



ANNUAL REPORT

2017 | 2018



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.'

CONTENTS

MINISTER'S FOREWORD	3
ACCOUNTING OFFICER'S OVERVIEW	4
ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY	6
PART A: GENERAL INFORMATION	8
Performance environment	10
PART B: PERFORMANCE INFORMATION	18
Situation analysis	19
Performance information per strategic outcome	21
PART C: GOVERNANCE	46
Governance	48
Audit Committee report	49
PART D: HUMAN CAPITAL MANAGEMENT AND CORPORATE SUPPORT SERVICES	59
Overview of human capital management and corporate services support matters	60
Statistical information	61
PART E: FINANCIAL INFORMATION	93
Report of the Auditor General to Parliament on the Government Technical Advisory Centre	94
Annual financial statements	100

ABBREVIATIONS AND ACRONYMS

CBPEP	Capacity Building Programme for Employment Promotion
GTAC	Government Technical Advisory Centre
MANCO	Management Committee
MFIP	Municipal Finance Improvement Programme
mSCOA	Municipal Standard Chart of Accounts
NAWONGO	National Association of Welfare Organisations and Non-Governmental Organisations
PEPA	Public Expenditure and Policy Analysis
PER	performance and expenditure review
PPP	public-private partnership
SHERQ	safety, health, environment, risk and quality
SMS	Senior Management Services

FOREWORD BY THE MINISTER OF FINANCE



In the May Budget address, I emphasised that ‘we need to rebuild confidence and trust that Government and our public entities exist to serve the people of South Africa, and that they strive to do so effectively, efficiently and honestly’. Building an effective, efficient and honest government requires us to strengthen governance practices, provide effective oversight and, importantly, continue to build the skills and capacity to manage public funds judiciously.

It is worth reminding ourselves that GTAC draws its mandate from the responsibility of the National Treasury to promote transparency and the effective management of public finances; it provides technical and advisory support to help the Treasury and other organs of state meet this mandate. GTAC is uniquely positioned to convene the relevant strategic role players in the interest of improving public financial management practices, because it draws on market expertise and deploys it to contribute to building fiscally sound state institutions. I look forward to the consolidation of this work as GTAC finds its place as an important entity on which centre-of-government

departments can depend, to help provide the critical skills needed to take South Africa forward. In a turbulent year, GTAC has stayed steadily on course, and has responded with savvy and innovation to provide continuing support to an increasingly fiscally constrained public sector.

Some of the highlights in the 2017/18 reporting period include GTAC support to the National Treasury in the development of the online budget data portal, Vulekamali. This portal is part of the National Treasury’s continued commitment to transparency and budget participation reforms. GTAC further produced eight provincial performance expenditure reviews, which provide insights into key constraints in implementation models, reporting systems, and the collection, availability and quality of data. Assistance with the budget facility for infrastructure is another sound example of how GTAC closely supports the National Treasury’s priorities. Finally, GTAC’s Public Economics Capacity Building Initiative is an important contribution to the national priority of stimulating youth employment. This forward-looking programme, which includes the Winter School, a bursary programme and an internship initiative, aims to equip and encourage young, talented economists for meaningful careers in the public sector. This year, GTAC awarded six bursaries to students who excelled in their applications; it expects these students to form part of the first cadre of interns into the Treasury in 2019. GTAC’s Winter School was held in July, with over 150 South African university students and young economists attending the event.

As Minister of Finance, I wholeheartedly support GTAC’s effort to bring inspired, highly skilled, new talent into the established Treasury family.

A handwritten signature in black ink, appearing to read 'Nhlanhla MUSA NENE', enclosed within a hand-drawn oval.

NHLANHLA MUSA NENE
Minister of Finance

ACCOUNTING OFFICER'S OVERVIEW



GTAC: MORE THAN THE SUM OF ITS PARTS

The past year has seen fundamental organisational changes across many state institutions, and GTAC has been no exception. The impact of these shifts has affected GTAC in three defining ways: it has helped us recognise that our business offering needed to be better articulated, our governance arrangements needed to better reflect this business model, and we had to better position ourselves to play the role of invested but independent convenor and clearly and unambiguously demonstrate our value proposition.

While we focus on developing the best institutional model, GTAC continues its work of delivering quality, incisive technical advisory services to the National Treasury and other centre-of-government departments. I believe this is evidenced in the information shared in this report.

An important shift this year has been our collective recognition that there is value and strength in our difference. The fact that GTAC is a model of different

service offerings is a technical and intellectual advantage. The unique service offerings of each business unit create the space to better leverage off one another's strengths and in so doing, deliver a much more rigorous end product for our clients. For instance, the sectoral expenditure reviews provide a technical baseline for the advisory work of the consulting business, as well as for the appraisal of capital projects. Lessons from the Municipal Finance Improvement Programme influence how we design and deliver other forms of support to local government. Leveraging off the research of external institutional partners allows us to prepare and successfully deliver better-informed, fit-for-purpose solutions. In short, in recognising the federated nature of its form, GTAC is creating increased value for its clients.

Highlights of 2017/18

In terms of delivery, GTAC has been productively engaged. This year has seen important contributions in a number of areas. The annual GTAC Winter School has become a prestigious calendar event, drawing young graduates and professionals together for a week-long engagement with international and local experts on the challenges facing public policy decision-making.

The Transaction Advisory Services and Public-Private Partnership (PPP) unit worked on getting the Johannesburg Stock Exchange's approval for project bond listing requirements. Project bonds are widely used in developing countries to finance public service infrastructure. Through this intervention, they have now become available in South Africa. This important development has enhanced the ability to 'crowd in' private sector financing.

The Capital Projects Appraisals unit assisted the National Treasury in conceptualising the establishment of a budget facility for infrastructure. A part of ongoing budget reform processes, the facility is a critical intervention that helps to make decisions on infrastructure financing more rigorous.

This year, the Technical Consulting Services unit supported 80 projects that helped to build the institutional capacity of client departments. These included the development of a business case for a free port at the Port of Saldanha Bay, a readiness assessment to modernise deeds registration for the Department of Rural Development and Land Reform, and the development of a business case for a Special Economic Infrastructure Entity for the Western Cape Department of Economic Development and Tourism.

Finally, the Public Expenditure and Policy Analysis unit has for the first time conducted provincial expenditure reviews, providing a platform for testing the methodology beyond the national sphere of government. Eight of these reviews were done during the year under review. The focus on provincial functions has helped crystallise concerns about the degree of coordination across the spheres of government and the lack of consistency across provinces with regard to institutional configurations, implementation models, reporting systems, and the collection, availability and quality of data.

Acknowledgements

In all likelihood, the next annual reporting period will bring with it finality around the position of a permanent head for GTAC. It has been an honour to have been entrusted with helping play my small part in this journey. I am grateful for the unwavering support and guidance provided by Andrew Donaldson and Shahid Khan over what has certainly been an eventful period. Their contributions and leadership have been indispensable in allowing me to provide consistent and considered direction to the organisation. The support from the management team has been robust, engaging and totally focused on delivering excellence. The GTAC family will continue to shape the institution as it evolves, and I would like to express my very special appreciation to every single person for their hard work and dedication over this year.



LINDIWE NDLELA

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 2018

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 E) 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 judgments 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 in the year under review.

This report is submitted by the Acting Head of GTAC, Ms Lindiwe Ndlela, whose appointment took effect in February 2018. As the accounting officer, I am pleased to present this annual report..



LINDIWE NDLELA

Acting Head and Accounting Officer: GTAC

'GTAC recognises that engagements between research institutions and government are undeveloped. It therefore seeks partnerships to build bridges and connect independent research and development organisations with targeted government entities.'

Lindiwe Ndlela,
Acting Head and Accounting Officer