which will assist MPLs to disclose electronically in the next financial year. In this reporting period, the due date for submission of disclosures was 6 March 2018. A total of 97% (72 of 73) Members submitted their disclosure forms by the due date.

On the other hand, the approved GPL Code of Conduct and Ethics Framework for employees is continuously used to ensure that senior managers and GPL staff declare their financial interests and execute their duties in accordance with ethical and professional standards of the GPL. The framework is also used to maintain the independence of the GPL in business matters and that decisions are not jeopardised because of unethical relationships with service providers and/or internal/external stakeholders. The declaration of interest process was concluded for the period under review.

### 6. Health safety and environmental issues

The GPL is committed to ensuring a safe and healthy workplace for all its employees, visitors and invitees. The legislature complies with all relevant legislation, in particular, the Occupational Health and Safety (OHS) Act (Act No. 85 of 1993). Most of the interventions implemented in this reporting period were aimed at increasing the minimum level of compliance with the provision of the Act and its regulations. This includes monitoring risks in the workplace, addressing reported incidents and raising awareness and responsibility among employees around serious diseases.

To ensure that occupational health and safety is properly embedded within the GPL, the Health and Safety Team, formed by an elected Health and Safety representative and two representatives from the employer, meets on a quarterly basis to deliberate and make recommendations on issues related to health and safety in the GPL. Furthermore, a total of 19 members of management were trained on the Occupational Health and Safety Act and Responsibilities of Management, four (4) members of the fire-fighting team were trained on emergency preparedness and an annual fire awareness was conducted and presented said findings at Risk Management Committee. A total of nine (9) injuries were reported. No fatal work-related injuries occurred in this period.

The Health and Safety team continues to provide advice and guidance to managers and staff to ensure they can meet the needs of the GPL in its compliance with health and safety legislation.



**Hon. Godfrey Tsotetsi**  
Chairperson of OCPOL

## 7. Oversight Committee on the Premier's Office and Legislature (OCPOL)

During this reporting period, the GPL appeared at all the required meetings before OCPOL Portfolio Committee meetings in the year under review. The table below shows an overview of questions raised by the Chairperson and other Members. These were addressed at the meetings and, in some instances, written responses were provided to the committee.



Subject	Details	Responses by the GPL	Resolved
<b>House Resolution 2017- 2018 Financial Year</b>	<i>The committee recommends that the GPL submits a detailed report by 31 January 2018 on the following:</i> <ul style="list-style-type: none"> <li>» Nature of resolutions and the timeline by when these resolutions will be closed.</li> <li>» The impact these resolutions have on service delivery</li> </ul>	The GPL responded to the request and submitted a report detailing the nature and timeliness of closing resolutions directed to the GPG Executives as well as the impact that these had on service delivery.	<b>Yes</b>
<b>FIS Report</b>	The committee requests the GPL to provide a response regarding the Building Management Progress Report on the Focused Intervention Study.	A comprehensive report addressing areas of concern raised in the FIS report on Building Management progress was submitted to the committee.	<b>Yes</b>
<b>Briefing by the GPL 2017/2018 on its First Quarterly Performance Report</b>	Questions emanating from the First Quarterly Report of the 2017/2018 Financial Year focused on the reasons for the underspending and its impact on planned activities, reasons for not filling vacant posts, and clarity on the mobile business contract	The GPL responded to the committee Members' questions in the meeting and a detailed reply was submitted upon the committee's requests for further information.	<b>Yes</b>
<b>Presentation/Briefing by the GPL on its 2017/2018 Third Quarterly Performance Report</b>	<i>Questions emanating from the Third Quarterly report focused on:</i> <ul style="list-style-type: none"> <li>» request for key lessons from GPL's participation in Inter-legislature forums such as the CPA;</li> <li>» progress made on the drafting of the National Integrity Legislation, effectiveness of the resolution-tracking mechanism;</li> <li>» provide reasons for underperformance at programme level, as well as a special presentation on progress made on the Re-engineering of Public Participation and Petitions</li> </ul>	GPL responded to the committee Members' questions in the meeting and a detailed reply was submitted upon the committee's requests for further information.  A presentation on progress made on implementing the Re-engineering of PPP was made to the committee.	<b>Yes</b>
<b>Presentation/Briefing by the GPL on its 2016/2017 Fourth Quarterly Performance Report</b>	<i>Questions emanating from the analysis and presentation of the 2016/2017 Fourth Quarterly Performance Report focused on the following:</i> <ul style="list-style-type: none"> <li>» request for plan to ensure that planned activities were undertaken and budget utilised as planned;</li> <li>» reasons for non-attainment of the stakeholders' satisfaction survey for MPLs on the administrative support they receive and non-achievement of legislative drafting planned for MPLs</li> <li>» provide terms for BBBEE targets for the 4th Quarter, performance on paying service providers within the 30-day period, indication of the proportions of Quarter 4 budget spent on Township Economy</li> </ul>	GPL responded to the committee Members' questions in the meeting and a detailed reply was submitted upon the committee's requests for further information.	<b>Yes</b>
<b>Presentation of the GPL's 2017/2018 APP and Budget Vote</b>	<i>Questions emanating from the analysis of the 2017/2018 Budget Vote focused on reasons for:</i> <ul style="list-style-type: none"> <li>» APP not disaggregating strategic objectives at programme and sub-programme level</li> <li>» Changing of names of sub-programmes within the Leadership and Governance Programme</li> <li>» Decline in allocation of Programmes 3 and 5</li> <li>» Upward allocation under both SCM and Risk Management subprogrammes</li> <li>» Role played by the Office of the Secretary relating to a target on the Multi-Party Women's Caucus as it is recorded as one of the cost drivers for this financial year</li> <li>» Planned budget allocation for Township Economy and businesses owned by People with Disabilities</li> </ul>	GPL responded to the committee Members' questions in the meeting and a detailed reply was submitted upon the committee's requests for further information.	<b>Yes</b>

## 8. Scopa Resolutions

Subject	Details	Response by the GPL	Resolved (Yes/No)
<b>Request for additional information emanating from SCOPA hearing on the outcomes of the investigations conducted by the Gauteng Legislature.</b>	Detailed information of the work performed by Ubusi Consulting (PTY) LTD on behalf of the Speakers' Forum	The GPL responded to the committee Members' questions in the meeting and a detailed reply submitted was upon the committee's requests for further information	Yes
	A report on the investigation report conducted by Ernest & Young related to the unanimous letter purporting, amongst others, recruitment irregularities in the legislature		Yes

## 9. Prior modifications to Audit Reports

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
N/A, Clean audit opinion achieved	2012/2013	N/A
N/A, Clean audit opinion achieved	2013/2014	N/A
N/A, Clean audit opinion achieved	2014/2015	N/A
N/A, Clean audit opinion achieved	2015/2016	N/A
N/A, Clean audit opinion achieved	2016/2017	N/A
N/A, Clean audit opinion achieved	2017/2018	N/A

The Audit Risk Committee approved the Internal Audit Plan for the year under review. The adequacy and effectiveness reviews on the internal control environment, risk management and governance processes were conducted accordingly. Internal Audit provided an overall assessment of the control environment to the ARC.

#	Auditable Area	Status
1	Financial Management	Completed
2	Supply Chain Management	Completed
3	Asset Management	Completed
4	Human Resource Management	Completed
5	SAP Basis Review	Completed
6	Enterprise Risk Management	Completed
7	Inventory Management	Completed
8	Fleet Management	Completed
9	Information & Knowledge Management	Completed
10	Audit of Predetermined Objectives (quarterly)	Completed

The Audit & Risk Committee met seven times during the reporting period, i.e. four (4) standard meetings, two (2) special meetings to consider the Annual Financial Statements, Annual Report and the audit report form the Auditor-General.

### The table below discloses relevant information on the Audit Committee Members:

Name	Qualifications	Internal or external	If internal, position in GPL	Date appointed	Date Resigned	No. of Meetings attended
Ms N Madiba CD(SA)	Chartered Directorship (IoDSA) MSc Financial Management-Part 1 (Post Graduate Diploma) Hons BCompt B.Com Acc Post Graduate Certificate : Advanced Taxation Diploma: Human Resources Management	External	N/A	1/8/2015	N/A	7 of 7
Roy Mnisi	LLB Degree	External	N/A	1/4/ 2013	N/A	6 of 7
Japie du Plessis	N Dip: State Accounts and Finance	External	N/A	1/8/2015	31/5/2017	0 of 1
Victor Nondabula	MBA - Finance and International Business	External	N/A	2/6/ 2017	N/A	5 of 6

## 10. Internal Audit and Audit Committee

The Internal Audit function was outsourced to an independent service provider, Nexia SAB&T, who continued to operate in line with the approved Terms of Reference and associated service level agreement. The service is based on the requirements of the FMPLA and Standards for the Professional Practice of Internal Audit of the Institute of Internal Auditors.

## 11. Audit and Risk Committee Report

### 1. Introduction

The Audit and Risk Committee is pleased to present its report for the period ended 31 March 2018. The report has been prepared in line with the Financial Management of Parliament and Provincial Legislatures Act (FMPPLA).

### 2. Committee responsibility

The Audit and Risk Committee (ARC) reports that it has complied with its responsibilities arising from Section 48 of FMPPLA.

The Audit & Risk Committee also reports that it has regulated its affairs in compliance with its Charter and has discharged all its responsibilities as contained therein. The committee went further in taking steps to enhance maturity of corporate governance at GPL by conducting research, through its chairperson, on the effectiveness of corporate governance principles within the Legislative Sector.

### 3. The effectiveness of internal control

The system of internal control applied by the Gauteng Legislature over financial systems and risk management is generally effective, efficient and transparent. The Internal Auditors provide the Audit & Risk Committee and Management with reasonable assurance as to whether the internal controls remain adequate, appropriate and effective. This is achieved by means of the risk management process, implementation of the internal audit plan as well as the identification of corrective actions and recommended enhancements to the controls and processes.

The internal audit function provided an objective and independent assurance to management and the ARC on the adequacy and effectiveness of controls within the GPL. The reported findings were monitored through the tracking register and reported to the RMC, ARC and ultimately to the Legislature Services Board.

There are some areas highlighted in the report of the Auditor General and the various reports by the Internal Auditors during the year, where internal controls require improvement and some corrective action. The Audit & Risk Committee is not only instrumental in requesting that corrective actions are taken in this regard but also in providing guidance on necessary enhancements to these controls and processes that influence GPL's compliance, risk and performance environment as well as responsibilities that GPL has to the external environment that it serves.

### 4. Effectiveness of Internal audit

The Internal Audit function was outsourced to an independent service provider, Nexia SAB&T, who continued to operate in line with the approved Terms of Reference and associated service level agreement. The service was based on the requirements of the FMPPLA and Standards for the Professional Practice of Internal Audit of the Institute of Internal Auditors. The ARC approved the Internal Audit Plan for the year under the review. The adequacy and effectiveness reviews on the internal control environment, risk management and governance processes were conducted accordingly.

The Audit & Risk Committee is satisfied that the Internal Audit function is operating effectively and that it has addressed the risks pertinent to the Legislature subsequent to the appointment of the outsourced Internal Audit service provider.

From the various reports of the Internal we conclude that the existing control environment provides reasonable assurance that the Legislature's goals and objectives are being achieved.

### 5. Performance management

The Audit & Risk Committee monitored implementation of the GPL's Annual Performance Plan in order to ultimately achieve the Institutions strategic objectives and delivering on its mandate and acknowledges year-on-year improvement in sufficiency of performance information reported.

### 6. Risk management

The Audit & Risk Committee also provides oversight over the GPL's enterprise-wide risk management activities. The Audit & Risk Committee considered quarterly Risk Management Committee Reports highlighting risk identified throughout the institution and management's mitigation processes thereof. The Strategic Risk Register for the 2017/18 period was considered and recommended to the LSB for adoption where after the Committee monitored the implementation of mitigating action plans on a quarterly basis. However, in consideration of the advancement of digitalization, and the impact this has on Cyber Security, the Committee acknowledges that there is a need to enhance risk management processes, especially in relation to information communication and technology (ICT) Governance. Implications of the fourth industrial revolution will be taken into account in enhancing assessment of the risk and compliance universe of GPL.

The implementation of the Five-Year Risk Management Plan, including the Fraud Risk Management Plan was regularly monitored.

### 7. In-year management and quarterly reports

The Audit & Risk Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer of GPL during the year under review.

### 8. Evaluation of Annual Financial Statements

*The Audit & Risk Committee has:*

- » Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor General and the Accounting Officer;
- » Reviewed the Auditor General of South Africa's management report and management's response thereto;
- » Reviewed changes in accounting policies and practices;
- » Reviewed the entity's compliance with legal and regulatory provisions.

### 9. Auditor General of South Africa

The Audit & Risk Committee has met with the Auditor General of South Africa to ensure that there are no unresolved issues.

The Audit & Risk Committee concurs with and accepts the Auditor General of South Africa's report on the annual financial statements, and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor General of South Africa.

### 10. Conclusion

The Audit & Risk Committee would like to thank the Legislature Services Board, the Secretary to the Legislature and management for their support and the corporate governance maturity displayed at all times. The Audit & Risk Committee is confident that through the guidance it provides, coupled with the cooperation by management and support by the board , on necessary enhancements to the controls and processes that influence GPL's compliance, risk and performance environment , GPL will continue to improve on delivering on its responsibilities to the external environment that it serves.



Ms N Madiba CD(SA)

Chairperson: Audit & Risk Committee

31 July 2018



**Hon. Thokozile Magagula**  
Chairperson of the MPWC

## 12. Transversal Mainstreaming

The objective of the transversal mainstreaming function is to provide strategic, operational and technical support to the political and administrative wings of the legislature on the mainstreaming of cross-cutting issues of gender, race, disability and youth. This function also supports the GPL Multi-Party Women's Caucus (MPWC), the GPL Commonwealth Women Parliamentarians (CWP), as well as political parties (on request) on matters pertaining to the mainstreaming of these cross-cutting issues in their operational processes. Support to mainstream cross-cutting issues is provided on all aspects of the GPL's operations, including mainstreaming in the GPL's constitutional mandates of oversight, law-making, public participation and cooperative governance, as well as mainstreaming in operational processes of the institution. The TMFP implements various strategies to support the GPL, including research, policy development, capacity development, stakeholder management and profiling of institutional structures to enhance public awareness.

This performance report provides a brief description of some of the measures taken to support the GPL in mainstreaming its transformation interventions.

### 12.1 Research

In 2016, the TMFP initiated a two-year project titled 'Transversal Mainstreaming Audit and Training Project' (TM Audit), which was intended to establish a basis for the GPL to improve both strategic and

operational efficiencies in the mainstreaming of cross-cutting issues of gender, race, disability and youth. The project was successfully completed in June 2017.

#### The project's objectives were to:

- » Assess the performance of the GPL on transversal mainstreaming against its internal policies and standards.
- » Identify transversal mainstreaming successes and challenges in the operational processes of the GPL.
- » Draw lessons and recommendations to improve performance on transversal mainstreaming, including areas of capacity building for Members, Management and staff.
- » Develop GPL-specific transversal mainstreaming training material as informed by the findings of the study.
- » Conduct training for the GPL community. The objectives of the study were achieved through exploring seven (7) aspects of the legislature, namely: political and administrative structures, law-making, oversight and scrutiny, public participation, cooperative governance and governance processes, including policy review, human resource management, supply chain management and finance. These objectives were further achieved through producing the following deliverables that are accessible from the GPL website:
- » An audit report detailing the findings of the study, extensive recommendations on the seven aspects of the GPL that were explored, norms and standards for transversal mainstreaming as well as tools for mainstreaming.
- » Background papers were produced and published, including legal deposits in the National Libraries.

The titles of the papers are as follows:

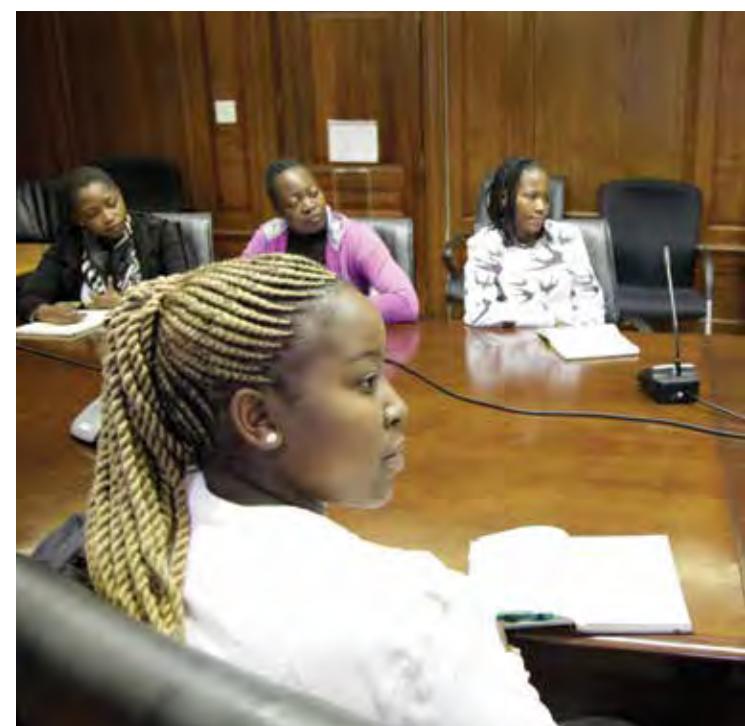
- International policy environment, which provides an international context for transversal mainstreaming in public and private institutions, including international instruments to which South Africa is a signatory.
- National and legislative policy environment, which brings the context closer to home, outlining some of the South African instruments that provide a legislative framework for mainstreaming issues of historically marginalised groups in the country.
- GPL internal policy environment, which outlines how the GPL has responded to both international commitments and national policy obligations through its internal policies.

- International audit methodology, which explores methodologies used internationally to conduct audits that seek to assess progress in the implementation of transformation programmes in public and private institutions.
- Norms and standards for transversal mainstreaming audits, which explore norms and standards that inform audits that seek to assess progress in the implementation of transformation programmes in public and private institutions.
- Transversal Mainstreaming Tools, including information-capturing templates, reporting formats and performance measures to inform planning.

### 12.2 Policy Development

A Transversal Mainstreaming Policy (TM Policy) was completed. It outlines the broad strategies to guide the GPL on mainstreaming gender and other cross-cutting issues in GPL's mandates of oversight, law-making, public participation and cooperative governance.

The policy emphasises areas of weaknesses and suggests approaches for addressing the weaknesses. It also



outlines performance measures to inform planning for executing the GPL mandates, roles and responsibilities, the desired governance processes and measures for accountability. The policy is currently undergoing internal approval processes.

### 12.3 Internal Capacity-Building on Transversal Mainstreaming

Capacity building to mainstream cross-cutting issues in the GPL is one of the key priorities of the TMFP support function.

*Thus, three sets of GPL-specific training material were developed as follows:*

- » One-day awareness training manual for staff, which focuses on the exploration of concepts and their implications on transversal mainstreaming in the workplace.
- » Two-day awareness and practical training manual for management, which focuses on concept exploration and mainstreaming in administrative support services.
- » Two-day awareness and practical training manual for GPL Members, which focuses on concept exploration and mainstreaming in the mandates of the legislature.

These training materials form an internal training programme that is sustained through annual planning and is centralised at the Members' Affairs Directorate and HR Unit.

During this reporting period, 41 members of the GPL community were trained to pilot the training materials described above. This team comprises 12 MPLs and 29 staff members.

### 12.4 Profiling of the GPL Multi-Party Women's Caucus (MPWC)

The MPWC envisaged to stimulate its visibility in mainstream media to promote awareness on its existence and social responsibilities to the people of Gauteng. As such, the MPWC was profiled in the Sunday Times' 5th edition of Celebrating Women Magazine 2017.

The MPWC also participated in the National Gender Mainstreaming Awards, where it was recognised for two Award Categories: Equal Representation and Participation Award as well as the Mainstreaming Human Rights Award.

### 12.5 Stakeholder Management

In response to a resolution of the CWP Africa Region, the TMFP initiated an e-Discussion Forum Project, an interactive site that will serve as a platform for women parliamentarians to engage in expert-facilitated dialogue on gender and human rights mainstreaming in parliamentary practices. Women empowerment initiatives were also implemented, including hosting 50 post-matric young women from all regions of Gauteng for mentorship by the GPL management, the Annual Vita Basadi Awards to recognise women who empower their communities through self-initiated projects, marches against gender-based violence, distribution of dignitary packs and other outreach initiatives.



# PART

D

**'Making Your Future Work Better  
– Learning from Madiba'**





# HUMAN RESOURCE



# HUMAN RESOURCE

## 1. Introduction

The Human Resource Section provides in-depth information on the human resource-related activities of the GPL for the year under review. Most of the information tends to be statistical, thus graphs and analyses are included to provide readers with a better sense of the impact or significance of the statistics reflected. Human resource management has increasingly moved to a strategic, value-adding service to the legislature. Despite the ongoing challenges of attracting and retaining the right skilled people at an affordable rate, the legislature achieved an overall vacancy rate of 4% for the year under review compared to the 6.9 % vacancy rate achieved during 2016/2017. The current resignation rate stands at 2%. The strategy to mitigate the risk of exiting staff is unpacked in the GPL's approved Workforce Plan. The filling of the critical positions of Director: Audit, Risk and Governance as well as the Procurement Manager has proved challenging, and as a result, the Talent Attraction Policy was reviewed, to address some of the issues that inhibit such recruitment.

Other key achievements include implementation of the Integrated Wellness Plan to ensure that employees achieve optimum levels of performance, while feeling cared for and supported in the work context.

With regard to employment equity, the legislature achieved above 50% on women and 3% for people with disabilities.

## 2. Legislation that Governs GPL Human Resource Management

The legislative framework takes into account, but not limited to, the following pieces of legislation:

- » Skills Development Act (Act No. 97 of 2008)
- » South African Qualifications Authority Act (Act No. 58 of 1995)
- » Employment Equity Act (Act No. 55 of 1998)
- » Basic Conditions of Employment Act (Act No. 75 of 1997)
- » Labour Relations Act (Act No. 66 of 1995)
- » Occupational Health and Safety Act (Act No. 85 of 1993)
- » Unemployment Contributions Act (Act No. 4 of 2002)
- » Compensation for Occupational Injuries and Diseases Act (Act No. 130 of 1993)
- » Remuneration of Public Office Bearers Act (Act No 20 of 1998): Determination of the Upper Limit of Salaries and Allowances of Premiers, Members of the Executive Council and Members of the Provincial Legislature



### 3. Overview of Human Resources

Human resources remain relevant in driving strategic posture and contributes immensely towards delivery standards in line with the GPL's Five-Year Strategy.

*The following areas have been singled out as key drivers and are discussed in depth below:*

#### **The status of human resources in the GPL**

In this reporting period, strides have been made to ensure that human resources remain a strategic driver of performance to support the achievement of the goals and objectives of the GPL. Part of this effort is the planned organisational review process to ensure the alignment between the GPL plan and structure.

The GPL experienced a protected strike which lasted for 11 days due to salary demands. The strike was amicably resolved. As a result, a No Work No Pay principle was applied. The GPL is also committed to promoting labour peace and engaging labour stakeholders adequately.

#### **Human resource priorities for the year under review and the impact thereof.**

These priorities are aimed at enhancing positive trajectory, which would further contribute to good governance as espoused in the King IV Report.

In this reporting period, a total of seven (7) policies were reviewed and approved as listed below:

- » Talent Attraction Policy
- » Integrated Performance Management System Policy
- » Remuneration & Benefits Policy
- » Grievance Policy
- » Leave Policy
- » Retirement Policy
- » Internship Policy

Furthermore, steps to review the organisational structure were taken. It is anticipated that the process will fully unfold in the next financial year.

#### **Employee performance management**

The institution is closing on outstanding IPMS cycles. The IPMS Policy was reviewed to address the institutional challenges in managing employee

performance, which were evidenced in the implementation of the 2010 IPMS Policy. The reviewed IPMS Policy will be operational in the 2018/2019 financial year.

#### **Employee Wellness Programme**

Human Resource Unit renders an integrated health and wellness service to employees and their immediate families where they receive assistance and support on problems that affect work performance. The annual clinical utilisation of the Employee Assistance Programme (EAP) is 16%, which increased by 4% from the previous year. The Executive Wellness assessments continue to be scheduled with Senior Managers. The gym is accessible to all employees and equipment is operational. All gym equipment is heritage serviced regularly.

The GPL's participation in the 702 Walk the Talk event was a huge success. The Integrated Wellness Plan was adopted and implemented.

In managing long periods of absenteeism due to temporary disability, the institution introduced an independent assessment of employees. This initiative has assisted the institution to address the challenge effectively.

#### **Human Resources Future Plans/Goals**

- » Organisational Structure Review, job evaluations, salary benchmarking, skills audits, and job matching and placements.
- » Effectively implement the IPMS Policy with the necessary support.
- » Automate human resource environment.
- » Alignment of the Institutional Balanced Scorecard to IAPP.
- » Review Total Cost to Company package to Basic Plus Benefit structure.
- » Integrate GPL to Sector Bargaining realm.
- » Integrate wellness process into a singular wellness structure.

### 4. Human Resource Oversight Statistics

#### **4.1 Personnel-related expenditure**

The following tables summarise the final audited personnel-related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- » Amount spent on personnel.
- » Amount spent on salaries, overtime, homeowners' allowances and medical aid.



**Table 4.1.1 Personnel expenditure by programme**

Programme	Total Expenditure	Personnel Expenditure	Training Expenditure	Professional and Special Services Expenditure	Personnel Expenditure as a % of total expenditure	Average personnel cost per employee
(R'000)						
Leadership (P1 – P3)	2 258	2 168	90.00	-	96.01%	2 168
Senior Management (P4 – P6)	35 020	34 995	25.00	-	99.93%	1 296
Management (P7 – P8)	73 047	72 775	272.00	-	99.63%	818
Professionals and technical workers (P9 – P10)	80 408	80 098	310.00	-	99.61%	611
Support Workers (P11 – P16)	69 789	69 592	197.00	-	99.72%	376
Interns/Contracts	3 012	3 012	-	-	100.00%	143
<b>Total</b>	<b>263 534</b>	<b>262 640</b>	<b>894.00</b>	<b>-</b>	<b>99.66%</b>	<b>5 413</b>

**Table 4.1.2 Personnel costs by salary band**

Salary band	Personnel Expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee
(R'000)				
Leadership (P1 – P3)	2 168	0.83%	1	2 168
Senior Management (P4 – P6)	34 995	13.32%	27	1 296
Management (P7 – P8)	72 775	27.71%	89	818
Professionals and technical workers (P9 – P10)	80 098	30.50%	131	611
Support Workers (P11 – P16)	69 592	26.50%	185	376
Interns/Contracts	3 012	1.15%	21	143
<b>Total</b>	<b>262 640</b>	<b>100%</b>	<b>454</b>	<b>5 413</b>

**Table 4.1.3 Salaries, Overtime, Homeowners' Allowance and Medical Aid by programme**

Programme	Salaries		Overtime		Homeowners' Allowances		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Leadership and Governance	18 195	118%	92	0.50%	0	0	0	0.00%
Office of the Secretary to the Legislature	11 774	0%	0	0.00%	0	0	0	0.00%
Corporate Support Service	68 484	77%	1 914	2.72%	0	0	0	0.00%
Core Business	125 606	96%	2 988	2.32%	0	0	0	0.00%
Office of the CFO	32 518	97%	198	0.60%	0	0	0	0.00%
<b>Total</b>	<b>256 577</b>	<b>95%</b>	<b>5 192</b>	<b>1.98%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>

**Table 4.1.4 Salaries, Overtime, Homeowners' Allowance and Medical Aid by salary band**

Salary Bands	Salaries		Overtime		Homeowners' Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Leadership (P1 – P3)	2 168	100%	-	0.00%	-	-	-	-
Senior Management (P4 – P6)	34 995	100%	-	0.00%	-	-	-	-
Management (P7 – P8)	72 719	100%	-	0.00%	-	-	-	-
Professionals and technical workers (P9 – P10)	77 441	97%	2 713	3.39%	-	-	-	-
Support Workers (P11 – P16)	67 113	96%	2 479	3.56%	-	-	-	-
Interns/Contracts	3 012	100%	-	0.00%	-	-	-	-
<b>Total</b>	<b>257 448</b>	<b>98%</b>	<b>5 192</b>	<b>6.95%</b>	-	-	-	-



## 4.2 Employment and Vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and the number of staff that are additional to the establishment, if any. This information is presented in terms of three key variables: programme, salary band and critical occupations.

The institution has identified critical occupations that need to be monitored. In terms of the current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

**Table 4.2.1 Employment and vacancies by programme**

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Leadership and Governance	23	22	4.35%	0
Office of the Secretary	16	14	12.50%	3
Corporate Support Services	147	140	4.76%	12
Core Business	224	214	4.46%	-1
Office of the CFO	50	50	0.00%	-3
<b>Total</b>	<b>460</b>	<b>440</b>	<b>4.35%</b>	<b>11</b>

**Table 4.2.2 Employment and vacancies by salary band**

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Leadership (P1 – P3)	1	1	0.00%	0
Senior Management (P4 – P6)	28	26	7.14%	4
Management (P7 – P8)	90	85	5.56%	0
Professionals and technical workers (P9 – P10)	134	128	4.48%	4
Support Workers (P11 – P16)	191	179	6.28%	6
Contracts/Interns	21	21	0.00%	2
<b>Total</b>	<b>465</b>	<b>440</b>	<b>5.38%</b>	<b>16</b>

**Table 4.2.3 Employment and vacancies by critical occupations**

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
0	464	440	4.3%	1
<b>Total</b> 0	<b>464</b>	<b>440</b>	<b>4.3%</b>	<b>1</b>

## 4.3 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the regulations, all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

**Table 4.3.1 Job Evaluation by Salary band**

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Leadership (P1 – P3)	1	0	0	0	0	0	0
Senior Management (P4 – P6)	17	0	0	0	0	0	0
Management (P7 – P8)	36	0	0	0	0	0	0
Professionals and technical workers (P9-P10)	186	0	0	0	0	0	0
Support Workers (P11 – P16)	179	0	0	0	0	0	0
<b>Total</b>	<b>419</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees were automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

**Table 4.3.2 Profile of employees whose positions were upgraded due to their posts being upgraded**

Beneficiary	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Employees with a disabilities					0

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

**Table 4.3.3 Employees with salary levels higher than those determined by job evaluation**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
	0	0	0	0
	0	0	0	0
Percentage of total employed				0

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

**Table 4.3.4 Profile of employees whose salary levels are higher than those determined by job evaluation**

Beneficiary	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Employees with disabilities	0	0	0	0	0
Total Number of employees whose remuneration exceeded the grade determined by job evaluation in 2017/18					0

#### Changes

This section provides information on changes in employment over the financial year. The turnover rates provide an indication of trends in the employment profile of the legislature. The following tables provide a summary of the turnover rates by salary band and critical occupations.

**Table 4.4.1 Annual turnover rates by salary band**

Salary Band	Number of employees at beginning of period:1 April 2017 – 31 March 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Leadership (P1 – P3)	1	0	0	0.00%
Senior Management (P4 – P6)	21	6	2	8.00%
Management (P7 – P8)	80	7	1	5.81%
Professionals and technical workers (P9 – P10)	128	3	10	4.96%
Support Workers (P11 – P16)	179	7	7	6.70%
Interns/Contracts	19	8	6	0.00%
<b>Total</b>	<b>428</b>	<b>31</b>	<b>26</b>	<b>5.77%</b>

**Table 4.4.2 Annual turnover rates by critical occupation**

Critical Occupation	Number of employees at beginning of period:1 April 2017 – 31 March 2018	Appointments and transfers into the legislature	Terminations and transfers out of the legislature	Turnover rate
0	0	0	0	0
<b>Total</b>				

**Notes**

The CORE classification, as prescribed by the DPSA, should be used for completion of this table.

The table below identifies the major reasons why staff left the legislature.



**Table 4.4.3 Reasons why staff left the Legislature**

Termination Type	Number	% of Total Resignations
Death	3	11.54%
Resignation	9	34.62%
Expiry of contract	2	7.69%
Dismissal – operational changes	0	0.00%
Dismissal – misconduct	1	3.85%
Dismissal – inefficiency	0	0.00%
Discharged due to ill-health	0	0.00%
Retirement	5	19.23%
Transfer to other Public Service Departments	0	0.00%
Other	6	23.08%
<b>Total</b>	<b>26</b>	<b>100.00%</b>
Total number of employees who left as a % of total employment	5.91%	

**Table 4.4.4 Promotions by critical occupation**

Occupation	Employees on 1 April 2017	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 4.4.5 Promotions by salary band**

Salary Band	Employees on 1 April 2017	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Leadership (P1 – P3)	1	0	0	0	0
Senior Management (P4 – P6)	21	0	0	0	0
Management (P7 – P8)	80	0	0	0	0
Professionals & technical workers (P9 – P10)	128	2	7%	0	0
Support Workers (P11 – P16)	179	9	5%	0	0
Interns/Contracts	19	0	0	0	0
Employees with disabilities	13				0
<b>Total</b>	<b>428</b>	<b>11</b>	<b>2%</b>	<b>0</b>	<b>0</b>

## 4.5 Employment Equity

**Table 4.5.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2017**

Occupational Band	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management (P03)	1	0	0	0	0	0	0	0	1
Senior Management (P4 – P6)	6	1	3	1	13	1	1	0	26
Professionally qualified and experienced specialists and mid-management (P7 – P8)	43	3	1	2	31	2	2	1	85
Skilled technical & academically qualified workers, junior management, supervisors, foreman and superintendents (P9 – P10)	57	0	1	2	59	3	2	4	128
Semi-skilled and discretionary decision making (P11 – P16)	63	1	0	0	102	5	3	5	179
Unskilled and defined decision making (interns/contracts)	5	0	0	0	16	0	0	0	21
<b>Total</b>	<b>175</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>221</b>	<b>11</b>	<b>8</b>	<b>10</b>	<b>440</b>
Employees with disabilities	7	0	0	1	2	0	2	1	13
<b>Age</b>	<b>18 – 34</b>	<b>35 – 49</b>	<b>50 – 59</b>	<b>60 – 69</b>	<b>70+</b>				
Leadership (P1 – P3)	0	0	1	0	0	-	-	-	-
Senior Management (P4 – P6)	2	17	6	0	1	-	-	-	-
Management (P7 – P8)	9	63	13	0	0	-	-	-	-
Professionals and technical workers (P9 – P10)	32	82	13	1	0	-	-	-	-
Support Workers (P11 – P16)	38	106	29	6	0	-	-	-	-
Employees with disabilities	0	8	4	0	1	-	-	-	-
Interns/Contracts	20	0	0	1	0	-	-	-	-
<b>Total</b>	<b>101</b>	<b>276</b>	<b>66</b>	<b>8</b>	<b>2</b>	-	-	-	-



**Table 4.5.2 Recruitment in 2017/2018**

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Leadership (P1 – P3)	0	0	0	0	0	0	0	0	0
Senior Management (P4 – P6)	1	0	0	0	4	0	1	0	6
Management (P7 – P8)	2	2	0	0	5	0	0	0	9
Professionals and technical workers (P9 – P10)	3	0	0	0	3	0	0	0	6
Support Workers (P11 – P16)	5	0	0	0	8	0	0	0	13
Interns/Contracts	1	0	0	0	7	0	0	0	8
Employees with disabilities	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>12</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>42</b>
<b>Age</b>	<b>18 – 34</b>	<b>35 – 49</b>	<b>50 – 59</b>	<b>60 – 69</b>	<b>70+</b>				
Leadership (P1 – P3)	0	0	0	0	0	-	-	-	-
Senior Management (P4 – P6)	2	3	1	0	0	-	-	-	-
Management (P7 – P8)	3	6	0	0	0	-	-	-	-
Professionals and technical workers (P9 – P10)	3	3	0	0	0	-	-	-	-
Support Workers (P11 – P16)	9	4	0	0	0	-	-	-	-
Interns/Contracts	8	0	0	0	0	-	-	-	-
Employees with disabilities	0	0	0	0	0	-	-	-	-
<b>Total</b>	<b>25</b>	<b>16</b>	<b>1</b>	<b>0</b>	<b>0</b>	-	-	-	-

**Table 4.5.3 Promotions**

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Leadership P1 – P3)	0	0	0	0	0	0	0	0	0
Senior Management (P4 – P6)	0	0	0	0	0	0	0	0	0
Management (P7 – P8)	0	0	0	0	0	0	0	0	0
Professionals and technical workers (P9 – P10)	0	0	0	0	2	0	0	0	2
Support Workers (P11 – P16)	4	0	0	0	5	0	0	0	9
Interns/Contracts	0	0	0	0	0	0	0	0	0
Employees with disabilities								0	
<b>Total</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>
<b>Age</b>	<b>18 – 34</b>	<b>35-49</b>	<b>50-59</b>	<b>60-69</b>	<b>70+</b>				
Leadership (P1 – P3)	0	0	0	0	0	-	-	-	-
Senior Management (P4 – P6)	0	0	0	0	0	-	-	-	-
Management (P7 – P8)	0	0	0	0	0	-	-	-	-
Professionals and technical workers (P9 – P10)	2	0	0	0	0	-	-	-	-
Support Workers (P11 – P16)	5	4		0	0	-	-	-	-
Interns/Contracts	0	0	0	0	0	-	-	-	-
Employees with disabilities	0	0	0	0	0	-	-	-	-
<b>Total</b>	<b>7</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	-	-	-	-

**Table 4.5.4 Terminations**

Occupational Band	Female				Male				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (P1 – P3)									0
Senior Management (P4 – P6)	0	0	0	0	1	0	0	1	2
Professionally qualified and experienced specialists and mid-management (P7 – P8)	2	0	0	0	2	0	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (P9 – P10)	4	0	0	1	2	0	0	0	7
Semi-skilled and discretionary decision making (P11 – P16)	4	0	0	0	3	0	0	0	7
Unskilled and defined decision making (interns/ contracts)	3	0	0	0	3	0	0	0	6
<b>Total</b>	<b>13</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>26</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0

**Table 4.5.5 Disciplinary action**

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
1	1	0	0	0	0	0	0	0	1

**Table 4.5.6 Skills Development: Training provided (Including Members)**

Occupational Category	Number of employees/ Members as at 1 April 2017	Training provided within the reporting period				Total
		Tertiary qualifications	Learnerships	Skills Programmes & other short courses		
Members	73			0	65	65
Leadership (P1 – P3)	1	0	0	0	1	1
Senior Management (P4 – P6)	26	6	0	0	12	18
Management (P7 – P8)	85	6	0	22	22	28
Professionals and technical workers (P9-P10)	129	35	0	52	52	87
Support Workers (P11 – P16)	178	31	0	35	35	66
Interns/Contracts	26	0	0			0
Employees with disabilities	12	0	0	2	2	0
<b>Total</b>	<b>515</b>	<b>78</b>	<b>0</b>	<b>177</b>	<b>177</b>	<b>265</b>

Occupational category	Trained employees								
	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Leadership (P1 – P3)	1	0	0	0	0	0	0	0	1
Senior Management (P4 – P6)	4	0	3	0	5	0	0	0	12
Management (P7 – P8)	10	3	0	1	7	0	1	0	22
Professionals & technical workers (P9 – P10)	15	1	1	1	30	0	2	2	52
Support Workers (P11 – P16)	13	0	0	0	22	0	0	0	35
Other	14	0	0	0	20	0	0	0	34
Employees with disabilities	1							0	
<b>Total</b>	<b>57</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>84</b>		<b>3</b>	<b>2</b>	<b>156</b>
Age	18 – 34	35 – 49	50 – 59	60 – 69	70+				
Leadership (P1 – P3)			1	-	-	-	-	-	-
Senior Management (P4 – P6)		10	2	-	-	-	-	-	-
Management (P7 – P8)	1	16	5	-	-	-	-	-	-
Professionals and technical workers (P9-P10)	14	34	4	-	-	-	-	-	-
Support Workers (P11 – P16)	11	21	3	-	-	-	-	-	-
Employees with disabilities				-	-	-	-	-	-
<b>Total</b>	<b>26</b>	<b>81</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 4.6 Performance Rewards

To encourage good performance, the legislature has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability, salary bands and critical occupations.

**Table 4.6.1 Performance rewards by race, gender, age and disability**

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African, Male	0	0	0	0	0
Asian, Male	0	0	0	0	0
Coloured Male	0	0	0	0	0
White Male	0	0	0	0	0
African Female	0	0	0	0	0
Asian Female	0	0	0	0	0
Coloured Female	0	0	0	0	0
White Female	0	0	0	0	0
Employees with disabilities	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
<b>Age</b>	<b>18 – 34</b>	<b>35 – 49</b>	<b>50 – 59</b>	<b>60 – 69</b>	<b>70+</b>
Number of beneficiaries	0	0	0	0	0
Number of employees	0	0	0	0	0
% of total within group	0	0	0	0	0
Cost (R'000)	0	0	0	0	0
Average cost per employee	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 4.6.2 Performance rewards by salary band for personnel below Senior Management Service

**Table 4.6.3 Performance rewards by critical occupation**

Critical Occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
	0	0	0	0	0
	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 4.6.4 Performance-related rewards (cash bonus) by salary band for Senior Management Service**

## 4.7 Foreign Workers

The tables below summarise the employment of foreign nationals in the legislature in terms of salary band and major occupation.

**Table 4.7.1 Foreign workers by salary band**

Salary Band	1-Apr-17		1-Apr-17		Change	
	Number	% of total	Number	% of total	Number	% Change
Contracts (Interns)	0	0%	0	0%	0	0.00%
Skilled (Levels 3-5) (P11-16)	1	20%	1	25%	0	5.00%
Highly skilled production (Levels 6-8) (P9-10)	0	0%	0	0%	0	0.00%
Highly skilled supervision (Levels 9-12) (P7-8)	3	60%	2	50%	-1	-10.00%
Senior management (Levels 13-16) (P3-6)	1	20%	1	25%	0	5.00%
<b>Total</b>	<b>5</b>	<b>100%</b>	<b>4</b>	<b>80%</b>	<b>-1</b>	<b>-20.00%</b>

**Table 4.7.2 Foreign workers by major occupation**

Major Occupation	1-Apr-17		1-Apr-17		Change	
	Number	% of total	Number	% of total	Number	% Change
Skilled Levels 3-5) (P11-16)	1	20%	1	25%	0	5.00%
Highly skilled supervision (Levels 9-12) (P7-8)	3	60%	2	50%	-1	-10.00%
Senior management (Levels 13-16) (P3-6)	1	20%	1	25%	0	5.00%
<b>Total</b>	<b>5</b>	<b>100%</b>	<b>4</b>	<b>80%</b>	<b>-1</b>	<b>-20.00%</b>

## 4.8 Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

**Table 4.8.1 Sick leave**

Salary Band	Total days	% Days with Medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2) Interns	59	44%	14	5.45%	4.21	10
Skilled (levels 3-5) (P11-P16)	644	73%	102	39.69%	6.31	305
Highly skilled production (levels 6-8) (P9-P10)	400	60%	67	26.07%	5.97	410
Highly skilled supervision (levels 9 -12) (P7-P8)	322	57%	52	20.23%	6.19	453
Top and Senior management (levels 13-16) (P3-P6)	177	67%	22	8.56%	8.05	376
<b>Total</b>	<b>1602</b>	<b>65%</b>	<b>257</b>	<b>100.00%</b>	<b>6.23</b>	<b>1 554</b>

**Table 4.8.2 Disability leave (temporary and permanent)**

Salary Band	Total days	% Days with Medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Leadership (P1 – P3)	0	0	0	0	0	0
Senior Management (P4 – P5)	0	0	0	0	0	0
Management (P7 – P8)	0	0	0	0	0	0
Professionals and technical workers (P9 – P10)	0	0	0	0	0	0
Support Workers (P11 – P16)	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The table below summarises the utilisation of annual leave:

**Table 4.8.3 Annual Leave**

Salary Band	Total days taken	Number of employees using annual leave	Average per employee
Contracts (Interns)	280	19	14.74
Skilled Levels 3-5) (P11-16)	3422	183	18.70
Highly skilled production (Levels 6-8) (P9-10)	2213	126	17.56
Highly skilled supervision (Levels 9-12) (P7-P8)	1513	84	18.01
Senior management (Levels 13-16) (P3-6)	415	26	15.96
<b>Total</b>	<b>7843</b>	<b>438</b>	<b>17.91</b>

**Table 4.8.4 Capped leave**

Salary Band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as at 31 March
Leadership (P1 – P3)	0	0	0	0
Senior Management (P4 – P6)	0	0	0	0
Management (P7 – P8)	0	0	0	0
Professionals and technical workers (P9 – P10)	0	0	0	0
Support Workers (P11 – P16)	0	0	0	0
Employees with Disabilities	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The following table summarises payments made to employees because of leave that was not taken.

**Table 4.8.5 Leave pay-outs**

Reason	Total Amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-outs for 2017/2018 due to non-utilisation of leave for the previous cycle	R0.00	0	R0.00
Capped leave pay-outs on termination of service for 2017/2018	R0.00	0	R0.00
Current leave pay-outs on termination of service for 2017/2018	R501.00	15	R33.40
<b>Total</b>	<b>R501.00</b>	<b>15</b>	<b>R33.40</b>

## 4.9 HIV/AIDS & Health Promotion Programmes

**Table 4.9.1 Steps taken to reduce the risk of occupational exposure**

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
--	------------------------------------

**Table 4.9.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)**

Question	Yes	No	Details, if yes
1. Has the legislature designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Mr Oliver Pillay HR Business Partner
2. Does the legislature have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.			Response is yes Two employees R1 605 000
3. Has the legislature introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this programme.	X		Psychosocial, legal and financial wellness. Employee Assistance Programme and Executive Wellbeing
4. Has the legislature established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		X	
5. Has the legislature reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.			Yes, it has. Talent Attraction Policy, Performance Management Policy, and Remuneration Policy
6. Has the legislature introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.		X	
7. Does the legislature encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.		X	
8. Has the legislature developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Utilisation of the EAP Clinic statistics Number of issues raised by employees through the EAP



## 4.10 Labour Relations

**Table 4.10.1 Collective agreements**

Subject Matter	Date
Salary increment negotiations concluded Recognition Agreement reviewed and signed	2017/2018 FY March 2017

The following table summarises the outcome of disciplinary hearings conducted within the legislature for the year under review:

**Table 4.10.2 Misconduct and disciplinary hearings finalised**

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	0	0
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	1	0.002%
<b>Total</b>	<b>1</b>	<b>0.002%</b>

**Table 4.10.3 Types of misconduct addressed at disciplinary hearings**

Type of misconduct (based on Annexure A)	Number	% of total
Assault	1	0.23%
<b>Total</b>	<b>1</b>	<b>0.23%</b>

**Table 4.10.4 Grievances lodged**

	Number	% of Total
Number of grievances resolved	3	0.7%
Number of grievances not resolved	0	0%
<b>Total number of grievances lodged</b>	<b>3</b>	<b>0.7%</b>

**Table 4.10.5 Disputes lodged**

	Number	% of Total
Number of disputes upheld	2	0.47%
Number of disputes dismissed	1	0.23%
<b>Total number of disputes lodged</b>	<b>3</b>	<b>0.70</b>

**Table 4.10.6 Strike actions**

Total number of working days lost	11
<b>Total costs for working days lost</b>	<b>5 172 243</b>
Amount (R'000) recovered as a result of the application of the No Work No Pay principle	5 172 243

**Table 4.10.7 Precautionary suspensions**

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost (R'000) of suspension	0

#### 4.11 Injury on duty

The following tables provide basic information on injury on duty:

**Table 4.11.1 Injury on duty**

Nature of injury on duty	Number	% of total
Required basic medical attention only	8	1.9%
Temporary Total Disablement	1	0.23%
Permanent Disablement	0	0%
Fatal	0	0%
<b>Total</b>	<b>9</b>	<b>2.1%</b>

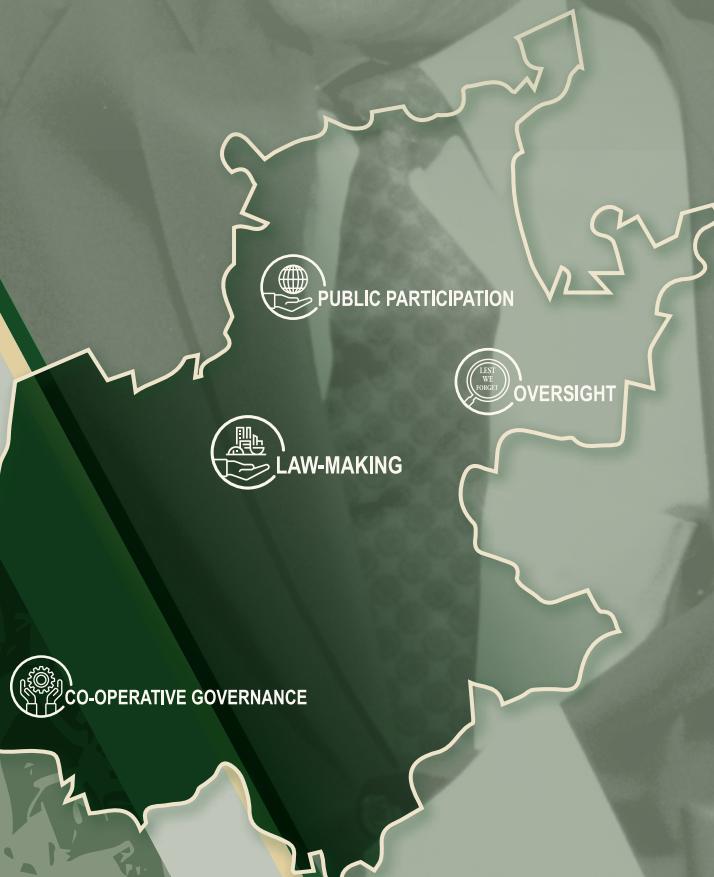


# PART



E

**'Making Your Future Work Better  
– Learning from Madiba'**



# FINANCIAL INFORMATION



	Actual Expenditure	Final Budget	Variance	Variance %	Completion %
Finance	47 496	51 710	4 214	8.2%	100.0%
Security	16 242	17 432	1 190	7.0%	100.0%
Services	303 599	305 531	2 932	0.9%	100.0%
Transport	224 671	244 310	19 639	8.7%	100.0%
Salaries	53 317	55 894	2 577	4.7%	100.0%
Total	645 325	674 898	29 573	4.4%	95.6%

## REPORT OF THE ACCOUNTING OFFICER

for the year ended 31 March 2018 to the Executive Authority and Provincial Legislature  
of the Republic of South Africa

### 1. General review of the state of financial affairs

The FMPLA requires the Executive Authority to ensure transparency, accountability and sound management of the revenue, expenditure, assets and liabilities of the Gauteng Provincial Legislature (GPL). This report then reviews the progress made during the reporting year by defining the main financial achievements against the key financial objectives of the GPL.

#### 1.1 Budgeting process

In executing its mandate, the GPL has an obligation to formulate strategic, annual and operational plans, allocate resources for the implementation of those plans, and monitor and report the results. During the year, the GPL reviewed its Planning, Budgeting and Reporting Framework that outlines each stage of the planning, budgeting, implementation, reporting, monitoring and evaluation cycle. The GPL continued to improve and implement various initiatives that sought to focus greater attention on the relationship between budgets and performance. Greater emphasis was thus placed on a budget process with the ultimate goal of arriving at a budget that is informed by strategic business objectives.

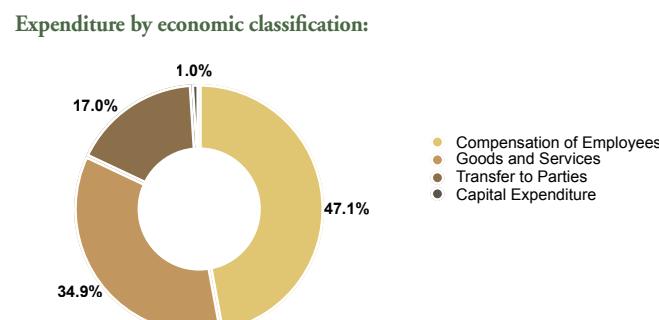
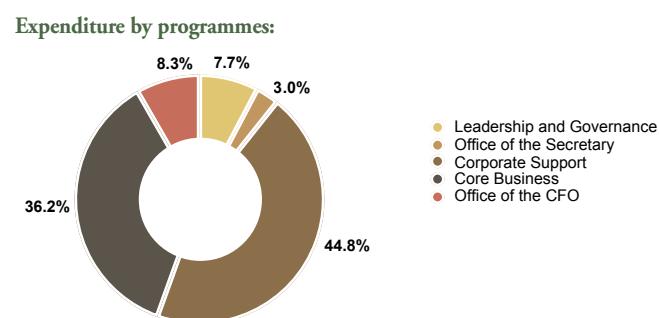
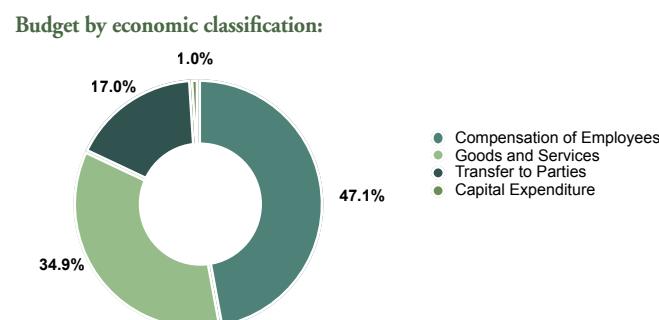
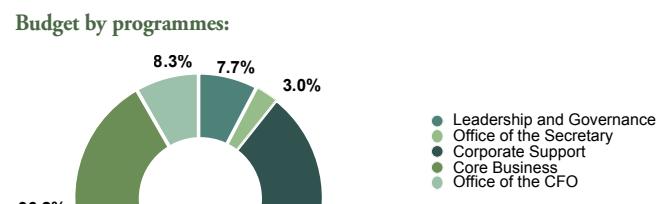
#### 1.2 Budget allocation

For the year under review, the GPL received a total budget allocation of R674.9 million to implement its annual performance plan. During the year, the projected expenditure to the end of the financial year identified the need for additional funding in respect of emerging priorities. In order to meet the additional funding requirements, the GPL first conducted a reprioritization exercise and further identified potential savings within the allocated budget.

The GPL has adopted a stance of fiscal responsibility by ensuring alignment between objectives and resources. Greater focus was applied on evaluating whether financial plans were consistent, realistic and affordable and to ensure more efficient use of resources in order to maximize the achievement of strategic objectives. Programmes were therefore required to cost their respective operational plans taking into account the priority activities that supported the broader strategic objectives of the institution. Emphasis was also placed on efficiency measures to ensure that the GPL does more with less. The Programmes financial plans were consolidated to produce the overall institutional budget.

The final budget allocation included an amount of R318.1 million for compensation of employees, R235.3 million for goods and services, R114.9 million for transfers to political parties and R6.5 million for capital assets. An additional amount of R71.7 million was also received as a statutory appropriation in respect of remuneration for Political Office Bearers. The final budget allocation (after Virements) including the adjustment budget for the 2017/18 financial year is depicted in the table below:

	% of Budget	R'000
<b>Budget by programmes:</b>		
Leadership and Governance	7.7%	51,701
Office of the Secretary	3.0%	20,576
Corporate Support	44.8%	302,233
Core Business	36.2%	244,340
Office of the CFO	8.3%	56,049
	<b>100%</b>	<b>674,899</b>
<b>Budget by economic classification:</b>		
Compensation of Employees	47.1%	318,121
Goods and Services	34.9%	235,348
Transfer to Parties	17.0%	114,907
Capital Expenditure	1.0%	6,523
	<b>100%</b>	<b>674,899</b>
<b>Expenditure by programmes:</b>		
Leadership and Governance	7.4%	47,496
Office of the Secretary	2.5%	16,242
Corporate Support	47.0%	303,599
Core Business	34.8%	224,671
Office of the CFO	8.3%	53,317
	<b>100%</b>	<b>645,325</b>
<b>Expenditure by economic classification:</b>		
Compensation of Employees	48.1%	310,273
Goods and Services	33.1%	213,710
Transfer to Parties	17.8%	114,907
Capital Expenditure	1.0%	6,435
	<b>100%</b>	<b>645,325</b>



### 1.3 Expenditure Analysis (receipts, expenditure by programme, virements)

In exercising its constitutional obligations, the GPL spent a total of R645.3 million or 95.6 % of the final budget for the year under review. The financial results are depicted in the table below:

Programmes - R'000	Actual Expenditure	Final Budget	Variance	% Variance	% Spent
Leadership and Governance	47 496	51 701	4 205	8.1%	91.9%
Office of the Secretary	16 242	17 432	1 190	6.8%	93.2%
Corporate Support Services	303 599	305 531	1 932	0.6%	99.4%
Core Business	224 671	244 340	19 669	8.0%	92.0%
Office of the CFO	53 317	55 894	2 577	4.6%	95.4%
<b>Total</b>	<b>645 325</b>	<b>674 898</b>	<b>29 573</b>	<b>4.4%</b>	<b>95.6%</b>

Economic Classification - R'000	Actual Expenditure	Final Budget	Variance	% Variance	% Spent
Compensation of Employees	310 273	318 120	7 847	2.5%	97.5%
Goods and services	213 710	234 053	20 343	8.7%	91.3%
Transfers and subsidies	114 907	114 907	0	0.0%	100.0%
Capital assets	6 435	7 818	1 383	17.7%	82.3%
<b>Total</b>	<b>645 325</b>	<b>674 898</b>	<b>29 573</b>	<b>4.4%</b>	<b>95.6%</b>

A comparison of the actual expenditure against the budget reflects an under-expenditure of R29.5 million equating to 4.4% of the total allocated budget. The financial results for the year reflects that the GPL has operated relatively within budget resources and has met all its financial obligations for the year under review.

*The major cost drivers for goods and services were as follows:*

- » Public outreach programmes as conducted by Committees ;
- » House and Committee sittings with all associated costs;
- » Re-engineering of public participation and outreach workshops;
- » Political Party Funding and Constituency Allowances paid to Political parties represented in the GPL
- » Provision of facilities and support services to Members of the GPL;
- » Hosting of Institutional events;
- » Operational costs such as IT services, business tools, maintenance and repairs, rent & municipal services, security services, transport services, canteen and cleaning services.

An amount R310.2 million was spent on compensation of employees equating to 48.1 % of total expenditure. Expenditure on goods and services amounted to R213.7 million or 33.1 % of total expenditure. R114.9 million or 17.8% was transferred to political parties comprising of Political Party Funding and Constituency Allowances. Capital payments totalled R6.4 million or 1% of total expenditure. The total expenditure of the current financial year increased by 6.5 % when compared to the previous financial year. Expenditure by Programmes and Economic Classification is depicted below:

### 1.4 Underspending, Overspending and Savings

The primary contributing item to the under spend was personnel expenditure consequential to approved positions not filled during the financial year and non-finalisation of performance bonuses payable to senior management. *The under-expenditure is also attributable to the following key areas:*

- » A number of planned institutional international and local trips could not be undertaken due to pressing institutional priorities and delays in confirmation from visiting countries;
- » Under-spending on travel, interprovincial visits and conferences by Committees as a result of prioritising local public outreach programmes;
- » Cancellation and deferment of attendance at workshops, conferences, seminars and inter-legislature visits due to in-house priorities;
- » Suspension of the planned procurement of audio visual equipment for the chamber consequential to the reprioritisation of capital projects
- » Postponement of some activities relating to the Gauteng Speakers Forum due to conflicting internal priorities;
- » Planned training for members and political support staff could not all be executed due to prioritisation of House activities;
- » Reduction in transport and advertising requirements by Committees as a number of activities were postponed due to GPL conflicting priorities
- » Some activities relating to the 20 Year Celebration of the Constitution project have been deferred to the next financial year to be incorporated as operational activities within the core business programme;
- » Remaining milestones of the Re-Engineering of Public Participation project which will now be concluded during the 2018/19 financial year
- » Upon analysis of the underspending against budget, it was identified that almost R5.4 million is attributable to savings which were realised primarily in the following areas, amongst others:
  - » Implementation of cost-efficiency measures on travelling including Inter-legislature visits, conferences, accommodation and use of external venues;
  - » Non-utilisation of accommodation for activities of the Gauteng Speakers Forum and strategic planning sessions;
  - » Reduction in the annual report printing costs;
  - » License fees due to the rationalisation of institutional software requirements;
  - » Hosting of the opening of the Legislature internally as opposed to an external venue as originally planned;
  - » Savings were also realised in areas of stationery, printing, advertising, gifts and promotional items, print room rentals, refreshments and consumables. This however did not hamper operational efficiency.

## 1.5 Enhanced Financial Management

Good financial reporting practices were continuously applied throughout the year. In line with Section 51 of FMPLA, financial reports were prepared on a monthly basis and submitted to both internal and external stakeholders within stipulated timeframes. Financial Performance was regularly reported to oversight bodies such as the Oversight Committee on the Premier's Office and the Legislature (OCPOL), the Performance and Remuneration Committee and the Audit & Risk Committee to track progress and effectively monitor implementation of the annual financial plan.

## 2. Supply Chain Management(SCM) Practices

Through the continued application of the preferential procurement strategy, the preference mechanism was applied in the procurement of all goods and services to target especially Historically Disadvantaged Individuals (HDIs). In response to the GPL imperative of taking the Legislature to the people, the allocation of business was reprioritised to local and township service providers.

In improving the supply and demand value chain and ensuring improved facilitation of requisitions, demand plans were prepared to facilitate requisitions for goods and services. All approved requisitions were processed in line with the applicable Supply Chain Management policies. The Delegation of Authority was also revised and subsequently approved, to ensure appropriate levels of delegation and to improve operational efficiencies.

The Legislature Adjudication Council (LAC) met regularly to ensure adherence to SCM principles and to adjudicate on tenders evaluated by the Tender Evaluation Committee.

## 3. Good Governance

GPL is committed to entrenching the highest levels of good governance and continues to make significant progress in implementing structures, policies and procedures aimed at strengthening governance. During the year, the GPL Governance Framework was further enhanced to ensure that the GPL is doing the right things in a timely, inclusive, open, honest and accountable manner. This consists setting out the systems and processes, and the culture and values by which GPL is directed and controlled and through which it accounts to and engages with stakeholders.

## 4. Asset Management

The safeguarding of GPL's assets remained a priority, as prescribed by FMPLA. All the assets within the GPL were physically verified through stock take exercises which were conducted both at mid-year and year-end. The outcome of physical counts were regularly reconciled to accounting records. Continued efforts were made to strengthen the overall control of assets and monitoring compliance on an ongoing basis.

## 5. Performance Information

The presentation and detail of the Annual Performance Plan was improved to ensure it remained strategic and met all technical requirements. Performance indicators and targets were refined to ensure inclusion of SMART principles. The M&E Committee facilitated the necessary activities in conjunction with all Programmes and also provided technical guidance on the completion of performance information for the 2018/19 financial year. Performance information also facilitated effective accountability, enabling oversight bodies such as the Oversight Committee on the Premier's Office and the Legislature (OCPOL), the Performance and Remuneration Committee and the Audit & Risk Committee to track progress and effectively monitor implementation of the annual performance plan.

## 6. Preparation Of Annual Financial Statements

The Annual Financial Statements for the year ended 31st March 2018 have been duly prepared in accordance with the effective standards of GRAP including any interpretations, guidelines and directives issued by the Accounting Standards Board. The annual financial statements have therefore been prepared on an accrual basis which necessitated adoption of accounting policies consistent with GRAP. Introduction of new standards where applicable have been stated in the notes to the Annual Financial Statements. The accounting policies for the year under review are consistent to that of the previous financial year.

## 7. Events after the reporting date

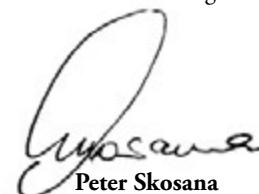
To our knowledge, there are no post-reporting date events that have a significant impact on the annual financial statements as reported.

## 8. Other

There are no other facts or circumstances that may have an effect on the GPL's financial state of affairs.

## 9. Approval

The annual financial statements set out on pages 88 to 126 have been approved by the Accounting Officer.



Peter Skosana

Secretary to the Provincial Legislature (Accounting Officer)  
31<sup>st</sup> May 2018

## CONFIRMATION OF THE ACCURACY AND FAIR PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS SUBMITTED

### Financial Statements for the 2017/18 Financial Year Ending 31 March 2018

I hereby acknowledge that the Annual Financial Statements of the Gauteng Provincial Legislature have been submitted to the Auditor-General's office for auditing in terms of section 56(1) and 57 of the FMPLA.

**I acknowledge my responsibility for the accuracy of the accounting records and the fair presentation of the Performance Information and confirm to the best of my knowledge and belief, the following:**

- » The Financial Statements have been prepared in accordance with Generally Recognized Accounting Practice (GRAP);
- » The Financial Statements are complete and accurate;
- » The Financial Statements are free from material misstatements including omissions; and
- » Accounting estimates are reasonable in the circumstances.

Yours faithfully,



**PETER SKOSANA**  
Secretary to the Legislature  
Date: 31 May 2018

**Legal form of entity**  
Provincial Legislature

**Registered office**  
Cnr President and Loveday  
Street Johannesburg  
2001

**Business address**  
Cnr President and Loveday Street  
Johannesburg,  
2001

**Postal address**  
Private Bag X52  
Johannesburg 2000

**Bankers**  
Standard Bank of SA

**Auditors**  
**Auditor General South Africa (AGSA)**  
Registered Auditors

**Secretary to the Legislature**  
Peter Skosana

# REPORT OF THE AUDITOR-GENERAL TO GAUTENG PROVINCIAL LEGISLATURE ON VOTE NO. 2: GAUTENG PROVINCIAL LEGISLATURE

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Gauteng Provincial Legislature set out on pages 88 to 127 which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the annual financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gauteng Provincial Legislature as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No. 10 of 2009) (FMPPLA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the legislature in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of matters

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

### Material uncertainty

7. With reference to note 27 to the financial statements, the Gauteng Provincial Legislature is a defendant in a labour matter. The Gauteng Provincial Legislature lodged an application for review of the arbitration award at the Labour Court. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

### Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the FMPPLA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the Gauteng Provincial Legislature's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the legislature or to cease operations, or has no realistic alternative but to do so.

### Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it

exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the legislature. I have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the legislature for the year ended 31 March 2018:

Programmes	Pages in the annual performance report
<b>Programme 1</b> Leadership and governance	27–28
<b>Programme 4</b> Core business	34–39

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
  - » Programme 1 - Leadership and Governance
  - » Programme 4 - Core Business

### Other matters

17. I draw attention to the matters below.

#### Achievement of planned targets

18. Refer to the annual performance report on pages 27 to 41 for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a number of targets.

#### Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 4 - Core Business. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

## Report on the audit of compliance with legislation

### Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the legislature with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
21. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

## Other information

22. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

### **Internal control deficiencies**

26. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

### **Other reports**

27. I draw attention to the following engagement conducted that had, or could have, an impact on the matters reported in the legislature's financial statements, reported performance information, compliance with applicable legislation and other related matters. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

### **Investigation**

28. An independent consultant investigated an allegation of fraudulent activities relating to procurement processes undertaken at the request of the legislature, which covered 2013/14 financial year. The investigation was concluded in December 2017 and resulted in irregular expenditure being identified. Management is still in the process of implementing the recommendations of the investigation.

*Auditor-General*

Johannesburg  
31 July 2018



*Auditing to build public confidence*





## ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the legislature’s compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - » identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - » obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the legislature’s internal control
  - » evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting officer
  - » conclude on the appropriateness of the board of directors, which constitutes the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also

conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Gauteng Provincial Legislature’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a legislature to cease continuing as a going concern

- » evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



## STATEMENT OF FINANCIAL POSITION

as at March 31, 2018

Figures in Rand	Note(s)	2018	2017
<b>Assets</b>			
Current Assets			
Inventories	8	1 876 844	1 318 287
Receivables from exchange transactions	9	2 975 299	2 107 092
Prepayments	7	3 714 916	1 413 349
Cash and cash equivalents	10	237 298 976	191 718 739
		<b>245 866 035</b>	<b>196 557 467</b>
Non-Current Assets			
Heritage assets	3	1 920 264	1 920 264
Property, plant and equipment	4	106 754 317	115 465 960
Intangible assets	5	3 870 056	5 781 270
		112 544 637	123 167 495
<b>Total Assets</b>		<b>358 410 672</b>	<b>319 724 962</b>
<b>Liabilities</b>			
Current Liabilities			
Finance lease obligation	11	3 486 703	4 377 800
Operating lease liability	6	2 382 632	2 217 103
Payables from exchange transactions	14	25 338 953	27 773 427
Provisions	12	39 328 031	33 826 053
Staff payables	13	724 058	672 587
		<b>71 260 377</b>	<b>68 866 970</b>
Non-Current Liabilities			
Finance lease obligation	11	1 710 872	4 216 630
Provisions	12	5 148 073	4 630 641
		<b>6 858 945</b>	<b>8 847 271</b>
<b>Total Liabilities</b>		<b>78 119 321</b>	<b>77 714 240</b>
<b>Net Assets</b>		<b>280 291 351</b>	<b>242 010 721</b>
Accumulated surplus		280 291 351	242 010 721

## STATEMENT OF FINANCIAL PERFORMANCE

for the year ended March 31, 2018

Figures in Rand	Note(s)	2018	2017
Revenue from non-exchange transactions	15	746 890 747	717 577 960
Revenue from exchange transactions	16	3 355 013	2 855 598
Operating expenses	19	-726 944 591	-683 187 489
<b>Operating surplus</b>		<b>23 301 169</b>	<b>37 246 069</b>
Interest Income	17	15 705 297	11 568 538
Finance costs	22	-725 835	-644 949
<b>Surplus</b>		<b>38 280 630</b>	<b>48 169 658</b>

## STATEMENT OF CHANGES IN NET ASSETS

for the year ended March 31, 2018

Figures in Rand	Accumulated surplus	Total net assets
<b>Balance at April 1, 2016</b>	<b>201 725 063</b>	<b>201 725 063</b>
Changes in net assets		
Surplus	48 169 658	48 169 658
Transfer to Gauteng Provincial Treasury for re- appropriation	-7 884 000	-7 884 000
Total changes	40 285 658	40 285 658
<b>Balance at April 1, 2017</b>	<b>242 010 721</b>	<b>242 010 721</b>
Changes in net assets		
Surplus	38 280 630	38 280 630
Total changes	38 280 630	38 280 630
<b>Balance at March 31, 2018</b>	<b>280 291 351</b>	<b>280 291 351</b>

## CASH FLOW STATEMENT

for the year ended March 31, 2018

Figures in Rand	Note(s)	2018	2017
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Revenue		746 890 747	720 378 010
Interest income		14 351 527	11 568 538
Other receipts		3 840 575	1 535 127
		<b>765 082 849</b>	<b>733 481 675</b>
<b>Payments</b>			
Employee costs		- 382 004 070	- 348 615 212
Suppliers		- 326 660 638	-312 102 591
		<b>- 708 664 709</b>	<b>-660 717 803</b>
<b>Net cash flows from operating activities</b>	<b>24</b>	<b>56 418 141</b>	<b>72 763 872</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	<b>4</b>	-6 715 214	-23 557 190
Proceeds from sale of property, plant and equipment	<b>4</b>	-	141 219
<b>Net cash flows from investing activities</b>		<b>-6 715 214</b>	<b>-23 415 971</b>
<b>Cash flows from financing activities</b>			
Transfer to Gauteng Provincial Treasury for re- appropriation		-	-7 884 000
Finance lease payments		-4 122 690	5 646 810
<b>Net cash flows from financing activities</b>		<b>-4 122 690</b>	<b>-2 237 190</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>45 580 236</b>	<b>47 110 711</b>
Cash and cash equivalents at the beginning of the year		191 718 739	144 608 029
<b>Cash and cash equivalents at the end of the year</b>	<b>10</b>	<b>237 298 976</b>	<b>191 718 739</b>

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended March 31, 2018

### Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
<b>Statement of Financial Performance</b>					
<b>Revenue from non-exchange transactions</b>					
Transfer revenue					
Appropriation	674,898,000	-	<b>674,898,000</b>	674,898,000	-
<b>Economic Class</b>					
Personnel	-318,120,000	-	<b>-318,120,000</b>	310,273,158	<b>-7,846,842</b>
Political party funding and Constituency allowances	-114,907,000	-	<b>-114,907,000</b>	114,907,000	-
Goods and services	-234,053,000		<b>-234,053,000</b>	213,709,031	<b>-20,343,969</b>
Assets	-7,818,000	-	<b>-7,818,000</b>	6,435,093	<b>-1,382,907</b>
<b>Total</b>	<b>-674,898,000</b>	-	<b>-674,898,000</b>	<b>645,324,282</b>	<b>-29,573,718</b>
<b>Surplus</b>	-	-	-	-	<b>-29,573,718</b>
<b>Actual Amount on Comparable</b>		-	<b>-674,898,000</b>	<b>645,324,282</b>	<b>-29,573,718</b>

Refer to note 33 for explanations

# ACCOUNTING POLICIES

## 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the FMPLA.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

**Trade receivables / Held to maturity investments and/or loans and receivables**  
The Gauteng Provincial Legislature assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

#### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which

may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

#### Useful lives of property plant, equipment and intangible assets

The GPL's management determines the estimated useful lives and related depreciation charges for the property plant and equipment, and software and development cost. This estimate is based on pattern in which as assets future economic benefit or services potential are expected to be consumed by the entity.

#### Effective interest rate

The GPL uses an appropriate rate, taking into account guidance provided in the accounting standards and applying professional judgement to the specific circumstances to discount future cash flows.

### 1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

*The cost of an item of property, plant and equipment is recognised as an asset when:*

- » it is probable that future economic benefits or service potential associated with the item will flow to the GPL; and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the GPL is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

*The useful lives of items of property, plant and equipment have been assessed as follows:*

Item	Depreciation met	Average useful life
Land	Straight line	Infinite
Buildings	Straight line	50
Leasehold property	Straight line	over the lease period
Plant and machinery	Straight line	13 years
Furniture and fixtures	Straight line	10 to 15 years
Motor vehicles	Straight line	5 to 8 years
Office equipment	Straight line	13 years
IT equipment	Straight line	13 years
Leasehold improvements	Straight line	over the lease period
Library books	Straight line	20 years

The residual value, and the useful life and depreciation method of each asset are revised at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted as a change in accounting estimate. Reviewing the useful life of an asset on an annual basis does not require the GPL to amend the previous estimates unless expectations differ from previous estimates. The residual value of motor vehicles is estimated at 20% of the cost and cell phones an amount of R300.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the GPL holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement. Subsequent to initial measurement Property, plant and equipment is measured as cost less accumulated depreciation and any accumulated impairment loss, where the GPL replaces part of an asset, it derecognises the part of an asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity of the future economic benefits or services potential associated with the asset.

### 1.3 Intangible assets

*An asset is identifiable if it either:*

- » is separable, i.e. is capable of being separated or divided from an GPL and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the GPL intends to do so; or
- » arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the GPL or from other rights and obligations.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- » it is technically feasible to complete the asset so that it will be available for use or sale.
- » there is an intention to complete and use or sell it.
- » there is an ability to use or sell it.
- » it will generate probable future economic benefits or service potential.
- » there are available technical, financial and other resources to complete the development and to use or sell the asset.
- » the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, internally generated	Straight line	10 to 12 year
Intangible assets are derecognised: on disposal; or when no future economic benefits or service potential are expected from its use or disposal.		

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised Average useful life of software – The LIMS program was internally generated and has been estimated to be in use for approximately 10 to 12 years.

## 1.4 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

### Recognition

The GPL recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the GPL, and the cost or fair value of the asset can be measured reliably.

### Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses. The GPL does not depreciate Heritage assets.

### Impairment

The GPL assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the GPL estimates the recoverable amount or the recoverable service amount of the heritage asset.

### Derecognition

The GPL derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the item is derecognised.

## 1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one GPL and a financial liability or a residual interest of another entity.

*A financial asset is:*

- » cash;
- » a residual interest of another entity; or
- » a contractual right to:
  - » receive cash or another financial asset from another entity; or
  - » exchange financial assets or financial liabilities with another GPL under conditions that are potentially favourable to the entity.
  - » deliver cash or another financial asset to another entity; or
  - » exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

### Classification

*The GPL has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:*

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Other receivables from non- exchange transaction	Financial asset measured at amortised cost

*The GPL has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:*

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Employee vendors	Financial liability measured at amortised cost

### Initial recognition

The GPL recognises a financial asset or a financial liability in its statement of financial position when the GPL becomes a party to the contractual provisions of the instrument.

The GPL recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

The GPL measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

### Subsequent measurement of financial assets and financial liabilities

*The GPL measures all financial assets and financial liabilities after initial recognition using the following categories:*

- » Financial instruments at fair value.
- » Financial instruments at amortised cost.
- » Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

### Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the GPL establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions

between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the GPL uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an constitutional institution calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

### Impairment and uncollectibility of financial assets

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

### Derecognition

#### Financial assets

The GPL derecognises financial assets using trade date accounting.

*The GPL derecognises a financial asset only when:*

- » the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- » the GPL transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the GPL:

- derecognise the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the GPL has retained substantially all the risks and rewards of ownership of the transferred asset, the GPL continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the GPL recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

#### **Financial liabilities**

The GPL removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another GPL by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

#### **Presentation**

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the GPL currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### **1.6 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the GPL assesses the classification of each element separately.

##### **Finance leases - lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

The determination of whether an arrangement is, or contains a lease is based on the substance of an arrangement at implicit date of whether the fulfilment of the arrangement is dependent on the use of specific asset or assets or the arrangement a right to use the asset. the classification of the lease is determined as follows;

##### **Operating leases - lessor**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis. Income for leases is disclosed under revenue in statement of financial performance.

### **Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. The aggregate benefit of incentives is recognise as a reduction of rental expenses over the lease term on the straight line basis over the lease term. any contingent rent is recognise separately as an expense when paid or payable and is not straight lined over the lease term

## **1.7 Inventories**

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for; distribution at no charge or for a nominal charge; or consumption in the production process of goods to be distributed at no charge or for a nominal charge.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the GPL.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

## **1.8 Impairment of cash-generating assets**

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

*Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use. Useful life is either:*

- » the period of time over which an asset is expected to be used by the GPL; or
- » the number of production or similar units expected to be obtained from the asset by the GPL.

Criteria developed by the GPL to distinguish cash-generating assets from non-cash-generating assets are as follow:

### **Identification**

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The GPL assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the GPL estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the GPL also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

### **Value in use**

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the GPL estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the GPL applies the appropriate discount rate to those future cash flows.

### **Discount rate**

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

### **Recognition and measurement (individual asset)**

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the GPL recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### **Reversal of impairment loss**

The GPL assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## **1.9 Impairment of non-cash-generating assets**

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

*Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:*

- » the period of time over which an asset is expected to be used by the GPL; or
- » the number of production or similar units expected to be obtained from the asset by the GPL.

Criteria developed by the GPL to distinguish non-cash-generating assets from cash-generating assets are as follow: [Specify criteria]

### **Identification**

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The GPL assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the GPL estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the GPL also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

### **Value in use**

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets' remaining service potential.

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

#### **Depreciated replacement cost approach**

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the GPL would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides.

Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

#### **Recognition and measurement**

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the GPL recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### **Reversal of an impairment loss**

The GPL assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the GPL estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## **1.10 Employee benefits**

### **Short-term employee benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

*Short-term employee benefits include items such as:*

- » wages, salaries and social security contributions;
- » short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;

- » bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- » non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.
- » When an employee has rendered service to the GPL during a reporting period, the GPL recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
  - as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the GPL recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
  - as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The GPL measure the expected cost of accumulating compensated absences as the additional amount that the GPL expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The GPL recognise the expected cost of bonus, incentive and performance related payments when the GPL has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the GPL has no realistic alternative but to make the payments.

#### **Post-employment benefits**

##### **Other long-term employee benefit**

*The GPL provides other long-term employee benefits to its employees. The other Long-term employee benefits may include:*

- » Long-term compensated absences such as long services leave;
- » Other long service benefits
- » Bonus incentive and performance related payments payable 12 months or more after the end of the reporting period in which the employees render the related services.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts: The present value of the defined benefit obligation at the reporting date; minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly. *The GPL shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:*

- » current service cost; interest cost;
- » the expected return on any plan assets and on any reimbursement

- right recognised as an asset; actuarial gains and losses, which shall all be recognised immediately;
- » past service cost, which shall all be recognised immediately; and the effect of any curtailments or settlements.

#### **1.11 Provisions and contingencies**

*Provisions are recognised when:*

- » the GPL has a present obligation as a result of a past event;
- » it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- » a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the constitutional institution settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If an GPL has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

*A constructive obligation to restructure arises only when an entity:*

- » has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned; the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;

- the expenditures that will be undertaken; and when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

*A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:*

- » necessarily entailed by the restructuring; and
- » not associated with the ongoing activities of the GPL

Contingent assets and contingent liabilities are not recognised.

Contingencies are disclosed in note 26.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The GPL recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

*Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:*

- » financial difficulty of the debtor;
- » defaults or delinquencies in interest and capital repayments by the debtor;
- » breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- » a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the GPL for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. *Where a fee is charged and the GPL considers that an outflow of economic resources is probable, an GPL recognises the obligation at the higher of:*

- » the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- » the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

## 1.12 Commitments

Items are classified as commitments when an GPL has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

*Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:*

- » Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- » Contracts should relate to something other than the routine, steady, state business of the GPL- therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

## 1.13 Revenue from exchange transactions

Exchange transaction is one in which the GPL receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. *The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:*

- » the amount of revenue can be measured reliably;
- » it is probable that the economic benefits or service potential associated with the transaction will flow to the GPL;
- » the stage of completion of the transaction at the reporting date can be measured reliably; and
- » the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by **Interest, royalties and dividends**.

*Revenue arising from the use by others of GPL assets yielding interest, royalties and dividends or similar distributions is recognised when:*

- » It is probable that the economic benefits or service potential associated with the transaction will flow to the GPL, and
- » The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

#### 1.14 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an GPL either receives value from another GPL without directly giving approximately equal value in exchange, or gives value to another GPL without directly receiving approximately equal value in exchange.

##### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the GPL satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

##### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the GPL.

When, as a result of a non-exchange transaction, the GPL recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislative procedure, including those set out in the Financial Management policy of the Gauteng Legislature, and is recognised when the recovery thereof from the responsible board members or officials is virtually certain.

##### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the GPL and the fair value of the assets can be measured reliably.

#### 1.15 Borrowing costs

Borrowing costs are interest and other expenses incurred by an GPL in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

#### 1.16 Comparative figures

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the restriction is disclosed where accounting errors have been identified in the current period., the correction is made retrospectively as far as practicable, and the period comparable as far as practicable, and the prior year comparatives are restated accordingly.

#### 1.17 Unauthorised expenditure

*Unauthorised expenditure means:*

- » overspending of a vote or a main division within a vote; and expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the FMPPLA as expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register disclosed in the Financial Statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register and disclosed in the Financial Statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

## 1.20 Budget information

GPL is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The annual financial statements and the budget are on different basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts and a reconciliation between actual surplus and deficit and budget is disclosed in the note.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

## 1.21 Related parties

The GPL operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the provincial sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the GPL, including those charged with the governance of the GPL in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the GPL.



GetToKnowGPL  
oice of Gauteng people



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### for the year ended March 31, 2018

## 2. Standards Approved and not yet Effective

### 2.1 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are relevant for the GPL's accounting periods beginning on or after April 1, 2018 or later periods but are not yet effective:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 108: Statutory Receivables	Not yet effective	Unlikely there will be a material impact
GRAP 20 Related Party Disclosures	Not yet effective	Unlikely there will be a material impact

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended March 31, 2018

### 3. Heritage assets

Figures in Rand	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Art work	1,920,264	-	1,920,264	1,920,264	-	1,920,264
<b>Reconciliation of heritage assets - 2018</b>						
	Opening balance		Disposals		Total	
Art work		1,920,264	-		1,920,264	
<b>Reconciliation of heritage assets - 2017</b>						
	Opening balance		Disposals		Total	
Art work		1,934,977	(14,713)		1,934,977	

#### Heritage assets

Heritage assets is in respect of Art work inherited from the previous government. Heritage are measured at historical cost.

### 4. Property, plant and equipment

Figures in Rand	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	9,111,028	-	9,111,028.00	9,111,028	-	9,111,028
Buildings	60,653,049	-9,806,612	50,846,437.51	60,653,049	-8,346,955	52,306,095
Leasehold property	22,004,159	-17,216,425	4,787,734.35	22,307,001	-13,789,154	8,517,847
Plant and machinery	11,631,829	-5,081,236	6,550,592.99	13,792,888	-6,180,058	7,612,829
Furniture and fixtures	16,049,834	-7,034,147	9,015,687.20	14,243,121	-6,307,255	7,935,866
Motor vehicles	5,586,871	-2,668,733	2,918,137.55	5,586,871	-2,218,262	3,368,609
Office equipment	701,965	-286,377	415,588.17	700,186	-239,138	461,048
IT equipment	20,043,824	-7,702,567	12,341,257.21	21,265,157	-8,725,762	12,539,396
Leasehold improvements	14,222,742	-5,463,996	8,758,746.31	14,222,742	-2,387,579	11,835,163
Library books	3,703,429	-1,694,322	2,009,107.80	3,366,615	-1,588,536	1,778,079
<b>Total</b>	<b>163,708,732</b>	<b>-56,954,415</b>	<b>106,754,317</b>	<b>165,248,658</b>	<b>-49,782,698</b>	<b>115,465,960</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended March 31, 2018

### 4. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2018

	<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Impairment loss</b>	<b>Total</b>
Land	9,111,028	-	0	-	-	9,111,028
Buildings	52,306,094	-	0	-1,459,657	-	50,846,437
Leasehold assets	8,517,847	1,257,998	-210,390	-4,777,720	-	4,787,735
Plant and machinery	7,612,830	49,090	-311,744	-799,583	-	6,550,594
Furniture and fixtures	7,935,866	2,286,206	-223,524	-982,861	-	9,015,688
Motor vehicles	3,368,609	-	0	-450,472	-	2,918,137
Office equipment	461,048	2,749	-268	-47,941	-	415,589
IT equipment	12,539,395	2,782,357	-1,595,800	-1,384,695	-	12,341,257
Leasehold improvements	11,835,163	-	0	-3,076,417	-	8,758,746
Library books	1,778,079	336,814	0	-105,786	-	2,009,107
	<b>115,465,960</b>	<b>6,715,214</b>	<b>-2,341,726</b>	<b>-13,085,131</b>	<b>-</b>	<b>106,754,317</b>

#### Reconciliation of property, plant and equipment - 2017

	<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Impairment loss</b>	<b>Total</b>
Land	9,111,028	-	-	-	-	9,111,028
Buildings	48,680,020	5,016,396	-	-1,390,322	-	52,306,094
Leasehold assets	2,354,429	9,457,265	-	-3,293,847	-	8,517,847
Plant and machinery	7,747,361	652,281	-28,556	-758,256	-	7,612,830
Furniture and fixtures	8,358,659	1,014,608	-467,088	-970,313	-	7,935,866
Motor vehicles	3,977,122	-	-	-608,513	-	3,368,609
Office equipment	565,363	-	-45,974	-58,341	-	461,048
IT equipment	12,477,505	2,558,897	-547,939	-1,334,938	-614,130	12,539,395
Leasehold improvements	9,105,248	4,646,533	-	-1,916,618	-	11,835,163
Library books	1,762,049	211,210	-29,201	-165,979	-	1,778,079
	<b>104,138,784</b>	<b>23,557,191</b>	<b>-1,118,758</b>	<b>-10,497,127</b>	<b>-614,130</b>	<b>115,465,960</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended March 31, 2018

### 5. Intangible assets

<b>Figures in Rand</b>	<b>2018</b>			<b>2017</b>		
	<b>Cost / Valuation</b>	<b>Accumulated depreciation and accumulated impairment</b>	<b>Carrying value</b>	<b>Cost / Valuation</b>	<b>Accumulated depreciation and accumulated impairment</b>	<b>Carrying value</b>
Computer software, other	21,052,892	-17,182,836	3,870,056	21,052,892	(15,271,622)	5,781,270
<b>Reconciliation of intangible assets - 2018</b>						
	<b>Opening balance</b>	<b>Additions</b>		<b>Disposals</b>	<b>Amortisation</b>	<b>Total</b>
Computer software, other	5,781,270	-		-	-1,911,214	3,870,056
<b>Reconciliation of intangible assets - 2017</b>						
	<b>Opening balance</b>	<b>Additions</b>		<b>Disposals</b>	<b>Amortisation</b>	<b>Total</b>
Computer software, other	7,859,948	-		-67,538	-2,011,140	5,781,270

### 6. Operating lease liabilities

<b>Figures in Rand</b>	<b>2018</b>		<b>2017</b>	
	<b>Current liabilities</b>		<b>Current liabilities</b>	
Current liabilities	2,382,632		2,217,103	

The operating lease is in respect of five year rental agreement for office space

### 7. Prepayments

Insurance	867,435	1,413,349
Software Licences	2,847,481	-
	3,714,916	1,413,349

Licences and Insurance are paid annually in the month of January.

Amounts applicable to period April to December are recognised as prepayments at the end of March 2018

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended March 31, 2018

Figures in Rand	2018	2017
<b>8. Inventories</b>		
Memorabilia for sale	285,874	142,137
Consumable stores	1,105,608	742,517
Maintenance materials	485,362	433,633
	<b>1,876,844</b>	<b>1,318,287</b>
<b>9. Receivables from exchange transactions</b>		
Interest receivable	1,353,770	1,156,864
Trade debtors	1,814,112	1,142,811
Debtors Impairment	-192,583	-192,583
Current assets	2,975,299	2,107,092
<b>Fair value of trade and other receivables</b>		
<b>Trade and other receivables</b>	<b>2,975,299</b>	<b>2,107,092</b>

No trade and other receivables were used as collateral

In estimating the future cash flows , management estimates the cash flows that it expects to collect based on the facts and circumstances at the reporting date

Management adopted the pattern of each receivable over the previous 12 months as the most appropriate methodology as it reflects the amount likely to be collected in future.

Trade and other receivables past due but not impaired.

Trade and other receivables which are less than 12 months past due are not considered to be impaired. At March 31, 2018, R 2,975,299 (2017: R 2,107,092) were past due but not impaired.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended March 31, 2018

Figures in Rand	2018	2017
The ageing of amounts past due but not impaired is as follows:		
0 to 30 days	2,829,741	1,254,207
31 to 60 days	145,558	126,164
61 days and over	-	726,721
	<b>2,975,299</b>	<b>2,107,092</b>
Trade and other receivables impaired		
As at March 31, 2018, trade and other receivables were impaired and provided for.		
The ageing of these debtors is as follows:		
Over 6 months	<b>192,583</b>	<b>192,583</b>

### 10. Cash and cash equivalents

Cash and cash equivalents consist of:		
Bank balances	237,298,976	191,718,739
	<b>237,298,976</b>	<b>191,718,739</b>

Below is the description in terms of Section 56 of FMPPLA

Standard Bank	2018	2017
Standard Bank Main	78,196,727	50,882,241
Standard Bank Revenue	158,996,580	140,716,303
Standard Bank Salaries	90,133	96,102
Standard Bank Petty cash	15,535	24,094
	<b>237,298,976</b>	<b>191,718,739</b>

Global Credit Ratings has affirmed the national scale ratings assigned to Standard Bank of South Africa Limited of AA+(ZA) and A1+(ZA) in the long term and short term respectively; with the outlook accorded as Stable. Furthermore, Global Credit Ratings has affirmed the international scale rating assigned to Standard Bank of South Africa Limited of BB+; with the outlook accorded as Stable

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended March 31, 2018

Figures in Rand	2018	2017
<b>11. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- Not later than one year	3,845,819	5,056,421
- Later than one year and not later than five years	1,764,359	4,555,026
	5,610,178	9,611,447
less: future finance charges	-412,604	-1,017,017
<b>Present value of minimum lease payments</b>	<b>5,197,574</b>	<b>8,594,430</b>
<b>Present value of minimum lease payments due</b>		
- Not later than one year	3,486,703	4,377,800
- Later than one year and not later than five years	1,710,872	4,216,630
	<b>5,197,574</b>	<b>8,594,430</b>
Non-current liabilities	1,710,872	4,216,631
<b>Current liabilities</b>	<b>3,486,703</b>	<b>4,377,800</b>
	<b>5,197,574</b>	<b>8,594,430</b>

It is GPL's policy to lease certain cell phones and photo copy machine under finance leases.

The average lease term was 2-3 years and the average effective borrowing rate was in line with the contract.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended March 31, 2018

Figures in Rand	Opening Balance	Additions	Utilised during the year	Total
<b>12. Provisions</b>				
<b>Reconciliation of provisions - 2018</b>				
Bonus	9,910,684	5,231,736	-	15,142,420
Leave	22,872,378	20,987,644	- 20,379,826	23,480,195
Long service award	5,673,632	1,492,358	- 1,312,500	5,853,490
	<b>38,456,694</b>	<b>27,711,737</b>	<b>-21,692,326</b>	<b>44,476,105</b>
<b>Reconciliation of provisions - 2017</b>				
Bonus	8,533,865	9,587,783	-8,210,964	9,910,684
Leave	18,510,337	18,739,125	-14,377,084	22,872,378
Long service award	-	5,673,632	-	5,673,632
	<b>27,044,202</b>	<b>34,000,540</b>	<b>-22,588,048</b>	<b>38,456,694</b>

Figures in Rand	2018	2017
Non-current liabilities	5,148,073	4,630,641
Current liabilities	39,328,032	33,826,053
	<b>44,476,105</b>	<b>38,456,694</b>

### 13. Staff payables

	724,058	672,587
	<b>724,058</b>	<b>672,587</b>

The amount relate to optional savings made by employees during the financial year as deductions from their salaries .The money is paid back to employees upon request but ordinarily paid out in December of each year. The amount of R724 058 is therefore funds held in custody on behalf of employees of the GPL and payable immediately upon request.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended March 31, 2018

Figures in Rand	2018	2017
<b>14. Payables from exchange transactions</b>		
Trade payables	0	1,039,139
Goods Received (GIIR)	8,080,598	3,008,252
Retention	335,547	335,547
Uncleared EFT	82,957	3,912,292
Accruals	16,839,851	19,478,198
	<b>25,338,953</b>	<b>27,773,428</b>
<b>15. Revenue from non-exchange transactions</b>		
Voted funds	674,898,000	649,557,000
Direct charges	71,742,747	67,905,960
Aid assistance	250,000	115,000
	<b>746,890,747</b>	<b>717,577,960</b>
<b>16. Revenue from exchange transactions</b>		
Interest on debtors	49,193	125,422
Parking income	1,863,677	1,861,043
Sundry income	342,475	326,775
Hall bookings	333,888	542,358
Prior year expenditure recovered*	765,780	—
	<b>3,355,013</b>	<b>2,855,598</b>
<small>* The amount relate to the expenditure recognised in the 2016/17 financial year . During the 2017/18 financial year, it was determined that the said amounts were no longer due and payable consequential to goods and services deemed not satisfactory.</small>		
<b>17. Interest Revenue</b>		
Interest received	15,705,297	11,568,538
	<b>15,705,297</b>	<b>11,568,538</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended March 31, 2018

Figures in Rand	2018	2017
<b>18. Appropriation and Direct Charges</b>		
<b>Operating grants</b>		
Voted funds	674,898,000	649,557,000
Direct charges	71,742,747	67,905,960
	<b>746,640,747</b>	<b>717,462,960</b>
<b>19. Operating expenses</b>		
Asset related expenses *	18,710,763	14,761,669
Auditors fees (Internal and External)	6,245,964	5,598,885
Consulting and professional fees**	29,018,146	36,385,939
Consumables ***	7,121,210	6,403,874
Employee Cost ****	395,925,503	373,164,006
Licence fees	9,352,881	3,913,805
Municipal service	4,692,842	7,104,472
Operating expenditure *****	34,300,735	24,819,877
Political party funding and Constituency allowances	114,907,032	110,584,597
Repairs & maintenance	4,094,374	6,726,626
Subscriptions	3,086,095	3,163,234
Telephone and fax	10,595,854	9,402,863
Travel & Accommodation	56,449,248	46,965,559
Workshop and functions	32,443,944	34,192,083
	<b>726,944,591</b>	<b>683,187,489</b>

\* Asset related expenses - expenditure relating to depreciation, asset disposals and general asset expenses.

\*\*Consulting and professional fees - expenditure relating the outsourcing of professional services relating to IT, Security, Hansard, independent members serving on LSB structures and other general consultants.

\*\*\*Consumables - expenditure relating to cleaning materials, stationery and general printing.

\*\*\*\*Operating expenditure - expenditure relating to Bank charges, Advertising, Rent, Cleaning and Insurance and general.

\*\*\*\*\*Employee costs - expenditure relates to remuneration of Members and Staff, staff training, bursaries and staff placements

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended March 31, 2018

Figures in Rand	2018	2017
<b>20. Employee related costs</b>		
Basic	349,418,988	316,696,912
UIF	864,629	813,873
Overtime payments	5,933,916	10,244,036
Political allowances	7,392,178	7,367,273
Car allowance	24,465,241	24,908,884
Less: Members remuneration	-71,730,095	-67,905,960
	<b>316,344,856</b>	<b>292,125,018</b>
<b>Remuneration of Provincial Secretary</b>		
Annual Remuneration	1,735,937	1,865,451
Car Allowance	412,857	380,432
	<b>2,148,794</b>	<b>2,245,883</b>
<b>Remuneration of CFO</b>		
Annual Remuneration	1,497,027	1,509,900
Car Allowance	422,701	421,585
	<b>1,919,728</b>	<b>1,931,485</b>
<b>Remuneration of Executive Director - Corporate service</b>		
Annual Remuneration	1,680,925	1,278,795
Car Allowance	-	152,412
	<b>1,680,925</b>	<b>1,431,207</b>
<b>Remuneration of Executive Director - Core Business</b>		
Annual Remuneration	1,505,583	1,123,395
Car Allowance	195,994	153,346
	<b>1,701,578</b>	<b>1,276,741</b>
<b>Remuneration of Executive Director - Leadership and Governance</b>		
Annual Remuneration	1,680,593	1,155,909
Car Allowance	-	-
	<b>1,680,593</b>	<b>1,155,909</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended March 31, 2018

Figures in Rand	2018	2017
<b>21. Impairment of assets</b>		
<b>Impairments</b>		
Property, plant and equipment	-	614,130
It is the policy of the GPL to test its Assets for impairments on an annual basis in line with GRAP 21.		
At year end impairment assessment was done and all assets that were impaired were written off for disposal purposes,		
<b>22. Finance costs</b>		
Finance leases	725,835	644,949
	<b>725,835</b>	<b>644,949</b>
<b>23. Auditors' remuneration</b>		
Fees	4,714,400	4,525,741
	<b>4,714,400</b>	<b>4,525,741</b>
	43,190	43,190
<b>24. Cash generated from operations</b>		
Surplus	38,280,630	48,169,658
<b>Adjustments for:</b>		
Depreciation and amortisation	14,996,346	13,122,393
Finance costs - Finance leases	725,835	644,949
Movements in operating lease assets	165,529	549,977
Movements in provisions	6,019,410	11,412,492
Asset Disposals	2,341,726	1,059,790
Staff payables	51,471	3,274
<b>Changes in working capital:</b>		
Inventories	-558,557	365,603
Prepayments	-2,301,567	391,271
Receivables from exchange transactions	-868,207	-1,242,889
Other receivables from non-exchange transactions	-	2,915,050
Payables from exchange transactions	-2,434,474	-4,627,696
	<b>56,418,141</b>	<b>72,763,872</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended March 31, 2018

### 25. Financial instruments disclosure

#### Categories of financial instruments

2018				
		At fair value	Total	
<b>Financial assets</b>				
Trade and other receivables from exchange transactions	Note 9	2,975,299	2,975,299	
Cash and cash equivalents	Note 10	237,298,976	237,298,976	
		240,274,275	240,274,275	
<b>Financial liabilities</b>				
Trade and other payables from exchange transactions	Note 14	25,338,953	25,338,953	
Staff payables	Note 13	724,058	724,058	
Finance lease	Note 11	5,197,574	5,197,574	
		31,260,585	31,260,585	
2017				
		At fair value	Total	
<b>Financial assets</b>				
Trade and other receivables from exchange transactions	Note 9	2,107,092	2,107,092	
Cash and cash equivalents	Note 10	191,718,739	191,718,739	
		193,825,831	193,825,831	
<b>Financial liabilities</b>				
Trade and other payables from exchange transactions	Note 14	27,773,427	27,773,427	
Staff payables	Note 13	672,587	672,587	
Finance lease	Note 11	8,594,430	8,594,430	
		37,040,444	37,040,444	

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## for the year ended March 31, 2018

Figures in Rand	2018	2017
<b>26. Commitments</b>		
<b>Authorised expenditure</b>		
<b>Already contracted for but not provided for</b>		
Goods and services	17,294,697	18,153,465
<b>Total capital commitments</b>		
Already contracted for but not provided for	17,294,697	18,153,465
	<b>17,294,697</b>	<b>18,153,465</b>
Authorised operational expenditure		
The commitments will be funded through Grants received from Provincial treasury		
<b>Operating leases - as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	9,979,136	9,829,146
- in second to fifth year inclusive	13,433,487	23,412,623
	<b>23,412,623</b>	<b>33,241,769</b>

Operating lease payments represent rentals payable by the GPL for certain of its office properties. Leases are negotiated for an average term of five years and rentals increases on a annual rate of 9% per annum. No contingent rent is payable.

## 27. Contingencies

### Contingent liabilities

#### Malefane and three others v GPL

Four Senior Managers vs GPL - Challenge in respect of expired contracts of employment with the GPL effective 30th June 2016.

An arbitration was awarded against the GPL for the applicants to be reinstated on a permanent basis from 1st February 2017 and paid monthly salaries from 1st July 2016 to the end of January 2017. An application for review of the arbitration award was subsequently lodged by the GPL at the Labour Court. The present value of the expected cash flow is estimated at R 59,378,956.00

### Contingent asset

GPL vs Anglyn Trading CC, GPL issued Summons for R2 168 661. The GPL have established that the CC is in the process of being sequestered. The probability of recovering of funds is unlikely and therefore the GPL has determined that it would not be beneficial to pursue the matter.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended March 31, 2018

Figures in Rand	2018	2017	
<b>28. Related parties</b>			
<b>Related party balances</b>			
<b>Provincial Treasury</b>			
Voted funds	674,898,000	649,557,000	
Direct charge	71,742,747	67,905,960	
<b>Political parties</b>			
Political Party funding and constituency allowances	114,907,032	110,584,597	
<b>Compensation to Member</b>			
Annual Remuneration	54,432,688	50,519,557	
Car allowances	9,905,230	10,019,130	
Political allowances	7,392,178	7,367,273	
	<b>71,730,095</b>	<b>67,905,960</b>	
<b>Executive authority</b>			
<b>2018</b>			
		<b>Total</b>	
Speaker	1,827,510	120,000	1,947,510
Deputy Speaker	1,415,399	120,000	1,535,399
	<b>3,242,909</b>	<b>240,000</b>	<b>3,482,909</b>
<b>2017</b>			
		<b>Total</b>	
Speaker	1,781,919	120,000	1,901,919
Deputy Speaker	1,374,358	120,000	1,494,358
	<b>3,156,277</b>	<b>240,000</b>	<b>3,396,277</b>

### Remuneration of management

The remuneration of the Executive Directors and the Accounting Officer has been disclosed in note 20 of the financial statements.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## for the year ended March 31, 2018

### 29. Change in Estimates

The GPL has reassessed the remaining useful lives of Property, Plant and Equipment based on the conditions of the Assets. Thus as a result depreciation has decreased with an amount of R 159,620.

### 30. Risk management

#### Financial risk management

The GPL is exposed to interest rate risk, all funds deposited into a current account are not invested. The GPL's financial statements consist mainly of cash at bank and cash equivalents, other receivables and payables.

The bank deposits and bank balances, receivables and payables approximate their fair value due to short-term nature of these instruments. The GPL recognises the need to implement Risk Management.

#### Liquidity risk

The GPL's risk to liquidity is a result of the funds available to cover future commitments. The GPL manages liquidity risk through an ongoing review of future commitments and credit facilities.

Figures in Rand	Less than 1 year	Between 1 and 2 years and 5 years	Between 2 Over 5 years	Total
<b>At March 31, 2018</b>				
Trade and other payables	Note 14	25,338,953	-	25,338,953
Finance lease	Note 11	3,486,703	1,710,872	5,197,574
		<b>28,825,656</b>	<b>1,710,872</b>	<b>30,536,527</b>

Figures in Rand	Less than 1 year	Between 1 and 2 years and 5 years	Between 2 Over 5 years	Total
<b>At March 31, 2017</b>				
Trade and other payables	Note 14	27,773,427	-	27,773,427
Finance lease	Note 11	4,377,800	2,853,338	8,594,429
		<b>32,151,227</b>	<b>2,853,338</b>	<b>36,367,856</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended March 31, 2018

### 30. Risk management continued

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The GPL only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at end were as follows:

Figures in Rand		2018	2017
Financial instrument			
Receivables from exchange transactions	Note 9	2,975,299	2,107,092
Cash and cash equivalent	Note 10	237,298,976	191,718,739
		<b>240,274,275</b>	<b>193,825,831</b>

#### Market risk

##### Interest rate risk

As the GPL has no significant interest-bearing assets, the GPL's income and operating cash flows are substantially independent of changes in market interest rates.

At year end the financial instruments exposed to interests rate risk were as follow:

##### Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in less than two years
Cash in current banking institutions	6%	237,298,976	-

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## for the year ended March 31, 2018

### Fair value interest rate risk

Figures in Rand

### Interest rate risk table

The following table demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the GPL's surplus for the year.

### Foreign currency exposure at statement of financial position date

		2018		
		2017		
			2018	2017
Surplus for the year			1% effect	2,628,443
Surplus for the year			-2% effect	-5,273,689
<b>Figures in Rand</b>			<b>2018</b>	<b>2017</b>
<b>31. Fruitless and wasteful expenditure</b>				
Opening balance			2,168,661	-
Fruitless and wasteful expenditure - current			-	5,331,035
Less: Amounts condoned			-2,168,661	-3,162,374
			<b>-</b>	<b>2,168,661</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended March 31, 2018

Figures in Rand	2018	2017
<b>32. Irregular expenditure</b>		
Opening balance	52,794	867,173
Add: Irregular Expenditure - relating to current year	121,676	52,794
Add: Irregular Expenditure - introduced in the current year relating to prior years	9,425,930	-
Less: Amounts condoned	- 52,794	- 867,173
	<b>9,547,606</b>	<b>52,794</b>
<b>Analysis of expenditure awaiting condonation per age classification</b>		
Current year	121,676	52,794
Prior years	9,425,930	-
	<b>9,547,606</b>	<b>52,794</b>

The Irregular expenditure for 2017/18 was incurred as a result of non-compliance in relation to GPL's SCM Policy and where reasons for deviating from complying with normal procurement processes were not approved by the Accounting Officer.

The Accounting Officer has issued a directive to Line Managers to investigate and also determine the level of non-compliance and also report on the steps taken to ensure accountability by officials who failed comply with SCM prescripts governing the SCM activities.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended March 31, 2018

Figures in Rand	2018	2017
<b>33. Reconciliation between budget and statement of the financial position</b>		
Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance		
<b>Net surplus per the statement of financial performance</b>	<b>38,280,630</b>	<b>48,169,658</b>
Adjusted for:		
Capitalization of Assets	-5,457,216	-17,574,941
Depreciation and Amortisation recognised	14,996,346	12,508,234
Disposal of Assets	2,341,726	1,060,477
Provisions	6,019,411	11,608,348
Inventory	- 558,557	365,603
Movements in Leases- Finance lease	-4,489,216	1,195,036
Prepayments	-2,301,567	-
Staff Payables	52,471	-
Impairments	-	614,130
Other revenue	- 19,310,309	-14,539,137
<b>Net surplus per approved budget</b>	<b>29,573,718</b>	<b>43,407,408</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### for the year ended March 31, 2018

#### 34. Budget differences

##### Personnel expenditure (R7,8 million)

An underspending is due to unfilled vacant positions and non-implementation of IPMS for senior management.

In addition, the following planned activities that were not implemented contributed to the underspending

##### Goods and services (R20,3 Million)

The following planned activities that were not implemented contributed to the underspending:

- Deferment of annual ethics seminar due to rescheduling of the seminar to next financial year (October 2018) to coincide with the international ethics day
- Postponement of the GSF activities due to Institutional conflicting priorities, budgeting on accommodation on GSF activities. As part of the efficiency measures a decision was taken not to provide accommodation for participants in all structures of GSF.
- MPWC Public outreach programme which was conducted at a lesser cost than anticipated.
- Cancellation of the Programmes management meetings due to conflicting priorities such as meetings of the sub-committees of the Board;
- Planned training for members and political support staff could not all be executed due to prioritisation of House activities;
- Advertising of Institutional events demonstrated slow spending against the projected figures
- Transport requirement during events- most of the committee activities were postponed as a result of GPL conflicting priorities.
- Special project -20 Year Celebration of the Constitution and NCOP the second leg planned to be conducted in the last quarter was deferred due to competing Institutional activities;

##### Capital Assets (R1,4 million)

- Suspension of the planned procurement of audio visual equipment for the chamber consequential to the reprioritisation of capital projects

##### **The R5.4 million of the unspent amount is attributable to savings which were realised primarily in the following areas, amongst others:**

- Implementation of cost-efficiency measures on travelling including Inter-legislature visits, conferences, accommodation and use of external venues;
- Non-utilisation of accommodation for activities of the Gauteng Speakers Forum and strategic planning sessions
- Reduction in the annual report printing costs;
- License fees due to the rationalisation of institutional software requirements;
- Hosting of the opening of the Legislature internally as opposed to an external venue as originally planned;
- Savings were also realised in areas of stationery, printing, advertising, gifts and promotional items, print room rentals, refreshments and consumables. This however did not hamper operational efficiency.

##### **The under expenditure did not have any negative impact on service delivery.**

Differences between budget and actual amounts of preparations and presentation

The budget and the accounting bases differ. The annual financial statements for the GPL are prepared on the accrual basis using a classification based on the nature of expenditure in the statement of financial performance. The annual financial statements differ from the budget, which is approved on the cash basis.

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the annual financial statements for timing differences associated with the continuing appropriation and the difference in the GPL were to express the actual amount on a comparable basis to the final approved budget.

## DETAILED INCOME STATEMENT

for the year ended March 31, 2018

Figures in Rand	Note(s)	2018	2017
<b>Detailed Income statement</b>			
<b>Revenue</b>			
Aid assistance		250,000	115,000
Appropriation	18	746,640,747	717,462,960
		<b>746,890,747</b>	<b>717,577,960</b>
<b>Other income</b>		<b>19,060,309</b>	<b>14,424,137</b>
<b>Expenses</b>		<b>-726,944,591</b>	<b>-683,187,489</b>
<b>Operating surplus</b>		<b>39,006,465</b>	<b>48,814,608</b>
Finance costs	22	-725,835	-644,949
Surplus for the		<b>38,280,630</b>	<b>48,169,659</b>

The supplementary information presented does not form part of the annual financial statements and is unaudited.

## DETAILED INCOME STATEMENT

for the year ended March 31, 2018

Figures in Rand	Note(s)	2018	2017
<b>Detailed Income statement</b>			
Operating expenses			
Access control consumables		-	26,950
Accommodation		12,662,972	10,084,646
Advertising		11,132,347	8,616,042
Air travel		16,638,707	12,156,344
Asset disposal		2,341,726	1,060,477
Assets expenses		1,372,691	578,827
Auditors remuneration	23	4,714,400	4,525,741
Bad debts		-	192,583
Bank charges		137,821	98,109
Catering contract		2,245,781	2,001,370
Cleaning		1,139,157	964,752
Cleaning materials		601,265	453,099
Computer consumables		1,016,857	636,036
Conferences		1,897,875	1,651,119
Consulting and professional fees		3,179,265	7,318,016
Depreciation, amortisation and impairments		14,996,346	13,122,364
Employee Assistance Programme expenses		865,106	720,992
Employee costs		316,344,856	292,125,018
Entertainment		-	324
Fuel & Lubricants		688,134	363,702
General stationery		168,949	134,863
Gifts		2,917,382	1,511,317
Hansard outsourcing		8,896,833	6,705,307
Inventory write off		-	129,267
IT outsourcing		3,669,253	8,106,987
Insurance		1,757,851	481,113
Internal audit fees		1,531,564	1,073,145
Interior décor		513,150	-
Rent		14,356,197	10,723,896
Library reference books		-64,017	54,685
Licence fees		9,352,881	3,913,805

## DETAILED INCOME STATEMENT

for the year ended March 31, 2018

Figures in Rand	Note(s)	2018	2017
Members remuneration		71,730,095	67,905,960
Municipal service		4,692,842	7,104,472
Photocopy consumables		896,187	344,473
Placement fees		370,925	5,539,804
Plant services		165,065	148,736
Postages		23,934	18,509
Print room rentals		2,088,904	2,201,277
Printing general		2,325,115	2,472,215
Professional fees		1,675,565	2,456,552
Public hearing venue		19,425,347	14,958,685
Refreshments		1,944,472	1,836,142
Repairs & maintenance		1,718,599	3,494,344
Repairs of IT equipment		700,210	775,730
Security maintenance		13,272,795	14,255,628
Special events opening		2,644,923	3,910,065
Staff bursaries		2,152,216	1,607,452
Staff training		2,517,834	3,428,638
Storage Consumables		-	14,136
Subscriptions		3,086,095	3,163,234
Telephone and fax		10,595,854	9,402,863
Special project opening		1,367,821	8,297,169
Political party funding and Constituency allowances		114,907,032	110,584,597
Transport services		12,970,076	14,460,092
Travel & subsistence		6,566,567	5,461,695
Travel & subsistence Overseas		6,484,367	3,782,909
Uniforms		438,425	656,172
Workshop and functions		7,107,978	5,375,045
		<b>726,944,591</b>	<b>683,187,489</b>







GAUTENG  
LEGISLATURE

Your View — Our Vision

# ANNUAL REPORT 2017/18

ISBN 978-0-621-45390-4



9 780621 453904 >

## Gauteng Provincial Legislature

Postal Address:  
Gauteng Provincial Legislature  
Private Bag X52  
Johannesburg  
2000

## Physical Address:

Cnr. President and City Hall Streets  
(formerly Loveday St.)  
Johannesburg (CBD)  
2001

## Contacts:

Tel: +27 (11) 498 5555  
Fax: +27 (11) 498 5999

Gauteng Legislature condemns violence  
against Women & Children



Accountability by the  
Executive