

# Vote 3

## Provincial Treasury

|                          | 2008/09<br>To be appropriated              | 2009/10             | 2010/11             |
|--------------------------|--|---------------------|---------------------|
| <b>MTEF allocations</b>  | <b>R120 596 000</b>                        | <b>R132 822 000</b> | <b>R140 132 000</b> |
| Responsible MEC          | Provincial Minister of Finance and Tourism |                     |                     |
| Administering Department | Provincial Treasury                        |                     |                     |
| Accounting Officer       | Head Official: Provincial Treasury         |                     |                     |

### 1. Overview

#### Core functions and responsibilities

To provide strategic leadership in financial matters, provide support to the Minister and ensure sound departmental financial and human resource management.

Enhance the financial resources available to the Province, better targeting of these to achieve desired socio-economic and governance outcomes as well as improve alignment with municipal budgetary processes.

Promote the effective and efficient management of physical and financial assets, liabilities, supply chain systems and public-private partnerships, both within the Province and municipalities.

Promote financial governance, accountability, performance oriented financial management, accurate and full reflection of the Province's financial activities and processes.

#### Vision

Systematically endeavour to improve social and economic equity in the Province via our change agent role in financial resource allocation, guidance of expenditures and promotion of better corporate governance in both the provincial and municipal spheres.

#### Mission

To obtain the required financial and other supportive means and to utilise these optimally in pursuit of Treasury's vision and supporting strategic goals.

#### Main services

Describing the socio-economic environment and the formulation of appropriate fiscal (revenue and expenditure) and associated policies to address these.

Fostering the attainment of value for money spending, inclusive of risk and financial management practices to enhance efficacy.

Promoting the effective utilisation and safeguarding of provincial assets, appropriate purchasing of goods and services and providing proper transversal financial systems.

Facilitating the full disclosure of provincial and municipal financial transactions and associated reporting on their attainments.

## **Demands and changes in service**

The responsibility to improve the state's fiscal and service delivery performance continues unabated with provincial treasuries having to play a key role in this respect in partnership with primarily the National Treasury and the Departments of the Premier and Local Government and Housing.

The necessity for the sharpening and efficacy of the Provincial Treasury's policy objectives similarly remain and indeed has become more acute. These include the formulation and implementation of expenditure policy in more finite detail, improving spending efficacy, prevention of inappropriate expenditures, more efficient acquisition and application of assets and resources, capacity building and fostering of intergovernmental relations.

Entrench the principles of good financial governance across the provincial and local government spheres in line with the framework evolved. In the same light, to maximise returns on resources deployed and achieving practical integration of strategies and service delivery outputs between departments and municipalities.

Appropriate adjustments and refinements to treasury's internal structure, the methodology of operation was necessary to improve responsiveness and better utilisation of its human resources. The new year also sees the first decentralisation of the operational aspects of Internal Audit to the Departments of Education and Health. This is part of the five-step programme that was introduced in the previous financial year. Generally the recruitment and retention of professional staff remains a challenge.

## **Acts, rules and regulations**

### **Annual Division of Revenue Act**

To provide for the equitable division of revenue raised nationally, inclusive of conditional grants, amongst the three spheres of government and matters incidental thereto.

### **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 Treasury.

### **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 Treasury in achieving a diverse and competent workforce broadly representative of the demographics of the Western Cape and eliminating unfair discrimination in employment towards implementing employment equity.

### **Government Immovable Asset Management Act, 2007 (Act 19 of 2007)**

To provide for a uniform framework for the management of an immovable asset that is held or used by a provincial department and to ensure the coordination of the use of an immovable asset with the service delivery objectives of a provincial department.

### **Intergovernmental Fiscal Relations Act, 1997 (Act 97 of 1997)**

To define the role of the Minister of Finance and Tourism 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 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 Treasury 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) (MFMA)**

To secure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government; to establish treasury norms and standards for the local sphere of government; 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 persons 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 and potential historically disadvantaged individuals (HDIs) 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 request 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 the 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) (PFMA)**

To regulate financial management in the Treasury to ensure that all revenue, expenditure, assets and liabilities of the Treasury are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in the Treasury and to provide for matters connected therewith. To fulfil 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, 1996 (Act 108 of 1996), the Constitution of the Western Cape, 1998 (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 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)**

Although this Law has been revoked, a number of period contracts concluded under this Law and its regulations, are still valid and have to be administered in terms of this legislation.

## **Budget decisions**

During the past financial year the Provincial Treasury went through a re-configuration exercise so that the units are better positioned to respond to the challenges of assessing financial governance and the sustainability and credibility of budgets in both the provincial and local government spheres. The distribution of financial allocations across the various sub-programmes has been amended to take account of this further refinement of its transformational structural process that began 5 years ago.

## **2. Review 2007/08**

Much of the year was spent on the further refinement and deepening of Treasury's systems dealing with credible medium term fiscal management, socio-economic analysis and implementation of good financial governance. A number of challenges arose relative to sustainable and efficient spending that had to be tackled.

In tandem with putting a credible fiscal framework in place, the Provincial Treasury introduced a Financial Management Improvement Plan that based its analysis on audit outcomes and other assessment processes within provincial departments. The ultimate objective is to achieve a level 4 auditable organisation throughout the Province.

The relationships with municipalities were further strengthened via the Local Government MTEC processes and on site interactions with most municipalities, the latter associated with improvements that had to be made to in-year financial monitoring, supply chain and annual financial statement management processes.

Apart from the reconfiguration exercise, the year under review also saw the approval for the significant expansion of internal audit, heralding in a five-year roll out of expanded and intensified internal services within the Province. This obviously bumped up the vacancy rate in Treasury to reach roundabout 32 per cent by year end with some 275 staff members employed, each bringing his or her unique skills into the workplace.

As has become customary, the Provincial Economic Review and Outlook 2007 and the Medium Term Budget Policy Statement (MTBPS) 2008 – 2011, respectively again sketched the enormous socio-economic challenges and the proposed associated response thereto.

Accommodation pressures necessitated the acquisition of additional office space in the Southern Life Building to house the Internal Audit unit and part of the Asset Management component.

## **3. Outlook for 2008/09**

The intention is to build on the foundation laid earlier and the work done in the previous financial year to further improve the credibility of the medium term fiscal framework, the applicability of socio-economic analysis and expenditure management with the emphasis on appropriateness and efficiency across the provincial and municipal spheres.

Similarly to improve the quarterly performance reporting by provincial departments and establishing a better link between the in-year revenue and expenditure monitoring processes. It's also planned to evolve and practicalise the principles of good financial governance within provincial departments and to integrate the various initiatives into a more holistic approach. Steps are also being mooted in association with the Department of Local Government and Housing to enhance the performance assessment and to improve support and assistance to municipalities.

It will also be necessary to continue to promote substantive compliance to the protocols and standards applicable to financial transactions, asset and supply chain management, across the provincial and municipal spheres.

A number of initiatives commenced in the previous financial year to further develop management and leadership skills, a range of human resource policies and practices and support to staff, will be continued with to improve internal coherence, retention and performance of the organisation.

## 4. Receipts and financing

### Summary of receipts

Table 4.1 below depicts the sources of funding for the vote.

**Table 4.1 Summary of receipts**

| Receipts<br>R'000                                     | Outcome            |                    |                    | Main<br>appro-<br>priation<br>2007/08 | Adjusted<br>appro-<br>priation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |          |           |           |  |
|---|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------------------|---|----------|-----------|-----------|--|
|   | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                       |   |                                | % Change<br>from<br>Revised<br>estimate |          |           |           |  |
|   |                    |                    |                    |                                       |   |                                | 2008/09                                 | 2007/08  | 2009/10   | 2010/11   |  |
| <b>Treasury funding</b>                               |                    |                    |                    |                                       |   |                                |   |          |           |           |  |
| Equitable share                                       | (282 979)          | (353 103)          | (8 441)            | 664                                   | 664                                       | 409                            | <b>3 029</b>                            | 640.59   | 16 466    | 23 776    |  |
| Financing   |                    |                    | (49 033)           |                                       |   |                                |   |          |           |           |  |
| Asset Finance Reserve                                 |                    |                    | (49 033)           |                                       |   |                                |   |          |           |           |  |
| Own receipts (Provincial Treasury)                    |                    |                    | (149 923)          | (218 280)                             | (228 795)                                 | (251 252)                      | <b>(251 252)</b>                        |          | (272 512) | (273 041) |  |
| <b>Total Treasury funding</b>                         | <b>(282 979)</b>   | <b>(353 103)</b>   | <b>(207 397)</b>   | <b>119 001</b>                        | <b>116 551</b>                            | <b>114 751</b>                 | <b>120 596</b>                          | 5.09     | 132 822   | 140 132   |  |
| <b>Departmental receipts</b>                          |                    |                    |                    |                                       |   |                                |   |          |           |           |  |
| Tax receipts  | 172 745            | 221 972            | 275 984            | 288 418                               | 296 418                                   | 307 746                        | <b>314 801</b>                          | 2.29     | 333 817   | 334 346   |  |
| Sales of goods and services other than capital assets | 896                | 7 233              | 1 207              | 1 022                                 | 1 022                                     | 1 171                          | <b>1 022</b>                            | (12.72)  | 1 022     | 1 022     |  |
| Transfers received                                    | 4                  |                    |                    | 1                                     | 66  | 66                             | <b>1</b>                                | (98.48)  | 1         | 1         |  |
| Fines, penalties and forfeits                         | 231                | 290                | 215                |                                       |   | 91                             |   | (100.00) |           |           |  |
| Interest, dividends and rent on land                  | 211 333            | 233 361            | 54 125             | 47 128                                | 47 128                                    | 47 459                         | <b>52 947</b>                           | 11.56    | 53 980    | 53 980    |  |
| Financial transactions in assets and liabilities      | 103                | 4 522              | 9 802              | 48                                    | 48  | 9 061                          | <b>48</b>                               | (99.47)  | 48        | 48        |  |
| <b>Total departmental receipts</b>                    | <b>385 312</b>     | <b>467 378</b>     | <b>341 333</b>     | <b>336 617</b>                        | <b>344 682</b>                            | <b>365 594</b>                 | <b>368 819</b>                          | 0.88     | 388 868   | 389 397   |  |
| <b>Total receipts</b>                                 | <b>102 333</b>     | <b>114 275</b>     | <b>133 936</b>     | <b>119 001</b>                        | <b>116 551</b>                            | <b>114 751</b>                 | <b>120 596</b>                          | 5.09     | 132 822   | 140 132   |  |

### Summary of receipts:

Total receipts increase by R5.845 million or 5.1 per cent from R114.751 million in 2007/08 to R120.596 million in 2008/09.

### Treasury funding of which:

Equitable share amounts to R3.029 million in 2008/09 and over the MTEF it is R16.466 million in 2009/10 and R23.776 million in 2010/11.

Financing from Provincial Treasury funding of R251.252 million in 2007/08 and 2008/09, R272.512 million in 2009/10 and R273.041 million in 2010/11 is allocated to the Department of the Premier.

### Details of Departmental receipts:

Total departmental own receipts increase by R3.225 million or 0.9 per cent from R365.594 million in 2007/08 to R368.819 million in 2008/09. The main sources of income are in respect of tax receipts and interest, dividends and rent on land. Tax receipts, of which casino taxes and horseracing are the main contributors, increase by R7.055 million or 2.3 per cent from R307.746 million in 2007/08 to R314.801 million in 2008/09. The estimated increase in tax receipts is mainly due to the expansion of the gambling industry.

Interest, dividends and rent on land, of which interest is the main contributor, increases by R5.488 million or 11.6 per cent from R47.459 million in 2007/08 to R52.947 million in 2008/09. This estimated increase is mainly due to the increase in the interest earned on the current account.

### **Donor funding (excluded from vote appropriation)**

Table 4.2 hereunder gives the sources of donor funding and details of any terms and conditions attached to donor funds.

#### **Table 4.2 Summary of donor funding - None**

## **5. Payment summary**

### **Key assumptions**

Year-on-year adjustments for salary increases are based on the assumption that wage agreements will result in salary increases of 8.1 per cent from 2007/08 to 2008/09, 6.2 per cent from 2008/09 to 2009/10 and 5.1 per cent from 2009/10 to 2010/11 inclusive of the 1 per cent pay progression. Adjustments for the majority of the non-personnel expenditure items classified under Goods and Services are based on the assumption that the CPIX will be 6.1 per cent from 2007/08 to 2008/09, 4.6 per cent from 2008/08 to 2009/10 and 4.6 per cent from 2009/10 to 2010/11 as provided by National Treasury.

### **Programme summary**

Table 5.1 below indicates the budget or estimated expenditure per programme and Table 5.2 per economic classification. Details of the Government Financial Statistics (GFS) economic classifications are attached as an annexure to this vote.

**Table 5.1 Summary of payments and estimates**

| Programme<br>R'000                  | Outcome            |                    |                    | Main<br>appro-<br>priation<br>2007/08 | Adjusted<br>appro-<br>priation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |             |                |                |
|-------------------------------------|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------------------|---|-------------|----------------|----------------|
|                                     | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                       |   |                                | % Change<br>from<br>Revised<br>estimate |             |                |                |
|                                     |                    |                    |                    |                                       |   |                                | 2008/09                                 | 2007/08     | 2009/10        | 2010/11        |
| 1. Administration <sup>a</sup>      | 21 318             | 23 220             | 28 724             | 30 328                                | 34 177                                    | 33 600                         | 34 335                                  | 2.19        | 37 082         | 39 024         |
| 2. Sustainable Resource Management  | 11 067             | 16 513             | 21 332             | 28 233                                | 22 529                                    | 22 209                         | 23 794                                  | 7.14        | 28 903         | 31 196         |
| 3. Asset and Liabilities Management | 43 108             | 46 699             | 51 537             | 20 738                                | 22 151                                    | 22 181                         | 23 395                                  | 5.47        | 26 540         | 28 188         |
| 4. Financial Governance             | 26 840             | 27 843             | 32 343             | 39 702                                | 37 694                                    | 36 761                         | 39 072                                  | 6.29        | 40 297         | 41 724         |
| <b>Total payments and estimates</b> | <b>102 333</b>     | <b>114 275</b>     | <b>133 936</b>     | <b>119 001</b>                        | <b>116 551</b>                            | <b>114 751</b>                 | <b>120 596</b>                          | <b>5.09</b> | <b>132 822</b> | <b>140 132</b> |

<sup>a</sup> MEC remuneration payable: Salary R618 566, Car allowance R154 641, with effect from 1 April 2007.

## Summary by economic classification

**Table 5.2 Summary of provincial payments and estimates by economic classification**

| Economic classification<br>R'000                               | Outcome            |                    |                    | Main<br>appro-<br>priation<br>2007/08 | Adjusted<br>appro-<br>priation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                 |             |                |                |
|--|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------------------|--------------------------------------|-------------|----------------|----------------|
|  | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                       |   |                                | % Change<br>from Revised<br>estimate |             |                |                |
|  |                    |                    |                    |                                       |   |                                | 2008/09                              | 2007/08     | 2009/10        | 2010/11        |
| <b>Current payments</b>  | 99 614             | 112 495            | 130 860            | 117 892                               | 114 426                                   | 112 626                        | 119 357                              | 5.98        | 131 694        | 138 997        |
| Compensation of employees                                      | 33 590             | 41 941             | 52 919             | 76 550                                | 63 754                                    | 61 607                         | 73 014                               | 18.52       | 86 983         | 93 802         |
| Goods and services   | 65 930             | 70 381             | 77 164             | 41 342                                | 50 672                                    | 50 998                         | 46 343                               | (9.13)      | 44 711         | 45 195         |
| Financial transactions in assets and liabilities               | 94                 | 173                | 777                |                                       |   | 21                             |                                      | (100.00)    |                |                |
| <b>Transfers and subsidies to Provinces and municipalities</b> | 723                | 348                | 392                |                                       | 643                                       | 643                            |                                      | (100.00)    |                |                |
| Departmental agencies and accounts                             | 81                 | 152                | 29                 |                                       |   |                                |                                      |             |                |                |
| Foreign governments and international organisations            | 27                 |                    |                    |                                       |   |                                |                                      |             |                |                |
| Households   | 50                 |                    | 1                  |                                       |   |                                |                                      |             |                |                |
| Households   | 565                | 196                | 362                |                                       | 643                                       | 643                            |                                      | (100.00)    |                |                |
| <b>Payments for capital assets</b>                             | 1 996              | 1 432              | 2 684              | 1 109                                 | 1 482                                     | 1 482                          | 1 239                                | (16.40)     | 1 128          | 1 135          |
| Buildings and other fixed structures                           |                    |                    |                    |                                       |   |                                | 669                                  |             | 615            | 641            |
| Machinery and equipment  | 1 391              | 1 029              | 2 279              | 989                                   | 1 362                                     | 1 362                          | 450                                  | (66.96)     | 388            | 363            |
| Software and other intangible assets                           | 605                | 403                | 405                | 120                                   | 120                                       | 120                            | 120                                  |             | 125            | 131            |
| <b>Total economic classification</b>                           | <b>102 333</b>     | <b>114 275</b>     | <b>133 936</b>     | <b>119 001</b>                        | <b>116 551</b>                            | <b>114 751</b>                 | <b>120 596</b>                       | <b>5.09</b> | <b>132 822</b> | <b>140 132</b> |

## Transfers to public entities

**Table 5.3 Summary of departmental transfers to public entities**

Western Cape Gambling and Racing Board - None

## Transfers to other entities

Table 5.4 Summary of departmental transfers to other entities - None

## Transfers to local government

Table 5.5 Summary of departmental transfers to local government by category - None

## Departmental Public-Private Partnership (PPP) projects

Table 5.6 Summary of departmental Public-Private Partnership projects – None

## 6. Programme description

### Programme 1: Administration

**Purpose:** To conduct the strategic management and overall administration of the Provincial Treasury.

#### Analysis per sub-programme:

##### Sub-programme 1.1: Office of the Minister

to render secretarial, administrative and office support services

##### Sub-programme 1.2: Management Services

to render strategic support, coordination and communication services

##### Sub-programme 1.3: Corporate Services

to provide human resource management and development

##### Sub-programme 1.4: Financial Management

to deliver financial management and advisory services

to make limited provision and maintenance of accommodation needs

This Programme concerns the staff function of the Treasury ("internal services") and is, therefore, not discussed in further detail. However, the budgetary figures of the Programme are reflected in the tables below.

Table 6.1 Summary of payments and estimates – Programme 1: Administration

| Sub-programme<br>R'000                 | Outcome            |                    |                    | Main<br>appro-<br>priation<br>2007/08 | Adjusted<br>appro-<br>priation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |             |               |               |
|--|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------------------|---|-------------|---------------|---------------|
|  | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                       |   |                                | % Change<br>from<br>Revised<br>estimate |             |               |               |
|  |                    |                    |                    |                                       |   |                                | 2008/09                                 | 2007/08     | 2009/10       | 2010/11       |
| 1. Office of the Minister <sup>a</sup> | 2 919              | 3 559              | 2 774              | 3 759                                 | 3 554                                     | 3 592                          | 3 761                                   | 4.70        | 4 201         | 4 419         |
| 2. Management Services                 |                    | 1 747              | 2 029              | 2 122                                 | 2 062                                     | 2 036                          | 3 037                                   | 49.17       | 3 325         | 3 503         |
| 3. Corporate Services                  | 5 474              | 6 999              | 8 928              | 9 804                                 | 13 529                                    | 13 121                         | 12 581                                  | (4.12)      | 13 481        | 14 201        |
| 4. Financial Management                | 12 925             | 10 915             | 14 993             | 14 643                                | 15 032                                    | 14 851                         | 14 956                                  | 0.71        | 16 075        | 16 901        |
| <b>Total payments and estimates</b>    | <b>21 318</b>      | <b>23 220</b>      | <b>28 724</b>      | <b>30 328</b>                         | <b>34 177</b>                             | <b>33 600</b>                  | <b>34 335</b>                           | <b>2.19</b> | <b>37 082</b> | <b>39 024</b> |

<sup>a</sup> MEC remuneration payable: Salary R618 566, Car allowance R154 641, with effect from 1 April 2007.



**Table 6.1.1 Summary of provincial payments and estimates by economic classification – Programme 1: Administration**

| Economic classification<br>R'000                    | Outcome            |                    |                    | Main<br>appro-<br>priation<br>2007/08 | Adjusted<br>appro-<br>priation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |            |         |         |
|---|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------------------|---|------------|---------|---------|
|   | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                       |   |                                | % Change<br>from<br>Revised<br>estimate |            |         |         |
|   |                    |                    |                    |                                       |   |                                | 2008/09                                 | 2007/08    | 2009/10 | 2010/11 |
| <b>Current payments</b>                             | 20 133             | 22 541             | 26 966             | 29 786                                | 32 893                                    | 32 316                         | <b>33 216</b>                           | 2.78       | 36 079  | 38 020  |
| Compensation of employees                           | 11 397             | 12 111             | 13 098             | 17 811                                | 15 919                                    | 15 451                         | <b>18 014</b>                           | 16.59      | 20 231  | 21 469  |
| Goods and services                                  | 8 642              | 10 257             | 13 091             | 11 975                                | 16 974                                    | 16 844                         | <b>15 202</b>                           | ( 9.75 )   | 15 848  | 16 551  |
| Financial transactions in assets and liabilities    | 94                 | 173                | 777                |                                       |   | 21                             |   | ( 100.00 ) |         |         |
| <b>Transfers and subsidies to</b>                   | 185                | 191                | 143                |                                       | 8   | 8                              |   | ( 100.00 ) |         |         |
| Provinces and municipalities                        | 28                 | 80                 | 8                  |                                       |   |                                |   |            |         |         |
| Departmental agencies and accounts                  | 27                 |                    |                    |                                       |   |                                |   |            |         |         |
| Foreign governments and international organisations | 50                 |                    |                    |                                       |   |                                |   |            |         |         |
| Households  | 80                 | 111                | 135                |                                       | 8   | 8                              |   | ( 100.00 ) |         |         |
| <b>Payments for capital assets</b>                  | 1 000              | 488                | 1 615              | 542                                   | 1 276                                     | 1 276                          | <b>1 119</b>                            | ( 12.30 )  | 1 003   | 1 004   |
| Buildings and other fixed structures                |                    |                    |                    |                                       |   |                                | <b>669</b>                              |            | 615     | 641     |
| Machinery and equipment                             | 995                | 475                | 1 615              | 542                                   | 1 276                                     | 1 276                          | <b>450</b>                              | ( 64.73 )  | 388     | 363     |
| Software and other intangible assets                | 5                  | 13                 |                    |                                       |   |                                |   |            |         |         |
| <b>Total economic classification</b>                | <b>21 318</b>      | <b>23 220</b>      | <b>28 724</b>      | <b>30 328</b>                         | <b>34 177</b>                             | <b>33 600</b>                  | <b>34 335</b>                           | 2.19       | 37 082  | 39 024  |

## Details of transfers and subsidies:

| Economic classification<br>R'000                    | Outcome            |                    |                    | Main<br>appropriation<br>2007/08 | Adjusted<br>appropriation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |         |         |
|---|--------------------|--------------------|--------------------|----------------------------------|--------------------------------------|--------------------------------|---|---------|---------|
|   | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                  |                                      |                                | % Change<br>from<br>Revised<br>estimate |         |         |
|   |                    |                    |                    |                                  |                                      |                                | 2008/09                                 | 2007/08 | 2009/10 |
| <b>Transfers and subsidies to (Current)</b>         | 185                | 191                | 143                |                                  | 8                                    | 8                              | (100.00)                                |         |         |
| Provinces and municipalities                        | 28                 | 80                 | 8                  |                                  |                                      |                                |   |         |         |
| Provinces   |                    | 50                 |                    |                                  |                                      |                                |   |         |         |
| Provincial agencies and funds                       |                    | 50                 |                    |                                  |                                      |                                |   |         |         |
| Municipalities                                      | 28                 | 30                 | 8                  |                                  |                                      |                                |   |         |         |
| Municipalities                                      | 28                 | 30                 | 8                  |                                  |                                      |                                |   |         |         |
| <i>of which</i>                                     |                    |                    |                    |                                  |                                      |                                |   |         |         |
| Regional services council levies                    | 28                 | 30                 | 8                  |                                  |                                      |                                |   |         |         |
| Departmental agencies and accounts                  | 27                 |                    |                    |                                  |                                      |                                |   |         |         |
| Entities receiving transfers                        | 27                 |                    |                    |                                  |                                      |                                |   |         |         |
| SETA  | 27                 |                    |                    |                                  |                                      |                                |   |         |         |
| Foreign governments and international organisations | 50                 |                    |                    |                                  |                                      |                                |   |         |         |
| Households  | 80                 | 111                | 135                |                                  | 8                                    | 8                              | (100.00)                                |         |         |
| Other transfers to households                       | 80                 | 111                | 135                |                                  | 8                                    | 8                              | (100.00)                                |         |         |

## Programme 2: Sustainable Resource Management

**Purpose:** To provide professional advice on economic parameters and fiscal policy, to assess and monitor municipal budgets and to manage the provincial budget.

### Analysis per sub-programme:

#### Sub-programme 2.1: Programme support

to provide management and administrative support to the programme

#### Sub-programme 2.2: Economic Analysis

to provide for provincial and local government economic analysis and advice that informs fiscal policy and the budget allocative process

#### Sub-programme 2.3: Fiscal Policy

to provide for the effective and efficient development of revenue streams

#### Sub-programme 2.4: Budget Management

to compile the Provincial Medium-term Budget Policy Statement, policy proposals and associated budgetary allocations over the MTEF

to assist, assess and report on policy attainment across provincial and municipal spheres

#### Sub-programme 2.5: Public Finance

##### *Provincial Government Finance*

to compile the annual main and adjustments estimates and the efficient implementation thereof

to assist, assess and report on provincial revenue and expenditure management, including provincial entities

to provide oversight of the Western Cape Gambling and Racing Board

##### *Local Government Finance*

to assist, assess and report on municipal budgets, revenue and expenditure management, including municipal entities

to drive the implementation of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)

## Policy developments:

Policy developments that will receive attention are:

Better assessment of provincial departments and municipalities' measurable information to improve alignment of their stated objectives towards the desired provincial socio-economic outcomes.

Introduction of measures to detect and correct inappropriate expenditures and sharpening of initiatives to improve on financial management generally and quality of spending more specifically, with the initial focus on transfer payments and consultancy costs.

Concerted efforts to improve the design of analytical instruments to assess the qualitative impact of service delivery on applicable socio-economic variables.

Further steps to enhance the research capacity within Treasury as well as the cross sphere practical collaboration to improve service delivery and financial management.

## Changes: policy, structure, service establishment, etc. Geographic distribution of services:

Further refinements were made to this programme's structural and operational reconfiguration design to promote:

The integration of revenue and expenditure management and monitoring across provincial departments and municipalities allowing for greater efficiency and deepening of in-house technical capacity.

To provide for a specialist unit focussing on fiscal research.

The integration between Economic Analysis and Budget Management to foster the links between and the applicability of socio-economic analysis with policy formulation and allocative efficiency.

## Expenditure trends analysis:

Since 2004/05 no transfers have been made to the Western Cape Gambling and Racing Board due to them becoming self-sufficient. However, this might change in years to come but in the 2008/09 MTEF period no funds will be transferred. Over the period of 2004/05 to 2007/08 the programme increased from a base of R11.067 million to R22.209 million in 2007/08 (revised estimate) indicating an average nominal growth of 26.1 per cent per annum for the stated years. From 2007/08 and over the new MTEF period the allocations will increase from a base of R22.209 million in 2007/08 (revised estimate) to R31.196 million in 2010/11 with an average annual nominal growth of 12 per cent. The higher level of funding for this programme from 2006/07 onwards is meant to ensure a greater focus on resource acquisition and disbursement of provincial funds in the interests of promoting better service delivery across the provincial and local government spheres.

**Table 6.2 Summary of payments and estimates – Programme 2: Sustainable Resource Management**

| Sub-programme<br>R'000              | Outcome            |                    |                    | Main<br>appro-<br>priation<br>2007/08 | Adjusted<br>appro-<br>priation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |         |         |         |
|-------------------------------------|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------------------|---|---------|---------|---------|
|                                     | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                       |   |                                | % Change<br>from<br>Revised<br>estimate |         |         |         |
|                                     |                    |                    |                    |                                       |   |                                | 2008/09                                 | 2007/08 | 2009/10 | 2010/11 |
| 1. Programme Support                |                    | 1 142              | 1 742              | 1 593                                 | 1 388                                     | 1 679                          | 1 901                                   | 13.22   | 2 639   | 2 779   |
| 2. Economic Analysis                | 1 127              | 2 437              | 3 125              | 3 625                                 | 3 457                                     | 3 677                          | 3 361                                   | (8.59)  | 3 518   | 4 235   |
| 3. Fiscal Policy                    | 961                | 66                 | 1 163              | 476                                   | 286                                       | 286                            | 999                                     | 249.30  | 2 093   | 2 270   |
| 4. Budget Management                | 2 177              | 6 151              | 6 621              | 8 542                                 | 7 427                                     | 6 845                          | 7 065                                   | 13.15   | 8 065   | 8 544   |
| 5. Public Finance                   | 6 802              | 6 717              | 8 681              | 13 997                                | 9 971                                     | 9 722                          | 10 468                                  | 7.67    | 12 588  | 13 368  |
| Provincial Government<br>Finance    | 4 812              | 4 758              | 4 553              | 5 818                                 | 3 660                                     | 3 444                          | 3 897                                   | 13.15   | 4 909   | 5 228   |
| Local Government Finance            | 1 990              | 1 959              | 4 128              | 8 179                                 | 6 311                                     | 6 278                          | 6 571                                   | 4.67    | 7 679   | 8 140   |
| <b>Total payments and estimates</b> | 11 067             | 16 513             | 21 332             | 28 233                                | 22 529                                    | 22 209                         | 23 794                                  | 7.14    | 28 903  | 31 196  |

**Table 6.2.1 Summary of provincial payments and estimates by economic classification – Programme 2: Sustainable Resource Management**

| Economic classification<br>R'000     | Outcome            |                    |                    | Main<br>appro-<br>piation<br>2007/08 | Adjusted<br>appro-<br>piation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |          |         |         |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------------------------|--|--------------------------------|---|----------|---------|---------|
|                                      | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                      |  |                                | % Change<br>from<br>Revised<br>estimate |          |         |         |
|                                      |                    |                    |                    |                                      |  |                                | 2008/09                                 | 2007/08  | 2009/10 | 2010/11 |
| <b>Current payments</b>              | 10 565             | 16 100             | 21 069             | 28 208                               | 22 453                                   | 22 133                         | <b>23 794</b>                           | 7.50     | 28 903  | 31 196  |
| Compensation of employees            | 7 351              | 9 332              | 14 931             | 22 942                               | 17 235                                   | 17 065                         | <b>20 170</b>                           | 18.20    | 25 116  | 27 238  |
| Goods and services                   | 3 214              | 6 768              | 6 138              | 5 266                                | 5 218                                    | 5 068                          | <b>3 624</b>                            | (28.49)  | 3 787   | 3 958   |
| <b>Transfers and subsidies to</b>    | 502                | 22                 | 7                  |                                      |  |                                |   |          |         |         |
| Provinces and municipalities         | 17                 | 22                 | 7                  |                                      |  |                                |   |          |         |         |
| Households                           | 485                |                    |                    |                                      |  |                                |   |          |         |         |
| <b>Payments for capital assets</b>   |                    | 391                | 256                | 25                                   | 76                                       | 76                             |   | (100.00) |         |         |
| Machinery and equipment              |                    | 391                | 219                | 25                                   | 76                                       | 76                             |   | (100.00) |         |         |
| Software and other intangible        |                    |                    | 37                 |                                      |  |                                |   |          |         |         |
| <b>Total economic classification</b> | <b>11 067</b>      | <b>16 513</b>      | <b>21 332</b>      | <b>28 233</b>                        | <b>22 529</b>                            | <b>22 209</b>                  | <b>23 794</b>                           | 7.14     | 28 903  | 31 196  |

**Details of transfers and subsidies:**

| Economic classification<br>R'000            | Outcome            |                    |                    | Main<br>appro-<br>piation<br>2007/08 | Adjusted<br>appro-<br>piation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |         |         |         |
|---|--------------------|--------------------|--------------------|--------------------------------------|--|--------------------------------|---|---------|---------|---------|
|   | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                      |  |                                | % Change<br>from<br>Revised<br>estimate |         |         |         |
|   |                    |                    |                    |                                      |  |                                | 2008/09                                 | 2007/08 | 2009/10 | 2010/11 |
| <b>Transfers and subsidies to (Current)</b> | 502                | 22                 | 7                  |                                      |  |                                |   |         |         |         |
| Provinces and municipalities                | 17                 | 22                 | 7                  |                                      |  |                                |   |         |         |         |
| Municipalities                              | 17                 | 22                 | 7                  |                                      |  |                                |   |         |         |         |
| Municipalities                              | 17                 | 22                 | 7                  |                                      |  |                                |   |         |         |         |
| of which                                    |                    |                    |                    |                                      |  |                                |   |         |         |         |
| Regional services council levies            | 17                 | 22                 | 8                  |                                      |  |                                |   |         |         |         |
| Households                                  | 485                |                    |                    |                                      |  |                                |   |         |         |         |
| Other transfers to households               | 485                |                    |                    |                                      |  |                                |   |         |         |         |

**Programme 3: Asset and Liabilities Management**

**Purpose:** To provide policy direction, to facilitate the effective and efficient management of financial systems, physical and financial assets, public private partnerships and liabilities within the provincial and municipal spheres.

**Analysis per sub-programme:**

**Sub-programme 3.1: Programme Support**

to provide management and administrative support

**Sub-programme 3.2: Asset Management**

**Moveable Asset Management**

to determine policy, to drive, assess and assist departments and municipalities in the attainment of effective and efficient management of moveable assets

**Immoveable Asset Management**

to determine policy, to drive, assess and assist departments and municipalities in the effective and efficient management of immovable assets and sustainable public private partnership projects

### **Sub-programme 3.3: Liabilities Management**

#### ***Borrowing***

to facilitate the effective and efficient management of liabilities

#### ***Financial Asset Management***

to determine policy, to drive, assess and assist departments and municipalities in the effective and efficient management of financial assets

### **Sub-programme 3.4: Supporting and Interlinked Financial Systems**

to provide for the oversight and management of existing financial systems and the transition to the Integrated Financial Management System enhancing compliance with the Public Finance Management Act (PFMA) and other relevant legislation

### **Policy developments:**

Policy developments that will receive attention are:

Capacity building of provincial and municipal supply chain management units, value for money procurement assessments, collaboration with the Department of Economic Development and Tourism to foster preferential procurement and SMME development and steps to improve Movable and Immovable Asset Management in provincial departments.

Introduction of measures to detect and correct inappropriate asset management expenditure particularly with regard to built environment related spending. Associated with this, steps to improve management of provincial property and the roll out of Government Immovable Asset Management Act, 2007 in the Province and assisting the Department of Transport and Public Works with the management of rates and taxes on provincial properties.

Further deepening and roll out of the IDIP methodology within the Province and to municipalities to improve on the planning and delivery of infrastructure projects. The Public Private Partnership unit will continue to expand its activities to both municipalities and departments.

### **Changes: policy, structure, service establishment, etc. Geographic distribution of services:**

Further refinements were made to this programme's structural and operational reconfiguration design to strengthen:

The monitoring and the assessment capabilities of the Movable Asset Management unit to enhance the quality of the procurement processes in departments and municipalities.

The Immovable Asset Management unit to allow it to begin to assist municipalities with both the assessment and the delivery of their infrastructure requirements.

### **Expenditure trends analysis:**

The decrease of R20.927 million from R43.108 million in 2004/05 to R22.181 million in 2007/08 (revised estimate) is due to the decentralisation of SITA costs to provincial departments who has taken the responsibility of their own costs. This equates to an annual average decrease in nominal terms of 19.9 per cent. The annual average nominal growth of 8.3 per cent from the revised estimate figure of R22.181 million in 2007/08 to the 2010/11 figure of R28.188 million will be as a result of the strengthening of the monitoring and evaluation of municipal infrastructure and supply chain management.

**Table 6.3 Summary of payments and estimates – Programme 3: Asset and Liabilities Management**

| Sub-programme<br>R'000                             | Outcome            |                    |                    | Main<br>appro-<br>priation<br>2007/08 | Adjusted<br>appro-<br>priation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |             |               |               |
|--|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------------------|---|-------------|---------------|---------------|
|  | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                       |   |                                | % Change<br>from<br>Revised<br>estimate |             |               |               |
|  |                    |                    |                    |                                       |   |                                | 2008/09                                 | 2007/08     | 2009/10       | 2010/11       |
| 1. Programme Support                               |                    | 699                | 898                | 858                                   | 878                                       | 910                            | 1 357                                   | 49.12       | 1 759         | 1 852         |
| 2. Asset Management                                | 4 356              | 6 084              | 7 582              | 8 100                                 | 8 191                                     | 8 071                          | 9 295                                   | 15.17       | 11 091        | 11 905        |
| Moveable Asset<br>Management                       | 4 071              | 4 458              | 4 923              | 5 246                                 | 5 041                                     | 5 119                          | 5 749                                   | 12.31       | 6 649         | 7 097         |
| Immovable Asset<br>Management                      | 285                | 1 626              | 2 659              | 2 854                                 | 3 150                                     | 2 952                          | 3 546                                   | 20.12       | 4 442         | 4 808         |
| 3. Liabilities Management                          | 1 071              | 920                | 1 048              | 1 614                                 | 1 492                                     | 1 526                          | 1 802                                   | 18.09       | 1 974         | 2 072         |
| Borrowing  |                    |                    |                    | 1                                     | 1   | 1                              | 1                                       |             | 1             | 1             |
| Financial Asset Management                         | 1 071              | 920                | 1 048              | 1 613                                 | 1 491                                     | 1 525                          | 1 801                                   | 18.10       | 1 973         | 2 071         |
| 4. Supporting and Interlinked<br>Financial Systems | 37 681             | 38 996             | 42 009             | 10 166                                | 11 590                                    | 11 674                         | 10 941                                  | (6.28)      | 11 716        | 12 359        |
| <b>Total payments and estimates</b>                | <b>43 108</b>      | <b>46 699</b>      | <b>51 537</b>      | <b>20 738</b>                         | <b>22 151</b>                             | <b>22 181</b>                  | <b>23 395</b>                           | <b>5.47</b> | <b>26 540</b> | <b>28 188</b> |

**Table 6.3.1 Summary of provincial payments and estimates by economic classification – Programme 3: Asset and Liabilities Management**

| Economic classification<br>R'000                       | Outcome            |                    |                    | Main<br>appro-<br>priation<br>2007/08 | Adjusted<br>appro-<br>priation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |             |               |               |
|--|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------------------|---|-------------|---------------|---------------|
|  | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                       |   |                                | % Change<br>from<br>Revised<br>estimate |             |               |               |
|  |                    |                    |                    |                                       |   |                                | 2008/09                                 | 2007/08     | 2009/10       | 2010/11       |
| <b>Current payments</b>                                | 42 691             | 46 631             | 51 048             | 20 716                                | 21 516                                    | 21 546                         | 23 395                                  | 8.58        | 26 540        | 28 188        |
| Compensation of<br>employees                           | 8 498              | 11 725             | 13 018             | 16 031                                | 15 589                                    | 15 217                         | 18 566                                  | 22.01       | 21 481        | 22 918        |
| Goods and services                                     | 34 193             | 34 906             | 38 030             | 4 685                                 | 5 927                                     | 6 329                          | 4 829                                   | (23.70)     | 5 059         | 5 270         |
| <b>Transfers and subsidies to</b>                      | 21                 | 29                 | 235                |                                       | 635                                       | 635                            |   | (100.00)    |               |               |
| Provinces and municipalities                           | 21                 | 29                 | 7                  |                                       |   |                                |   |             |               |               |
| Foreign governments and<br>international organisations |                    |                    | 1                  |                                       |   |                                |   |             |               |               |
| Households   |                    |                    | 227                |                                       | 635                                       | 635                            |   | (100.00)    |               |               |
| <b>Payments for capital assets</b>                     | 396                | 39                 | 254                | 22                                    |   |                                |   |             |               |               |
| Machinery and equipment                                | 396                | 39                 | 254                | 22                                    |   |                                |   |             |               |               |
| <b>Total economic<br/>classification</b>               | <b>43 108</b>      | <b>46 699</b>      | <b>51 537</b>      | <b>20 738</b>                         | <b>22 151</b>                             | <b>22 181</b>                  | <b>23 395</b>                           | <b>5.47</b> | <b>26 540</b> | <b>28 188</b> |

## Details of transfers and subsidies:

| Economic classification<br>R'000                    | Outcome            |                    |                    | Main<br>appropriation<br>2007/08 | Adjusted<br>appropriation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |         |         |
|---|--------------------|--------------------|--------------------|----------------------------------|--------------------------------------|--------------------------------|---|---------|---------|
|   | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                  |                                      |                                | % Change<br>from<br>Revised<br>estimate |         |         |
|   |                    |                    |                    |                                  |                                      |                                | 2008/09                                 | 2007/08 | 2009/10 |
| <b>Transfers and subsidies to (Current)</b>         | 21                 | 29                 | 235                |                                  | 635                                  | 635                            | (100.00)                                |         |         |
| Provinces and municipalities                        | 21                 | 29                 | 7                  |                                  |                                      |                                |   |         |         |
| Municipalities                                      | 21                 | 29                 | 7                  |                                  |                                      |                                |   |         |         |
| of which  |                    |                    |                    |                                  |                                      |                                |   |         |         |
| Regional services council levies                    | 21                 | 29                 | 6                  |                                  |                                      |                                |   |         |         |
| Foreign governments and international organisations |                    |                    | 1                  |                                  |                                      |                                |   |         |         |
| Households  |                    |                    | 227                |                                  | 635                                  | 635                            | (100.00)                                |         |         |
| Other transfers to households                       |                    |                    | 227                |                                  | 635                                  | 635                            | (100.00)                                |         |         |

## Programme 4: Financial Governance

**Purpose:** To promote financial management improvement, accountability and efficiency within the provincial and municipal spheres.

### Analysis per sub-programme:

#### Sub-programme 4.1: Programme Support

to provide management and administrative support to the programme

#### Sub-programme 4.2: Accounting Services

accounting practices within departments, municipalities and entities that will enable the accurate reporting of revenue, expenditure, assets and liabilities in line with predetermined standards

#### Sub-programme 4.3: Norms and Standards

to develop, implement and monitor compliance with financial norms and standards within departments, municipalities and entities

#### Sub-programme 4.4: Risk Management

to develop and implement a system of risk management and financial governance in departments

#### Sub-programme 4.5: Provincial Internal Audit

work performed to evaluate the effectiveness of risk management, control and governance processes in departments

to assist municipalities in the development and implementation of effective internal audit functions

### Policy developments:

Policy developments that will receive attention are:

Further development of steps, assessments and supporting measures that would raise the level of provincial management performance to a level 4 auditable organisation in time to come.

Steps to enhance the further roll out and development of GRAP specific standards to departments, municipalities and entities together with capacity building measures.

Evolve and entrench the principles of good financial governance in departments, municipalities and entities in accordance with the compiled framework.

Further strengthening and roll out of internal audit in the Province both in-house and association with external service providers. In addition, consideration to be given to the development of an advisory capacity to municipalities.

## Changes: policy, structure, service establishment, etc. Geographic distribution of services:

Further refinements were made to this programme's structural and operational configuration design to promote:

The intensification and build up of in-house internal audit capacity. This resulted in a substantive expansion of the current establishment within Treasury together with the decentralisation of operational internal audit services from the beginning of the 2008/09 financial year.

Initiatives meant to better integrate the activities related to norms and standards with financial governance improvement and risk management, as well as to enhance accounting services' support to municipalities.

### Expenditure trends analysis:

The increase of R9.921 million from R26.840 million in 2004/05 to R36.761 million in 2007/08 (revised estimate) is due to the build-up of the internal audit function, which resulted in an increase in expenditure under consulting and specialised services (accounting and auditors). This trend is sustained over the MTEF with an average nominal annual increase of 4.3 per cent from the revised estimate figure of R36.761 million in 2007/08 to the 2010/11 MTEF figure of R41.724 million. Coupled to this is a concomitant decrease in Goods and services to Compensation of employees as posts are filled over the MTEF.

**Table 6.4 Summary of payments and estimates – Programme 4: Financial governance**

| Sub-programme<br>R'000              | Outcome            |                    |                    | Main<br>appro-<br>priation<br>2007/08 | Adjusted<br>appro-<br>priation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |             |               |               |
|-------------------------------------|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------------------|---|-------------|---------------|---------------|
|                                     | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                       |   |                                | % Change<br>from<br>Revised<br>estimate |             |               |               |
|                                     |                    |                    |                    |                                       |   |                                | 2008/09                                 | 2007/08     | 2009/10       | 2010/11       |
| 1. Programme Support                |                    | 1 039              | 1 169              | 1 333                                 | 1 103                                     | 1 123                          | 1 331                                   | 18.52       | 1 449         | 1 525         |
| 2. Accounting Services              | 2 005              | 2 721              | 3 735              | 4 200                                 | 4 051                                     | 3 936                          | 4 908                                   | 24.70       | 5 224         | 5 492         |
| 3. Norms and Standards              | 5 717              | 2 375              | 3 118              | 3 893                                 | 3 657                                     | 3 604                          | 3 854                                   | 6.94        | 4 410         | 4 636         |
| 4. Risk Management                  |                    | 1 704              | 2 926              | 2 750                                 | 2 194                                     | 2 097                          | 2 457                                   | 17.17       | 2 913         | 3 058         |
| 5. Provincial Internal Audit        | 19 118             | 20 004             | 21 395             | 27 526                                | 26 689                                    | 26 001                         | 26 522                                  | 2.00        | 26 301        | 27 013        |
| <b>Total payments and estimates</b> | <b>26 840</b>      | <b>27 843</b>      | <b>32 343</b>      | <b>39 702</b>                         | <b>37 694</b>                             | <b>36 761</b>                  | <b>39 072</b>                           | <b>6.29</b> | <b>40 297</b> | <b>41 724</b> |

**Table 6.4.1 Summary of provincial payments and estimates by economic classification – Programme 4: Financial Governance**

| Economic classification<br>R'000     | Outcome            |                    |                    | Main<br>appro-<br>priation<br>2007/08 | Adjusted<br>appro-<br>priation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |             |               |               |
|--------------------------------------|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------------------|---|-------------|---------------|---------------|
|                                      | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                       |   |                                | % Change<br>from<br>Revised<br>estimate |             |               |               |
|                                      |                    |                    |                    |                                       |   |                                | 2008/09                                 | 2007/08     | 2009/10       | 2010/11       |
| <b>Current payments</b>              | 26 225             | 27 223             | 31 777             | 39 182                                | 37 564                                    | 36 631                         | 38 952                                  | 6.34        | 40 172        | 41 593        |
| Compensation of employees            | 6 344              | 8 773              | 11 872             | 19 766                                | 15 011                                    | 13 874                         | 16 264                                  | 17.23       | 20 155        | 22 177        |
| Goods and services                   | 19 881             | 18 450             | 19 905             | 19 416                                | 22 553                                    | 22 757                         | 22 688                                  | ( 0.30)     | 20 017        | 19 416        |
| <b>Transfers and subsidies to</b>    | 15                 | 106                | 7                  |                                       |   |                                |   |             |               |               |
| Provinces and municipalities         | 15                 | 21                 | 7                  |                                       |   |                                |   |             |               |               |
| Households                           |                    | 85                 |                    |                                       |   |                                |   |             |               |               |
| <b>Payments for capital assets</b>   | 600                | 514                | 559                | 520                                   | 130                                       | 130                            | 120                                     | ( 7.69)     | 125           | 131           |
| Machinery and equipment              |                    | 124                | 191                | 400                                   | 10  | 10                             |   | ( 100.00)   |               |               |
| Software and other intangible        | 600                | 390                | 368                | 120                                   | 120                                       | 120                            | 120                                     |             | 125           | 131           |
| <b>Total economic classification</b> | <b>26 840</b>      | <b>27 843</b>      | <b>32 343</b>      | <b>39 702</b>                         | <b>37 694</b>                             | <b>36 761</b>                  | <b>39 072</b>                           | <b>6.29</b> | <b>40 297</b> | <b>41 724</b> |



## Details of transfers and subsidies:

| Economic classification<br>R'000            | Outcome            |                    |                    | Main<br>appropriation<br>2007/08 | Adjusted<br>appropriation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |         |         |         |
|---|--------------------|--------------------|--------------------|----------------------------------|--------------------------------------|--------------------------------|---|---------|---------|---------|
|   | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                  |                                      |                                | % Change<br>from<br>Revised<br>estimate |         |         |         |
|   |                    |                    |                    |                                  |                                      |                                | 2008/09                                 | 2007/08 | 2009/10 | 2010/11 |
| <b>Transfers and subsidies to (Current)</b> | 15                 | 106                | 7                  |                                  |                                      |                                |   |         |         |         |
| Provinces and municipalities                | 15                 | 21                 | 7                  |                                  |                                      |                                |   |         |         |         |
| Municipalities                              | 15                 | 21                 | 7                  |                                  |                                      |                                |   |         |         |         |
| Municipalities<br>of which                  | 15                 | 21                 | 7                  |                                  |                                      |                                |   |         |         |         |
| Regional services council levies            | 15                 | 21                 | 7                  |                                  |                                      |                                |   |         |         |         |
| Households                                  |                    | 85                 |                    |                                  |                                      |                                |   |         |         |         |
| Other transfers to households               |                    | 85                 |                    |                                  |                                      |                                |   |         |         |         |

## 7. Service delivery measures

| Programme/Sub-programme/Performance Measures  | Target for 2008/09 as per Annual Performance Plan  |
|---|--|
| <p><b>PROGRAMME PERFORMANCE MEASURES (Non-customised)</b></p> <p><b>QUARTERLY OUTPUTS</b></p> <p><b>Programme 2: Sustainable Resource Management</b></p> <p><b>2.4 Budget Management</b><br/>Number of quarterly budget performance reviews of departments.</p> <p><b>2.5 Public Finance</b></p> <p><b>2.5.1 Provincial Government Finance</b><br/>Maximum turnaround time on the provision of advice.<br/>SCoA, sub-programme and programme allocations in line with actual requirements.<br/>Efficiency analysis and intervention on selected expenditure items.</p> <p><b>2.5.2 Local Government Finance</b><br/>Maximum turnaround time on the provision of advice.<br/>Number of gazetted expenditure reports submitted to Cabinet and tabled in Provincial Parliament.<br/>Number of CFO Forums.</p>  | <p>4 reviews for each of the 13 Votes</p> <p>10 working days<br/>Health, Education, Social Development and Transport and Public Works<br/>Transfer payments at Votes 4, 7, 12 and 13. Consultancy spent at Votes 1, 5 and 6</p> <p>10 working days<br/>4 gazetted reports<br/>4 quarterly CFO Forum meetings</p> |
| <p><b>Programme 3: Asset and Liabilities Management</b></p> <p><b>3.2 Asset Management</b></p> <p><b>3.2.1 Movable Asset Management</b><br/>Number of training interventions arranged on SCM for departments.<br/>Number of training interventions arranged on SCM for municipalities.<br/>Number of SCM value for money and asset management assessments of provincial departmental sites.<br/>Number of value for money SCM assessments of municipalities.</p> <p><b>3.2.2 Immovable Asset Management</b><br/>Number of infrastructure reports compiled and compliant to NT Guidelines.<br/>Provision of advisory service on non-assets solutions and alternative options analysis to departments and municipalities.<br/>Number of training sessions/workshops.</p> <p><b>3.3 Liabilities Management</b></p> <p><b>3.3.1 Borrowings</b><br/>Number of training sessions/workshops.</p> | <p>4 training interventions<br/>2 training interventions<br/>12 assessments<br/>5 assessments<br/>4<br/>12 interactions<br/>2 training sessions<br/>6 training sessions</p>  |

| Programme/Sub-programme/Performance Measures  | Target for 2008/09 as per Annual Performance Plan  |
|---|--|
| <p><b>3.3.2 Financial Asset Management</b></p> <p>Prime rate minus 4 per cent on investments over 30 days.</p> <p>Monthly variance between transfers and actual expenditure less than 1 per cent.</p> <p>Assessments of the IYM submitted by municipalities in respect of cash flow management and provide feedback and guidance.</p> <p><b>3.4 Supporting and Interlinked Financial Systems</b></p> <p>System functionality as measured by an average of 98 per cent uptime and a .10 second screen refresh rate.</p> <p>Accessibility to a fully operational helpdesk managed by skilled staff rendering service to all users.</p> <p>Number of officials appropriately trained on the various financial systems.</p>   | <p>Prime rate minus 4 per cent</p> <p>Less than 1 per cent</p> <p>20 municipalities</p> <p>98 per cent uptime and a .10 second screen refresh rate on average</p> <p>9 hours per day</p> <p>1 400 officials with a 70 per cent pass rate</p>   |
| <p><b>Programme 4: Financial Governance</b></p> <p><b>4.3 Norms and Standards</b></p> <p>Number of departments and entities assessed and corrective steps recommended to address deficiencies identified.</p> <p><b>4.4 Risk Management</b></p> <p>Number of departmental risk management staff trained in risk management framework and tools.</p> <p>Number of departments assessed quarterly for compliance with risk management framework.</p> <p><b>4.5 Provincial Internal Audit</b></p> <p>Number of votes and entities' internal audit plans executed by the end of the financial year as approved by the relevant Audit Committee.</p> <p>Number of critical and significant findings reported in the previous audit cycle followed-up.</p> <p>Providing a guidance and advisory service.</p> <p>Number of posts filled and interns employed on the establishment.</p>   | <p>26 reports</p> <p>40</p> <p>13</p> <p>13 votes and 5 entities</p> <p>All critical and significant audit findings followed-up</p> <p>Define and agree role for 2 Districts and 2 Public Entities</p> <p>46</p>   |
| <p><b>ANNUAL OUTPUTS</b></p> <p><b>Programme 2: Sustainable Resource Management</b></p> <p><b>2.2 Economic Analysis</b></p> <p>Publication of the Annual Provincial Economic Review and Outlook (PER&amp;O).</p> <p>Publication of the Socio Economic Profile of Local Government (SEP-LG).</p> <p>Periodic economic reviews.</p> <p>Number of effective stakeholder engagements.</p> <p><b>2.3 Fiscal Policy</b></p> <p>Research into and improving the fiscal transfer mechanism to provincial and local governments.</p> <p>Research into additional revenue sources for provincial and local governments.</p> <p>Improvement of the system and credibility of revenue collection, estimation and forecasting for provincial and local governments.</p> <p><b>2.4 Budget Management</b></p> <p>Publishing of the Medium Term Budget Policy Statement.</p> <p>Finalisation of the Annual MTEF allocations.</p> <p>Number of draft municipal budget assessments focussing on responsiveness.</p> <p>Number of mid year assessment of municipal budget performance.</p> <p><b>2.5 Public Finance</b></p> <p><b>2.5.1 Provincial Government Finance</b></p> <p>Review of the tax regime.</p> | <p>PER&amp;O 2008 to be published on 30 August 2008 plus preparatory work for PER&amp;O 2009</p> <p>November 2008</p> <p>1 review</p> <p>30 Municipalities and 12 Departments and 5 selected external stakeholders</p> <p>Input into new provincial fiscal framework</p> <p>Refinement of current research</p> <p>Models finalised and implemented</p> <p>WC-MTBPS 2009 – 2012 tabled in Nov 2008</p> <p>February 2009</p> <p>30 Recommendations made through the LGMTEC processes</p> <p>30</p> <p>Commence and finalise update of tax regime, inclusive of changes to license/bid/exclusivity fees</p> |

| Programme/Sub-programme/Performance Measures   | Target for 2008/09 as per Annual Performance Plan   |
|--|---|
| <b>2.5.2 Local Government Finance</b><br>Number of draft municipal budget assessments focussing on sustainability and credibility.   | 30 Recommendations made through the LGMTEC processes  |
| <b>Programme 3: Asset and Liabilities Management</b><br><b>3.2 Asset Management</b><br><b>3.2.1 Movable Asset Management</b><br>Develop and promote a BBBEE/SMME supplier development programme for departments in liaison with the Department of Economic Development and Tourism.<br><b>3.2.2 Immovable Asset Management</b><br>Full implementation of IDIP in Health, Education and Transport and Public Works.<br><br>Implementation of IDIP in 3 municipalities.<br>Compile and update provincial asset management guidelines according to GIAMA.<br>Development of property utilisation indicators.  | Programme in place<br><br>100% in Education, 80% in Public Works and 50% in Health<br>30%<br>Finalise and issue guidelines<br>Set of property indicators finalised  |
| <b>Programme 4: Financial Governance</b><br><b>4.2 Accounting Services</b><br>The number of departments and entities compliant with the approved AFS Accounting Standards.<br>The number of municipalities and entities compliant with the approved AFS Accounting Standards.<br>Publishing of Annual Consolidated Financial Statements.<br>Publishing of the Annual Financial Governance Review and Outlook.<br><b>4.3 Norms and Standards</b><br>Number of departments and entities compliant with NT and PT guidelines for Annual reporting.<br>Number of municipalities compliant with NT and PT guidelines for Annual reporting.<br>Number of Auditor-General's report assessed and corrective steps recommended.<br><b>4.4 Risk Management</b><br>Finalise and implement corporate governance framework.<br><br>Transversal risks areas identified and allocated to transversal risk owners.<br><b>4.5 Provincial Internal Audit</b><br>Decentralising of operational internal audit services to Health and Education. | 13 Votes and 14 entities<br><br>24<br>31 October 2008<br>November 2008<br><br>6 departments and 3 entities<br>10<br>30<br><br>31 March 2009 finalised and implemented in 4 departments<br>4<br><br>Health and Education completed |

## 8. Other programme information

### Personnel numbers and costs

Table 8.1 Personnel numbers and costs

| Programme<br>R'000                  | As at<br>31 March<br>2005 | As at<br>31 March<br>2006 | As at<br>31 March<br>2007 | As at<br>31 March<br>2008 | As at<br>31 March<br>2009 | As at<br>31 March<br>2010 | As at<br>31 March<br>2011 |
|-------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| 1. Administration                   | 58                        | 54                        | 68                        | 78                        | 86                        | 90                        | 90                        |
| 2. Sustainable Resource Management  | 33                        | 61                        | 62                        | 64                        | 74                        | 82                        | 87                        |
| 3. Asset and Liabilities Management | 49                        | 46                        | 62                        | 68                        | 73                        | 76                        | 80                        |
| 4. Financial Governance             | 34                        | 50                        | 54                        | 65                        | 81                        | 112                       | 117                       |
| <b>Total personnel numbers</b>      | 174                       | 211                       | 246                       | 275                       | 314                       | 360                       | 374                       |
| Total personnel cost (R'000)        | 33 590                    | 41 941                    | 52 919                    | 61 607                    | 73 014                    | 86 983                    | 93 802                    |
| Unit cost (R'000)                   | 193                       | 199                       | 215                       | 224                       | 233                       | 242                       | 251                       |

**Table 8.2 Departmental personnel number and cost**

| Description                                 | Outcome            |                    |                    | Main appropriation<br>2007/08 | Adjusted appropriation<br>2007/08 | Revised estimate<br>2007/08 | Medium-term estimate           |         |         |         |
|---|--------------------|--------------------|--------------------|-------------------------------|-----------------------------------|-----------------------------|--------------------------------|---------|---------|---------|
|   | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                               |                                   |                             | % Change from Revised estimate |         |         |         |
|   |                    |                    |                    |                               |                                   |                             | 2008/09                        | 2007/08 | 2009/10 | 2010/11 |
| <b>Total for department</b>                 |                    |                    |                    |                               |                                   |                             |                                |         |         |         |
| Personnel numbers (head count)              | 174                | 211                | 246                | 332                           | 290                               | 275                         | 314                            | 14.18   | 360     | 374     |
| Personnel cost (R'000)                      | 33 590             | 41 941             | 52 919             | 76 550                        | 63 754                            | 61 607                      | 73 014                         | 18.52   | 86 983  | 93 802  |
| <i>of which</i>                             |                    |                    |                    |                               |                                   |                             |                                |         |         |         |
| <b>Human resources component</b>            |                    |                    |                    |                               |                                   |                             |                                |         |         |         |
| Personnel numbers (head count)              | 26                 | 28                 | 24                 | 29                            | 29                                | 35                          | 38                             | 8.57    | 41      | 41      |
| Personnel cost (R'000)                      | 3 343              | 3 980              | 4 275              | 4 997                         | 6 211                             | 5 871                       | 7 091                          | 20.78   | 7 743   | 8 205   |
| Head count as % of total for department     | 14.94              | 13.27              | 9.76               | 8.73                          | 10.00                             | 12.73                       | 12.10                          |         | 11.39   | 10.96   |
| Personnel cost as % of total for department | 9.95               | 9.49               | 8.08               | 6.53                          | 9.74                              | 9.53                        | 9.71                           |         | 8.90    | 8.75    |
| <b>Finance component</b>                    |                    |                    |                    |                               |                                   |                             |                                |         |         |         |
| Personnel numbers (head count)              | 28                 | 36                 | 38                 | 40                            | 40                                | 30                          | 35                             | 16.67   | 39      | 39      |
| Personnel cost (R'000)                      | 4 115              | 4 359              | 4 987              | 6 376                         | 5 158                             | 4 999                       | 6 368                          | 27.39   | 7 102   | 7 525   |
| Head count as % of total for department     | 16.09              | 17.06              | 15.45              | 12.05                         | 13.79                             | 10.91                       | 11.15                          |         | 10.83   | 10.43   |
| Personnel cost as % of total for department | 12.25              | 10.39              | 9.42               | 8.33                          | 8.09                              | 8.11                        | 8.72                           |         | 8.16    | 8.02    |
| <b>Full time workers</b>                    |                    |                    |                    |                               |                                   |                             |                                |         |         |         |
| Personnel numbers (head count)              | 153                | 193                | 240                | 326                           | 284                               | 269                         | 308                            | 14.50   | 354     | 368     |
| Personnel cost (R'000)                      | 31 149             | 39 404             | 51 524             | 74 391                        | 61 595                            | 59 448                      | 70 725                         | 18.97   | 84 557  | 91 230  |
| Head count as % of total for department     | 87.93              | 91.47              | 97.56              | 98.19                         | 97.93                             | 97.82                       | 98.09                          |         | 98.33   | 98.40   |
| Personnel cost as % of total for department | 92.73              | 93.95              | 97.36              | 97.18                         | 96.61                             | 96.50                       | 96.86                          |         | 97.21   | 97.26   |
| <b>Part-time workers</b>                    |                    |                    |                    |                               |                                   |                             |                                |         |         |         |
| Personnel numbers (head count)              |                    |                    |                    |                               |                                   |                             |                                |         |         |         |
| Personnel cost (R'000)                      |                    |                    |                    |                               |                                   |                             |                                |         |         |         |
| Head count as % of total for department     |                    |                    |                    |                               |                                   |                             |                                |         |         |         |
| Personnel cost as % of total for department |                    |                    |                    |                               |                                   |                             |                                |         |         |         |
| <b>Contract workers</b>                     |                    |                    |                    |                               |                                   |                             |                                |         |         |         |
| Personnel numbers (head count)              | 21                 | 18                 | 6                  | 6                             | 6                                 | 6                           | 6                              |         | 6       | 6       |
| Personnel cost (R'000)                      | 2 441              | 2 537              | 1 395              | 2 159                         | 2 159                             | 2 159                       | 2 289                          | 6.02    | 2 426   | 2 572   |
| Head count as % of total for department     | 12.07              | 8.53               | 2.44               | 1.81                          | 2.07                              | 2.18                        | 1.91                           |         | 1.67    | 1.60    |
| Personnel cost as % of total for department | 7.27               | 6.05               | 2.64               | 2.82                          | 3.39                              | 3.50                        | 3.14                           |         | 2.79    | 2.74    |

## Training

**Table 8.3 Payments on training**

| Programme<br>R'000   | Outcome            |                    |                    | Main<br>appro-<br>priation<br>2007/08 | Adjusted<br>appro-<br>priation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |         |         |         |
|--|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------------------|---|---------|---------|---------|
|  | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                       |   |                                | % Change<br>from<br>Revised<br>estimate |         |         |         |
|  |                    |                    |                    |                                       |   |                                | 2008/09                                 | 2007/08 | 2009/10 | 2010/11 |
| 1. Administration<br><i>of which</i><br>Payments on tuition                          | 296                | 333                | 998                | 700                                   | 1 133                                     | 950                            | 1 007                                   | 6.00    | 1 067   | 1 131   |
| 2. Sustainable Resource<br>Management<br><br><i>of which</i><br>Payments on tuition  |                    | 186                |                    |                                       |   |                                |   |         |         |         |
| 3. Asset and Liabilities<br>Management<br><br><i>of which</i><br>Payments on tuition |                    | 17                 |                    |                                       |   |                                |   |         |         |         |
| 4. Asset and Liabilities<br><i>of which</i><br>Payments on tuition                   |                    | 92                 |                    |                                       |   |                                |   |         |         |         |
| <b>Total payments on training</b>  | 296                | 628                | 998                | 700                                   | 1 133                                     | 950                            | 1 007                                   | 6.00    | 1 067   | 1 131   |

Note: Human resource development was centralised under programme 1 from 2006/07. The amounts under programme 1 for 2004/05 and beyond include bursaries.

**Table 8.4 Information on training**

| Description   | Outcome |         |         | Main<br>appro-<br>priation<br>2007/08 | Adjusted<br>appro-<br>priation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |         |         |         |
|---|---------|---------|---------|---------------------------------------|---|--------------------------------|---|---------|---------|---------|
|   | 2004/05 | 2005/06 | 2006/07 |                                       |   |                                | % Change<br>from<br>Revised<br>estimate |         |         |         |
|   |         |         |         |                                       |   |                                | 2008/09                                 | 2007/08 | 2009/10 | 2010/11 |
| Number of staff   | 174     | 211     | 246     | 332                                   | 290                                       | 275                            | 314                                     | 14.18   | 360     | 374     |
| Number of personnel trained<br><i>of which</i><br>Male          | 165     | 205     | 246     | 237                                   | 237                                       | 237                            | 237                                     |         | 237     | 237     |
| Female  | 86      | 106     | 124     | 124                                   | 124                                       | 124                            | 124                                     |         | 124     | 124     |
| Number of training opportunities<br><i>of which</i><br>Tertiary | 79      | 99      | 122     | 113                                   | 113                                       | 113                            | 113                                     |         | 113     | 113     |
| Workshops   | 115     | 144     | 166     | 166                                   | 166                                       | 166                            | 166                                     |         | 166     | 166     |
| Seminars  | 50      | 62      | 85      | 95                                    | 95  | 95                             | 95                                      |         | 95      | 95      |
| Other   | 21      | 45      | 29      | 20                                    | 20  | 20                             | 20                                      |         | 20      | 20      |
| Number of bursaries offered                                     | 20      | 22      | 27      | 26                                    | 26  | 26                             | 26                                      |         | 26      | 26      |
| Number of interns appointed                                     | 24      | 15      | 25      | 25                                    | 25  | 25                             | 25                                      |         | 25      | 25      |
| Number of learnerships appointed                                | 70      | 91      | 121     | 105                                   | 105                                       | 105                            | 105                                     |         | 105     | 105     |
| Number of days spent on training                                | 6       | 6       | 12      | 21                                    | 21  | 21                             | 21                                      |         | 21      | 21      |
|   | 10      | 10      | 10      | 10                                    | 10  | 10                             | 10                                      |         | 10      | 10      |
|   | 412     | 550     | 620     | 680                                   | 680                                       | 680                            | 680                                     |         | 680     | 680     |

## Reconciliation of structural changes

Table 8.5 Reconciliation of structural changes

| Programme for 2007/08                       |                    |                    | Programme for 2008/09                       |                |                    |
|---|--------------------|--------------------|---|----------------|--------------------|
| Programme<br>R'000                          | 2008/09 Equivalent |                    | Programme<br>R'000                          | Pro-<br>gramme | Sub-pro-<br>gramme |
|   | Pro-<br>gramme     | Sub-pro-<br>gramme |   |                |                    |
| <b>2. Sustainable Resource Management</b>   | <b>11 467</b>      |                    | <b>2. Sustainable Resource Management</b>   | <b>11 467</b>  |                    |
| Fiscal Policy: Provincial Government        |                    | 2 276              | Fiscal Policy                               |                | 999                |
| Fiscal Policy: Local Government             |                    | 2 542              | Public Finance                              |                | 10 468             |
| Provincial Government Finance               |                    | 2 621              | Provincial Government Finance               |                | 3 897              |
| Local Government Finance                    |                    | 4 029              | Local Government Finance                    |                | 6 571              |
| <b>3. Assets and Liabilities Management</b> | <b>11 097</b>      |                    | <b>3. Assets and Liabilities Management</b> | <b>11 097</b>  |                    |
| Financial Asset Management                  |                    | 1 801              | Asset Management                            |                | 9 295              |
| Moveable Asset Management                   |                    | 5 749              | Moveable Asset Management                   |                | 5 749              |
| Immoveable Asset Management                 |                    | 3 546              | Immoveable Asset Management                 |                | 3 546              |
| Liabilities Management                      |                    | 1                  | Liabilities Management                      |                | 1 802              |
|   |                    |                    | Borrowing                                   |                | 1                  |
|   |                    |                    | Financial Asset Management                  |                | 1 801              |
|   |                    | 22 564             |   |                | 22 564             |

Table B.1 Specification of receipts

| Receipts<br>R'000   | Outcome            |                    |                    | Main<br>appro-<br>piation<br>2007/08 | Adjusted<br>appro-<br>piation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |          |         |         |
|---|--------------------|--------------------|--------------------|--------------------------------------|--|--------------------------------|---|----------|---------|---------|
|   | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                      |  |                                | % Change<br>from<br>Revised<br>estimate |          | 2008/09 | 2009/10 |
| <b>Tax receipts</b> (Casino and LGM taxes)  | 172 745            | 221 972            | 275 984            | 288 418                              | 296 418                                  | 307 746                        | <b>314 801</b>                          | 2.29     | 333 817 | 334 346 |
| Casino and LGM taxes  | 157 611            | 205 318            | 256 616            | 269 942                              | 277 942                                  | 286 596                        | <b>295 955</b>                          | 3.27     | 314 594 | 315 123 |
| Horseracing taxes   | 15 134             | 16 654             | 19 368             | 18 476                               | 18 476                                   | 21 150                         | <b>18 846</b>                           | (10.89)  | 19 223  | 19 223  |
| <b>Sales of goods and services other than capital assets</b>                        | 896                | 7 233              | 1 207              | 1 022                                | 1 022                                    | 1 171                          | <b>1 022</b>                            | (12.72)  | 1 022   | 1 022   |
| Sales of goods and services produced by department (excluding capital assets)       | 896                | 7 233              | 1 207              | 1 021                                | 1 021                                    | 1 170                          | <b>1 021</b>                            | (12.74)  | 1 021   | 1 021   |
| Administrative fees   | 896                | 7 220              | 1 207              | 1 009                                | 1 009                                    | 1 158                          | <b>1 009</b>                            | (12.87)  | 1 009   | 1 009   |
| Licences or permits   |                    |                    | 1 207              | 1 008                                | 1 008                                    | 1 157                          | <b>1 008</b>                            | (12.88)  | 1 008   | 1 008   |
| Request for information   |                    |                    |                    | 1                                    | 1  | 1                              | <b>1</b>                                |          | 1       | 1       |
| Other   | 896                | 7 220              |                    |                                      |  |                                |   |          |         |         |
| Other sales   |                    | 13                 |                    | 12                                   | 12                                       | 12                             | <b>12</b>                               |          | 12      | 12      |
| <i>of which</i>   |                    |                    |                    |                                      |  |                                |   |          |         |         |
| Commission on insurance   |                    |                    |                    | 12                                   | 12                                       | 12                             | <b>12</b>                               |          | 12      | 12      |
| Other   |                    | 13                 |                    |                                      |  |                                |   |          |         |         |
| Sales of scrap, waste, arms and other used current goods (excluding capital assets) |                    |                    |                    | 1                                    | 1  | 1                              | <b>1</b>                                |          | 1       | 1       |
| <b>Transfers received from</b>  | 4                  |                    |                    | 1                                    | 66                                       | 66                             | <b>1</b>                                | (98.48)  | 1       | 1       |
| Public corporations and private enterprises   |                    |                    |                    |                                      | 65                                       | 65                             |   | (100.00) |         |         |
| Households and non-profit institutions  | 4                  |                    |                    | 1                                    | 1  | 1                              | <b>1</b>                                |          | 1       | 1       |
| <b>Fines, penalties and forfeits</b>  | 231                | 290                | 215                |                                      |  | 91                             |   | (100.00) |         |         |
| <b>Interest, dividends and rent on land</b>   | 211 333            | 233 361            | 54 125             | 47 128                               | 47 128                                   | 47 459                         | <b>52 947</b>                           | 11.56    | 53 980  | 53 980  |
| Interest  | 211 333            | 233 361            | 54 125             | 47 128                               | 47 128                                   | 47 459                         | <b>52 947</b>                           | 11.56    | 53 980  | 53 980  |
| <b>Financial transactions in assets and liabilities</b>                             | 103                | 4 522              | 9 802              | 48                                   | 48                                       | 9 061                          | <b>48</b>                               | (99.47)  | 48      | 48      |
| Recovery of previous year's expenditure   |                    | 2 407              | 1                  | 36                                   | 36                                       | 36                             | <b>36</b>                               |          | 36      | 36      |
| Staff debt  |                    | 28                 | 98                 | 12                                   | 12                                       | 12                             | <b>12</b>                               |          | 12      | 12      |
| Cash surpluses  |                    | 2 087              | 9 703              |                                      |  | 9 013                          |   | (100.00) |         |         |
| Other   | 103                |                    |                    |                                      |  |                                |   |          |         |         |
| <b>Total departmental receipts</b>  | <b>385 312</b>     | <b>467 378</b>     | <b>341 333</b>     | <b>336 617</b>                       | <b>344 682</b>                           | <b>365 594</b>                 | <b>368 819</b>                          | 0.88     | 388 868 | 389 397 |

Table B.2 Summary of payments and estimates by economic classification

| Economic classification<br>R'000                    | Outcome            |                    |                    | Main<br>appropriation<br>2007/08 | Adjusted<br>appropriation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |          |         |         |
|---|--------------------|--------------------|--------------------|----------------------------------|--------------------------------------|--------------------------------|---|----------|---------|---------|
|   | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                  |                                      |                                | % Change<br>from<br>Revised<br>estimate |          |         |         |
|   |                    |                    |                    |                                  |                                      |                                | 2008/09                                 | 2007/08  | 2009/10 | 2010/11 |
| <b>Current payments</b>                             | 99 614             | 112 495            | 130 860            | 117 892                          | 114 426                              | 112 626                        | <b>119 357</b>                          | 5.98     | 131 694 | 138 997 |
| Compensation of employees                           | 33 590             | 41 941             | 52 919             | 76 550                           | 63 754                               | 61 607                         | <b>73 014</b>                           | 18.52    | 86 983  | 93 802  |
| Salaries and wages                                  | 29 101             | 36 738             | 46 148             | 66 870                           | 55 781                               | 54 056                         | <b>64 089</b>                           | 18.56    | 76 109  | 82 189  |
| Social contributions                                | 4 489              | 5 203              | 6 771              | 9 680                            | 7 973                                | 7 551                          | <b>8 925</b>                            | 18.20    | 10 874  | 11 613  |
| Goods and services                                  | 65 930             | 70 381             | 77 164             | 41 342                           | 50 672                               | 50 998                         | <b>46 343</b>                           | (9.13)   | 44 711  | 45 195  |
| <i>of which</i>                                     |                    |                    |                    |                                  |                                      |                                |   |          |         |         |
| Audit fees  | 443                | 133                | 185                | 194                              |                                      |                                |   |          |         |         |
| Audit fees: external                                | 1 976              | 2 433              | 2 351              | 1 800                            | 1 889                                | 2 108                          | <b>2 180</b>                            | 3.42     | 2 278   | 2 381   |
| Consultants and specialised services                | 26 258             | 28 335             | 29 822             | 24 730                           | 31 376                               | 32 410                         | <b>29 916</b>                           | (7.70)   | 27 544  | 27 254  |
| Information Technology expenses                     | 25 223             | 26 427             | 28 585             |                                  |                                      |                                |   |          |         |         |
| Operating Leases                                    | 271                | 436                | 456                | 480                              | 480                                  | 480                            | <b>500</b>                              | 4.17     | 521     | 546     |
| Printing and publications                           | 308                | 958                | 1 381              | 1 226                            | 1 152                                | 1 014                          | <b>1 250</b>                            | 23.27    | 1 306   | 1 365   |
| Training  | 126                | 628                | 998                | 700                              | 1 133                                | 950                            | <b>1 007</b>                            | 6.00     | 1 067   | 1 131   |
| Travel and subsistence                              | 2 483              | 2 961              | 3 605              | 3 831                            | 4 265                                | 4 145                          | <b>4 057</b>                            | (2.12)   | 4 241   | 4 431   |
| Financial transactions in assets and liabilities    | 94                 | 173                | 777                |                                  |                                      | 21                             |   | (100.00) |         |         |
| <b>Transfers and subsidies to</b>                   | 723                | 348                | 392                |                                  | 643                                  | 643                            |   | (100.00) |         |         |
| Provinces and municipalities                        | 81                 | 152                | 29                 |                                  |                                      |                                |   |          |         |         |
| Provinces   |                    | 50                 |                    |                                  |                                      |                                |   |          |         |         |
| Provincial agencies and funds                       |                    | 50                 |                    |                                  |                                      |                                |   |          |         |         |
| Municipalities                                      | 81                 | 102                | 29                 |                                  |                                      |                                |   |          |         |         |
| Municipalities                                      | 81                 | 102                | 29                 |                                  |                                      |                                |   |          |         |         |
| <i>of which</i>                                     |                    |                    |                    |                                  |                                      |                                |   |          |         |         |
| Regional services council levies                    | 81                 | 102                | 29                 |                                  |                                      |                                |   |          |         |         |
| Departmental agencies and accounts                  | 27                 |                    |                    |                                  |                                      |                                |   |          |         |         |
| Entities receiving transfers                        | 27                 |                    |                    |                                  |                                      |                                |   |          |         |         |
| SETA  | 27                 |                    |                    |                                  |                                      |                                |   |          |         |         |
| Foreign governments and international organisations | 50                 |                    | 1                  |                                  |                                      |                                |   |          |         |         |
| Households  | 565                | 196                | 362                |                                  | 643                                  | 643                            |   | (100.00) |         |         |
| Other transfers to households                       | 565                | 196                | 362                |                                  | 643                                  | 643                            |   | (100.00) |         |         |
| <b>Payments for capital assets</b>                  | 1 996              | 1 432              | 2 684              | 1 109                            | 1 482                                | 1 482                          | <b>1 239</b>                            | (16.40)  | 1 128   | 1 135   |
| Buildings and other fixed structures                |                    |                    |                    |                                  |                                      |                                | <b>669</b>                              |          | 615     | 641     |
| Other fixed structures                              |                    |                    |                    |                                  |                                      |                                | <b>669</b>                              |          | 615     | 641     |
| Machinery and equipment                             | 1 391              | 1 029              | 2 279              | 989                              | 1 362                                | 1 362                          | <b>450</b>                              | (66.96)  | 388     | 363     |
| Other machinery and equipment                       | 1 391              | 1 029              | 2 279              | 989                              | 1 362                                | 1 362                          | <b>450</b>                              | (66.96)  | 388     | 363     |
| Software and other intangible assets                | 605                | 403                | 405                | 120                              | 120                                  | 120                            | <b>120</b>                              |          | 125     | 131     |
| <b>Total economic classification</b>                | <b>102 333</b>     | <b>114 275</b>     | <b>133 936</b>     | <b>119 001</b>                   | <b>116 551</b>                       | <b>114 751</b>                 | <b>120 596</b>                          | 5.09     | 132 822 | 140 132 |



Table B.2.1 Payments and estimates by economic classification – Programme 1: Administration

| Economic classification<br>R'000                    | Outcome            |                    |                    | Main<br>appro-<br>piation<br>2007/08 | Adjusted<br>appro-<br>piation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |          |         |         |
|---|--------------------|--------------------|--------------------|--------------------------------------|--|--------------------------------|---|----------|---------|---------|
|   | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                      |  |                                | % Change<br>from<br>Revised<br>estimate |          |         |         |
|   |                    |                    |                    |                                      |  |                                | 2008/09                                 | 2007/08  | 2009/10 | 2010/11 |
| <b>Current payments</b>                             | 20 133             | 22 541             | 26 966             | 29 786                               | 32 893                                   | 32 316                         | <b>33 216</b>                           | 2.78     | 36 079  | 38 020  |
| Compensation of employees                           | 11 397             | 12 111             | 13 098             | 17 811                               | 15 919                                   | 15 451                         | <b>18 014</b>                           | 16.59    | 20 231  | 21 469  |
| Salaries and wages                                  | 9 949              | 10 718             | 11 477             | 15 668                               | 14 108                                   | 13 704                         | <b>15 984</b>                           | 16.64    | 17 772  | 18 893  |
| Social contributions                                | 1 448              | 1 393              | 1 621              | 2 143                                | 1 811                                    | 1 747                          | <b>2 030</b>                            | 16.20    | 2 459   | 2 576   |
| Goods and services                                  | 8 642              | 10 257             | 13 091             | 11 975                               | 16 974                                   | 16 844                         | <b>15 202</b>                           | (9.75)   | 15 848  | 16 551  |
| <i>of which</i>                                     |                    |                    |                    |                                      |  |                                |   |          |         |         |
| Audit fees: external                                | 1 976              | 2 433              | 2 351              | 1 800                                | 1 889                                    | 2 108                          | <b>2 180</b>                            | 3.42     | 2 278   | 2 381   |
| Consultants and specialised services                | 181                | 764                | 1 951              | 2 156                                | 3 780                                    | 3 983                          | <b>3 817</b>                            | (4.17)   | 3 950   | 4 118   |
| Operating Leases                                    | 271                | 436                | 456                | 480                                  | 480                                      | 480                            | <b>500</b>                              | 4.17     | 521     | 546     |
| Printing and publications                           | 308                | 958                | 1 381              | 1 226                                | 1 152                                    | 1 014                          | <b>1 250</b>                            | 23.27    | 1 306   | 1 365   |
| Training  | 126                | 333                | 998                | 700                                  | 1 133                                    | 950                            | <b>1 007</b>                            | 6.00     | 1 067   | 1 131   |
| Travel and subsistence                              | 1 004              | 1 228              | 1 058              | 1 127                                | 1 699                                    | 1 643                          | <b>1 558</b>                            | (5.17)   | 1 629   | 1 702   |
| Financial transactions in assets and liabilities    | 94                 | 173                | 777                |                                      |  | 21                             |   | (100.00) |         |         |
| <b>Transfers and subsidies to</b>                   | 185                | 191                | 143                |                                      | 8  | 8                              |   | (100.00) |         |         |
| Provinces and municipalities                        | 28                 | 80                 | 8                  |                                      |  |                                |   |          |         |         |
| Provinces   |                    | 50                 |                    |                                      |  |                                |   |          |         |         |
| Provincial agencies and funds                       |                    | 50                 |                    |                                      |  |                                |   |          |         |         |
| Municipalities                                      | 28                 | 30                 | 8                  |                                      |  |                                |   |          |         |         |
| Municipalities                                      | 28                 | 30                 | 8                  |                                      |  |                                |   |          |         |         |
| <i>of which</i>                                     |                    |                    |                    |                                      |  |                                |   |          |         |         |
| Regional services council levies                    | 28                 | 30                 | 8                  |                                      |  |                                |   |          |         |         |
| Departmental agencies and accounts                  | 27                 |                    |                    |                                      |  |                                |   |          |         |         |
| Entities receiving transfers                        | 27                 |                    |                    |                                      |  |                                |   |          |         |         |
| SETA  | 27                 |                    |                    |                                      |  |                                |   |          |         |         |
| Foreign governments and international organisations | 50                 |                    |                    |                                      |  |                                |   |          |         |         |
| Households  | 80                 | 111                | 135                |                                      | 8  | 8                              |   | (100.00) |         |         |
| Other transfers to households                       | 80                 | 111                | 135                |                                      | 8  | 8                              |   | (100.00) |         |         |
| <b>Payments for capital assets</b>                  | 1 000              | 488                | 1 615              | 542                                  | 1 276                                    | 1 276                          | <b>1 119</b>                            | (12.30)  | 1 003   | 1 004   |
| Buildings and other fixed structures                |                    |                    |                    |                                      |  |                                | <b>669</b>                              |          | 615     | 641     |
| Other fixed structures                              |                    |                    |                    |                                      |  |                                | <b>669</b>                              |          | 615     | 641     |
| Machinery and equipment                             | 995                | 475                | 1 615              | 542                                  | 1 276                                    | 1 276                          | <b>450</b>                              | (64.73)  | 388     | 363     |
| Other machinery and equipment                       | 995                | 475                | 1 615              | 542                                  | 1 276                                    | 1 276                          | <b>450</b>                              | (64.73)  | 388     | 363     |
| Software and other intangible assets                | 5                  | 13                 |                    |                                      |  |                                |   |          |         |         |
| <b>Total economic classification</b>                | <b>21 318</b>      | <b>23 220</b>      | <b>28 724</b>      | <b>30 328</b>                        | <b>34 177</b>                            | <b>33 600</b>                  | <b>34 335</b>                           | 2.19     | 37 082  | 39 024  |

Table B.2.2 Payments and estimates by economic classification – Programme 2: Sustainable Resource Management

| Economic classification<br>R'000     | Outcome            |                    |                    | Main<br>appro-<br>piation<br>2007/08 | Adjusted<br>appro-<br>piation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |          |         |         |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------------------------|--|--------------------------------|---|----------|---------|---------|
|                                      | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                      |  |                                | % Change<br>from<br>Revised<br>estimate |          |         |         |
|                                      |                    |                    |                    |                                      |  |                                | 2008/09                                 | 2007/08  | 2009/10 | 2010/11 |
| <b>Current payments</b>              | 10 565             | 16 100             | 21 069             | 28 208                               | 22 453                                   | 22 133                         | <b>23 794</b>                           | 7.50     | 28 903  | 31 196  |
| Compensation of employees            | 7 351              | 9 332              | 14 931             | 22 942                               | 17 235                                   | 17 065                         | <b>20 170</b>                           | 18.20    | 25 116  | 27 238  |
| Salaries and wages                   | 6 365              | 8 245              | 13 139             | 20 171                               | 15 143                                   | 15 012                         | <b>17 854</b>                           | 18.93    | 22 117  | 24 015  |
| Social contributions                 | 986                | 1 087              | 1 792              | 2 771                                | 2 092                                    | 2 053                          | <b>2 316</b>                            | 12.81    | 2 999   | 3 223   |
| Goods and services                   | 3 214              | 6 768              | 6 138              | 5 266                                | 5 218                                    | 5 068                          | <b>3 624</b>                            | (28.49)  | 3 787   | 3 958   |
| <i>of which</i>                      |                    |                    |                    |                                      |  |                                |   |          |         |         |
| Consultants and specialised services | 2 517              | 2 818              | 2 830              | 2 286                                | 1 731                                    | 1 826                          | <b>1 003</b>                            | (45.07)  | 1 048   | 1 095   |
| Training                             |                    | 186                |                    |                                      |  |                                |   |          |         |         |
| Travel and subsistence               | 671                | 798                | 1 144              | 852                                  | 1 125                                    | 1 111                          | <b>1 153</b>                            | 3.78     | 1 205   | 1 259   |
| <b>Transfers and subsidies to</b>    | 502                | 22                 | 7                  |                                      |  |                                |   |          |         |         |
| Provinces and municipalities         | 17                 | 22                 | 7                  |                                      |  |                                |   |          |         |         |
| Municipalities                       | 17                 | 22                 | 7                  |                                      |  |                                |   |          |         |         |
| Municipalities                       | 17                 | 22                 | 7                  |                                      |  |                                |   |          |         |         |
| <i>of which</i>                      |                    |                    |                    |                                      |  |                                |   |          |         |         |
| Regional services council levies     | 17                 | 22                 | 8                  |                                      |  |                                |   |          |         |         |
| Households                           | 485                |                    |                    |                                      |  |                                |   |          |         |         |
| Other transfers to households        | 485                |                    |                    |                                      |  |                                |   |          |         |         |
| <b>Payments for capital assets</b>   |                    | 391                | 256                | 25                                   | 76                                       | 76                             |   | (100.00) |         |         |
| Machinery and equipment              |                    | 391                | 219                | 25                                   | 76                                       | 76                             |   | (100.00) |         |         |
| Other machinery and equipment        |                    | 391                | 219                | 25                                   | 76                                       | 76                             |   | (100.00) |         |         |
| Software and other intangible assets |                    |                    | 37                 |                                      |  |                                |   |          |         |         |
| <b>Total economic classification</b> | 11 067             | 16 513             | 21 332             | 28 233                               | 22 529                                   | 22 209                         | <b>23 794</b>                           | 7.14     | 28 903  | 31 196  |

Table B.2.3 Payments and estimates by economic classification – Programme 3: Asset and Liabilities Management

| Economic classification<br>R'000                    | Outcome            |                    |                    | Main<br>appro-<br>prium | Adjusted<br>appro-<br>prium | Revised<br>estimate | Medium-term estimate                    |          |         |         |
|---|--------------------|--------------------|--------------------|-------------------------|-----------------------------|---------------------|---|----------|---------|---------|
|   | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                         |                             |                     | % Change<br>from<br>Revised<br>estimate |          |         |         |
|   |                    |                    |                    |                         |                             |                     | 2007/08                                 | 2007/08  | 2007/08 | 2008/09 |
| <b>Current payments</b>                             | 42 691             | 46 631             | 51 048             | 20 716                  | 21 516                      | 21 546              | <b>23 395</b>                           | 8.58     | 26 540  | 28 188  |
| Compensation of employees                           | 8 498              | 11 725             | 13 018             | 16 031                  | 15 589                      | 15 217              | <b>18 566</b>                           | 22.01    | 21 481  | 22 918  |
| Salaries and wages                                  | 7 321              | 10 139             | 11 212             | 13 829                  | 13 361                      | 13 082              | <b>16 052</b>                           | 22.70    | 18 619  | 19 908  |
| Social contributions                                | 1 177              | 1 586              | 1 806              | 2 202                   | 2 228                       | 2 135               | <b>2 514</b>                            | 17.75    | 2 862   | 3 010   |
| Goods and services                                  | 34 193             | 34 906             | 38 030             | 4 685                   | 5 927                       | 6 329               | <b>4 829</b>                            | (23.70)  | 5 059   | 5 270   |
| <i>of which</i>                                     |                    |                    |                    |                         |                             |                     |   |          |         |         |
| Consultants and specialised services                | 7 631              | 7 399              | 5 230              | 3 751                   | 4 771                       | 5 068               | <b>3 774</b>                            | (25.53)  | 3 957   | 4 118   |
| Information Technology expenses                     | 25 223             | 26 427             | 28 585             |                         |                             |                     |   |          |         |         |
| Training  |                    | 17                 |                    |                         |                             |                     |   |          |         |         |
| Travel and subsistence                              | 576                | 588                | 840                | 741                     | 843                         | 916                 | <b>742</b>                              | (19.00)  | 776     | 811     |
| <b>Transfers and subsidies to</b>                   | 21                 | 29                 | 235                |                         | 635                         | 635                 |   | (100.00) |         |         |
| Provinces and municipalities                        | 21                 | 29                 | 7                  |                         |                             |                     |   |          |         |         |
| Municipalities                                      | 21                 | 29                 | 7                  |                         |                             |                     |   |          |         |         |
| <i>of which</i>                                     |                    |                    |                    |                         |                             |                     |   |          |         |         |
| Regional services council levies                    | 21                 | 29                 | 6                  |                         |                             |                     |   |          |         |         |
| Foreign governments and international organisations |                    |                    | 1                  |                         |                             |                     |   |          |         |         |
| Households  |                    |                    | 227                |                         | 635                         | 635                 |   | (100.00) |         |         |
| Other transfers to households                       |                    |                    | 227                |                         | 635                         | 635                 |   | (100.00) |         |         |
| <b>Payments for capital assets</b>                  | 396                | 39                 | 254                | 22                      |                             |                     |   |          |         |         |
| Machinery and equipment                             | 396                | 39                 | 254                | 22                      |                             |                     |   |          |         |         |
| Other machinery and equipment                       | 396                | 39                 | 254                | 22                      |                             |                     |   |          |         |         |
| <b>Total economic classification</b>                | <b>43 108</b>      | <b>46 699</b>      | <b>51 537</b>      | <b>20 738</b>           | <b>22 151</b>               | <b>22 181</b>       | <b>23 395</b>                           | 5.47     | 26 540  | 28 188  |

Table B.2.4 Payments and estimates by economic classification – Programme 4: Financial Governance

| Economic classification<br>R'000     | Outcome            |                    |                    | Main<br>appropriation<br>2007/08 | Adjusted<br>appropriation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |          |         |         |
|--------------------------------------|--------------------|--------------------|--------------------|----------------------------------|--------------------------------------|--------------------------------|---|----------|---------|---------|
|                                      | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                  |                                      |                                | % Change<br>from<br>Revised<br>estimate |          |         |         |
|                                      |                    |                    |                    |                                  |                                      |                                | 2008/09                                 | 2007/08  | 2009/10 | 2010/11 |
| <b>Current payments</b>              | 26 225             | 27 223             | 31 777             | 39 182                           | 37 564                               | 36 631                         | <b>38 952</b>                           | 6.34     | 40 172  | 41 593  |
| Compensation of employees            | 6 344              | 8 773              | 11 872             | 19 766                           | 15 011                               | 13 874                         | <b>16 264</b>                           | 17.23    | 20 155  | 22 177  |
| Salaries and wages                   | 5 466              | 7 636              | 10 320             | 17 202                           | 13 169                               | 12 258                         | <b>14 199</b>                           | 15.83    | 17 601  | 19 373  |
| Social contributions                 | 878                | 1 137              | 1 552              | 2 564                            | 1 842                                | 1 616                          | <b>2 065</b>                            | 27.78    | 2 554   | 2 804   |
| Goods and services                   | 19 881             | 18 450             | 19 905             | 19 416                           | 22 553                               | 22 757                         | <b>22 688</b>                           | (0.30)   | 20 017  | 19 416  |
| <i>of which</i>                      |                    |                    |                    |                                  |                                      |                                |   |          |         |         |
| Audit fees                           | 443                | 133                | 185                | 194                              |                                      |                                |   |          |         |         |
| Consultants and specialised services | 15 929             | 17 354             | 19 811             | 16 537                           | 21 094                               | 21 533                         | <b>21 322</b>                           | (0.98)   | 18 589  | 17 923  |
| Training                             |                    | 92                 |                    |                                  |                                      |                                |   |          |         |         |
| Travel and subsistence               | 232                | 347                | 563                | 1 111                            | 598                                  | 475                            | <b>604</b>                              | 27.16    | 631     | 659     |
| <b>Transfers and subsidies to</b>    | 15                 | 106                | 7                  |                                  |                                      |                                |   |          |         |         |
| Provinces and municipalities         | 15                 | 21                 | 7                  |                                  |                                      |                                |   |          |         |         |
| Municipalities                       | 15                 | 21                 | 7                  |                                  |                                      |                                |   |          |         |         |
| Municipalities                       | 15                 | 21                 | 7                  |                                  |                                      |                                |   |          |         |         |
| <i>of which</i>                      |                    |                    |                    |                                  |                                      |                                |   |          |         |         |
| Regional services council levies     | 15                 | 21                 | 7                  |                                  |                                      |                                |   |          |         |         |
| Households                           |                    | 85                 |                    |                                  |                                      |                                |   |          |         |         |
| Other transfers to households        |                    | 85                 |                    |                                  |                                      |                                |   |          |         |         |
| <b>Payments for capital assets</b>   | 600                | 514                | 559                | 520                              | 130                                  | 130                            | <b>120</b>                              | (7.69)   | 125     | 131     |
| Machinery and equipment              |                    | 124                | 191                | 400                              | 10                                   | 10                             |   | (100.00) |         |         |
| Other machinery and equipment        |                    | 124                | 191                | 400                              | 10                                   | 10                             |   | (100.00) |         |         |
| Software and other intangible assets | 600                | 390                | 368                | 120                              | 120                                  | 120                            | <b>120</b>                              |          | 125     | 131     |
| <b>Total economic classification</b> | <b>26 840</b>      | <b>27 843</b>      | <b>32 343</b>      | <b>39 702</b>                    | <b>37 694</b>                        | <b>36 761</b>                  | <b>39 072</b>                           | 6.29     | 40 297  | 41 724  |

Table B.3 Details on public entities – Name of Public Entity: Western Cape Gambling and Racing Board

| R'000   | Outcome         |                 |                 | Estimated outcome<br>2007/08 | Medium-term estimate |                 |                 |
|---|-----------------|-----------------|-----------------|------------------------------|----------------------|-----------------|-----------------|
|   | Audited         | Audited         | Audited         |                              | 2008/09              | 2009/10         | 2010/11         |
|   | 2004/05         | 2005/06         | 2006/07         |                              |                      |                 |                 |
| <b>Revenue</b>  |                 |                 |                 |                              |                      |                 |                 |
| <b>Non-tax revenue</b>  | <b>20 966</b>   | <b>26 070</b>   | <b>28 538</b>   | <b>28 894</b>                | <b>29 070</b>        | <b>29 763</b>   | <b>30 593</b>   |
| Sale of goods and services other than capital assets                  | 20 143          | 25 229          | 27 345          | 27 740                       | 27 870               | 28 491          | 29 245          |
| <i>Of which:</i>  |                 |                 |                 |                              |                      |                 |                 |
| Admin fees  | 20 143          | 25 229          | 27 345          | 27 740                       | 27 870               | 28 491          | 29 245          |
| Other non-tax revenue   | 823             | 841             | 1 193           | 1 154                        | 1 200                | 1 272           | 1 348           |
| <b>Transfers received</b>   | <b>( 462)</b>   | <b>762</b>      | <b>634</b>      |                              |                      |                 |                 |
| <b>Total revenue</b>  | <b>20 504</b>   | <b>26 832</b>   | <b>29 172</b>   | <b>28 894</b>                | <b>29 070</b>        | <b>29 763</b>   | <b>30 593</b>   |
| <b>Expenses</b>   |                 |                 |                 |                              |                      |                 |                 |
| <b>Current expense</b>  | <b>18 159</b>   | <b>16 947</b>   | <b>20 036</b>   | <b>23 686</b>                | <b>28 268</b>        | <b>29 835</b>   | <b>31 794</b>   |
| Compensation of employees   | 10 518          | 10 850          | 11 910          | 14 780                       | 18 263               | 19 907          | 21 101          |
| Goods and services  | 7 077           | 5 296           | 7 307           | 8 063                        | 9 319                | 9 242           | 10 007          |
| Depreciation  | 564             | 801             | 819             | 843                          | 686                  | 686             | 686             |
| <b>Transfers and subsidies</b>  | <b>258</b>      | <b>218</b>      | <b>183</b>      | <b>296</b>                   | <b>428</b>           | <b>454</b>      | <b>487</b>      |
| <b>Total expenses</b>   | <b>18 417</b>   | <b>17 165</b>   | <b>20 219</b>   | <b>23 982</b>                | <b>28 696</b>        | <b>30 289</b>   | <b>32 281</b>   |
| <b>Surplus/(Deficit)</b>  | <b>2 087</b>    | <b>9 667</b>    | <b>8 953</b>    | <b>4 912</b>                 | <b>374</b>           | <b>( 526)</b>   | <b>( 1 688)</b> |
| <b>Cash flow summary</b>  |                 |                 |                 |                              |                      |                 |                 |
| Adjust surplus/(deficit) for accrual transactions                     | ( 153)          | 71              | ( 329)          | ( 268)                       | ( 514)               | ( 586)          | ( 662)          |
| Adjustments for:  |                 |                 |                 |                              |                      |                 |                 |
| Depreciation  | 564             | 801             | 753             | 843                          | 686                  | 686             | 686             |
| Interest  | ( 707)          | ( 730)          | ( 1 066)        | ( 1 111)                     | ( 1 200)             | ( 1 272)        | ( 1 348)        |
| Net (profit)/loss on disposal of fixed assets                         | ( 10)           |                 | ( 16)           |                              |                      |                 |                 |
| <b>Operating surplus/ (deficit) before changes in working capital</b> | <b>1 934</b>    | <b>9 738</b>    | <b>8 624</b>    | <b>4 644</b>                 | <b>( 140)</b>        | <b>( 1 112)</b> | <b>( 2 350)</b> |
| Changes in working capital  | 1 719           | ( 2 167)        | 1 223           | ( 671)                       | 712                  | 926             | ( 465)          |
| (Decrease)/increase in accounts payable                               | 2 932           | ( 2 597)        | 351             | 294                          | 810                  | 1 116           | ( 930)          |
| Decrease/(increase) in accounts receivable                            | ( 1 080)        | 299             | 598             | ( 840)                       | 105                  | ( 65)           | 465             |
| Decrease/(increase) in inventory                                      | ( 167)          | 145             | ( 38)           | 76                           | 64                   |                 |                 |
| (Decrease)/increase in provisions                                     | 34              | ( 14)           | 312             | ( 201)                       | ( 267)               | ( 125)          |                 |
| <b>Cash flow from operating activities</b>                            | <b>3 653</b>    | <b>7 571</b>    | <b>9 847</b>    | <b>3 973</b>                 | <b>572</b>           | <b>( 186)</b>   | <b>( 2 815)</b> |
| <b>Cash flow from investing activities</b>                            | <b>( 309)</b>   | <b>391</b>      | <b>469</b>      | <b>525</b>                   | <b>735</b>           | <b>807</b>      | <b>883</b>      |
| Acquisition of Assets   | ( 1 090)        | ( 339)          | ( 618)          | ( 586)                       | ( 465)               | ( 465)          | ( 465)          |
| Other flows from Investing Activities                                 | 781             | 730             | 1 087           | 1 111                        | 1 200                | 1 272           | 1 348           |
| <b>Cash flow from financing activities</b>                            | <b>( 1 378)</b> | <b>( 2 272)</b> | <b>( 8 769)</b> | <b>( 8 005)</b>              | <b>( 6 543)</b>      | <b>( 621)</b>   | <b>1 932</b>    |
| <b>Net increase/(decrease) in cash and cash equivalents</b>           | <b>1 966</b>    | <b>5 690</b>    | <b>1 547</b>    | <b>( 3 507)</b>              | <b>( 5 236)</b>      |                 |                 |
| <b>Balance Sheet Data</b>   |                 |                 |                 |                              |                      |                 |                 |
| <b>Carrying Value of Assets</b>                                       | <b>2 560</b>    | <b>2 097</b>    | <b>1 956</b>    | <b>1 700</b>                 | <b>1 479</b>         | <b>1 258</b>    | <b>1 037</b>    |
| <b>Cash and Cash Equivalents</b>                                      | <b>7 508</b>    | <b>13 198</b>   | <b>14 746</b>   | <b>11 239</b>                | <b>6 003</b>         | <b>6 003</b>    | <b>6 003</b>    |
| <b>Receivables and Prepayments</b>                                    | <b>1 613</b>    | <b>1 168</b>    | <b>608</b>      | <b>1 372</b>                 | <b>1 203</b>         | <b>1 268</b>    | <b>803</b>      |
| <b>Total Assets</b>   | <b>11 681</b>   | <b>16 463</b>   | <b>17 310</b>   | <b>14 311</b>                | <b>8 685</b>         | <b>8 529</b>    | <b>7 843</b>    |
| <b>Capital &amp; Reserves</b>   | <b>4 646</b>    | <b>11 465</b>   | <b>10 117</b>   | <b>5 802</b>                 | <b>1 374</b>         | <b>274</b>      | <b>( 888)</b>   |
| <b>Trade and Other Payables</b>                                       | <b>3 944</b>    | <b>1 345</b>    | <b>1 699</b>    | <b>1 990</b>                 | <b>2 800</b>         | <b>3 916</b>    | <b>2 986</b>    |
| <b>Provisions</b>   | <b>672</b>      | <b>657</b>      | <b>969</b>      | <b>1 042</b>                 | <b>775</b>           | <b>650</b>      | <b>650</b>      |
| <b>Managed Funds</b>  | <b>2 419</b>    | <b>2 996</b>    | <b>4 525</b>    | <b>5 477</b>                 | <b>3 736</b>         | <b>3 689</b>    | <b>5 095</b>    |
| <b>Total Equity and Liabilities</b>                                   | <b>11 681</b>   | <b>16 463</b>   | <b>17 310</b>   | <b>14 311</b>                | <b>8 685</b>         | <b>8 529</b>    | <b>7 843</b>    |

Table B.4 Transfers to local government by transfers/grant type, category and municipality - None

Table B.5 Provincial payments and estimates by district and local municipality

| Municipalities<br>R'000  | Outcome            |                    |                    | Main<br>appro-<br>priation<br>2007/08 | Adjusted<br>appro-<br>priation<br>2007/08 | Revised<br>estimate<br>2007/08 | Medium-term estimate                    |         |         |         |
|--|--------------------|--------------------|--------------------|---------------------------------------|---|--------------------------------|---|---------|---------|---------|
|  | Audited<br>2004/05 | Audited<br>2005/06 | Audited<br>2006/07 |                                       |   |                                | % Change<br>from<br>Revised<br>estimate |         |         |         |
|  |                    |                    |                    |                                       |   |                                | 2008/09                                 | 2007/08 | 2009/10 | 2010/11 |
| Cape Town Metro  | 102 333            | 114 275            | 133 936            | 119 001                               | 116 551                                   | 114 751                        | 120 596                                 | 5.09    | 132 822 | 140 132 |
| <b>Total provincial<br/>expenditure by district<br/>and local municipality</b> | 102 333            | 114 275            | 133 936            | 119 001                               | 116 551                                   | 114 751                        | 120 596                                 | 5.09    | 132 822 | 140 132 |