

# Provincial Government Western Cape Provincial Treasury

## ANNUAL REPORT 2005/2006



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**Provincial Treasury**

# **ANNUAL REPORT**

**Ms L Brown  
Minister of Finance and Tourism**

## **REPORT OF THE ACCOUNTING OFFICER OF THE PROVINCIAL TREASURY FOR THE PERIOD 1 APRIL 2005 TO 31 MARCH 2006**

In accordance with section 40(1)(d) of the Public Finance Management Act, 1999, the Public Service Act, 1994 and Treasury Regulation 18, I hereby submit the Annual Report of the Provincial Treasury, Western Cape on financial statements, performance indicators and departmental activities for the period 1 April 2005 to 31 March 2006.

**Dr JC Stegmann  
ACCOUNTING OFFICER**

**DATE: 31 AUGUST 2006**



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# Abbreviations

|          |   |
|----------|---|
| Abet:    | Adult Basic Education and Training  |
| AC:      | Audit Committee   |
| AG:      | Auditor-General   |
| AO:      | Accounting Officer  |
| ASB:     | Accounting Standards Board  |
| BAS:     | Basic Accounting System   |
| BBBEE:   | Broad Based Black Economic Empowerment                                    |
| BER:     | Bureau for Economic Research  |
| BPO:     | Business Process Outsourcing  |
| CASIDRA: | Cape Agency for Sustainable Development in Rural Areas                    |
| CFO:     | Chief Financial Officer   |
| CG:      | Conditional grant   |
| CeI:     | Centre for E-Innovation   |
| CIDB:    | Construction Industry Development Programme                               |
| CPD:     | Corporation for Public Deposits   |
| DBC:     | Departmental Bid Committee  |
| DBSA:    | Development Bank of Southern Africa                                       |
| DITCOM:  | Departmental Information Technology Committee                             |
| DORA:    | Division of Revenue Act   |
| DPSA:    | Department of Public Service and Administration                           |
| EDU:     | Economic Development Unit   |
| EPS:     | Electronic Purchasing System  |
| EPWP:    | Expanded Public Works Programme   |
| FASSET:  | Financial and Accounting Services Sector Education and Training Authority |
| FET:     | Further Education Training  |
| FETC:    | Further Education and Training Certificate                                |
| FFC:     | Financial Fiscal Commission   |
| FMIP:    | Financial Management Improvement Programme                                |
| FMS:     | Financial Management System   |
| GAAP:    | Generally Accepted Accounting Practices                                   |
| GEPF:    | Government Employees Pension Fund   |
| GIAMA:   | Government Immovable Asset Management Act                                 |
| GRAP:    | Generally Recognised Accounting Practice                                  |
| HOT:     | Head Official Treasury  |
| HOPT:    | Head Official Provincial Treasury   |
| HRD:     | Human Resource Development  |
| HRDS:    | Human Resource Development Strategy                                       |
| HSRC:    | Human Sciences Research Council   |
| IA:      | Internal Audit  |
| ICS:     | Improvement in Conditions of Service                                      |
| ICT:     | Information Communication Technology                                      |
| IDIP:    | Infrastructure Delivery Improvement Programme                             |

|          |  |
|----------|--|
| IDP:     | Integrated Development Plans                       |
| IFMS:    | Integrated Financial Management System             |
| IMLC:    | Institutional Management and Labour Committee      |
| IYM:     | In-year monitoring                                 |
| LG MTEC: | Local Government Medium Term Expenditure Committee |
| LOGIS:   | Logistical Information System                      |
| MEC:     | Member of Executive Council                        |
| MFMA:    | Municipal Finance Management Act, 2003             |
| MSP:     | Master Systems Plan                                |
| MTBPS:   | Medium Term Budget Policy Statement                |
| MTEF:    | Medium Term Expenditure Framework                  |
| NGO:     | Non-governmental Organisation                      |
| NT:      | National Treasury                                  |
| NTR:     | National Treasury Regulations                      |
| PAG:     | Provincial Accountant General                      |
| PDC:     | Provincial Development Council                     |
| PERSAL:  | Personnel and Salary Administration System         |
| PER&O:   | Provincial Economic Review and Outlook             |
| PES:     | Provincial Equitable share                         |
| PFMA:    | Public Finance Management Act                      |
| PGDS:    | Provincial Growth and Development Summit           |
| PGWC:    | Provincial Government Western Cape                 |
| PMDS:    | Performance Management Development System          |
| PMU:     | Programme Management Unit                          |
| PPP:     | Public Private Partnerships                        |
| PPSC:    | Provincial Portfolio Steering Committee            |
| PT:      | Provincial Treasury                                |
| PTC:     | Provincial Treasury Committee                      |
| REAL:    | Revenue, Expenditure, Assets, Liabilities          |
| SALGA:   | South African Local Government Association         |
| SAMDI:   | South African Management Development Institute     |
| SARS:    | South African Revenue Services                     |
| SASSA:   | South African Social Services Authority            |
| SCM:     | Supply Chain Management                            |
| SCOA:    | Standard Chart of Accounts                         |
| SCOF:    | Standing Committee on Finance                      |
| SCOPA:   | Standing Committee on Public Accounts              |
| SDI:     | Service Delivery Improvement                       |
| SER:     | Socioeconomic Review                               |
| SETA:    | Sector Education and Training Authority            |
| SITA:    | State Information Technology Agency                |
| SMME:    | Small Medium and Micro Enterprise                  |
| SMS:     | Senior Management Service                          |
| SPMS:    | Staff Performance Management System                |
| SSA:     | Statistics South Africa                            |
| TCF:     | Technical Committee on Finance                     |
| TCO:     | Total Cost of Ownership                            |



TQM: Total Quality Management  
URS: User Requirement Statement  
WC: Western Cape  
WC-MTBPS: Western Cape Medium Term Budget Policy Statement  
WCED: Western Cape Education Department  
WCGRB: Western Cape Gambling and Racing Board  
WCSD: Western Cape Supplier Database



# General Information

## Introduction by the Accounting Officer

During this reporting year the Provincial Treasury stood up to the challenge in meeting its responsibilities as a change agent to achieve the desired levels of service delivery via socio-economic variables using the available analytical instruments. It was a very challenging time as many vacant posts had to be filled in terms of phase Two of the restructuring process while the skills of existing staff were developed further in some instances. To stay on pace in an ever changing environment where your own stability can only be measured in terms of variables that keep changing made the challenges of 2005/06 even bigger. Some of these challenges are briefly listed below:

- co-ordinate and align activities within Programme 2: Resource Management to assist the three components, namely: Budget Management, Resource Management and Public Finance to attain their goals collectively in such a manner that the gains for the Provincial Treasury were larger than each component's individual goals;
- adhere and keep pace with the many policy changes in the broad field of asset management;
- provide guidance to all departments in the field of financial governance which entailed Internal Audit, Accounting, Norms and Standards and Risk Management activities;
- align Provincial Treasury policy with National Treasury policy and legislation while assisting the dynamics of local government finances;
- understanding the Provincial Treasury's role of financial and fiscal leadership and its relation to the goals of all thirteen departments;
- to assist in the process of ensuring that the Provincial Government keeps rendering high quality services in an environment where financial resources decline marginally each year in real terms; and

- ensure that all components within the Provincial Treasury attain their goals individually and collectively and providing the necessary support functions for them.



*Dr JC Stegmann  
Accounting Officer  
Provincial Treasury*

I can earnestly confirm that the team Provincial Treasury faced up to the challenges listed above and with the support of the Minister of Finance and Tourism set the tone for service delivery in the years to come. I am privileged and thankful to be supported by my team of dedicated people.

A handwritten signature in black ink, appearing to read 'J. Stegmann', followed by a horizontal line.

**Dr JC Stegmann**  
**ACCOUNTING OFFICER: PROVINCIAL TREASURY**

**DATE: 31 AUGUST 2006**

## The Ministry

**M**rs Lynne Brown assumed duty as the Minister of Finance, Economic Development and Tourism on 5 May 2004. As Minister responsible for financial matters, Ms L Brown was appointed in terms of section 17(1)(a) of the Public Finance Management Act, 1999 (PFMA) as Head of the Provincial Treasury. Her duties as Head of the Provincial Treasury also implies that she is a member of the National Budget Council, operating under the auspices of the National Treasury which is headed by the national Minister of Finance (Minister Trevor Manuel). Minister Brown is also responsible for the Department of Tourism.



*Ms L Brown  
Minister of Finance,  
Economic Development and Tourism*

### Bills

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

- Western Cape First Finance Bill, 2004
- Western Cape Provincial Youth Commission Bill, 2004
- Western Cape Investment and Trade Promotion Agency Law Amendment Bill, 2004
- Provincial Development Council Law Amendment Bill, 2004
- Western Cape Adjustments Appropriation Bill, 2004
- Western Cape Land Use Planning Ordinance, 1985, Amendment Bill
- Western Cape Appropriation Bill, 2004

### Visit abroad

During the 2005/06 financial year Minister Brown attended a trade and investment mission in Maryland, USA from 18 June 2005 to 25 June 2005. Given that the mission coincided with the annual Africa Business Summit hosted by the Corporate Council on Africa, Wesgro requested Minister Brown to lead the mission. The formal relationship between the Western Cape and the State of Maryland was strengthened and the State of Maryland decided to place additional resources in the Western Cape – Maryland business opportunities matching programme.

The Minister also went on an official visit to the UK (London) and Glasgow to attend the World Travel Market (WTM) from 13 to 20 November 2005. The visit's aim was to ensure that the Western Cape builds relationships with its international tourism partners and that it is properly marketed to potential visitors.

## VISION

As a change agent to achieve maximum well-being

## MISSION

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

## DEPARTMENTAL ETHOS

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

## Legislative and other mandates

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

- **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.
- **Intergovernmental Fiscal Relations Act, 1997 (Act 97 of 1997)**  
To define the role of the Minister of Finance and Economic Development 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 regulate financial management in the local sphere of government; to require that all revenue, expenditure, assets and liabilities of municipalities and municipal entities are managed economically, efficiently and effectively; to determine the responsibilities of persons entrusted with municipal borrowing; to make provision for the handling of financial emergencies in municipalities; and to provide for matters connected therewith.
- **Occupational Health and Safety Act, 1993 (Act 85 of 1993)**  
To provide for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of person at work; to establish an advisory council for occupational health and safety; and to provide for matters connected therewith.
- **Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)**  
To provide the Treasury with a regulatory framework enabling and assisting departments and potential historically disadvantaged individuals (HDI) 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, 1999 (Act 108 of 1996), the Constitution of the Western Cape, 1997 (Act 1 of 1998) and the Public Finance Management Act, 1999 (Act 1 of 1999), and for matters incidental thereof.
- **Western Cape Gambling and Racing Law, 1996 (Law 4 of 1996)**

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



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

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

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

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.

The Provincial Treasury has under its control the following listed provincial public entity:

- **Western Cape Gambling and Racing Board**

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

Clearly defined lines of communication exist between the accounting officer, the two members of the executive authority and the management (including Board members) of the provincial public entity. Accountability on executive authority level is shared between the executive member responsible for the gambling portfolio and the executive member responsible for financial matters pertaining to gambling issues. The Western Cape Gambling and Racing Board itself acts as the accounting authority, but has delegated most of its powers to the Chief Executive Officer of the Board. In general, accountability arrangements for all the relevant functionaries are strictly in line with that prescribed by the Public Finance Management Act, 1999 (Act 1 of 1999).

# Programme Performance

## 1. Programme performance in summary

### 1.1 Voted funds

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

**Table 1: Voted funds: Provincial Treasury**

| Main Appropriation<br>R'000 | Adjusted Appropriation<br>R'000                          | Actual Amount Spent<br>R'000 | Over/(Under) Expenditure<br>R'000 |
|-----------------------------|--|------------------------------|-----------------------------------|
| 125, 914                    | 115, 409   | 114, 275                     | (1, 134)                          |
| Responsible Minister        | Minister of Finance and Tourism                          |                              |                                   |
| Administering Department    | Provincial Treasury                                      |                              |                                   |
| Accounting Officer          | Head Official Provincial Treasury and Head of Department |                              |                                   |

### 1.2 Aim of the vote

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

## 1.3 Summary of programmes

The Provincial Treasury consists of the following four programmes with a description of each programme's aim:

- **Programme 1: Administration**  
To provide and maintain a high quality support service to the Minister and the Provincial Treasury pertaining to sound financial administration, supply chain management, auxiliary services, and corporate services.
- **Programme 2: Sustainable Resource Management**  
To provide professional advice and support on provincial and local government economic analysis, fiscal policy, public finance development. The programme also manages the annual provincial budget process, assists with and monitors local government budgets.
- **Programme 3: Asset and Liabilities Management**  
To provide policy direction, facilitating the effective and efficient management of physical and financial assets, Public Private Partnerships (PPPs) and liabilities.
- **Programme 4: Financial Governance**  
To enhance performance-orientated financial management.

## 1.4. Key strategic objectives and achievements

### 1.4.1 Key strategic objectives

The Provincial Treasury set itself the following key strategic objectives, which were published in its Five Year Strategic and Performance Plan 2005/06 – 2009/10 and were tabled in the Provincial Parliament at the end of March 2005. These strategic objectives were changed slightly in the second Annual Performance Plan 2006/07 – 2008/09. This was tabled in the Provincial Parliament at the end of March 2006. They are listed per programme below:

#### **Programme 1: Administration**

- To ensure the rendering of secretarial, administrative and office support services.
- To act as linkage between the Treasury and the Department of Economic Development and Tourism.
- To enable the Minister to realise both treasury and economic development responsibilities.

- To ensure a well-functioning and co-ordinated institution that delivers on its responsibilities.
- To create a diverse and transformed environment by building capacity and a high-performing workforce through an embedded performance management system and an effective communication process, to ensure good governance and risk management.
- To manage the budget such that it remains within prescribed budget limits.
- To ensure timely and accurate reflection of the status of Provincial Treasury's ledger accounts.
- To ensure effective supply chain management services.
- To ensure proper internal control measures and risk management in the Provincial Treasury.
- To determine and maintain good administrative standards.

### **Programme 2: Sustainable Resource Management**

- To render an administrative support service to ensure the effective operational management of the unit.
- To build the capacity of, and train administrative support and line function staff.
- To support and promote Broad-Based Black Economic Empowerment initiatives through administrative functions.
- To describe the Western Cape economy by determining and analysing key provincial and, where possible, district economic variables and their interrelationships.
- To determine the sources, potential and constraints for enhanced growth and development in the Western Cape, as framed within *iKapa Elihlumayo*.
- To assess the impact of various budget (municipal and provincial) policy objectives on selected economic variables, providing a link between the macro, meso and municipal spheres.
- To provide technical assistance and training in the application of macroeconomic analysis.
- To disseminate information to other government and key external stakeholders in the provincial economy and labour market to foster understanding of economic variables and promote steps to enhance economic growth and reduce inequalities.
- To administer a medium-term revenue planning process.
- To assess and optimise both the vertical and horizontal (equitable share and conditional grants) from National Treasury.
- To ensure effective and efficient management of debtors.
- To ensure effective and efficient development of provincial own revenue, whether user charges or provincial taxes, levies and duties.
- To ensure effective and efficient development of the Western Cape's borrowing capacity.
- To administer gambling and racing matters.
- To assess revenue trends, as well as compile and submit revenue reports.

- To determine an overall financing envelope for the Medium-Term Expenditure Framework (MTEF).
- To assess the viability of municipal revenue budgets.
- To promote and facilitate performance monitoring in provincial departments and municipalities. This should be done in conjunction with similar processes undertaken by the Department of the Premier, Department of Local Government and Housing and the National Treasury.
- To provide policy advice, effective technical and strategic support and to act as a change agent service to provincial departments and municipalities.
- To improve input-output sequencing of information and the quality of the latter within the budget processes.
- To improve the effectiveness of in-year expenditure monitoring systems through the monitoring of financial and non-financial performance indicators.
- To strengthen the institutional capacity, focusing on the aspects of professionalism, skills, knowledge, motivation, attitudes, integration and values.
- To develop intra-Provincial Treasury, intra-provincial, inter-provincial and government co-ordinating structures and systems.
- Facilitate the optimal vesting of functions between the provincial and local spheres of government.
- To deepen the analysis of budget votes, i.e. in content and profile.

### **Programme 3: Asset and Liabilities Management**

- To render administrative support services to ensure the effective and efficient operational management of the programme
- To build capacity of administrative support to fulfil line function responsibilities through training
- To support and promote BBBEE initiatives through administrative functions
- To ensure effective control and management of the Provincial Revenue Fund.
- To render effective technical, strategic support and training to provincial departments and local government where applicable.
- To ensure compliance with the Public Finance Management Act (PFMA), Municipal Finance Management Act (MFMA), accounting policies, regulations and guidelines
- To develop and implement provincial treasury instructions and guidelines to ensure effective supply chain management of goods and services.
- To provide strategic leadership and guidance in the supply chain management of goods and services.
- To strengthen and render effective, technical and strategic support to departments, public entities, municipalities and municipal entities.
- To monitor compliance with legislative frameworks
- To establish Infrastructure Programme Units.
- Strengthen and render effective, technical and strategic support to departments, public entities, municipalities and municipal entities.
- To provide strategic leadership and guidance in immovable assets.

- To address capacity and training needs.
- Monitor compliance within legislative framework
- Develop and implement provincial treasury instructions and guidelines to ensure for the effective and efficient management of immovable assets.
- To build the necessary capacity in the Provincial Treasury to take over all PPP assessment-related responsibilities from the National Treasury.
- To assess PPP projects in progress and monitor and enforce compliance with legislation.
- To facilitate and provide developmental technical assistance and support to departments on all PPP projects in progress.
- To identify new PPP opportunities.
- To establish and ensure implementation of policies for effective management of assets and liabilities.
- To strengthen and provide technical and strategic support for the institutional capacity of provincial and local government.
- To monitor compliance with the PFMA, MFMA and regulations.
- To establish the necessary structures to service loans and guarantees.
- To provide for the management and implementation of existing financial systems and the transition to the Integrated Financial Management System (IFMS), enhancing compliance with the PFMA and other relevant legislation.
- To monitor and report on the performance of financial management systems.
- To render effective technical, strategic support and training to departments.
- To monitor and verify monthly SITA costs relating to transversal financial systems, ensuring optimal management of cost drivers

**Programme 4: Financial Governance**

- To render administrative support services to ensure the effective operational management of the unit.
- To build capacity of administrative support and line function staff through training.
- To support and promote BBBEE initiatives through administrative functions

- To ensure the development of accounting practices that will promote effective and efficient capturing of Revenue, Expenditure, Assets and Liabilities movements and accountability.
- To ensure integrity of financial data.
- To identify, develop and implement financial norms and standards and to monitor and assist with nominal and substantive compliance.
- To ensure the existence of an appropriate and dynamic financial legislative framework.
- To develop and facilitate the implementation of effective risk management and governance capacity within the provincial government.
- To facilitate residual risk assessments and the availability of a risk profile per department.
- To consolidate inherent risk assessments, build a risk profile for the Provincial Government as a whole and ensure the development of response strategies to mitigate transversal risks.
- To render an effective risk based internal audit service.
- To ensure effective audit committees.
- To promote close co-operation and co-ordination between assurance providers to prevent duplication of effort.

#### **1.4.2 Programmes**

The following achievements can be highlighted for each programme:

##### **Programme One: (Administration)**

For the first time in many years the Provincial Treasury attained the goal of spending within 1 per cent of its adjusted budget on 31 March 2006. This was achieved notwithstanding a high vacancy level and after surrendering R10.5 million to the Provincial Revenue Fund in the Adjustments Estimate. All these efforts were jointly achieved by the collective efforts of all the senior managers without compromising service delivery.

##### **Programme Two: (Resource Management)**

Great strides were made in familiarising local authorities with the new policy that was enacted in terms of the MFMA. While a great deal of focus was placed on local authorities, the 13 departments within the Provincial Government received the same level of attention as in previous years, in terms of the PFMA. Four new managers were appointed during the reporting period, namely a chief director in Public Finance and senior managers in the Budget Management, Fiscal Policy Provincial Government and Economic Analysis units.

### **Programme Three: (Asset Management)**

During the 2005/06 financial year, greater emphasis was placed on interaction between the Provincial Treasury and larger departments regarding the management of their assets. Inter alia, this included the facilitation of PPP projects, assistance with the 2010 soccer bid process in the Western Cape and assistance with the control of moveable assets within departments. The management and control of Supporting and Interlinked Financial Systems were also improved in all departments. This led to reduced downtime and a higher level of customer satisfaction within departments.

### **Programme Four: (Financial Governance)**

With the appointment of four new managers under this programme, several new projects commenced. There was closer co-operation with the Sihluma Sonke Consortium that currently assists the Provincial Treasury with risk management and internal audit capacity building. A second set of consolidated Annual Financial Statements was also compiled for the Western Cape Province. The audit committees played a more prominent and leading role with their hearings, while normative governance became more evident in their interaction with all the departments.

#### **1.4.3 Summary of Achievements**

During 2005/06 the Provincial Treasury progressed with Phase Two of its restructuring process. Many posts were filled within the new organogram, with specific focus on attaining employment equity without compromising service delivery. The downside of the vigorous employment programme was, however, the high attrition rate of new applicants. This placed enormous pressure on management to attain set targets and in many cases these targets were not reached during the reporting period.

On a more positive note, incentives were provided to staff to improve their educational levels and training was regarded. A bursary scheme was implemented for a second consecutive year to support this skills development drive. Greater focus was also placed on open communication processes within and between all components.

Several documents were published, the two most prominent of which were the Medium-Term Budget Policy Statement (MTBPS) 2006 – 2009 and the Provincial Economic Review & Outlook (PER&O) 2006. The MTBPS 2006 – 2009 presented a fiscal policy perspective for 2006 that emphasised accelerated and shared growth. This focused on sustained infrastructure investment, further allocations for the social and economic sectors and a boost for the expanded public works programme. An additional area of focus of MTBPS 2006 – 2009 was to enhance the capacity of government service delivery and reduce obstacles to high quality service



The 2006 PER&O provided an overview of the South African and Western Cape outlook for 2006/07 – 2008/09, which focused on sectoral growth and employment prospects and also the socio-economic profiling of the different provincial regions at a local level.

## **1.5 Overview of the service delivery environment for 2005/06**

The Provincial Treasury operates in a very dynamic environment which changes from year to year. Both the national and provincial governments are confronted with the need to effectively and efficiently spend their limited budget on improved services. The Western Cape is been committed to a service delivery environment imbued with the spirit of the *Ikapa Elihlumayo* eight lead strategies.

Despite the introduction of new fiscal arrangements since 1994, a great deal remains to be done to improve per capita income levels, economic disparities, fiscal management and a range of socio-economic factors. The challenges of Provincial Growth and Development Strategies (PGDS) still remain, and new initiatives must be developed to effect significant improvements over the medium to long-term.

As change agent in resource allocation, ensuring general fiscal discipline and efficient spending, treasuries deal with significant challenges to improve the general welfare within their respective provinces. This general challenge applies also to the Western Cape province.

The Provincial Treasury also focused on the implementation of the MFMA, 2003 (Act 56 of 2003) which identified new areas of focus for local government, to attain a seamless integration of the different spheres of government. Other highlights included:

- supply chain management service delivery in all departments
- enhanced financial systems
- a shift in focus from mere nominal compliance with financial legislation to normative and quantifiable service delivery aspects, and
- establishing risk management and internal control capacity in line with National Treasury's new paradigm.

## **1.6 Overview of the organisational environment for 2005/06**

The approved organisational structure that applied for the year under review catered for more comprehensive strategic goals and enabled the Provincial Treasury to better fulfil its Constitutional mandate to address the socio-economic challenges of the Province in tandem with all other departments, municipalities and other stakeholders. In a pursuit of achieving the high level goals that were set for the Provincial Treasury, it is always important in appointing new staff of the right calibre who can make the necessary contributions that may be needed. As already indicated, unfortunately many new

candidates that were appointed left the service of the Provincial Government for greener pastures in other sectors or the private sector. In these cases the whole process then had to be repeated and also did have a more severe impact when senior managers left service.

## **1.7 Strategic overview and key policy developments for the 2005/06 financial year**

Relevant policy developments are described under the following sub-headings:

### **Shift towards outcome based budget allocation**

During the reporting period the Provincial Treasury commenced with the assessment of provincial departments' measurable information to ensure alignment of their strategic objectives with the desired outcomes of the Province.

### **Qualitative impact of provincial service delivery**

As in the past the qualitative impact of provincial service delivery on provincial socio-economic variables have not been assessed. However, during the year under review certain analytical instruments were designed to assist with such assessments.

### **Extended asset management functions**

The procurement and provisioning functions have been integrated and as part of the restructuring of the Provincial Treasury, a Supply Chain Management component. This component will monitor, set standards and share best practice with regard to procurement, physical asset management, public private partnerships and related issues. Physical Asset Management and Public Private Partnerships (PPP's) are still relatively new components within the Provincial Treasury environment and most work performed is still of a developmental nature to establish a basis from which to develop policies, standards and practices. As soon as the National Treasury Regulations have been amended, new powers and responsibilities regarding PPPs will be vested in provincial treasuries.

### **Shift to substantive compliance and enhancing risk management and corporate governance.**

The Financial Governance component focused on enhancing corporate governance and risk management with the assistance of outside consultants. Cabinet approval of standardised risk management structures for the relevant departments promoted the further roll out of the risk management process within all thirteen departments by virtue of the approval.

Performance-oriented financial management is at the stage where inputs relating to norms and standards inputs are being evaluated.

## 1.8 Departmental revenue

This section deals with the Provincial Treasury's performance in terms of the collection of departmental revenue for the financial year under review. It will again be discussed on a per programme basis in Section 2. Table 2 below depicts the departmental own revenue collected by the Provincial Treasury for the period 2002/03 to 2005/06. The Provincial Treasury is the only provincial department to collect more own revenue than it requires in terms of departmental payments. This can be ascribed to the fact that functions are aligned to national policy instruments, while its expenditure is comparable to smaller departments.

**Table 2: Departmental revenue collected for period 2002/03 – 2005/06**

| Receipts   | 2002/03        | 2003/04        | 2004/05        | 2005/06        | 2005/06        | Deviation from target |             |
|--|----------------|----------------|----------------|----------------|----------------|-----------------------|-------------|
|  | Actual         | Actual         | Actual         | Target         | Actual         | R'000                 | %           |
|  | R'000          | R'000          | R'000          | R'000          | R'000          |                       |             |
| Tax receipts   | 132,424        | 145,644        | 173,621        | 182,281        | 221,972        | 39,691                | 21.8        |
| Casino taxes   | 111,079        | 132,640        | 157,611        | 168,281        | 205,318        | 37,037                | 22.0        |
| Horse racing taxes   | 21,345         | 13,004         | 16,010         | 14,000         | 16,654         | 2,654                 | 19.0        |
| Non-tax receipts   | 256,783        | 243,290        | 211,575        | 103,260        | 240,884        | 137,624               | 133.3       |
| Interest   | 250,133        | 240,621        | 211,333        | 103,244        | 233,361        | 130,117               | 126.0       |
| Other receipts   | 6,650          | 2,669          | 242            | 16             | 7,523          | 7,507                 | 46,918.8    |
| Financial transactions<br>(Including recovery of loans and advances) |                |                | 116            |                | 4,522          | 4,522                 |             |
| <b>Total departmental receipts</b>                                   | <b>389,207</b> | <b>388,934</b> | <b>385,312</b> | <b>285,541</b> | <b>467,378</b> | <b>181,837</b>        | <b>63.7</b> |

In general, the substantial higher collection in own revenues resulted from the adoption of a very conservative approach in determining the revenue targets at the beginning of the period under review given future risks in national formula financing and fixed asset financing requirements. Only programmes 1, 2 and 3 collected own revenue, which is discussed in more detail below:

**Programme 1: Administration** – Departmental own receipts registered against this programme, essentially insignificant, consist mainly of sales of miscellaneous goods such as scrap and waste paper and commission on insurance.

**Programme 2: Sustainable Resource Management** – Own revenue collected by this programme relates mainly to casino and horseracing taxes. The substantial variance by which the actual amounts exceed the targeted amounts at the tax receipts can be ascribed to higher than anticipated gambling and betting activity, which might be caused by the availability of greater disposable income due to lower interest rates. Included under the other receipts is an amount for fines and penalties which, due to its very nature, was not budgeted for. This adds to the substantial variance.

**Programme 3: Asset and Liabilities Management** – This programme is responsible for managing interest earned on investments. The over collection in interest revenue can be ascribed to effective management of investments and nascent asset financing policies. This, combined with a slower than expected expenditure pattern of provincial departments, resulted in more cash on hand for investment purposes.

## 1.9 Departmental payments

This section deals with Provincial Treasury's performance in terms of departmental payments for the financial year under review. Table 3 depicts departmental payments made by the Provincial Treasury and more specifically the variance between total voted funds and actual expenditure.

**Table 3: Departmental payments**

| Programmes                             | Voted for<br>2005/06<br>R'000 | Roll-overs<br>and Adjust-<br>ments<br>R'000 | Virement<br>R'000 | Total<br>Voted<br>R'000 | Actual<br>Expendi-<br>ture<br>R'000 | Variance<br>R'000 |
|--|-------------------------------|---|-------------------|-------------------------|-------------------------------------|-------------------|
| 1. Administration                      | 24,743                        |   | (850)             | 23,893                  | 23,220                              | 673               |
| 2. Sustainable resource<br>management  | 18,303                        |   | (1,459)           | 16,844                  | 16,513                              | 331               |
| 3. Asset and liabilities<br>management | 45,892                        |   | 807               | 46,699                  | 46,699                              | 0                 |
| 4. Financial governance                | 26,471                        |   | 1,502             | 27,973                  | 27,843                              | 130               |
| <b>Total</b>                           | <b>115,409</b>                |   | <b>0</b>          | <b>115,409</b>          | <b>114,275</b>                      | <b>1,134</b>      |

### **Programme 1: Administration (97,2% actual expenditure)**

The under spending (2,8%) on this programme can mainly be attributed to lower than anticipated spending on capital assets (computer hardware, office furniture and office equipment). Part of the under spending is also due to the non-payment of Financial and Accounting Services SETA (FASSET).

Special efforts were undertaken late in the financial year to utilise the surplus funds by improving the physical working environment for all officials within the Provincial Treasury. Two vehicles were also purchased to add to the motor car pool for the

department as more MFMA appointments have been made and they are required to conduct municipal visits.

**Programme 2: Sustainable Resource Management (98% actual expenditure)**

The under spending (2%) on this programme was mainly due to lower than expected expenditure on consulting services and the late filling of vacant posts.

**Programme 3: Asset and Liabilities Management (100% actual expenditure)**

There are no material variances to report on.

**Programme 4: Financial Governance (99,5% actual expenditure)**

The under spending (0,5%) on this programme was mainly due to an over provision made for software licences related to risk management.

**1.10 Transfer payments**

During the year under review transfer payments were only made to the City of Cape Town in respect of the regional service council levies, a donation to the department of the Premier for the Mali Timbuktu library project, as well as to households as indicated in Table 4 below:

**Table 4: Transfer payments**

| Name of Institution       | Amount Transferred<br>R'000 | Estimate Expenditure<br>R'000 |
|---------------------------|-----------------------------|-------------------------------|
| City of Cape Town         | 102                         | 102                           |
| Department of the Premier | 50                          | 50                            |
| Households                | 196                         | 196                           |

**1.11 Conditional grants and earmarked funds**

The Provincial Treasury did not receive any conditional grants or earmarked funds for the financial year under review.

**1.12 Capital investment, maintenance and asset management plans**

The investment in capital projects does not form part of the Provincial Treasury's core functions and no funds were appropriated for this purpose.

**Maintenance**

This section is not applicable to the Provincial Treasury, as it does not have a property asset portfolio under its control for the period under review.

## Asset Management

The additions in computer equipment and related equipment as stated in Part 4, Annexure 3 and 4 could be justified as follows:

- Additional computer equipment was purchased for new appointees.
- ERA licenses in terms risk management were procured due to additional requirements.

With the appointment of new Senior Managers, new standard office furniture was procured.

The increase in use of the current fleet of vehicles and the increase of the Provincial Treasury establishment necessitated the purchase of two additional permanent vehicles.

The loss incurred due to two cases of cheque fraud and the theft of a cell phone and cash have been registered and written off.

There was no disposal of assets occurred during the financial year under review.

The asset register is automatically updated when new assets are acquired or when redundant assets are disposed off. An annual stock take has been completed, but will only be reconciled in the 2006/07 financial year.

Approximately 90% of the Provincial Treasury's assets are in a good state, while the remaining 10% is in a fair condition.

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

No facility was closed down or downgraded during the period under review.

Where the need arises to follow the route of bidding for projects, the Supply Chain Management process outlined in the Provincial Treasury's Accounting Officer's System acts as a guideline.

## 2. Programme performance in detail

This section will deal with the performance of the respective programmes in more detail. It will be placed in perspective by focussing on the respective purposes or aims, measurable objectives, service delivery objectives and indicators and service delivery achievements of the different programmes/ sub-programmes.

### 2.1 Programme 1: Administration

**Aim:** To provide and maintain high quality support service to the Minister and the Provincial Treasury pertaining to sound financial administration, supply chain management, auxiliary services and corporate services.

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|  |   |  |
|--|---|--|
| Sub-programme 1.1  | : | Office of the Provincial Minister  |
| Purpose  | : | To render secretarial, administrative and office support services and act as linkage with the Treasury, the Department of Economic Development and the Provincial Parliament, enabling the minister to realise her treasury and economic development responsibilities. |
| Measurable Objectives  | : | Ensure smooth and effective functioning of the Minister's office.<br>Strengthen linkage with Treasury, Economic Development and Provincial Parliament.<br>Ensure good public profile for the Minister<br>Fulfilment of Minister's legislative and political functions. |
| Service delivery achievements  | : | No service delivery achievements of note can be registered.  |
| Reasons for achieving targets  | : | A co-ordinated approach to work specifics was followed.  |
| Reasons for <b>not</b> achieving targets   | : | Targets were achieved.   |
| The attainment of targets contributed in the following manner towards achieving the Provincial Treasury's outcomes | : | This sub-programme performs staff functions and it does not directly contribute towards achieving the Provincial Treasury's outcomes.  |

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| Programme 1: Administration  |  |                                   |           |
|--|--|-----------------------------------|-----------|
| Output   | Output performance measures/service delivery indicators      | Actual performance against target |           |
|  |  | Target                            | Actual    |
| <b>Sub-programme 1.1: Office of the Provincial Minister</b>                        |  |                                   |           |
| Ensure smooth and effective functioning of the Minister's office.                  | Percentage satisfaction by the Minister.                     | 90%                               | 90%       |
|  | Days turnaround time on documents submitted to the minister. | Six days                          | Six days. |
| Strengthen linkages with Treasury, Economic Development and Provincial Parliament. | Establish a sound relationship and communication link.       | 72%                               | 72%       |
| Ensure good public profile for the Minister.                                       | Improve public image.  | 85%                               | 85%       |
| Fulfilment of Minister's legislative and political functions.                      | Good integration with departmental function.                 | 65%                               | 65%       |
|  | Provincial affairs in good shape.                            | 75%                               | 75%       |

**Sub-programme 1.2 : Management Services**

**Purpose** : To render strategic support and conduct overall planning.

**Measurable Objectives** : Ensure good strategic support to the HoD and his management team.  
Conduct overall planning to ensure that remaining management functions are conducted on such level that Provincial Treasury delivers on its responsibilities.

**Service delivery achievements** : No service delivery achievements of note can be registered.

**Reasons for achieving targets** : A co-ordinated approach to work specifics was followed.

**Reasons for not achieving targets** :

**The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner** : This sub-programme performs staff functions and it does not directly contribute towards achieving the Provincial Treasury's outcomes.



| <b>Programme 1: Administration</b>  |  |  |               |
|---|--|--|---------------|
| <b>Output</b>   | <b>Output performance measures/service delivery indicators</b>           | <b>Actual performance against target</b> |               |
|   |  | <b>Target</b>                            | <b>Actual</b> |
| <b>Sub-programme 1.2: Management Services</b>   |  |  |               |
| Ensure good strategic support to the HoD and his management team.   | Percentage satisfaction.   | 50%                                      | 50%           |
| Conduct overall planning to ensure that remaining management functions are conducted on such level that Provincial Treasury delivers on its responsibilities. | Percentage of planning mechanisms resulting in appropriate deliverables. | 75%                                      | 75%           |

|   |   |
|---|---|
| <b>Sub-programme 1.3 : Corporate Services</b> |   |
| <b>Purpose</b>                                | : To develop a diverse and high-level performing organisation.  |
| <b>Measurable Objectives</b>                  | : Ensure an optimal staff establishment.<br>Establish a high level workforce.<br>Promote good governance and a sound-working environment.<br>Promote embedded performance management.<br>Ensure effective and sustainable corporate communication processes.<br>Ensure an established, diverse and integrated workforce and environment.<br>Deliver an effective and efficient operational function.<br>Ensure good governance and risk management. |
| <b>Service delivery achievements</b>          | : Vacancy level was reduced by 4%.<br>Training took place throughout the year even though the list of accredited service providers was approved in December.<br>The recruitment and selection policy was revised to include timeframes for the filling of vacant posts.   |

|  |   |  |
|--|---|--|
| Sub-programme 1.3  | : | Corporate Services   |
| Reasons for achieving targets  | : | The organisational and functional structure was changed to ensure better supervision and flow of work, and specific responsibilities were allocated to all staff. Achievements were rewarded through the performance management system.  |
| Reasons for <b>not</b> achieving targets   | : | Reduction of the vacancy level to 15% was not realistic in terms of the filling of the MFMA posts, which increased the vacancy level from 25% to 47% at the beginning of the financial year.<br><br>There is no retention and scarce skills policy in place.<br><br>It is difficult to compete with the private sector for obtaining economically/financially skilled labour.<br><br>Officials in the Human Resource Management component were too involved in interview processes and could not always meet due dates, due to the huge drive to fill the vacancies.<br><br>Improved controls over state guarantees of employees were not on standard. |
| The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner | : | The Human Resource Management component, in its role as a key staff function, contributed positively towards the Provincial Treasury meeting its goals.  |

| <b>Programme 1: Administration</b>                                       |  |   |   |
|--|--|---|---|
| <b>Output</b>  | <b>Output performance measures/service delivery indicators</b>   | <b>Actual performance against target</b>  |   |
|  |  | <b>Target</b>   | <b>Actual</b>   |
| <b>Sub-programme 1.3: Corporate Services</b>                             |  |   |   |
| Ensure an optimal staff establishment.                                   | Implement effective and efficient recruitment and acquisition processes.   | 15% vacancy level   | 32% vacancy level   |
| Establish a high level workforce.  | Reinforce and develop human capital investment programmes.   | 60% achieved  | 60% achieved  |
|  |  | Rollout of skills programme.  | 100% roll out of skills programme   |
| Promote good governance and a sound-working environment.                 | Facilitate communication and accessibility of all applicable policies, processes and procedures on human resource matters. | 100% activated  | 70% activated   |
|  | Management of workplace relations.   | 100% operational and maintained.  | 100% maintained   |
| Promote embedded performance management.                                 | Implementation and management of an integrated Staff Performance Management System.  | Maintain processes to measure, reward and manage performance.                   | 90% achieved  |
|  |  | Engage line managers and staff on performance processes.                        | 60%   |
| Ensure effective and sustainable corporate communication processes.      | Develop an integrated communication strategy.  | Implement communication programmes.   | 50%   |
| Ensure an established, diverse and integrated workforce and environment. | Promote transformation and human rights ethos.   | Review and monitor progress.  | Focused on training women, implementing the framework for employee well-being programme |
|  |  | Facilitate strategies for managing diversity in the workplace.                  | Focused on training women, implementing the framework for employee well-being programme |
|  |  | Develop and partly implement strategies for managing HIV/AIDS in the workplace. | Focused on awareness programmes on HIV / AIDS   |

| Programme 1: Administration                              |   |                                   |                              |
|--|---|-----------------------------------|------------------------------|
| Output   | Output performance measures/service delivery indicators                       | Actual performance against target |                              |
|  |   | Target                            | Actual                       |
| <b>Sub-programme 1.3: Corporate Services</b>             |   |                                   |                              |
| Deliver an effective and efficient operational function. | Strengthen capacity in core HR functions and broaden competencies.            | Implement programme.              | 80%                          |
| Ensure good governance and risk management.              | Implement the internal audit recommendations of the identified areas of risk. | 60% of risk areas addressed.      | 60% of risk areas addressed. |

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**Sub-programme 1.4 : Financial Management**

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|-------------------------------|--|
| Purpose                       | : To deliver financial management (inclusive of risk management and internal control), supply chain management and specialised auxiliary services for the Treasury.  |
| Measurable Objective          | : Efficient and effective planning and budget management.<br>Effective application of resources in realising strategic goals.<br>Ledger accounts that accurately reflect the financial position of the Provincial Treasury.<br>Efficient and effective supply chain management services.<br>Financial inspections to improve internal control.<br>Communication of guidelines on compliance with prescripts.   |
| Service delivery achievements | : The successful compilation of a comprehensive operational plan and four quarterly performance reports, with improved controls over the In-Year Monitoring (IYM) process.<br>The Provincial Treasury achieved a 0.98% under spending on the Adjustment Budget.<br>Improvements in financial accounting, and in exercising control over timely payments and the reduction of debtors.<br>The Supply Chain Management unit has become fully operational with a well-established Bid Committee and departmental IT Committee (DITCOM).<br>A consultant was appointed to help improve registry and document control functions.<br>The library is functioning. |
| Reasons for achieving targets | : All targets as set out in the performance agreement of the Chief Financial Officer have been attained and concerted efforts were made to attain representivity in new appointments.  |

|  |  |
|--|--|
| Sub-programme 1.4  | : Financial Management   |
| Reasons for <b>not</b> achieving targets   | : Controls over LOGIS (Logistical Information Systems) reports, physical asset controls and expenditure payments left room for improvement.  |
| The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner | : Service delivery to all components within the Treasury has improved with better IYM information and support to all the programmes in compiling their budgets and strategic plans. On the payments side, improvement has been made in the provision of goods and services. Several bids were approved or amended to ensure that the Provincial Treasury attain its goals with communication, risk assessments and socio-economic research projects. |

| Programme 1: Administration  |  |                                   |          |
|--|--|-----------------------------------|----------|
| Output   | Output performance measures/service delivery indicators                              | Actual performance against target |          |
|  |  | Target                            | Actual   |
| <b>Sub-programme 1.4: Financial Management</b>   |  |                                   |          |
| Efficient and effective planning and budget management.                                    | Percentage variance between actual and approved budget.                              | 10%                               | 1%       |
| Effective application of resources in realising strategic goals.                           | Percentage expenditure in line with detailed budget per sub-programme.               | 95%                               | 99%      |
| Ledger accounts that accurately reflect the financial position of the Provincial Treasury. | Number of days for clearing of ledger control accounts.                              | 60 days.                          | 35 days. |
|  | Number of days to complete reconciliation after month close.                         | 30 days.                          | 30 days. |
|  | Number of management information tools to reflect the Provincial Treasury's records. | 12                                | 5        |
| Efficient and effective supply chain management services.                                  | Percentage of bids successfully administered to contract phase.                      | 80%                               | 90%      |
|  | Compliance with conditions of contract.  | 90%                               | 90%      |
|  | Assets accurately recorded on inventory in terms of accrual accounting.              | 70%                               | 70%      |
| Financial inspections to improve internal control.   | Number of inspections successfully completed.  | 12                                | 12       |

| <b>Programme 1: Administration</b>  |   |  |                             |
|---|---|--|-----------------------------|
| <b>Output</b>   | <b>Output performance measures/service delivery indicators</b>  | <b>Actual performance against target</b> |                             |
|   |   | <b>Target</b>                            | <b>Actual</b>               |
| <b>Sub-programme 1.4: Financial Management</b>  |   |  |                             |
|   | Percentage improvement in the quality of inspection reports.  | 70%                                      | 70%                         |
| Communication of guidelines on compliance with prescripts.  | Review guidelines on compliance with prescripts.  | Annually                                 | Three circulars distributed |
| Improved Provincial Treasury's risk profile.  | Developmental level of risk profile.  | 50%                                      | 50%                         |
|   | Percentage checking of high risk per component.   | 30%                                      | 30%                         |
| Compliance with financial prescripts pertaining to management accounting.   | Percentage compliance with regard to quality output and timeliness.                                       | 90%                                      | 95%                         |
| Efficient control over debtors and creditors.   | Days to follow-up debtors.  | 30-day cycles.                           | 20-day cycles.              |
|   | Days to pay creditors.  | <30 days                                 | <70 days                    |
| Efficient system management (Syscon).   | Regular maintenance checks on Basic Accounting System (BAS).  | Monthly                                  | Monthly                     |
|   | Regular maintenance checks on LOGIS.  | Quarterly                                | Quarterly                   |
| High quality delivery of auxiliary services.  | Establish measures for a vehicle fleet that will cater for the changing needs of the Provincial Treasury. | 80%                                      | 80%                         |
|   | Good operative document control.  | 75%                                      | 60%                         |
|   | Percentage of high quality and timely delivery of all other auxiliary services.                           | 90%                                      | 80%                         |
| Good communication and co-ordination within the sections of Financial Management and other components within Provincial Treasury. | Number of staff members trained in customer care.   | 20                                       | 9                           |
|   | Number of staff members trained in communication skills and group dynamics.                               | 15                                       | 5                           |
| Ensure a full complement of competent staff.  | Ensure low vacancy rate.  | <5%                                      | 19%                         |

| Programme 1: Administration                         |  |                                   |           |
|---|--|-----------------------------------|-----------|
| Output  | Output performance measures/service delivery indicators        | Actual performance against target |           |
|   |  | Target                            | Actual    |
| Sub-programme 1.4: Financial Management             |  |                                   |           |
|   | Review of identified staff suitably trained.                   | Quarterly                         | Quarterly |
| Proper high level management information timeously. | Determine information needs at Directorate's meeting.          | Monthly                           | Monthly   |
|   | Percentage of measures in place to have information available. | 70%                               | 68%       |

## 2.2 Programme 2: Sustainable Resource Management

**Aim:** To provide professional advice and support on provincial and local government economic analysis, fiscal policy and public finance development. The programme also manages the annual provincial budget process, assists with and monitors local government budgets.

Sub-programme 2.1 : Programme Support

Purpose : To facilitate the efficient and co-ordinated administration and management of the programme.

Measurable Objectives : Smooth and effective functioning of the component.  
Trained and capacitated administrative support and line function staff.  
Achievement of *iKapa Elihlumayo (Dignity, Equity, Prosperity)* goals.

Service delivery achievements : The unit is not yet operational.

Reasons for achieving targets : The unit is not yet operational.

Reasons for **not** achieving targets : The unit is not yet operational.

Sub-programme 2.1 : Programme Support

The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner : The unit is not yet operational.

**Programme 2: Sustainable Resource Management**

| Output  | Output performance measures/service delivery indicators   | Actual performance against target |                |
|---|---|-----------------------------------|----------------|
|   |   | Target                            | Actual         |
| <b>Sub-programme 2.1: Programme Support</b>                             |   |                                   |                |
| Smooth and effective functioning of the component.                      | Percentage compliance with rules and regulations.   | 100% compliance.                  | Not applicable |
|   | Percentage compliance to acceptable norms/standards of service delivery.                              | 70% achieved.                     | Not applicable |
|   | Hours' turnaround time for management of operational finances, human resources and logistical issues. | 48 hours.                         | Not applicable |
| Trained and capacitated administrative support and line function staff. | Number of vacant posts filled.  | 50% achieved.                     | Not applicable |
|   | Percentage of staff complement trained according to IDPs.   | 50% achieved.                     | Not applicable |
| Achievement of iKapa Elihlumayo goals.                                  | Percentage support and promotion of goals in work environment.  | 100% support achieved.            | Not applicable |
|   | Percentage procurement in terms of BBBEE.   | 40%                               | Not applicable |

Sub-programme 2.2 : Economic Analysis

Purpose : To conduct macroeconomic analysis and render policy advice, i.e.

- to determine and analyse key economic variables and their interrelationships and relevance to the budget
- to advise on the potential for growth and development and the interaction with governmental and revenue patterns



|  |  |
|--|--|
| Sub-programme 2.2  | : Economic Analysis  |
|  | <ul style="list-style-type: none"> <li>to investigate alternative budgeting and other revenue and expenditure scenarios on selected key economic growth and development indicators.</li> </ul>   |
| Measurable Objectives  | : Describe the provincial economy.<br>Determine the sources, potential and constraints for enhanced growth and development in WC.<br>Assess the impact of various budget policy objectives on selected economic variables.<br>Provide technical assistance and training.<br>Disseminate information to stakeholders in the provincial economy and labour market.<br>Assess the socio-economic relevance of municipal Integrated Development Plans (IDPs) |
| Service delivery achievements  | 2005 PER&O tabled in April 2005<br>Draft profile for 30 municipalities included in Provincial Treasury's LGMTEC (Local Government Medium-Term Expenditure Committee) 3 municipal budget assessments.   |
| Reasons for achieving targets  | : External technical expertise was contracted where internal expertise was lacking.  |
| Reasons for <b>not</b> achieving targets   | : Further work required in respect of partnership within Provincial Government economic cluster  |
| The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner | : The 2005 PER&O provided a robust socio-economic analysis that contextualises the environment in which the lead strategies are compiled, thereby informing the 2005 Budget.   |

| Programme 2: Sustainable Resource Management  |   |                                   |   |
|---|---|-----------------------------------|---|
| Output  | Output performance measures/service delivery indicators   | Actual performance against target |   |
|   |   | Target                            | Actual  |
| <b>Sub-programme 2.2: Economic Analysis</b>   |   |                                   |   |
| Describe the provincial economy.  | Timely published PER&O before budget.                     | PER&O published.                  | 2005 PERO tabled in April 2005  |
| Determine the sources, potential and constraints for enhanced growth and development in WC. |   | PER&O published.                  | 2005 PERO tabled in April 2005  |
| Assess the impact of various budget policy objectives on selected economic variables.       | Alignment of departmental activities to iKapa Elihlumayo. | PER&O framing Budget 2005.        | 2005 PER&O tabled in Parliament as the framing debate ahead of the 2005 budget vote debates |

|  |   |                    |  |
|--|---|--------------------|--|
| Provide technical assistance and training.   | Planning social dialogue events.                                      | Social dialogues.  | 2005 PER&O:- Presented and debated at Cabinet prior to tabling. Launched at a public launch in April 2005  |
| Disseminating information to other stakeholders in the provincial economy and labour market. | Publishing of PER&O.  | PER&O published.   | 2000 copies of 2005PER&O printed and distributed to wider national, provincial & Local Government audience |
|  | Engaging in social dialogues.   | Social dialogues.  | 2000 copies of 2005PER&O printed and distributed to wider national, provincial & Local Government audience |
|  | Hosting of launch and media briefing.                                 | Social dialogues.  | 2005 PER&O public launch in April 2005. Radio, TV & print media engagement.                                |
|  | Producing <i>iKapa Elihlumayo</i> quarterly bulletin.                 | Four publications. | No progress yet  |
|  | Developing <i>iKapa Elihlumayo</i> web page.                          | 50% completed.     | No progress yet  |
| Assessing socio-economic relevance of municipal IDPs   | IDPs that reflect the true socio-economic needs in each municipality. | Profiles completed | Draft profile for 30 municipalities included in PT'S LGMTEC 3 municipal budget assessments.                |

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Sub-programme 2.3 : Fiscal Policy

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Purpose : To enable the provincial government to finance its service delivery obligations.

Measurable Objectives : To participate robustly in the Technical Committee on Finance, Provincial Equitable Share and Conditional Grant working groups.

To produce an analytical position paper analysing PES and CG transfers.

To produce a framework position paper with respect to the Fiscal Governance Model.

To produce analytical provincial own revenue position papers.

To analyse debtor reports.

To produce quarterly IYM debtors' reports.

To initiate and complete revenue estimation model process.

To present the fuel levy proposal to various stakeholders.

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|  |   |   |
|--|---|---|
| Sub-programme 2.3  | : | Fiscal Policy   |
|  |   | <p>To secure approval of the fuel levy by National Treasury and Provincial Legislature.</p> <p>To research the feasibility of the tourism levy.</p> <p>To cancel the present Tourism levy tender and initiate a new process.</p> <p>To explore new potential tax sources.</p> <p>To liaise with the Western Cape Gambling and Racing Board including monthly engagements.</p> <p>To liaise with Standing Committee on Finance, Head of Provincial Treasury, and MEC regarding the Western Cape Gambling and Racing Board.</p> <p>To produce monthly and quarterly IYM revenue reports.</p> <p>To produce liability statements (guarantees and loans).</p> <p>To assess the viability of municipal revenue budgets to ensure sustainability.</p> |
| Service delivery achievements  | : | <p>The fuel levy was approved by Minister of Finance and the legislative process is underway. A second PPP will be formed in 2006 and the levy will be implemented on 1 April 2007.</p> <p>The previous Tourism levy tender was cancelled and a new contract signed.</p> <p>Research commenced on proposals for alternative taxation mechanisms for the gambling industry.</p>  |
| Reasons for achieving targets  | : | <p>Effective liaison between the unit and other role players, including departments.</p> <p>Appointment of a senior manager and other key staff.</p>  |
| Reasons for <b>not</b> achieving targets   | : | <p>Research into alternative Equitable Share allocation mechanism not completed.</p>  |
| The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner | : | <p>A thorough understanding of revenue sources allowed the unit to manage, optimise and expand revenue thereby ensuring that the Provincial Treasury was able to meet expenditure obligations.</p>  |

| Programme 2: Sustainable Resource Management                |   |                                   |                     |
|---|---|-----------------------------------|---------------------|
| Output  | Output performance measures/service delivery indicators | Actual performance against target |                     |
|   |   | Target                            | Actual              |
| <b>Sub-programme 2.3: Fiscal Policy</b>                     |   |                                   |                     |
| Robust participation on the TCF, PES and CG working groups. | Position papers, policy briefs, reports and memos.      | 100% participation.               | 100% participation. |

| <b>Programme 2: Sustainable Resource Management</b>                        |   |   |  |
|--|---|---|--|
| <b>Output</b>  | <b>Output performance measures/service delivery indicators</b>          | <b>Actual performance against target</b>                  |  |
|  |   | <b>Target</b>   | <b>Actual</b>  |
| <b>Sub-programme 2.3: Fiscal Policy</b>                                    |   |   |  |
| Analytical position paper analysing PES and CG transfers.                  | Timeous submission of informative and accurate reports to HoPT and MEC. | Quarterly reports. Memos.                                 | Quarterly reports and memos completed. Commenced research into alternative Equitable Share allocation mechanism.   |
| Framework position paper with respect to the Fiscal Governance Model.      | Position papers, policy briefs, reports and memos.                      | Final report.   | Study in process   |
| Analytical provincial own revenue position papers.                         | Final own revenue paper and quarterly reports timeously submitted.      | Final own revenue paper (inclusive of reports and memos). | Fourth quarter final own revenue paper.  |
| Analysis of debtor reports.  | Detailed analysis of debtors.   | Continuous.   | Continuous.  |
| Quarterly IYM debtors' reports.  | Quarterly reports.  | Continuous.   | Continuous.  |
| Initiation and completion of revenue estimation model process.             | Accurate own revenue forecasting.                                       | Initiation of model and develop adaptation.               | Model Initiated, service provider identified for the provision of training.  |
| Presentation of fuel levy proposal to the various stakeholders.            | Implementation of fuel levy 06/07.                                      | Finalisation of fuel levy proposal.                       | Fuel levy approved by Minister of Finance Legislative process underway. Second PPP will take place in 2006 and the Levy will be implemented on 1 April 2007. |
| Approval of the fuel levy by National Treasury and provincial legislature. | Implementation of fuel levy 06/07.                                      | Approval of fuel levy by NT.                              | Fuel levy approved by NT   |
| Research into the feasibility of the tourism levy.                         | Implementation of tourism levy.   | Continuation of tourism levy feasibility study.           | Tourism levy contract for the feasibility study signed. Final tourism levy report due September 2006   |
| Proceed to cancel the present Tourism levy tender and initiate a process.  | Cancellation of present tourism levy tender.                            | Cancellation of present tourism levy tender.              | Previous Tourism levy tender cancelled, and new contract signed.   |
| Exploring new potential tax sources.                                       | Identification of viable revenue sources.                               | Start process of implementation.                          | Process of research commenced.   |
|  | Discussions with departments on viability.                              |   | No progress.   |

| <b>Programme 2: Sustainable Resource Management</b>                                   |   |  |  |
|---|---|--|--|
| <b>Output</b>   | <b>Output performance measures/service delivery indicators</b>              | <b>Actual performance against target</b> |  |
|   |   | <b>Target</b>                            | <b>Actual</b>  |
| <b>Sub-programme 2.3: Fiscal Policy</b>   |   |  |  |
| Liaison with gambling board including monthly engagements.                            | Smooth and efficient running of the Western Cape Gambling and Racing Board. | Access measures to increase own revenue. | Research commenced on proposals for alternative taxation mechanisms for the gambling industry. |
| Liaison with SCOF, HOT, and MEC regarding the Western Cape Gambling and Racing Board. | Smooth and efficient running of the Western Cape Gambling and Racing Board. | Access measures to increase own revenue. | Continuous   |
| Monthly and quarterly IYM revenue reports.  | Advanced analysis of own revenue.   | Continuous.                              | Continuous.  |
| Liability statements (guarantees and loans).  | Contingent liability statement.   | Not applicable.                          | Not applicable.  |
| Assess viability of municipal revenue budgets to ensure sustainability.               | Effective lines of communications and unified actions.                      | 60% acceptance by councils.              | Acceptance by councils   |

**Sub-programme 2.4 : Budget Management**

|                                      |   |
|--------------------------------------|---|
| <b>Purpose</b>                       | : To promote effective financial resource allocation.   |
| <b>Measurable Objectives</b>         | : To compile annual medium-term budget policy objectives targeted at reducing socio-economic disparities, achieving synergy, improving financial management of resources and promoting integrated governance<br>To propose allocations per function to ensure realisation of policy priorities.<br>To establish managerial and co-ordinating intergovernmental structures related to financial matters.<br>To organise, facilitate and report on regular assessments of departments' and municipalities' performance. |
| <b>Service delivery achievements</b> | : Medium-Term Budget Policy Statement (MTBPS) approved by Cabinet and tabled late November 2005.<br>Final allocations approved by Cabinet. Budget tabled in provincial legislature.<br>Third quarter non-financial information for all votes was submitted to National Treasury.<br>Budget 2006 was published and Appropriations Bill tabled 17 February 2006.<br>Final allocations were in the line with national and provincial policy priorities.  |
| <b>Reasons for achieving targets</b> | : Vacant posts were filled with the appointment of a strong team of economists with appropriate levels of skill and expertise.  |

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| Sub-programme 2.4  | : | Budget Management  |
| Reasons for <b>not</b> achieving targets   | : | Not applicable   |
| The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner | : | Allocations aligned with the Western Cape MTBPS 2006 – 2009. |

**Programme 2: Sustainable Resource Management**

| Output   | Output performance measures/service delivery indicators  | Actual performance against target                  |   |
|--|--|--|---|
|  |  | Target   | Actual  |
| <b>Sub-programme 2.4: Budget Management</b>  |  |  |   |
| Compile annual medium-term budget policy objectives targeted to reduce socio-economic disparities, achieve synergy, improv financial management of resources and promot integrated governance. | Submission of provincial medium-term budget policy statement to the Executive and Provincial Parliament. | WC-MTBPS 2006 - 2009.                              | MTBPS approved by Cabinet and tabled late November 2005.                        |
|  | Meeting of all due dates and timely corrective measures.   | 100% compliance.                                   | 100% compliance.  |
| Proposing of allocations per function to ensure realisation of policy priorities.  | Tabling of allocations to the Executive.   | Outcome based allocations (70% phased in).         | Final allocations approved by Cabinet. Budget tabled in provincial legislature. |
|  | Ensure budget allocations are in line with policy goals.   | Allocations aligned with the WC-MTBPS 2006 – 2009. | Final allocation in line with national and provincial policy priorities.        |
|  | Meeting of all due dates and timely corrective measures.   | 100% compliance.                                   | 100% compliance.  |
| Establishment of managerial and co-ordinating intergovernmental structures related to financial matters.   | Percentage development to establish a fully functional structure.  | 70% functional.                                    | Interviews for Economist and Budget Support position undertaken                 |
| Organise, facilitate and report on regular assessments of departments' and municipalities' performance.  | Quarterly assessment meetings are organised, conducted and reported on.                                  | Four quarterly reports.                            | Third quarter non-financial information for all votes was submitted to NT.      |

|                       |   |  |
|-----------------------|---|--|
| Sub-programme 2.5     | : | Public Finance   |
| Purpose               | : | To ensure efficient budget management.                                   |
| Measurable Objectives | : | To produce a budget in line with national and provincial priority goals. |

|  |   |  |
|--|---|--|
| Sub-programme 2.5  | : | Public Finance   |
|  |   | <p>To produce credible budgets.</p> <p>To table the annual budget.</p> <p>To table the adjustments budget.</p> <p>To ensure effective and quality IYM of expenditure.</p> <p>To implement the MFMA.</p> <p>To ensure functional intra- and inter-governmental co-ordinating structures and institutions that relate to planning and financial matters.</p> <p>To facilitate the vesting of functions between provincial and local government.</p> <p>To ensure effective monitoring of monthly outcomes of municipal budgets.</p> <p>To determine the extent to which municipal budgets are aligned with broad national and provincial priorities.</p> |
| Service delivery achievements  | : | <p>Provincial Benchmark meeting held 12 January 2006</p> <p>Produced 13 analytical IYM reports.</p> <p>Completed the LGMETC2 and LGMETC3 engagements Provincial allocations to municipality and municipal budget assessments. LGMETC3 budget visit to all municipalities.</p> <p>Assisted with Councillor training.</p> <p>Nominal compliance by municipalities with section 71(IYM) of the MFMA.</p>  |
| Reasons for achieving targets  | : | <p>Targets were achieved due to dedication and commitment of all staff.</p>  |
| Reasons for <b>not</b> achieving targets   | : | <p>Further research to be done in 2006/07.</p> <p>Lack of suitably qualified and experienced staff.</p> <p>Different municipal capacity, financial systems and accounting standards.</p>   |
| The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner | : | <p>The unit contributed towards achieving the Provincial Treasury's outcomes by ensuring efficient budget management.</p>  |

| <b>Programme 2: Sustainable Resource Management</b>                    |  |   |   |
|--|--|---|---|
| <b>Output</b>  | <b>Output performance measures/service delivery indicators</b>   | <b>Actual performance against target</b>  |   |
|  |  | <b>Target</b>   | <b>Actual</b>   |
| <b>Sub-programme 2.5: Public Finance Provincial Government Finance</b> |  |   |   |
| Budget in line with national and provincial priority goals.            | Provincial benchmark exercise.   | One assessment.   | Provincial Benchmark meeting held 12 January 2006. National Treasury deemed Western Cape Budget credible. |
|  | Bilateral medium term expenditure committee hearings.  | Two assessments.  | Two assessments completed.  |
| Credible budgets.  | Bilateral medium term expenditure committee hearings.  | 13 reports.   | 13 reports.   |
|  | Expenditure Review.  | One review.   | Not achieved, deferred to 2006/07 as a chapter to the financial governance review and outlook.            |
| Tabling of the annual budget.  | Submission of budget documentation in line with prescribed formats and timelines to the Provincial Parliament. | February 2006.  | Tabled annual budget on 17 February 2006.   |
| Tabling of the adjustments budget                                      | Submission of budget documentation in line with prescribed formats and timelines to the Provincial Parliament. | November.   | Tabled adjusted estimate 22 November 2005   |
| Effective and quality IYM of expenditure.                              | Prescribed reporting i.t.o. sections 32 and 40 of PFMA.  | 13 reports x 4.   | 13 reports x 4.   |
|  | Non-prescribed reporting in development.   | 13 analytical reports x 4.  | 13 analytical reports x 4.  |
|  |  | Pilot.13 Performance reports x 4.   | Not applicable.   |
|  | Developed efficiency indicators/ratios.  | Indicators/ratios for Education, Health, Social Services and Poverty Alleviation, Transport and Public Works. | Limited application   |
|  | Functional database.   | Maintenance of database with financial information.   | Maintained database with financial information.   |



| Programme 2: Sustainable Resource Management   |  |   |  |
|--|--|---|--|
| Output   | Output performance measures/service delivery indicators  | Actual performance against target   |  |
|  |  | Target  | Actual   |
| <b>Sub-programme 2.5: Public Finance Provincial Government Finance</b>   |  |   |  |
|  |  | Develop database with non-financial information. Phase 1.   | Database developed and maintained with non-financial information.  |
| <b>Programme 2: Sustainable Resource Management</b>  |  |   |  |
| Output   | Output performance measures/service delivery indicators  | Actual performance against target   |  |
|  |  | Target  | Actual   |
| <b>Sub-programme 2.5: Public Finance Local Government Finance</b>  |  |   |  |
| Implementation of the MFMA.  | Readiness to perform the provincial treasury responsibilities.   | Organisation structure approved by Cabinet, Recruitment process underway, Functional centralised unit, Operational Plan. Fulfil PT Role and responsibilities as from 1 July 2005. Filling of MFMA related post (level 5,9, 11 and 13). NT training and workshop as well as PT group training. | Filling of posts in line with approved structure. Scheduled training in terms individual development plans. Assisting with Councillor training 60% functional. Attended NT training and workshops on the MFMA. |
|  | Assist with monitoring nominal and substantive compliance in accordance with National Treasury guidelines. | 24-30 municipalities.   | Continuous monitoring and advising municipalities on the MFMA and related regulations. Assisted NT with the submission and collation of quarterly reports.   |
| Functional intra and intergovernmental co-ordinating structures and institutions (forums) that relate to planning and financial matters. | Percentage development to establish fully functional structures.   | 70% functional Municipal budgeting and Technical forum.   | Completed the LGMTEC1, LGMTEC2 and LGMTEC3 engagements, Provincial allocations to municipalities and municipal budget assessments. LGMTEC3 budget visit to all municipalities.                                 |

| <b>Programme 2: Sustainable Resource Management</b>  |  |  |   |
|--|--|--|---|
| <b>Output</b>  | <b>Output performance measures/service delivery indicators</b> | <b>Actual performance against target</b> |   |
|  |  | <b>Target</b>                            | <b>Actual</b>   |
| <b>Sub-programme 2.5: Public Finance Local Government Finance</b>                                      |  |  |   |
|  |  | 20% functional Municipal CFO forum.      | Functional and operational – 2 meetings in the 3 <sup>rd</sup> and 4 <sup>th</sup> quarters.  |
| Facilitated vesting of functions between provincial and local government.                              | Appropriate authorisation.                                     | 28 functions w.r.t. Position statement.  | Assisting with the development of a framework on the transfer of powers and functions. Sector completed a detailed report on the Powers and Functions. Report submitted to cabinet.                                   |
| Effective monitoring of monthly outcome of municipal budgets.  | Prescribed reporting.  | 24-30 municipality reports X 9.          | Although submission of IYM on a monthly basis by 24 municipalities, it is not being submitted on the legislated due dates. Normal compliance with section 71 of MFMA. Presentation on the IYM at municipal CFO Forum. |
| Determine extent to which municipal budgets are aligned with broad national and provincial priorities. | Analysis of municipal budgets.                                 | 24-30 budgets.                           | Completed the LGMTEC1, LGMTEC2 and LGMTEC3 engagement Provincial allocations to municipalities and municipal budget assessments.  |
|  | Local Government Review.                                       | 1 review.                                | Planning for the next cycle   |

## 2.3 Programme 3: Asset and Liabilities Management

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

|  |   |  |
|--|---|--|
| Sub-programme 3.1  | : | Programme Support  |
| Purpose  | : | To facilitate the efficient and co-ordinated administration and management of the programme.   |
| Measurable Objective   | : | Smooth and effective functioning of the component.<br>Trained and capacitated administrative support and line function staff.<br>Achievement of <i>iKapa Elihlumayo</i> goals. |
| Service delivery achievements  | : | The unit is not yet operational.   |
| Reasons for achieving targets  | : |  |
| Reasons for <b>not</b> achieving targets   | : |  |
| The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner | : |  |

| Programme 3: Asset And Liability Management        |   |                                   |                |
|--|---|-----------------------------------|----------------|
| Output   | Output performance measures/service delivery indicators   | Actual performance against target |                |
|  |   | Target                            | Actual         |
| <b>Sub-programme 3.1: Programme Support</b>        |   |                                   |                |
| Smooth and effective functioning of the component. | Percentage compliance with rules and regulations.   | 100% compliance.                  | Not applicable |
|  | Percentage compliance to acceptable norms/standards of service delivery.                              | 70% achieved.                     | Not applicable |
|  | Hours' turnaround time for management of operational finances, human resources and logistical issues. | 48 hours.                         | Not applicable |
| Trained and capacitated administrative support     | Number of vacant posts filled.  | 50% achieved.                     | Not applicable |

| Programme 3: Asset And Liability Management   |  |                                   |                |
|---|--|-----------------------------------|----------------|
| Output  | Output performance measures/service delivery indicators        | Actual performance against target |                |
|   |  | Target                            | Actual         |
| <b>Sub-programme 3.1: Programme Support</b>   |  |                                   |                |
| and line function staff.                      | Percentage of staff complement trained according to IDPs.      | 50% achieved.                     | Not applicable |
| Achievement of <i>iKapa Eluhlumayo</i> goals. | Percentage support and promotion of goals in work environment. | 100% support achieved.            | Not applicable |
|   | Percentage procurement in terms of BBBEE.                      | 40%                               | Not applicable |

|                               |   |  |
|-------------------------------|---|--|
| Sub-programme 3.2             | : | Asset Management   |
| Purpose                       | : | To facilitate the effective and efficient management of physical and financial assets and to elicit sustainable Public-Private Partnership projects.   |
| Measurable Objectives         | : | <p>Effectively managed Provincial Revenue Fund (Receipts).</p> <p>To ensure fully skilled and capacitated personnel.</p> <p>To ensure compliance to prescripts.</p> <p>To develop a modernised and practical supply chain management system to promote economic development and improve efficiency.</p> <p>To develop a professional and skilled Supply Chain Management (SCM) cadre in Provincial Treasury.</p> <p>To ensure fair, transparent, equitable, and competitive and cost effective SCM processes and procedures.</p> <p>To ensure successful SCM module (IFMS) rollout and implementation.</p> <p>To facilitate successful implementation of SCM component of the MFMA in municipalities.</p> <p>To develop and implement Provincial Treasury instructions for the effective and efficient management of immovable assets.</p> <p>To manage infrastructure delivery effectively and efficiently.</p> <p>To produce credible immovable Asset Registers.</p> <p>To ensure cost-effective leasing of immovable property.</p> <p>Ensure a functional immovable asset management unit at full capacity.</p> <p>To manage an efficient and effective unutilised Provincial Property Portfolio.</p> <p>To successfully implement the Infrastructure Delivery Improvement Plan (IDIP).</p> <p>To build capacity in Provincial Treasury structures to catalyse the PPP drive.</p> <p>To facilitate, promote and support and in liaison with accounting officers implement PPP projects.</p> <p>To facilitate the PPP school project.</p> <p>To identify new PPP projects.</p> |
| Service delivery achievements | : | <p>Total interest received for the year was R233m.</p> <p>Gave feedback on liquidity as well as cash flow issues during the assessment of the draft municipal budgets.</p> <p>100% accessibility and availability of the helpdesk on a daily basis.</p> <p>Submitted cash flow forecast (section 40(4)(a) of PFMA) timeously to National Treasury.</p>   |

|  |   |   |
|--|---|---|
| Sub-programme 3.2  | : | Asset Management  |
|  |   | <p>Visited municipalities during their budget processes and gave inputs with regard to the overall assessment.</p> <p>Total Cost of Ownership (TCO) on 1-commodity items within three departments.</p> <p>12 departments assessed for compliance</p> <p>SCM implemented in 20 municipalities</p> <p>47% of the target population received South African Management Development Institute (SAMDI) Training</p> <p>One discussion took place with role players in Branch Property Management.</p> <p>Discussions held with Public Works on unutilised assets.</p> |
| Reasons for achieving targets  | : | Thorough planning, timeous action, commitment and co-operation of all relevant role players contributed to the successful achievement of most of the set targets.   |
| Reasons for <b>not</b> achieving targets   | : | Delays in approval of Government Immoveable Asset Management Act (GIAMA)<br>High vacancy level due to high staff turnover and newly appointed officials.  |
| The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner | : | The component assisted in the drive to achieve proper asset management.   |

| Programme 3: Asset and Liabilities Management                           |  |                                   |                      |
|---|--|-----------------------------------|----------------------|
| Output  | Output performance measures/service delivery indicators  | Actual performance against target |                      |
|   |  | Target                            | Actual               |
| <b>Sub-programme 3.2: Asset Management – Financial Asset Management</b> |  |                                   |                      |
| Effectively managed Provincial Revenue Fund (Receipts).                 | The daily monitoring of all banking accounts to ensure a deviation of less than 2% between transfers and actual expenditure.   | 100% achieved.                    | 100% achieved.       |
|   | Scheduling of all payments by departments in terms of a payment schedule prescribed by the Provincial Treasury permitting payment in 30 days from the date of invoice where possible. BAS reports to verify that departments actually adhere to this policy are envisaged. | 70% of target.                    | 100% target was met. |

| <b>Programme 3: Asset and Liabilities Management</b>                    |  |   |  |
|---|--|---|--|
| <b>Output</b>   | <b>Output performance measures/service delivery indicators</b>   | <b>Actual performance against target</b>  |  |
|   |  | <b>Target</b>   | <b>Actual</b>  |
| <b>Sub-programme 3.2: Asset Management – Financial Asset Management</b> |  |   |  |
|   | Investment of surplus funds at reputable financial institutions/Corporation for Public Deposits, ensuring a return of 5% above budgeted interest figure. | 100% achieved.  | A total of R113m was received in respect of interest earned. Total interest received for the year was R233m. |
|   | Preparation, awarding and implementation of tender for the provision of commercial banking services to the province by 1 April 2007.                     | Not applicable.   | Not applicable   |
| Fully skilled and capacitated personnel.                                | Training of 150 departmental officials to familiarise such personnel with current banking procedures/policies.   | 25% of target market.   | 100% of target was achieved  |
|   | Determining skills gap to improve capacity and address shortcomings of existing staff in the Provincial Treasury.  | 25%   | Target achieved  |
|   | Training relevant personnel of 30 municipalities to ensure enhancement of cash flow management.  | 10%   | Gave feedback on liquidity as well as cash flow issues during the assessment of the draft municipal budgets. |
|   | Fully operational helpdesk managed by skilled staff rendering service to 150 users.  | 100% accessibility and availability of the helpdesk on a daily basis.                 | 100% achieved.   |
| Compliance to prescripts.   | Provincial Treasury to ensure accurate and timeous receipt of cash flow projections in terms of the PFMA.  | 100% timeous submission and not more than 10% deviation in projections vs. transfers. | Submitted cash flow forecast (section 40(4)(a) of PFMA) timeously to NT                                      |
|   | Monitor and supervise municipalities with regard to prescribed cash management requirements of the MFMA.   | 100% compliance.  | Visited municipalities during their budget processes and gave inputs with regard to the overall assessment.  |

| <b>Programme 3: Asset and Liabilities Management</b>  |  |   |   |
|---|--|---|---|
| <b>Output</b>   | <b>Output performance measures/service delivery indicators</b>   | <b>Actual performance against target</b>  |   |
|   |  | <b>Target</b>   | <b>Actual</b>   |
| <b>Sub-programme 3.2: Asset Management – Physical Asset Management Movable Assets</b>                             |  |   |   |
| A modernised and practical supply chain management system to promote economic development and improve efficiency. | Number of transversal contracts arranged.  | Facilitation and management of 3 transversal contracts.   | In process to facilitate with the three transversal contracts |
|   | Percentage of specific departments assessed.   | 30% on Education and Transport and Public Works.  | 12 departments assessed.                                      |
|   | Number of commodities completed.   | TCO on 1-commodity items within 3 departments.  | Target achieved: and was included in departmental assessment  |
|   | Number of assessment reports on renewal of Electronic Purchasing System (EPS) and Western Cape Supplier Database (WCSD). | Assessment reports 100% complete. Service provider identified to do assessments. Due to commence in January 2006, before existing contract expires. | Assessment report completed                                   |
|   | Number of officials knowledgeable in prescripts.   | 100% complete.  | Target achieved   |
|   | Percentage of elements of Total Quality Management (TQM) implemented in three departments.                               | Not applicable.   | Not applicable.   |
| A professional and skilled SCM cadre in Provincial Treasury.  | Percentage of vacancies filled.  | 100% complete by June 05.   | Not applicable.   |
|   | Capacitated and restructured PT: SCM component to manage the following specific areas:                                   | Not applicable.   | Not applicable.   |
|   | Norms and Standards.   | 50% capacity.   | Target achieved   |
|   | Helpdesk/Call Centre/complaints mechanism.   | 100% capacity.  | 50% capacitated   |
|   | Training.  | 50% capacity.   | Not achieved  |
|   | Monitoring and compliance.   | 100% capacity.  | Target was not fully achieved                                 |
|   | Build capacity/co-ordinate training/re-training of 300 officials.  | 30% capacity.   | -Target achieved  |



| <b>Programme 3: Asset and Liabilities Management</b>                                       |   |  |  |
|--|---|--|--|
| <b>Output</b>  | <b>Output performance measures/service delivery indicators</b>  | <b>Actual performance against target</b>       |  |
|  |   | <b>Target</b>                                  | <b>Actual</b>  |
| <b>Sub-programme 3.2: Asset Management – Physical Asset Management Movable Assets</b>      |   |  |  |
| Fair, transparent, equitable, competitive and cost-effective SCM processes and procedures. | Percentage complaints mechanism in Province.  | 50% capacitated.                               | Target achieved  |
| Compliance to prescripts.  | Number of departments completed compliance testing.   | Compliance testing at 5 departments completed. | Target surpassed 12 departments assessed                     |
| Successful SCM module (IFMS) rollout and implementation.                                   | Prepare provincial departments for the implementation of IFMS.  | Not applicable.                                | Not applicable.  |
|  | Develop norms and standards on IFMS.  | Not applicable.                                | Not applicable.  |
|  | Implement/roll-out of IFMS to provincial departments.   | Not applicable.                                | Not applicable.  |
| Successful implementation and roll-out of MFMA: SCM in municipalities                      | Number/percentage of vacancies filled in Provincial Treasury.   | 3 posts filled.                                | 2 posts filled   |
|  | Number of SCM units in municipalities and municipal entities established with the percentage of set criteria. | 15 units met 25% of criteria.                  | Target achieved. 15 units met 25% of criteria                |
|  | Number of municipalities within which SCM have been implemented.  | SCM implemented in 20 municipalities.          | Target achieved. SCM implemented in 20 municipalities        |
|  | Percentage of target population trained.  | 20% of target population trained.              | 47% of the Target population received SAMDI Training         |
|  | Number of municipalities having access to WCSD.   | Implementation of WCSD in 1 municipality.      | 4 Municipalities have access to WCSD as at the last quarter. |

| <b>Programme 3: Asset and Liabilities Management</b>   |   |  |                              |
|--|---|--|------------------------------|
| <b>Output</b>  | <b>Output performance measures/service delivery indicators</b>  | <b>Actual performance against target</b> |                              |
|  |   | <b>Target</b>                            | <b>Actual</b>                |
| <b>Sub-programme 3.2: Asset Management – Physical Asset Management Immovable Assets</b>                                |   |  |                              |
| Develop and implement Provincial Treasury instructions for the effective and efficient management of immovable assets. | Completion of Provincial Treasury Instructions developed for immovable asset registers, acquisitions, disposals, transfers and donations. | 100% completed.                          | A draft version is compiled. |

| <b>Programme 3: Asset and Liabilities Management</b>                                    |  |  |   |
|---|--|--|---|
| <b>Output</b>   | <b>Output performance measures/service delivery indicators</b>   | <b>Actual performance against target</b>                             |   |
|   |  | <b>Target</b>  | <b>Actual</b>   |
| <b>Sub-programme 3.2: Asset Management – Physical Asset Management Immovable Assets</b> |  |  |   |
|   | Number of workshops conducted on PT instruction on immovable assets.   | 2 workshops conducted on PT instructions on immovable assets.        | 1 discussion took place with role players in Branch Property Management.                        |
| Effective and efficient management of infrastructure delivery.                          | The percentage of project plans reviewed of R1 million and greater.  | 100% project plans reviewed.   | 100% of projects reviewed   |
|   | Number of infrastructure reports compiled and compliant to IDIP/ NT Guidelines.  | 10 infrastructure reports for the year.                              | 100% achieved   |
| Credible immovable Asset Registers.   | Percentage of relevant information pertaining to acquisitions, disposals, transfers, donations verified and accounted for on asset register. | 100% information verified with relevant documentation.               | Information currently not accessible.   |
| Cost-effective leasing of immovable property.   | Percentage of non market-related rentals identified and addressed with Public Works.   | 100% non-market related rentals identified and addressed.            | No non-market related submissions received from Public Works                                    |
|   | Address outstanding debtors of 90 days and over with Public Works.   | 100% of outstanding debtors identified and corrective actions taken. | Outstanding debtors of 90 days and older was followed up with Public Works.                     |
| Fully capacitated and functional immovable asset management unit.                       | Percentage of vacancies filled.  | 50% vacancies filled.  | 100% vacancies were filled. Became vacant due to resignation of two specialists during December |
|   | Percentage of specialists trained.   | 50% staff adequately trained.  | 50% of staff were trained in Basic Property Management and Advanced Excel                       |
| To manage an efficient and effective unutilised Provincial Property Portfolio.          | Updated database of unutilised immovable assets.   | 100% achieved.   | Updated list from Public Works currently being reviewed   |
|   | Promotion of property developmental options identified in conjunction with Public Works and private sector.                                  | Identification of one property for potential development.            | Discussions were held with Public Works on unutilised assets.                                   |

| <b>Programme 3: Asset and Liabilities Management</b>                                    |   |   |   |
|---|---|---|---|
| <b>Output</b>   | <b>Output performance measures/service delivery indicators</b>                                      | <b>Actual performance against target</b>                      |   |
|   |   | <b>Target</b>   | <b>Actual</b>   |
| <b>Sub-programme 3.2: Asset Management – Physical Asset Management Immovable Assets</b> |   |   |   |
|   | Monitoring of Public Works' disposal plan of obsolete/ redundant immovable assets.                  | 50% initiate/ action according to Public Works disposal list. | Two disposals were monitored.   |
| Successful implementation of the Infrastructure Delivery Improvement Plan (IDIP).       | % IDIP implemented in participating departments.  | 50% implemented in Education department.                      | 60% implemented in Education  |
|   | Number of reports from technical assistants timeously reviewed and endorsed by Provincial Treasury: | 100% of deliverables for Education endorsed by PT.            | 100% achieved   |
|   | Inception report.   | Completed by: 31/10/05.                                       | Not applicable  |
|   | Capacitation plan.  | 31/01/05  | Not applicable  |
|   | Delivery management system report.  | 30/04/05  | Not applicable  |
|   | Infrastructure Plan.  | 31/05/05  | Not applicable  |
|   | Implementation Plan.  | 30/06/05  | Not applicable  |
|   | Contracting Arrangement Plan (SLA).   | By 31/07/05   | Service delivery agreement was signed between Education and Public Works. |
|   | Number of meetings held for the year.   | 10 meetings held for the year.                                | Six meetings held   |

| <b>Programme 3: Asset and Liabilities Management</b>  |  |   |                              |
|---|--|---|------------------------------|
| <b>Output</b>   | <b>Output performance measures/service delivery indicators</b> | <b>Actual performance against target</b>            |                              |
|   |  | <b>Target</b>                                       | <b>Actual</b>                |
| <b>Sub-programme 3.2: Asset Management – Physical Asset Management PPPs</b>                     |  |   |                              |
| Capacitated PT structures to catalyse the PPP drive.  | Percentage of vacancies filled.                                | 100% functional.                                    | Achieved unit 70% functional |
|   | Percentage of specialists trained.                             | 60% training achieved.                              | 60 % training achieved       |
| Facilitate, promote and support and in liaison with accounting officers implement PPP projects. | Monitor the application of the PPP processes.                  | 100% response to all PPP project requests received. | Achieved                     |

| <b>Programme 3: Asset and Liabilities Management</b>                        |  |  |   |
|---|--|--|---|
| <b>Output</b>   | <b>Output performance measures/service delivery indicators</b>                   | <b>Actual performance against target</b>   |   |
|   |  | <b>Target</b>  | <b>Actual</b>   |
| <b>Sub-programme 3.2: Asset Management – Physical Asset Management PPPs</b> |  |  |   |
|   | Financially and contractually viable PPP projects.                               | Support or reject approval of feasibility proposals for affordability, value for money and risk transfer perspectives for Eerste River Hospital. | No feedback on Eerste River Hospital  |
|   |  | Support/reject procurement process for proposals on Lenteguur, Swellendam and Hermanus Hospital PPP projects.                                    | Lenteguur & Rehabilitation Centre bid closed. Swellendam and Hermanus Hospitals awaiting bids.  |
|   |  | Support/reject TAIH application for PPP agreement on Lenteguur Hospital PPP and Western Cape Nature Conservation Board PPP projects.             | TAIH approval for Lenteguur PPP due in August 2006 . Awaiting results on Conservation Board PPP |
| Facilitate PPP school project.  | Develop pre-feasibility guideline on school PPP project.                         | 100% completion by 30 June 2005.   | Not achieved  |
|   | Project registration.  | Registered by 31 July 2005.  | Not achieved  |
|   | Completion of feasibility study.   | Not applicable.  | Not achieved  |
| New PPP projects identified.  | Identification of new PPP project from unutilised Provincial Property Portfolio. | 1 new project identified.  | Not achieved  |

|                   |  |
|-------------------|--|
| Sub-programme 3.3 | : Liabilities Management   |
| Purpose           | : To facilitate the effective and efficient management of liabilities. |

|  |   |
|--|---|
| Sub-programme 3.3  | : Liabilities Management  |
| Measurable Objectives  | : To effectively manage the Provincial Revenue Fund (loan book).<br>To strengthen and provide technical and strategic support for the institutional capacity of provincial and local government with regard to liabilities management.<br>To ensure compliance to prescripts.<br>To establish the necessary structures to ensure accurate reporting and servicing capabilities in respect of liabilities. |
| Service delivery achievements  | : Unit not yet operational.   |
| Reasons for achieving targets  | : Unit not yet operational.   |
| Reasons for <b>not</b> achieving targets   | : Unit not yet operational.   |
| The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner | : Unit not yet operational.   |

| Programme 3: Asset and Liabilities Management   |   |                                   |                 |
|---|---|-----------------------------------|-----------------|
| Output  | Output performance measures/service delivery indicators   | Actual performance against target |                 |
|   |   | Target                            | Actual          |
| <b>Sub-programme 3.3: Liabilities Management</b>  |   |                                   |                 |
| Effectively managed Provincial Revenue Fund (loan book).  | Percentage achieved w.r.t provision for necessary funds to service loan agreements and/or guarantees.                     | Not applicable.                   | Not applicable. |
|   | Percentage achieved w.r.t. meeting of all due dates for repayment of loans and/or guarantees.                             | Not applicable.                   | Not applicable. |
|   | Percentage achieved w.r.t. refinement of cash flow to include such loan and/or guarantee repayments.                      | Not applicable.                   | Not applicable. |
| To strengthen and provide technical and strategic support for the institutional capacity of provincial and local government to ensure capacity with regard to liabilities management. | Percentage achieved w.r.t. appointment of suitably qualified personnel and build capacity amongst existing staff.         | Not applicable.                   | Not applicable. |
|   | Percentage achieved w.r.t assistance and/or establishment of suitable monitoring mechanisms for loans and for guarantees. | Not applicable.                   | Not applicable. |

| Sub-programme 3.3 : Liabilities Management  |   |                 |                 |
|---|---|-----------------|-----------------|
| Compliance to prescripts.   | Percentage achieved i.t.o. all loans and/or guarantees that are administered and repaid strictly in terms of relevant legislation.  | Not applicable. | Not applicable. |
|   | Percentage accuracy of reporting in terms of annual financial statements of all loans and/or guarantees.  | Not applicable. | Not applicable. |
| Establish the necessary structures to ensure accurate reporting and servicing capabilities in respect of liabilities. | Percentage achieved i.t.o. creation and implementation of suitable mechanisms to facilitate accurate reporting, monitoring, administering and repayment of loans and/or guarantees. | Not applicable. | Not applicable. |

| Sub-programme 3.4 : Supporting and Interlinked Financial Systems. |   |
|---|---|
| Purpose   | : To provide for the oversight and management of existing financial systems and the transition to the Integrated Financial Management System, enhancing compliance with the PFMA and other relevant legislation.  |
| Measurable Objectives   | : Ensure effectively, efficiently and economically implemented and managed financial systems.<br>Manage the smooth and cost-effective transition to the Integrated Financial Management Systems (IFMS).<br>Ensure availability, stability and accessibility of existing financial systems.<br>Ensure system functionalities comply with norms and standards.<br>Develop fully skilled system users.<br>Develop a cost-effective system. |
| Service delivery achievements                                     | : LOGIS fully implemented at additional five institutions.<br>Availability and stability of existing financial systems to ensure an up time of at least 98,2%.<br>100% accessibility and availability of the helpdesk on a daily basis.   |

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| Sub-programme 3.4  | : Supporting and Interlinked Financial Systems.   |
| Reasons for achieving targets  | : Fully operational helpdesk managed by skilled staff rendering service to 7000 users.  |
| Reasons for <b>not</b> achieving targets   | : On request of provincial departments, LOGIS implementation at the remaining sites held over to 2006/07  |
| The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner | : It assisted in vesting proper asset management by further developing financial system management and by building capacity through training finance staff in the Province. |

**Programme 3: Asset and Liabilities Management**

| Output  | Output performance measures/service delivery indicators   | Actual performance against target   |   |
|---|---|---|---|
|   |   | Target  | Actual  |
| <b>Sub-programme 3.4: Supporting and Interlinked Financial Systems</b>                          |   |   |   |
| Effectively, efficiently and economically implemented and managed financial systems.            | Daily monitoring of the existing systems to ensure that all exceptions, rejections and audit reports are cleared within 7 days.   | 100% compliance.  | 100% compliance.  |
|   | Proper interfaces between sub-systems and BAS achieved.   | 100% achieved.  | 100% achieved.  |
|   | LOGIS) fully rolled out to the remaining nine institutions (five Departments and four Health Institutions) and integrated into the supply chain management system with fully capacitated personnel. | Nine institutions fully implemented.  | Five institutions fully implemented. On request of Departments the remaining institutions to be implemented during 2006/07. |
|   | The rollout of <i>Vulindlela</i> (WEB application) to all departments, regions and institutions to ensure the availability of updated management information.                                       | 100 % implementation of the application in all 14 head office components of departments as well as in 40 regional/district offices. | 100% completion.  |
| The smooth and cost-effective transition to the Integrated Financial Management Systems (IFMS). | Provincial Treasury to play an integral role in planning, development, testing and implementation phases.   | On completion of phase 2 of the project, proceed with the planning, development and testing phases of the project.                  | Status report received from NT. Phase two of the project will commence during 2006/07                                       |
|   | Data preparation and implementation of the various IFMS modules.  | Not applicable.   | Not applicable.   |

| Programme 3: Asset and Liabilities Management                           |  |   |                        |
|---|--|---|------------------------|
| Output  | Output performance measures/service delivery indicators  | Actual performance against target   |                        |
|   |  | Target  | Actual                 |
| <b>Sub-programme 3.4: Supporting and Interlinked Financial Systems</b>  |  |   |                        |
| Availability stability and accessibility of existing financial systems. | Availability and stability of existing financial systems to ensure an up time of at least 95%.   | 95% uptime.   | 98,2% uptime           |
| System functionalities comply with norms and standards.                 | Needs assessment conducted and enhancements effected.  | All user requirements submitted to National Treasury and rolled out within 2 weeks after release. | 100% achieved          |
| Fully skilled and capacitated system users.                             | Fully operational helpdesk managed by skilled staff rendering service to 7000 users.             | 100% accessibility and availability of the helpdesk on a daily basis.                             | 100% achieved          |
|   | Percentage of 7000 targeted officials appropriately trained on the various financial systems.    | 70% of target market.   | Target exceeded by 5%. |
| A cost effective system.  | Percentage deviation between actual expenditure and approved budget pertaining to SITA accounts. | No more than 2% deviation between actual expenditure and approved budget.                         | Target achieved.       |

## 2.4 Programme 4: Financial Governance

Aim: To enhance performance orientated financial management.

|  |   |
|--|---|
| Sub-programme 4.1                        | : Programme Support   |
| Purpose                                  | : To facilitate the efficient and co-ordinated administration and management of the programme.  |
| Measurable Objectives                    | : To ensure smooth and effective functioning of the component<br>To train administrative support and line function staff to full capacity.<br>To achieve <i>iKapa Elihlumayo</i> goals. |
| Service delivery achievements            | : No service delivery achievements of note can be registered.   |
| Reasons for achieving targets            | : A coordinated approach to work specifics was followed and the unit is at full capacity.   |
| Reasons for <b>not</b> achieving targets | : Not applicable.   |



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| Sub-programme 4.1  | : Programme Support  |
| The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner | : This sub-programme plays a supportive role and it does not directly contribute towards achieving the Provincial Treasury's outcomes. |

**Programme 4: Financial Governance**

| Output  | Output performance measures/service delivery indicators   | Actual performance against target |                        |
|---|---|-----------------------------------|------------------------|
|   |   | Target                            | Actual                 |
| <b>Sub-programme 4.1: Programme Support</b>                             |   |                                   |                        |
| Smooth and effective functioning of the component.                      | Percentage compliance with rules and regulations.   | 100% compliance.                  | 100% compliance.       |
|   | Percentage compliance to acceptable norms/standards of service delivery.                              | 70% achieved                      | 70% achieved           |
|   | Hours' turnaround time for management of operational finances, human resources and logistical issues. | 48 hours.                         | 48 hours.              |
| Trained and capacitated administrative support and line function staff. | Percentage of vacant posts filled.  | 50% achieved.                     | 50% achieved.          |
|   | Percentage of staff complement trained according to IDPs.   | 50% achieved.                     | 50% achieved.          |
| Achievement of iKapa Elihlumayo goals.                                  | Percentage support and promotion of goals in work environment.  | 100% support achieved.            | 100% support achieved. |
|   | Percentage procurement in terms of BBBEE.   | 40%                               | 40%                    |

|                               |   |
|-------------------------------|---|
| Sub-programme 4.2             | : Accounting Services   |
| Purpose                       | : To ensure that financial reporting is a full and true reflection of the financial position of the Province.   |
| Measurable Objectives         | : To record all transactions and financial statements in line with formats and guidelines.<br>To analyse and interpret financial data.  |
| Service delivery achievements | : Audit Reports analysed and corrective steps taken .<br>Accounting procedures established and included in the Western Cape Housing Development Amendment Act 2 of 2005.<br>30% of debts cleared. |

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| Sub-programme 4.2  | : | Accounting Services  |
| Reasons for achieving targets  | : | A successful drive to build full capacity in the sub-programme.<br>Efforts were concentrated on successfully dealing with high-priority tasks.   |
| Reasons for <b>not</b> achieving targets   | : | Under-estimation of the scope of implementing Standard Chart of Accounts (SCOA) in public entities.<br>Training of CFOs on the interpretation of annual financial statements was delayed; will be based on the extended scope of the Financial Governance Review and Outlook 2005. |
| The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner | : | Analysis and interpretation of annual financial statements were enhanced.<br>Improved compliance with Generally Recognised Accounting Practice (GRAP) (100%).  |

| Programme 4: Financial Governance   |  |   |   |
|---|--|---|---|
| Output  | Output performance measures/service delivery indicators  | Actual performance against target                             |   |
|   |  | Target  | Actual  |
| <b>Sub-programme 4.2: Accounting Services</b>   |  |   |   |
| All transactions recorded and Financial Statements in line with formats and guidelines. | Compliance with statutory due dates and timely corrective measures.  | 100% compliance.  | 100% compliance.  |
|   | Percentage qualified Auditor-General reports.  | Analyse reports of Auditor-General and take corrective steps. | Audit Reports analysed and corrective steps taken   |
|   | Percentage compliance with Generally Recognised Accounting Practice requirements.  | 100% compliance.  | 100% compliance.  |
|   | Accounting procedures to be established to close down the Western Cape Housing Development Fund and Provincial Capital Fund Ordinance, 1962 (Ordinance 3 of 1962). | Accounting procedures to be established.                      | Accounting procedures established and included in the Western Cape Housing Development Amendment Act 2 of 2005. |
|   | Rollout Standard Chart of Accounts to public entities.   | Monitor.  | Plan developed and being implemented.   |

| Programme 4: Financial Governance             |   |  |                                |
|---|---|--|--------------------------------|
| Output  | Output performance measures/service delivery indicators   | Actual performance against target                            |                                |
|   |   | Target   | Actual                         |
| <b>Sub-programme 4.2: Accounting Services</b> |   |  |                                |
|   | Clear old balances inherited from previous government dispensations.  | Accounts on Provincial Treasury (Department U7) followed up. | 30% of debts cleared           |
| Financial data analysed and interpreted.      | Percentage compliance with and an 18-day turn around time for Provincial Treasury's interpretive narrative responses on departmental IYM reports. | Target achieved.   | Target achieved.               |
|   | Produce an Accounting Review within deadline.   | Publish November.  | Not applicable                 |
|   | Provide training on the interpretation of annual financial statements to CFOs.  | Target achieved.   | Delayed                        |
|   | Improve the disclosure of the values of PPP BEE and infrastructure transactions in terms of REAL.   | Disclosure notes developed.                                  | Delayed until IFMS is in place |
|   | Percentage compliance with statutory due dates and timely corrective measures.  | 100%   | 100%                           |

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| <b>Sub-programme 4.3 : Norms and Standards</b> |  |
| Purpose  | : To develop and implement financial norms and standards and to ensure effective communication and information management.   |
| Measurable Objective                           | : To determine and implement financial management norms and standards to facilitate excellence in service delivery.<br>To ensure the existence of an appropriate and dynamic financial legislative framework.<br>To phase in the Provincial Treasury's normative responsibilities of the MFMA.<br>To manage effective internal and external communication systems and strategies.<br>To ensure effective information management. |

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| Sub-programme 4.3  | : | Norms and Standards  |
| Service delivery achievements  | : | <p>Analysed Departments' questionnaires and sent letters to departments informing them of corrective measures to be taken. An analysis of feedback received from all departments for the year indicated a 96% nominal compliance success rate. 50% substantive compliance achieved.</p> <p>MEC delegations in terms of the PFMA, Treasury Regulations and the MFMA were updated and issued.</p> <p>Issued Provincial Treasury instructions regarding SCM in line with the latest Treasury Regulations.</p> |
| Reasons for achieving targets  | : | Posts were filled during the last quarter of the financial year.   |
| Reasons for <b>not</b> achieving targets   | : | Late filling of MFMA posts.  |
| The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner | : | Ensured that norms and standards within the legislative framework were developed and maintained.   |

| <b>Programme 4: Financial Government</b>   |  |   |   |
|--|--|---|---|
| <b>Output</b>  | <b>Output performance measures/service delivery indicators</b>   | <b>Actual performance against target</b>                                    |   |
|  |  | <b>Target</b>   | <b>Actual</b>   |
| <b>Sub-programme 4.3: Norms and Standards</b>  |  |   |   |
| Determination and implementation of financial management norms and standards to facilitate excellence in service delivery. | The assessment of both nominal and substantive compliance in departments, public entities and municipalities.        | 100% nominal compliance and 45% substantive compliance with set benchmarks. | 12 Questionnaires received from Departments. Analysed all 12 Departments' questionnaires and sent letters to departments informing them of corrective measures to be taken. An analysis of feedback received from all departments for the year indicated a 96% nominal compliance success rate 50% substantive compliance achieved. |
|  | Percentage compliance with National Treasury guidelines on annual reports.   | 100% compliance.  | 100% compliance.  |
|  | Compilation and issuing of generic norms and standards to address deficiencies identified in internal audit reports. | 25%   | Audit reports in respect of the 05/06 financial years will only be available for analysis in the first quarter of the year 2006/07 financial year.  |

| Programme 4: Financial Government   |  |   |   |
|---|--|---|---|
| Output  | Output performance measures/service delivery indicators  | Actual performance against target   |   |
|   |  | Target  | Actual  |
| <b>Sub-programme 4.3: Norms and Standards</b>   |  |   |   |
| Ensuring the existence of an appropriate and dynamic financial legislative framework. | The assessment and proposal of amendments to financial legislation to ensure continued relevance.                  | 100% w.r.t. proposed financial legislation and 15% w.r.t. existing financial legislation. | 100% w.r.t. proposed financial legislation. With regard to existing financial legislation the MEC delegations in terms of the PFMA, Treasury Regulations and the MFMA were updated and issued. Currently in the process of issuing MEC Guidelines in respect of their responsibilities and functions in terms of PFMA. Issued Provincial Treasury Instructions regarding SCM in line with the latest Treasury Regulations. Currently in the process of reviewing and revising all chapters of the existing Provincial Treasury Instructions to bring it in line with the Treasury Regulations |
|   | Compilation and maintenance of a database of all financial legislation and associated instructions and directives. | 100% completion.  | 100% completion.  |

| Programme 4: Financial Government  |  |                                   |   |
|--|--|-----------------------------------|---|
| Output   | Output performance measures/service delivery indicators                  | Actual performance against target |   |
|  |  | Target                            | Actual  |
| <b>Sub-programme 4.3: Norms and Standards</b>                                |  |                                   |   |
| Phasing in the Provincial Treasury's normative responsibilities of the MFMA. | Percentage nominal and substantive compliance by municipalities.         | 40% nominal compliance.           | A draft monitoring tools was developed and inputs were requested from the SMS of the various components in Provincial Treasury regarding their area of MFMA responsibility. Inputs received were considered and taken into account where relevant. The document will also be circulated to other roleplayer in municipalities for comment, where after the document will be finalised and implemented. A survey was conducted to determine whether the municipality's delegations in terms of the MFMA were in place. Municipalities were requested to submit copies thereof to Provincial Treasury |
|  | Percentage nominal and substantive compliance by provincial departments. | Not applicable                    | Not applicable  |

| Programme 4: Financial Government                                     |   |                                   |  |
|---|---|-----------------------------------|--|
| Output  | Output performance measures/service delivery indicators | Actual performance against target |  |
|   |   | Target                            | Actual   |
| <b>Sub-programme 4.3: Norms and Standards</b>                         |   |                                   |  |
|   | Percentage development of municipal capacity.           | 50% functional.                   | 50% functional. The MFMA unit consists of five posts. Due to the delay in the filling of these posts two officials of the PFMA unit were seconded to undertake MFMA activities. However, these posts were filled during the last quarter of the financial year. Currently the officials are acquainting themselves with the MFMA prescripts and applicable legislation whilst undertaking various projects related to the component's MFMA activities. |
| Effective internal and external communication systems and strategies. | Number of informed citizens.                            | Not applicable                    | Not applicable   |
|   | Level of informed Provincial Government personnel.      | Not applicable                    | Not applicable   |
| Effective information management.                                     | Establish Provincial Treasury database.                 | Not applicable                    | Not applicable   |



|  |   |   |
|--|---|---|
| Sub-programme 4.4  | : | Risk Management   |
| Purpose  | : | To facilitate the establishment of risk management capacity and financial governance systems in the Provincial Government.  |
| Measurable Objectives  | : | To develop and implement risk management and government governance capacity within the provincial government.<br>To facilitate residual risk assessments and the availability of a risk profile per department.<br>To provide of a consolidated risk profile for the provincial government as a whole as well as ensuring risk response strategies to mitigate transversal risks. |
| Service delivery achievements  | : | All departments have approved structures.<br>Process and control maps completed at 80% of departments.<br>70% internal control staff trained in all aspects   |
| Reasons for achieving targets  | : | Targets were achieved through prioritisation of work and committed staff.   |
| Reasons for <b>not</b> achieving targets   | : | Non-filling of vacant posts.  |
| The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner | : | Departments have approved risk management structures to help minimise risks in the Province.<br>Process and control maps completed per department to focus management on risk areas and help with audits.<br>Existence of a consolidated risk profile for PGWC.   |

| Programme 4: Financial Governance  |  |   |   |
|--|--|---|---|
| Output   | Output performance measures/service delivery indicators  | Actual performance against target         |   |
|  |  | Target                                    | Actual  |
| <b>Sub-programme 4.4: Risk Management</b>  |  |   |   |
| Developed and implemented risk management and government governance capacity within the provincial government. | Departments have approved risk management structures.  | All departments with approved structures. | All departments with approved structures.         |
|  | Percentage departmental risk management staff trained in risk management framework and all existing tools. | 70% trained in all aspects.               | 70% internal control staff trained in all aspects |
|  | Percentage nominal compliance by all departments with the risk management framework.                       | 50% nominal compliance.                   | No staff to comply, recruitment process underway. |
|  | Percentage nominal compliance by all departments with the government governance framework.                 | 70% nominal compliance.                   | Workshops held with 90% of target audience        |

| <b>Programme 4: Financial Governance</b>  |  |  |  |
|---|--|--|--|
| <b>Output</b>   | <b>Output performance measures/service delivery indicators</b>         | <b>Actual performance against target</b>       |  |
|   |  | <b>Target</b>                                  | <b>Actual</b>                                  |
| <b>Sub-programme 4.4: Risk Management</b>   |  |  |  |
| Facilitation of residual risk assessments and the availability of a risk profile per department.  | Percentage risk assessments reviewed within departments.               | 100%   | 75%  |
|   | Percentage process and control maps completed per department.          | 80% of processes mapped.                       | 80% of departments                             |
|   | Percentage Accounting Officers supplied with updated risk profiles.    | 100% of departments.                           | 75% of departments                             |
| The provision of a consolidated risk profile for the provincial government as a whole and the ensuring of risk response strategies to mitigate transversal risks. | Existence of a consolidated risk profile for PGWC.                     | 100% of departments included in consolidation. | 100% of departments included in consolidation. |
|   | Transversal risks identified and allocated to transversal risk owners. | 50% transversal risks allocated.               | Nil risks identified                           |

|                                      |   |
|--------------------------------------|---|
| <b>Sub-programme 4.5</b>             | <b>: Provincial Internal Audit</b>  |
| <b>Purpose</b>                       | <b>: To perform internal audit services on a risk-analysis basis.</b>   |
| <b>Measurable Objectives</b>         | <b>: To perform risk-based internal audit services.<br/>To build internal capacity to take over Internal Audit activities from the current service provider and re-engineer the internal audit organisational fit.<br/>To ensure fully functional, competent and independent Audit Committees under whose guidance and control Internal Audit resorts.<br/>To facilitate close co operation and co-ordination between all assurance providers to prevent duplication of effort.</b> |
| <b>Service delivery achievements</b> | <b>: Audit Committee approved 100% of audit work performed.<br/>Number of audit plans approved and audit committee reports issued.<br/>The development the new organisational structure was finalized during the last quarter.<br/>In instances where final reports were issued, management has accepted Internal Audit's finding and have agreed to specific action to be taken within the agreed time frames.</b>   |
| <b>Reasons for achieving targets</b> | <b>: The appointment of skilled staff helped the unit to achieve its targets. Co-sourcing with the Sihluma Sonke Consortium has provided additional human resource capacity and skills required to implement the internal audit service in the Province.</b>  |

---

|  |   |  |
|--|---|--|
| Sub-programme 4.5  | : | Provincial Internal Audit  |
| Reasons for <b>not</b> achieving targets   | : | The new organisational fit has not yet been approved.<br>The Internal Audit budget of R15 million is inadequate to ensure audit coverage for all the top risk areas. |
| The attainment of targets contributed towards achieving the Provincial Treasury's outcomes in the following manner | : | The sub-programme contributed by facilitating improvements and change within provincial departments.   |

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| Programme 4: Financial Governance                   |   |  |   |
|---|---|--|---|
| Output  | Output performance measures/service delivery indicators   | Actual performance against target                            |   |
|   |   | Target   | Actual  |
| <b>Sub-programme 4.5: Provincial Internal Audit</b> |   |  |   |
| Risk-based internal audit services.                 | Performance of internal audit work as approved by the relevant Audit Committee.                                     | 100% of audit work performed as approved by Audit Committee. | 100% of audit work performed as approved by Audit Committee. Audit fieldwork has been completed. Draft reports have been issued and in some departments are now awaiting management comments. Final audit report have been issued to departments where management comments have been received. In instances where final reports were issued, management has accepted Internal Audit's Finding and have agreed to specific action to be taken within the agreed time frames. |
|   | Percentage of audit findings accepted by management.  | 90% of audit findings accepted by management.                | Audit fieldwork has been completed. Draft reports have been issued and in some departments are now awaiting management comments. Final audit reports have been issued to departments where final reports were issued, management has accepted Internal Audit's findings and have agreed to be taken within the agreed time frames.  |
|   | Fully compliant external Quality Assurance Review report of the Provincial Internal Audit Function by the IIA (SA). | Nil  | Nil   |

| <b>Programme 4: Financial Governance</b>  |  |  |  |
|---|--|--|--|
| <b>Output</b>   | <b>Output performance measures/service delivery indicators</b>         | <b>Actual performance against target</b>               |  |
|   |  | <b>Target</b>  | <b>Actual</b>  |
| <b>Sub-programme 4.5: Provincial Internal Audit</b>   |  |  |  |
| Building internal capacity to take over activities of the Internal Audit work from the current service provider and re-engineering the internal audit organisational fit. | Percentage of posts filled.  | 50% of posts filled (Based on new organisational fit). | The development of the new organisational structure was finalized during the year. Approval of the structure will be sought in the new financial year. |
| Fully functional, competent and independent Audit Committees under whose guidance and control Internal Audit resorts.   | Number of audit plans approved and audit committee reports issued.     | All departments.                                       | All departments.   |
| Close cooperation and co-ordination between all assurance providers to prevent duplication of effort.   | Number of meetings and quarterly progress reports to audit committees. | 10 liaison and co-ordination meetings per year.        | 10 liaison and co-ordination meetings.   |

## Report of the Provincial Government Western Cape Shared Audit Committee on the Provincial Treasury (Vote 3) for the financial year ending 31 March 2006

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

### Appointment of the Shared Audit Committee

Provincial Treasury (Vote 3) is served by a Shared Audit Committee appointed under Cabinet Resolution 75/2003 of 23 June 2003 for the 2 year period to 31 March 2005, which was extended by Resolution 95/2005 for 2 more years to 31 March 2007.

### Audit Committee Members and Attendance:

The Committee consists of the independent members listed hereunder, is required to meet at least 4 times per annum as per its approved Terms of Reference. During the current year 11 meetings were held:

| Member                       | Number of Meetings Attended |
|------------------------------|-----------------------------|
| Mr J.A. Jarvis (Chairperson) | 11                          |
| Mr J. January                | 9                           |
| Mr P. Jones                  | 11                          |
| Mr R. Warley                 | 7                           |
| Mr V.W. Sikobi               | (resigned May 2005)         |

### Audit Committee Responsibility

The Committee has complied with its responsibilities arising from section 38(1) (a) of the PFMA and Treasury Regulation 3.1.13 and 27(1) (10). The Committee has also regulated its affairs and discharged its responsibilities in terms of the Audit Committee Charter.

### Effectiveness of Internal Control

During the year under review the Risk Assessment and Control Mapping exercises and the 1-year Operational Internal Audit Plan, were completed.

The 1-year Operational Internal Audit Plan which was approved by the Committee in April 2005 identified 7 high risk areas. However, due to budgetary constraints, the Plan was amended in September 2005, to cover only 4 audit areas.

The Committee reviewed Internal Audit Reports which highlighted a few critical and significant control weaknesses in respect of: Asset Management, Financial Management, and Public Finance and Accounting.

The Committee noted that management undertook to implement the recommended corrective actions.

Internal audits were conducted on the transversal IT systems of the Province.

The Committee acknowledges that e-Innovation provides the IT service to this department. The Committee wishes to emphasize the importance of the Department ensuring that a service level agreement is concluded with e-Innovation to address future technology and training requirements.

The Committee further acknowledges that the responsibility for addressing control weaknesses identified by the Internal audit vests with e-Innovation. The Committee will follow-up on the implementation of corrective action in the 2006/07 financial year.

### **The quality of in-year management and monthly / quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.**

The Committee has not reviewed the quality of in-year management and monthly/ quarterly reports submitted in terms of the PFMA and the Division of Revenue Act, but has relied on the feedback of the Auditor General who has not reported adversely in this regard.

### **Evaluation of Financial Statements**

The Committee has,

- Reviewed and discussed the audited annual financial statements included in the annual report with the Auditor General and the Accounting Officer
- Reviewed the Auditor General's management letter and management's response thereto;
- Reviewed the Auditor General's report.

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

### **Appreciation**

The Committee wishes to express its appreciation to the Officials of the Department, the Auditor General and the Sihluma Sonke Consortium for their assistance and co-operation in compiling this report.



J.A. JARVIS  
Chairperson of the Shared Audit Committee  
Date: 10 August 2006

# Annual Financial Statements

## for the year ended 31 March 2006





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WESTERN CAPE PROVINCE  
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VOTE 3

REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 MARCH 2006

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

### 1. General review of the state of financial affairs

- The Western Cape Provincial Treasury is committed to make its contributions to the Accelerated and Shared Growth Initiative of South Africa, to enhance the competitive edge of the Province to enable it to capitalise on the opportunities that globalisation presents, to assist the emerging Provincial Growth and Development Strategy (iKapa Elihlumayo), to reduce income disparities and to increase access to the means of production and development opportunities. With appropriate resource allocations and efficacy in its application, this combination of initiatives should systematically over time improve living standards and access to quality services by all the people in the Western Cape.
- The following external and internal challenges remain:
  - Increasing the accumulation of knowledge as identified in the PER&O<sup>1</sup> in order to close the remaining gap between skill requirements and current competency levels.
  - Reducing high levels of unemployment and poverty.
  - Recruitment and retention of appropriately skilled personnel with an eye on MFMA<sup>2</sup> implementation.
  - Empower the poor to participate in economic activity as agents of growth through their own production.
  - Improving cohesion and synergy between provincial departments and all spheres of government.
- In response to the above challenges, Treasury achieved the following:
  - Succeeded in a drive to recruit appropriately qualified individuals and to provide financial support for further education and training.
  - Engagements with all municipalities to practically foster the rollout of the requirements of the MFMA legislation and to bridge gaps between local and provincial government spheres.
  - Assisted in the promotion of Public Private Partnerships (PPP's).

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<sup>1</sup> Provincial Economic Review and Outlook, 2006

<sup>2</sup> Municipal Finance Management Act, 2003 (Act 56 of 2003)

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PROVINCIAL TREASURY  
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**REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 MARCH 2006**

- Intensive interaction with departments to improve targeting of resource allocations in response to socio-economic analyses and national priorities.
  - Contributed to the further development of the iKapa Elihlumayo strategic objectives and associated priorities as reflected in the MTBPS<sup>3</sup> and in an early version of the emerging Provincial Growth and Development strategy.
  - Establishment of a broad framework for an external internship programme for the Provincial Treasury.
- The following projects were undertaken during the year:
    - Consolidating the eight iKapa Elihlumayo strategies into four priority delivery areas to better address the socio-economic challenges of the Western Cape Province.
    - Setting up and testing formalised structures, methodologies and framework to guide the interaction between the Provincial Treasury, other provincial departments and the municipalities in the Western Cape.
    - A revised MTBPS and associated PER&O were compiled to give direction to the 2006 Budget, building on gains made in the previous financial year.
    - General ratcheting up of the Provincial Treasury's ability to fulfil on all its responsibilities post its earlier restructuring process.
    - Organisational structures for the establishment of Risk Management units within all provincial departments were developed to promote the management of risk assessment and reduction in the province.
    - The Internal Audit and Risk Management organisational structures within the Provincial Treasury were redesigned to create the capacity to begin to take over responsibilities from the external service provider.
  - Spending trends.
    - The department's actual expenditure for the 2005/06 financial year was R114,275 million compared to the total adjusted budget of R115,409 million. This resulted in an underspending of R1,134 million or one per cent of the adjusted budget of which the balance will be surrendered to the Provincial Revenue Fund.
    - Underspending of R651 000 arose as a result of the lower than calculated spending on machinery and equipment (capital assets). R103 000 was realised on software and other intangible (capital) assets mainly due to an overestimation of software licensing costs. R118 000 can be attributed to non-filling of vacant posts and the balance of R262 000 pertains to lesser spending on goods and services than originally expected.

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<sup>3</sup> Western Cape Medium Term Budget Policy Statement, 2006 - 2009

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VOTE 3**

**REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 MARCH 2006**

**2. Services rendered by Provincial Treasury**

2.1 Under the powers vested in the Minister of Finance and Tourism as Head of the Provincial Treasury, she is mainly responsible for the execution of the functions and powers as prescribed in Chapter 3 of the PFMA<sup>4</sup>. However, a range of other legislative provisions in different national and provincial acts and laws, including the MFMA, add further responsibilities.

2.2 Tariff policy

- Betting and Gambling

Betting and gambling revenue consists mainly of taxes, limited gambling machine taxes, bookmakers' taxes, totalisator taxes, annual licence fees from casinos, limited gambling machines, bookmakers and the totalisator. These fees and taxes are all raised and adjusted periodically as determined by the Western Cape Gambling and Racing Law, 1996 (Law 4 of 1996).

- Functional Financial Training

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

2.3 Free services

All services rendered by the Provincial Treasury, except those in paragraph 2.2, are rendered to other departments mainly in terms of the PFMA, or to municipalities as per the MFMA, as alluded to in paragraph 2.1 above. Per definition no free services were rendered by the Provincial Treasury.

2.4 Inventories

Two types of inventory are generated by LOGIS. The one consists of an inventory of store items (RR26 LOGIS report), the other inventory of furniture and equipment (RR025 LOGIS report). Stationery to the value of ±R122 000 (as at 31 March 2006) was issued on a first in first out (FIFO) basis.

**3. Capacity constraints**

A key priority is a concerted effort to build capacity and align functions within Corporate Services with the rest of the Provincial Treasury for integrated and enhanced service delivery. Transformation processes within the Provincial Treasury to improve efficiency and to provide for the additional MFMA and other responsibilities have resulted in a large number of vacancies, increasing the vacancy rate from 29 % on a year-on-year basis to 32 %. Dealing with this has been made more difficult by high staff turnover rates as a result of a highly competitive labour market. For the financial year ending 2005/06, fifty appointments and

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<sup>4</sup> Public Finance Management Act, 1999 (Act 1 of 1999) as amended

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**REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 MARCH 2006**

seventeen resignations were recorded. This emerging trend will require close attention in order to retain and enhance skills within the Treasury environment.

The Moveable Asset Management Directorate within the Provincial Treasury, due to a high vacancy rate and loss of skills during 2005/06, will have to undergo capacity strengthening to ensure proper guidance to and oversight over SCM<sup>5</sup> units within departments and municipalities. Furthermore, it must ensure that transversal acquisition requirements are dealt with much more efficiently.

With so many new recruits into Treasury, synergy and co-ordination within and between all components require attention so as to build an effective so called "spider web" management and liaison system to strengthen Treasury's service delivery.

**4. Utilisation of donor funds**

The Provincial Treasury did not receive any donor funding.

**5. Trading entities and public entities**

The single public entity operating under the auspices of the Provincial Treasury is the Western Cape Gambling and Racing Board. Its function is to regulate all gambling, racing and other related activities.

The fiduciary responsibilities of the Board are dealt with by the PFMA and the Western Cape Gambling and Racing Law, 1996 (Law 4 of 1996) as amended. For the second successive financial year no transfer payments were made to the Board as they have built up sufficient financing resources.

**6. Organisations to whom transfer payments have been made**

Transfers were only made to the City of Cape Town in respect of Regional Service Council levies.

**7. Public private partnership (PPPs)**

The Provincial Government is currently engaged in a number of partnerships, which vary in scope, nature and level of private sector participation. These projects are primarily eco-tourism and health sector initiatives. The Provincial Treasury's role is to facilitate the projects in terms of the National Treasury regulations.

**8. Corporate governance arrangements**

The consolidated risk profile that was completed in November 2004 is currently being used as a departure point to manage and control risks facing the Provincial Treasury.

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<sup>5</sup> Supply Chain Management

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**REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 MARCH 2006**

A Fraud Prevention Plan compiled for the Provincial Treasury during March 2001 is to be revised early in 2006/07. The Human Resource Management component continued to do verification audits of educational qualifications submitted by new recruits.

Internal Audit continues to function as a shared unit for all twelve departments as well as for the Provincial Parliament. Much development work has gone into its further evolvement over the next three years. If all goes according to plan, this should allow for detached services to the three/four larger departments and for purposes of efficiency, a shared service to all the other accounting officers and executive authorities. Cabinet recently also approved an organisational structure for the establishment of risk management units at all departments, without which Internal Audit will not attain the desired levels of effectiveness.

During 2005 the Health and Safety Committee of the Provincial Treasury performed a safety audit to identify certain health and environmental issues that will have to be addressed in the new year.

**9. Discontinued activities**

No specific activities were discontinued during the 2005/06 financial year.

**10. Progress with financial management improvement**

Specific key responsibilities that were improved during 2005/06 were better budget, revenue and infrastructure management, progressively strengthened monthly and quarterly non-financial reporting, financial accounting and supply chain management.

Challenges for 2006/07 will be the provision of adequate office accommodation conducive to a productive and safe working environment, the further evolvement of library services, improvement in document control services and the efficiency and standard of risk assessment by the Internal Control Section.

**11. New activities**

Due to the closure of FMS<sup>6</sup> Department 70 by the National Treasury, the balances of the latter had to be transferred into the books of the Provincial Treasury during the 2004/05 financial year. This was to allow for proper accounting of the remaining balances until such time as these can be satisfactorily resolved. This clearing account contains unauthorised expenditure from the previous Cape Provincial Administration, Eastern and Western Cape Provinces, debts from the Eastern Cape and thefts and losses that have not been resolved over the last ten to twelve years. The Chief Financial Officer (CFO) with the assistance of the Provincial Accountant General is currently busy with clearing a number of the balances. However, the lion's share of the latter can only be cleared by passing legislation within the National and the respective Provincial Parliaments. The two Provincial and National Treasuries are busy with this protracted process. The Provincial Treasury has already written off several small amounts relating to thefts and losses under the delegated powers vested within the post of the CFO.

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<sup>6</sup> Financial Management System



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REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 MARCH 2006

**12. Asset management**

The Supply Chain Management unit within the office of the CFO is currently in the process of reconciling the Provincial Treasury's assets with unique asset numbers for verification and location purposes. Stores have been reorganised in such a manner and recorded on the LOGIS system to facilitate speedy disposal of redundant and obsolete items.

**13. Standing Committee on Public Accounts (SCOPA) resolutions**

Although there were no specific resolutions in respect of the Provincial Treasury the following transversal resolution was taken by SCOPA:

| TRANSVERSAL RESOLUTION  | RECOMMENDATION  | FINDINGS   |
|---|---|--|
| Asset registers were not always finalised or available or did not contain all the required information. | All asset registers are updated with all relevant and required information. | The Provincial Treasury is in a final stage of reconciliation. |

**Approval**

The annual financial statements set out on pages 83 - 117 have been approved by myself as Accounting Officer.



(DR) JC STEGMANN  
ACCOUNTING OFFICER

DATE: 31 MAY 2006

# Report of the Auditor-General to the Provincial Parliament of the Western Cape on the Financial Statements of the Provincial Treasury (Vote 3) for the year ended 31 March 2006

## 1. AUDIT ASSIGNMENT

The financial statements as set out on pages 83 to 117 for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). The fixed asset opening balances have not been audited because of the timing of guidance from National Treasury to the departments relating to the treatment, valuation and disclosure of fixed assets. These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

## 2. SCOPE

The audit was conducted in accordance with the International Standards on Auditing read with General Notice 544 of 2006, issued in Government Gazette no. 28723 of 10 April 2006 and General Notice 808 of 2006, issued in Government Gazette no. 28954 of 23 June 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

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

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

## 3. BASIS OF ACCOUNTING

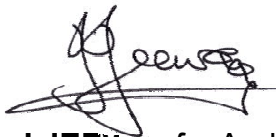
The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, as described in note 1.1 to the financial statements.

#### 4. AUDIT OPINION

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Provincial Treasury at 31 March 2006 and the results of its operations and its cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury of South Africa, as described in note 1.1 to the financial statements, and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999).

#### 5. APPRECIATION

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



**I JEEWA** for Auditor-General

Cape Town

31 July 2006



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

**WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
VOTE 3**

**ACCOUNTING POLICIES  
for the year ended 31 March 2006**

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2005.

## **1. Presentation of the Annual Financial Statements**

### **1.1 Basis of preparation**

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid or when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

### **1.2 Presentation currency**

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

### **1.3 Rounding**

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

### **1.4 Comparative figures**

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period, financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

A comparison between actual and budgeted amounts per major classification of expenditure is included in the appropriation statement.

## **2. Revenue**

### **2.1 Appropriated funds**

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Total appropriated funds are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the Provincial Revenue Fund, unless approval has been given by the Provincial Treasury to rollover the funds to the subsequent financial year. These rollover funds form part of retained funds in the annual financial

**WESTERN CAPE PROVINCE  
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**ACCOUNTING POLICIES  
for the year ended 31 March 2006**

statements. Amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

**2.2 Departmental revenue**

All departmental revenue is paid into the Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

**2.2.1 Tax revenue**

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and or regulations (excluding fines, penalties & forfeits).

Tax receipts are recognised in the statement of financial performance when received.

**2.2.2 Sales of goods and services other than capital assets**

The proceeds received from the sale of goods and/or the provision of services are recognised in the statement of financial performance when the cash is received.

**2.2.3 Fines, penalties and forfeits**

Fines, penalties and forfeits are compulsory unrequited amounts, which were imposed by a court or quasi – judicial body and elected by the department. Revenue arising from fines, penalties and forfeits is recognized in the statement of financial performance when the cash is received.

**2.2.4 Interest, dividends and rent on land**

Interest, dividends and rent on land is recognised in the statement of financial performance when the cash is received.

**2.2.5 Sale of capital assets**

The proceeds received on sale of capital assets are recognised in the statement of financial performance when the cash is received.

**2.2.6 Financial transactions in assets and liabilities**

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

**3. Expenditure**

**3.1 Compensation of employees**

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

All other payments are classified as current expense.

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**ACCOUNTING POLICIES  
for the year ended 31 March 2006**

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system.

**3.1.1 Short term employee benefits**

Short term employee benefits comprise leave entitlements, thirteenth cheques, performance bonuses and capped leave. These benefits are disclosed in the disclosure notes to the financial statements.

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the notes to the financial statements. These amounts are not recognised in the statement of financial performance.

**3.2 Goods and services**

Payments made for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used on a capital project.

**3.3 Financial transactions in assets and liabilities**

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a note.

All other losses are recognised when authorisation has been granted for the recognition thereof.

**3.4 Transfers and subsidies**

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system by no later than 31 March of each year.

**3.5 Expenditure for capital assets**

Payments made for capital assets are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

**4. Assets**

**4.1 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

**4.2 Prepayments and advances**

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.

**WESTERN CAPE PROVINCE  
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VOTE 3**

**ACCOUNTING POLICIES  
for the year ended 31 March 2006**

**4.3 Receivables**

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party.

Revenue receivable not yet collected is included in the notes.

**5. Liabilities**

**5.1 Payables**

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the statement of financial position.

**5.2 Lease commitments**

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

Operating lease commitments are expensed when the payments are made.

**5.3 Accruals**

Accruals represent goods/services and invoices that have been received at the reporting date, but final authorisation for payment has been affected on the system.

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

**5.4 Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department; or

A contingent liability is a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are included in the disclosure notes.

**5.5 Commitments**

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date.

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

**WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
VOTE 3**

**ACCOUNTING POLICIES  
for the year ended 31 March 2006**

**6. Net Assets**

**6.1 Recoverable revenue**

Amounts are recognised as recoverable revenue when a payment made and recognised in a previous financial year becomes recoverable from a debtor.

**7. Key management personnel**

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department.

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

**8. Asset Registers**

Assets are recorded in an asset register, at cost, on receipt of the item. Cost of an asset is defined as the total cost of acquisition. Assets procured in previous financial periods, may be stated at fair value, where determinable, or R1, in instances where the original cost of acquisition or fair value cannot be established.

Annexure 3 and 4 of the disclosure notes, reflect the total movement in the asset register of assets with a cost equal to and exceeding R5000 (therefore capital assets only) for the current financial year. The movement is reflected at the cost as recorded in the asset register and not the carrying value, as depreciation is not recognised in the financial statements under the modified cash basis of accounting. The opening balance reflected on Annexure 3 and 4 will include items procured in prior accounting periods and the closing balance will represent the total cost of the register for capital assets on hand.



**WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
VOTE 3**

**APPROPRIATION STATEMENT  
for the year ended 31 March 2006**

| <b>Appropriation per Programme</b>                                    |                           |                      |          |                        |                       |              |   |                        |                       |
|---|---------------------------|----------------------|----------|------------------------|-----------------------|--------------|---|------------------------|-----------------------|
|   | 2005/06                   |                      |          |                        |                       |              |   | 2004/05                |                       |
|   | Adjusted<br>Appropriation | Shifting of<br>Funds | Virement | Final<br>Appropriation | Actual<br>Expenditure | Variance     | Expenditure<br>as % of final<br>appropriation | Final<br>Appropriation | Actual<br>Expenditure |
|   | R'000                     | R'000                | R'000    | R'000                  | R'000                 | R'000        | %   | R'000                  | R'000                 |
| <b>1. Administration</b>  |                           |                      |          |                        |                       |              |   |                        |                       |
| Current payment   | 23,401                    | -                    | (850)    | 22,551                 | 22,541                | 10           | 100.0   | 20,763                 | 20,133                |
| Transfers and subsidies   | 230                       | -                    | -        | 230                    | 191                   | 39           | 83.0  | 309                    | 185                   |
| Payment for capital assets  | 1,112                     | -                    | -        | 1,112                  | 488                   | 624          | 43.9  | 1,021                  | 1,000                 |
| <b>2. Sustainable Resource<br/>Management</b>                         |                           |                      |          |                        |                       |              |   |                        |                       |
| Current payment   | 18,212                    | -                    | (1,790)  | 16,422                 | 16,100                | 322          | 98.0  | 11,502                 | 10,565                |
| Transfers and subsidies   | 31                        | -                    | -        | 31                     | 22                    | 9            | 71.0  | 507                    | 502                   |
| Payment for capital assets  | 60                        | -                    | 331      | 391                    | 391                   | -            | 100.0   | -                      | -                     |
| <b>3. Asset and Liabilities<br/>Management</b>                        |                           |                      |          |                        |                       |              |   |                        |                       |
| Current payment   | 45,839                    | -                    | 788      | 46,627                 | 46,631                | (4)          | 100.0   | 42,691                 | 42,691                |
| Transfers and subsidies   | 33                        | -                    | -        | 33                     | 29                    | 4            | 87.9  | 22                     | 21                    |
| Payment for capital assets  | 20                        | -                    | 19       | 39                     | 39                    | -            | 100.0   | 4,689                  | 396                   |
| <b>4. Financial Governance</b>  |                           |                      |          |                        |                       |              |   |                        |                       |
| Current payment   | 25,802                    | -                    | 1,417    | 27,219                 | 27,223                | (4)          | 100.0   | 26,749                 | 26,225                |
| Transfers and subsidies   | 25                        | -                    | 85       | 110                    | 106                   | 4            | 96.4  | 17                     | 15                    |
| Payment for capital assets  | 644                       | -                    | -        | 644                    | 514                   | 130          | 79.8  | 710                    | 600                   |
| <b>Total</b>  | <b>115,409</b>            | <b>-</b>             | <b>-</b> | <b>115,409</b>         | <b>114,275</b>        | <b>1,134</b> | <b>99.0</b>                                   | <b>108,980</b>         | <b>102,333</b>        |
| Reconciliation with Statement of Financial Performance                |                           |                      |          |                        |                       |              |   |                        |                       |
| Departmental receipts   |                           |                      |          | 181,837                |                       |              |   | 214,754                |                       |
| Actual amounts per Statement of Financial Performance (Total Revenue) |                           |                      |          | 297,246                |                       |              |   | 323,734                |                       |
| Actual amounts per Statement of Financial Performance* Expenditure    |                           |                      |          |                        | 114,275               |              |   |                        | 102,333               |

| <b>Appropriation per Economic classification</b>    |                           |                      |          |                        |                       |              |   |                        |                       |
|---|---------------------------|----------------------|----------|------------------------|-----------------------|--------------|---|------------------------|-----------------------|
|   | 2005/06                   |                      |          |                        |                       |              |   | 2004/05                |                       |
|   | Adjusted<br>Appropriation | Shifting of<br>Funds | Virement | Final<br>Appropriation | Actual<br>Expenditure | Variance     | Expenditure<br>as % of final<br>appropriation | Final<br>Appropriation | Actual<br>Expenditure |
|   | R'000                     | R'000                | R'000    | R'000                  | R'000                 | R'000        | %   | R'000                  | R'000                 |
| <b>Current payments</b>                             |                           |                      |          |                        |                       |              |   |                        |                       |
| Compensation of employees                           | 45,644                    | -                    | (3,584)  | 42,060                 | 41,941                | 119          | 99.7  | 34,097                 | 33,590                |
| Goods and services                                  | 67,610                    | -                    | 2,976    | 70,586                 | 70,381                | 205          | 99.7  | 67,514                 | 65,930                |
| Financial transactions in assets<br>and liabilities | -                         | -                    | 173      | 173                    | 173                   | -            | 100.0   | 94                     | 94                    |
| <b>Transfers &amp; subsidies</b>                    |                           |                      |          |                        |                       |              |   |                        |                       |
| Provinces & municipalities                          | 173                       | -                    | -        | 173                    | 152                   | 21           | 87.9  | 141                    | 131                   |
| Departmental agencies &<br>accounts                 | 35                        | -                    | -        | 35                     | -                     | 35           | -   | 150                    | 27                    |
| Households  | 111                       | -                    | 85       | 196                    | 196                   | -            | 100.0   | 564                    | 565                   |
| <b>Payment for capital assets</b>                   |                           |                      |          |                        |                       |              |   |                        |                       |
| Machinery & equipment                               | 1,328                     | -                    | 352      | 1,680                  | 1,029                 | 651          | 61.3  | 5,705                  | 1,391                 |
| Software & other intangible<br>assets               | 508                       | -                    | (2)      | 506                    | 403                   | 103          | 79.6  | 715                    | 605                   |
| <b>Total</b>  | <b>115,409</b>            | <b>-</b>             | <b>-</b> | <b>115,409</b>         | <b>114,275</b>        | <b>1,134</b> | <b>99.0</b>                                   | <b>108,980</b>         | <b>102,333</b>        |

**WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
VOTE 3**

**APPROPRIATION STATEMENT  
for the year ended 31 March 2006**

**Detail per programme 1 - Administration  
for the year ended 31 March 2006**

| Programme per subprogramme        | 2005/06                |                   |              |                     |                    |            |   | 2004/05             |                    |
|-----------------------------------|------------------------|-------------------|--------------|---------------------|--------------------|------------|---|---------------------|--------------------|
|                                   | Adjusted Appropriation | Shifting of Funds | Virement     | Final Appropriation | Actual Expenditure | Variance   | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
|                                   | R'000                  | R'000             | R'000        | R'000               | R'000              | R'000      | %                                       | R'000               | R'000              |
| <b>1.1 Office of the Minister</b> |                        |                   |              |                     |                    |            |   |                     |                    |
| Current payment                   | 3,243                  | -                 | 131          | 3,374               | 3,375              | (1)        | 100.0                                   | 3,065               | 2,863              |
| Transfers and subsidies           | 164                    | -                 | -            | 164                 | 163                | 1          | 99.4                                    | 56                  | 56                 |
| Payment for capital assets        | 21                     | -                 | -            | 21                  | 21                 | -          | 100.0                                   | -                   | -                  |
| <b>1.2 Management Services</b>    |                        |                   |              |                     |                    |            |   |                     |                    |
| Current payment                   | 1,752                  | -                 | (2)          | 1,750               | 1,743              | 7          | 99.6                                    | -                   | -                  |
| Transfers and subsidies           | 4                      | -                 | -            | 4                   | 4                  | -          | 100.0                                   | -                   | -                  |
| <b>1.3 Corporate Services</b>     |                        |                   |              |                     |                    |            |   |                     |                    |
| Current payment                   | 7,462                  | -                 | (469)        | 6,993               | 6,990              | 3          | 100.0                                   | 5,731               | 5,439              |
| Transfers and subsidies           | 46                     | -                 | -            | 46                  | 9                  | 37         | 19.6                                    | 158                 | 35                 |
| Payment for capital assets        | 18                     | -                 | -            | 18                  | -                  | 18         | -                                       | -                   | -                  |
| <b>1.4 Financial Management</b>   |                        |                   |              |                     |                    |            |   |                     |                    |
| Current payment                   | 10,944                 | -                 | (510)        | 10,434              | 10,433             | 1          | 100.0                                   | 11,967              | 11,831             |
| Transfers and subsidies           | 16                     | -                 | -            | 16                  | 15                 | 1          | 93.8                                    | 95                  | 94                 |
| Payment for capital assets        | 1,073                  | -                 | -            | 1,073               | 467                | 606        | 43.5                                    | 1,021               | 1,000              |
| <b>Total</b>                      | <b>24,743</b>          | <b>-</b>          | <b>(850)</b> | <b>23,893</b>       | <b>23,220</b>      | <b>673</b> | <b>97.2</b>                             | <b>22,093</b>       | <b>21,318</b>      |

| Economic classification                          | 2005/06                |                   |              |                     |                    |            |   | 2004/05             |                    |
|--|------------------------|-------------------|--------------|---------------------|--------------------|------------|---|---------------------|--------------------|
|  | Adjusted Appropriation | Shifting of Funds | Virement     | Final Appropriation | Actual Expenditure | Variance   | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
|  | R'000                  | R'000             | R'000        | R'000               | R'000              | R'000      | %                                       | R'000               | R'000              |
| <b>Current payments</b>                          |                        |                   |              |                     |                    |            |   |                     |                    |
| Compensation of employees                        | 12,625                 | -                 | (514)        | 12,111              | 12,111             | -          | 100.0                                   | 11,575              | 11,397             |
| Goods and services                               | 10,776                 | -                 | (509)        | 10,267              | 10,257             | 10         | 99.9                                    | 9,094               | 8,642              |
| Financial transactions in assets and liabilities | -                      | -                 | 173          | 173                 | 173                | -          | 100.0                                   | 94                  | 94                 |
| <b>Transfers &amp; subsidies</b>                 |                        |                   |              |                     |                    |            |   |                     |                    |
| Provinces & municipalities                       | 84                     | -                 | -            | 84                  | 80                 | 4          | 95.2                                    | 79                  | 78                 |
| Departmental agencies & accounts                 | 35                     | -                 | -            | 35                  | -                  | 35         | -                                       | 150                 | 27                 |
| Households                                       | 111                    | -                 | -            | 111                 | 111                | -          | 100.0                                   | 80                  | 80                 |
| <b>Payment for capital assets</b>                |                        |                   |              |                     |                    |            |   |                     |                    |
| Machinery & equipment                            | 1,112                  | -                 | (13)         | 1,099               | 475                | 624        | 43.2                                    | 1,016               | 995                |
| Software & other intangible assets               | -                      | -                 | 13           | 13                  | 13                 | -          | 100.0                                   | 5                   | 5                  |
| <b>Total</b>                                     | <b>24,743</b>          | <b>-</b>          | <b>(850)</b> | <b>23,893</b>       | <b>23,220</b>      | <b>673</b> | <b>97.2</b>                             | <b>22,093</b>       | <b>21,318</b>      |

**WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
VOTE 3**

**APPROPRIATION STATEMENT  
for the year ended 31 March 2006**

**Detail per programme 2 - Sustainable Resource Management  
for the year ended 31 March 2006**

| Programme per subprogramme   | 2005/06                |                   |                |                     |                    |            |   | 2004/05             |                    |
|------------------------------|------------------------|-------------------|----------------|---------------------|--------------------|------------|---|---------------------|--------------------|
|                              | Adjusted Appropriation | Shifting of Funds | Virement       | Final Appropriation | Actual Expenditure | Variance   | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
|                              | R'000                  | R'000             | R'000          | R'000               | R'000              | R'000      | %                                       | R'000               | R'000              |
| <b>2.1 Programme Support</b> |                        |                   |                |                     |                    |            |   |                     |                    |
| Current payment              | 1,261                  | -                 | (12)           | 1,249               | 1,140              | 109        | 91.2                                    | -                   | -                  |
| Transfers and subsidies      | 3                      | -                 | -              | 3                   | 2                  | 1          | 66.7                                    | -                   | -                  |
| Payment for capital assets   | 6                      | -                 | (6)            | -                   | -                  | -          | -                                       | -                   | -                  |
| <b>2.2 Economic Analysis</b> |                        |                   |                |                     |                    |            |   |                     |                    |
| Current payment              | 2,685                  | -                 | (161)          | 2,524               | 2,419              | 105        | 95.8                                    | 1,531               | 1,126              |
| Transfers and subsidies      | 4                      | -                 | -              | 4                   | 3                  | 1          | 75.0                                    | 4                   | 1                  |
| Payment for capital assets   | 15                     | -                 | -              | 15                  | 15                 | -          | 100.0                                   | -                   | -                  |
| <b>2.3 Fiscal Policy</b>     |                        |                   |                |                     |                    |            |   |                     |                    |
| Current payment              | 3,213                  | -                 | (817)          | 2,396               | 2,291              | 105        | 95.6                                    | 2,703               | 2,698              |
| Transfers and subsidies      | 6                      | -                 | -              | 6                   | 4                  | 2          | 66.7                                    | 4                   | 3                  |
| Payment for capital assets   | -                      | -                 | 235            | 235                 | 235                | -          | 100.0                                   | -                   | -                  |
| <b>2.4 Budget Management</b> |                        |                   |                |                     |                    |            |   |                     |                    |
| Current payment              | 6,390                  | -                 | (242)          | 6,148               | 6,146              | 2          | 100.0                                   | 2,700               | 2,174              |
| Transfers and subsidies      | 7                      | -                 | -              | 7                   | 5                  | 2          | 71.4                                    | 4                   | 3                  |
| <b>2.5 Public Finance</b>    |                        |                   |                |                     |                    |            |   |                     |                    |
| Current payment              | 4,663                  | -                 | (558)          | 4,105               | 4,104              | 1          | 100.0                                   | 4,568               | 4,567              |
| Transfers and subsidies      | 11                     | -                 | -              | 11                  | 8                  | 3          | 80.0                                    | 495                 | 495                |
| Payment for capital assets   | 39                     | -                 | 102            | 141                 | 141                | -          | 100.0                                   | -                   | -                  |
| <b>Total</b>                 | <b>18,303</b>          | <b>-</b>          | <b>(1,459)</b> | <b>16,844</b>       | <b>16,513</b>      | <b>331</b> | <b>98.0</b>                             | <b>12,009</b>       | <b>11,067</b>      |

| Economic classification            | 2005/06                |                   |                |                     |                    |            |   | 2004/05             |                    |
|------------------------------------|------------------------|-------------------|----------------|---------------------|--------------------|------------|---|---------------------|--------------------|
|                                    | Adjusted Appropriation | Shifting of Funds | Virement       | Final Appropriation | Actual Expenditure | Variance   | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
|                                    | R'000                  | R'000             | R'000          | R'000               | R'000              | R'000      | %                                       | R'000               | R'000              |
| <b>Current payments</b>            |                        |                   |                |                     |                    |            |   |                     |                    |
| Compensation of employees          | 11,240                 | -                 | (1,790)        | 9,450               | 9,332              | 118        | 98.8                                    | 7,678               | 7,352              |
| Goods and services                 | 6,972                  | -                 | -              | 6,972               | 6,768              | 204        | 97.1                                    | 3,825               | 3,213              |
| <b>Transfers &amp; subsidies</b>   |                        |                   |                |                     |                    |            |   |                     |                    |
| Provinces & municipalities         | 31                     | -                 | -              | 31                  | 22                 | 9          | 73.3                                    | 22                  | 17                 |
| Households                         | -                      | -                 | -              | -                   | -                  | -          | -                                       | 484                 | 485                |
| <b>Payment for capital assets</b>  |                        |                   |                |                     |                    |            |   |                     |                    |
| Machinery & equipment              | 45                     | -                 | 346            | 391                 | 391                | -          | 100.0                                   | -                   | -                  |
| Software & other intangible assets | 15                     | -                 | (15)           | -                   | -                  | -          | -                                       | -                   | -                  |
| <b>Total</b>                       | <b>18,303</b>          | <b>-</b>          | <b>(1,459)</b> | <b>16,844</b>       | <b>16,513</b>      | <b>331</b> | <b>98.0</b>                             | <b>12,009</b>       | <b>11,067</b>      |

**WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
VOTE 3**

**APPROPRIATION STATEMENT  
for the year ended 31 March 2006**

**Detail per programme 3 - Asset and Liabilities Management  
for the year ended 31 March 2006**

| Programme per subprogramme            | 2005/06                |                   |            |                     |                    |          |   | 2004/05             |                    |
|---------------------------------------|------------------------|-------------------|------------|---------------------|--------------------|----------|---|---------------------|--------------------|
|                                       | Adjusted Appropriation | Shifting of Funds | Virement   | Final Appropriation | Actual Expenditure | Variance | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
|                                       | R'000                  | R'000             | R'000      | R'000               | R'000              | R'000    | %                                       | R'000               | R'000              |
| <b>3.1 Programme Support</b>          |                        |                   |            |                     |                    |          |   |                     |                    |
| Current payment                       | 811                    | -                 | (114)      | 697                 | 697                | -        | 100.0                                   | -                   | -                  |
| Transfers and subsidies               | 2                      | -                 | -          | 2                   | 2                  | -        | 100.0                                   | -                   | -                  |
| <b>3.2 Asset Management</b>           |                        |                   |            |                     |                    |          |   |                     |                    |
| Current payment                       | 7,592                  | -                 | (632)      | 6,960               | 6,960              | -        | 100.0                                   | 5,418               | 5,418              |
| Transfers and subsidies               | 14                     | -                 | -          | 14                  | 12                 | 2        | 85.7                                    | 10                  | 9                  |
| Payment for capital assets            | 20                     | -                 | 12         | 32                  | 32                 | -        | 100.0                                   | -                   | -                  |
| <b>3.3 Liabilities Management</b>     |                        |                   |            |                     |                    |          |   |                     |                    |
| Current payment                       | 1                      | -                 | (1)        | -                   | -                  | -        | -                                       | -                   | -                  |
| <b>3.4 Supporting and Interlinked</b> |                        |                   |            |                     |                    |          |   |                     |                    |
| Current payment                       | 37,435                 | -                 | 1,535      | 38,970              | 38,974             | (4)      | 100.0                                   | 37,273              | 37,273             |
| Transfers and subsidies               | 17                     | -                 | -          | 17                  | 15                 | 2        | 93.8                                    | 12                  | 12                 |
| Payment for capital assets            | -                      | -                 | 7          | 7                   | 7                  | -        | 100.0                                   | 4,689               | 396                |
| <b>Total</b>                          | <b>45,892</b>          | <b>-</b>          | <b>807</b> | <b>46,699</b>       | <b>46,699</b>      | <b>-</b> | <b>100.0</b>                            | <b>47,402</b>       | <b>43,108</b>      |

| Economic classification           | 2005/06                |                   |            |                     |                    |          |   | 2004/05             |                    |
|-----------------------------------|------------------------|-------------------|------------|---------------------|--------------------|----------|---|---------------------|--------------------|
|                                   | Adjusted Appropriation | Shifting of Funds | Virement   | Final Appropriation | Actual Expenditure | Variance | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
|                                   | R'000                  | R'000             | R'000      | R'000               | R'000              | R'000    | %                                       | R'000               | R'000              |
| <b>Current payments</b>           |                        |                   |            |                     |                    |          |   |                     |                    |
| Compensation of employees         | 12,256                 | -                 | (530)      | 11,726              | 11,725             | 1        | 100.0                                   | 8,499               | 8,498              |
| Goods and services                | 33,583                 | -                 | 1,318      | 34,901              | 34,906             | (5)      | 100.0                                   | 34,192              | 34,193             |
| <b>Transfers &amp; subsidies</b>  |                        |                   |            |                     |                    |          |   |                     |                    |
| Provinces & municipalities        | 33                     | -                 | -          | 33                  | 29                 | 4        | 90.6                                    | 22                  | 21                 |
| <b>Payment for capital assets</b> |                        |                   |            |                     |                    |          |   |                     |                    |
| Machinery & equipment             | 20                     | -                 | 19         | 39                  | 39                 | -        | 100.0                                   | 4,689               | 396                |
| <b>Total</b>                      | <b>45,892</b>          | <b>-</b>          | <b>807</b> | <b>46,699</b>       | <b>46,699</b>      | <b>-</b> | <b>100.0</b>                            | <b>47,402</b>       | <b>43,108</b>      |

**WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
VOTE 3**

**APPROPRIATION STATEMENT  
for the year ended 31 March 2006**

**Detail per programme 4 - Financial Governance  
for the year ended 31 March 2006**

| Programme per subprogramme           | 2005/06                |                   |              |                     |                    |            |   | 2004/05             |                    |
|--------------------------------------|------------------------|-------------------|--------------|---------------------|--------------------|------------|---|---------------------|--------------------|
|                                      | Adjusted Appropriation | Shifting of Funds | Virement     | Final Appropriation | Actual Expenditure | Variance   | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
|                                      | R'000                  | R'000             | R'000        | R'000               | R'000              | R'000      | %                                       | R'000               | R'000              |
| <b>4.1 Programme Support</b>         | 1,135                  | -                 | (105)        | 1,030               | 1,030              | -          | 100.0                                   | -                   | -                  |
| Current payment                      | 3                      | -                 | -            | 3                   | 2                  | 1          | 66.7                                    | -                   | -                  |
| Transfers and subsidies              | 18                     | -                 | -            | 18                  | 7                  | 11         | 38.9                                    | -                   | -                  |
| Payment for capital assets           | -                      | -                 | -            | -                   | -                  | -          | -                                       | -                   | -                  |
| <b>4.2 Accounting Services</b>       | 2,802                  | -                 | (192)        | 2,610               | 2,610              | -          | 100.0                                   | 2,001               | 2,001              |
| Current payment                      | 7                      | -                 | 85           | 92                  | 91                 | 1          | 98.9                                    | 4                   | 4                  |
| Transfers and subsidies              | 12                     | -                 | 8            | 20                  | 20                 | -          | 100.0                                   | -                   | -                  |
| Payment for capital assets           | -                      | -                 | -            | -                   | -                  | -          | -                                       | -                   | -                  |
| <b>4.3 Norms and Standards</b>       | 2,635                  | -                 | (266)        | 2,369               | 2,370              | (1)        | 100.0                                   | 5,907               | 5,711              |
| Current payment                      | 6                      | -                 | -            | 6                   | 5                  | 1          | 83.3                                    | 6                   | 6                  |
| Transfers and subsidies              | -                      | -                 | -            | -                   | -                  | -          | -                                       | -                   | -                  |
| <b>4.4 Risk Management</b>           | 1,413                  | -                 | (102)        | 1,311               | 1,312              | (1)        | 100.1                                   | -                   | -                  |
| Current payment                      | 2                      | -                 | -            | 2                   | 2                  | -          | 66.7                                    | -                   | -                  |
| Transfers and subsidies              | 493                    | -                 | -            | 493                 | 390                | 103        | 79.1                                    | -                   | -                  |
| Payment for capital assets           | -                      | -                 | -            | -                   | -                  | -          | -                                       | -                   | -                  |
| <b>4.5 Provincial Internal Audit</b> | 17,817                 | -                 | 2,082        | 19,899              | 19,901             | (2)        | 100.0                                   | 18,841              | 18,513             |
| Current payment                      | 7                      | -                 | -            | 7                   | 6                  | 1          | 85.7                                    | 7                   | 5                  |
| Transfers and subsidies              | 121                    | -                 | (8)          | 113                 | 97                 | 16         | 85.8                                    | 710                 | 600                |
| Payment for capital assets           | -                      | -                 | -            | -                   | -                  | -          | -                                       | -                   | -                  |
| <b>Total</b>                         | <b>26,471</b>          | <b>-</b>          | <b>1,502</b> | <b>27,973</b>       | <b>27,843</b>      | <b>130</b> | <b>99.5</b>                             | <b>27,476</b>       | <b>26,840</b>      |

| Economic classification            | 2005/06                |                   |              |                     |                    |            |   | 2004/05             |                    |
|------------------------------------|------------------------|-------------------|--------------|---------------------|--------------------|------------|---|---------------------|--------------------|
|                                    | Adjusted Appropriation | Shifting of Funds | Virement     | Final Appropriation | Actual Expenditure | Variance   | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
|                                    | R'000                  | R'000             | R'000        | R'000               | R'000              | R'000      | %                                       | R'000               | R'000              |
| <b>Current payments</b>            | 9,523                  | -                 | (750)        | 8,773               | 8,773              | -          | 100.0                                   | 6,345               | 6,343              |
| Compensation of employees          | 16,279                 | -                 | 2,167        | 18,446              | 18,450             | (4)        | 100.0                                   | 20,403              | 19,882             |
| Goods and services                 | -                      | -                 | -            | -                   | -                  | -          | -                                       | -                   | -                  |
| <b>Transfers &amp; subsidies</b>   | 25                     | -                 | -            | 25                  | 21                 | 4          | 84.0                                    | 18                  | 15                 |
| Provinces & municipalities         | -                      | -                 | 85           | 85                  | 85                 | -          | 100.0                                   | -                   | -                  |
| Households                         | -                      | -                 | -            | -                   | -                  | -          | -                                       | -                   | -                  |
| <b>Payment for capital assets</b>  | 151                    | -                 | -            | 151                 | 124                | 27         | 82.1                                    | -                   | -                  |
| Machinery & equipment              | 493                    | -                 | -            | 493                 | 390                | 103        | 79.1                                    | 710                 | 600                |
| Software & other intangible assets | -                      | -                 | -            | -                   | -                  | -          | -                                       | -                   | -                  |
| <b>Total</b>                       | <b>26,471</b>          | <b>-</b>          | <b>1,502</b> | <b>27,973</b>       | <b>27,843</b>      | <b>130</b> | <b>99.5</b>                             | <b>27,476</b>       | <b>26,840</b>      |

**WESTERN CAPE PROVINCE  
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**NOTES TO THE APPROPRIATION STATEMENT  
for the year ended 31 March 2006**

**1. Detail of transfers and subsidies as per Appropriation Act (after Virement):**

Detail of these transactions can be viewed in note 6 (Transfers and subsidies) and Annexure 1 (A-D) to the annual financial statements.

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

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

**3. Detail on financial transactions in assets and liabilities:**

Detail of these transactions per programme can be viewed in note 5 (Details of special functions (theft and losses)) to the Annual Financial Statements.

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

| Programmes                                       | Voted<br>Funds after<br>virement | Actual<br>Payment | Variance     | Actual<br>payment as<br>% of final<br>appropriation |
|--|----------------------------------|-------------------|--------------|---|
|  | R'000                            | R'000             | R'000        | %   |
| Programme 1: Administration                      | 23,893                           | 23,220            | 673          | 97.2  |
| Programme 2: Sustainable Resource<br>Management  | 16,844                           | 16,513            | 331          | 98.0  |
| Programme 3: Asset and Liabilities<br>Management | 46,699                           | 46,699            | -            | 100.0   |
| Programme 4: Financial Governance                | 27,973                           | 27,843            | 130          | 99.5  |
| <b>Total</b>                                     | <b>115,409</b>                   | <b>114,275</b>    | <b>1,134</b> | <b>99.0</b>   |

**4.1 Programme 1: Administration**

The under spending on this programme can mainly be attributed to lower than expected spending on machinery and equipment (capital assets) and lower than anticipated resettlement costs. Under transfers, a saving was realised because FASSET did not submit a claim to the department as expected.

**Programme 2: Sustainable Resource Management**

The under spending on this programme was mainly due to lower than expected expenditure on consulting services and late filling of vacant posts.

**Programme 3: Asset and Liabilities Management**

There are no material variances to report on.

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**NOTES TO THE APPROPRIATION STATEMENT  
for the year ended 31 March 2006**

Programme 4: Financial Governance

The under spending resulted from an over provision made for software licences related to risk management.

**4.2 Per Economic classification**

**Current payments:**

Compensation to employees

The minor saving was due to lower spending on service bonuses as most of the new appointees only received pro rata bonuses as well as late filling of vacant posts.

Goods and services

The under spending can mainly be attributed to lower than expected spending on consulting services and resettlement costs.

**Transfers and subsidies:**

Non-profit institutions

The saving was realised due to no transfer payment made to the respective SETA<sup>7</sup> as anticipated.

**Payments for capital assets:**

Machinery and equipment

The under spending is due to planned spending on computer equipment related to new staff that did not realise before the close of the financial year.

Software and other intangible assets

The saving is due to a lower than expected payment for software licences related to risk management.

| EXPENDITURE PER ECONOMIC CLASSIFICATION          | Final Appropriation | Actual Expenditure | Variance     | Actual Expenditure as % of final appropriation |
|--|---------------------|--------------------|--------------|--|
|  | R'000               | R'000              | R'000        | %  |
| <b>Current expenditure</b>                       |                     |                    |              |  |
| Compensation of employees                        | 42,060              | 41,941             | 119          | 99.7   |
| Goods and services                               | 70,586              | 70,381             | 205          | 99.7   |
| Financial transactions in assets and liabilities | 173                 | 173                | -            | 100.0  |
| <b>Transfers and subsidies</b>                   |                     |                    |              |  |
| Provinces and municipalities                     | 173                 | 152                | 21           | 87.9   |
| Departmental agencies and accounts               | 35                  |                    | 35           | -  |
| Households                                       | 196                 | 196                | -            | 100.0  |
| Gifts and donations                              | -                   | -                  | -            | -  |
| <b>Payments for capital assets</b>               |                     |                    |              |  |
| Machinery and equipment                          | 1,680               | 1,029              | 651          | 61.3   |
| Software and other intangible assets             | 506                 | 403                | 103          | 79.6   |
| <b>TOTAL</b>                                     | <b>115,409</b>      | <b>114,275</b>     | <b>1,134</b> | <b>99.0</b>                                    |

<sup>7</sup> Sector Education and Training Authority

**WESTERN CAPE PROVINCE  
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**STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 31 March 2006**

|   | Note | 2005/06<br>R'000 | 2004/05<br>R'000 |
|---|------|------------------|------------------|
| <b>REVENUE</b>                                    |      |                  |                  |
| Annual appropriation                              | 1.   | 115,409          | 108,980          |
| Departmental revenue                              | 2.   | 181,837          | 214,754          |
| <b>TOTAL REVENUE</b>                              |      | <b>297,246</b>   | <b>323,734</b>   |
| <b>EXPENDITURE</b>                                |      |                  |                  |
| <b>Current expenditure</b>                        |      |                  |                  |
| Compensation of employees                         | 3.   | 41,941           | 33,590           |
| Goods and services                                | 4.   | 70,381           | 65,930           |
| Financial transactions in assets and liabilities  | 5.   | 173              | 94               |
| <b>Total current expenditure</b>                  |      | <b>112,495</b>   | <b>99,614</b>    |
| <b>Transfers and subsidies</b>                    | 6.   | 348              | 723              |
| <b>Expenditure for capital assets</b>             |      |                  |                  |
| Machinery and Equipment                           | 7.   | 1,029            | 1,391            |
| Software and other intangible assets              | 7.   | 403              | 605              |
| <b>Total expenditure for capital assets</b>       |      | <b>1,432</b>     | <b>1,996</b>     |
| <b>TOTAL EXPENDITURE</b>                          |      | <b>114,275</b>   | <b>102,333</b>   |
| <b>SURPLUS</b>                                    |      | <b>182,971</b>   | <b>221,401</b>   |
| <b>SURPLUS FOR THE YEAR</b>                       |      | <b>182,971</b>   | <b>221,401</b>   |
| <b>Reconciliation of Net Surplus for the year</b> |      |                  |                  |
| Voted Funds                                       | 11.  | 1,134            | 6,647            |
| Departmental revenue                              | 2.   | 181,837          | 214,754          |
| <b>SURPLUS FOR THE YEAR</b>                       |      | <b>182,971</b>   | <b>221,401</b>   |



**WESTERN CAPE PROVINCE  
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**STATEMENT OF FINANCIAL POSITION  
as at 31 March 2006**

|  | Note | 2005/06<br>R'000 | 2004/05<br>R'000 |
|--|------|------------------|------------------|
| <b>ASSETS</b>  |      |                  |                  |
| <b>Current assets</b>                                      |      | 2,157            | 7,113            |
| Cash and cash equivalents                                  | 8.   | 1,930            | 6,945            |
| Prepayments and advances                                   | 9.   | 5                | 42               |
| Receivables  | 10.  | 222              | 126              |
| <b>TOTAL ASSETS</b>  |      | <b>2,157</b>     | <b>7,113</b>     |
| <b>LIABILITIES</b>   |      |                  |                  |
| <b>Current liabilities</b>                                 |      | 2,157            | 7,113            |
| Voted funds to be surrendered to the Revenue Fund          | 11.  | 1,134            | 6,647            |
| Departmental revenue to be surrendered to the Revenue Fund | 12.  | 224              | 307              |
| Payables   | 13.  | 799              | 159              |
| <b>TOTAL LIABILITIES</b>                                   |      | <b>2,157</b>     | <b>7,113</b>     |

**WESTERN CAPE PROVINCE  
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**CASH FLOW STATEMENT  
for the year ended 31 March 2006**

|  | Note | 2005/06<br>R'000 | 2004/05<br>R'000 |
|--|------|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |      |                  |                  |
| Receipts   |      | 582,787          | 494,292          |
| Annual appropriated funds received                       | 1    | 115,409          | 108,980          |
| Departmental revenue received                            |      | 467,378          | 385,312          |
| Net increase/ (decrease) in working capital              |      | 581              | (4,660)          |
| Surrendered to Revenue Fund                              |      | (474,108)        | (423,146)        |
| Current payments   |      | (112,495)        | (99,614)         |
| Transfers and subsidies paid                             |      | (348)            | (723)            |
| <b>Net cash flow available from operating activities</b> | 14.  | (3,583)          | (33,851)         |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |      |                  |                  |
| Payments for capital assets                              |      | (1,432)          | (1,996)          |
| <b>Net cash flows from investing activities</b>          |      | (1,432)          | (1,996)          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |      |                  |                  |
| Net decrease in cash and cash equivalents                |      | (5,015)          | (35,847)         |
| Cash and cash equivalents at beginning of period         |      | 6,945            | 42,792           |
| <b>Cash and cash equivalents at end of period</b>        | 15.  | 1,930            | 6,945            |

**WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

**1. Annual Appropriation**

Included are funds appropriated in terms of the Appropriation Act for Provincial Departments

|                                  | Final<br>Appropriation<br>2005/06<br>R'000 | Actual Funds<br>Received<br>2005/06<br>R'000 | Funds not<br>requested/<br>not received<br>2005/06<br>R'000 | Appropriation<br>Received<br>2004/05<br>R'000 |
|----------------------------------|--|--|---|---|
| <b>Programmes</b>                |  |  |   |   |
| Administration                   | 23,893                                     | 23,893                                       | -   | 22,093  |
| Sustainable Resource Management  | 16,844                                     | 16,844                                       | -   | 12,009  |
| Asset and Liabilities Management | 46,699                                     | 46,699                                       | -   | 47,402  |
| Financial Governance             | 27,973                                     | 27,973                                       | -   | 27,476  |
| <b>Total</b>                     | <b>115,409</b>                             | <b>115,409</b>                               | <b>-</b>  | <b>108,980</b>                                |

| Note | 2005/06<br>R'000 | 2004/05<br>R'000 |
|------|------------------|------------------|
|------|------------------|------------------|

**2. Departmental revenue to be surrendered to Revenue Fund**

|   |     |                       |                       |
|---|-----|-----------------------|-----------------------|
| Tax revenue   |     | 221,972               | 173,621               |
| Sales of goods and services other than capital assets | 2.1 | 7,233                 | 7                     |
| Fines, penalties and forfeits                         |     | 290                   | 231                   |
| Interest, dividends and rent on land                  | 2.2 | 233,361               | 211,333               |
| Financial transactions in assets and liabilities      | 2.3 | 4,522                 | 116                   |
| Transfers received                                    | 2.4 | -                     | 4                     |
| Total revenue collected                               |     | <u>467,378</u>        | <u>385,312</u>        |
| Less: Departmental revenue budgeted                   | 12. | 285,541               | 170,558               |
| <b>Total</b>  |     | <b><u>181,837</u></b> | <b><u>214,754</u></b> |

**2.1 Sales of goods and services other than capital assets**

|  |  |                     |                 |
|--|--|---------------------|-----------------|
| Sales of goods and services produced               |  | 7,229               | -               |
| Administrative fees                                |  | 7,220               | -               |
| Other sales  |  | 9                   | -               |
| Sales of scrap, waste and other used current goods |  | 4                   | 7               |
| <b>Total</b>                                       |  | <b><u>7,233</u></b> | <b><u>7</u></b> |

**2.2 Interest, dividends and rent on land**

|              |  |                       |                       |
|--------------|--|-----------------------|-----------------------|
| Interest     |  | 233,361               | 211,333               |
| <b>Total</b> |  | <b><u>233,361</u></b> | <b><u>211,333</u></b> |

**WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

|   | Note | 2005/06<br>R'000 | 2004/05<br>R'000 |
|---|------|------------------|------------------|
| <b>2.3 Financial transactions in assets and liabilities</b> |      |                  |                  |
| Other receipts including recoverable revenue                |      | 4,522            | 116              |
| <b>Total</b>  |      | <u>4,522</u>     | <u>116</u>       |
| <br>  |      |                  |                  |
| <b>2.4 Transfers received</b>                               |      |                  |                  |
| Other governmental units                                    |      | -                | 4                |
| <b>Total</b>  |      | <u>-</u>         | <u>4</u>         |
| <br>  |      |                  |                  |
| <b>3. Compensation of employees</b>                         |      |                  |                  |
| <br>  |      |                  |                  |
| <b>3.1 Salaries and wages</b>                               |      |                  |                  |
| <br>  |      |                  |                  |
| Basic salary  |      | 29,522           | 23,923           |
| Performance award   |      | 784              | 581              |
| Service Based   |      | 147              | 1,733            |
| Compensative/circumstantial                                 |      | 773              | 387              |
| Periodic payments   |      | 89               | 487              |
| Other non-pensionable allowances                            |      | 5,423            | 1,990            |
| <b>Total</b>  |      | <u>36,738</u>    | <u>29,101</u>    |
| <br>  |      |                  |                  |
| <b>3.2 Social contributions</b>                             |      |                  |                  |
| <br>  |      |                  |                  |
| <b>Employer contributions</b>                               |      |                  |                  |
| Pension   |      | 3,612            | 3,203            |
| Medical   |      | 1,585            | 1,282            |
| Bargaining council  |      | 6                | 4                |
| <b>Total</b>  |      | <u>5,203</u>     | <u>4,489</u>     |
| <br>  |      |                  |                  |
| <b>Total compensation of employees</b>                      |      | <u>41,941</u>    | <u>33,590</u>    |
| <br>  |      |                  |                  |
| Average number of employees                                 |      | <u>188</u>       | <u>147</u>       |

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

|   | Note | 2005/06<br>R'000 | 2004/05<br>R'000 |
|---|------|------------------|------------------|
| <b>4. Goods and services</b>                  |      |                  |                  |
| Advertising                                   |      | 3,503            | 4,677            |
| Bank charges and card fees                    |      | 90               | 87               |
| Bursaries (employees)                         |      | 277              | 170              |
| Communication                                 |      | 1,230            | 820              |
| Computer services                             |      | 26,430           | 25,223           |
| Consultants, contractors and special services |      | 28,473           | 26,250           |
| Courier and delivery services                 |      | 48               | 29               |
| Entertainment                                 |      | 442              | 308              |
| External audit fees                           | 4.1  | 2,433            | 2,944            |
| Equipment less than R5 000                    |      | 643              | 1,114            |
| Inventory                                     | 4.2  | 1,969            | 853              |
| Legal fees                                    |      | 39               | 2                |
| Maintenance, repair and running costs         |      | 11               | 32               |
| Operating leases                              |      | 436              | 271              |
| Personnel agency fees                         |      | -                | 1                |
| Plant flowers and other decorations           |      | 4                | -                |
| Printing and publications                     |      | -                | 308              |
| Professional bodies and membership fees       |      | 30               | 15               |
| Resettlement costs                            |      | 658              | 133              |
| Subscriptions                                 |      | 13               | 23               |
| Owned and leasehold property expenditure      |      | 1                | -                |
| Translations and transcriptions               |      | 124              | 32               |
| Travel and subsistence                        | 4.3  | 2,962            | 2,481            |
| Venues and facilities                         |      | 216              | 14               |
| Protective, special clothing & uniforms       |      | 3                | 17               |
| Training & staff development                  |      | 346              | 126              |
| <b>Total</b>                                  |      | <b>70,381</b>    | <b>65,930</b>    |
| <b>4.1 External audit fees</b>                |      |                  |                  |
| Regulatory audits                             |      | 2,394            | 2,944            |
| Other audits                                  |      | 39               | -                |
| <b>Total external audit fees</b>              |      | <b>2,433</b>     | <b>2,944</b>     |

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

|  | Note | 2005/06<br>R'000 | 2004/05<br>R'000 |
|--|------|------------------|------------------|
| <b>4.2 Inventory</b>                                       |      |                  |                  |
| Domestic Consumables                                       |      | 22               | 8                |
| Food and Food supplies                                     |      | 23               | 26               |
| Sport and recreation                                       |      | 12               | -                |
| Stationery and Printing                                    |      | 1,866            | 706              |
| Restoration and fittings                                   |      | 46               | 113              |
| <b>Total Inventory</b>                                     |      | <b>1,969</b>     | <b>853</b>       |
| <b>4.3 Travel and subsistence</b>                          |      |                  |                  |
| Local  |      | 2,594            | 2,313            |
| Foreign  |      | 368              | 168              |
| <b>Total travel and subsistence</b>                        |      | <b>2,962</b>     | <b>2,481</b>     |
| <b>5. Financial transactions in assets and liabilities</b> |      |                  |                  |
| Other material losses written off                          | 5.1  | 139              | -                |
| Debts written off  | 5.2  | 6                | 6                |
| Theft  | 5.3  | 28               | 88               |
| <b>Total</b>   |      | <b>173</b>       | <b>94</b>        |
| <b>5.1 Other material losses</b>                           |      |                  |                  |
| <b>Nature of losses</b>                                    |      |                  |                  |
| Department 70 cases (old claims, ledger accounts etc)      |      | 139              | -                |
| <b>Total</b>   |      | <b>139</b>       | <b>-</b>         |
| <b>5.2 Debts written off</b>                               |      |                  |                  |
| <b>Nature of debts written off</b>                         |      |                  |                  |
| Telephone debt   |      | -                | 4                |
| Other minor amounts  |      | 6                | 2                |
| <b>Total</b>   |      | <b>6</b>         | <b>6</b>         |

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

|   | Note                  | 2005/06<br>R'000 | 2004/05<br>R'000 |
|---|-----------------------|------------------|------------------|
| <b>5.3 Details of theft</b>                   |                       |                  |                  |
| Computer Equipment (4x Laptops)               |                       | -                | 88               |
| Department 70 cases (2 cases of cheque fraud) |                       | 24               | -                |
| Theft of cell phone and cash                  |                       | 4                | -                |
| <b>Total</b>                                  |                       | <b>28</b>        | <b>88</b>        |
| <br>  |                       |                  |                  |
| <b>6. Transfers and subsidies</b>             |                       |                  |                  |
|   | ANNEXURE 1A<br>AND 1B | 152              | 131              |
| Provinces and municipalities                  |                       |                  |                  |
| Departmental agencies and accounts            | ANNEXURE 1C           | -                | 27               |
| Households                                    | ANNEXURE 1D           | 196              | 565              |
| <b>Total</b>                                  |                       | <b>348</b>       | <b>723</b>       |
| <br>  |                       |                  |                  |
| <b>7. Expenditure on capital assets</b>       |                       |                  |                  |
| Machinery and equipment                       | ANNEXURE 3            | 1,029            | 1,391            |
| Software and other intangible assets          | ANNEXURE 4            | 403              | 605              |
| <b>Total</b>                                  |                       | <b>1,432</b>     | <b>1,996</b>     |
| <br>  |                       |                  |                  |
| <b>8. Cash and cash equivalents</b>           |                       |                  |                  |
| Consolidated Paymaster General Account        |                       | 202              | (789)            |
| Disbursements                                 |                       | 10               | -                |
| Cash with commercial banks                    |                       | 1,718            | 7,734            |
| <b>Total</b>                                  |                       | <b>1,930</b>     | <b>6,945</b>     |
| <br>  |                       |                  |                  |
| <b>9. Prepayments and advances</b>            |                       |                  |                  |
| <b>Description</b>                            |                       |                  |                  |
| Travel and subsistence                        |                       | 5                | 42               |
| <b>Total</b>                                  |                       | <b>5</b>         | <b>42</b>        |

**WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

|  | Note       |   |   | 2005/06<br>R'000                            | 2004/05<br>R'000       |                        |
|--|------------|---|---|---|------------------------|------------------------|
| <b>10. Receivables</b>                                       |            |   |   |   |                        |                        |
|  |            | <b>Less than<br/>one year<br/>R'000</b> | <b>One to three<br/>years<br/>R'000</b> | <b>Older than<br/>three years<br/>R'000</b> | <b>Total<br/>R'000</b> | <b>Total<br/>R'000</b> |
| Staff debtors  | 10.1       | 14                                      | 7                                       | -   | 21                     | 51                     |
| Other debtors  | 10.2       | 4                                       | -                                       | 3   | 7                      | 2                      |
| Claims recoverable   | Annexure 5 | 194                                     | -                                       | -   | 194                    | 73                     |
| <b>Total</b>   |            | <b>212</b>                              | <b>7</b>                                | <b>3</b>                                    | <b>222</b>             | <b>126</b>             |
| <br>   |            |   |   |   |                        |                        |
| <b>10.1 Staff debtors</b>                                    |            |   |   |   |                        |                        |
| Unclaimed staff debt   |            |   |   | 91  | 56                     |                        |
| Private Telephone calls                                      |            |   |   | -   | 7                      |                        |
| Debt Recovered   |            |   |   | (84)  | (12)                   |                        |
| Tax debt   |            |   |   | 14  | -                      |                        |
| <b>Total</b>   |            |   |   | <b>21</b>                                   | <b>51</b>              |                        |
| <br>   |            |   |   |   |                        |                        |
| <b>10.2 Other Debtors</b>                                    |            |   |   |   |                        |                        |
| Ex Employees   |            |   |   | 7   | 2                      |                        |
| <b>Total</b>   |            |   |   | <b>7</b>                                    | <b>2</b>               |                        |
| <br>   |            |   |   |   |                        |                        |
| <b>11. Voted funds to be surrendered to the Revenue Fund</b> |            |   |   |   |                        |                        |
| Opening balance  |            |   |   | 6,647                                       | 38,016                 |                        |
| Transfer from Statement of Financial Performance             |            |   |   | 1,134                                       | 6,647                  |                        |
| Paid during the year   |            |   |   | (6,647)                                     | (38,016)               |                        |
| Closing balance  |            |   |   | <b>1,134</b>                                | <b>6,647</b>           |                        |



**WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

|   | Note | 2005/06<br>R'000          | 2004/05<br>R'000          |
|---|------|---------------------------|---------------------------|
| <b>12. Departmental revenue to be surrendered to the Revenue Fund</b> |      |                           |                           |
| Opening balance   |      | 307                       | 125                       |
| Transfer from Statement of Financial Performance                      |      | 181,837                   | 214,754                   |
| Departmental revenue budgeted   | 2.   | 285,541                   | 170,558                   |
| Paid during the year  |      | (467,461)                 | (385,130)                 |
| Closing balance   |      | <u>224</u>                | <u>307</u>                |
| <b>13. Payables – current</b>   |      |                           |                           |
| Description   |      | 2005/06<br>Total<br>R'000 | 2004/05<br>Total<br>R'000 |
|   |      | 30 Days<br>R'000          | 30+ Days<br>R'000         |
| Clearing accounts   | 13.1 | -                         | 767                       |
| Other payables  | 13.2 | 24                        | 8                         |
| <b>Total</b>  |      | <u>24</u>                 | <u>775</u>                |
| <b>13.1 Clearing accounts</b>   |      |                           |                           |
| Department 70 Control Account Debits                                  |      | 961,950                   | 967,886                   |
| Department 70 Control Account Credits                                 |      | (962,717)                 | (968,042)                 |
| <b>Total</b>  |      | <u>(767)</u>              | <u>(156)</u>              |

Note: The clearing account of R767 000 (nett) comprises 51 debit balances totalling R961,950 million and 39 credit balances totalling R962,717 million which have not been cleared over the past fifteen years. The intervention and guidance of both the National and Provincial Treasuries is needed before Department 70 control accounts will be cleared.

**WESTERN CAPE PROVINCE  
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VOTE 3**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

|                                      | Note | 2005/06<br>R'000 | 2004/05<br>R'000 |
|--------------------------------------|------|------------------|------------------|
| <b>13.2 Other payables</b>           |      |                  |                  |
| Supplementary Tax to be paid to SARS |      | 24               | 1                |
| Pension Fund                         |      | -                | 2                |
| Private Telephone Account            |      | 8                | -                |
| <b>Total</b>                         |      | <b>32</b>        | <b>3</b>         |

|  |
|--|
| <p>Note: Private telephone accounts are paid before the debits are raised, hence account is in credit.</p> |
|--|

**14. Net cash flow available from operating activities**

|  |                |                 |
|--|----------------|-----------------|
| Net surplus as per Statement of Financial Performance  | 182,971        | 221,401         |
| Increase in receivables – current                      | (96)           | (11)            |
| Increase/(decrease) in prepayments and advances        | 37             | (42)            |
| Increase/(decrease) in payables – current              | 640            | (4,607)         |
| Surrenders to revenue fund                             | (474,108)      | (423,146)       |
| Expenditure on capital assets                          | 1,432          | 1,996           |
| Other non cash items                                   | 285,541        | 170,558         |
| <b>Net cash flow generated by operating activities</b> | <b>(3,583)</b> | <b>(33,851)</b> |

**15. Reconciliation of cash and cash equivalents for cash flow purposes**

|  |              |              |
|--|--------------|--------------|
| Consolidated Paymaster General Account | 202          | (789)        |
| Disbursements                          | 10           | -            |
| Cash with commercial banks             | 1,718        | 7,734        |
| <b>Total</b>                           | <b>1,930</b> | <b>6,945</b> |

**WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
VOTE 3**

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

|  |           | Note       | 2005/06<br>R'000  | 2004/05<br>R'000  |
|--|-----------|------------|-------------------|-------------------|
| <b>16. Contingent liabilities</b>                                |           |            |                   |                   |
| Liable to  | Nature    |            |                   |                   |
| Motor vehicle guarantees   | Employees | ANNEXURE 2 | -                 | 72                |
| Housing loan guarantees  | Employees | ANNEXURE 2 | 161               | 279               |
| Other departments<br>(interdepartmental<br>unconfirmed balances) |           | ANNEXURE 6 | 23                | -                 |
| <b>Total</b>   |           |            | <u><u>184</u></u> | <u><u>351</u></u> |
| <b>17. Commitments</b>   |           |            |                   |                   |
| <b>Current expenditure</b>                                       |           |            |                   |                   |
| Approved and contracted  |           |            | <u>827</u>        | <u>457</u>        |
|  |           |            | <u>827</u>        | <u>457</u>        |
| <b>Capital expenditure</b>                                       |           |            |                   |                   |
| Approved and contracted  |           |            | <u>104</u>        | <u>8</u>          |
|  |           |            | <u>104</u>        | <u>8</u>          |
| <b>Total Commitments</b>   |           |            | <u><u>931</u></u> | <u><u>465</u></u> |

**WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
VOTE 3**

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

|  | Note           | 2005/06<br>R'000 | 2004/05<br>R'000 |
|--|----------------|------------------|------------------|
| <b>18. Accruals</b>                              |                |                  |                  |
|  | <b>30 Days</b> | <b>30+ Days</b>  | <b>Total</b>     |
|  | <b>R'000</b>   | <b>R'000</b>     | <b>R'000</b>     |
| <b>By economic classification</b>                |                |                  | <b>Total</b>     |
| Goods and services                               | 2,730          | 500              | 3,230            |
| Machinery and Equipment                          | 198            | 30               | 228              |
| <b>Total</b>                                     |                | <b>3,458</b>     | <b>937</b>       |
| <b>Listed by programme level</b>                 |                |                  |                  |
| Administration                                   |                | 1,165            | 768              |
| Sustainable Resource Management                  |                | 159              | 14               |
| Assets and Liabilities Management                |                | 1,786            | 151              |
| Financial Governance                             |                | 348              | 4                |
| <b>Total</b>                                     |                | <b>3,458</b>     | <b>937</b>       |
| <b>Confirmed balances with other departments</b> | ANNEXURE 6     | 165              | 187              |
| <b>Total</b>                                     |                | <b>165</b>       | <b>187</b>       |

Note: Comparatives per programme level have been restated.

**19. Employee benefit provisions**

|                          |              |              |
|--------------------------|--------------|--------------|
| Leave entitlement        | 769          | 580          |
| Thirteenth cheque        | 1,144        | 951          |
| Performance awards       | 772          | 683          |
| Capped leave commitments | 4,218        | 3,850        |
| <b>Total</b>             | <b>6,903</b> | <b>6,064</b> |

Note: Performance awards are paid after the reporting date for the year under review. Comparative figures for all employee benefits have been regrouped.

WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
VOTE 3

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

20. Lease Commitments

|   | Land  | Buildings &<br>other fixed<br>structures | Machinery<br>and<br>equipment | Total | Total |
|---|-------|--|-------------------------------|-------|-------|
| 20 Lease Commitments                                | R'000 | R'000                                    | R'000                         | R'000 | R'000 |
| <b>Operating leases</b>                             |       |  |                               |       |       |
| Not later than 1 year                               | -     | -  | 304                           | 304   | 146   |
| Later than 1 year and not<br>later than 5 years     | -     | -  | 263                           | 263   | 189   |
| <b>Total present value of<br/>lease liabilities</b> | -     | -  | 567                           | 567   | 335   |

21 Key Management Personnel

| Description                                | No of<br>Individuals |              |              |
|--|----------------------|--------------|--------------|
| Political Office Bearer (see note 1 below) | 1                    | 788          | 792          |
| Level 15 to 16                             | 1                    | 1,045        | 1,026        |
| Level 14 (see note 2 below)                | 6                    | 2,085        | 2,067        |
| <b>Total</b>                               |                      | <b>3,918</b> | <b>3,885</b> |

Notes: 1. Minister L Brown is the Minister of Finance and Tourism in the Province. 2. The Chief Financial Officer is appointed on level 13 but has been included with the information for the level 14 statistics.

**WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
VOTE 3**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

**ANNEXURE 1A**

**STATEMENT OF UNCONDITIONAL TRANSFERS PAID TO PROVINCES**

| NAME OF PROVINCE/GRANT        | GRANT ALLOCATION |            |             |                 | TRANSFERS       |                            | SPENT                         |                            |  | 2004/05         |
|-------------------------------|------------------|------------|-------------|-----------------|-----------------|----------------------------|-------------------------------|----------------------------|--|-----------------|
|                               | Amount           | Roll Overs | Adjustments | Total Available | Actual Transfer | % of Available Transferred | Amount received by department | Amount spent by department | % of available funds spent by department | Total Available |
|                               | R'000            | R'000      | R'000       | R'000           | R'000           | %                          | R'000                         | R'000                      | %  | R'000           |
| Department of Social Services | -                | -          | -           | -               | -               | -                          | -                             | -                          | -  | 50              |
| Department of the Premier     | -                | -          | 50          | 50              | 50              | 100.0                      | 50                            | 50                         | 100.0                                    | -               |
|                               | -                | -          | 50          | 50              | 50              | -                          | 50                            | 50                         | -  | 50              |

**COMMENTS**

Donation in respect of the Mali Timbaktu library project.

**WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

**ANNEXURE 1B  
STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES**

| NAME OF MUNICIPALITY | GRANT ALLOCATION |            |             |                 | TRANSFER        |                                  | SPENT                           |                              |  | 2004/05         |
|----------------------|------------------|------------|-------------|-----------------|-----------------|----------------------------------|---------------------------------|------------------------------|--|-----------------|
|                      | Amount           | Roll Overs | Adjustments | Total Available | Actual Transfer | % of Available Funds Transferred | Amount received by municipality | Amount spent by municipality | % of available funds spent by municipality | Total Available |
|                      | R'000            | R'000      | R'000       | R'000           | R'000           | %                                | R'000                           | R'000                        | %  | R'000           |
| City of Cape Town    | 126              | -          | (4)         | 122             | 102             | 83.6                             | 102                             | 102                          | 100.0                                      | 81              |
|                      | <u>126</u>       | <u>-</u>   | <u>(4)</u>  | <u>122</u>      | <u>102</u>      | <u>-</u>                         | <u>102</u>                      | <u>102</u>                   | <u>-</u>                                   | <u>81</u>       |
| RCS Levies           |                  |            |             |                 |                 |                                  |                                 |                              |  |                 |

**WESTERN CAPE PROVINCE  
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

**ANNEXURE 1C  
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

| DEPARTMENTS/<br>AGENCY/ACCOUNT | TRANSFER ALLOCATION              |            |             |                    | TRANSFER           |   | 2004/05                       |
|--------------------------------|----------------------------------|------------|-------------|--------------------|--------------------|---|-------------------------------|
|                                | Adjusted<br>Appropriation<br>Act | Roll Overs | Adjustments | Total<br>Available | Actual<br>Transfer | % of<br>Available<br>Funds<br>Transferred | Final<br>Appropriation<br>Act |
|                                | R'000                            | R'000      | R'000       | R'000              | R'000              | %   | R'000                         |
| SETA                           | -                                | -          | -           | -                  | -                  | -   | 27                            |
|                                | -                                | -          | -           | -                  | -                  | -   | 27                            |



**WESTERN CAPE PROVINCE  
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

**ANNEXURE 1D  
STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS**

| HOUSEHOLDS                         | TRANSFER ALLOCATION              |            |             |                    | EXPENDITURE        |                                  | 2004/05                      |
|------------------------------------|----------------------------------|------------|-------------|--------------------|--------------------|----------------------------------|------------------------------|
|                                    | Adjusted<br>Appropriation<br>Act | Roll Overs | Adjustments | Total<br>Available | Actual<br>Transfer | % of<br>Available<br>Transferred | Final<br>Apropriation<br>Act |
|                                    | R'000                            | R'000      | R'000       | R'000              | R'000              | %                                | R'000                        |
| Claims against State<br>Households | 111                              | -          | 85          | 196                | 196                | 100.0                            | 565                          |
| <b>Total</b>                       | <b>111</b>                       | <b>-</b>   | <b>85</b>   | <b>196</b>         | <b>196</b>         | <b>-</b>                         | <b>565</b>                   |

**WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

**ANNEXURE 2  
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2006 – LOCAL**

| Guarantor institution | Guarantee in respect of | Original Guaranteed capital amount<br>R'000 | Opening Balance<br>1-Apr-05<br>R'000 | Guarantees issued during the year<br>R'000 | Guarantees released/paid/<br>cancelled/<br>reduced<br>during the year<br>R'000 | Guaranteed interest outstanding<br>as at<br>31-Mar-06<br>R'000 | Closing Balance<br>31-Mar-06<br>R'000 | Realised losses not recoverable<br>R'000 |
|-----------------------|-------------------------|---|--------------------------------------|--|--|--|---------------------------------------|--|
| <b>Motor Vehicles</b> |                         |   |                                      |  |  |  |                                       |  |
| Stannic               | ED Jacobs               | 200   | 72                                   | -  | 72   | -  | -                                     | -  |
|                       |                         | 200   | 72                                   | -  | 72   | -  | -                                     | -  |
| <b>Housing</b>        |                         |   |                                      |  |  |  |                                       |  |
| Standard Bank         |                         | 53  | 53                                   | -  | -  | -  | 53                                    | -  |
| Firststrand Bank Ltd  |                         | 17  | 17                                   | -  | -  | -  | 17                                    | -  |
| ABSA                  |                         | 148   | 148                                  | 49   | 123  | -  | 74                                    | -  |
| Old Mutual (Nedbank)  |                         | 61  | 61                                   | -  | 44   | -  | 17                                    | -  |
|                       |                         | 279   | 279                                  | 49   | 167  | -  | 161                                   | -  |
|                       | <b>Total</b>            | <b>479</b>                                  | <b>351</b>                           | <b>49</b>                                  | <b>239</b>   | <b>-</b>   | <b>161</b>                            | <b>-</b>                                 |

**WESTERN CAPE PROVINCE  
PROVINCIAL TREASURY  
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

**ANNEXURE 3**

**CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006**

|                                | Opening<br>balance<br>R'000 | Additions<br>R'000 | Disposals<br>R'000 | Closing<br>balance<br>R'000 |
|--------------------------------|-----------------------------|--------------------|--------------------|-----------------------------|
| <b>MACHINERY AND EQUIPMENT</b> | 5,250                       | 1,029              | -                  | 6,279                       |
| Transport assets               | -                           | 108                | -                  | 108                         |
| Computer equipment             | 4,439                       | 306                | -                  | 4,745                       |
| Furniture and Office equipment | 144                         | 248                | -                  | 392                         |
| Other machinery and equipment  | 667                         | 367                | -                  | 1,034                       |
| <b>TOTAL CAPITAL ASSETS</b>    | <b>5,250</b>                | <b>1,029</b>       | <b>-</b>           | <b>6,279</b>                |

**ANNEXURE 3.1**

**ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006**

|                                | Cash<br>R'000 | In-Kind<br>R'000 | Total<br>R'000 |
|--------------------------------|---------------|------------------|----------------|
| <b>MACHINERY AND EQUIPMENT</b> | 1,029         | -                | 1,029          |
| Transport assets               | 108           | -                | 108            |
| Computer equipment             | 306           | -                | 306            |
| Furniture and Office equipment | 248           | -                | 248            |
| Other machinery and equipment  | 367           | -                | 367            |
| <b>TOTAL CAPITAL ASSETS</b>    | <b>1,029</b>  | <b>-</b>         | <b>1,029</b>   |

**ANNEXURE 3.2**

**CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005**

|                                | Additions<br>R'000 | Disposals<br>R'000 | Total<br>Movement<br>R'000 |
|--------------------------------|--------------------|--------------------|----------------------------|
| <b>MACHINERY AND EQUIPMENT</b> | 1,391              | -                  | 1,391                      |
| Computer equipment             | 1,075              | -                  | 1,075                      |
| Furniture and Office equipment | 264                | -                  | 264                        |
| Other machinery and equipment  | 52                 | -                  | 52                         |
| <b>TOTAL CAPITAL ASSETS</b>    | <b>1,391</b>       | <b>-</b>           | <b>1,391</b>               |

**WESTERN CAPE PROVINCE  
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

**ANNEXURE 4**

**CAPITAL INTANGIBLE ASSET COST MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006**

|                   | Opening<br>balance<br>R'000 | Additions<br>R'000 | Disposals<br>R'000 | Closing<br>balance<br>R'000 |
|-------------------|-----------------------------|--------------------|--------------------|-----------------------------|
| Computer Software | 605                         | 403                | -                  | 1,008                       |
| <b>TOTAL</b>      | <b>605</b>                  | <b>403</b>         | <b>-</b>           | <b>1,008</b>                |

**ANNEXURE 4.1**

**ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006**

|                   | Cash<br>R'000 | In-Kind<br>R'000 | Total<br>R'000 |
|-------------------|---------------|------------------|----------------|
| Computer Software | 403           | -                | 403            |
| <b>TOTAL</b>      | <b>403</b>    | <b>-</b>         | <b>403</b>     |

**ANNEXURE 4.2**

**CAPITAL INTANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005**

|                   | Additions<br>R'000 | Disposals<br>R'000 | Total<br>Movement<br>R'000 |
|-------------------|--------------------|--------------------|----------------------------|
| Computer Software | 605                | -                  | 605                        |
| <b>TOTAL</b>      | <b>605</b>         | <b>-</b>           | <b>605</b>                 |

**WESTERN CAPE PROVINCE  
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

**ANNEXURE 5  
INTER-GOVERNMENTAL RECEIVABLES**

| Government Entity                            | Confirmed balance |            | Unconfirmed balance |            | Total      |            |
|--|-------------------|------------|---------------------|------------|------------|------------|
|  | 31/03/2006        | 31/03/2005 | 31/03/2006          | 31/03/2005 | 31/03/2006 | 31/03/2005 |
|  | R'000             | R'000      | R'000               | R'000      | R'000      | R'000      |
| <b>Department</b>                            |                   |            |                     |            |            |            |
| National Treasury                            | -                 | -          | -                   | 39         | -          | 39         |
| Transport and Public Works (Western Cape)    | -                 | 3          | -                   | -          | -          | 3          |
| Environmental Affairs and Tourism (Pretoria) | -                 | 31         | -                   | -          | -          | 31         |
| Department of Health (Western Cape)          | -                 | -          | 178                 | -          | 178        | -          |
| Department of the Premier (Western Cape)     | 16                | -          | -                   | -          | 16         | -          |
| <b>TOTAL</b>                                 | <b>16</b>         | <b>34</b>  | <b>178</b>          | <b>39</b>  | <b>194</b> | <b>73</b>  |

**WESTERN CAPE PROVINCE  
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

**ANNEXURE 6  
INTER-DEPARTMENTAL PAYABLES – CURRENT**

| GOVERNMENT ENTITY  | Confirmed balance |            | Unconfirmed balance |            | TOTAL      |            |
|--|-------------------|------------|---------------------|------------|------------|------------|
|  | 31/03/2006        | 31/03/2005 | 31/03/2006          | 31/03/2005 | 31/03/2006 | 31/03/2005 |
|  | R'000             | R'000      | R'000               | R'000      | R'000      | R'000      |
| <b>DEPARTMENTS</b>   |                   |            |                     |            |            |            |
| Department of Transport and Public Works<br>(Western Cape) | 104               | 174        | -                   | -          | 104        | 174        |
| Department of the Premier (Western Cape)                   | -                 | 1          | 22                  | -          | 22         | 1          |
| South African Police Service                               | -                 | 12         | -                   | -          | -          | 12         |
| Government Motor Transport (Western Cape)                  | 13                | -          | -                   | -          | 13         | -          |
| Dept. of Cultural Affairs and Sport (Western<br>Cape)      | 25                | -          | -                   | -          | 25         | -          |
| Dept. of Local Govt. and Housing (Western<br>Cape)         | 23                | -          | -                   | -          | 23         | -          |
| Department of Justice                                      | -                 | -          | 1                   | -          | 1          | -          |
| <b>Total</b>   | <b>165</b>        | <b>187</b> | <b>23</b>           | <b>-</b>   | <b>188</b> | <b>187</b> |

# Human Resource Management

## Oversight Report

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

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

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

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

### 1. Service Delivery

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

**Table 1.1: Main services provided and standards**

| Main services   | Actual customers   | Potential customers  | Standard of service  | Actual achievement against standards   |
|---|--|--|--|--|
| <b>PROGRAMME 1: ADMINISTRATION</b>  |  |  |  |  |
| <b>Sub-programme 1.1: Office of the Provincial Minister</b>   |  |  |  |  |
| Smooth and effective functioning of the Minister's Office.  | Minister<br>Office of the Premier<br>Three tiers of Government:<br>National, Provincial, Local<br>National Ministers<br><br>Provincial Ministers<br>Director-General<br>Department Heads<br>Tourism Organisations<br>Gambling Board<br>Diplomats<br>Politicians<br>Public<br>Public Sector<br>Private Sector<br>NGOs<br>Cabinet Secretariat<br>International Organisations | Other Provinces Ministries<br><br>Other National Ministries<br>National departments<br>Provincial departments.                   | Adherence to benchmarked service standards.                | Partial delivery of administrative, communication and other support services to the standards set by the Minister. |
| <b>Sub-programme 1.2: Management Services</b>   |  |  |  |  |
| Ensure good strategic support to the HOT and his management team.<br><br>Conduct overall planning to ensure that remaining management functions are | Minister<br>Provincial Treasury<br>Other Departments<br>Directorates   | Other Provinces Ministries<br><br>Other National Ministries<br>National departments<br>Provincial departments.<br>Municipalities | No service delivery achievements of note can be registered | This sub-programme performs staff functions and it does not directly contribute towards achieving the PT outcomes. |



| Main services   | Actual customers                            | Potential customers            | Standard of service | Actual achievement against standards  |
|---|---|--------------------------------|---------------------|---|
| conducted on such a level that PT delivers on its responsibilities. |   |                                |                     |   |
| <b>Sub-programme 1.3: Corporate Services</b>                        |   |                                |                     |   |
| Excellence in personnel and performance management services.        | Provincial Treasury<br>Directorates<br>SETA | Provincial departments<br>DPSA | 20% Vacancy rate    | At start of financial year a 25% vacancy rate was achieved which escalated to a 44% vacancy rate due to the creation of 66 posts added to the establishment. It has since been worked down to 32%.  |
| Ensuring cordial labour relations.                                  | Provincial Treasury<br>Directorates<br>SETA | Provincial departments<br>DPSA | No labour disputes. | <p>Collective Agreements were concluded on the following:</p> <ul style="list-style-type: none"> <li>(a) Recruitment and Selection Policy,</li> <li>(b) Implementation of SPMS incentive payouts,</li> <li>(c) Terms of reference for IMLC.</li> </ul> <p>Four cases of misconduct concerning:</p> <ul style="list-style-type: none"> <li>(a) One case of dishonesty which was instituted with a written warning,</li> <li>(b) Three cases of absence from work without permission that was sanctioned by final written warnings.</li> </ul> <p>Three grievances were lodged of which only 1 case</p> |

| Main services  | Actual customers                            | Potential customers            | Standard of service                     | Actual achievement against standards  |
|--|---|--------------------------------|---|---|
|  |   |                                |   | was resolved.   |
| Facilitating appropriate human resource development. | Provincial Treasury<br>Directorates<br>SETA | Provincial departments<br>DPSA | Skilling in line with strategic goals.  | 62 % attained<br>68 Bursaries<br>11 Learnerships<br>3 Abet<br>132 Training Interventions<br>12 interns  |
| Ensuring organisational transformation.              | Provincial Treasury<br>Directorates<br>SETA | Provincial departments<br>DPSA | Ability to deliver on Treasury's goals. | Current filling of vacancies focused on achieving a diversified workforce.<br><br>The percentage change in the diversity of the workforce was as follows:<br><br>African Male 10%<br>African Female 13%<br>Coloured Male 7%<br>Coloured Female 9%<br>Indian Male 1%<br>Indian Female 1%<br>White Male 0%<br>White Female 0%.<br>Gender Equality in employment target was achieved.<br>HIV & Aids workplace programme was 80% completed.<br>Cultural Assessments completed with a view of implementing/ guiding Transformation programmes. |
| <b>Sub-programme 1.4: Financial Management</b>       |   |                                |   |   |
| Efficient and  | Provincial Treasury                         | Provincial                     | Ensure no greater                       | An under  |

| Main services   | Actual customers                 | Potential customers    | Standard of service  | Actual achievement against standards   |
|---|----------------------------------|------------------------|--|--|
| effective planning and budget management.                 | Directorates                     | departments            | than 2% variance between actual and approved budget.                     | expenditure of 1% was achieved for the period.   |
| Ensuring proper financial accounting and risk management. | Provincial Treasury Directorates | Provincial departments | Unqualified Auditor-general report.                                      | Financial accounting is on par with Treasury's normative standards.  |
|   |                                  |                        |  | Risk Management is still in the early stage of development.<br>The Auditor-General's report has not been issued yet.   |
| Supply chain management in line with treasury criteria.   | Provincial Treasury Directorates | Provincial departments | Full compliance to efficiency criteria developed by the Treasury.        | 80% compliance was achieved.<br>A new Asset register was compiled from Provincial Treasury.  |
| Excellent specialised auxiliary services.                 | Provincial Treasury Directorates | Provincial departments | Services delivered at a standard acceptable to other line functionaries. | Normal support services were on par with expectations.<br>Document management services were rated and provided at 60%. A new document control system is being developed. |

## PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

### Sub-programme 2.1: Programme Support

Note: Support structures not yet approved hence no comments.

### Sub-programme 2.2: Economic Analysis

|   |   |                                     |                                      |  |
|---|---|-------------------------------------|--------------------------------------|--|
| Determine the potential and constraints for economic growth and development, and their interaction with current government spending and revenue patterns. | Provincial departments<br>CFOs<br>Provincial Treasuries and National Treasury<br>SCOF<br>Local Government<br>Academia | PTC<br>SSA<br>FFC<br>Private Sector | Positive feedback from stakeholders. | Chapter 1 contribution to the 2005 MTBPS 2006 Provincial Economic Review and Outlook approved by the Cabinet, tabled in the house, launched to stakeholders and debated by SCOF. |
|---|---|-------------------------------------|--------------------------------------|--|

| Main services   | Actual customers  | Potential customers | Standard of service  | Actual achievement against standards                     |
|---|---|---------------------|--|--|
| Preparation of input into the budget process.<br>Adjustment Estimate and selected impact assessments. | Provincial departments<br>CFOs<br>Provincial Treasury and National Treasury<br>SCOF | PTC<br>SSA<br>FFC   | Refinement of input into the budget process as well as the impact assessment on request. | Timely socio-economic inputs made to the budget process. |

### Sub-programme 2.3: Fiscal Policy

|  |   |   |   |   |
|--|---|---|---|---|
| Administer the medium-term revenue planning process.   | Provincial and National departments<br>CFOs<br>Provincial and National Treasury | PTC<br>Statistics SA<br>SCOF<br>FFC   | Timeous and accurate estimates of all sources of Provincial Revenue disseminated to Provincial Treasury.                                  | Timeous and accurate estimates of all sources of Provincial Revenue disseminated to Provincial Treasury.  |
| Assess and optimise division of national revenues (equitable shares and conditional grants). | Provincial departments<br>CFOs<br>Provincial and National Treasury<br>NCOP      | Other Provincial Treasuries<br>PTC<br>Statistics SA<br>SCOF<br>FFC                          | Annual real growth of at least 1% above GDP inflation after discounting of personnel and social security.                                 | 7,6% real Equitable Share growth between 2005/06 and 2006/07, forming 72,9% of provincial revenue.<br>0,8% real Conditional Grant growth between 2005/06 and 2006/07 forming 16% of provincial revenue. |
| Assess and optimise the Western Cape's present own revenue base.                             | Provincial and National departments<br>CFOs<br>Provincial and National Treasury | Other Provincial Treasuries<br>PTC<br>Statistics SA<br>SCOF<br>FFC<br>Tertiary institutions | Annual real growth in excess of 5% over current MTEF projections.   | Own revenue increased at a real growth rate of 13,6% between 2004/05 and 2005/06. Own revenue decreases over the MTEF as a result of policy decisions (the establishment of the Asset Financing Fund).  |
| Ensure effective and efficient management of debtors.  | Provincial departments<br>CFOs<br>Provincial and National Treasury              | Other Provincial Treasury's<br>Statistics SA  | Collect information on reported and unreported provincial debt.<br>Systematic reduction in level of debt owing to provincial departments. | Identification of all outstanding debt.<br>5,85% reduction in level debt owing to provincial departments.   |

| Main services  | Actual customers  | Potential customers  | Standard of service  | Actual achievement against standards   |
|--|---|--|--|--|
| Ensure effective and efficient development of provincial own revenue.                | Provincial departments<br>CFOs<br>Provincial and National Treasury  | Other Provincial Treasuries<br>Statistics SA<br>PTC<br>SCOF<br>FFC | Identify and determine the feasibility of alternative provincial taxes (fuel levy, bed levy, developer tax and others).<br>Develop revenue estimation model. | Fuel levy to be implemented in the 2007/08 financial year.<br>Bed levy feasibility study due September 2006.<br>Identification of econometric training provider. |
| Ensure effective and efficient development of the Western Cape's borrowing capacity. | Provincial departments<br>CFOs<br>Provincial and National Treasury  | Other Provincial Treasuries  | Determine feasibility of provincial borrowing.   | Identification of prerequisites for provincial borrowing to occur.   |
| Assess viability of municipal revenue budgets.                                       | Municipalities<br>Department of Economic Development and Local Government and Housing<br>Provincial and National Treasury | Other Provincial Treasuries  | Assess viability of municipal revenue budgets to ensure sustainability.  | Developed template for the assessment of municipal revenue.<br>Assessed operating and capital budgets for 30 municipalities in the Western Cape.                 |

**Sub-programme 2.3: Fiscal Policy: Western Cape Gambling and Racing Board (WCGRB)**

|   |   |   |   |  |
|---|---|---|---|--|
| Effective and efficient revenue administration with a high level of gambling industry compliance. | CFOs<br>Provincial and National Treasury<br>NGOs<br>Provincial Parliament<br>SCOF | Statistics SA<br>FFC<br>Gambling industry rollplayers<br>General public | Real growth of gambling and betting revenue in excess of 5%.<br>Receipt of all estimated gambling and betting revenue.<br>Transparency, efficiency and communication between WCGRB and Provincial Treasury. | 15% real growth in gambling and betting revenue.<br>All revenue deposited into the Provincial Revenue Fund.<br>Compliance of all license holders and the confiscation of illegal gambling devices. |
|---|---|---|---|--|

| Main services   | Actual customers  | Potential customers | Standard of service  | Actual achievement against standards                         |
|---|---|---------------------|--|--|
| Western Cape Gambling and Racing Board being self sufficient, sustainable and adequately resourced. | CFOs<br>Provincial Treasury<br>SCOF<br>Provincial Parliament<br>WCGRB | SSA<br>FFC          | Self sufficient, sustainable and adequately resourced WCGRB. | Self sufficient, sustainable and adequately resourced WCGRB. |

#### Sub-programme 2.4: Budget Management

|   |  |   |   |   |
|---|--|---|---|---|
| To promote and facilitate performance monitoring in provincial departments and municipalities and should be done in conjunction with similar processes undertaken by the Department of the Premier, Department of Local Government and Housing and the National Treasury. | Provincial and National departments and municipalities | Provincial departments<br>Accounting Officers, Chief Financial Officers and Directorates and Municipal Managers and CFOs. | Acceptance of provincial Medium-term Budget Policy Statement (WC-MTBPS) and Departmental allocations for Budget 2006 by the Executive and tabling of WC-MTBPS and Budget 2006 in the Provincial Parliament. | WC-MTBPS 2006-2009 was produced and accepted by the Executive and tabled during November 2005.<br>Final departmental allocations was accepted by the Executive and the Western Cape Budget 2006 was tabled on 17 February 2006.<br>LG engagements took place as follows:<br>LG MTEC 1:<br>April 2005.<br>LG MTEC 2:<br>October 2005.<br>LG MTEC 3:<br>January 2006. |
|---|--|---|---|---|

#### Sub-programme 2.5: Public Finance

|  |   |  |  |   |
|--|---|--|--|---|
| Controlled and assessed expenditure (actual and forecasts).  | Provincial departments<br>CFOs<br>National Treasury<br>Provincial Cabinet | Budget Committee<br>SSA<br>SCOF<br>FFC | Timely quality expenditure reports. Spending patterns within defined limits. | Expenditure and trend analysis reports were produced.<br>Provincial spending below 2% norm. |
| Proposing allocations and compile annual adjustments budget. | Provincial and National departments.                                      | Provincial departments<br>Directorates | Acceptance by the Executive and Provincial Parliament.                       | Adjustments Budget accepted by the Executive and tabled on 22 November 2005.                |

| Main services   | Actual customers   | Potential customers  | Standard of service  | Actual achievement against standards  |
|---|--|--|--|---|
| Fulfillment of the Provincial Treasury responsibilities of the Local Government Municipal Finance Management Act, 2003 (Act No 56 of 2003). | National and Provincial Ministers of Finance<br>Provincial departments<br>Directorates within Provincial Treasury<br>National Treasury<br>Municipalities<br>SCOF<br>Provincial Parliament<br>Auditor-General | Budget Forum<br>FFC<br>Other Provinces                       | Comply with National Treasury requirements.  | An appropriate number of posts have been filled to give effect to the National Treasury requirements.   |
| Develop frameworks for transfer of functions between local and provincial spheres of government.  | Provincial departments<br>Municipalities<br>SALGA<br>National Treasury<br>SCOF<br>SCOPA  | Provincial Cabinet<br>Budget Forum<br>FFC<br>Other Provinces | Alignment and optimal placement of functions between the spheres of government.  | Situation paper on each affected function and a report to Cabinet with a five-phase methodology.<br><br>Commenced with the development of a framework.                        |
| Publication and managing of allocations from provincial departments to municipalities.  | Provincial departments<br>Municipalities<br>National Treasury<br>Provincial Cabinet<br>SCOF<br>SCOPA<br>National and Provincial Ministers of Finance   | Budget Forum<br>FFC<br>Other Provinces                       | Ensure the publication of allocations by provincial departments to municipalities by 1 April 2006 in main budget.<br><br>Ad hoc gazetting of additional allocations from provincial departments to municipalities. | LGMTEC 2 engagement with municipalities.<br><br>Publication of allocations included in the 2006/07 WCPG Budget.<br><br>Successful gazetting of allocations to municipalities. |
| Facilitating and managing of managerial and co-ordinating intergovernmental structures.   | Provincial departments<br>Municipalities<br>National Treasury  | Budget Forum<br>FFC<br>Other Provinces                       | Establishing coordinating structures to ensure the smooth implementation of the MFMA.  | Municipal Chief Financial Officer's Forum is operational.<br><br>A fully functioning MFMA Implementation Unit.  |
| Advise on local government financial issues.  | Provincial Minister of Finance<br>Municipalities   | SCOF   | Provision of sound advice on ad hoc municipal financial matters.   | Timeous response to issues as it arises.  |

| Main services  | Actual customers   | Potential customers | Standard of service   | Actual achievement against standards                |
|--|--|---------------------|---|---|
| <b>PROGRAMME 3: ASSET AND LIABILITIES MANAGEMENT</b>                       |  |                     |   |   |
| <b>Sub-programme 3.1: Programme Support</b>                                |  |                     |   |   |
| Note: Support structures not yet approved hence no comments.               |  |                     |   |   |
| <b>Sub-programme 3.2: Financial Asset Management</b>                       |  |                     |   |   |
| Effective cash flow management of all departmental bank accounts.          | Provincial departments<br>CFOs                           | Local Government    | 100% achieved.  | 100% achieved                                       |
| Optimising available cash.   | Provincial departments<br>CFOs                           | Local Government    | 70% of target market.   | 100% achieved                                       |
| Interest amount achieved as appropriated in the budget.                    | Provincial departments<br>CFOs<br>Financial institutions | Liaison committees  | 100% achieved.  | Interest target exceeded                            |
| Successful implementation of banking arrangements for the province.        | Provincial departments<br>CFOs<br>Financial institutions | Liaison committees  | Not applicable.   | Not applicable                                      |
| Provide functional training according to an approved training schedule.    | Provincial departments<br>CFOs                           | Local Government    | 25% of target market.   | One-on-one training on an ongoing basis.            |
| Nominating staff according to an agreed IDP (Individual development plan). | Directorate's staff                                      | Directorate's staff | 25%   | 25% of officials attended a learnership course.     |
| Provide functional training according to an approved training programme.   | Local Government   | Local Government    | 10%   | Visits to municipalities to ascertain shortcomings. |
| Effective user support.  | Provincial departments                                   | Local Government    | 100% accessibility and availability of the helpdesk on a daily basis.                 | 100% accessibility.                                 |
| Credible cash flow projections.  | Provincial departments<br>CFOs<br>National Treasury      | Local Government    | 100% timeous submission and not more than 10% deviation in projections vs. transfers. | 100% achieved                                       |



| Main services  | Actual customers   | Potential customers                  | Standard of service   | Actual achievement against standards  |
|--|--|--------------------------------------|---|---|
| Effective cash flow management at municipalities.  | Local Government   | Provincial departments<br>CFOs       | 100% compliance   | Assessment of draft budgets before tabling.   |
| <b>Sub-programme 3.2: Movable Assets</b>   |  |                                      |   |   |
| Develop and implement Provincial Treasury instructions and guidelines to ensure effective supply chain management of goods and services. | Provincial departments<br>Businesses<br>Local Government | Liaison Committees<br>Forums<br>NGOs | A modernised and practical supply chain management system to promote economic development and improve efficiency. | Facilitation and management of 3 transversal contracts.<br>Percentage of departments assessed: 30% on Education and Transport and Public Works.<br>Reports on renewal of EPS and WCSD.<br>Number of officials knowledgeable in prescripts:  |
|  | Provincial departments<br>Local Government               | Liaison Committees<br>Forums<br>NGOs | Capacitate/co-ordinate training/re-training of officials.   | 100 % of target achieved for financial year.  |
| Monitor compliance with legislative framework.   | Provincial departments                                   | Provincial Departments               | Compliance to prescripts.   | Compliance testing at 5 departments completed.  |
|  | Local Government   | Liaison Committees<br>Forums<br>NGOs | Successful implementation of MFMA roll-out of SCM in municipalities.  | Number of vacancies filled: 3 posts filled.<br><br>Number of SCM units in municipalities and municipal entities established with the percentage of set criteria: 15 units met 25% of criteria.<br>SCM implemented in 20 municipalities.<br>Percentage of target population trained: 20% of target population trained. |

| Main services | Actual customers | Potential customers | Standard of service | Actual achievement against standards   |
|---------------|------------------|---------------------|---------------------|--|
|               |                  |                     |                     | Number of municipalities having access to WCSD:<br>Implementation of WCSD in 5 municipalities. |

#### Sub-programme 3.2: Immovable Assets

|   |   |                    |  |  |
|---|---|--------------------|--|--|
| Facilitate, promote and in liaison with accounting officers implement public private partnership initiatives. | Provincial departments<br>Private sector<br>Public entities | Liaison Committees | Appropriate risk transfer to private sector. | Established PPP unit in the Provincial Treasury. |
|---|---|--------------------|--|--|

#### Sub-programme 3.3: Liabilities Management

Note: The liabilities unit was not functional during 2005/06.

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

|  |   |                  |  |   |
|--|---|------------------|--|---|
| Acceptance by the Executive and the National Treasury of a policy framework dealing with the involvement and deployment of financial systems utilization of LOGIS in all provincial departments. | Provincial departments<br>CFOs<br>National Treasury | Local Government | 100% compliance  | Phase 2 of the project successfully completed.  |
| The availability of up to date management information.   | Provincial departments<br>CFOs                      | Local Government | 100% completion of the application to all 14 Head Office components of departments as well as 40 Regional/ District offices. | 85% completion of the application to all 14 Head Office components of departments as well as 40 Regional/ District offices. |
| All Western Cape user requirements accommodated and tested prior to implementation.  | Provincial departments<br>CFOs<br>National Treasury | Local Government | On completion of phase 2 of the project, proceed with the planning, development and testing phases of the project.           | Not applicable.   |

| Main services  | Actual customers  | Potential customers | Standard of service   | Actual achievement against standards |
|--|---|---------------------|---|--------------------------------------|
| Successful and smooth migration from the current to the new IFMS.  | Provincial departments<br>CFOs<br>National Treasury         | Local Government    | Not applicable.   | Not applicable.                      |
| Ensure availability of the systems and information.  | Provincial departments<br>CFOs<br>National Treasury<br>SITA | Local Government    | 95% uptime.   | 98% uptime.                          |
| User requirements timeously addressed.   | Provincial departments<br>CFOs<br>National Treasury         | Local Government    | All user requirements submitted to National Treasury and rolled out within 2 weeks after release. | 100% achieved.                       |
| Ensure effective user support to all users.  | Provincial departments<br>CFOs<br>National Treasury         | Local Government    | 100% accessibility and availability of the helpdesk on a daily basis.                             | 100% achieved.                       |
| Provide functional financial training according to an approved training programme and in the case of BAS, PERSAL, Vulindlela and LOGIS according to the project plans. | Provincial departments<br>CFOs<br>National Treasury         | Local Government    | 70% of target market.   | 70% of target market achieved.       |
| Optimal management of cost drivers of all State Information Technology Agency (SITA) accounts to stay within budget.   | Provincial departments<br>CFOs<br>National Treasury<br>SITA | Local Government    | No more than 2% deviation between actual expenditure and approved budget.                         | Deviation of less than 2% achieved.  |

#### PROGRAMME 4: FINANCIAL GOVERNANCE

##### Sub-programme 4.1: Programme Support

|   |   |   |  |                  |
|---|---|---|--|------------------|
| Rendering administrative support services to ensure the effective operational management of the unit. | Provincial Treasury<br>All other customers indicated by the various directorates within Financial Governance. | Provincial Treasury<br>All other customers indicated by the various directorates within Financial Governance. | Smooth and effective functioning of the component. | 100% compliance. |
|---|---|---|--|------------------|

| Main services  | Actual customers   | Potential customers  | Standard of service   | Actual achievement against standards  |
|--|--|--|---|---|
| <b>Sub-programme 4.2: Accounting Services</b>  |  |  |   |   |
| Ensure the development of accounting practices that will promote effective and efficient capturing of REAL movements and accountability. | Departments<br>Public entities<br>Trading entities<br>Municipalities<br>Auditor-General<br>National Treasury<br>Accounting Standards Board | SCOPA<br>SCOF<br>Provincial Treasury<br>Forum<br>Technical Committee on Finance<br>PAG Forum | Financial statements prepared in compliance with GRAP/GAMAP/. GAAP                                | 100% compliance.  |
| Ensure integrity of financial data.  | Departments<br>Public entities<br>Trading entities<br>Municipalities<br>Auditor-General<br>National Treasury<br>Accounting Standards Board | SCOPA<br>SCOF<br>Provincial Treasury<br>Forum<br>Technical Committee on Finance<br>PAG Forum | Financial statements of departments, public entities and municipalities analysed and interpreted. | Financial statements analysed and reported in the Accounting Review.                          |
| <b>Sub-programme 4.3: Norms and Standards</b>  |  |  |   |   |
| Determination and implementation of financial management norms and standards to facilitate excellence in service delivery.               | AOs<br>CFOs<br>Provincial Treasury<br>Directorate<br>Municipalities<br>Public Entities   | SCOF<br>PTC<br>SCOPA   | Full Compliance by Accounting Officers with normative standards.                                  | Assessment of nominal and substantive compliance and initiations of remedial steps.           |
| Ensuring the existence of an appropriate and dynamic financial legislative framework.  | AOs<br>CFOs<br>Provincial Treasury<br>Directorates<br>Municipalities<br>Public Entities  | SCOF<br>PTC<br>SCOPA   | No unauthorized departures from financial prescripts.   | Assessment and proposal of amendments to financial legislation to ensure continued relevance. |
| Phasing in the Provincial Treasury's responsibilities of the MFMA.   | Provincial Treasury<br>Directorates<br>Municipalities  | SCOF<br>PTC  | Nominal compliance by Municipal Managers with MFMA.   | A Draft monitoring tool compiled.   |

| Main services  | Actual customers  | Potential customers               | Standard of service  | Actual achievement against standards   |
|--|---|-----------------------------------|--|--|
| <b>Sub-programme 4.4: Risk Management</b>  |   |                                   |  |  |
| To develop and facilitate the implementation of effective risk management (RM) and governance capacity within Provincial Government. | Provincial Treasury<br>Departments  | National departments<br>SCOF      | To facilitate the establishment of risk management capacity and financial governance systems in the Provincial Government. | All departments with approved structures.  |
| <b>Sub-programme 4.5: Provincial Internal Audit</b>  |   |                                   |  |  |
| To deliver an effective internal audit service to all Provincial Departments.  | AOs, CFOs, Auditor General, Forensic Investigative Unit, Audit Committees | National departments, SCOF, SCOPA | To deliver and effective internal audit service to all Provincial Departments.   | A central co-sourced Internal Audit unit is operational. An internal audit service was provided to all Provincial Departments. |

**Table 1.2: Consultation arrangements with customers**

| Type of arrangement                             | Actual customers                    | Potential customers                 | Actual achievements  |
|---|-------------------------------------|-------------------------------------|--|
| Technical Committee on Finance.                 | National Treasury                   | Other provinces                     | Re-structured committee that also focuses on accounting issues.                                      |
| Provincial Accountant General's Forum.          | National Treasury                   | Other provinces                     | Transversal accounting issues raised and resolved.   |
| Auditor-General Forum.                          | Provincial Auditor                  | Provincial departments              | Accounting and financial reporting issues raised and resolved.<br>Limiting duplication audit effort. |
| Chief Financial Officer's Forum (PFMA and MFMA) | Departments and Municipalities      | Public and Municipal entities.      | Financial Management and audit issues raised and resolved.   |
| Financial Accountant's Forum.                   | Departments                         | Public Entities                     | Financial accounting issues raised and resolved.   |
| Provincial Treasury Forum.                      | All Provincial Treasury departments | All Provincial Treasury Departments | Improve Financial Management.  |

| Type of arrangement                         | Actual customers  | Potential customers        | Actual achievements   |
|---|---|----------------------------|---|
| Risk Management Forum                       | National Treasury   | All other provinces        | Transversal risk management issues raised and resolved.                           |
| MFMA Sub-Committee                          | Auditor-General, Internal Audit and Risk Management                     |                            | MFMA implementation and related matters.  |
| Auditor-General Forum                       | Provincial Auditor  | Provincial departments     | Limiting duplication audit effort.  |
| Departmental Project Team Meeting           | Provincial departments  | Provincial departments     | Maintain relationship and progress reports to audit clients.                      |
| Chief Audit Executives Forum                | National Treasury   | Other provinces            | Transversal audit issues raised and resolved.                                     |
| Audit Committee Meetings                    | Audit Committees  | Audit Committees           | Progress in execution of audit plans and reporting audit issues to the committee. |
| CFO Forum meetings                          | Provincial departments<br>Municipalities                                |                            | Forums utilized effectively.  |
| Formal and informal meetings                | Provincial departments<br>Municipalities                                |                            | Effective consultation regarding spending issues.                                 |
| Quarterly Cabinet reports                   | Cabinet   |                            | Complied  |
| MFMA implementation unit                    | Municipalities<br>National Treasury<br>Provincial departments<br>SCOF   | Cabinet<br>Other provinces | Established and operational.  |
| Movable Assets Management - SCM Office (PT) | National Treasury<br>Provincial departments<br>SCOF<br>Local Government | Cabinet<br>Other provinces | Established and operational.  |

**Table 1.3: Service delivery access strategy**

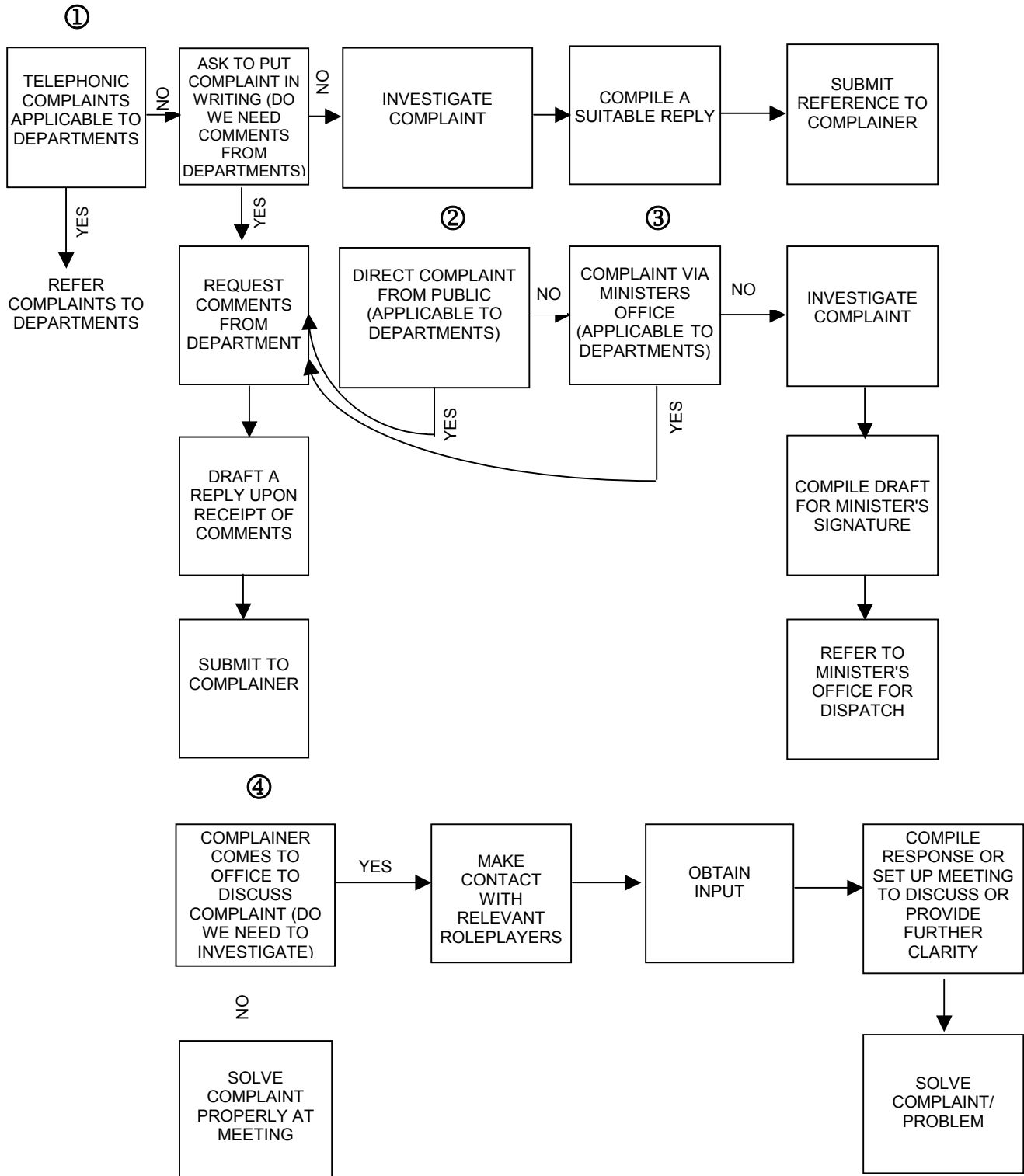
| Access strategy  | Actual achievements  |
|--|--|
| Helpdesk function: Compilation of financial statements | Timeous submission of financial statements by departments and public entities. |
| Helpdesk function: Standard Chart of Accounts          | All requests for new items finalized.  |
| Supplier database                                      | Population of database with verified suppliers (9766).                         |
| Non-compliance mechanism                               | Implementation of corrective measures.   |

**Table 1.4: Service delivery access strategy**

| Types of information tool                                 | Actual achievements              |
|---|----------------------------------|
| PT Website  | Updated regularly.               |
| Provincial and municipal In-year Monitoring (IYM) reports | Monthly and quarterly.           |
| Database of spending trends                               | Updated regularly.               |
| Municipal quarterly return forms                          | Quarterly.                       |
| Electronic Purchasing System                              | 65 535 quotations were obtained. |
| Western Cape Supplier Database                            | 9 766 suppliers were registered. |

**Table 1.5: Complaints mechanism**

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





## 2. Expenditure

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

**Table 2.1: Personnel costs by programme, 2005/06**

| Programme                           | Total Expenditure (R'000) | Personnel Expenditure (R'000) | Training Expenditure (R'000) | Professional and Special Services (R'000) | Personnel cost as percent of Total Expenditure | Average Personnel Cost per Employee (R'000) |
|-------------------------------------|---------------------------|-------------------------------|------------------------------|---|--|---|
| 1. Administration                   | 23 209                    | 12 111                        | 57                           | 765                                       | 52.18  | 164   |
| 2. Sustainable Resource Management  | 16 512                    | 9 332                         | 186                          | 2 818                                     | 56.51  | 173   |
| 3. Asset and Liabilities Management | 46 698                    | 11 725                        | 17                           | 7 399                                     | 25.11  | 195   |
| 4. Financial Governance             | 27 843                    | 8 773                         | 91                           | 17 503                                    | 31.51  | 125   |
| <b>Total</b>                        | <b>114 262</b>            | <b>41 941</b>                 | <b>351</b>                   | <b>28 485</b>                             | <b>36.71</b>                                   | <b>163</b>                                  |

**Note:** Average personnel cost per employee includes periodic appointments. The total amount for training expenditure excluded expenditures on bursaries amounting to R249 069.10.

**Table 2.2: Personnel costs by salary band, 2005/06**

| Salary Bands                             | Personnel Expenditure (R'000) | % of total personnel cost | Average personnel cost per employee (R'000) |
|--|-------------------------------|---------------------------|---|
| Lower skilled (Levels 1-2)               | 149                           | 0.35                      | 50  |
| Skilled (Levels 3-5)                     | 2 060                         | 4.91                      | 51  |
| Highly skilled production (Levels 6-8)   | 5 826                         | 13.89                     | 114   |
| Highly skilled supervision (Levels 9-12) | 24 736                        | 58.98                     | 189   |
| Senior management (Levels 13-16)         | 8 168                         | 19.48                     | 371   |
| Minister                                 | 788                           | 1.88                      | 789   |
| <b>Periodics</b>                         | <b>212</b>                    | <b>0.51</b>               | <b>21</b>                                   |
| <b>Total</b>                             | <b>41 941</b>                 | <b>100.00</b>             | <b>163</b>                                  |

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

**Table 2.3: Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2005/06**

| Programme                           | Salaries       |                                   | Overtime       |                                   | Home Owners Allowance (HOA) |                              | Medical Assistance |   |
|-------------------------------------|----------------|-----------------------------------|----------------|-----------------------------------|-----------------------------|------------------------------|--------------------|---|
|                                     | Amount (R'000) | Salaries as a % of personnel cost | Amount (R'000) | Overtime as a % of personnel cost | Amount (R'000)              | HOA as a % of personnel cost | Amount (R'000)     | Medical Assistance as a % of personnel cost |
| 1. Administration                   | 8 045          | 66.42                             | 111            | 0.92                              | 89                          | 0.74                         | 418                | 3.45  |
| 2. Sustainable Resource Management  | 6 579          | 70.51                             | 176            | 1.89                              | 76                          | 0.82                         | 337                | 3.61  |
| 3. Asset and Liabilities Management | 8 630          | 73.60                             | -              | -                                 | 110                         | 0.94                         | 502                | 4.29  |
| 4. Financial Governance             | 6 095          | 69.48                             | 13             | 0.15                              | 65                          | 0.74                         | 345                | 3.93  |
| <b>Total</b>                        | <b>29 349</b>  | <b>69.98</b>                      | <b>300</b>     | <b>0.72</b>                       | <b>340</b>                  | <b>0.81</b>                  | <b>1 602</b>       | <b>3.82</b>                                 |

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

Programme 1: The main reason for the overtime was to compile the Annual Financial Statements, the Annual Report and Adjustments Estimates and Budget for Treasury itself.

Programme 2: The reason for the overtime is that the Directorate had to meet the due dates set for the effective and efficient completion of the budgetary process, achieving associated goals, related matters and ad hoc instructions. Further the overtime within this programme is cyclic of nature and is mostly concentrated in January/February (when finalising the main budget), November (when finalising the adjustment budget) or due to specific processes (e.g. preparing for the Local Government cooperative summit).

**Table 2.4: Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary band, 2005/06**

| Salary band                              | Salaries       |                                   | Overtime       |                                   | Home Owners Allowance (HOA) |                              | Medical Assistance |   |
|--|----------------|-----------------------------------|----------------|-----------------------------------|-----------------------------|------------------------------|--------------------|---|
|  | Amount (R'000) | Salaries as a % of personnel cost | Amount (R'000) | Overtime as a % of personnel cost | Amount (R'000)              | HOA as a % of personnel cost | Amount (R'000)     | Medical Assistance as a % of personnel cost |
| Lower skilled (Levels 1-2)               | 115            | 77.28                             | -              | -                                 | 5                           | 3.77                         | -                  | 0.00  |
| Skilled (Levels 3-5)                     | 1 520          | 73.79                             | 25             | 1.22                              | 32                          | 1.55                         | 78                 | 3.80  |
| Highly skilled production (Levels 6-8)   | 4 242          | 72.81                             | 74             | 1.27                              | 80                          | 1.37                         | 307                | 5.26  |
| Highly skilled supervision (Levels 9-12) | 18 262         | 73.83                             | 201            | 0.81                              | 223                         | 0.90                         | 929                | 3.76  |
| Senior management (Levels 13-16)         | 4 666          | 57.12                             | -              | 0.00                              | -                           | 0.00                         | 273                | 3.34  |
| Minister                                 | 544            | 68.93                             | -              | 0.00                              | -                           | 0.00                         | 15                 | 1.93  |
| <b>Total</b>                             | <b>29 349</b>  | <b>69.98</b>                      | <b>300</b>     | <b>0.72</b>                       | <b>340</b>                  | <b>0.81</b>                  | <b>1 602</b>       | <b>3.82</b>                                 |

### 3. Employment and Vacancies

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

**Table 3.1: Employment and vacancies by programme, 31 March 2006**

| Programme                           | Number of posts | Number of posts filled | Vacancy Rate % | Number of posts filled additional to the establishment |
|-------------------------------------|-----------------|------------------------|----------------|--|
| 1. Administration                   | 64              | 54                     | 16             | -  |
| 2. Sustainable Resource Management  | 79              | 61                     | 23             | -  |
| 3. Asset and Liabilities Management | 93              | 46                     | 51             | -  |
| 4. Financial Governance             | 74              | 50                     | 32             | -  |
| <b>Total</b>                        | <b>310</b>      | <b>211</b>             | <b>32</b>      | <b>-</b>   |

**Table 3.2: Employment and vacancies by salary bands, 31 March 2006**

| Salary band                              | Number of posts | Number of posts filled | Vacancy Rate % | Number of posts filled additional to the establishment |
|--|-----------------|------------------------|----------------|--|
| Lower skilled (Levels 1-2)               | 3               | 3                      | -              | -  |
| Skilled (Levels 3-5)                     | 41              | 32                     | 22             | -  |
| Highly skilled production (Levels 6-8)   | 55              | 45                     | 18             | -  |
| Highly skilled supervision (Levels 9-12) | 189             | 112                    | 41             | -  |
| Senior management (Levels 13-16)         | 21              | 18                     | 14             | -  |
| Minister                                 | 1               | 1                      | -              | -  |
| <b>Total</b>                             | <b>310</b>      | <b>211</b>             | <b>32</b>      | <b>-</b>   |

**Table 3.3: Employment and vacancies by critical occupation, 31 March 2006**

| Critical Occupation     | Number of posts | Number of posts filled | Vacancy Rate % | Number of posts filled additional to the establishment |
|-------------------------|-----------------|------------------------|----------------|--|
| Economist               | 22              | 9                      | 59             | -  |
| Expenditure Analyst     | 8               | 6                      | 25             | -  |
| Financial Analyst       | 11              | 10                     | 9              | -  |
| Procurement Specialist  | 8               | 6                      | 25             | -  |
| State Accountant Senior | 1               | 1                      | -              | -  |
| System Controller       | 31              | 20                     | 35             | -  |
| <b>Total</b>            | <b>81</b>       | <b>52</b>              | <b>36</b>      | <b>-</b>   |

The information in each case reflects the situation as at 31 March 2006. For an indication of changes in staffing patterns over the year under review, please refer to Table 5 of the Oversight Report.

#### 4. Job Evaluation

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

**Table 4.1: Job Evaluation, 1 April 2005 to 31 March 2006**

| Salary band                              | Number of posts | Number of Jobs evaluated | % of posts evaluated by salary bands | Posts upgraded |                      | Posts downgraded |                      |
|--|-----------------|--------------------------|--------------------------------------|----------------|----------------------|------------------|----------------------|
|  |                 |                          |                                      | Number         | % of posts evaluated | Number           | % of posts evaluated |
| Lower skilled (Levels 1-2)               | 3               | -                        | -                                    | -              | -                    | -                | -                    |
| Skilled (Levels 3-5)                     | 41              | 3                        | 7                                    | 2              | 66.70                | -                | -                    |
| Highly skilled production (Levels 6-8)   | 55              | 8                        | 15                                   | 1              | 12.50                | -                | -                    |
| Highly skilled supervision (Levels 9-12) | 189             | 9                        | 5                                    | 1              | 11.10                | -                | -                    |
| Senior Management Service Band A         | 16              | 1                        | 6                                    | -              | -                    | -                | -                    |
| Senior Management Service Band B         | 4               | -                        | -                                    | -              | -                    | -                | -                    |
| Senior Management Service Band C         | -               | -                        | -                                    | -              | -                    | -                | -                    |
| Senior Management Service Band D         | 1               | -                        | -                                    | -              | -                    | -                | -                    |
| Premier                                  | 1               | -                        | -                                    | -              | -                    | -                | -                    |
| <b>Total</b>                             | <b>310</b>      | <b>21</b>                | <b>7</b>                             | <b>4</b>       | <b>19.00</b>         | <b>-</b>         | <b>-</b>             |

**Table 4.2: Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2005 to 31 March 2006**

| Beneficiaries               | African  | Asian    | Coloured | White    | Total    |
|-----------------------------|----------|----------|----------|----------|----------|
| Female                      | 1        | -        | 1        | 1        | 3        |
| Male                        | -        | -        | 1        | -        | 1        |
| <b>Total</b>                | <b>1</b> | <b>-</b> | <b>2</b> | <b>1</b> | <b>4</b> |
| Employees with a disability | -        | -        | -        | -        | -        |

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

**Table 4.3: Employees whose salary level exceeded the grade determined by job evaluation, 1 April 2005 to 31 March 2006 (in terms of PSR 1.V.C.3)**

| Occupation  | Number of employees | Job evaluation level | Remuneration level | Reason for deviation |
|---|---------------------|----------------------|--------------------|----------------------|
| -   | -                   | -                    | -                  | -                    |
| Total Number of Employees whose salaries exceed the level determined by job evaluation in 2005/06 |                     |                      |                    | -                    |
| Percentage of total employment  |                     |                      |                    | -                    |

**Table 4.4: Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2005 to 31 March 2006 (in terms of PSR 1.V.C.3)**

| Beneficiaries  | African | Asian | Coloured | White | Total |
|--|---------|-------|----------|-------|-------|
| Female   | -       | -     | -        | -     | -     |
| Male   | -       | -     | -        | -     | -     |
| <b>Total</b>   | -       | -     | -        | -     | -     |
| Employees with a disability  | -       | -     | -        | -     | -     |
| Total Number of Employees whose salaries exceed the grades determined by job evaluation in 2005/06 |         |       |          |       | -     |

## 5. Employment Changes

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

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

**Table 5.1: Annual turnover rates by salary band for the period 1 April 2005 to 31 March 2006**

| Salary band   | Number of employees per band as on 1 April 2005 | Appointments and transfers into the Department | Terminations and transfers out of the department | Turnover Rate % |
|---|---|--|--|-----------------|
| Lower skilled (Levels 1-2), Permanent               | 4   | 6  | 6  | 150             |
| Skilled (Levels 3-5), Permanent                     | 34  | 31   | 20   | 59              |
| Highly skilled production (Levels 6-8), Permanent   | 37  | 25   | 8  | 22              |
| Highly skilled supervision (Levels 9-12), Permanent | 94  | 36   | 17   | 18              |
| Senior Management Service Band A, Permanent         | 6   | 9  | 2  | 33              |
| Senior Management Service Band B, Permanent         | 3   | 2  | 1  | 33              |
| Senior Management Service Band C, Permanent         | 1   | -  | -  | -               |
| Senior Management Service Band B, Permanent         | 1   | -  | -  | -               |
| Minister  | 1   | -  | -  | -               |
| <b>Total</b>  | <b>181</b>                                      | <b>109</b>                                     | <b>54</b>  | <b>30</b>       |

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

**Table 5.2: Annual turnover rates by critical occupation for the period 1 April 2005 to 31 March 2006**

| Occupation              | Number of employees per occupation as on 1 April 2005 | Appointments and transfers into the department | Terminations and transfers out of the department | Turnover rate % |
|-------------------------|---|--|--|-----------------|
| Economist               | 9   | 4  | 5  | 55.56           |
| Expenditure Analyst     | 6   | 1  | -  | -               |
| Financial Analyst       | 10  | 5  | -  | -               |
| Procurement Specialist  | 6   | 3  | 1  | 16.67           |
| State Accountant Senior | 1   | 3  | -  | -               |
| System Controller       | 20  | 5  | 1  | 5.00            |
| <b>Total</b>            | <b>52</b>   | <b>21</b>                                      | <b>7</b>   | <b>13.46</b>    |

**Table 5.3: Reasons why staff are leaving Treasury**

| Termination Type  | Number    | % of total    |
|---|-----------|---------------|
| Transfer to other PS Dept   | 14        | 25.93         |
| Resignating of Position   | 15        | 27.78         |
| SEC 16(6)(A) PUBLIC SERVICE                                       | 1         | 1.85          |
| Contract Expiry   | 24        | 44.44         |
| <b>Total</b>  | <b>54</b> | <b>100.00</b> |
| Total number of employees who left as a % of the total employment |           | <b>29.83</b>  |



**Table 5.4: Promotions by critical occupation**

| Occupation              | Employees as at 1 April 2005 | Promotions to another salary level | Salary level promotions as a % of employees by occupation | Progressions to another notch within a salary level | Notch progressions as a % of employees by occupation |
|-------------------------|------------------------------|------------------------------------|---|---|--|
| Economist               | 10                           | 2                                  | 20.00   | 3   | 30.00  |
| Expenditure Analyst     | 8                            | 1                                  | 12.50   | 5   | 62.50  |
| Financial Analyst       | 7                            | 1                                  | 14.29   | 3   | 42.86  |
| Procurement Specialist  | 6                            | -                                  | -   | 4   | 66.67  |
| State Accountant Senior | 2                            | -                                  | -   | -   | -  |
| System Controller       | 21                           | -                                  | -   | 2   | 9.52   |
| <b>Total</b>            | <b>54</b>                    | <b>4</b>                           | <b>7.41</b>   | <b>17</b>   | <b>31.48</b>   |

**Table 5.5: Promotions by salary band**

| Salary band                             | Employees as at 1 April 2005 | Promotions to another salary level | Salary bands promotions as a % of employees by salary level | Progressions to another notch within a salary level | Notch progressions as a % of employees by salary band |
|---|------------------------------|------------------------------------|---|---|---|
| Lower skilled (level 1-2)               | 4                            | -                                  | -   | 3   | 75.00   |
| Skilled (level 3-5)                     | 34                           | -                                  | -   | 15  | 44.10   |
| Highly Skilled production (level 6-8)   | 37                           | 5                                  | 13.51   | 14  | 37.84   |
| Highly Skilled supervision (level 9-12) | 94                           | 20                                 | 21.28   | 39  | 41.49   |
| Senior Management (level 13-16)         | 11                           | 2                                  | 18.18   | 3   | 27.27   |
| Minister                                | 1                            | -                                  | -   | -   | -   |
| <b>Total</b>                            | <b>181</b>                   | <b>27</b>                          | <b>14.92</b>  | <b>74</b>   | <b>40.88</b>  |

## 6. Employment Equity

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

**Table 6.1: Total number of employees in each of the following occupational categories as on 31 March 2006**

| Occupational Categories (SASCO)            | Male      |           |          |           | Female    |           |          |           | Total      |
|--|-----------|-----------|----------|-----------|-----------|-----------|----------|-----------|------------|
|  | African   | Coloured  | Indian   | White     | African   | Coloured  | Indian   | White     |            |
| Legislators, senior officials and managers | 1         | 4         | 3        | 4         | 2         | 1         | -        | 1         | 16         |
| Professionals                              | 20        | 21        | 1        | 25        | 15        | 24        | 2        | 10        | 118        |
| Technicians and Associate Professionals    | 4         | 5         | -        | 3         | 2         | 3         | -        | 1         | 18         |
| Clerks                                     | 4         | 11        | -        | 1         | 9         | 17        | -        | 12        | 54         |
| Plant and machine operators and assemblers | -         | 2         | -        | -         | -         | -         | -        | -         | 2          |
| Labourers and Related Workers              | -         | 1         | -        | -         | -         | 2         | -        | -         | 3          |
| <b>Total</b>                               | <b>29</b> | <b>44</b> | <b>4</b> | <b>33</b> | <b>28</b> | <b>47</b> | <b>2</b> | <b>24</b> | <b>211</b> |
| Employees with disabilities                | -         | -         | -        | 1         | -         | -         | -        | -         | 1          |

**Table 6.2: Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2006**

| Occupational Bands  | Male      |           |          |           | Female    |           |          |           | Total      |
|---|-----------|-----------|----------|-----------|-----------|-----------|----------|-----------|------------|
|   | African   | Coloured  | Indian   | White     | African   | Coloured  | Indian   | White     |            |
| Top Management (includes MEC)   | -         | -         | -        | 1         | -         | 1         | -        | -         | 2          |
| Senior Management   | 1         | 5         | 3        | 3         | 2         | 2         | -        | 1         | 17         |
| Professionally qualified and experienced specialists and mid-management                       | 17        | 22        | 1        | 26        | 13        | 22        | 2        | 9         | 112        |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen | 9         | 9         | -        | 3         | 6         | 7         | -        | 11        | 45         |
| Semi-skilled and discretionary decision making  | 2         | 7         | -        | -         | 7         | 13        | -        | 3         | 32         |
| Unskilled and defined decision making   | -         | 1         | -        | -         | -         | 2         | -        | -         | 3          |
| <b>Total</b>  | <b>29</b> | <b>44</b> | <b>4</b> | <b>33</b> | <b>28</b> | <b>47</b> | <b>2</b> | <b>24</b> | <b>211</b> |
| Employees with disabilities   | -         | -         | -        | 1         | -         | -         | -        | -         | 1          |

**Table 6.3: Recruitment for the period 1 April 2005 to 31 March 2006**

| Occupational Bands  | Male      |           |          |          | Female    |           |          |          | Total     |
|---|-----------|-----------|----------|----------|-----------|-----------|----------|----------|-----------|
|   | African   | Coloured  | Indian   | White    | African   | Coloured  | Indian   | White    |           |
| Top Management  | -         | -         | -        | -        | -         | -         | -        | -        | -         |
| Senior Management   | 1         | 1         | 1        | -        | 2         | 1         | -        | -        | 6         |
| Professionally qualified and experienced specialists and mid-management                       | 8         | 3         | -        | -        | 7         | 5         | 1        | -        | 24        |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen | 6         | 2         | -        | -        | 4         | 1         | -        | -        | 13        |
| Semi-skilled and discretionary decision making  | 2         | 6         | -        | -        | 9         | 8         | -        | -        | 25        |
| Unskilled and defined decision making   | 2         | 1         | -        | -        | 2         | 1         | -        | -        | 6         |
| <b>Total</b>  | <b>19</b> | <b>13</b> | <b>1</b> | <b>-</b> | <b>24</b> | <b>16</b> | <b>1</b> | <b>-</b> | <b>74</b> |
| Employees with disabilities   | -         | -         | -        | 1        | -         | -         | -        | -        | 1         |

**Table 6.4: Promotions for the period 1 April 2005 to 31 March 2006**

| Occupational Bands  | Male     |          |          |          | Female   |          |          |          | Total     |
|---|----------|----------|----------|----------|----------|----------|----------|----------|-----------|
|   | African  | Coloured | Indian   | White    | African  | Coloured | Indian   | White    |           |
| Top Management  | -        | -        | -        | -        | -        | -        | -        | -        | -         |
| Senior Management   | -        | 1        | -        | -        | -        | 1        | -        | -        | 2         |
| Professionally qualified and experienced specialists and mid-management                       | 5        | 3        | -        | 1        | 3        | 6        | -        | 2        | 20        |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen | 1        | 2        | -        | -        | -        | 1        | -        | 1        | 5         |
| Semi-skilled and discretionary decision making  | -        | -        | -        | -        | -        | -        | -        | -        | -         |
| Unskilled and defined decision making   | -        | -        | -        | -        | -        | -        | -        | -        | -         |
| <b>Total</b>  | <b>6</b> | <b>6</b> | <b>-</b> | <b>1</b> | <b>3</b> | <b>8</b> | <b>-</b> | <b>3</b> | <b>27</b> |
| Employees with disabilities   | -        | -        | -        | -        | -        | -        | -        | -        | -         |

**Table 6.5: Terminations for the period 1 April 2005 to 31 March 2006**

| Occupational Bands  | Male     |          |          |          | Female    |          |          |          | Total     |
|---|----------|----------|----------|----------|-----------|----------|----------|----------|-----------|
|   | African  | Coloured | Indian   | White    | African   | Coloured | Indian   | White    |           |
| Top Management  | -        | -        | -        | -        | -         | -        | -        | -        | -         |
| Senior Management   | -        | -        | -        | -        | 1         | -        | -        | -        | 1         |
| Professionally qualified and experienced specialists and mid-management                       | -        | -        | 1        | -        | 2         | -        | -        | 2        | 5         |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen | 1        | 1        | 2        | -        | -         | 6        | -        | 1        | 11        |
| Semi-skilled and discretionary decision making  | 1        | 6        | -        | -        | 7         | 2        | -        | 1        | 17        |
| Unskilled and defined decision making   | 2        | 1        | -        | -        | 2         | 1        | -        | -        | 6         |
| <b>Total</b>  | <b>4</b> | <b>8</b> | <b>3</b> | <b>-</b> | <b>12</b> | <b>9</b> | <b>-</b> | <b>4</b> | <b>40</b> |
| Employees with disabilities   | -        | -        | -        | -        | -         | -        | -        | -        | -         |

**Table 6.6: Disciplinary action for the period 1 April 2005 to 31 March 2006**

|                     | Male    |          |        |       | Female  |          |        |       | Total |
|---------------------|---------|----------|--------|-------|---------|----------|--------|-------|-------|
|                     | African | Coloured | Indian | White | African | Coloured | Indian | White |       |
| Disciplinary action | -       | 1        | -      | 2     | -       | -        | -      | 1     | 4     |

**Table 6.7: Skills development for the period 1 April 2005 to 31 March 2006**

| Occupational Categories                    | Male      |           |          |           | Female    |           |          |           | Total      |
|--|-----------|-----------|----------|-----------|-----------|-----------|----------|-----------|------------|
|  | African   | Coloured  | Indian   | White     | African   | Coloured  | Indian   | White     |            |
| Legislators, Senior Officials and Managers | -         | 2         | 2        | -         | 1         | 1         | -        | -         | 6          |
| Professionals                              | 1         | -         | -        | 3         | 1         | 2         | -        | 1         | 8          |
| Technicians and Associate Professionals    | 11        | 8         | -        | 15        | 10        | 20        | 2        | 6         | 72         |
| Clerks                                     | 6         | 4         | -        | 3         | 10        | 18        | -        | 5         | 46         |
| Plant and Machine Operators and Assemblers | -         | -         | -        | -         | -         | -         | -        | -         | -          |
| Elementary Occupations                     | -         | -         | -        | -         | -         | -         | -        | -         | -          |
| <b>Total</b>                               | <b>18</b> | <b>14</b> | <b>2</b> | <b>21</b> | <b>22</b> | <b>41</b> | <b>2</b> | <b>12</b> | <b>132</b> |
| Employees with disabilities                | -         | -         | -        | -         | -         | -         | -        | -         | -          |

## 7. Performance Rewards

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

**Table 7.1: Performance Rewards by race, gender and disability, 1 April 2005 to 31 March 2006**

| Race, gender and disability | Beneficiary Profile     |  |                         | Cost         |                                   |
|-----------------------------|-------------------------|--|-------------------------|--------------|-----------------------------------|
|                             | Number of beneficiaries | Total number of employees in group as at 31 March 2006 | % of total within group | Cost (R'000) | Average cost per employee (R'000) |
| <b>African</b>              | 7                       | 57   | 12.28                   | 37           | 5.37                              |
| Male                        | 1                       | 29   | 3.45                    | 4            | 4.15                              |
| Female                      | 6                       | 28   | 21.43                   | 33           | 5.57                              |
| <b>Asian</b>                | 1                       | 6  | 16.67                   | 14           | 13.80                             |
| Male                        | 1                       | 4  | 25.00                   | 14           | 13.80                             |
| Female                      | -                       | 2  | -                       | -            | -                                 |
| <b>Coloured</b>             | 36                      | 91   | 39.56                   | 275          | 7.63                              |
| Male                        | 21                      | 44   | 47.73                   | 159          | 7.56                              |
| Female                      | 15                      | 47   | 31.91                   | 116          | 7.73                              |
| <b>White</b>                | 37                      | 57   | 64.91                   | 384          | 10.38                             |
| Male                        | 23                      | 33   | 69.70                   | 287          | 12.48                             |
| Female                      | 14                      | 24   | 58.33                   | 97           | 6.92                              |
| <b>Total</b>                | <b>81</b>               | <b>211</b>   | <b>38.39</b>            | <b>710</b>   | <b>8.77</b>                       |

**Table 7.2: Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2005 to 31 March 2006**

| Salary Bands                             | Beneficiary Profile     |                     |                                | Cost               |                                   |  |
|--|-------------------------|---------------------|--------------------------------|--------------------|-----------------------------------|--|
|  | Number of Beneficiaries | Number of employees | % of total within salary bands | Total Cost (R'000) | Average cost per employee (R'000) | Total cost as a % of the total personnel expenditure |
| Lower skilled (Levels 1-2)               | 2                       | 3                   | 66.70                          | 3                  | 1                                 | 1.73   |
| Skilled (Levels 3-5)                     | 14                      | 32                  | 43.80                          | 47                 | 3                                 | 2.31   |
| Highly skilled production (Levels 6-8)   | 19                      | 45                  | 42.20                          | 107                | 6                                 | 1.85   |
| Highly skilled supervision (Levels 9-12) | 39                      | 112                 | 34.80                          | 422                | 11                                | 1.71   |
| <b>Total</b>                             | <b>74</b>               | <b>192</b>          | <b>38.50</b>                   | <b>579</b>         | <b>8</b>                          | <b>1.38</b>  |



**Table 7.3: Performance Rewards by critical occupations, 1 April 2005 to 31 March 2006**

| Critical Occupations    | Beneficiary Profile     |                     |                              | Cost               |                                   |
|-------------------------|-------------------------|---------------------|------------------------------|--------------------|-----------------------------------|
|                         | Number of beneficiaries | Number of employees | % of total within occupation | Total Cost (R'000) | Average cost per employee (R'000) |
| Economist               | 2                       | 9                   | 22.20                        | 14                 | 7.24                              |
| Expenditure Analyst     | 3                       | 6                   | 50.00                        | 30                 | 9.91                              |
| Financial Analyst       | 2                       | 10                  | 20.00                        | 27                 | 13.35                             |
| Procurement Specialist  | 2                       | 6                   | 6.00                         | 20                 | 10.21                             |
| State Accountant Senior | -                       | 1                   | -                            | -                  | -                                 |
| System Controller       | 7                       | 20                  | 35.00                        | 60                 | 8.53                              |
| <b>Total</b>            | <b>16</b>               | <b>52</b>           | <b>30.80</b>                 | <b>151</b>         | <b>9.44</b>                       |

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

| Salary Bands | Beneficiary Profile     |                     |                                | Total Cost (R'000) | Average cost per employee | Total cost as a % of the total personnel expenditure |
|--------------|-------------------------|---------------------|--------------------------------|--------------------|---------------------------|--|
|              | Number of beneficiaries | Number of employees | % of total within salary bands |                    |                           |  |
| Band A       | 6                       | 13                  | 46.15                          | 86                 | 14                        | 0.16   |
| Band B       | -                       | 4                   | -                              | -                  | -                         | -  |
| Band C       | -                       | -                   | -                              | -                  | -                         | -  |
| Band D       | 1                       | 1                   | 100.00                         | 45                 | 45                        | 4.25   |
| Minister     | -                       | 1                   | -                              | -                  | -                         | -  |
| <b>Total</b> | <b>7</b>                | <b>19</b>           | <b>36.80</b>                   | <b>131</b>         | <b>19</b>                 | <b>0.22</b>  |

## 8. Foreign Workers

**Table 8.1: Foreign Workers, 1 April 2005 to 31 March 2006, by salary band**

| Salary Band                              | 01 April 2005 |               | 31 March 2006 |               | Change   |              |
|--|---------------|---------------|---------------|---------------|----------|--------------|
|  | Number        | % of total    | Number        | % of total    | Number   | % of change  |
| Highly skilled supervision (Levels 9-12) | 2             | 100.00        | 1             | 100.00        | 1        | 50.00        |
| <b>Total</b>                             | <b>2</b>      | <b>100.00</b> | <b>1</b>      | <b>100.00</b> | <b>1</b> | <b>50.00</b> |

**Table 8.2: Foreign Workers, 1 April 2005 to 31 March 2006, by major occupation**

| Major Occupation                    | 01 April 2005 |               | 31 March 2006 |               | Change   |               |
|-------------------------------------|---------------|---------------|---------------|---------------|----------|---------------|
|                                     | Number        | % of total    | Number        | % of total    | Number   | % of change   |
| Financial and Economic Related      | 1             | 50.00         | 1             | 100.00        | -        | -             |
| Financial and Related Professionals | 1             | 50.00         | -             | -             | 1        | 100.00        |
| <b>Total</b>                        | <b>2</b>      | <b>100.00</b> | <b>1</b>      | <b>100.00</b> | <b>1</b> | <b>100.00</b> |

## 9. Leave utilisation for the period 1 January 2005 to 31 December 2005

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

**Table 9.1: Sick leave, 1 January 2005 to 31 December 2005**

| Salary Bands                             | Total days   | % days with medical certification | Number of employees using sick leave | % of total employees using sick leave | Average days per employee | Estimated Cost (R'000) |
|--|--------------|-----------------------------------|--------------------------------------|---------------------------------------|---------------------------|------------------------|
| Lower skilled (Levels 1-2)               | 21           | 71.43                             | 3                                    | 100.00                                | 7                         | 3                      |
| Skilled (Levels 3-5)                     | 197          | 72.59                             | 23                                   | 71.88                                 | 9                         | 46                     |
| Highly skilled production (Levels 6-8)   | 350          | 78.57                             | 39                                   | 86.67                                 | 9                         | 134                    |
| Highly skilled supervision (Levels 9-12) | 572          | 75.70                             | 91                                   | 81.25                                 | 6                         | 243                    |
| Senior management (Levels 13-16)         | 46           | 86.96                             | 6                                    | 33.33                                 | 8                         | 4                      |
| <b>Total</b>                             | <b>1 186</b> | <b>76.39</b>                      | <b>162</b>                           | <b>76.78</b>                          | <b>7</b>                  | <b>430</b>             |

**Table 9.2: Disability leave (temporary and permanent), 1 January 2005 to 31 December 2005**

| Salary Bands                             | Total days | % days with medical certification | Number of employees using disability leave | % of total employees using disability leave | Average days per employee | Estimated Cost (R'000) |
|--|------------|-----------------------------------|--|---|---------------------------|------------------------|
| Lower skilled (Levels 1-2)               | -          | -                                 | -  | -   | -                         | -                      |
| Skilled (Levels 3-5)                     | 17         | 100.00                            | 2  | 6.25  | 9                         | 4                      |
| Highly skilled production (Levels 6-8)   | 25         | 100.00                            | 2  | 4.44  | 13                        | 8                      |
| Highly skilled supervision (Levels 9-12) | 113        | 100.00                            | 2  | 1.79  | 57                        | 9                      |
| Senior management (Levels 13-16)         | -          | -                                 | -  | -   | -                         | -                      |
| <b>Total</b>                             | <b>155</b> | <b>100.00</b>                     | <b>6</b>                                   | <b>2.84</b>                                 | <b>26</b>                 | <b>21</b>              |

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

**Table 9.3: Annual Leave, 1 January 2005 to 31 December 2005**

| Salary Bands                             | Total days taken | Average per employee |
|--|------------------|----------------------|
| Lower skilled (Levels 1-2)               | 88               | 29                   |
| Skilled (Levels 3-5)                     | 581              | 20                   |
| Highly skilled production (Levels 6-8)   | 884              | 20                   |
| Highly skilled supervision (Levels 9-12) | 2 078            | 19                   |
| Senior management (Levels 13-16)         | 251              | 15                   |
| <b>Total</b>                             | <b>3 882</b>     | <b>19</b>            |

**Table 9.4: Capped leave, 1 January 2005 to 31 December 2005**

| Salary Bands                             | Total days of capped leave taken | Average number of days taken per employee | Average capped leave per employee as at 31 December 2005 |
|--|----------------------------------|---|--|
| Lower skilled (Levels 1-2)               | 1                                | 0.33                                      | 42   |
| Skilled (Levels 3-5)                     | 6                                | 0.21                                      | 24   |
| Highly skilled production (Levels 6-8)   | 22                               | 0.50                                      | 24   |
| Highly skilled supervision (Levels 9-12) | 41                               | 0.38                                      | 32   |
| Senior management (Levels 13-16)         | 8                                | 0.47                                      | 53   |
| <b>Total</b>                             | <b>78</b>                        | <b>0.39</b>                               | <b>31</b>  |

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

**Table 9.5: Leave payouts for the period 1 April 2005 to 31 March 2006**

| Reason  | Total Amount (R'000) | Number of Employees | Average payment per employee |
|---|----------------------|---------------------|------------------------------|
| Leave payout for 2005/2006 due to non- utilisation of leave for the previous year | 140 916              | 18                  | 7 829                        |
| Current leave payouts on termination of service for 2005/2006                     | 85 022               | 1                   | 85 022                       |
| <b>Total</b>  | <b>225 938</b>       | <b>19</b>           | <b>11 891</b>                |

## 10. HIV/Aids & Health Promotion Programmes

**Table 10.1: Steps taken to reduce the risk of occupational exposure**

| Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)   | Key steps taken to reduce the risk  |
|--|---|
| The environment in the Provincial Treasury is for the most part administrative and does not place employees at risk of contracting HIV and related diseases. | Employees are regularly informed about universal precautions as precautionary measure to occupational injuries that may result in blood spillage. |

**Table 10.2: Details of Health Promotion and HIV/Aids Programmes (tick the applicable boxes and provide the required information)**

| Question   | Yes | No | Details, if yes   |
|--|-----|----|---|
| 1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.  | √   |    | The Senior Manager responsible for the management of HIV and AIDS is the officer in the capacity of Director: Human Resource Management.  |
| 2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose. | √   |    | The Institutional Management and Labour Committee (IMLC) has been appointed to promote, amongst others, all human rights issues in the Department. The IMLC comprises of union members elected by staff to represent them and departmental management members.  |
| 3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.   | √   |    | The contract with the Department's existing EAP has expired and a new EAP is in the process of being commissioned. The key elements of the EAP were and will be: <ul style="list-style-type: none"> <li>• Counseling Services</li> <li>• Life Management Services</li> <li>• Management referral</li> </ul> |
| 4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.                          | √   |    | Question 2 above refers.  |
| 5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.  | √   |    | Policies regarding employment have been reviewed on a transversal basis, submitted to the Bargaining Council and adopted in the Department. In addition, the Department has also adopted the Transversal Framework Workplace Policy and Programme for the management of HIV and AIDS.                       |
| 6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.   | √   |    | Workshops and other interventions were embarked upon to minimize stigmatization and discrimination in the workplace.  |
| 7. Does the department encourage its employees to undergo voluntary counseling and testing? If so, list the results that you have achieved.  | √   |    | 24% of all employees have participated in the VCT campaign.   |
| 8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.   | √   |    | <ul style="list-style-type: none"> <li>• The frequent replenishing of condom dispensers.</li> <li>• KAB survey <ul style="list-style-type: none"> <li>○ Knowledge</li> <li>○ Attitude</li> <li>○ Behaviour</li> </ul> </li> </ul>   |

## 11. Labour Relations

**Table 11.1: Collective agreements, 1 April 2005 to 31 March 2006**

| Subject Matter                               | Date       |
|--|------------|
| 1. Recruitment and Selection Policy          | 2005/12/14 |
| 2. Implementation of SPMS incentives payouts | 2005/07/01 |
| 3. Terms of reference for IMLC               | 2005/10/26 |

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

**Table 11.2: Misconduct and disciplinary hearings finalised, 1 April 2005 to 31 March 2006**

| Outcomes of disciplinary hearings | Number   | % of total    |
|-----------------------------------|----------|---------------|
| Correctional counselling          | -        | -             |
| Verbal warning                    | -        | -             |
| Written warning                   | 1        | 25.00         |
| Final written warning             | 3        | 75.00         |
| Suspended without payment         | -        | -             |
| Fine                              | -        | -             |
| Demotion                          | -        | -             |
| Dismissal                         | -        | -             |
| Not guilty                        | -        | -             |
| Case withdrawn                    | -        | -             |
| <b>Total</b>                      | <b>4</b> | <b>100.00</b> |

**Table 11.3: Types of misconduct addressed at disciplinary hearings**

| Type of misconduct                                 | Number   | % of total    |
|--|----------|---------------|
| Dishonesty   | 1        | 25.00         |
| Absent from work without reason or permission      | 3        | 75.00         |
| Refuse to obey security regulations                | -        | -             |
| Conduct oneself in improper/unacceptable manner    | -        | -             |
| Disrespect/abuse or insolent behaviour             | -        | -             |
| Possesses or wrongfully uses property of the state | -        | -             |
| Fails to comply with or contravene an Act.         | -        | -             |
| <b>Total</b>                                       | <b>4</b> | <b>100.00</b> |

**Table 11.4: Grievances lodged for the period 1 April 2005 to 31 March 2006**

| Number of grievances addressed | Number   | % of total    |
|--------------------------------|----------|---------------|
| Resolved                       | 1        | 33.30         |
| Not resolved                   | 2        | 66.70         |
| <b>Total</b>                   | <b>3</b> | <b>100.00</b> |

**Table 11.5: Disputes lodged with Councils for the period 1 April 2005 to 31 March 2006**

| Number of disputes addressed | Number   | % of total |
|------------------------------|----------|------------|
| Upheld                       | -        | -          |
| Dismissed                    | -        | -          |
| Lodged (Pending)             | -        | -          |
| <b>Total</b>                 | <b>-</b> | <b>-</b>   |

**Table 11.6: Strike actions for the period 1 April 2005 to 31 March 2006**

| Strike Actions                                 | Number | % of total |
|--|--------|------------|
| Total number of person working days lost       | 1.00   | -          |
| Total cost of working days lost                | 385.44 | -          |
| Amount recovered as a result of no work no pay | 385.44 | -          |

**Table 11.7: Precautionary suspensions for the period 1 April 2005 to 31 March 2006**

| Number of people suspended                         | Number | % of total |
|--|--------|------------|
| Number of people suspended                         | None   | -          |
| Number of people whose suspension exceeded 30 days | None   | -          |
| Average number of days suspended                   | None   | -          |
| Cost (R'000) of suspensions                        | None   | -          |

## 12. Skills Development

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

**Table 12.1: Training needs identified 1 April 2005 to 31 March 2006**

| Occupational Categories                    | Gender | Number of employees as at 31 March 2006 | Training needs identified at start of reporting period |          |   |                         |            |
|--|--------|---|--|----------|---|-------------------------|------------|
|  |        |   | Learner-ships  | ABET     | Skills Programmes & other short courses | Other forms of training | Total      |
| Legislators, senior officials and managers | Female | 4                                       | -  | -        | 2                                       | -                       | 2          |
|  | Male   | 12                                      | -  | -        | 4                                       | -                       | 4          |
| Professionals                              | Female | 51                                      | -  | -        | 4                                       | -                       | 4          |
|  | Male   | 67                                      | 3  | -        | 4                                       | -                       | 7          |
| Technicians and associate professionals    | Female | 6                                       | 1  | -        | 38                                      | -                       | 39         |
|  | Male   | 12                                      | 4  | -        | 34                                      | -                       | 38         |
| Clerks                                     | Female | 38                                      | 2  | -        | 33                                      | -                       | 35         |
|  | Male   | 16                                      | 1  | -        | 13                                      | -                       | 14         |
| Elementary occupations                     | Female | 2                                       | -  | 1        | -                                       | -                       | 1          |
|  | Male   | 1                                       | -  | 1        | -                                       | -                       | 1          |
| Plant and machine operators and assemblers | Female | -                                       | -  | -        | -                                       | -                       | -          |
|  | Male   | 2                                       | -  | 1        | -                                       | -                       | 1          |
| Sub-total                                  | Female | 101                                     | 3  | 1        | 77                                      | -                       | 81         |
|  | Male   | 110                                     | 8  | 2        | 55                                      | -                       | 65         |
| <b>Total</b>                               |        | <b>211</b>                              | <b>11</b>  | <b>3</b> | <b>132</b>                              | <b>-</b>                | <b>146</b> |

**Table 12.2: Training provided 1 April 2005 to 31 March 2006**

| Occupational Categories                    | Gender | Number of employees as at 31 March 2006 | Training needs identified at start of reporting period |          |   |                         |            |
|--|--------|---|--|----------|---|-------------------------|------------|
|  |        |   | Learner-ships  | ABET     | Skills Programmes & other short courses | Other forms of training | Total      |
| Legislators, senior officials and managers | Female | 4                                       | -  | -        | 2                                       | -                       | 2          |
|  | Male   | 12                                      | -  | -        | 4                                       | -                       | 4          |
| Professionals                              | Female | 51                                      | -  | -        | 4                                       | -                       | 4          |
|  | Male   | 67                                      | 3  | -        | 4                                       | -                       | 7          |
| Technicians and associate professionals    | Female | 6                                       | 1  | -        | 38                                      | -                       | 39         |
|  | Male   | 12                                      | 4  | -        | 34                                      | -                       | 38         |
| Clerks                                     | Female | 38                                      | 2  | -        | 33                                      | -                       | 35         |
|  | Male   | 16                                      | 1  | -        | 13                                      | -                       | 14         |
| Elementary occupations                     | Female | 2                                       | -  | 1        | -                                       | -                       | 1          |
|  | Male   | 1                                       | -  | 1        | -                                       | -                       | 1          |
| Plant and machine operators and assemblers | Female | -                                       | -  | -        | -                                       | -                       | -          |
|  | Male   | 2                                       | -  | 1        | -                                       | -                       | 1          |
| Sub-total                                  | Female | 101                                     | 3  | 1        | 77                                      | -                       | 81         |
|  | Male   | 110                                     | 8  | 2        | 55                                      | -                       | 65         |
| <b>Total</b>                               |        | <b>211</b>                              | <b>11</b>  | <b>3</b> | <b>132</b>                              | <b>-</b>                | <b>146</b> |



### 13. Injury on duty

The following table provides basic information on injury on duty.

**Table 13.1: Injury on duty, 1 April 2005 to 31 March 2006**

| Nature of injury on duty                                | Number   | % of total    |
|---|----------|---------------|
| Motor- vehicle accident with neck and shoulder injuries | 1        | 100.00        |
| <b>Total</b>  | <b>1</b> | <b>100.00</b> |

## 14. Utilisation of Consultants

**Table 14.1: Report on consultant appointments using appropriated funds**

| Project Title  | Total number of consultants that worked on the project                 | Duration: Work days              | Contract value in Rand              |
|--|--|----------------------------------|-------------------------------------|
| PERSAL   | 5  | 1 062                            | 2 184 217                           |
| LOGIS  | 23   | 3 590                            | 3 062 952                           |
| VULINDLELA   | 1  | 208                              | 365 730                             |
| <b>Accounting Services</b>   |  |                                  |                                     |
| Assisted with the compiling of GAAP compliant financial statements of trading entities and the analysis and interpretation of financial statements | 1  | 37                               | 211 405                             |
| <b>Risk Management</b>   |  |                                  |                                     |
| Government Governance  | 1  | 107                              | 304 945                             |
| <b>Provincial Internal Audit</b>   |  |                                  |                                     |
| PAWCFIN 03/2003 Risk Assessment and Internal Audit Service   | Utilisation of staff of 6 member firms of the Sihluma Sonke Consortium | 261                              | 16 843 470                          |
| Records Management System (I- Forest)  | 3  | 80.8                             | 400 000                             |
| High level assesment of the viability of Klipfontein corridor Project  | 4  | -                                | 126 780                             |
| The N2 Gateway Housing Project, Cape Town on interim review  | 2  | -                                | 76 000                              |
| Visibility audit   | Unknown  | 30                               | R 340 000                           |
| EPSi and Database (systems) assessment   |  |                                  |                                     |
| Implementation of SCM in municipalities  | 1  | 60                               | R 410 000                           |
| Fuel levy: BER Consortium  | 19   | 2626.5                           | 2 134 837                           |
| Tourism levy: BER Consortium   | 19   | 815                              | 2 309 537                           |
| <b>Total number of projects</b>  | <b>Total individual consultants</b>                                    | <b>Total duration: Work days</b> | <b>Total contract value in Rand</b> |
| 13   | 79   | 8 877.3                          | 28 769 873                          |

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

| Project Title  | Percentage ownership by HDI groups | Percentage management by HDI groups | Number of Consultants form HDI groups that work on the project |
|--|------------------------------------|-------------------------------------|--|
| PERSAL   | 25%                                | 28%                                 | -  |
| LOGIS  | 25%                                | 100%                                | 15   |
| VULINDLELA   | 100%                               | 100%                                | 1  |
| <b>Accounting Services</b><br>Assisted with the compiling of GAAP compliant financial statements of trading entities and the analysis and interpretation of financial statements | -                                  | -                                   | -  |
| <b>Risk Management</b><br>Government Governance  | Nil                                | Nil                                 | Nil  |
| <b>Provincial Internal Audit</b><br>PAWCFIN 03/2003 Risk Assessment and Internal Audit Service   |                                    |                                     |  |
| • Afripeak Management (Pty) Ltd  | 100                                | 81                                  | 9  |
| • Barends Knight   | 100                                | 100                                 | 7  |
| • Gcabashe Inc.  | 100                                | 100                                 | 10   |
| • SAB&T Inc.   | 85                                 | 75                                  | 29   |
| • Ernst & Young  | 20                                 | 48                                  | 13   |
| • Pricewaterhouse Coopers  | 15                                 | 34                                  | 7  |
| Records Management System  | 25                                 | 25                                  | 1  |
| High level assesment of the viability of Klipfontein corridor Project  | -                                  | -                                   | -  |
| The N2 Gateway Housing Project, Cape Town on interim review  | 2                                  | -                                   | -  |

**Table 14.3: Report on consultant appointments using Donor funds**

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

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

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