



# ANNUAL REPORT

2016 | 2017



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

**'Within the context of government's National Development Plan and Medium-Term Strategic Framework, GTAC aims to contribute to building a capable and development-oriented state, while strengthening government's capacity to work with the private sector to promote growth, employment, infrastructure investment and public service delivery.'**

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# ABBREVIATIONS AND ACRONYMS

DBSA	Development Bank of Southern Africa
ERLN	Economies of Regions Learning Network
GTAC	Government Technical Advisory Centre
IPPPP	Independent Power Producer Procurement Programme
mSCOA	Municipal Standard Chart of Accounts
NDP	Neighbourhood Development Programme
PPP	Public-Private Partnership
REDI	Research Project on Employment, Income Distribution and Inclusive Growth
REIPPP	Renewable Energy Independent Power Producers Programme
TUHF	Trust for Urban Housing Finance

# FOREWORD BY THE MINISTER OF FINANCE



I have been keenly aware of the work of the Government Technical Advisory Centre (GTAC) over the years in my various roles in government, and I am pleased to be more directly involved in the capacity building work of this innovative centre of excellence within the Treasury family.

GTAC has evolved from a number of highly effective independent units, each with a history in government, into an integrated centre providing technical and advisory services to support government's vision of a capable and developmental state contributing to inclusive growth and transformation. I am encouraged by the steps GTAC has been taking, particularly in the last quarter of 2016/17, to institutionalise and streamline its functions, resources and partnerships to deliver on this mandate. Of particular significance is its increasing engagement with academic,

research and international development agencies, to help GTAC find solutions to development challenges and to capitalise on and scale up its successes.

As a learning institution, GTAC continues to reflect on its practices, revisit its methodologies, and pioneer and innovate in an often rapidly changing environment. Its ability to generate and share knowledge is critical to finding sustainable and value-for-money solutions that can be shared across government. Its knowledge management system is valued by researchers and practitioners alike, and is the foundation on which the organisation's legacy rests.

GTAC's inaugural Winter School, an inspiring part of its broader public economics capacity building initiative, is set to become a major calendar event. Through the Winter School and associated bursary programme, GTAC invests in intellectual capital by developing talented young South African economists and incentivising them to pursue careers in the public sector. I encourage you to read more about this important initiative on the GTAC website.

This 2016/17 annual report highlights GTAC's plans and achievements, but more importantly, tells the stories of its greatest resource, its people, and the work they undertake with a passion underpinned by a commitment to creating a South Africa that is equitable, transparent and above all, efficiently and accountably managed. I consider it a privilege to lead such an innovative and remarkable organisation.

MR MKN GIGABA, MP  
**Minister of Finance**

**Its ability to generate and share knowledge is critical to finding sustainable and value-for-money solutions that can be shared across government.**

# ACCOUNTING OFFICER'S OVERVIEW

In this, GTAC's third annual report, we find ourselves looking to the future as we review the year gone by. During the last year, GTAC formulated its first strategic plan, for the period 2017/18–2019/20. The plan reflects GTAC's evolution from an umbrella organisation for its founding units into an integrated, rationalised institution that uses a unique resource model for responding to government requests for advice and support. The institutionalisation of our business model gathered momentum in the last quarter of the year, and the core of my mandate as GTAC's Acting Head is to see this process through. I am confident that readers will find ample evidence of GTAC's achievements in the past year, but more importantly of the path we have created for achieving outcomes over the next three years.

The reporting period has also seen significant progress in GTAC's institutional growth in terms of improved governance and compliance.



## **Efficient and effective use of resources**

Flexible responsiveness is one of GTAC's core strengths. In 2016/17 we saw the benefits of our evolving resource model, which allows us to put together customised teams – comprising GTAC professional staff, expert advisors, and other short-term service providers – to meet the specific requirements of each project. In addition, new internal arrangements facilitate collaboration and the sharing of resources and learning between GTAC's specialised units and will ultimately improve delivery and value for money. The success of this model is apparent from the many project examples you will find in this report.

## **Centre of excellence**

An important strategic outcome for the next three years is for GTAC to be “recognised as a centre of excellence utilising strategic partnerships to deliver shared learning opportunities”. Building on existing relationships with key stakeholders, GTAC looks forward to formalising additional agreements with non-state partners (research and academic institutions, development partners, and the private and civil society sectors) to grow its footprint in South Africa and on the continent. Global Affairs Canada has supported GTAC consistently over many years, which has allowed us to deliver effective, valued programmes. For instance, with Canadian support, GTAC's performance expenditure review methodology has been critical to assessing the policy intent and value for money of government programmes. The support has also allowed GTAC to launch its capacity building initiative in public economics, which includes the annual Winter School and the Graduate Bursary Programme.

The year also saw successes for GTAC's communications and publications function, a crucial part of positioning the organisation as the go-to institution for information and knowledge on public economics and policy. We encourage readers to visit the website, which not only showcases GTAC's own work but is equally a unique resource for policymakers, academics, students and development practitioners. Available information includes reports on the internationally recognised performance and expenditure reviews, innovative project toolkits and methodologies, and policy notes providing useful insights into the decision-making and policy processes of government.

Finally, GTAC actively contributes to the National Development Plan's objective of building a capable and developmental state. The focus on building capacity is integral to the way we function. Through our focus on “learning by doing”, every GTAC engagement empowers government clients with better skills and deeper knowledge. GTAC helps its clients to realise their plans, rather than imposing solutions. The stories and conversations presented here show the many ways in which we ensure that we empower departments in a collegial, mutually constructive approach.

## Highlights of 2016/17

The inaugural Public Economics Winter School hosted over 100 South African graduate students and young economists, featured international and local experts, and was supported by high-ranking officials from the Treasury and other parts of government. Participants reported that the Winter School provided a valuable introduction to public economics in practice, along with insights into possible careers in the Treasury and public service.

GTAC also introduced a competitive bursary programme for master's students in economics. Following an exhaustive selection process, seven bursaries were awarded for 2017. The programme includes a mentorship arrangement within the Treasury, as well as the possibility of an internship placement in the Treasury or GTAC.

The Capital Projects Appraisal unit conducted research on compressed natural gas as an alternative transport fuel, and concluded that there is an economic case for developing a market for this gas. In the year ahead, the unit will support the Treasury's efforts to reform capital budgeting and financing by helping to develop better methodologies for appraising the financing of capital infrastructure.

The Social Services portfolio of the Technical Consulting Services unit supported ten projects last year, including several in the education sector. One notable example is support to the Department of Higher Education and Training with the establishment of a skills planning unit.

Among the wide-ranging projects in the Transaction Advisory Services and PPP unit was a project with a direct impact on current government priorities – assisting the Department of Higher Education and Training in assessing the potential for acquiring student accommodation through PPPs.

These varied projects demonstrate how GTAC's technical and advisory work directly and indirectly informs and influences policy processes and decision-making within government. A central tenet of GTAC's model is that we are able to engage, encourage and support change through rigorous analytics. That is the tool of our trade and we are proud to continue this tradition of strong intellectual independence.

## Relationship with the National Treasury

A significant improvement in GTAC's relationship with the National Treasury is the institutionalisation of much stronger coordination with key Treasury divisions. While informal links have historically existed, the partnership has become more institutionalised to ensure improved coordination and policy coherence with GTAC's work across government.

GTAC strives to be seen as a valued partner of choice for all government. We expect that the next annual report will provide further evidence of how we are achieving this.

## Acknowledgements

I am grateful to the GTAC leadership team and staff for their dedication and commitment to sound financial management and their adherence to the highest standards of integrity and professional quality assurance. I also wish to acknowledge the courteous and constructive support of the National Treasury's internal audit team, the Auditor-General and members of the Audit Committee.



SHAHID KHAN

**Acting Head and Accounting Officer: GTAC**

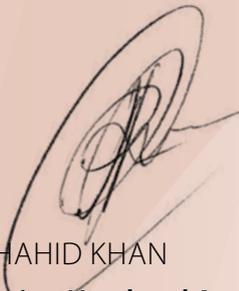
# ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

*Statement of responsibility and confirmation of accuracy for the annual report for the year ended 31 March 2017*

## **I CONFIRM THE FOLLOWING:**

- The information and amounts disclosed in this annual report are compiled from the records of GTAC and the National Treasury, and accurately reflect, subject to the limitations of these records, the activities of GTAC, functioning as an Agency of the National Treasury.
- To the best of my knowledge and understanding, the annual report is complete, accurate and free from material misstatements.
- The annual report has been prepared taking into account the relevant guidelines issued by the National Treasury. Following a determination by the Minister of Finance and approval by the Accountant-General, the annual financial statements (Part C) have been prepared in accordance with Generally Recognised Accounting Practice standards and the relevant frameworks and guidelines issued by the National Treasury.
- The accounting authority is responsible for preparing the annual financial statements and for judgements made in this information.
- The accounting authority is responsible for implementing a system of internal control designed to provide reasonable assurance on the integrity and reliability of the performance information, human resources information and 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 GTAC's operations, performance information and human resources.

This report is submitted by the Acting Head of GTAC, Mr Shahid Khan, whose appointment took effect in January 2017. As the accounting officer I am pleased to present this annual report.



SHAHID KHAN

**Acting Head and Accounting Officer: GTAC**

**'As we embed GTAC as a fully functional agency, we will ensure that we always adhere to the principles of good corporate governance, be accountable to our principals and stakeholders, and comply with government laws and regulations.'**

Shahid Khan,  
Acting Head and Accounting Officer