

WESTERN CAPE PROVINCIAL GOVERNMENT

PROVINCIAL TREASURY

ANNUAL REPORT

2003/2004

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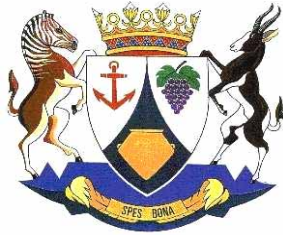
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Provincial Treasury

ANNUAL REPORT

2003/2004

Ms L Brown

Minister of Finance, Economic Development and Tourism

**REPORT OF THE ACCOUNTING OFFICER OF THE PROVINCIAL
TREASURY FOR THE PERIOD 01 APRIL 2003 TO 31 MARCH 2004**

In accordance with section 40(1)(d) of the Public Finance Management Act, 1999, the Public Service Act, 1994 and Treasury Regulation 18, I hereby submit the annual report of the Provincial Treasury on financial statements, performance indicators and departmental activities for the 2003/04 financial year.

Dr JC Stegmann
ACCOUNTING OFFICER

DATE: 20 AUGUST 2004

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PART 1: GENERAL INFORMATION

Introduction by the Accounting Officer

During the 2003/04 financial year the Provincial Treasury was exposed to service delivery pressures brought about mainly by:

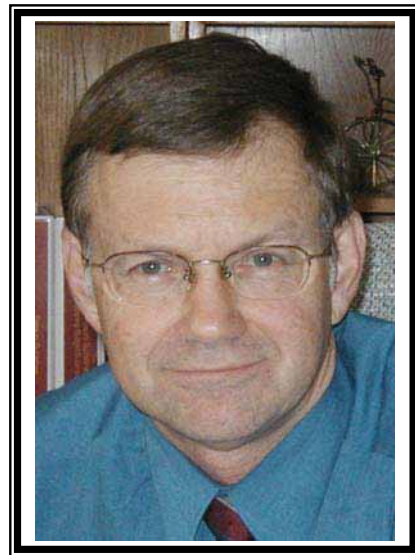
- Complete restructuring and refocusing of the department to deal with the challenges of modern day financial governance;
- A high vacancy rate (40,5%), due to the inability to find suitable qualified persons to key and specialised positions; and
- A high personnel turnover rate (58,5%), mainly due to the exodus of personnel to other provincial departments.

Key service delivery objectives over the past year were to establish clear socio-economic goals for the Province to foster outcome-based budget practices, improvement in financial governance, promotion of value for money spending and to improve safeguarding and utilisation of provincial assets.

In fulfilling its role as change agent, much emphasis was placed during the year under revision on the provincial growth development strategy known as *iKapa elihlumayo* ("The Growing Cape"). A programme was established under Vote 3: Provincial Treasury during 2003/04 to specifically provide funds to the amount of R77,654 million for the initial enhancement of the *iKapa elihlumayo* initiative. During the course of the financial year, this was re-distributed to respectively Votes 5 (Education), and 13 (Economic Development and Tourism) to kick start two interventions, Investing in the Future of Our Youth and the Strategy for Growth, Skills, Jobs and Empowerment. Carry through funding for these two purposes will be made in the new MTEF 2004-2007 under these two votes and therefore no further provision for the purpose of *iKapa elihlumayo* will be made under this Vote.

Some of the key highlights of the financial year under review:

- The first phase restructuring of the Provincial Treasury was concluded and the new organisational structure and staff establishment implemented with effect from 1 May 2003.
- The publication of the first Socio-Economic Review, 2003 and Medium Term Budget Policy Statement 2004-2007, that together laid the foundation for a new structured fixed policy direction for the Provincial Government.
- The launch of Government's *iKapa elihlumayo* initiative, signifying a people-interest developmental drive and direct association between budget and socio-economic imperatives over time.
- The responsibility for supply chain management has now fully shifted to departments from 1 January 2004, which resulted in the abolishment of the Provincial Tender Board with effect from the same date.



*Dr JC Stegmann
Accounting Officer
Provincial Treasury*

Apart from the Socio-Economic Review, 2003 and Medium Term Budget Policy Statement 2004-2007, Budget 2004 together with more in depth communication of the Provincial Government budget priorities, was also published. Other key documents reflecting work done in the Provincial Treasury to improve financial management and governance and distributed as working papers, were:

- Asset Management Review, 2003
- Local Government Review, 2003
- Financial Governance Review, 2003
- Accounting Review, 2003
- Expenditure Review, 2003
- Sector Efficacy Review, 2003

In spite of great turmoil and great pressure on staff that remained after restructuring, they did exceptionally well in terms of our stated strategic objectives exceeding in many instances my expectations. In addition, we again received an unqualified Auditor-General Report for the 2003/04 financial year.

The achievements highlighted point to the calibre of staff the Provincial Treasury is fortunate to have; staff who performed their duties with a sense of commitment, diligence and willingness. As Accounting Officer I am indeed privileged to be supported by a team of people who have proven their ability to perform at a high level. I would therefore like to sincerely thank each and every staff member and the management team for a year of hard and dedicated work allowing us to deliver against the high standards set by our Minister. For Minister Rasool's guidance, encouragement and enduring support I would like to express my sincere appreciation.

Dr JC Stegmann
ACCOUNTING OFFICER: PROVINCIAL TREASURY

The Ministry

Mr Ebrahim Rasool assumed duty as the Minister of Finance and Economic Development on 5 December 2001. As Provincial Minister responsible for financial matters, Mr Rasool, is in terms of section 17(1)(a) of the Public Finance Management Act, 1999 (PFMA) the Head of the Provincial Treasury. His duties as Head of the Provincial Treasury implied that he was a member of the National Budget Council, operating under the auspices of the National Treasury in the period under review, and headed by the national Minister of Finance (currently Minister Trevor Manuel). Minister Rasool was also responsible for the Department of Economic Development.

Further developments

Mr Rasool has subsequently become Premier of the Western Cape Government and has been succeeded by Provincial Minister Lynne Brown at the beginning of the new financial year. The Provincial Treasury takes this opportunity to welcome Provincial Minister Brown as the new Head of the Provincial Treasury and at the same time to wish Mr Rasool well with his new responsibilities.

Bills

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

- Western Cape Adjustments Appropriation Bill, 2003
- Western Cape Appropriation Bill, 2004
- Western Cape Direct Charges Amendment Act, 2003
- Western Cape First Finance Bill, 2003
- Western Cape Fourteenth Gambling and Racing Amendment Bill, 2003
- Western Cape Tender Board Law Repeal Bill, 2003
- Western Cape Thirteenth Gambling and Racing Amendment Bill, 2003
- Western Cape Twelfth Gambling and Racing Amendment Bill, 2003

All these Bills were subsequently enacted.

Visit abroad

During the 2003/04 financial year Minister Rasool attended the Western Cape/London Investment Conference in London, England from 29 June 2003 to 13 July 2003. During this period he also visited Belfast and Dublin in Ireland. This created a platform for building long-term relations with leading global companies that could have meaningful benefits to the Province in future.



*Mr E Rasool
Minister of Finance and
Economic Development*

VISION

As change agent in resource allocation and utilisation practices to achieve the highest possible living standards in pursuing the systematic reduction in social and economic disparities.

MISSION

To obtain financial and supportive means and utilise these optimally in pursuit of its vision and supporting strategic goals.

STRATEGIC GOALS

- To achieve service excellence in the provisioning and maintenance of sound financial and human resource management and administration.
- To develop, implement and enforce financial norms and standards and ensure effective communication.
- To promote effective financial resource allocation.
- To determine and evaluate economic parameters and socio-economic imperatives within a provincial and national macroeconomic context.
- To enable the provincial government to finance its service delivery obligations.
- To ensure efficient budget management.
- To ensure the effective and efficient management of physical and financial assets.
- To ensure financial transaction processing and reporting that will fully reflect the financial position of the Province.
- Provision for the targeted growth and development objectives of the Province.
- To make provision for unforeseeable and unavoidable expenditure within the Province.

VALUES

To give effect to the Public Service Code of Conduct, to be of service, to empower people, to be an employment equity employer and to be aware of, and to cultivate respect for our country's heterogeneity.

Legislative Mandate

The legislative mandate within which the Provincial Treasury operates, consist of the following mix of national and provincial legislation:

- **Annual Division of Revenue Act (DORA), 2003 (Act 7 of 2003)**

To regulate the Treasury's role, on behalf of the Provincial Government, regarding the allocation of conditional grants and the equitable division of revenue raised nationally.
- **Basic Conditions of Employment Act, 1997 (Act 75 of 1997)**

To provide regulatory prescripts, in addition to the Public Service Act, 1994 and the Public Service Regulations, 2001, regarding the conditions of employment of staff in the Department.
- **Borrowing Powers of Provincial Government Act, 1996 (Act 48 of 1996)**

To provide norms and conditions which the Treasury must adhere to in negotiating loans for the Provincial Government.
- **Employment Equity Act, 1998 (Act 55 of 1998)**

To regulate the processes and procedures of the Department in achieving a diverse and competent workforce broadly representative of the demographics of the Western Cape and eliminating any unfair discrimination in employment towards implementing employment equity.
- **Intergovernmental Fiscal Relations Act, 1997 (Act 97 of 1997)**

To define the role of the MEC for Finance and that of the Treasury as representatives of the Provincial Government, in promoting co-operation between other spheres of government on fiscal, budgetary and financial matters; to provide the Treasury with insight into the prescribed processes for the determination of the equitable share and allocation of revenue raised nationally and for matters in connection therewith.
- **Labour Relations Act, 1995 (Act 66 of 1995)**

To regulate and guide the Department in recognising and fulfilling its role in effecting labour harmony and the democratisation of the workplace.
- **Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)**

To regulate financial management in the local sphere of government; to require that all revenue, expenditure, assets and liabilities of municipalities and municipal entities are managed economically, efficiently and effectively; to determine the responsibilities of persons entrusted municipal borrowing; to make provision for the handling of financial emergencies in municipalities; and to provide for matters connected therewith.

❑ **Occupational Health and Safety Act, 1993 (Act 85 of 1993)**

To provide for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of person at work; to establish an advisory council for occupational health and safety; and to provide for matters connected therewith.

❑ **Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)**

To provide the Treasury with a regulatory framework enabling and assisting departments, the Western Cape Provincial Tender Board and potential historically disadvantaged individuals (HDI's) in the sustainable development and implementation of a preferential procurement system.

❑ **Promotion of Access to Information Act, 2000 (Act 2 of 2000)**

To give effect to the constitutional right of access to any information held by the State and any information that is held by another person and that is required for the exercise or protection of any rights; and to provide for matters connected therewith.

❑ **Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)**

To give effect to the right to administrative action that is lawful, reasonable and procedurally fair and to the right to written reasons for administrative action as contemplated in section 33 of the Constitution of the Republic of South Africa, 1996; and to provide for matters incidental thereto.

❑ **Provincial Tax Regulation Process Act, 2001 (Act 53 of 2001)**

To regulate an intergovernmental process that must be followed by provinces in the exercise of their power in terms of section 228 of the Constitution to impose taxes, levies and duties, and flat-rate surcharges on the tax bases of any tax, levy or duty imposed by national legislation; and to provide for matters connected therewith.

❑ **Public Finance Management Act, 1999 (Act 1 of 1999)**

To regulate financial management in the Department to ensure that all revenue, expenditure, assets and liabilities of the Department are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in the Department and to provide for matter connected therewith; and to fulfill all Treasury responsibilities with respect to other departments and public entities.

❑ **Public Service Act, 1994 (Act 103 of 1994)**

To provide for the organisation and administration of the Treasury and for human resource management which includes the regulation of conditions of employment, terms of office, discipline, retirement and discharge of staff members of the Treasury and matters connected therewith.

❑ **Skills Development Act, 1998 (Act 97 of 1998)**

To provide an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce; to integrate those strategies within the National Qualification Framework contemplated in the South African Qualification Authority Act, 1995; to provide for learnerships that lead to recognised occupational qualifications; to provide for the financing of skills development by means of a levy-grant scheme and a National Skills Fund; to provide for and regulate employment services; and to provide for matters connected therewith.

❑ **Skills Development Levy Act, 1999 (Act 9 of 1999)**

To provide for the imposition of a skills development levy; and for matters connected therewith.

❑ **Western Cape Direct Charges Act, 2000 (Act 6 of 2000)**

To provide for the withdrawal of State moneys from the Western Cape Provincial Revenue Fund, as a direct charge, in accordance with the Constitution of the Republic of South Africa, 1999 (Act 108 of 1996), the Constitution of the Western Cape, 1997 (Act 1 of 1998) and the Public Finance Management Act, 1999 (Act 1 of 1999), and for matters incidental thereof.

❑ **Western Cape Gambling and Racing Law, 1996 (Law 4 of 1996)**

To provide regulatory prescripts to support the responsible Minister in ensuring sound financial administration and management and matters incidental thereto by the Western Cape Gambling and Racing Board.

❑ **Western Cape Law on the Powers and Privileges of the Provincial Legislature Amendment Act, 1998 (Law 3 of 1998)**

To provide the Treasury with regulatory prescripts in assisting the Legislature when necessary, in meeting their financial responsibilities as set out in legislation.

❑ **Western Cape Provincial Tender Board Law, 1994 (Law 8 of 1994)**

To regulate the Department's role in providing administrative and remunerative assistance to the Western Cape Provincial Tender Board in the execution of its functions towards achieving the goals set out in the Law. This law was repealed with effect of 1 January 2004.

The Provincial Treasury is the designated department for the following listed provincial public entity:

❑ **Western Cape Gambling and Racing Board**

The Board is established in terms of the **Western Cape Gambling and Racing Law, 1996 (Law 4 of 1996)**. The mentioned Law provides regulatory prescripts to support the responsible Minister in ensuring sound financial administration and management and matters incidental thereto by the Western Cape Gambling and Racing Board (the "Board"). The main function of the Board is to control all gambling, racing and activities incidental thereto in the Province, subject to the Western Cape Gambling and Racing Law, 1996 and any policy determinations of the Provincial Cabinet relating to the size, nature and implementation of the industry. A more comprehensive and detailed list of its functions appear under section 12 of the Western Cape Gambling and Racing Law, 1996.

Clearly defined lines of communication exist between the accounting officers, the two members of the Provincial Cabinet (Minister of Finance and Economic Development and the Minister of Tourism and Gambling) involved and the accounting authority (the Board) of the provincial public entity. Accountability on executive authority level is shared between the executive member responsible for the gambling portfolio and the executive member responsible for financial matters pertaining to gambling issues. The Western Cape Gambling and Racing Board itself is the accounting authority, but has delegated most of its powers to the Chief Executive Officer of the Board. In general, accountability arrangements for all the relevant functionaries are strictly in line with that prescribed by the Public Finance Management Act, 1999 (Act 1 of 1999). In the year under review, a new Chairperson, Prof LER de Vries, was appointed to Western Cape Gambling and Racing Board with effect from 1 September 2003.

PART 2: PROGRAMME PERFORMANCE

1. Programme performance

1.1 Voted Funds

The following table gives an indication of the under-spending of the vote if the actual expenditure is compared with the adjusted appropriation amount:

Table 1: Voted funds: Provincial Treasury

Appropriation R'000	Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	Over/(Under) Expenditure R'000
200, 294	200, 294	102,651	64,635	(38,016) ^a
Responsible Minister	Minister of Finance and Economic Development			
Administering Department	Provincial Treasury			
Accounting Officer	Head Official Provincial Treasury and Head of Department			

^a Includes a contingency provision of R21,189 million for the Province as a whole

1.2 Aim of the Vote

The main aim of the Provincial Treasury is to act as a change agent in achieving socio-economic objectives, inclusive of introducing new practices through fiscal policy, fostering the attainment of value for money spending and safeguarding and promoting the effective utilisation of provincial assets.

1.3 Summary of programmes

The activities of the Provincial Treasury are organised in the following ten programmes:

- Programme 1: Administration
- Programme 2: Normative Financial Management and Communication
- Programme 3: Budget Office
- Programme 4: Macroeconomic Analysis
- Programme 5: Resource Acquisition and Management
- Programme 6: Public Finance
- Programme 7: Asset Management
- Programme 8: Financial Accounting and Reporting
- Programme 9: iKapa elihlumayo
- Programme 10: Contingency Provision

1.4 Overview of the service delivery environment for 2003/04

The Provincial Treasury does not deliver services directly to the public, but rather to the other 13 departments within the Provincial Government and where applicable support services to the Provincial Parliament. Against this background the following overview of the service delivery environment for 2003/04 is discussed on a per programme basis:

1.4.1 Programme 1: Administration

This programme fulfils a staff function for Treasury as a whole and is made up of the following subprogrammes, also containing a brief description of outputs delivered:

Office of the Minister

- Delivering administrative, communication and other support services to the standards set by the Minister

Financial Management and Specialised Support Services

- Resource allocation management and accounting in line with Treasury's strategic goals
- Financial management on par with Treasury's normative standards
- Supply Chain Management
- Auxiliary services (registry, messenger services, data collators) to assist with smooth and efficient functioning of the Treasury

Human Resource Management

- Recruitment and placing of personnel, together with supporting personnel administration
- Disciplinary processes and information to staff and organised labour
- Further development of the human resource base
- A new phase 1 organisational structure meant to deal with Treasury's challenges

1.4.2 Programme 2: Normative Financial Management and Communication

This programme enhances performance oriented financial management. Its responsibilities are:

- To ensure that norms and standards within the legislative framework are developed, implemented and complied within provincial departments and entities
- To develop, consolidate and maintain effective internal and external communication
- To conduct internal audits on a risk-analysis basis to give accounting officers independent assurance as to the adequacy and effectiveness of their governance, risk management- and control processes
- To develop and implement a risk management framework and culture within the provincial government
- To develop and implement a Financial Governance model within the provincial government

In order for this programme to be effective in the execution of its functions, it was divided into two sub-programmes, namely:

- Normative Financial Management and Communication; and
- Internal Audit.

Due to the lack of internal audit capacity in the Province and to improve efficiency in financial governance assessment in and assistance to departments, the Internal Audit function was shifted to the Provincial Treasury from 1 August 2003. To overcome initial capacity constraints the internal audit function was subsequently co-sourced/out-sourced for a phased period of three years. The Internal Audit unit was unfortunately only 38% capacitated for the past two years and taking cognisance of the risks attached to an organisation with an annual budget of approximately R18 billion, incisive action was required to ensure that functional internal audit and risk management capacity was established as soon as practical.

This was further strengthened by the establishment of the new Financial Governance unit in the Provincial Treasury in August 2003 and the later expansion thereof in February 2004, to provide not only for normative financial management and communication and internal audit development, but over time fully fledged internal audit services, risk management and financial governance improvement.

Since August 2003, the following was achieved:

Internal Audit

The existing internal audit unit of ten staff members compiled a macro-risk assessment for nine provincial departments, excluding Health, Social Services and Poverty Alleviation, Education and Provincial Administration. Each accounting officer of the relevant departments was presented with a synoptic summary of the high-risk processes identified, together with an indication of possible internal audits still to be conducted. Subsequent service level agreements were concluded with each accounting officer, the finalised audits were consulted with the latter and also submitted to the relevant Audit Committees.

Audit Committees

The Shared Audit Committee was fully established, as well as the individual audit committees for Health, Education and Social Services and Poverty Alleviation. A combined induction session for all audit committee members was held during January 2004, with the outcome being an approved internal audit charter and an audit committee charter, inclusive of a terms of reference.

Outsourced/Co-sourced Risk Assessment and Internal Audit Capacity

An out-sourced/co-sourced tender for an all-inclusive risk assessment and internal audit service was invited and awarded to a Consortium consisting of seven internal audit firms of which five is fully historically disadvantaged individuals (HDIs). In the first year risk assessments for all 14 votes is to be completed and by the second year (2005/06) a full internal audit service is planned for.

Risk Management and Governance Systems

This unit was established in February 2004 with the aim of developing and implementing a risk management methodology and related culture and from a financial perspective, government based governance model for the provincial government. Both these will be taken forward in the new year and consulted with the relevant stakeholders, both within and external to the provincial government.

The first Financial Governance Review, 2003 was compiled and made available as a working paper in November 2003.

The Normative Financial Management unit coordinated the Annual Reporting process for 2002/03 with the result being timely tabling of all provincial departments' and public entities' Annual Reports in the Provincial Parliament. It also actively participated in making ground-breaking proposals to assist with the final drafting of the Local Government Financial Management Act, 2003 (Act 56 of 2003) and other provincial legislation having financial implications. This unit also monitored, from a Provincial Treasury perspective, the seriousness with which departments consider and address the emphasis of matters raised by the Auditor-General.

Although the communication unit is not established as yet, the Provincial Treasury was successful in developing a new Provincial Treasury Intranet site, which went live in December 2003, and similarly the new Provincial Treasury Internet site as part of the Provincial Cape Gateway site, in March 2004.

1.4.3 Programme 3: Budget Office

The key service delivered by the Budget Office was to promote effective financial resource allocation through the following key outputs:

- Determination of fiscal policy in liaison with other components
- Determination of the main spending priorities and allocations per vote
- Promotion of economic efficiency of spending

Information forthcoming from the key outputs was negotiated at the Provincial Growth and Development Summit held in November 2003 and subsequently distributed to the public in the Western Cape Province. In general budgetary and fiscal related information were made available in the form of the Sector Efficiency Review, 2003, the Western Cape Medium Term Budget Policy Statement (MTBPS) 2004-2007 and Budget Statement 1 in the Budget 2004 document. All these were also placed on the Provincial Treasury's Intranet and web page.

The Budget Office made use of academic advisors at the tertiary institutions in the Western Cape to assist in finalising its highly specialised work.

1.4.4 Programme 4: Macroeconomic Analysis

This programme's key deliverable in 2003 was the production of the Socio-Economic Review (SER), 2003 which formed the basis of the deliberations of the Growth and Development Summit and subsequent MTBPS. In addition it played a key role in the preparations for the Summit.

1.4.5 Programme 5: Resource Acquisition and Management

The key services delivered by this programme was to assist the provincial government in financing its service delivery obligations. The Resource Acquisition and Management programme comprises of the following sub-programmes:

- Resource Acquisition
- Western Cape Gambling and Racing Board

The sub-programme Resource Acquisition had to ensure that the Province receives its equitable portion of nationally collected taxes, to develop proposals on a full levy, inclusive of taking it through the steps as required by the Provincial Tax Regulation

Process Act, 2001, optimise user or cost recovery charges, debtor management assessment and debt management with respect to loans and guarantees.

As regards the fuel levy proposals this was taken through to the point of public hearings, which process and its subsequent consolidation should be completed towards the middle of the new financial year. Due to an agreed national embargo on provincial borrowing, no further work was done on this. The sub-programme Western Cape Gambling and Racing Board was responsible for advising the responsible Minister, providing and administering the required financial and other support functions, inclusive of the management of transfer payments to the Board. In the year under review, adjustments were made to the gambling tax regime to partially cater for fiscal drag.

1.4.6 Programme 6: Public Finance

This programme renders services to the thirteen provincial departments, as well as the Provincial Parliament as its key clientele. Furthermore, it operates in close co-operation with the National Treasury in providing its services. The key outputs entailed:

- Implementation of further budget reforms driven by the National Treasury
- Financial resource allocation within votes in support of policy objectives and expenditure reviews
- Application of fiscal controls
- Monitoring, reporting and expenditure trend analyses at vote or lower level as deemed appropriate
- Least cost analyses of key service delivery units
- Work towards an integrated financial framework between the Province and the 30 municipalities in the Western Cape

Restructuring of the Provincial Treasury was concluded and the new organisational structure and staff establishment related to this programme became effective from 1 May 2003. The outcome of this was, *inter alia*, a major exodus of staff from the Public Finance component to other components within the organisation and to provincial departments. Nevertheless, the extension of working hours combined with a dedicated drive to recruit appropriate staff during the latter half of 2003 enabled the programme to fulfil the majority of its key deliverables.

1.4.7 Programme 7: Asset Management

This programme is divided into the following sub-programmes:

Financial Asset Management

Its primary responsibilities is the provision of banking services to all thirteen provincial departments, as well as the Provincial Parliament, inclusive of effective management of cash flows, and temporary management of surplus cash investments.

Financial Systems

The key outputs of this sub-programme were:

- The development of a policy framework for the evolution of efficient financial management systems
- Assessing and maintenance of financial management systems

- Efficient implementation and roll-out of transversal financial management systems
- Development and assessment of bespoke financial systems
- Determining the requirements for financial management systems to realise the efficient and effective management of revenue, expenditure, assets and liabilities (REAL)
- Monitoring and reporting on the performance of financial management systems
- Provision of technical assistance and training

All-in-all the services of this sub-programme are utilised by a target market of five thousand users.

Due to capacity constraints (vacancy rate of 50%), training could only be provided, to a core group, which represented fifty percent of the target market. The training needs of the remaining target market will be addressed in the 2004/05 financial year and the capacity constraints by filling the vacant posts in the new year.

The needs of the remaining Provincial departments will similarly be addressed in the 2004/05 financial year and so to the capacity constraints by appropriate recruiting.

Procurement Management

The main outputs assigned to this sub-programme were:

- The development of sourcing and procurement strategies in line with development objectives and regulatory frameworks
- Development of accurate and valid market research aimed at reducing procurement costs
- Efficient delivery of quality goods and service to exploit economies of scale
- Provision of crosscutting procurement of goods and services
- The initiation, co ordination and provision of technical assistance and training for BEE companies and departments

Apart from the introduction of Supply Chain Management on 1 January 2004 in the Province an administrative support service was also rendered to the now abolished Provincial Tender Board. Services were also rendered to businesses in the form of assistance with registration on the Western Cape Supplier Database. A total of 4 200 businesses were registered.

Due to capacity constraints (vacancy rate of 38%), training on implementation of Supply Chain Management could only be provided to four provincial departments.

The needs of the remaining Provincial departments will similarly be addressed in the 2004/2005 financial year and so too the capacity constraints by appropriate recruiting.

Physical Asset Management

This sub-programme was charged to deliver:

- The development of efficient systems for inventory and stock control and management
- The development of efficient systems for immovable asset management and control
- The development and implementation of transparent and economic practices to deal with asset disposal
- The implementation of economic life cycle and value for money asset management

PPP Unit

This nascent sub-programme had to:

- Promote and assess new PPP projects
- Provide developmental technical assistance and support
- Monitor compliance with legislation

1.4.8 Programme 8: Financial Accounting and Reporting

This programme operates in close co-operation with the National Treasury (Accountant-General) in providing its services. The key outputs entailed:

- Accounting practices and reporting, ensuring effective and efficient capturing of revenue, expenditure, asset and liability (REAL) movements and accountability
- Trends, opportunities and risks identified and addressed immediately through optimal use of financial reports
- Cost accounting principles implemented in provincial departments and entities

Restructuring of the Provincial Treasury was concluded and the new organisational structure and staff establishment related to this programme became effective from 1 May 2003. The outcome showed a vacancy rate of 30%, which was mainly overcome by extended working hours. This constraint did not prohibit the programme to achieve the majority of its key deliverables.

1.4.9 Programme 9: *iKapa elihlumayo*

Allocation for the kick starting of the *iKapa elihlumayo* initiative was shifted in the 2003 Adjustments Estimate to Vote 5: Education (R32,5 million) and Vote 13: Economic development and Tourism (R45,154 million). The objectives and outputs have now been permanently shifted to aforementioned votes.

1.4.10 Programme 10: Contingency Provision

The purpose of this programme was to provide on an experimental basis provincial departments with financial support for unforeseen and unavoidable eventualities that could not have been funded by other means, such as savings and reprioritisation. Of the R26,639 million provision, R5,450 million was allocated as follows:

DEPARTMENT	SERVICE	R'000
Provincial Administration	Presidential Imbizo's	1000
Provincial Administration	Identification documents campaign	1500
Provincial Administration	Salary adjustments related to the information technology component restructuring	500
Provincial Administration	Accrued contract bonuses related to the information technology component restructuring	1400
Provincial Administration	Nobel laureate function	300
Culture Affairs and Sport	Freedom Park 2003	750

Due to its distortionary effect this programme will be discontinued in the new financial year.

1.5 Overview of the organisational environment for 2003/04

The restructuring process within the Provincial Treasury can be regarded as the most significant internal development that affected the organisational environment of the Provincial Treasury as a whole. In the sections below, descriptions of these developments that impacted on service delivery and measures to mitigate them, are given on a per programme basis.

1.5.1 Programme 1: Administration

This programme was significantly affected by restructuring and more so in the case of the sub-programmes: Financial Management and Human Resource Management. Vacant posts created by the restructuring process will mostly be filled in the next financial year. The exodus of skilled personnel in both Financial Management and Human Resource Management left capacity gaps, where newly appointed officials faced immense challenges to cope with the workflow and ensure work at acceptable service delivery standards.

1.5.2 Programme 2: Normative Financial Management and Communication

The Normative Financial Management and Communication programme was significantly restructured in August 2003 and gave rise to the new Financial Governance component collectively responsible for Internal Audit, Risk Management and Governance Systems and Normative Financial Management and Communication. It is intended to further restructure the programme to provide for the Office of the Provincial Accountant General, which includes the transfer of Accounting Services from Public Finance thereto and to change communication to information management. This will ensure more appropriate grouping and better alignment with National Treasury's structures. In order to mitigate the effect of this restructuring, it was decided to perform such in a phased manner.

1.5.3 Programme 3: Budget Office

The major challenge to the newly created Budget Office was to recruit staff with the appropriate level of expertise. Vacant posts will be filled during the course of the next financial year. Due to the lack of internal capacity, external expertise was sourced from mainly tertiary institutions.

1.5.4 Programme 4: Macroeconomic Analysis

Another new programme, with a similar challenge to current appropriate skills within a very competitive labour market. This was mitigated by the extensive use of academic researchers. One staff member was recruited and further appointments are in the process of being pursued.

1.5.5 Programme 5: Resource Acquisition and Management

The programme was likewise tasked to fill vacant positions with appropriate expertise and skills, after the restructuring of the Provincial Treasury. The dearth of human capital was mitigated by a reorganisation of certain internal business processes with appointments to be pursued in the new financial year.

1.5.6 Programme 6: Public Finance

The significant restructuring resulted in a major movement of staff to different components within Treasury as well as to other provincial departments. Nevertheless, the extension of working hours combined with a dedicated drive to recruit appropriate staff during the latter half of 2003 softened the impact of these events on service delivery. Towards the end of the financial year just about all positions were filled.

1.5.7 Programme 7: Asset Management

This programme was also affected by restructuring in a significant way. Vacant posts created by the restructuring process will mostly be filled in the next financial year.

1.5.8 Programme 8: Financial Accounting and Reporting

Restructuring resulted in a vacancy rate of 30%, but extended working hours as an interim remedial measure lessened the impact of this on service delivery.

1.5.9 Programme 9: *iKapa elihlumayo*

The amounts and resultant responsibilities for this objective were shifted to Vote 5: Education and Vote 13: Economic Development and Tourism and reporting on these will be reflected in the Annual Reports of the votes in question.

1.5.10 Programme 10: Contingency Provision

As an experimental provision within Treasury's vote for unforeseen and unavoidable expenditure for the Provincial Government as a whole, its effect together with savings elsewhere in the Vote, was to relieve spending pressures in the Health and Social Services budgets. Refer to paragraph 1.4.10 above.

1.6 Strategic overview and key policy developments for the 2003/04 financial year

This section deals with major policy developments and legislative changes that have taken place during the period under review. Consistent with the afore-stated reporting framework these policy developments and legislative changes will be dealt with on a per programme basis.

1.6.1 Programme 1: Administration

Major policy developments that impacted on this programme's outputs were the implementation of Supply Chain Management from 1 January 2004, the concomitant development of an accounting officers procedural framework, the revision of all procurement delegations and the creation of a Departmental Bid Committee for the Provincial Treasury on 2 January 2004. These actions emanated from the following legislative changes:

- Introduction of Regulations of the PFMA, 1999: Framework for Supply Chain Management, issued on 5 December 2003
- Provincial Treasury Instructions on supply chain management that were issued on 1 January 2004

1.6.2 Programme 2: Normative Financial Management and Communication

Significant policy developments in this unit mainly relate to the transfer of the Internal Audit function to the Provincial Treasury, the establishment of the Financial Governance Component and the related development of provincial government internal audit and risk management methodologies. Please refer to paragraph 1.4.2, which provides a more comprehensive overview of the service delivery environment for this new programme.

1.6.3 Programme 3: Budget Office

The Western Cape MTBPS 2004-2007 was tabled in the Western Cape Provincial Parliament during November 2003 and debated by the ad hoc Budget Committee. This document underpins the Budget 2004.

The Efficacy Review, 2003 was published as an internal working paper and dealt with the assessment of the output/outcome related information of certain key departments and broad budget integration between provincial departments and municipalities in the Western Cape. This document will evolve over the next few years and will play a prominent role in the future awarding of funds to departments to improve efficacy in terms of allocations.

1.6.4 Programme 4: Macroeconomic Analysis (MEA)

In developing the Socio-Economic Review, 2003, this programme played a role in developing the 8 lead strategies that make up *the iKapa elihlumayo* strategy of the Province. In this regard MEA contributed to the MTBPS, the Provincial Growth and Development Summit as well as Budget Statement 1 of Budget 2004.

1.6.5 Programme 5: Resource Acquisition and Management

The provincial equitable share was adjusted to take account of the impact of the census 2001 and Gross Domestic Product for the Region (GDPR) 2003 data. The entire formula and conditional grants will come under review in the new financial year.

The revenue incentive policy was further refined to allow departments to increase revenue estimates with a concomitant increase in baseline expenditure levels to allow for greater efficiency in spending and service delivery.

The feasibility report into the introduction of a proposed fuel levy in the Western Cape was completed as well as initial discussions with effected industry and governmental institutions and the first round of public hearings.

Tenders (bids) were advertised for the investigation into the feasibility of a bed/tourism levy, to be taken forward in the next financial year.

The tax tables in the Western Cape Gambling and Racing Law, 1996 (Act 4 of 1996) was adjusted for the first time since its introduction to mitigate the impact of inflation and the effect of fiscal drag. These legislative changes involved amendments to the Western Cape Gambling and Racing Law, 4 of 1996, i.e. the Western Cape Gambling and Racing 13th Amendment Act 2003 and the Western Cape Gambling and Racing 14th Amendment Act 2003.

1.6.6 Programme 6: Public Finance

Budget reforms

Public Finance in collaboration with the National Treasury introduced and aligned the budget formats for 2004/05 to the new economic reporting format in order to align eventual reporting with international standards.

Following on the social services sector in the previous year, the initiative to introduce uniform programme structures across provinces was extended to include Agriculture, Transport and Public Works, Cultural Affairs and Sport, Housing as well as Local Government for the 2004/05 budget formats.

Rollovers

With regard to the rollover of unspent funds/savings from the 2002/03 financial year, a policy of no rollovers was initially adopted with the exception of national conditional grants. This was done due to fiscal constraints and spending pressures mainly in Social Security and to a lesser extent in Health. However, due to some relief from the National Fiscus this policy was relaxed to the extent that selected rollovers were allocated in 2003/04 with the balance reallocated in Budget 2004.

Expenditure Review

To improve financial resource allocation the Public Finance compiled an Expenditure Review, 2003 as a working paper for use and interrogation within the domain of the provincial government and the broader public finance community as may be required.

Legislative changes involved the amendment to the Western Cape Direct Charges Act, 2000 (Act 6 of 2000) i.e. the Western Cape Direct Charges Amendment Act, 2003 (Act 9 of 2003) to improve financial governance. This was passed during December 2003 to provide for the withdrawal of rollover funds from the Provincial Revenue Fund for spending as a direct charge before appropriation thereof in an adjustments appropriation act. With the passing of the Municipal Finance Management Bill, 2003 by the National Parliament, the Provincial Treasury took some initial steps in developing and building its capacity in local government finance. In this regard a sub-directorate consisting of 5 staff members was established within the organisational structure of the restructured Provincial Treasury. The expansion thereof is dependent on the scope of functions and powers to be assigned to provincial treasuries in the said legislation.

1.6.7 Programme 7: Asset Management

Converting cheque payments to electronic bank transfers (EBTs)

As from 1 July 2003 all payments previously made for cheque were converted to EBTs. This did not only limit the possibility of cheque fraud, but significantly reduced bank charges, and greatly improved effective cash flow management.

Migration from the Financial Management System (FMS) to the Basic Accounting System (BAS)

In a further step to promote integrated government, to provide real-time financial data and enhance accountability a policy decision was taken to migrate all provincial departments from the FMS to BAS by 1 April 2004. In this process twelve departments were migrated from the FMS to BAS, with Treasury and the Provincial Parliament migrating from the old version of BAS to the new Standard Chart of Accounts version of BAS.

Roll-out of the Logistical Information System (LOGIS)

A further initiative of the Provincial Treasury, in co-operation with the Department of Health, was the roll-out of LOGIS to a further 20 health institutions during the reporting period. In addition to this, LOGIS was also rolled out to the Department of Community Safety. LOGIS is a fully computerised system for the management and control of stock and inventories and forms an integral part of Supply Chain Management.

LOGIS/BAS integration

Although the LOGIS is the first system in government to be totally integrated with the financial system, subsequent software and network problems still require attention by the National Treasury. The integration holds the promise that the budget can now be controlled at the point of placing a requisition. All the processes and procedures had to be re-engineered which entailed the re-skilling and training of 800 users on LOGIS.

Promulgation of the Framework for Supply Chain Management in terms of Section 76(4)(c) of the Public Finance Management Act and policy to guide uniformity in the reform process in Government

The Framework for Supply Chain Management and a Policy document was promulgated by National Treasury on 5 December 2003 and is applicable to all national and provincial departments and public entities. This framework puts the obligation on Accounting Officers to develop and implement an Accounting Officers Supply Chain Management System and *mutatis mutandis* on Accounting Authorities as well. The National Policy document on Supply Chain Management aims to ensure uniformity in government's policies and processes and is earmarked to be rolled out to municipalities as well, via the vehicle of the to be enacted Municipal Finance Management Act.

Abolishment of Provincial Tender Board

The Western Cape Provincial Tender Board was abolished on 31 December 2003. Simultaneous with the abolishment of the Tender Board, Supply Chain Management units were established in the Provincial departments. The Western Cape Tender Board Law, 8 of 1994 and KST 36 Regulations and all prescripts issued in terms of the Law were also repealed with the abolishment of the Board. Accounting Officers are now fully accountable for Supply Chain Management with effect of 1 January 2004 and are procuring goods and services within the prescripts of their Accounting Officers Systems and Delegations, as required by section 38 1(a)(iii) of the Public Finance Management Act, 1999.

1.6.8 Programme 8: Financial Accounting and Reporting

Accounting reforms

One of the major reforms in the financial accounting environment will be the implementation of a Standard Chart of Accounts with effect from 1 April 2004 to align reporting on financial results with international standards. During the 2003/04 financial year the Directorate Accounting in collaboration with the National Treasury and other stakeholders identified the items to be included in the Chart in preparation for implementation.

The statutory requirement to prepare consolidated financial statements in accordance with GRAP was delayed and will for the first time be applicable to the Annual Financial Statements to be submitted for 2003/04. The Directorate Accounting worked closely with the National Treasury during 2003/04 to prepare and develop formats and tools for the consolidation process.

Accounting Review, 2003 (working paper)

To improve financial management, the Directorate Accounting compiled an Accounting Review as a working paper for use and interrogation within the domain of the Provincial Government and the broader public finance community as may be required. In essence it is an appraisal of the existing accounting services, performance and future intentions.

1.6.9 Programme 9: *iKapa elihlumayo*

Refer to paragraphs 1.4.9 and 1.5.9.

1.6.10 Programme 10: Contingency Provision

In an effort to improve financial governance and to promote transparency and accountability, the provision for contingencies was dealt with as a specific programme within Vote 3 – Provincial Treasury as opposed to it forming a below-the-line budget item.

1.7 Departmental own revenue

This section deals with Provincial Treasury's performance in terms of the collection of departmental own revenue (or receipts) for the financial year under review. It will again be discussed on a per programme basis. Table 2 below depicts the picture of own revenue collected by the Provincial Treasury for the period 2000/01 to 2003/04:

Table 2: Own revenue collected for period 2000/01 – 2003/04

Revenue	2000/01 Actual	2001/02 Actual	2002/03 Actual	2003/04 Target	2003/04 Actual	% deviation from target
Tax revenue	49,387	110,425	132,424	139,140	145,644	4,7
Casino taxes	21,654	85,630	111,079	128,693	132,640	3,1
Horse racing	27,733	24,795	21,345	10,447	13,004	1,2
Non-tax revenue	165,407	188,017	256,783	215,746	243,290	12,8
- Interest	153,002	184,910	250,133	213,115	240,621	12,9
- Other revenue	12,405	3,107	6,650	2,631	2,669	1,4
Sales of capital assets (Capital Revenue)						
Financial transactions (Recovery of loans and advances)						
TOTAL DEPART- MENTAL RECEIPTS	214,794	298,442	389,207	354,886	388,934	9,6

1.7.1 Programme 1: Administration

Own revenue collected under this programme is insignificant and does not justify further elaboration.

1.7.2 Programme 5: Resource Acquisition and Management

The main reasons for the better than anticipated performance was due to an additional casino licence that was awarded in the Southern Cape Region and increased public spending on gambling activities.

1.7.3 Programme 7: Asset Management

The main reason for exceeding the anticipated interest target, was better market analyses and investing for longer periods. In doing so, it benefited the Province by the higher interest rates that were applicable in the first half of the year. A further reason was the slower than anticipated expenditure patterns of departments which resulted in more cash on hand for investment purposes.

1.8 Departmental payments

This section deals with Provincial Treasury's performance in terms of departmental payments for the financial year under review. It will again be discussed on a per programme basis. Table 3 below depicts departmental payments made by the Provincial Treasury and more specifically the variance between total voted funds compared to actual expenditure:

Table 3: Departmental payments

Programmes	Voted for 2003/04	Roll-overs and adjustments	Virement	Total voted	Actual Expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	18,368	4,304		22,672	20,187	2,485
2. Normative Financial Management and Communication	11,802	(465)		11,337	6,262	5,075
3. Budget Office	2,833	(289)	(204)	2,340	1,725	615
4. Macroeconomic Analysis	4,980	(1,763)	(179)	3038	1,755	1,283
5. Resource Acquisition and Management	19,623	(11,254)	383	8,752	6,942	1,810
6. Public Finance	4,755	(360)		4,395	4,015	380
7. Asset Management	31,713	(5,015)		26,698	21,934	4,764
8. Financial Accounting and Reporting	1,927	303		2,230	1,815	415
9. <i>iKapa elihlumayo</i>	77,654	(77,654)		0		
10. Contingency Provision	26,639	(5,450)		21,189		21,189
Total	200,294	(97,643)		102,651	64,635	38,016

1.8.1 Programme 1: Administration

Actual expenditure amounted to R20,187 million of the adjusted appropriation of R22,672 million resulting in an under spending of R2,485 million. This under spending is mainly the result of expenditure related to the purchase of computer equipment, office furniture as well as bursaries, that did not materialise due to external factors impeding on accommodation plans and a lower than expected uptake of bursaries by officials.

1.8.2 Programme 2: Normative Financial Management and Communication

The total budget of this programme, with the transfer of the Internal Audit function in August 2003, increased from R11,802 million to R12,646 million (inclusive of an amount of R633 000 for rollover funds). The aforementioned amount was adjusted downwards with R465 000 resulting in an adjustment appropriation of R11,337 million. With actual expenditure of R6,262 million, a saving of R5,075 million was realised. In order to increase the Internal Audit capacity, a co-sourced/outsourced tender was invited and only awarded in December 2003 with the Memorandum of Agreement finalised in February 2004. The saving is therefore mainly related to personnel savings and the later than planned conclusion of contractual commitments with the Internal Audit consortium.

1.8.3 Programme 3: Budget Office

Actual expenditure amounted to R1,725 million of the adjusted appropriation after virement of R2,340 million resulting in an under spending of R615 000. This under spending is chiefly the result of the non-filling of vacant posts due to the competitive market for appropriately qualified expertise. Concerted effort will be made in the new financial year to recruit appropriately skilled staff.

1.8.4 Programme 4: Macroeconomic Analysis

Actual expenditure amounted to R1,755 million of the adjusted appropriation after virement of R3,038 million resulting in an under spending of R1,283 million. This under spending can essentially be ascribed to the non-filling of vacant posts due to recruitment challenges. Concerted efforts will be made in the new financial year to recruit appropriately skilled staff.

1.8.5 Programme 5: Resource Acquisition and Management

Actual expenditure amounted to R6,942 million of the adjusted appropriation after virement of R8,752 million resulting in an under spending of R1,810 million. This under spending is also mainly derived from the non-filling of vacant posts due to recruitment challenges. Concerted efforts will be made in the new financial year to recruit appropriately skilled staff.

1.8.6 Programme 6: Public Finance

The original budget of R4,755 million, was adjusted downwards to R4,395 million in the 2003 Adjustments Estimate. R380 000 was under spent at the end of the financial year mainly on personnel and related administrative costs, the promotion of staff to other departments and the initial high vacancy rate as a result of the organisational restructuring of the Provincial Treasury.

1.8.7 Programme 7: Asset Management

Actual expenditure amounted to R21,934 million of the adjusted appropriation of R26,698 million, resulting in an under spending of R4,764 million. The two main reasons for this under spending were the high vacancy rate during the whole financial year as well as the policy decision, not to utilise consultants to assist with the migration from the Financial Management System (FMS) to the Basic Accounting System (BAS), but to utilise internal resources, limited as they were.

1.8.8 Programme 8: Financial Accounting and Reporting

The original budget of R1,927 million, was adjusted upwards to R2,230 million in the 2003 Adjustments Estimates. At the end of the financial year, R0,415 million was under spent, mainly on personnel expenditure because of a vacancy rate of 30% resulting from the organisational restructuring of the Provincial Treasury.

1.8.9 Programme 9: *iKapa elihlumayo*

Refer to paragraphs 1.4.9 and 1.5.9.

1.8.10 Programme 10: Contingency Provision

Of the R26,639 million provision, R5,450 million was allocated for unforeseen and unavoidable expenditure in the 2003 Adjustments Estimate. The balance was surrendered to the Provincial Revenue Fund for reallocation in the 2004/05 budget process.

1.9 Performance against measurable objectives

As the Provincial Treasury's 2003/04 Strategic Plan contained monetary (Rand) values as targets and actual performance, it was decided, given the intensive restructuring, to revisit these targets to ensure that reporting is more sensible and meaningful.

1.9.1 Programme 1: Administration

Purpose: To achieve service excellence in the provisioning and maintenance of sound financial and human resource management and administration

Measurable objectives:

The **Office of the Provincial Minister** sub-programme:

- Smooth and effective functioning of the Minister's office

The **Financial Management and Specialised Support Services** sub-programme:

- Efficient and effective planning and budget management
- Ensuring proper financial accounting and risk management
- Supply chain management in line with treasury criteria
- Excellent specialised auxiliary services

The **Human Resource Management** sub-programme:

- Excellence in personnel and performance management services
- Ensuring cordial labour relations
- Facilitating appropriate human resource development
- Ensuring organisational transformation

Service delivery indicators and achievements:

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
1.1 Office of the Minister	Delivering administrative, communication and other support services to the standards set by the minister.	100 % satisfaction of the Minister. Good integration with departmental function. Five day turnaround time on documents submitted to the minister.	100% 5 days	60% 7 days
1.2 Financial Management and Specialised Support Services	Resource allocation management and generation in line with Treasury's strategic goals.	Ensure no greater than 2% variance between actual and approved budget. Effective application of resources in realising strategic goals. Attainment of all prescribed due dates.	Aiming for less than 2% variance by reassessing resource allocations and performance given restructuring and high departmental vacancy rate. 100%	Target not achieved. Target achieved.
	Financial management on par or in excess of Treasury's normative standards.	Unqualified Auditor-General report. No fraud or losses. Full compliance to PFMA implementation requirements. Submission of financial statements and other reports on prescribed dates.	Unqualified Auditor-general report. No fraud or losses. 100% 100%	Target achieved. Theft and losses amounting to R78,000 was realised. Target achieved. Target achieved.
	Value for money procurement, stock and inventory management maximising returns on physical assets.	Full compliance to efficiency criteria developed by the Treasury.	Develop a supply chain policy plan for the Treasury.	Target nominally achieved.

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
		Submission of all assessments on due dates.	100%	Target achieved.
	Timely and high quality support service to maximise smooth and efficient functioning of the Treasury.	Services delivered at a standard acceptable to other line functionaries. Timely implementation of corrective measures and meeting of due dates.	Maintain a level of auxiliary support to line functionaries, enabling them to attain their <i>iKapa elihlumayo</i> goals. 100%	Basic target achieved. Target nominally achieved.
1.3 Human Resource Management	Appropriately recruited, placed and assessed personnel enabling full functioning of the Treasury.	Vacancy rate less than 8%. Productive personnel corps. Meeting of all due dates and timely corrective measures.	Current filling of posts closely focused on Employment Equity targets.	The EE targets forms an integral part of the recruitment and selection process for filling of vacant posts.
	Good discipline and well informed staff and organised labour.	No labour disputes. Rapid settling of grievances and misconduct. Meeting of all due dates and timely corrective measures.	10 % incidents & matters concluded within prescribed timelines.	For the period 1 dispute, 3 grievances and 3 cases of misconduct was handled and finalised.
	Competent human resource base.	Skilling in line with strategic goals. Meeting of all due dates and timely corrective measures.	Sub-directorate responsible for human resource development is 100% operational.	Staff are trained i.t.o. WSP that was submitted to our SETA, FASSET. Ad hoc training i.t.o IPDP.
	A workforce and organisational structure capable of dealing with Treasury's challenges.	Ability to deliver on Treasury's goals. Meeting of all due dates and timely corrective measures.	Current filling of vacancies focused on achieving a diversified workforce. Develop awareness models and strategies.	Target achieved. A five year mainstreaming plan has been developed.

1.9.2 Programme 2: Normative Financial Management and Communication

Purpose: To develop, implement and enforce financial norms and standards and ensure effective communication

Measurable objectives:

Financial Management and Communication sub-programme:

- Determination and implementation of financial management norms and standards to facilitate excellence in service delivery
- Ensuring the existence of an appropriate and dynamic financial legislative framework
- An effective internal and external communication system

Internal Audit Development sub-programme:

- Proper functioning of internal audit

Service delivery indicators and achievements:

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
2.1 Financial Management and Communication	Assessment of financial management systems and practices and tailoring current practices to achieve fiscal policy objectives.	Full compliance by accounting officers with normative standards. Meeting of all due dates and timely corrective measures.	Full compliance. 100%	98% nominal compliance. Target achieved.
	Assessment of nominal and substantive compliance and initiations of remedial steps. Provincial Treasury Instructions, other financial legislation and prescripts that are aligned with best financial management practice.	No unauthorised departures from financial prescripts. Dynamic adjustment to financial legislation and prescripts. Meeting of all due dates and timely corrective measures.	Quarterly normative assessment report. 100%	Bi-annual normative assessment report was compiled and submitted to the National Treasury. Target achieved.
	A communication framework that will ensure timely and accurate transmission of all data in other communication within the Treasury and between the latter and the balance of the Province and other government spheres.	No miscommunication. Meeting of all due dates and timely corrective measures.	Communication strategy. 100%	New Provincial Treasury intranet and internet sites were developed and went live in December 2003 and March 2004 respectively. A service provider was identified to assist with the development of a Provincial Treasury communication strategy. Target achieved.

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
2.2 Internal Audit Development	<p>Establishment of units at education and health and the promotion of a similar unit at social services and poverty alleviation.</p> <p>Reorganising of the central unit to provide an effective service to the balance of provincial departments.</p>	Fully fledged units in operation by 31 March 2004.	<p>4 established Audit Committees.</p> <p>Co-sourced/outsourced tender invited.</p>	<p>4 established Audit Committees.</p> <p>Co-sourced/outsourced tender was invited and awarded. Memorandum of Agreement negotiated and concluded. Risk assessments in progress.</p>

1.9.3 Programme 3: Budget Office

Purpose: To promote effective financial resource allocation

Measurable objectives:

- Compile annual medium-term budget policy objectives targeted to reduce socio-economic disparities, achieve synergy and improve financial management of resources
- Subsequent proposing of allocations per function and key policy areas

Service delivery indicators and achievements:

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
	Costed policy proposals and integration of a variety of financial, economic and other considerations operative across all three spheres into a proposed consolidated priority framework resource allocation programme for the Province.	<p>Acceptance of provincial medium-term budget policy statement by the Executive and Provincial Parliament.</p> <p>Meeting of all due dates and timely corrective measures.</p>	<p>Tabling of a revised WCFP 2004-2007 as per budget programme 2004.</p> <p>100%</p>	<p>WC-MTBPS accepted by executive and tabled during November 2003. The Efficacy Review 2003 was also internally published.</p> <p>Due dates met in relation to time schedule.</p>

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
	<p>Drives and ensures successful realisation of the budget allocation process.</p> <p>Proposed spending priorities, goals to be achieved and optimum mix to be realised.</p>	<p>Acceptance of allocations by Executive and Provincial Parliament.</p> <p>Realisation of policy goals.</p> <p>Meeting of all due dates and timely corrective measures.</p>	<p>Allocations approved by Cabinet as stated on budget programme 2004.</p> <p>100%</p>	<p>Allocations in line with <i>iKapa elihlumayo</i> policy objectives accepted by executive during December (pre-final allocations) and February (Final allocations).</p> <p>Budget 2004 tabled on 2 March 2004.</p> <p>Due dates met in relation to time schedule.</p>

Budget 2004 and WC-MTBPS 2004–2007 available on the Western Cape Treasury website (<http://www.capegateway.gov.za/eng/yourgovernment/gsc/398>)

1.9.4 Programme 4: Macroeconomic Analysis

Purpose: To determine and evaluate economic parameters and socio-economic imperatives within a provincial and national macroeconomic context

Measurable objectives:

- Determine the potential and constraints for economic growth and development, and their interaction with current government spending and revenue patterns
- Determine alternative budget, expenditure and revenue impact scenarios on selected economic growth and development indicators

Service delivery indicators and achievements:

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
	Development, tracking and analysis of key economic variables and their interaction with selected government revenue and expenditure endeavours.	Full economic impact assessment of intended or past revenue initiatives and expenditures. Meeting of all due dates and timely corrective measures.	One assessment review. 100%	Tabling of Socio Economic Review 2003 in November 2003. Target achieved.
	Budgets, revenue envelopes and proposed expenditures that support the attainment of selected socio-economic imperatives.	Systematic reduction in socio-economic disparities and appropriate gain in efficiency. Meeting of all due dates and timely corrective measures.	<i>iKapa elihlumayo</i> strategy 100%	Embodied <i>iKapa elihlumayo</i> in the budget 2004 by means of the Provincial Government's 8 strategic priorities. Target achieved.

Social Economic Review 2003 available on the Western Cape Treasury website (<http://www.capecapeway.gov.za/eng/yourgovernment/gsc/398>)

1.9.5 Programme 5: Resource Acquisition and Management

Purpose: To enable the Provincial Government to finance its service delivery obligations

Measurable objectives:

Resource Acquisition sub-programme:

- Assess and optimise division of national revenues
- Ensuring efficient and effective development of provincial revenue base

Western Cape Gambling and Racing Board sub-programme:

- Protected gambling and betting resource base

Service delivery indicators and achievements:

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
5.1 Resource Acquisition	<p>Equitable share portion in line with constitutionally assigned obligations and real cost pressures.</p> <p>Reduction of conditional grants to those that make economic and policy sense, in line with cost pressures.</p>	<p>Annual real growth of at least 1% above GDP inflation after discounting of personnel and social security.</p> <p>Revenue flows enabling systematic lessening of socio-economic disparities.</p>	<p>Annual real growth of at least 1% above GDP inflation after discounting of personnel and social security.</p> <p>Reduction of conditional grants and revenue flows enabling systematic lessening of socio-economic disparities.</p>	<p>Equitable share increased from R13,2 billion in 2003/04 to R14,3 billion, R15,6 billion and R16,8 billion in 2004/05, 2005/06 and 2006/07.</p> <p>3 new conditional grants introduced addressing socio-economic disparities and in line with cost pressures; grants grew by R65,4 million, R92,7 million and R408 million over the next 3 years.</p>
	<p>Systematic increase in current own revenue not inconsistent with economic policy.</p> <p>Development of loan financing, fuel and bed levies.</p> <p>Systematic reduction of debtors book.</p>	<p>Annual real growth in excess of 5% over current MTEF projections.</p> <p>Collection of outstanding debts as at 1 April 2003 by March 2004.</p>	<p>Annual real growth in excess of 5% over current MTEF projections.</p> <p>Fuel levy: Feasibility report and public consultation completed.</p> <p>Bed levy: Tender invited and allocated.</p> <p>Collection of outstanding debts as at 1 April 2003 by March 2004.</p>	<p>100%</p> <p>Target achieved.</p> <p>Own revenue increased from R1,094 billion in 04/05 to R1,121 billion and R1,177 billion in 05/06 and 06/07.</p> <p>Fuel levy: Feasibility report complete, public consultation started and initial consultations with National Treasury done.</p> <p>Bed levy: Tender invited, adjudicated – approval from Bid Committee pending.</p> <p>Could not be attended to.</p>

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
		Meeting of all due dates and timely corrective measures.	Resource Review 2003. 100%	The Resource Review 2003 was internally published. Target achieved.
5.2 Western Cape Gambling and Racing Board	Adequately resourced controlling body gambling and betting.	Full receipt of estimated gambling and betting revenue. Transfers payments in line with cash flow and budget projections. Meeting of all due dates and introduction of timely corrective measures.	Casino taxes: R128,693 million Horseracing: R10,447 million Transfers of R4,7 million (in line with budget and cash flow). 100%	Casino taxes: R132,640 million Horseracing: R13,004 million R4,7 million (in line with budget and cash flow). Target achieved.

1.9.6 Programme 6: Public Finance

Purpose: To ensure efficient budget management

Measurable objectives:

Departments sub-programme:

- Compilation of annual and adjustments budget estimates in line with determined policy goals
- Implementation, assessment and enforcement of approved budget

Municipalities sub-programme:

- Alignment between municipal integrated development plan and provincial budgeting processes

Service delivery indicators and achievements:

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
6.1 Departments	Budget reform and resource allocations within votes in support of policy objectives and expenditure reviews.	Expenditure in support of overall policy goals and attainment of efficiency in expenditure. Meeting of all due dates and timely corrective measures.	70% 100%	70% Target achieved.

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
	Application of appropriate fiscal controls.	No over-expenditure.	100% 14 Votes.	Health overspent on certain programmes and Education on programmes and the vote as a whole.
	Monitoring, reporting and expenditure trend analysis at vote or lower level as deemed appropriate.	Under expenditure 2% or less per vote.	Maximise of 2% Provincial.	6 votes >2% <7% 3 votes => 7% < 32% excluding contingency provision.
	Least cost analysis of key service delivery units. Lowest unit cost possible in delivery of services. Expenditure at detail level in line with overall policy goals. Meeting of all due dates and timely corrective measures.	Lowest unit cost possible in delivery of services. Expenditure at detail level in line with overall policy goals. Meeting of all due dates and timely corrective measures.	Expenditure Review. 100%	Expenditure Review: Working paper produced. Target achieved.
6.2 Municipalities	An integrated financial framework between the Province and municipalities.	Functioning financial framework.	Integration review. Local Government Review.	Chapter in Sector Efficacy Review: Working paper. Local Government Review: Working paper produced.

1.9.7 Programme 7: Asset Management

Purpose: To ensure the effective and efficient management of physical and financial assets

Measurable objectives:

Supply Chain Management sub-programme:

- To ensure effective and efficient planning for, acquisition, logistics management and disposal of goods and services, inclusive of immovable property

Public Private Partnerships sub-programme:

- Facilitate, promote and in liaison with accounting officer implement public private partnership initiatives

Financial Assets sub-programme:

- Optimisation in the management of financial assets

Financial Systems sub-programme:

- Implementation and management of appropriate financial systems

Western Cape Provincial Tender Board sub-programme:

- A managed transition process from the current procurement regime to the full phasing of supply chain management in all the departments with appropriate management of risk and phasing out of the current Board

Service delivery indicators and achievements:

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
7.1 Supply Chain Management	Establishment of proper functioning supply chain management components in departments and public entities.	Attainment of efficiency in supply chain management to be benchmarked. Meeting of all due dates and timely corrective measures.	30% criteria (Health only) established. Meeting all due dates.	30% criteria established (Health). All due dates met and tasks were monitored on weekly basis to make provision for timely implementation of corrective measures.
	Value for money assessment of supply chain management practices.	Attainment of annual goals to be benchmarked per sector.	Value for money assessment undertaken with regard to consumables in Department of Health.	Assessment, conducted with regard to consumables in Department of Health.
	Attainment of preferential procurement and black economic empowerment and other policy goals.	Attainment of preferential procurement and black economic empowerment and other policy goals.	40% of contracts awarded to HDIs.	54% of contracts awarded to HDIs.
7.2 Public Private Partnerships	Fully established PPP unit in the Provincial Treasury capable of delivering on PPP initiatives.	Appropriate risk transfer to private sector.	Fully established unit.	The Provincial Treasury establishment was 60% capacitated. However, adequately provided the necessary support on PPP projects which were in progress.

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
		<p>Augmentation of overall provincial delivery envelope.</p> <p>Meeting of all due dates and timely corrective measures.</p>	<p>Chapman's Peak PPP concluded.</p> <p>As determined by project plan.</p>	<p>Chapman's Peak project completed, and toll-road operational from 20 December 2003.</p> <p>Support and functions performed by the Provincial Treasury unit was within the agreed timeframes.</p>
7.3 Financial Assets	Maximum yield on money management operations through rigorous management and control of in and out flows on the provincial revenue fund.	<p>R1,1 billion accumulated yield and bridging financing to be achieved over the MTEF, R500 million in 2003/04.</p> <p>Meeting of all due dates and timely corrective measures.</p>	<p>Attain budgeted interest target.</p> <p>Meeting all due dates.</p>	<p>Interest target exceeded by R27,506 million.</p> <p>All statements/ reports were accurately completed and timeously forwarded to National Treasury, Auditor General, Management and South African Reserve Bank.</p>
7.4 Financial Systems	Development of a policy framework for the evolution and deployment of effective and efficient financial management systems.	Acceptance by the Executive and the National Treasury by 31 December 2003.	Framework by 31 December 2003.	As part of the Technical Committee of Finance (TCF) work group on a new Integrated Financial Management System, a position paper was completed by 31 December 2003. The next step would now be to obtain approval from the TCF and Budget Council for the way forward.

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
		Meeting of all due dates and timely corrective measures.	Meeting all due dates.	All tasks were monitored by detailed individuals project plans to ensure compliance to all due dates and timeous corrective measures were implemented where applicable.
	Completion of the roll-out at the Department of Health, (Academic Institutions excluded) of the Logistical Information System (LOGIS).	<p>Additional 24 health institutions fully operational by 1 April 2004.</p> <p>Integrated into the supply management system with fully capacitated personnel.</p>	<p>24 health institutions fully operational by 1 April 2004.</p> <p>Training to be provided to 600 LOGIS users.</p>	<p>20 health institutions completed and fully operational by 1 April 2004. A further 4 health institutions, although partially completed where on the request of the Department of Health, held over to 2004/05, due to the implementation of BAS. In addition to this, LOGIS was implemented at the Department of Community Safety.</p> <p>1 346 LOGIS users trained involving 135 training sessions. In addition all LOGIS courses were updated with the LOGIS/BAS integration processes and procedures.</p>

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
		Meeting of all due dates and timely corrective measures.	Meeting all due dates.	All tasks were monitored by detailed individuals project plans to ensure compliance to all due dates and timeous corrective measures were implemented, where applicable.
	Replacement of FMS by BAS for all departments and the Provincial Parliament.	<p>All 14 votes successfully implemented by 1 April 2004.</p> <p>Accurate reflection of all financial system transactions by BAS with fully capacitated personnel.</p> <p>Meeting of all due dates and timely corrective measures.</p>	<p>BAS successfully implemented in all 14 departments by 1 April 2004.</p> <p>Training to be provided to 1300 BAS users.</p> <p>Meeting all due dates.</p>	<p>All 14 departments successfully implemented by 1 April 2004.</p> <p>1600 BAS users trained. In the absence of formal training material, courses were developed to address all functional areas.</p> <p>All tasks were monitored by detailed individual project plans to ensure compliance to all due dates and timeous corrective measures were implemented, where applicable.</p>
7.5 Western Cape Provincial Tender Board	Procurement transition framework .	Fully implementation of supply chain management and cessation of the Board by 31 December 2003.	Tender Board abolished by 31 December 2003 and Supply Chain Management implemented in provincial departments by 1 January 2004.	Target achieved.

1.9.8 Programme 8: Financial Accounting and Reporting

Purpose: To ensure financial transaction processing and reporting that will fully reflect the financial position of the Province

Measurable objectives:

- Full recording of REAL transactions and the preparation of quality financial statements
- Improved financial performance of departments through the application of interpretive accounting skills

Service delivery indicators and achievements:

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
	Accounting practices and reporting that will ensure effective and efficient capturing of REAL movements and accountability.	<p>No unwarranted balances in accounts at the end of the financial year.</p> <p>Less than 25% qualified auditor-general reports.</p> <p>Financial statements and reporting that wholly reflects all financial and asset movements.</p> <p>Meeting of all due dates and timely corrective measures.</p>	<p>Nil unwarranted balances.</p> <p><25 %</p> <p>100% compliance with National Treasury formats.</p> <p>100%</p>	<p>Education: Opening balance of R78 million of which R61 million was addressed leaving a balance of R17 million.</p> <p>Department 70: Opening balance of R191 million of which R180 million was addressed leaving a balance of R11 million.</p> <p>21 %</p> <p>Complied with target.</p> <p>100%</p>
	Trends, opportunities and risks identified and addressed immediately through optimal use of financial reports.	Efficiency and transparency in resource utilisation to be benchmarked.	70% compliance with a 18 day turn around time for interpretive narrative responses on departmental in-year monitoring reports.	Target achieved.

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
	Cost accounting principles implemented in provincial departments and entities.	Efficiency and transparency in resource utilisation to be benchmarked.	Survey to determine cost accounting systems used in provincial departments.	Executed by 24 November 2003.
		Meeting of all due dates and timely corrective measures.	100%	100%

1.9.9 Programme 9: *iKapa elihlumayo*

Purpose: Provision for the targeted growth and development objectives of the Province

Measurable objective:

- Ensuring targeted disbursement of government funds to attain specifically employment generation and per capita income growth through sustainable government and business sector investment

Service delivery indicators and achievements:

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
	Integrated (incorporating all relevant spheres state owned enterprises and private sector) delivery plan by the economic services cluster as a precursor for the release of staggered funding.	Systematic reduction of unemployment and income disparities through enhanced business activity.	Transfer programme in the Adjustments Estimate 2003 to Vote 13: Economic Development and Tourism.	Target achieved.
	Ensuring an empowered workforce through developing the human resources within the community.		Transfer programme in the Adjustments Estimate 2003 to Vote 5: Education.	Target achieved.

1.9.10 Programme 10: Contingency provision

Purpose: To make provision for unforeseeable and unavoidable expenditure within the Province

Measurable objective:

- Secured funds for financing unforeseeable and unavoidable expenditure

Service delivery indicators and achievements:

Sub-programmes	Outputs	Output performance measures/service delivery indicators	Actual performance against target	
			Target	Actual
	Provide departments with financial means for those untimely unpreventable eventualities that cannot be funded by other means (savings, reprioritisation) as contemplated by NTR 6.6.1.	Monthly, in year monitoring of progress in addressing the eventualities for which funds were made available.	Maximum of R26,369 million.	R5,450 million

1.10 Transfer payments

The Provincial Treasury made the following transfer payments to the institutions indicated below:

NAME OF INSTITUTION	AMOUNT TRANSFERRED	ESTIMATE EXPENDITURE
	R'000	R'000
Western Cape Gambling and Racing Board	4,700	4,700
Grant-in-aid (Bursaries to personnel)	148	148

The main object of the Western Cape Gambling and Racing Board, a provincial public entity, is to control gambling, racing and activities incidental therewith in the Province. A detailed list of functions and powers is provided for in Section 12 of the Western Cape Gambling and Racing Law, 1996 (Law 4 of 1996).

The Annual Report of the Board provides the necessary detail on the spending plans of the Board's funds. This will be tabled separately in the Provincial Parliament. As provincial public entity it is required to comply with section 38(1)(j) of the PFMA as well as National Treasury Regulation 8.4 prior to each transfer payment being made. It can be reported that the Board fully complied with all requirements for transfer payments.

1.11 Conditional grants

The Department did not receive any conditional grants for the financial year under review.

2. Capital Investment, Maintenance and Asset Management

As the investment in capital projects is not part of the Provincial Treasury's core functions/ strategic objectives no funds were appropriated for this purpose.

There was an increase of R5,815 million for machinery and equipment of which R4,921 million was utilized for the implementation of LOGIS at 20 health institutions as well as the Department of Community Safety. Another major asset acquired during the financial year in question was the installation of a Optiplan Filing System.

The amount written off as stated in the disclosure note 22.1 of Part 4 of this Report is mainly due to theft of 3 laptop computers. The disposal of assets as reflected in Annexure 4 of Part 4, was due to the correction of the asset register as a result of internal accommodation changes.

The asset register is automatically updated when new assets are acquired or when redundant assets are disposed of. An annual stock take has also been undertaken to ensure that the asset register will be up to date and complete.

It can be reported that $\pm 90\%$ of the Department's assets are in a good state, while the remaining $\pm 10\%$ is in a fair condition.

No major maintenance projects have been undertaken during the financial year under review, while no projects are being carried forward from the financial year under review to the following financial year.

Should the need arise to go the route of tendering for projects, the Supply Chain Management process outlined in this Department's Accounting Officer's System will be followed.

PART 3: REPORT OF THE AUDIT COMMITTEE

REPORT OF THE PROVINCIAL GOVERNMENT WESTERN CAPE SHARED AUDIT COMMITTEE ON THE PROVINCIAL TREASURY (VOTE 3) FOR THE FINANCIAL YEAR ENDING 31 MARCH 2004

We are pleased to present our report for the above-mentioned financial year.

Appointment of Audit Committees

A Centralised Audit Committee was appointed on 23 June 2003 for the period 01 April 2003 to 31 March 2005 by Cabinet Resolution 75/2003 dated 30 April 2003.

At the same time the Provincial Treasury obtained Cabinet approval to decentralise the Audit Committee to the three larger departments viz, Education, Health and Social Services and Poverty Alleviation and a shared audit committee for the other provincial departments, as a step towards improving internal control in those departments.

The Shared Audit Committee on behalf of the remaining eleven departments, met both separately and together with the other Audit Committees, to develop and adopt a transversal Audit Charter and deal with organizational and training matters.

Audit Committee Members and Attendance:

The Shared Audit Committee members, attended meetings during the financial year under review, in terms of their adopted Audit Charter, as indicated below:

Member	Number of Meetings Attended
Mr JA Jarvis (Chairperson)	4
Ms L Hendry (Resigned 31 December 2003)	1
Mr J January	4
Mr VW Sikobi	3
Mr R Warley	4

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1) (a) of the PFMA and Treasury Regulation 3.1.13 and 27(1) (10). The Audit Committee also reports that it has regulated its affairs and has discharged its responsibilities in terms of the audit charter it adopted and the PFMA, except that it did not address internal audit issues as envisaged in its Charter and the PFMA, due to the suspension of Internal Audit activity in 2003 (Provincial Treasury Circular No. 25/2003).

Effectiveness of Internal Control

The system of internal control relating to asset management was not effective as compliance with prescribed policies and procedures were lacking. The implementation of additional "LOGIS"

modules serving as an asset register has been noted and the Audit Committee continues to support the expeditious implementation thereof.

The Department has not yet implemented a system of risk management. The internal control systems of the Department are therefore not based on an assessment of key risks within the Department and such internal control systems cannot be regarded as effective.

The Audit Committee notes with increasing concern that during the year under review, only a limited amount of internal audit work was performed in the department. Internal audit plans for 2003/2004 were suspended in 2003 in terms of a decision of Top Management and the Executive (Cabinet). The Sihluma Sonke Consortium appointed on a three-year rollout plan for internal audit services, has focused internal audit resources in the first year (2004/2005) on the three major departments.

In view of the above, this Audit Committee has had to rely largely on the audit work and the opinions of the Office of the Auditor-General.

The Audit Committee believes that there is a need for better communication and exchange of information between the Forensic Investigation and the Internal Control units; IT and Internal Audit; and the Office of the Auditor-General.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed with the Auditor-General and the Accounting Officer the audited annual financial statements to be included in the annual report;
- Reviewed the Auditor-General's management letters and the responses thereto;
- Reviewed significant adjustments resulting from the audit.
- Reviewed the Auditor-General's report.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Appreciation

The Audit Committee wishes to express its appreciation to Mr Charles Clacher of the Provincial Treasury, the Auditor-General and the Sihluma Sonke Consortium for their assistance and co-operation in compiling this report.



(JA JARVIS)

CHAIRPERSON OF THE PROVINCIAL GOVERNMENT WESTERN CAPE SHARED AUDIT COMMITTEE

DATE: 5 AUGUST 2004

PART 4: ANNUAL FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS: 31 MARCH 2004

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**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**MANAGEMENT REPORT
for the year ended 31 MARCH 2004**

Report by the Accounting Officer to the Executive Authority and the Provincial Parliament of the Western Cape Province.

1. General review of the state of financial affairs

- The Western Cape Provincial Government is committed to contribute to the national goals of economic growth, to be competitive in an international environment, to reduce income disparities and provide an adequate social net to cover those that are excluded from the economic mainstays of the Province. The Provincial Treasury as catalyst has an indispensable role to play in building financial, administrative and management capacity in departments and public entities. Via the budget process it also interacts indirectly with other sectors of the economy. The collective result is a serious attempt to improve the living standards and services required by the people of the Western Cape. To deliver to public expectations the Treasury is faced with the following critical challenges:
 - Increasing assessment and analytical capability.
 - Closing the widening gap between skill requirements and current competency levels.
 - Recruiting and retention of appropriate personnel.
 - Provide policy advice in respect of economic parameters and socio-economic imperatives within a macroeconomic context.
- In response to the above challenges, Treasury introduced the following:
 - A new organisational structure.
 - Inculcated awareness and greater understanding in provincial departments of the real requirements of the PFMA¹ and related legislation.
 - Cultivated an understanding that numbers and assets have a meaning or value, directly or indirectly reflecting the standard of service delivery performance or lack thereof.
 - Promoted the goals of *iKapa elihlumayo* and analysed the priorities arising from municipal IDPs² and the associated budgets.
- The following major projects were undertaken during the year:
 - A process of restructuring in terms of PSCBC³ resolution 7 of 2002 was completed. In addition Internal Audit was vested in the Provincial Treasury to further strengthen financial governance.
 - A new Supply Chain Management policy was implemented within the Province.
 - The in-house bursary scheme was further extended and a prototype learnership scheme, at the behest of FASSET⁴, was introduced together with our colleagues in Limpopo Province. Both these were to afford Treasury officials the opportunity to enhance their knowledge base and competency levels.

¹ Public Finance Management Act, 1999 (Act 1 of 1999)

² Integrated Development Plans

³ Public Service Co-ordinating Bargaining Council

⁴ SETA for financial accounting, management consulting and other financial services

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**MANAGEMENT REPORT (*continued*)
for the year ended 31 MARCH 2004**

- The Provincial Parliament and the Provincial Treasury switched from BAS (standard items) to BAS (Standard Chart of Accounts), while the remaining twelve departments migrated from FMS to BAS, all on the same date of 1 April 2004.
- Spending trends
 - Spending trends per programme and standard items are discussed in more detail on pages 67 - 68 of the financial statements.
 - In brief the department's expenditure level for the financial year was R64,635 million resulting in a combined saving and underspending of R38,016 million that was surrendered to the Provincial Revenue Fund.
 - The underspending of R38,016 million was, in part, due to the savings of the contingency provision, amounting to R21,189 million (see page 66).
 - The remaining R16,827 million (R38,016 million less R21,189 million) net underspending for Vote 3 during 2003/04 (or 16,4 per cent of the adjusted appropriation) can be ascribed mainly to the restructuring process resulting in a high vacancy rate (on average over 40%) on the one hand and to a lesser extent the slower than planned delivery on a number of projects.

2. Services rendered by the Provincial Treasury

2.1 On behalf of the Minister of Finance and Economic Development as the Head of the Provincial Treasury, the Treasury is chiefly responsible for the execution of the functions and powers as prescribed in Chapter 3 of the Public Finance Management Act, 1999 (Act 1 of 1999), as amended. However, a range of other legislative provisions in different acts and laws, both provincial and national, add further responsibilities.

2.2 Tariff policy

- Betting and Gambling

Betting and gambling revenues consist mainly of casino taxes, bookmaker taxes, totalisator taxes, annual licence fees from bookmakers, the totalisator and casinos. All these fees and taxes were determined in terms of the Western Cape Gambling and Racing Board Law, 1996 (Law 4 of 1996), after consultation with the industry, by and on advice of the Gambling and Racing Board.

- Functional Financial Training

The Provincial Treasury annually approves tariffs payable for functional financial training rendered to officials from national government departments. These tariffs are calculated as direct expenditure plus 40% to cater for overhead costs.

2.3 Free services

Due to the nature of the functions of the Treasury, all services, except those in paragraph 2.2 above, are rendered to departments in terms of the PFMA or other supporting legislation as stated in paragraph 2.1 above. No other services, outside of the relevant legislative provisions and obligations, with a possible monetary value, were rendered.

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**MANAGEMENT REPORT (*continued*)
for the year ended 31 MARCH 2004**

3. Capacity constraints

The vacancy rate as at 31 March 2004 was 41%. This situation happened to be the norm for most of the financial year placing great stress on the remaining staff members to realise Treasury's stated goals as encapsulated in its Strategic Plan for the year under review.

Most of these constraints were overcome by extended working hours, mostly of senior personnel, and judicious use of external assistance.

For the year to come, more intensive and dynamic recruiting of the appropriate mix and skill levels, remain a serious challenge and more so as the intended Municipal Finance Management Act will bring additional responsibilities.

4. Utilisation of donor funds

The Provincial Treasury mainly interacts with other government and provincial departments and receives all its funding either from the provincial equitable share or through taxes, levies and interest on investments. No donor funding was received.

5. Trading entities/public entities

The only public entity under the control of this Department is the Western Cape Gambling and Racing Board, whose function it is to regulate all gambling, racing and activities incidental thereto, in the Western Cape Province.

The accountability arrangements of the Board are dealt with in terms of the PFMA and the Western Cape Gambling and Racing Board Law, 1996 (Law 4 of 1996), and for the 2003/04 financial year an amount of R4,7 million was transferred to the Board to assist them, augmenting their own revenues, in meeting their running costs and assigned obligations. Also refer to page 62 and Annexure 1 of the financial statements.

6. Other organisations to whom transfer payments have been made

No transfers were made to any other institution during 2003/04.

7. Public private partnerships (PPPs)

No public private partnerships of any kind were entered into. However, a nascent PPP Unit has been created within the Provincial Treasury to assist and guide departments with PPP policy and implementation.

8. Corporate governance arrangements

The Provincial Internal Audit component previously housed within the Department of Provincial Administration: Western Cape (PAWC) was transferred to the Provincial Treasury as from 1 August 2003.

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**MANAGEMENT REPORT (*continued*)
for the year ended 31 MARCH 2004**

Inherent risk assessments have not been performed on all of the provincial departments to determine the entity wide risks of the Provincial Government Western Cape (PGWC) due the majority of the Provincial Departments not having implemented any system of risk management. This resulted in rolling three-year strategic internal audit plans not being compiled. Macro risk assessments were however conducted by Internal Audit to determine the 2003/04 annual audit plan.

The Provincial Treasury with the appointment of the Sihluma Sonke Consortium on 15 December 2003 has already implemented progressive steps to address the compilation of rolling three-year strategic internal audit plans. The consortium has already performed inherent risk assessments for the Department of Social Services and Poverty Alleviation, Department of Education and Department of Health and is currently in the process of finalising the rolling three-year strategic internal audit plans for these departments. The remaining provincial departments are currently being approached and consulted to perform inherent risk assessments and to compile rolling three-year strategic internal audit plans.

Apart from this, an entirely new structure was created to allow for more specialised attention to fiscal discipline issues (Public Finance), Accounting, Asset Management, Resource Management and Financial Governance (Norms and Standards and Internal Audit) respectively. However, it is presumed that it will take another 12 to 24 months of further refinement and appropriate recruitment to fulfil on the intentions behind this transformation.

As a contribution to sound financial practice, all senior managers in the Provincial Treasury were again requested to declare their financial and other interests that will be submitted to the Executive Authority and the national Department of Public Service and Administration.

9. Discontinued activities

Except for regrouping, no specific activities were discontinued during the 2003/04 financial year.

10. New/proposed activities

The restructuring exercise that Treasury completed during 2003/04 initiated significant changes to its activities that will run into the next financial year and beyond. This exercise is still in progress with the Municipal Management Finance Act 2003, (Act 56 of 2003) further necessitating augmentation to components within the Provincial Treasury.

11. Events after the reporting date

- (a) During April 2004, the former Minister of Finance and Economic Development was inaugurated as the new Premier of the Western Cape. When Mr Rasool's salary records were transferred from the Provincial Treasury to Vote 1 - Provincial Administration: Western Cape during May 2004 it transpired that the Provincial Treasury overpaid him an amount of R227 532.50 for the period April 2002 to May 2004 in respect of a car allowance. After an investigation it came to light that this bona fide error could be attributed to, *inter alia*, a lack of training and the fact that PERSAL allows second allowances to be instated as recurring allowances. The net amount of R182 026.00 is being recovered from the Premier by the Provincial Administration: Western Cape with effect from July 2004. The overpayment of tax to the South African Revenue Services (SARS) amounting to R45 506.50 (R227 532.50 less R182 026.00) is in the process of being settled between the Provincial Treasury and SARS as a separate issue.

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**MANAGEMENT REPORT (*continued*)
for the year ended 31 MARCH 2004**

- (b) Advertising costs amounting to R24 649 were incurred on a bid for a fixed asset management function. The Departmental Bid Committee recommended that the matter be investigated to ascertain whether fruitless and wasteful expenditure was incurred if the bid were to be readvertised. However, the bid was cancelled and was not readvertised, resulting in an investigation being unnecessary.
- (c) Thefts and losses of previous years that have been accounted for against the Vote will be taken up in Treasury's financial records for 2004/05.

12. Progress with financial management improvement

The financial delegations have been re-issued to incorporate the latest Provincial Treasury Instructions (PTIs), in order to enhance the practical execution of financial prescripts. An Accounting Officers System as provided for under section 38(1)(a)(iii) of the PFMA was put together with the relevant internal Supply Chain Management (SCM) delegations to cater for the new national SCM policy that became operative on 1 January 2004.

Several Reviews were compiled of which the Socio-Economic Review was distributed as a public document, while the Financial Governance, Expenditure, Asset Management, Local Government, Accounting and Efficacy Reviews were compiled as working papers for use and interrogation within the domain of the Provincial Government and broader public finance community as may be required.

13. Performance information

As part of the restructuring process within Treasury, specific performance measures such as desired norms and standards and quality accounting practises, were established during the course of the 2003/04 financial year and will be further developed during 2004/05.

14. Other

The financial statements of the Western Cape Gambling and Racing Board will, for the first time, be consolidated with the financial statements of other public entities in the Province.

No investments are held with the Gambling and Racing Board. Annexure 1 is, however, attached to the financial statements for the sake of completeness.

The statement of changes in net assets/equity reflects only zero balances and consequently this department did not submit the statement.

Approval

The annual financial statements set out on pages 52 to 84 have been approved by myself as Accounting Officer.



**(DR) JC STEGMANN
ACCOUNTING OFFICER**

DATE: 31 MAY 2004



A U D I T O R - G E N E R A L

REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL PARLIAMENT OF THE WESTERN CAPE ON THE FINANCIAL STATEMENTS OF THE PROVINCIAL TREASURY (VOTE 3) FOR THE YEAR ENDED 31 MARCH 2004

1. Audit Assignment

The financial statements as set out on pages 52 to 84 for the year ended 31 March 2004, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. Nature and scope

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations, which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

3. Audit opinion

In my opinion, the financial statements fairly present, in all material respects, the financial position of the department at 31 March 2004 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999).

4. Emphasis of matter

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

4.1 Personnel expenditure

[page 72, note 3 to the financial statements]

4.1.1 Reconciliation between the personnel and salary (PERSAL) system and the basic accounting system (BAS)

The department's human resource management and salary administration information is recorded and processed on the national transversal PERSAL computerised system. Information stored on this system pertains mainly to salary payments and related processes. Expenditure processed within the PERSAL system is programmatically transferred to the national transversal BAS. However, certain transactions in respect of personnel expenditure are processed directly through the BAS, without transferring the information to the PERSAL system. In practice a discrepancy may, therefore, be found between the PERSAL system and the BAS as far as information on personnel expenditure is concerned.

A difference of approximately R140 000 was detected between the PERSAL system and the BAS at 31 March 2004, i.e. the PERSAL system being less than the BAS, for which no reconciliation could be submitted for audit purposes. Personnel expenditure could therefore be incorrectly stated in the financial statements.

4.1.2 Segregation of duties relating to the PERSAL system

The PERSAL system does not have adequate controls over the segregation of duties as users could be allowed access to incompatible functions. In addition, the system controller was required to process PERSAL transactions specifically related to appointments and salary adjustments, which conflicts with the principle of segregating users and administrators of the system.

4.2 Asset management

[page 82, annexure 4 to the financial statements]

The logistical information system (LOGIS) register, which is the official register for accounting purposes, presently does not contain sufficient information regarding the assets. Consequently the department was unable to present a proper asset register for audit purposes.

4.3 Internal audit

A three-year strategic internal audit plan had not been compiled as required by the treasury regulations.

4.4 Budgeting process

Section 43(3) of the Public Finance Management Act, 1999 requires that the accounting officer report, within seven days, on the utilisation of a saving to the executive authority and the provincial treasury. The department did, however, not submit the prescribed report.

In addition, the accounting officer did not establish structured procedures for quarterly reporting to the executive authority to facilitate effective monitoring, evaluation and corrective action as prescribed by the treasury regulations.

5. Appreciation

The assistance rendered by the staff of the department during the audit is sincerely appreciated.

WJ BRITS
for Auditor-General

Bellville
28 July 2004

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 MARCH 2004**

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material respects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

1. Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. The reporting entity is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of Provincial Expenditure. Unexpended voted funds are surrendered to the Provincial Revenue Fund.

Interest and dividends received are recognised upon receipt of the funds, and no accrual is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the financial statements of the department and then transferred to the Provincial Revenue Fund.

3. Donor aid

Donor Aid is recognised in the income statement in accordance with the cash basis of accounting.

4. Current expenditure

Current expenditure is recognised in the income statement when the payment is made.

5. Unauthorised, irregular, and fruitless and wasteful expenditure

Unauthorised expenditure means:

- the overspending of a vote or a main division within a vote, or
- expenditure that was not made 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.

Unauthorised expenditure is treated as a current asset in the balance sheet until such expenditure is recovered from a third party or funded from future voted funds.

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS *(continued)*
for the year ended 31 MARCH 2004**

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation, including:

- the Public Finance Management Act,
- the State Tender Board Act, or any regulations made in terms of this act, or
- any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure is treated as expenditure in the income statement.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful must be recovered from a responsible official (a debtor account should be raised), or the vote if responsibility cannot be determined. It is treated as a current asset in the balance sheet until such expenditure is recovered from the responsible official or funded from future voted funds.

6. Debts written off

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of surplus funds available to the department. No provision is made for irrecoverable amounts.

7. Capital expenditure

Expenditure for physical items on hand on 31 March 2004 to be consumed in the following financial year, is written off in full when they are paid and are accounted for as expenditure in the income statement.

8. Investments

Non-current investments are shown at cost and adjustments are made only where in the opinion of the Accounting Officer, the investment is impaired. Where an investment has been impaired, it is recognised as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

9. Investments in controlled entities

Investments in controlled entities are those entities where the reporting entity has the ability to exercise any of the following powers to govern the financial and operating policies of the entity in order to obtain benefits from its activities:

- To appoint or remove all, or the majority of, the members of that entity's board of directors or equivalent governing body;
- To appoint or remove the entity's chief executive officer;
- To cast all, or the majority of, the votes at meetings of that board of directors or equivalent governing body; or
- To control all, or the majority of, the voting rights at a general meeting of that entity.

Investments in controlled entities are shown at cost.

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS (*continued*)
for the year ended 31 MARCH 2004**

10. Receivables

Receivables are not normally recognised under the cash basis of accounting. However, receivables included in the balance sheet arise from cash payments that are recoverable from another party.

Receivables for services delivered are not recognised in the balance sheet as a current asset or as income in the income statement, as the financial statements are prepared on a cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the financial statements.

11. Payables

Payables are not normally recognised under the cash basis of accounting. However, payables included in the balance sheet arise from cash receipts that are due to the Provincial Revenue Fund or another party.

12. Provisions

A provision is a liability of uncertain timing or amount. Provisions are not normally recognised under the cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the financial statements.

13. Lease commitments

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the financial statements. These commitments are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on the cash basis of accounting.

14. Accruals

This amount represents goods/services that have been delivered, but no invoice has been received from the supplier at the reporting date **OR** an invoice has been received but remains unpaid at reporting date. These amounts are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on a cash basis of accounting, but are however disclosed as part of the disclosure notes.

15. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is expensed in the income statement in the reporting period when the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation, are deferred until they can be reliably measured and then expensed. Details of these benefits and the potential liabilities are disclosed as a disclosure note to the financial statements and are not recognised in the income statement.

Termination benefits

Termination benefits are recognised and expensed only when the payment is made.

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS *(continued)*
for the year ended 31 MARCH 2004**

Retirement benefits

The department provides retirement benefits for all its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the Provincial Revenue Fund and not in the financial statements of the employer department.

Medical benefits

The department provides medical benefits for certain employees through defined benefit plans. These benefits are funded by employer and/or employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements of the department.

Post retirement medical benefits for retired members are expensed when the payment is made to the fund.

16. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investments and/or loans capitalised, for the first time in the previous financial year. On disposal, repayment or recovery, such amounts are transferable to the Revenue Fund.

17. Recoverable revenue

Recoverable revenue represents payments made and recognised in the income statement as an expense in previous years, due to non-performance in accordance with an agreement which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

18. Comparative figures

Where necessary, comparative figures have been restated to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the department may reasonably have available for reporting.

WESTERN CAPE PROVINCIAL TREASURY
VOTE 3
APPROPRIATION STATEMENT
for the year ended 31 March 2004

Programme								
Programme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
1. Administration								
Current	20 537	(1 000)	19 537	17 790	1 747	91%	19 719	19 523
Capital	2 135	1 000	3 135	2 397	738	76%	1 284	1 283
2. Normative financial management and communication								
Current	11 337		11 337	6 262	5 075	55%		
Capital								
3. Budget office								
Current	2 544	(204)	2 340	1 725	615	74%	2 306	2 198
Capital								
4. Macro economic analysis								
Current	3 217	(194)	3 023	1 755	1 268	58%		
Capital		15	15		15			
5. Resource acquisition and management								
Current	8 369	383	8 752	6 942	1 810	79%	16 968	5 973
Capital								
6. Public finance								
Current	4 395		4 395	4 015	380	91%	5 815	4 336
Capital								
7. Asset management								
Current	16 750	2 201	18 951	14 188	4 763	75%	16 412	15 876
Capital	9 948	(2 201)	7 747	7 746	1	100%	3 300	3 299
8. Financial accounting and reporting								
Current	2 230		2 230	1 815	415	81%	3 090	3 089
Capital							690	690
9. iKapa elihlumayo								
Current								
Capital								
10. Contingency provision								
Current	21 189		21 189		21 189			
Capital								
Total	102 651		102 651	64 635	38 016	63%	69 584	56 267
Reconciliation with Income Statement								
Less: Investments acquired and capitalised during the current financial year - expensed for appropriation purposes								
Add: Local and foreign aid assistance (including RDP funds)								
Add: Other Receipts								
Less: Fruitless and wasteful expenditure								
Actual amounts per Income Statement			102 651	64 635			69 584	56 267

WESTERN CAPE PROVINCIAL TREASURY
VOTE 3
APPROPRIATION STATEMENT
for the year ended 31 March 2004

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current								
Personnel	36 106	(2 377)	33 729	29 332	4 397	87%	30 664	30 300
Transfer payments	5 374		5 374	4 848	526	90%	4 276	4 086
Other	49 088	3 563	52 651	20 312	32 339	39%	29 370	16 609
Capital								
Transfer payments								
Acquisition of capital assets	12 083	(1 186)	10 897	10 143	754	93%	5 274	5 272
Total 1	102 651		102 651	64 635	38 016	63%	69 584	56 267

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	36 106	(2 377)	33 729	29 760	3 969	88%	30 664	30 300
Administrative	6 078	(171)	5 907	4 899	1 008	83%	3 332	3 322
Inventories	1 678	41	1 719	1 501	218	87%	1 222	1 222
Equipment	12 367	(1 186)	11 181	6 087	5 094	54%	5 483	5 480
Land and buildings								
Professional and special services	41 048	3 613	44 661	17 460	27 201	39%	13 946	11 615
Transfer payments	5 374		5 374	4 848	526	90%	4 276	4 086
Miscellaneous		21	21	21		100%	10 658	239
Special functions		59	59	59		100%	3	3
Total 1	102 651		102 651	64 635	38 016	63%	69 584	56 267

NOTE: In the Economic Classification, actual current expenditure of R29,332 million excludes R428 000 for capitalised personnel expenditure.

WESTERN CAPE PROVINCIAL TREASURY
VOTE 3
DETAIL PER PROGRAMME 1: ADMINISTRATION
for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
1.1 Office of the Provincial Minister								
Current	3 138		3 138	3 013	125	96%	2 765	2 764
Capital		2	2	2		100%	74	73
1.2 Financial management and specialised support services								
Current	10 983	(800)	10 183	10 096	87	99%	15 001	14 998
Capital	2 135	998	3 133	2 395	738	76%	1 210	1 210
1.3 Human resource management								
Current	6 416	(200)	6 216	4 681	1 535	75%	1 953	1 761
Capital								
Total	22 672		22 672	20 187	2 485	89%	21 003	20 806

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current								
Personnel	12 641	(1 145)	11 496	11 338	158	99%	13 892	13 889
Transfer payments	674		674	148	526	22%	276	86
Other	7 222	145	7 367	6 304	1 063	86%	5 551	5 548
Capital								
Transfer payments								
Acquisition of capital assets	2 135	1 000	3 135	2 397	738	76%	1 284	1 283
Total	22 672		22 672	20 187	2 485	89%	21 003	20 806

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	12 641	(1 145)	11 496	11 338	158	99%	13 892	13 889
Administrative	2 882		2 882	2 669	213	93%	1 672	1 670
Inventories	1 678		1 678	1 460	218	87%	1 222	1 222
Equipment	2 419	1 000	3 419	2 049	1 370	60%	1 493	1 491
Land and buildings								
Professional and special services	2 378	69	2 447	2 447		100%	2 411	2 411
Transfer payments	674		674	148	526	22%	276	86
Miscellaneous		17	17	17		100%	34	34
Special functions		59	59	59		100%	3	3
Total	22 672		22 672	20 187	2 485	89%	21 003	20 806

WESTERN CAPE PROVINCIAL TREASURY

VOTE 3

**DETAIL PER PROGRAMME 2: NORMATIVE FINANCIAL MANAGEMENT AND COMMUNICATION
for the year ended 31 March 2004**

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
2.1 Financial management and communication								
Current	2 002		2 002	1 183	819	59%		
Capital								
2.2 Internal audit development								
Current	9 335		9 335	5 079	4 256	54%		
Capital								
Total	11 337		11 337	6 262	5 075	55%		

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current								
Personnel	4 678		4 678	2 428	2 250	52%		
Transfer payments								
Other	6 659		6 659	3 834	2 825	58%		
Capital								
Transfer payments								
Acquisition of capital assets								
Total	11 337		11 337	6 262	5 075	55%		

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	4 678		4 678	2 428	2 250	52%		
Administrative	503		503	234	269	47%		
Inventories								
Equipment								
Land and buildings								
Professional and special services	6 156		6 156	3 600	2 556	58%		
Transfer payments								
Miscellaneous								
Special functions								
Total	11 337		11 337	6 262	5 075	55%		

WESTERN CAPE PROVINCIAL TREASURY
VOTE 3
DETAIL PER PROGRAMME 3: BUDGET OFFICE
for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
3.1 Budget office								
Current	2 544	(204)	2 340	1 725	615	74%	2 306	2 198
Capital								
Total	2 544	(204)	2 340	1 725	615	74%	2 306	2 198

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current								
Personnel	760	(154)	606	427	179	70%	1 287	1 287
Transfer payments								
Other	1 784	(50)	1 734	1 298	436	75%	1 019	911
Capital								
Transfer payments								
Acquisition of capital assets								
Total	2 544	(204)	2 340	1 725	615	74%	2 306	2 198

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	760	(154)	606	427	179	70%	1 246	1 287
Administrative	160	(54)	106	35	71	33%	112	95
Inventories								
Equipment								
Land and buildings								
Professional and special services	1 624		1 624	1 259	365	78%	948	816
Transfer payments								
Miscellaneous		4	4	4		100%		
Special functions								
Total	2 544	(204)	2 340	1 725	615	74%	2 306	2 198

WESTERN CAPE PROVINCIAL TREASURY
VOTE 3
DETAIL PER PROGRAMME 4: MACRO ECONOMIC ANALYSIS
for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
4.1 Macro economic								
Current	3 217	(194)	3 023	1 755	1 268	58%		
Capital		15	15		15			
Total	3 217	(179)	3 038	1 755	1 283	58%		

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current								
Personnel	320	(126)	194	194		100%		
Transfer payments								
Other	2 897	(68)	2 829	1 561	1 268	55%		
Capital								
Transfer payments								
Acquisition of capital assets		15	15		15			
Total	3 217	(179)	3 038	1 755	1 283	58%		

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	320	(126)	194	194		100%		
Administrative	213	(68)	145	52	93	36%		
Inventories								
Equipment		15	15	15		100%		
Land and buildings								
Professional and special services	2 684		2 684	1 494	1 190	56%		
Transfer payments								
Miscellaneous								
Special functions								
Total	3 217	(179)	3 038	1 755	1 283	58%		

WESTERN CAPE PROVINCIAL TREASURY
VOTE 3
DETAIL PER PROGRAMME 5: RESOURCE ACQUISITION AND MANAGEMENT
for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
5.1 Resource acquisition								
Current	3 669	383	4 052	2 242	1 810	55%	12 968	1 973
Capital								
5.2 Western Cape gambling and racing board								
Current	4 700		4 700	4 700		100%	4 000	4 000
Capital								
Total	8 369	383	8 752	6 942	1 810	79%	16 968	5 973

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current								
Personnel	1 611	(952)	659	656	3	100%	1 437	1 329
Transfer payments	4 700		4 700	4 700		100%	4 000	4 000
Other	2 058	1 335	3 393	1 586	1 807	47%	11 531	644
Capital								
Transfer payments								
Acquisition of capital assets								
Total	8 369	383	8 752	6 942	1 810	79%	16 968	5 973

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	1 611	(952)	659	656	3	99%	1 437	1 329
Administrative	255	1	256	256		100%	159	158
Inventories								
Equipment								
Land and buildings								
Professional and special services	1 803	1 334	3 137	1 330	1 807	42%	748	341
Transfer payments	4 700		4 700	4 700		100%	4 000	4 000
Miscellaneous							10 624	145
Special functions								
Total	8 369	383	8 752	6 942	1 810	79%	16 968	5 973

WESTERN CAPE PROVINCIAL TREASURY
VOTE 3
DETAIL PER PROGRAMME 6: PUBLIC FINANCE
for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
6.1 Departments								
Current	3 664		3 664	3 321	343	91%	5 289	4 095
Capital								
6.2 Municipalities								
Current	731		731	694	37	95%	526	241
Capital								
Total	4 395		4 395	4 015	380	91%	5 815	4 336

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current								
Personnel	3 791		3 791	3 575	216	94%	2 400	2 308
Transfer payments								
Other	604		604	440	164	73%	3 415	2 028
Capital								
Transfer payments								
Acquisition of capital assets								
Total	4 395		4 395	4 015	380	91%	5 815	4 336

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	3 791		3 791	3 575	216	94%	2 400	2 308
Administrative	542		542	421	121	78%	203	189
Inventories								
Equipment								
Land and buildings								
Professional and special services	62		62	19	43	31%	3 212	1 839
Transfer payments								
Miscellaneous								
Special functions								
Total	4 395		4 395	4 015	380	91%	5 815	4 336

WESTERN CAPE PROVINCIAL TREASURY
VOTE 3
DETAIL PER PROGRAMME 7: ASSET MANAGEMENT
for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
7.1 Supply chain management								
Current	4 024	85	4 109	4 109		100%	4 063	3 630
Capital								
7.2 Public Private Partnerships								
Current	440		440	204	236	46%		
Capital								
7.3 Financial assets								
Current	1 118		1 118	973	145	87%	844	844
Capital								
7.4 Financial systems								
Current	10 949	2 022	12 971	8 589	4 382	66%	11 175	11 175
Capital	9 948	(2 201)	7 747	7 746	1	100%	3 300	3 299
7.5 Western Cape provincial tender board								
Current	219	94	313	313		100%	330	227
Capital								
Total	26 698		26 698	21 934	4 764	82%	19 712	19 175

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current								
Personnel	10 307		10 307	8 940	1 367	87%	10 246	10 045
Transfer payments								
Other	6 443	2 201	8 644	5 248	3 396	61%	6 166	5 831
Capital								
Transfer payments								
Acquisition of capital assets	9 948	(2 201)	7 747	7 746	1	100%	3 300	3 299
Total	26 698		26 698	21 934	4 764	82%	19 712	19 175

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	10 307		10 307	9 368	939	91%	10 246	10 045
Administrative	1 342	(50)	1 292	1 191	101	92%	1 085	1 109
Inventories		41	41	41		100%		
Equipment	9 948	(2 201)	7 747	4 023	3 724	52%	3 300	3 299
Land and buildings								
Professional and special services	5 101	2 210	7 311	7 311		100%	5 081	4 662
Transfer payments								
Miscellaneous								60
Special functions								
Total	26 698		26 698	21 934	4 764	82%	19 712	19 175

WESTERN CAPE PROVINCIAL TREASURY
VOTE 3
DETAIL PER PROGRAMME 8: FINANCIAL ACCOUNTING AND REPORTING
for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
8.1 Financial accounting and reporting								
Current	2 230		2 230	1 815	415	81%	3 090	3 089
Capital							690	690
Total	2 230		2 230	1 815	415	81%	3 780	3 779

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current								
Personnel	1 998		1 998	1 774	224	89%	1 443	1 442
Transfer payments								
Other	232		232	41	191	18%	1 647	1 647
Capital								
Transfer payments								
Acquisition of capital assets							690	690
Total	2 230		2 230	1 815	415	81%	3 780	3 779

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel	1 998		1 998	1 774	224	89%	1 443	1 442
Administrative	181		181	41	140	23%	101	101
Inventories								
Equipment							690	690
Land and buildings								
Professional and special services	51		51		51		1 546	1 546
Transfer payments								
Miscellaneous								
Special functions								
Total	2 230		2 230	1 815	415	81%	3 780	3 779

WESTERN CAPE PROVINCIAL TREASURY
VOTE 3
DETAIL PER PROGRAMME 10: CONTINGENCY PROVISION
for the year ended 31 March 2004

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
10.1 Contingency provision								
Current	21 189		21 189		21 189			
Capital								
Total	21 189		21 189		21 189			

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current								
Personnel								
Transfer payments								
Other	21 189		21 189		21 189			
Capital								
Transfer payments								
Acquisition of capital assets								
Total	21 189		21 189		21 189			

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Saving/ Under-spending (Excess)	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel								
Administrative								
Inventories								
Equipment								
Land and buildings								
Professional and special services	21 189		21 189		21 189			
Transfer payments								
Miscellaneous								
Special functions								
Total	21 189		21 189		21 189			

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 MARCH 2004**

1. Detail of current and capital transfers as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 7 (Transfer payments) and Annexure 1 to the annual financial statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the annual financial statements.

3. Detail of special functions (theft and losses)

Detail of these transactions per programme can be viewed in note 9 (Details of special functions (theft and losses) to the annual financial statements).

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme:

Programme 1: Administration

The under spending on this programme was mainly due to equipment requests that could not be processed in time and vacant posts that were not filled.

Programme 2: Normative Financial Management and Communication

The under spending was mainly due to the non-filling of vacant posts and the later than planned shift of Internal Audit from Vote 1 with knock-on effects by delaying the co-sourcing of private internal audit services to strengthen the provincial component.

Programme 3: Budget Office

The under spending was mainly due to the non-filling of vacant posts and advisory services that did not realise as planned.

Programme 4: Macro Economic Analysis

The under spending was similarly due to non-filling of vacancies and advisory services that were not fully realised.

Programme 5: Resource Acquisition and Management

The under spending was mainly due to under spending on consultancy services. The amount not utilised will be rolled-over to complete the feasibility study of the provincial bed levy investigation.

Programme 6: Public Finance

The under spending on this programme was due to an overestimation of personnel and administrative costs.

Programme 7: Asset Management

The under spending on Asset Management was mainly due to savings on consultancy services and the non filling of vacant posts.

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**NOTES TO THE APPROPRIATION STATEMENT *(continued)*
for the year ended 31 MARCH 2004**

Programme 8: Financial Accounting

The under spending was mainly due to non-filling of vacant posts.

Programme 9: *iKapa elihlumayo*

The total amount budgeted for under this programme was shifted during the Adjustments Estimates 2003 to respectively Vote 5: Education and Vote 13: Economic Development and Tourism.

Programme 10: Contingency Provision

The saving was due to no further demands to meet unforeseeable and unavoidable expenditure.

4.2 Per standard item:

Personnel: The under spending was due both to delays with the recruitment process which resulted from the restructuring of the Provincial Treasury and difficulty to find appropriately qualified officials to fill vacant posts.

Administrative: The under spending was mainly due to overestimation of resettlement costs for newly appointed officials.

Inventories: The under spending was mainly due to external printing and binding expenditure that did not realise during the 2003/04 financial year.

Equipment: The under spending was due to various projects for capital assets that did not realise mainly, as a result of savings that realised due to BAS and LOGIS systems that were rolled out more efficiently.

Professional and Special Services: The saving resulted in commitments that were not taken up against the contingency provision, and under spending on contracted specialised services.

Transfer Payments: The under spending was due to the provision of bursaries for employees not fully exploited.

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3
INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE)
for the year ended 31 March 2004**

	Note	2003/04 R'000	2002/03 R'000
REVENUE			
Voted funds		102,651	69,584
Annual Appropriation	1	102,651	69,584
Non voted funds		163,933	222,702
Other revenue to be surrendered to the revenue fund	2	163,933	222,702
TOTAL REVENUE		266,584	292,286
EXPENDITURE			
Current			
Personnel	3.1	29,332	30,300
Administrative		4,899	3,322
Inventories	4.1	1,395	1,222
Machinery and Equipment	5	272	208
Professional and special services	6	17,460	11,615
Transfer payments	7	4,848	4,086
Miscellaneous	8	21	239
Special functions: authorised losses	9	59	3
TOTAL CURRENT EXPENDITURE		58,286	50,995
Capital			
Personnel (See note below)	3.2	428	-
Inventories	4.2	106	-
Machinery and Equipment	5.1	5,815	5,272
TOTAL CAPITAL EXPENDITURE		6,349	5,272
TOTAL EXPENDITURE		64,635	56,267
NET SURPLUS		201,949	236,019
NET SURPLUS FOR THE YEAR		201,949	236,019
RECONCILIATION OF NET SURPLUS FOR THE YEAR			
Voted Funds to be surrendered to the Revenue Fund	12	38,016	13,317
Other Revenue to be surrendered to the Revenue Fund	2	163,933	222,702
NET SURPLUS /(DEFICIT) FOR THE YEAR		201,949	236,019

Note: This cost relates to personnel expenditure on the Logis system which is a capital project.

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3
BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
at 31 March 2004**

ASSETS	Note	2003/04 R'000	2002/03 R'000
Current assets		42,907	18,462
Cash and cash equivalents	10	42,792	18,340
Receivables	11	115	116
Revenue funds to be reimbursed		-	6
TOTAL ASSETS		42,907	18,462
LIABILITIES			
Current liabilities		42,907	18,462
Voted funds to be surrendered to the Revenue Fund	12	38,016	13,317
Other Revenue funds to be surrendered	12.1	125	-
Payables	13	4,766	5,145
TOTAL LIABILITIES		42,907	18,462
NET ASSETS/LIABILITIES		-	-

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3
CASH FLOW STATEMENT
for the year ended 31 March 2004**

	Note	2003/04 R'000	2002/03 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flow generated by operating activities	14	432,871	407,796
Cash generated / (utilised) to (increase)/decrease working capital	15	(378)	(34)
Voted funds and Revenue funds surrendered	16	(402,120)	(403,004)
Net cash flow available from operating activities		30,373	4,758
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure	4.2+5.1	(5,921)	(5,272)
Net cash flows from operating and investing activities		24,452	(514)
Net increase/(decrease) in cash and cash equivalents		24,452	(514)
Cash and cash equivalents at beginning of period		18,340	18,854
Cash and cash equivalents at end of period	10	42,792	18,340

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004**

1. Annual Appropriation

Programmes	Total Appropriation 2003/04 R'000	Actual Funds Received R'000	Variance over/(under) R'000	Total Appropriation 2002/03 R'000
1. Administration	22,672	22,672	-	21,003
2. Normative financial management and communication	11,337	11,337	-	-
3. Budget office	2,544	2,544	-	2,306
4. Macro economic analysis	3,217	3,217	-	-
5. Resource acquisition and management	8,369	8,369	-	16,968
6. Public finance	4,395	4,395	-	5,815
7. Asset management	26,698	26,698	-	19,712
8. Financial accounting and reporting	2,230	2,230	-	3,780
9. iKapa elihlumayo	-	-	-	-
10. Contingency provision	21,189	21,189	-	-
TOTAL	102,651	102,651	-	69,584

2. Other revenue to be surrendered to the revenue fund

Note

	2003/04 R'000	2002/03 R'000
Administration Fees	8	23
Bookmakers & Totalisator Licences	97	669
Bookmakers & Totalisator taxes	13,004	21,345
Casino Bid Fees	-	6,124
Casino Licences	608	-
Casino taxes	132,640	111,079
Fines and Forfeitures	314	232
Interest on Bookmakers	38	39
Interest: investments	240,583	250,094
Other	15	16
Refunds: Previous Year	1,627	551
Stale Cheques	-	(965)
Total revenue collected	388,934	389,207
Less: Own revenue budgeted	(225,001)	(166,505)
Total other revenue collected	163,933	222,702

3. Personnel

3.1 Current expenditure

Appropriation to Executive and Legislature	829	770
Basic salary costs	20,178	20,737
Pension contributions	2,606	2,730
Medical aid contributions	1,172	1,355
Other salary related costs	4,547	4,708
	29,332	30,300

3.2 Capital expenditure

Basic salary costs	428	-
	428	-
Total Personnel costs	29,760	30,300
Average number of employees	171	214

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004**

4. Inventories	Note	2003/04 R'000	2002/03 R'000
4.1 Current expenditure			
Inventories purchased during the year			
Publications		133	110
Stationery		409	482
Promotional material		-	37
Computer requisites		510	508
Domestic hardware		-	68
Other		343	17
		1,395	1,222
4.2 Capital expenditure			
Inventories purchased during the year			
Artworks		106	-
		106	-
Total cost of inventories		1,501	1,222
5. Machinery and equipment			
Current (Rentals, maintenance and sundry)		272	208
Capital	5.1	5,815	5,272
Total current and capital expenditure		6,087	5,480
5.1 Machinery and equipment: Capital			
Computer equipment		4,921	4,609
Furniture and office equipment		571	658
Other machinery and equipment		323	5
		5,815	5,272
6. Professional and special services			
Current expenditure			
Auditors' remuneration	(a)	3,202	2,675
Contractors		471	3,890
Consultants and advisory services		12,987	4,200
Commissions and committees		354	239
Other (specify material amounts separately)		446	611
Total Professional and special services		17,460	11,615
7. Transfer payments			
Western Cape Gambling and Racing Board	Annexure 1	4,700	4,000
Grant-in-aid (Bursaries to personnel)	Annexure 2	148	86
		4,848	4,086

(a) Includes amounts in respect of audit costs for special investigations that were conducted

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004**

8. Miscellaneous	Note	2003/04 R'000	2002/03 R'000
8.1 Current expenditure			
Remissions, refunds and payments made as an act of grace	8.2	-	11
Gifts, donations and sponsorships	8.3	21	23
Interest and penalties		-	205
Total miscellaneous expenditure		21	239
8.2 Remissions, refunds and payments made as an act of grace			
Nature of remissions, refunds and payments			
Injury on duty		-	11
		-	11
8.3 Gifts, donations and sponsorships paid in cash by the department (items expensed during the current year)			
Nature of gifts, donations and sponsorships			
Current			
Accommodation for the youth sector		-	23
Awards to other departments		21	-
		21	23
9. Special functions: Authorised losses			
Material losses through criminal conduct	9.1	58	-
Other material losses written off in income statement	9.2	1	2
Debts written off	9.3	-	1
		59	3
9.1 Material losses through criminal conduct			
Nature of losses			
Fraudulent encashment of cheques (2 cases)		58	-
		58	-
9.2 Other material losses written off in income statement			
Nature of losses			
Repairs to hired vehicle		-	2
Damage to government vehicle		1	-
		1	2
9.3 Debts written off			
Nature of debts written off			
Departmental debt		-	1
		-	1
9.4 Details of special functions (theft and losses)			
Per programme			
Programme 1: Administration		-	3
		-	3

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004**

10. Cash and cash equivalents	Note	2003/04 R'000	2002/03 R'000
Paymaster General Account		(186)	(629)
Short term investments		42,978	18,969
		42,792	18,340
11. Receivables - current			
Amounts owing by other departments	Annexure 5	-	37
Staff debtors	11.2	15	16
Other debtors	11.3	12	63
Advances	11.4	88	-
		115	116
11.1 Age analysis – receivables current			
Less than one year		115	111
One to two years (List material amounts)		-	5
		115	116
11.2 Staff debtors			
Departmental debt (employee)		-	11
To recover arrear tax (SITE) from employees		2	5
Unclaimed staff debt		13	-
		15	16
11.3 Other debtors			
Disallowance: Periodic Payment		-	3
Payments Awaiting Approval		-	1
Warrant Vouchers: Fraud External		-	59
Disall private telephone		9	-
Telephone debt of staff transferred to Northern Cape		3	-
		12	63
11.4 Advances			
Nature of advances			
Travel and Subsistence Persal		88	-
		88	-
12. Voted funds to be surrendered to the Revenue Fund			
Opening balance		13,317	13,773
Transfer from income statement		38,016	13,317
Paid during the year		(13,317)	(13,773)
Closing balance		38,016	13,317
12.1 Other revenue funds to be surrendered			
Opening balance		(6)	18
Total revenue collected		388,934	389,207
Paid during the year		(388,803)	(389,231)
Closing balance		125	(6)

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004**

13. Payables - current	Note	2003/04 R'000	2002/03 R'000
Amounts owing to other departments	Annexure 6	-	404
Advances received	13.1	4,730	4,730
Other payables	13.2	36	11
		4,766	5,145
13.1 Advances received			
Implementation of Logis		4,730	4,730
		4,730	4,730
13.2 Other payables			
Supplementary tax to be paid to SARS		16	11
Salary reversal control account		6	-
GRV suspense		12	-
Med aid deductions		2	-
		36	11
14. Net cash flow generated by operating activities			
Net surplus as per Income Statement		201,949	236,019
Adjusted for items separately disclosed		230,922	171,777
Capital expenditure	4.2+5.1	5,921	5,272
Own revenue budget	2	225,001	166,505
Net cash flow generated by operating activities		432,871	407,796
15. Cash generated / (utilised) to (increase)/decrease working capital			
(Increase) / decrease in receivables – current		1	(84)
Increase / (decrease) in payables - current		(379)	50
		(378)	(34)
16. Voted funds and revenue funds surrendered			
Voted funds surrendered		(13,317)	(13,773)
Revenue funds surrendered		(388,803)	(389,231)
		(402,120)	(403,004)

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004**

17. Contingent liabilities	Liable to	Nature	Note	2003/04	2002/03
				R'000	R'000
	Housing loan guarantees	Employees	Annexure 3	266	275
				<u>266</u>	<u>275</u>
18. Commitments					
	Current expenditure				
	Approved and contracted/ordered			-	1,012
				-	<u>1,012</u>
	Capital expenditure				
	Approved and contracted/ordered			-	383
				-	<u>383</u>
	Total Commitments			<u>-</u>	<u>1,395</u>
19. Accruals					
	Listed by standard Item				
	Administrative			232	141
	Inventories			311	16
	Machinery and Equipment			51	17
	Professional and special services			1,312	223
	Miscellaneous expenditure			-	4
				<u>1,906</u>	<u>401</u>
	Listed by programme level				
	1. Administration			1,250	-
	2. Normative financial management and communication			2	-
	3. Budget office			140	-
	4. Macro economic analysis			91	-
	5. Resource acquisition and management			312	-
	6. Public finance			9	-
	7. Asset management			99	-
	8. Financial accounting and reporting			3	-
				<u>1,906</u>	<u>-</u>
	Due to restructuring of the department comparative figures for 2002/2003 could not be factored into the current programmes.				
	1. Administration			-	152
	2. Budgets			-	148
	3. Provincial Accountant General			-	101
				<u>-</u>	<u>401</u>

NOTE: Early closure of the previous BAS on 12 March 2004 and the late conversion to the new SCOA/BAS after 5 April 2004, lead to the commitments under note 18 not being reconciled for 2003/04 and 2004/05 and therefore amounts could not be disclosed.

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004**

20. Employee benefits	Note	2003/04 R'000	2002/03 R'000
Leave entitlement		4,142	3,972
Thirteenth cheque		1,348	666
Performance bonus		98	106
		<u>5,588</u>	<u>4,744</u>
21. Leases: Operating leases	Equipment	Total	Total
Minolco			
Not later than 1 year	125	125	131
Later than 1 year and not later than 3 years	197	197	301
Later than 3 years	-	-	22
	<u>322</u>	<u>322</u>	<u>432</u>
22. Receivables for services delivered			
Nature of services			
Written - off during year	22.1	78	-
		<u>78</u>	<u>-</u>
22.1 Written - off during year			
Thefts and losses		78	-
		<u>78</u>	<u>-</u>
23. Receivables for services delivered			
Nature of services			
Provincial Treasury Northern Cape		3	-
		<u>3</u>	<u>-</u>
24. Key management personnel			2003/04 R'000
24.1 Remuneration			
Provincial Minister of Finance and Economic Development			485
Accounting Officer			478
Chief Directors			424
Chief Financial Officer			255
			<u>1,642</u>
24.2 Other remuneration and compensation provided to key management and close members of the family of key management personnel			2003/04 R'000
Provincial Minister of Finance and Economic Development			344
Accounting Officer			408
Chief Directors			304
Chief Financial Officer			183
			<u>1,239</u>

WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004

ANNEXURE 1

STATEMENT OF TRANSFERS TO PUBLIC ENTITIES AND INSTITUTIONS BY PROVINCIAL DEPARTMENTS AS AT 31 MARCH 2004

(List each Transfer by Public Entity / Institution)	GRANT ALLOCATION					EXPENDITURE			
	Appropriations Act R'000	Adjustments Estimate R'000	Rollovers R'000	Total Available R'000	Actual Transfer (1) R'000	Amount not Transferred R'000	% of Available Transferred	Capital R'000	Current R'000
Western Cape Gambling and Racing Board	7,455	(2,155)	-	5,300	4,700	600	88.7%	-	4,700
	7,455	(2,155)	-	5,300	4,700	600		-	4,700

WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004

ANNEXURE 2

STATEMENT OF OTHER TRANSFERS BY PROVINCIAL DEPARTMENTS AS AT 31 MARCH 2004

(List each Transfer by Entity / Institution)	GRANT ALLOCATION					EXPENDITURE				
	Appropriations Act R'000	Adjustments Estimate R'000	Rollovers R'000	Total Available R'000	Actual Transfer (1) R'000	Amount not Transferred R'000	% of Available Transferred	Capital R'000	Current R'000	
Bursaries for personnel	600	-	-	600	148	452	24.7%	-	148	
	600	-	-	600	148	452	-	-	148	

WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004

ANNEXURE 3
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2004
DOMESTIC

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount R'000	Opening Balance 01/04/2003 R'000	Guarantees issued during the year R'000	Guarantees Released during the year R'000	Guaranteed interest outstanding as at 31/03/2004 R'000	Closing Balance 31/03/2004 R'000	Realised losses i.r.o. claims paid out R'000
Permanent Bank	Housing Loan	275	275	25	(34)	-	266	-
		275	275	25	(34)	-	266	-

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004**

ANNEXURE 4

PHYSICAL ASSET MOVEMENT SCHEDULE (Not including inventories)

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2003/04	Opening Balance	Additions*	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	2,115	5,815	300	-	-	7,630
Computer equipment	-	4,921	262	-	-	4,659
Furniture and office equipment	2,115	571	17	-	-	2,669
Other machinery and equipment	-	323	21	-	-	302
	2,115	5,815	300	-	-	7,630

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	26	2,109	20	-	-	2,115
Furniture and office equipment	26	2,109	20	-	-	2,115
	26	2,109	20	-	-	2,115

*Additions reflect purchases from the Basic Accounting System only.

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004**

ANNEXURE 5

INTER-DEPARTMENTAL RECEIVABLES - CURRENT

Department	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000
Northern Cape Provincial Treasury	-	-	3	-
	-	-	3	-

**WESTERN CAPE PROVINCE
PROVINCIAL TREASURY
VOTE 3**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2004**

ANNEXURE 6

INTER-DEPARTMENTAL PAYABLES - CURRENT

Department	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000
Western Cape Education Department	-	-	3	-
Department of Health	-	-	2	-
Department of Transport & Public Works	-	-	109	-
	-	-	114	-

PART 5: HUMAN RESOURCE MANAGEMENT

Oversight Report

The statistics and information published in this part of the annual report are required in terms of Chapter 1, Part III J.3 of the Public Service Regulations, 2001 and have been prescribed by the Minister for the Public Service and Administration for all departments within the Public Service.

The statistical tables provide high-level information on key human resource issues. The information aims to empower legislatures, the media, the public and other key stakeholders to monitor whether departments:

- Are exercising the powers granted under Public Service and Public Finance legislation in a responsible manner
- Are achieving national transformation priorities established by the Cabinet, for example, affirmative action

Annual reports are produced after the end of the financial year. This is aimed at strengthening the accountability of departments to key stakeholders. The tables in this report are revised on a regular basis by the Department of Public Service and Administration (DPSA).

1. Service Delivery

All departments are required to develop a Service Delivery Improvement (SDI) Plan. The following tables reflect the components of the SDI plan as well as progress made in the implementation of the plan. Services provided per programme are discussed in Part 2 of this statement.

Table 1.1 - Main services provided and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
PROGRAMME 1: ADMINISTRATION				
Sub-programme 1.1: Office of the Minister				
Smooth and effective functioning of the Minister's Office.	Provincial Treasury Department of Economic Development and Tourism Provincial Parliament Ministry of Finance and Economic Development	Public Provincial Ministries and Departments	Adherence to benchmarked service standards	Partial delivery of administrative, communication and other support services to the standards set by the Minister.

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Sub-programme 1.2: Financial Management and Specialised Support Services				
Efficient and effective planning and budget management.	Provincial Treasury Directorates	Provincial Departments and Directorates	Ensure no greater than 2% variance between actual and approved budget.	Resource expenditure management supported Treasury's strategic goals, but with a 16% variable to adjusted budget .
Ensuring proper financial accounting and risk management.	Provincial Treasury Directorates	Provincial Departments and Directorates	Unqualified Auditor-general report.	Financial accounting on par with Treasury's normative standards risk management below.
Supply chain management in line with Treasury criteria.	Provincial Treasury Directorates	Provincial Departments and Directorates	Full compliance to efficiency criteria developed by the Treasury.	Accounting Officer System Framework and revised procurement delegations in place.
Excellent specialised auxiliary services.	Provincial Treasury Directorates	Provincial Departments and Directorates	Services delivered at a standard acceptable to other line functionaries.	Support services in place and further improved.

Sub-programme 1.3: Human Resource Management				
Excellence in personnel and performance management services.	Provincial Treasury Directorates SETA	Provincial Treasury Directorates SETA	Vacancy rate less than 8%.	Partial success in appropriately recruiting, placing and assessing personnel to support functioning of the Treasury. Vacancy rate at 31 March 2004, 40,5%.
Ensuring cordial labour relations.	Provincial Treasury Directorates SETA	Provincial Treasury Directorates SETA	No labour disputes.	Good discipline and well informed staff and organised labour with 100% disputes settled.
Facilitating appropriate human resource development.	Provincial Treasury Directorates SETA	Provincial Treasury Directorates SETA	Skilling in line with strategic goals.	Good progress with establishing a more competent human resource base with 34 new bursaries and 21 new learnerships.

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Ensuring organisational transformation.	Provincial Treasury Directorates SETA	Provincial Treasury Directorates SETA	Ability to deliver on Treasury's goals.	Phase one of an organisational structure capable of dealing with Treasury's challenges, completed.

PROGRAMME 2: NORMATIVE FINANCIAL MANAGEMENT AND COMMUNICATION

Sub-programme 2.1: Financial Management and Communication

Determination and implementation of financial management norms and standards to facilitate excellence in service delivery.	AOs CFOs Provincial Treasury Directorates Municipalities Public entities	SSA SCOF FFC PTC	Full compliance by accounting officers with normative standards.	Assessment of financial management systems and practices and tailoring current practices to achieve fiscal policy objectives.
Ensuring the existence of an appropriate and dynamic financial legislative framework.	AOs CFOs Provincial Treasury Directorates Municipalities Public entities	SSA SCOF FFC PTC	No unauthorised departures from financial prescripts.	Assessment of nominal and substantive compliance and initiations of remedial steps.
An effective internal and external communication system.	AOs CFOs Provincial Treasury Directorates	SSA SCOF FFC PTC	No miscommunication.	Early communication framework to deliver timely and accurate transmission of all data in other communication within Treasury.

Sub-programme 2.2: Internal Audit Development

Proper functioning of internal audit.	AOs CFOs Provincial Treasury Directorates AG Forensic Audit	SSA SCOF FFC PTC Audit Committees	Fully fledged units in operation by 31 March 2004.	On reassessment decided on a central co-sourced unit for the interim to get internal audit properly up and running with 4 audit committees (one at Health, one at Education, another at Social services and a shared one for the balance).
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Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
PROGRAMME 3: BUDGET OFFICE				
Compile annual medium-term budget policy objectives targeted to reduce socio-economic disparities, achieve synergy and improve financial management of resources.	Provincial Departments National Departments	Provincial Departments Directorates	Acceptance of provincial medium-term budget policy statement by the Executive and Provincial Parliament.	WC-MTBPS 2004-2007 accepted by the Executive and tabled during November 2003. The Efficacy Review 2003 was also internally published.
Subsequent proposing of allocations per function and key policy areas.	Provincial Departments National Departments	Provincial Departments Directorates	Acceptance of allocations by Executive and Provincial Parliament.	Allocations in line with iKapa elihlumayo policy objectives accepted by executive during December (pre final allocations) and February (Final allocations). Budget 2004 tabled on 2 March 2004.

PROGRAMME 4: MACRO ECONOMIC ANALYSIS				
Determine the potential and constraints for economic growth and development, and their interaction with current government spending and revenue patterns.	Provincial Departments CFOs National Treasury	PTC SSA SCOF FFC	Full economic impact assessment of intended or past revenue initiatives and expenditures.	First Socio-economic Review, 2003 published that laid basis for Budget 2004 and Provincial Growth and Development summit agreements.
Determine alternative budget, expenditure and revenue impact scenarios on selected economic growth and development indicators.	Provincial Departments CFOs National Treasury	PTC SSA SCOF FFC	Systematic reduction in socio-economic disparities and appropriate gain in efficiency.	Budgets, revenue envelopes and proposed expenditures that support the attainment of selected socio-economic imperatives and taken up in Budget 2004.

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
PROGRAMME 5: RESOURCE ACQUISITION AND MANAGEMENT				
Sub-programme 5.1: Resource Acquisition				
Assess and optimise division of national revenues.	Provincial Departments CFOs National Treasury	SSA SCOF FFC	Annual real growth of at least 1% above GDP inflation after discounting of personnel and social security.	Annual nominal growth of 8,3% (3,2% real) in equitable share portion within national fiscal parameters.
Ensuring efficient and effective development of provincial revenue base.	Provincial Departments CFOs National Treasury	SSA SCOF FFC	Annual real growth in excess of 5% over current MTEF projections.	Systematic increase of 18,9% in current own revenue from 2002/03 to 2003/04 not inconsistent with economic policy.
Sub-programme 5.2: Western Cape Gambling and Racing Board				
Protected gambling and betting resource base.	Provincial Departments CFO's National Treasury Private businesses banks Tender Committees NGO's TAC's	SSA SCOF FFC: WCGRB	Full receipt of estimated gambling and betting revenue.	Gambling tax receipts totalling R132,6 million and betting receipts totalling R13,5 million. Exceeded adjusted budget targets by 6.1% and 6.3% respectively.
PROGRAMME 6: PUBLIC FINANCE				
Sub-programme 6.1: Departments				
Compilation of annual and adjustment budget estimates in line with determined policy goals.	Provincial Departments CFOs National Treasury	SSA SCOF FFC SCOPA	Expenditure in support of overall policy goals and attainment of efficiency in expenditure.	Budget reform and resource allocations within votes in support of policy objectives and expenditure reviews, resulting in a significant extra buffer to deal with Budget 2004 pressures.
Implementation, assessment and enforcement of approved budgets.	Provincial Departments CFOs National Treasury	SSA SCOF FFC SCOPA	No over-expenditure.	Overall variance between budget and expenditure 2,3% (under) with overexpenditures at Education of 0,4%.

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Sub-programme 6.2: Municipalities				
Alignment between municipal integrated development plan - and provincial budgeting processes.	Provincial Departments CFOs National Treasury Municipalities	SSA SCOF FFC	Functioning financial framework.	Early work on an integrated financial framework between the Province and municipalities, dealing with functions, processes and local government imperatives.

PROGRAMME 7: ASSET MANAGEMENT

Sub-programme 7.1: Supply Chain Management

To ensure effective and efficient planning for, acquisition, logistics management and disposal of goods and services, inclusive of immovable property.	Provincial Departments Businesses Local Government	Liaison Committees NGO's	Attainment of efficiency in supply chain management to be benchmarked.	Establishment of supply chain management on 1 January 2004 in the Province and associated units.
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Sub-programme 7.2: Public Private Partnerships

Facilitate, promote and in liaison with accounting officers implement public private partnership initiatives.	Provincial Departments Businesses Financial Institutions	Liaison Committees	Appropriate risk transfer to private sector.	Partially established PPP unit in the Provincial Treasury.
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Sub-programme 7.3: Financial Assets

Optimisation in the management of financial assets.	Provincial Departments Businesses Financial Institutions	Liaison Committees	R1,1 billion accumulated yield and bridging financing to be achieved over the MTEF, R0,5 billion in 2003/04.	Exceeded target yield on money management operations through replacement of cheques with making electronic payments and better market analysis.
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Sub-programme 7.4: Financial Systems

Implementation and management of appropriate financial systems.	Provincial Departments CFOs National Treasury	Local Government	Acceptance by the Executive and the National Treasury by 31 December 2003.	Surpassed by national initiatives. Replaced the FMS batch system with realtime BAS on 1 April 2004.
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Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Sub-programme 7.5: Western Cape Provincial Tender Board				
A managed transition process from the current procurement regime to the full phasing in of supply chain management to all the departments with appropriate management of risk and phasing out of the current Tender Board.	Government Departments Businesses	Liaison Committees	Fully implementation of supply chain management and cessation of the Tender Board by 31 December 2003.	Tender Board abolished with effect from 1 January 2004.

PROGRAMME 8: FINANCIAL ACCOUNTING AND REPORTING

Full recording of REAL transactions and the preparation of quality financial statements.	Provincial Departments CFOs National Treasury Municipalities Auditor-General Accounting Standard Board (ASB)	PTC SSA SCOF FFC	No unwarranted balances in accounts at the end of the financial year.	Opening balance of R78 million of which R61 million was addressed leaving a balance of R17 million.
Improved financial performance of departments through the application of interpretive accounting skills.	Provincial Departments CFOs National Treasury Municipalities Auditor-General Accounting Standard Board (ASB)	PTC SSA SCOF FFC SCOPA	Efficiency and transparency in resource utilisation to be benchmarked.	Interpreting IYM reports.

PROGRAMME 9: iKapa elihlumayo

Ensuring targeted disbursement of government funds to attain specifically employment generation and per capita income growth through sustainable government and business sector investment.	Provincial Departments CFOs National Treasury		Systematic reduction of unemployment and income disparities through enhanced business activity.	Complete and appropriate shift to Education and Economic Development and Tourism in course of the year.
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PROGRAMME 10: CONTINGENCY PROVISION

Secured funds for financing unforeseeable and unavoidable expenditure.	Provincial Departments CFOs National Treasury		Monthly, in year monitoring of progress in addressing the eventualities for which funds were made available.	Provided relief at Vote 1: Provincial Administration: Western Cape (R4,7 million) and Vote 14: Cultural Affairs and Sport (R0,75 million).
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Table 1.2 - Consultation arrangements with customers

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
Forums Newsletters Liaison committees	Provincial Departments	-	Department wide newsletter for the greater part of the year.
Liaison committees	CFOs	-	CFO forum
Liaison committees	Provincial departments	-	MTEC Committees
Liaison committees	Business	-	Western Cape Investment Council

Table 1.3 - Service delivery access strategy

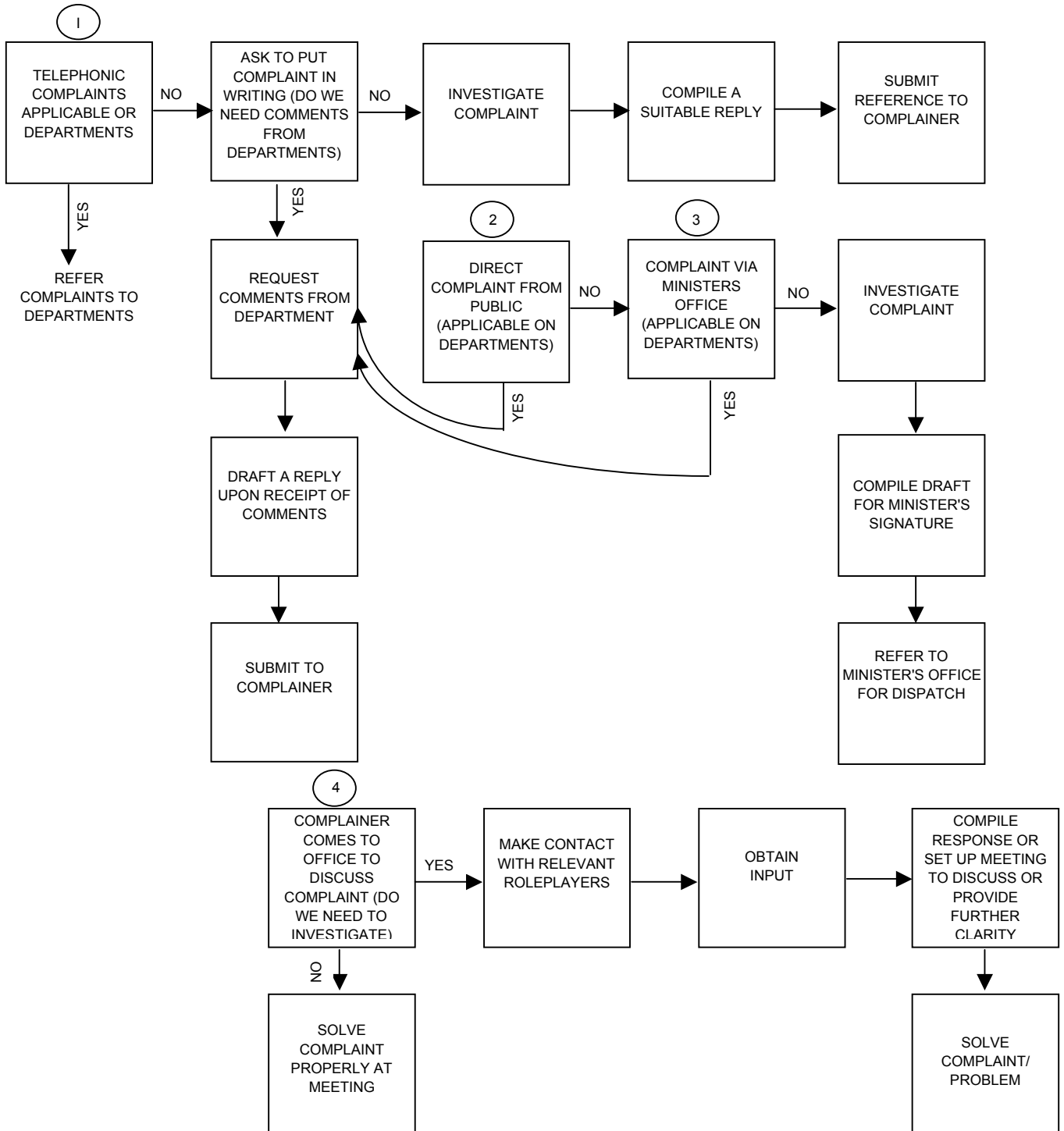
Access Strategy	Actual achievements
Improved communication	An intensive media-programme around the budget and the WC-MTBPS included road-shows, leaflets, radio-programmes, etc.
To base decision-making on socio-economic realities of the Province	A series of reviews were published which sketched the socio-economic environment to which Treasury is trying to respond.
E-procurement	Provincial Administration: Western Cape usage of an Electronic Purchasing System whereby services below R50 000 per order are sourced from a wide range of potential suppliers.
Upgrading of the Treasury website	New Provincial Treasury intranet, internet sites were developed and went live in December 2003 and March 2004 respectively.

Table 1.4 - Service information tool

Types of information tool	Actual achievements
Electronic Purchasing System	33 027 quotations received (Province wide)
Western Cape Supplier Database	4 303 suppliers registered

Table 1.5 - Complaints mechanism

The following flow-chart indicates 4 possible ways through which the Public could direct their complaints regarding tender procedures and practises within the Western Cape Provincial Government.



2. Expenditure

The Provincial Treasury's own budget is in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 2.1) and by salary bands (Table 2.2). It provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the department.

Table 2.1 – Personnel costs by programme, 2003/04

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
1	20 187	11 338	571	2 447	56.16	189
2	6 262	2 428	0	3 600	38.77	143
3	1 725	427	0	1 259	24.75	214
4	1 755	194	0	1 494	11.05	194
5	6 942	656	0	1 330	9.45	328
6	4 015	3 575	0	19	89.04	210
7	21 934	8 940	0	4 201	40.76	263
8	1 815	1 774	0	0	97.74	222
Total	64 635	29 332	571	14 350	45.38	208

Table 2.2 – Personnel costs by salary band, 2003/04

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	162	0.57	54
Skilled (Levels 3-5)	1 713	6.06	78
Highly skilled production (Levels 6-8)	4 862	17.19	143
Highly skilled supervision (Levels 9-12)	13 267	46.90	190
Senior management (Levels 13-16)	5 307	18.76	442
Additional employment (Contract workers)	2 979	10.53	99
Total	28 290	100.00	201

Note 1: The personnel expenditure in Table 2.1 is current expenditure and excludes R428 000 for capitalised personnel expenditure.

Note 2: The discrepancy in personnel expenditure by programme (Table 2.1) and personnel expenditure by salary band (Table 2.2), amounting to R1 042 000 can be contributed to accumulated differences between the Basic Accounting System (BAS) and the Personnel Salary System (PERSAL). Please note that the (BAS) figures of Table 2.1 have been verified by the Provincial Auditor and is reflected in the Financial Statements in part three of this document. The latter is regarded as the correct amount.

The following tables provide a summary per programme (Table 2.3) and salary bands (Table 2.4), of expenditure incurred as a result of salaries, overtime, home owners allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

Table 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2003/04

Programme	Salaries		Overtime		Home Owners Allowance (HOA)		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
1	7 812	68.90	238	2.10	208	1.83	506	4.46
2	1 356	55.85	17	0.70	60	2.47	87	3.58
3	246	57.61	2	0.47	7	1.64	18	4.22
4	166	85.57	0	0	8	4.12	12	6.19
5	254	38.72	0	0	0	0	0	0
6	2 611	73.03	99	2.77	50	1.40	174	4.87
7	7 218	80.74	10	0.11	164	1.83	353	3.95
8	1 258	70.91	66	3.72	33	1.86	71	4.00
Total	20 921	71.32	432	1.47	530	1.81	1 221	4.16

Note: Brief motivations in respect of overtime in excess of R60 000.

Programme 1: The main reason for the overtime is the general lack of capacity within the programme, combined with a high turnover in personnel. As a result, staff members across the board had to work overtime. This was especially the case within Financial Management putting together the Annual Financial Statements, the Annual Report, Adjustments Estimates, Budget, and in preparing a new Supply Chain Management Unit.

Programme 6: Public Finance was the driving force behind the compilation of the Province's Budget, 2003, the monitoring and implementing thereof and the tabling of a quality Adjustments Estimate within the statutory provided timeframe, in the Provincial Parliament. Due dates and the extent of the work to be finalised, are mainly determined by external circumstances and structures. Furthermore, the Treasury is also dependent on provincial departments keeping to the given due dates.

Even before the implementation of the Municipal Finance Management Act, 2003 on 1 July 2004, Public Finance was involved with the necessary interaction with municipalities, although this was mostly directed to the assessment of the distribution of functions and powers across the two spheres. All these activities placed a lot of pressure on the officials and the workload compelled personnel to work additional hours.

Programme 8: Research and compilation of the accounting review and the evaluation of the Annual Financial Statements and aggregation 2002/03, placed an extra workload on a reduced complement post-restructuring staff which necessitated working overtime.

Table 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary band, 2003/04

Salary band	Salaries		Overtime		Home Owners Allowance (HOA)		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Lower skilled (Levels 1-2)	120	74.07	2	1.23	12	7.41	0	0
Skilled (Levels 3-5)	1 203	70.23	67	3.91	56	3.27	109	6.36
Highly skilled production (Levels 6-8)	3 536	72.73	96	1.97	142	2.92	305	6.27
Highly skilled supervision (Levels 9-12)	9 881	74.48	252	1.90	296	2.23	593	4.47
Senior management (Levels 13-16)	3 202	60.34	0	0	24	0.45	214	4.03
Contract Workers	2 979	100.00	15	0.50	0	0	0	0
Total	20 921	73.95	432	1.53	530	1.87	1 221	4.32

Note: 1 x Senior Management official structured her package to provide for a housing benefit.

3. Employment and Vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables:- programme (Table 3.1), salary band (Table 3.2) and critical occupations (Table 3.3). Table 3.3 provides the establishment and vacancy information for the key critical occupations of the Provincial Treasury that require monitoring. The vacancy rate reflects the percentage of posts that are not filled.

TABLE 3.1 – Employment and vacancies by programme, 31 March 2004

Programme	Number of posts	Number of posts filled	Vacancy Rate %	Number of posts filled additional to the establishment
1	77	60	22.08	7
2	44	17	61.36	0
3	8	2	75.00	0
4	5	1	80.00	1
5	10	2	80.00	0
6	19	17	10.53	1
7	63	34	46.03	21
8	11	8	27.27	0
Total	237	141	40.51	30

Table 3.2 – Employment and vacancies by salary bands, 31 March 2004

Salary band	Number of posts	Number of posts filled	Vacancy Rate %	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	3	3	0	26
Skilled (Levels 3-5)	35	22	37.14	0
Highly skilled production (Levels 6-8)	54	34	37.04	0
Highly skilled supervision (Levels 9-12)	127	70	44.88	2
Senior management (Levels 13-16)	18	12	33.33	2
Total	237	141	40.51	30

Table 3.3 – Employment and vacancies by critical occupation, 31 March 2004

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate %	Number of posts filled additional to the establishment
Senior State Accountant	6	2	66.67	0
Financial Analyst	7	3	57.14	0
Economist	16	1	93.75	1
Expenditure Analyst	12	10	16.67	0
System Controller	31	12	61.29	0
Procurement Specialist	8	6	25.00	0
Total	80	34	57.50	1

The information in each case reflects the situation as at 31 March 2004. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of the Oversight Report.

4. Job Evaluation

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. 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. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

Table 4.1 – Job Evaluation, 1 April 2003 to 31 March 2004

Salary band	Number of posts	Number of Jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	3	0	0	0	0	0	0
Skilled (Levels 3-5)	35	9	25.71	0	0	9	100
Highly skilled production (Levels 6-8)	54	16	29.63	5	31.25	11	68.75
Highly skilled supervision (Levels 9-12)	127	25	19.69	5	20.00	20	80.00
Senior Management Service Band A	13	13	100	0	0	0	0
Senior Management Service Band B	4	4	100	0	0	0	0
Senior Management Service Band C	0	0	0	0	0	0	0
Senior Management Service Band D	1	1	100	0	0	0	0
Total	237	68	28.69	10	14.71	40	58.82

Table 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2003 to 31 March 2004

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	2	2
Male	0	0	1	7	8
Total	0	0	1	9	10
Employees with a disability	0	0	0	0	0

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

Table 4.3 – Employees whose salary level exceeded the grade determined by job evaluation, 1 April 2003 to 31 March 2004 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Secretary	1	6	7	Restructuring
Office Manager	1	8	11	Restructuring
Deputy Director	1	11	12	Restructuring
Supply Chain Management Clerk	2	4	6	Restructuring
Administration Clerk	2	4	5	Restructuring
Registration Clerk	1	4	5	Restructuring
Data Collator	3	4	6	Restructuring
Operator	1	2	4	Restructuring
Human Resource Practitioner	3	4	5	Restructuring
Human Resource Practitioner	1	4	6	Restructuring
Administrative Assistant	4	5	6	Restructuring
Budget co-ordinator	1	11	12	Restructuring
Accounting Practitioner	2	9	10	Restructuring
Financial Asset Manager	1	11	12	Restructuring
Cashflow Manager	1	9	10	Restructuring
Investment Manager	1	9	10	Restructuring
System Manager	2	11	12	Restructuring
System Controller	10	9	10	Restructuring
Accounting Clerk	2	4	5	Restructuring
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2003/04				40.00
Percentage of total employment				28.37

Table 4.4 summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 4.4 – Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2003 to 31 March 2004 (in terms of PSR 1.V.C.3)

Beneficiaries	African	Indian	Coloured	White	Total
Female			6	12	18
Male	2	0	7	13	22
Total	2	0	13	25	40.00
Employees with a disability	0	0	0	0	0

5. Employment Changes

This section provides information on changes in employment over the financial year.

Turnover rates provide an indication of trends in the employment profile of the Provincial Treasury. The following tables provide a summary of turnover rates by salary band (Table 5.1) critical occupations (Table 5.2), reasons for leaving the department (Table 5.3), promotion by critical occupation (Table 5.4) and promotion by salary band (Table 5.5).

Table 5.1 – Annual turnover rates by salary band for the period 1 April 2003 to 31 March 2004

Salary band	Number of employees per band as on 1 April 2003	Appointments and transfers into the department	Terminations and transfers out of the department	% Turnover rate
Lower skilled (Levels 1-2)	4	29	20	500.00
Skilled (Levels 3-5)	27	17	16	59.26
Highly skilled production (Levels 6-8)	56	17	23	41.07
Highly skilled supervision (Levels 9-12)	46	26	22	47.83
Senior Management Service Band A	7	2	2	28.57
Senior Management Service Band B	1	2	0	0
Senior Management Service Band C	0	0	0	0
Senior Management Service Band D	1	0	0	0
Total	142	93	83	58.45

Note: Officials are appointed on contract for a fixed period and this is registered on Persal (Electronic Salary System). Once a contract expires, Persal registers a termination. Should the contract be renewed, Persal would register a new appointment. This means that although one person was contracted with regular renewals to his/her contract, Persal will register a termination and a new appointment, with each renewal. Thus the discrepancy between the number of employees per band and the number of employees appointed and the number of appointments terminated.

Table 5.2 – Annual turnover rates by critical occupation for the period 1 April 2003 to 31 March 2004

Occupation	Number of employees per occupation as on 1 May 2003	Appointments and transfers into the department	Terminations and transfers out of the department	% Turnover rate
Senior State Accountant	5	1	3	60.00
Financial Analyst	3	6	0	0
Economist	2	1	0	0
Expenditure Analyst	1	4	0	0
System Controller	13	0	0	0
Procurement Specialist	1	0	0	0
Total	25	12	3	12.00

Note: In order to report correctly on the annual turnover rates by critical occupation, the number of employees per occupation have to be with effect from 1 May 2003 instead of 1 April 2003. This is due to the fact that the phase one restructuring process within Treasury culminated on 1 May 2003.

Table 5.3 identifies the major reasons why staff left the Treasury.

Table 5.3 – Reasons why staff are leaving Treasury

Termination Type	Number	% of total
Death	0	0
Resignation	3	3.61
Expiry of contract	40	48.19
Dismissal – operational changes	1	1.20
Dismissal – misconduct	1	1.20
Dismissal – inefficiency	0	0
Discharged due to ill-health	1	1.20
Retirement	1	1.20
Transfers to other Public Service Departments	35	42.17
Other	1	1.20
Total	83	100.00
Total number of employees who left as a % of the total employment		58.87

Table 5.4 – Promotions by critical occupation

Occupation	Employees as at 1 May 2003	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Senior State Accountant	5	0	0	5	100.00
Financial Analyst	3	1	33.33	2	66.67
Economist	2	0	0	1	50.00
Expenditure Analyst	1	0	0	1	100.00
System Controller	13	0	0	9	69.23
Procurement Specialist	1	0	0	1	100.00
Total	25	1	4.00	19	76.00

Note: In order to report correctly on the Promotion and Notch progressions by critical occupation, the number of employees per occupation indicated, are with effect from 1 May 2003 instead of 1 April 2003. This is due to the fact that the restructuring process commenced on 1 May 2003.

Table 5.5 – Promotions by salary band

Salary band	Employees 1 April 2003	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	4	0	0	3	75.00
Skilled (Levels 3-5)	27	1	3.70	16	59.26
Highly skilled production (Levels 6-8)	56	6	10.71	34	60.71
Highly skilled supervision (Levels 9-12)	46	22	47.83	38	82.61
Senior management (Levels 13-16)	9	1	11.11	0	0
Total	142	30	21.13	91	64.08

6. Employment Equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

Table 6.1 - Total number of employees in each of the following occupational categories as on 31 March 2004

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	2	2	5	1	0	0	1	11
Professionals	3	13	1	24	4	15	0	12	72
Technicians and associate professionals	0	5	0	3	0	2	0	0	10
Clerks	3	12	0	1	1	10	0	15	42
Service and sales workers	0	0	0	0	0	1	0	0	1
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	2	0	0	0	0	0	0	2
Elementary occupations	0	2	0	0	0	1	0	0	3
Total	6	36	3	33	6	29	0	28	141
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 6.2 - Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2004

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	1	0	0	0	0	1
Senior Management	0	2	2	4	1	0	0	2	11
Professionally qualified and experienced specialists and mid-management	3	17	1	24	3	15	0	7	70
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	6	0	3	1	3	0	9	23
Semi-skilled and discretionary decision making	2	10	0	1	1	9	0	10	33
Unskilled and defined decision making	0	1	0	0	2	0	0	0	3
Total	6	36	3	33	8	27	0	28	141

Table 6.3 - Recruitment for the period 1 April 2003 to 31 March 2004

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	1	1	0	1	0	0	0	3
Professionally qualified and experienced specialists and mid-management	1	4	0	3	3	5	0	1	17
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	1	0	0	0	0	0	1	2
Semi-skilled and discretionary decision making	0	4	1	1	4	3	0	2	15
Unskilled and defined decision making	7	10	0	3	6	6	0	2	34
Total	8	20	2	7	14	14	0	6	71
Employees with disabilities	0	0	0	0	0	0	0	0	0

Note: Refer to note under Table 5.1.

Table 6.4 - Promotions for the period 1 April 2003 to 31 March 2004

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	3	8	0	2	2	7	0	0	22
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	3	9	0	2	2	7	0	0	23
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 6.5 - Terminations for the period 1 April 2003 to 31 March 2004

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	1	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	3	0	2	0	0	0	1	6
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	1	0	0	0	0	1	1	4
Semi-skilled and discretionary decision making	0	5	1	1	3	3	0	2	15
Unskilled and defined decision making	4	8	0	2	1	4	0	2	21
Total	5	18	1	5	4	7	1	6	47
Employees with disabilities	0	0	0	0	0	0	0	0	0

Note: Refer to note under Table 5.1

Table 6.6 - Disciplinary action for the period 1 April 2003 to 31 March 2004

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	0	3	0	0	0	0	0	0	3

Table 6.7 - Skills development for the period 1 April 2003 to 31 March 2004

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	2	2	5	1	0	0	1	11
Professionals	3	13	1	24	4	15	0	12	72
Technicians and associate professionals	0	5	0	3	0	2	0	0	10
Clerks	3	12	0	1	1	10	0	15	42
Service and sales workers	0	0	0	0	0	1	0	0	1
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	2	0	0	0	0	0	0	2
Elementary occupations	0	2	0	0	0	1	0	0	3
Total	6	36	3	33	6	29	0	28	141
Employees with disabilities	0	0	0	0	0	0	0	0	0

Note: Skills development were based on internal processes per component. A proper skills development plan per occupational category is being developed for implementation during 2004/2005.

7. Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 7.1), salary bands (table 7.2) and critical occupations (Table 7.3).

Table 7.1 – Performance Rewards by race, gender and disability, 1 April 2003 to 31 March 2004

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee (R'000)
African					
Male	0	6	0	0	0
Female	0	6	0	0	0
Indian					
Male	0	3	0	0	0
Female	0	0	0	0	0
Coloured					
Male	4	36	11.11	39	9.75
Female	1	29	3.45	10	10.00
White					
Male	0	33	0	0	0
Female	4	28	14.29	50	12.50
Employees with a disability	0	0	0	0	0
Total	9	141	6.38	99	11.00

Table 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2003 to 31 March 2004

Salary Band	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee (R'000)	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	0	3	0	0	0	0
Skilled (Levels 3-5)	0	22	0	0	0	0
Highly skilled production (Levels 6-8)	6	34	17.65	58	9.61	1.19
Highly skilled supervision (Levels 9-12)	3	70	4.29	41	13.66	0.31
Total	9	129	6.98	99	9.99	0.35

Table 7.3 – Performance Rewards by critical occupations, 1 April 2003 to 31 March 2004

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee (R'000)
Senior State Accountant	2	2	100.00	19	9.50
Financial Analyst	0	3	0	0	0
Economist	0	1	0	0	0
Expenditure Analyst	3	10	30.00	29	9.67
System Controller	3	12	25.00	40	13.33
Procurement Specialist	0	6	0	0	0
Total	8	34	23.53	88	11.00

Table 7.4 – Performance related rewards (cash bonus), by salary band, for Senior Management Service

Salary Bands	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands			
Band A	6	8	75.00	101	16.83	2.74
Band B	1	3	33.33	28	28.00	3.40
Band C	0	0	0	0	0	0
Band D	0	1	0	0	0	0
Total	7	12	58.33	129	18.43	2.43

8. Foreign Workers

No foreign workers were employed for the period 1 April 2003 to 31 March 2004, thus none could be identified by salary band (Table 8.1) and major occupation (Table 8.2).

Table 8.1 - Foreign Workers, 1 April 2003 to 31 March 2004, by salary band

Salary Band	01 April 2003		31 March 2004		Change	
	Number	% of total	Number	% of total	Number	% of total
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Total	0	0	0	0	0	0

Table 8.2 - Foreign Workers, 1 April 2003 to 31 March 2004, by major occupation

Salary Band	01 April 2003		31 March 2004		Change	
	Number	% of total	Number	% of total	Number	% of total
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Total	0	0	0	0	0	0

9. Leave utilisation for the period 1 January 2003 to 31 December 2003

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 (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

Table 9.1 – Sick leave, 1 January 2003 to 31 December 2003

Salary Bands	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 skilled (Levels 1-2)	13	45.45	3	1.64	4.33	3
Skilled (Levels 3-5)	227	63.99	28	15.30	8.11	68
Highly skilled production (Levels 6-8)	875	76.87	77	42.08	11.36	479
Highly skilled supervision (Levels 9-12)	519	76.66	68	37.16	7.63	378
Senior management (Levels 13-16)	30	88.00	7	3.83	4.29	51
Total	1 664	74.46	183	100.00	9.09	1 281

Table 9.2 – Disability leave (temporary and permanent), 1 January 2003 to 31 December 2003

Salary Bands	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)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	10	100	2	10.53	5	3
Highly skilled production (Levels 6-8)	216	100	12	63.16	18	119
Highly skilled supervision (Levels 9-12)	90	100	4	21.05	23	67
Senior management (Levels 13-16)	3	100	1	5.26	3	5
Total	319	100	19	100.00	17	249

Table 9.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000, requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 9.3 – Annual Leave, 1 January 2003 to 31 December 2003

Salary Band	Total days taken	Average per employee
Lower skilled (Levels 1-2)	92	23
Skilled (Levels 3-5)	696	22
Highly skilled production (Levels 6-8)	2 218	24
Highly skilled supervision (Levels 9-12)	1 826	23
Senior management (Levels 13-16)	277	21
Additional	0	0
Total	5 109	23

Table 9.4 – Capped leave, 1 January 2003 to 31 December 2003

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2003
Lower skilled (Levels 1-2)	28	2	9
Skilled (Levels 3-5)	86	5	4
Highly skilled production (Levels 6-8)	95	8	3
Highly skilled supervision (Levels 9-12)	17	4	1
Senior management (Levels 13-16)	10	1	1
Total	236	1	2

The following table summarises payments as a result of leave that was not taken.

Table 9.5 – Leave payouts for the period 1 April 2003 to 31 March 2004

Reason	Total Amount	Number of Employees	Average payment per employee
Leave payout for 2002/03 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2002/03	51	5	10
Current leave payout on termination of service for 2003/04	0	0	0
Total	51	5	10

10. HIV/AIDS & Health Promotion Programmes

Table 10.1 – 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
None	N/A

Table 10.2 – 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 department 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		Ms NN Madikizela-Renene Senior Manager: Human Resource Management
2. Does the department 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.	X		Transformation Management Unit within HRM has been established with one dedicated official for this purpose. The cost of the task is absorbed within the budget of HRM as a whole.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		Employment Assistance Program: Consists of Personal, Family and at Work assistance through counselling.
4. Has the department 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		Departmental Health & Safety Committee: 1. Marina Cox 2. Sumaya Emeran-Parker 3. Shirley Jacobs 4. Nomtumzi Mkosi 5. Veronica Melim 6. Lionel Hartle The above employees represent all the components within the Provincial Treasury.

Question	Yes	No	Details, if yes
5. Has the department 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.	X		Leave and Recruitment & Selection Policies are Human Rights friendly
6. Has the department 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		Awareness raising campaigns and education on HIV/ Aids are provided throughout the Department.
7. Does the department encourage its employees to undergo voluntary counseling and testing? If so, list the results that you have achieved.	X		Statistics are not available.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/ indicators.		X	Impact assessment tool to be developed

11. Labour Relations

Table 11.1 – Collective agreements, 1 April 2003 to 31 March 2004

Total collective agreements	None

Table 11.2 summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2003 to 31 March 2004

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	1	33.3
Fine	0	0
Demotion	0	0
Dismissal	2	66.7
Not guilty	0	0
Case withdrawn	0	0
Total	3	100

Table 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Misrepresentation	2	66.7
Abuse of GG Transport	1	33.3
Total	3	100

Table 11.4 – Grievances lodged for the period 1 April 2003 to 31 March 2004

	Number	% of total
Number of grievances resolved	3	100
Number of grievances not resolved	0	0
Total number of grievances lodged	3	100

Table 11.5 – Disputes lodged with Councils for the period 1 April 2003 to 31 March 2004

	Number	% of total
Number of disputes upheld	0	0
Number of disputes dismissed	1	100
Total number of disputes lodged	1	100

Table 11.6 – Strike actions for the period 1 April 2003 to 31 March 2004

Total number of person working days lost	0
Total cost (R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

Table 11.7 – Precautionary suspensions for the period 1 April 2003 to 31 March 2004

Number of people suspended	2
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	20
Cost (R'000) of suspensions	10

12. Skills Development

This section highlights the efforts of the department with regard to skills development.

Table 12.1 - Training needs identified 1 April 2003 to 31 March 2004

Occupational Categories	Gender	Number of employees as at 31 March 2004	Training needs identified at start of reporting period				Total
			Learnerships	ABET	Skills Programmes & other short courses	Other forms of training	
Legislators, senior officials and managers	Female	2	0	0	2	0	2
	Male	9	0	0	8	0	8
Professionals	Female	31	2	0	29	0	31
	Male	41	7	0	24	0	31
Technicians and associate professionals	Female	2	3	1	6	0	10
	Male	8	3	0	1	0	4
Clerks	Female	26	1	0	22	0	23
	Male	16	0	1	11	0	12
Service and sales workers	Female	1	0	1	0	0	1
	Male	0	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0	0
	Male	0	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0	0
	Male	2	0	1	0	0	1
Elementary occupations	Female	1	0	0	0	0	0
	Male	2	0	1	0	0	1
Sub Total	Female	63	6	2	59	0	67
	Male	78	10	3	44	0	57
Total		141	16	5	103	0	124

Table 12.2 - Training provided 1 April 2003 to 31 March 2004

Occupational Categories	Gender	Number of employees as at 31 March 2004	Training provided within the reporting period			Total
			Learnerships	Skills Programmes & other short courses	Other forms of training	
Legislators, senior officials and managers	Female	2	0	2	0	2
	Male	9	0	8	0	8
Professionals	Female	31	0	29	0	29
	Male	41	2	24	0	26
Technicians and associate professionals	Female	2	6	6	0	12
	Male	8	3	1	0	4
Clerks	Female	26	2	22	0	24
	Male	16	1	11	0	12
Service and sales workers	Female	1	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	2	0	0	0	0
Elementary occupations	Female	1	0	0	0	0
	Male	2	0	0	0	0
Sub Total	Female	63	8	59	0	67
	Male	78	6	44	0	50
Total		141	28	206	0	234

13. Injury on duty

The following table provides basic information on injury on duty.

Table 13.1 – Injury on duty, 1 April 2003 to 31 March 2004

Nature of injury on duty	Number	% of total
Required basic medical attention only	2	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	2	100

14. Utilisation of Consultants

Table 14.1 - Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
PERSAL	3	1 392	2 606 389
LOGIS	6	1 386	3 882 638
BAS	6	95	314 114
Vulindlela	2	427	490 730
Media consultancy services	6	120	21 371
Librarianship consultant	1	60	29 700
Human Resource Development	2	14	24 635
Current formula analysis	1	80	24 000
BER: Annual budget presentation	1	Ongoing	825
Efficacy Review: Transport	1	160	40 000
<i>Ikapa elihlumayo</i> introduction	Various	Ongoing	776 203
Comparison of entrepreneurial activity and evaluation of budget proposals	1	103	44 500
AFREC: Health Efficacy Review	1	200	48 336
AFREC: Social Services Efficacy Review	1	240	48 336
AFREC: Alignment of Local and Provincial Government priorities in WC	1	224	97 812
Overview of the WC agricultural sector and Agriculture Efficacy Review	1	115	64 500
Education Efficacy Review	1	81	20 250
Housing Efficacy Review	1	155	49 633
PAWCFIN 03/2003 Risk Assessment and Internal Audit Service	7 Audit firms as Consortium (152 individuals)	77	2 743 398
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
19	188 +	4 929 +	11 327 371

Table 14.2 - Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Media Consultancy	50%	50 %	3
Human Resource Development	100%	100%	2
PAWCFIN 03/2003 Risk Assessment and Internal Audit Service	50%	50%	103

Table 14.3 - Report on consultant appointments using Donor funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
None	0	0	0

Table 14.4 - Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
None	0	0	0