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DEPARTMENT OF FINANCE

ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2002

PART ONE

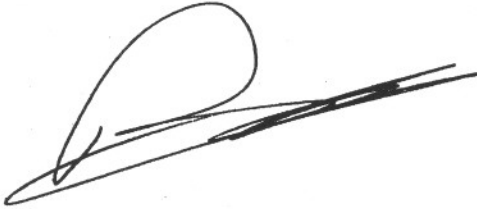
GENERAL INFORMATION

SUBMISSION OF THE ANNUAL REPORT TO THE EXECUTIVE AUTHORITY

**MINISTER EBRAHIM RASOOL**  
**MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT**

In accordance with section 40(1)(d) of the Public Finance Management Act, 1999, the Public Service Act, 1994 the National Treasury Regulations (NTR) and the Public Service Regulations, I hereby submit the Department of Finance's Annual Report on financial statements, performance indicators and departmental activities for the 2001/2002 financial year.

It is important to note that in terms of section 65(1)(a) of the Public Finance Management Act, 1999 you are required to table the report in the Provincial Parliament by 31 August 2002. In the event that you are unable to do so, you are, in terms of section 65(2)(a) of the Public Finance Management Act, 1999, required to provide a written explanation to the Provincial Parliament within six months of the end of the relevant financial year, i.e. by 30 September 2002, for not doing so.



**KP PRETORIUS**  
**ACCOUNTING OFFICER**

30 August 2002



**DR JC STEGMANN**  
**HEAD OF DEPARTMENT**

30 August 2002

## **INTRODUCTION**

Interaction with a variety of role-players together with developments/changes in legislation, led to the following important policy developments:

- The Provincial Cabinet adopted the Western Cape Fiscal Policy 2002 - 2005
- Budget formats and priorities were respectively aligned with National Treasury Prescripts and Government Finance Statistics and national priorities.
- Established the Directorate Revenue Management to optimise current sources of revenue and to investigate, quantify and formulate strategies to do so, as well as setting in motion initiatives to find new sources of own revenue and provincial taxes.
- Assessed quantitative budget targets in respect of expenditure and revenue and ensured regular reporting thereon.
- Ensured that a reference framework for accounting officers, executive authorities and other officials were in place within which they could operate effectively.
- Implemented further preferential procurement policies/strategies to fully ensure the participation of historically disadvantaged individuals in the provincial procurement process.
- Budget reform to initiate performance based budgeting.
- Developed and implemented an improved reporting strategy.
- Established closer co-operation with government structures.
- Further endeavoured to promote the development of professionalism and excellence in financial management.
- Encouraged financial regularity and accountability, including monitoring the implementation of the Public Finance Management Act, 1999, in provincial departments.
- Further roll-out of financial administration systems to serve management and institutions, including the further implementation of the moveable asset management system (Logis) and the Vulindlela management information system.

## **INFORMATION ON THE MINISTRY**

### **MINISTRY**

Mr Leon D Markovitz as the Minister of Finance, Business Promotion and Tourism until 4 December 2001 and Mr Ebrahim Rasool as Minister of Finance, Business Promotion and Asset Management from 5 December 2001 until 12 February 2002 and as Minister of Finance and Economic Development from 13 February 2002, was/is the office bearer for the Department of Finance. As Minister responsible for financial matters, Mr Rasool, is the Head of the Provincial Treasury and the Executive/Executing Authority for the Department. He is also the responsible Minister for the Western Cape Provincial Tender Board. Furthermore, he is a member of the National Budget Council, operating under the auspices of the National Treasury, headed by the national Minister of Finance, currently Minister T Manuel.

Mr Johan P Gelderblom, Minister of Agriculture, Tourism and Gambling is responsible for the Western Cape Gambling and Racing Board.

### **BILLS**

The Bills that the Executive Authority submitted to the Western Cape Provincial Parliament during the financial year are:

Western Cape Second Adjustments Appropriation Bill, 2001  
Western Cape First Finance Bill, 2001  
Western Cape Second Finance Bill, 2001  
Western Cape Tenth Gambling and Racing Amendment Bill, 2001  
Western Cape Third Finance Bill, 2001  
Western Cape Third Adjustments Appropriation Bill, 2001  
Western Cape Appropriation Bill, 2002  
Western Cape First Finance Bill, 2002

## **VISITS ABROAD**

During his term of office, Mr Leon D Markovitz, accompanied the Premier of the Western Cape Government on a visit to California, Florida, USA from 19 April 2001 to 6 May 2001 to sign a sister state agreement between California and the Western Cape. From 28 to 31 May 2001 Mr Markovitz visited Geneva, Switzerland as part of a delegation investigating the international standards necessary for the establishing of an internationally recognised convention centre for Cape Town. From 31 August to 8 September 2001 Mr Markovitz visited Australia to meet with Gaming Authorities to discuss regulatory frameworks, tax structures, interest gambling, problem gambling, membership of casino's and their regulatory framework and tax structure, and on how to create a sustainable environment for horse racing and central monitoring system for the limited pay out gambling industry. Since Mr Rasool came into office on 5 December 2001, no official overseas visits were undertaken.

## **MISSION STATEMENT**

To obtain financial and supportive means and utilise them to the optimum advantage of the whole community.

## **LEGISLATIVE MANDATE**

The key legislation that governs the existence of the Department and its operations are:

- The Public Finance Management Act, 1999 (Act 1 of 1999)
- The Western Cape Exchequer Law, 1994 (Law 4 of 1994)
- Western Cape Gambling and Racing Law, 1996 (Law 4 of 1996)
- Western Cape Provincial Tender Board Law, 1994 (Law 8 of 1994)

The Department is responsible for the Public Entities listed in Schedule 3 of the Public Finance Management Act, 1999 (Act 1 of 1999), as indicated below:

### **The Western Cape Gambling and Racing Board**

The Board was established in terms of the Western Cape Gambling and Racing Law, 1996 (Law 4 of 1996).

The function of the Board is the controlling of all gambling, racing and activities incidental thereto in the Western Cape.

Accountability arrangements are dealt with in terms of the Public Finance Management Act, 1999 (Act 1 of 1999) as well as the Western Cape Gambling and Racing Law, 1996 (Law 4 of 1996).

### **The Western Cape Provincial Tender Board**

The Board was established in terms of the Western Cape Tender Board Law, 1994 (Law 8 of 1994).

The function of the Board is the procuring of supplies and services for the Province and, subject to the provisions of any other act of Parliament or a law of the Western Cape Provincial Parliament, to arrange the hiring or letting of anything or the acquisition or granting of any right for or on behalf of the Province, and to dispose of Provincial property.

Accountability arrangements are dealt with in terms of the Public Finance Management Act, 1999 (Act 1 of 1999) as well as the Western Cape Tender Board Law, 1994 (Law 8 of 1994).

Regarding the continuation of the Western Cape Provincial Tender Board, as a public entity, also refer to the last part of paragraph 5 of the Management Report to the Financial Statements, herewith attached as page 45.

## GENERAL COMMENTS

### (a) INFORMATION EXTRACTED FROM SYSTEMS

It should be noted that the Department's human resource management and salary administration information is recorded and processed on the nationally transversal PERSAL computerised system. The information stored on this system pertains mainly to salary payments and related processes. Expenditure processed within the PERSAL system is programmatically transferred to the nationally transversal Financial Management System (FMS). However, some transactions in respect of personnel expenditure are processed directly through the FMS, without transferring the information to the PERSAL system. In practice, therefore, a discrepancy may be found between the PERSAL system and the FMS as far as information on personnel expenditure is concerned. Figures reflected in Part Two are based on PERSAL information.

### (b) NUMBER OF PROGRAMMES FOR VOTE 3

In terms of Minute 34/2000 the Western Cape Provincial Cabinet resolved that the additional allocation of R105,833 million received from National Treasury as part of the equitable share for the 2001/2002 financial year, be allocated for the interim, as a special programme, namely programme 4: Service Delivery Enhancement to Vote 3: Finance, under the control of the Minister of Finance, Business Promotion and Tourism, until these funds could be redistributed to the provincial departments for the aforementioned purpose.

The budget statements for 2001/2002 subsequently reflects a programme 4: Service Delivery Enhancement within Vote 3.

With the acceptance of the Western Cape First Adjustments Appropriation Act, 2001, programme 4 was, however, deleted from Vote 3: Finance and the related amount of R105,833 million shifted to the other applicable votes to finance authorised projects that would enhance service delivery and thereby improve the quality of the provincial service.

For the purpose of the annual report, therefore, programme 4 is disregarded.