

Vote 3

Provincial Treasury

	2014/15 To be appropriated	2015/16	2016/17
MTEF allocations	R648 298 000	R579 712 000	R857 120 000
Responsible MEC	Provincial Minister of Finance, Economic Development and Tourism		
Administering Department	Provincial Treasury		
Accounting Officer	Head of Department and Head Official: Provincial Treasury		

1. Overview

Core functions and responsibilities

The core functions, powers and responsibilities of the Provincial Treasury are captured in section 18 of the PFMA and section 5 of the MFMA. To give effect to the National Strategic Outcomes (NSO) 9 and 12 and Provincial Strategic Objective (PSO) 12 of building the best run regional government in the world. The branches Fiscal and Economic Services and Governance and Asset Management will execute the following core functions and responsibilities:

- To manage the provincial and municipal fiscal resources effectively;
- To facilitate the effective and efficient management of assets and financial systems; and
- To promote accountability in financial activities and compliance with financial norms and standards.

Vision

Effective governance that delivers a better life for our people.

Mission

To build a skilled and caring organisation that drives our commitment to good governance, accountability and the efficient use of our financial resources to achieve optimum service delivery impact.

Main services

Within the legislative context of section 18 of the PFMA and section 5 of the MFMA, the main services to be provided by the Provincial Treasury include the following:

Internally:

- To provide efficient and effective ministerial support services.

To provide strategic and operational management support services.

To provide sound financial administrative services to the Department.

Transversally or externally:

To advise on the sustainability and management of provincial and municipal funding sources.

To improve the socio-economic impact and allocative efficiency of provincial and municipal budgets.

To improve the conformance, credibility, sustainability and guide and monitor the efficient implementation of the provincial budget.

To improve the conformance, credibility and sustainability of municipal budgets and monitor and support municipalities and municipal entities with the efficient implementation thereof.

To institutionalise and standardise good practice methodologies, tools and systems for efficient and effective physical infrastructure delivery and maintenance.

To render an effective data information management service.

To co-ordinate and provide financial support to transversal programmes/projects.

To provide policy direction and facilitating the effective and efficient management of supply chain and asset management practices.

To provide for the implementation, management and oversight of provincially operated financial systems and the transition to new or replacement systems.

To improve the understanding and application of accounting standards and financial reporting within municipalities.

To ensure the effective implementation of accounting practices in line with the reporting framework, prepare consolidated financial statements that reflect the financial position of the Province and prepare for financial governance reform.

To develop, monitor and advise on norms and standards of corporate governance.

Demands and changes in service

Economic growth influences socio-economic outcomes (living standards) which in turn also influences economic growth. Therefore, increasing economic growth and job creation, and improving living standards require a matrix of policies and programmes which recognise this interdependence.

In support of achieving the socio-economic outcomes above, the provincial budget policy framework is designed to manage risk and maintain stability in a constrained economic environment, while building a foundation for inclusive economic growth.

Developments in the global and national economic environment presents associated risks and difficult economic prospects, as well as socio-economic challenges facing the Province. These have implications for the sustainable management of government resources.

The constrained fiscal and economic environment further calls for an increasing emphasis on efficiency, innovation and effectiveness in how we deliver goods and services to our clients and achieve greater value for money; and improving governance as a critical element towards delivery of efficient and effective public expenditure.

We continue to pursue higher levels of governance proficiency, while at the same time endeavouring to improve audit outcomes. For the 2012/13 financial year all provincial votes were financially unqualified while on the municipal side, 29 municipalities received financially unqualified audits. Improving financial governance continues to be driven respectively via the Corporate Governance Review and Outlook (CGRO) for the PFMA and Municipal Governance Review and Outlook (MGRO) for MFMA delivery mechanisms.

Acts, rules and regulations

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

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

The Provincial Treasury is established in terms of section 17 of the PFMA (Act 1 of 1999). Section 18 of the PFMA assigns the functions and powers of the Provincial Treasury and it inter alia include the following: preparing and exercising control over the implementation of the provincial budget; promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of provincial departments and provincial public entities; ensuring that its fiscal policies do not materially and unreasonably prejudice national economic policies; issuing of provincial treasury instructions not inconsistent with the PFMA; enforcing the PFMA and any prescribed national and provincial norms and standards; complying with the annual DORA; monitoring and assessing the implementation of provincial entities of national and provincial norms and standards; assisting provincial departments and provincial public entities in building their capacity for efficient, effective and transparent financial management; investigating any system of financial management and internal control applied by a provincial department or a provincial public entity; intervening by taking appropriate steps to address serious or persistent material breach of the PFMA by a provincial department or provincial public entity; promptly provide any information required by NT in terms of the PFMA and do anything further that is necessary to fulfil its responsibilities effectively.

Local Government Municipal Finance Management Act, 2003 (Act 56 of 2003)

In terms of section 5(4) of the MFMA, 2003 (Act 56 of 2003) the Provincial Treasury must inter alia monitor compliance with the MFMA by municipalities and municipal entities in the Province, monitor the preparation of municipal budgets, the monthly outcomes of these budgets and the submission of reports by municipalities as required in terms of the MFMA; it may assist municipalities in the preparation of their budgets; further exercise any powers, perform any duties delegated to it by the National Treasury in terms of the MFMA and may take appropriate steps if a municipality or municipal entity in the Province commits a breach of the MFMA.

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.

Government Immoveable Asset Management Act, 2007 (Act 19 of 2007)

To provide a uniform framework for the management of immoveable assets that are held or used by provincial (in this case) departments and to ensure the optimal coordination of the use of such immoveable assets within the context of the departmental service delivery objectives.

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

To define, amongst others, the role of the Provincial Minister of Finance, and that of the Treasury as representative of the Provincial Government; promoting co-operation between 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 connected therewith.

Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)

To establish a framework for the national government, provincial governments and local governments to promote and facilitate intergovernmental relations; to provide for mechanisms and procedures to facilitate the settlement of intergovernmental disputes; and to provide for matters connected therewith.

Public Audit Act, 2004 (Act 25 of 2004)

To provide assistance to the Auditor-General's Office in the recovering of outstanding audit fees, to appropriately respond or intervene (as the case may be) on matters arising from audit reports and to provide for matters connected therewith.

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

To provide the Treasury with a regulatory framework enabling and assisting departments and potential historically disadvantaged individuals (HDIs) in the sustainable development and implementation of a preferential procurement system.

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 Service Act, 1994 (Act 103 of 1994) as amended

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.

Western Cape Adjustments Appropriation Act, 2013 (Act 11 of 2013)

To appropriate adjusted amounts of money from the Provincial Revenue Fund for the requirements of the Province of the Western Cape in respect of the financial year ending 31 March 2014; and to provide for matters incidental thereto.

Western Cape Direct Charges Act, 2000 (Act 6 of 2000) as amended

To provide for the withdrawal of State moneys from the Western Cape Provincial Revenue Fund, as a direct charge, in accordance with the Constitution of the Republic of South Africa, 1996, 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 thereto.

Western Cape Gambling and Racing Act, 1996 (Act 4 of 1996) as amended

To provide regulatory prescripts to support the Member of the Executive Council responsible for the Act to ensure sound financial administration by the Western Cape Gambling and Racing Board, in regulating the gambling activities in the Province and to provide for matters connected therewith.

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 Provincial Parliament when necessary in meeting their financial responsibilities as set out in legislation.

Budget decisions

The allocated budget for 2014/15 – 2016/17 MTEF is aligned and prioritised towards Treasury's role within the Provincial Strategic Objective 12, and National government's Strategic Outcomes 9 and 12.

The main purpose of the preliminary estimates during November 2013 was to establish a fiscal base for the continuation of effective governance, re-assess priorities and take into account the known services and cost pressures prior to the consideration of further policy options. During February 2014, Provincial Cabinet approved the 2014/15 - 2016/17 MTEF budget after due consideration of the latter and the best application of available fiscal resources.

During the compilation of the Provincial Treasury's budget, trend analyses, enhanced efficiencies and cost containment were taken into account that resulted in the revision of a number of items.

The Transversal Projects: Sub-programme 2.5, created in 2013/14, will continue over the 2014/15 MTEF and has been included under Programme 2, as the transversal mechanism to give effect to specific Government policy priorities to support the outcomes of the Provincial Strategic Objectives (PSOs) and the provincial budget policy objectives as set out in the 2014 - 2017 WC MTBPS i.e. to contribute to improving the effectiveness and efficiency of government services.

Aligning departmental budgets to achieve government's prescribed outcomes

Nationally, two outcomes being responded to are respectively: Outcomes 9: A responsive, accountable, effective and efficient local government system; and Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.

The current and planned activities, as espoused in the 2014 Annual Performance Plan of Provincial Treasury, reflects strong alignment to both National Outcomes 9 and 12 and full alignment to the vision of the National Development Plan.

The Department has been allocated a budget of R648.298 million in 2014/15, R579.712 million for 2015/16 and R857.120 million in 2016/17.

The proportional allocation across the four programmes of the Department is as follows:

R44.886 million (7 per cent) of the 2014/15 budget is allocated to **Programme 1: Administration** to give strategic direction and to provide quality financial and other support and logistical services to the Minister, the Head of Department and Treasury as a whole.

R520.318 million (80 per cent) of the 2014/15 budget is allocated to **Programme 2: Sustainable Resource Management**, broken down as follows: R90.933 million (14 per cent for Sub-programme 2.1 to 2.4) to ensure the effective and efficient management of provincial and municipal financial resources and R429.385 million (66 per cent) provided under Sub-programme 2.5 for transversal projects to enhance the strategic objectives of the Province and improve government service delivery.

R53.923 million (8 per cent) of the 2014/15 budget is allocated to **Programme 3: Asset Management** to provide policy direction and to facilitate and enforce the effective and the efficient management of provincial financial systems, supply chain and movable asset management within the provincial and municipal spheres.

R29.171 million (5 per cent) of the 2014/15 budget is allocated to **Programme 4: Financial Governance** to promote accountability through substantive reflection of financial activities of the province and municipalities as well as compliance with financial norms and standards.

2. Review of the current financial year (2013/14)

During 2013/14, the emphasis fell on the systematic and progressive improvement of financial management practices in the Province, building on the foundation laid during 2012/13. In this regard, Treasury's efforts were focused on firstly: ensuring conformance to all relevant prescripts of financial management, a prerequisite for the second outcome, which is to improve fiscal performance management. The ultimate aim was to ensure that departments, entities and municipalities achieved their intended purpose.

Some of the key achievements in 2013/14 were:

The Provincial Economic Review and Outlook 2013 (PERO), the Medium Term Budget Statement 2014 - 2017 (MTBPS) and the Municipal Economic Review and Outlook 2013 (MERO) were tabled during 2013/14 and provided disaggregated economic intelligence at a provincial and municipal level.

Expenditure and revenue management initiatives and monitoring of budget implementation to improve the sustainability and credibility of provincial, municipal and entity budgets. Improved steps were also introduced to enhance operational efficiency, targeting and delivery on annual plans.

The level of infrastructure delivery, in liaison with key provincial departments, is a continuous process of improvement with the institutionalisation of the Western Cape Infrastructure Delivery Management System encouraging momentum.

Concerted efforts were made to improve supply chain and moveable asset management within departments and municipalities.

Within the provincial sphere, the regulatory regime has been standardised and was complemented by the development of a blueprint Accounting Officer System for SCM and standard operating procedures. Substantial progress has also been made in developing a blueprint SCM policy document for municipalities. SCM assessments have been conducted at departments and municipalities and included support via training, assistance and guidance. These assessments were strengthened by the identification of gaps through the CGRO and MGRO processes and the development of action plans to address deficiencies. The continuation of SCM Forums on both the departmental and municipal level has proven to be successful in identifying best practices and promoting uniformity.

To ensure the optimal utilisation of financial systems the unit ensured that system users were appropriately trained in accordance with their system profiles, inactive users were de-activated and effective user account management was maintained. The Logistical Information System (LOGIS) was rolled out to those departments in accordance with the roll-out plan and the current legacy systems were enhanced to comply with current legislative and user requirements. The Basic Accounting System (BAS) was re-implemented to accommodate the eight (8) new segments, Standard Chart of Accounts (SCOA) and the new e-procurement solution (IPS) was implemented and tested at 3 pilot sites.

The focus for the accounting units was on improving the quality and integrity of financial data, accounting information and reporting to fully reflect all transactions entered into by government. In both provincial and local government accounting, despite continuous enhancements to the accounting standards and framework, the accounting units guided and supported the provincial departments and entities with the preparation and assessment of Interim and Annual Financial Statements. More training workshops were held, and the technical forums interacted robustly. The Corporate Governance Review and Outlook (CGRO) on the financial governance maturity of departments was bedded down, with internal control and good governance enjoying more focus.

A generic set of corporate governance norms and standards for departments, municipalities and entities that are responsive to and compliant with the relevant financial legislative framework was developed.

The training material to implement these guidelines was at an advanced stage at year end. In departments, the guide for the generic structure of internal controls units was finalised. It includes the adaptation of a generic set of governance norms and standards to meet the particular requirements of individual departments. The Municipal Governance Review and Outlook (MGRO) engagements have provided a platform for robust discussions and honest reflections of what needs to be done to achieve the aspirational goals of clean governance, aligned with PSO 12. Municipalities are rapidly achieving the conformance standards of clean financial governance, evident in the 11 municipalities that achieved financial unqualified audit outcomes with no other matters.

The Treasury also executed its oversight functions over the Western Cape Gambling and Racing Board (WCGRB) and assisted the public entity to achieve a financially unqualified, with no findings, audit outcome.

3. Outlook for the coming financial year (2014/15)

The main thrust of the 2014/15 Budget will be to build and maintain on improving operational efficiencies and effectiveness of the Vote internally, and externally, in giving effect to what is envisaged in PSO 12, to progressively improve financial management in departments and municipalities utilising the CGRO and MGRO initiatives. A further focus remains to strengthen the delivery capability and impact of the budget spent by provincial departments and municipalities through the structured PG MTEC and LG MTEC engagements.

Key performance areas towards achieving both financial conformance and performance objectives include:

Fiscal Policy (Provincial and Local Government)

The Fiscal Policy unit aims to advise on the sustainability and management of provincial and municipal funding sources by overseeing the effective collection of all available revenue resources.

The unit will continue to conduct research into the national transfer system with a specific focus on the funding formula that underpins the provincial and local government allocations (equitable share and conditional grants).

The unit will report on provincial own revenue performance, evaluates current revenue trends and advances on revenue efficiencies towards promoting the effective management of revenue. Research into provincial own revenue includes the further work required on the casino licencing regime.

The unit will further focus on the development of an assessment framework with which to assess municipal service charges in terms of sustainability, transparency and credibility.

Cash flow management policies and practices will be further developed with the aim of improving cash flow management and liquidity in the Province and municipalities. This unit will monitor and evaluate cash flow and investment management practices to ensure the sustainability and credibility thereof.

This unit is also responsible for Departmental oversight of and to manage transfer payments to the Western Cape Gambling and Racing Board that will ensure the effective and efficient regulation of the gaming industry in the Province.

Budget Management (Provincial and Local Government)

The Provincial Government Budget Office will undertake socio-economic and budget policy related research, in order to prepare the provincial budget policy and inform the budget allocations. This includes analysis of policy options to ensure budget proposals are properly costed and in line with the budget policy framework. The unit will also evaluate provincial budget documentation for conformance and responsiveness to make recommendations to improve the impact and effectiveness (the attainment of desired outcomes, objectives and results) of the provincial budget.

The Local Government Budget Office will undertake socio-economic and budget policy related research, in order to assess municipal budgets and the budget allocations. The unit will also evaluate municipal budget documentation for conformance and responsiveness to make recommendations to improve the impact and effectiveness (the attainment of desired outcomes, objectives and results) of municipal budgets.

Public Finance (Provincial and Local Government)

Provincial Government Public Finance will focus on the assessment of provincial budgets to improve the conformance, credibility and sustainability of the budget and for monitoring the implementation of budgets to enhance accountability, data integrity and efficiency.

A key focus area will be to improve the efficiency of expenditure management in departments through working paper reviews of selected expenditure items and expenditure analytics, which will assist and inform strategic sourcing of goods and services. Furthermore, in line with improving financial management, the unit will facilitate the standardisation of expenditure management processes (standard operating procedures) via the Management Accounting Forum (MAF), a sub-committee of the CFO Forum.

The Local Government Public Finance units will concentrate on improving the conformance, credibility and sustainability of municipal budgets by promoting efficient budget implementation and developing the functional ability of municipalities through the implementation of standards, knowledge sharing and training.

The units will further focus on improving general reporting requirements, including data integrity within municipalities and financial assistance will be provided to selected municipalities as informed by LGMTEC and MGRO processes. An efficiency review working paper on selected municipal expenditure items will also be produced.

Amounts of R20 million in 2014/15, R25 million in 2015/16 and R30 million in 2016/17 have been provided for municipal governance improvement initiatives as part of transversal projects within Programme 2.5, to be distributed upon agreement with Vote 14: Local Government on specific deliverables underpinned by project implementation plans, only to be released in the 2014 Adjusted Estimates and future MTEFs.

Infrastructure

A key and renewed focus area of this unit will be to build on the foundation laid and initiative started during 2013/14 to roll out and conduct assessment on the institutionalisation of the Western Cape Infrastructure Delivery Management System (WC IDMS) for the Departments of Education and Health as client departments and Transport and Public Works (as the Implementing Agent). This will include the assessment of User Asset Management Plans (U-AMP), Custodian Asset Management Plans (C-AMP), and Construction Procurement strategies to ensure effective and efficient delivery. The roll out of the WC IDMS will be extended to Roads and Human Settlements. The unit will also be responsible for the

monitoring and enhancement of infrastructure spending of designated departments and advocating infrastructure delivery improvement processes.

Given the focus of the 2014/15 MTEF budget, providing ongoing training and support, is key to ensure the required due diligence is conducted, value for money is achieved and infrastructure budgets implemented in an efficient, effective and economic manner whilst ensuring that environmental issues are also addressed.

Business Information and Data Management

The main task will be to render an effective data information management service by providing financial and performance information on a central depository to enable proper decision making and credible publications. This unit will also focus on improving internal coordination within Treasury and on the improvement of intergovernmental coordination between the Province (Provincial Treasury and Local Government) and municipalities.

The unit will render a client interface, data collating and data information and records management to the Provincial treasury including managing the centralised filing system aiming for conformance to the Archives and Records Service prescripts.

The units will also coordinate departmental and municipal MTEC processes and document flow (hard and electronic) and the collation and technical refinement of treasury publications and working papers.

Standard Operating Procedures will be developed over time to serve as the basis for Provincial Treasury's institutional memory to contribute to the accurate management of financial information and economic data to improve proper decision making, monitoring and more credible reporting.

Transversal Projects

The Transversal Projects Sub-programme, initiated during the 2013 MTEF and housed within the Provincial Treasury Vote as the transversal mechanism to give effect to specific Government policy priorities, will continue over the 2014 MTEF. The sub-programme transversally supports the outcomes of the Provincial Strategic Objectives (PSOs) and the provincial budget policy objectives as set out in the 2014 - 2017 WC MTBPS; in essence to contribute to improving the effectiveness and efficiency of government services.

Provincial priority allocations provided for under this sub-programme caters for programmes and projects where uncertainty exists in terms of implementation, which subject to clear implementation plans, funds will only be shifted in the Adjusted Estimate or future MTEFs.

Externally to Vote 3, it caters for the strengthening of Regionally based Socio-Economic Projects (RSEP) and Broadband, whilst internally it provides for the improvement in internal controls, including biometric access control (within and across departments) and for municipal support, based on MGRO and LG MTEC findings, aimed at strengthening governance within municipalities.

The extract below sets out the projects and allocations provided for under the sub-programme.

Projects	2014/15	2015/16	2016/17
Provincial priority allocations (Transversal Projects) in 2014 MTEF	429 385	343 970	608 870
Regional based socio-economic projects	25 000	35 000	51 855
Improvement of internal control (across departments) and biometric access control	30 500	37 690	55 794
Municipal support (strengthening of governance)	20 000	25 000	30 000
Broadband	353 885	246 280	471 221

Supply Chain Management (Provincial and Local Government)

Improved procurement planning through strategic sourcing will be promoted, fostering closer linkages between budget planning and service delivery for both municipalities and provincial departments. Operational SCM skills and knowledge of SCM practitioners will be furthered in order to enhance the ability to analyse and translate complex legislative and policies requirements to ensure operational efficiencies and conformance.

The Western Cape Supplier Database and supplier databases at municipalities will be used as key SCM technology enablers to improve data integrity and transparency. Supplier support and capacity building will be continued through structured supplier open-days and the maintenance of a supplier helpdesk.

Municipal Governance Review and Outlook and the Corporate Governance Review and Outlook processes will be used to constantly improve the discipline of SCM.

Supporting and Interlinked Financial Systems

Management and optimisation of transversal financial systems of provincial departments, as well as the integrity of data continue to be improved by ensuring that all system users are appropriately trained, skilled and capacitated and that the required internal controls are in place to monitor the correct and optimal utilisation of the systems, effective user account management and compliance to legislative requirements.

Further roll-out of the Logistical Information System (LOGIS) to non-LOGIS institutions and enhancement of current systems, ensuring compliance to legislative and user requirements, will be continued. Provision has been made as part of strengthening internal controls for the implementation of biometric access within the financial system environment. These funds have been provided as part of transversal projects within Sub-programme 2.5 and will be distributed in the 2014 Adjusted Estimates. On conclusion of the piloting the new e-procurement solution (IPS) will be rolled out to the Western Cape Government (WCG) as a whole, systematically replacing the current Electronic Purchasing System (EPS), thereby improving the efficiency and effectiveness of SCM in provincial departments.

Accounting (Provincial and Local Government)

National Treasury has, in 2013/14 issued the amended frameworks for departments, inclusive of the Modified Cash Standard and the Accounting Manual. The unit will continue to focus on improving the quality and integrity of financial data by looking at bespoke management reporting and accounting information to fully reflect all transactions entered into by government. A key focus will be on enhancing the skills and competencies of all accounting staff, aligned with National Treasury's strategy of financial management improvement, with the aim of producing professional accountants.

The continued implementation of the latest accounting standards and monitoring the implementation of the transitional provisions within provincial departments and municipalities of the Western Cape will drive the work of the technical forums.

The minimum work to be done by internal control units will be standardised with policy frameworks, and training of the enhanced units will be key. In this regard, over the MTEF, funding has been provided for the improvement of internal controls, both within the Vote and across departments, as part of the transversal projects within Sub-programme 2.5 to be distributed upon agreement with CFO's on specific requirements and deliverables underpinned by project implementation plans, only to be release in the 2014 Adjusted Estimates and future MTEFs. The further institutionalisation of the Corporate Governance Review and Outlook (CGRO) on the financial governance maturity of departments will therefore be further embedded in the work to be done by the compliance unit in this sub-directorate.

Corporate Governance

The third round of the Municipal Governance Review and Outlook (MGRO) on the financial governance maturity of municipalities will be realised. A key focus will be to get integration of all the criteria across all the PT service lines, and introduce additional criteria for municipalities to achieve higher levels of governance. These criteria will seek to address the performance of municipalities as they have already substantially complied with the conformance criteria.

This will result in having robust engagements at the various forums, inclusive of the CRO and CAE fora, and continuous training being rolled out. It will also result in supporting specific municipalities with implementation of the norms and standards guidelines issued in prior years. The unit will also be instrumental in keeping the Province abreast of all relevant legislative changes, affecting all spheres of government, to ensure that all parties are informed timeously, but also to make meaningful comment before final promulgations of any laws or regulations, or the introduction of circulars which could have significant consequences for many clients within the Province.

4. Receipts and financing

Summary of receipts

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

Table 4.1 Summary of receipts

Receipts R'000	Outcome			Main appro- priation	Adjusted appro- priation	Revised estimate	Medium-term estimate			
	2010/11	2011/12	2012/13				2014/15	2013/14	2015/16	2016/17
Treasury funding										
Equitable share	(21 070)	18 474	6 351	370 658	125 847	44 103	562 112	1 174.54	227 481	624 204
Financing							10 560		273 000	150 516
Provincial Revenue Fund							10 560		273 000	150 516
Own receipts - Provincial Treasury (allocated to other votes)	(233 041)	(233 041)	(233 041)	(233 041)	(233 041)	(233 041)	(244 971)	5.12	(245 625)	(246 129)
Total Treasury funding	127 500	142 619	162 283	446 205	201 394	201 394	648 298	221.91	579 712	857 120
Departmental receipts										
Tax receipts	322 644	350 603	382 663	307 326	307 326	387 440	319 335	(17.58)	323 594	327 267
Sales of goods and services other than capital assets	1 907	2 163	2 527	1 214	1 214	2 198	1 214	(44.77)	1 214	1 214
Transfers received				1	1		1		1	1
Fines, penalties and forfeits	459	313	935			441		(100.00)		
Interest, dividends and rent on land	53 986		2			6		(100.00)		
Financial transactions in assets and liabilities	2 615	4 107	2 846	47	47	247	47	(80.97)	47	47
Total departmental receipts	381 611	357 186	388 973	308 588	308 588	390 332	320 597	(17.87)	324 856	328 529
Total receipts	127 500	142 619	162 283	446 205	201 394	201 394	648 298	221.91	579 712	857 120

Summary of receipts:

Total receipts increased by R446.904 million or 221.91 per cent from R201.394 million (revised estimates) in 2013/14 to R648.298 million in 2014/15. This increase is mainly due to an increase in transversal priority funding allocations that are ring-fenced for exclusive use of transversal projects. This funding will be housed under Sub-programme 2.5: Transversal Projects created under Programme 2: Sustainable Resource Management. Based on approved implementation plans, funds will be allocated to the relevant departments in the 2014 Adjusted Budgets and future MTEFs.

Treasury funding of which:

Equitable share allocations will amount to R562.112 million in 2014/15, R227.481 million in 2015/16 and R624.204 million in 2016/17.

Total departmental receipts for 2014/15 of R320.597 million will be allocated between the Department of the Premier (R244.971 million) and Provincial Treasury (R75.626 million), as the Department of the Premier also forms part of the Governance and Administration cluster.

Details of Departmental receipts:

The departmental own receipts increases from R308.588 million in 2013/14 (adjusted appropriation) to R320.597 million in 2014/15. The main source of this income is in respect of gambling tax receipts.

Tax receipts, of which casino and horse racing taxes are the main contributors, increase by R12.009 million or 3.91 per cent from an adjusted appropriation of R307.326 million in 2013/14 to R319.335 million in 2014/15. The projected tax receipts over the MTEF shows modest growth due to the current economic climate.

Since 2011/12, interest, dividends and rent on land are no longer accounted for under Vote 3: Provincial Treasury but are now catered for directly within the Provincial Revenue Fund.

Donor funding (excluded from vote appropriation)

None.

5. Payment summary

Key assumptions

Adjustments for salary increases are based on the National Treasury assumption that wage agreements will result in salary increases of 6.5 per cent for 2014/15 and 5.4 per cent for 2015/16 and for 2016/17, plus the 2 per cent pay progression provision in each financial year. Adjustments for the majority of the non-personnel expenditure items, classified as goods and services and payments for capital assets, are based on CPI headline estimates of 5.5 per cent in 2014/15, which will decrease to a constant at 5.4 per cent in 2015/16 and 2016/17.

National and provincial priorities

Nationally, the two outcomes (NSOs) being responded to, are respectively, NSO 9: A responsive, accountable, effective and efficient local government system; and NSO 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.

Provincially, both these national outcomes have been incorporated in the Provincial Strategic Objective 12 (PSO 12): Building the best run regional government in the world.

Programme summary

Table 5.1 indicates the budget or estimated expenditure per programme and Table 5.2 per economic classification. Details of the Government Financial Statistics (GFS) economic classifications are annexed hereto.

Table 5.1 Summary of payments and estimates

Programme R'000	Outcome			Main appro- priation	Adjusted appro- priation	Revised estimate	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
1. Administration	33 214	31 138	35 462	45 476	42 892	42 892	44 886	4.65	48 067	51 311
2. Sustainable Resource Management	42 327	61 331	70 898	336 111	83 969	83 969	520 318	519.65	442 420	713 634
3. Asset Management	33 710	30 706	33 934	39 811	47 747	47 747	53 923	12.93	57 670	58 429
4. Financial Governance	18 249	19 444	21 989	24 807	26 786	26 786	29 171	8.90	31 555	33 746
Total payments and estimates	127 500	142 619	162 283	446 205	201 394	201 394	648 298	221.91	579 712	857 120

Note:

Programme 1: MEC total remuneration package: R1 652 224 with effect from 1 April 2013.

Programme 2: Sub-programme 2.5: Transversal Projects, created in 2013/14, will continue over the 2014 MTEF and has been included under Programme 2 as the transversal mechanism to give effect to specific Government policy priorities to support the outcomes of the Provincial Strategic Objectives (PSOs) and the provincial budget policy objectives as set out in the 2014 - 2017 WC MTBPS i.e. to contribute to improving the effectiveness and efficiency of government services. The details are set out below:

Projects	2014/15	2015/16	2016/17
Provincial priority allocations (Transversal Projects) in 2014 MTEF	429 385	343 970	608 870
Regional based socio-economic projects	25 000	35 000	51 855
Improvement of internal control (across departments) and biometric access control	30 500	37 690	55 794
Municipal support (strengthening of governance)	20 000	25 000	30 000
Broadband	353 885	246 280	471 221

Summary by economic classification

Table 5.2 Summary of payments and estimates by economic classification

Economic classification R'000	Outcome						Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
				Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	2014/15	2013/14	2015/16	2016/17
Current payments	123 563	135 303	147 052	173 674	179 070	179 070	196 690	9.84	212 123	223 515
Compensation of employees	89 297	94 973	107 182	128 023	129 619	129 619	146 221	12.81	156 537	167 803
Goods and services	34 246	40 301	39 870	45 651	49 451	49 451	50 469	2.06	55 586	55 712
Interest and rent on land	20	29								
Transfers and subsidies to	736	4 640	11 795	267 769	17 311	17 311	446 738	2 480.66	362 456	628 200
Provinces and municipalities		3 450	8 250	256 598	10 850	10 850	435 385	3 912.76	350 970	616 241
Departmental agencies and accounts		83	2 411	10 326	5 523	5 523	10 406	88.41	10 488	10 908
Non-profit institutions	100									
Households	636	1 107	1 134	845	938	938	947	0.96	998	1 051
Payments for capital assets	3 089	2 633	3 404	4 762	4 944	4 944	4 870	(1.50)	5 133	5 405
Machinery and equipment	3 054	2 633	3 404	4 762	4 944	4 944	4 870	(1.50)	5 133	5 405
Heritage assets	35									
Of which: "Capitalised Goods and services" included in Payments for capital assets	3 089	2 633	3 404	4 762	4 944	4 944	4 870	(1.50)	5 133	5 405
Payments for financial assets	112	43	32		69	69		(100.00)		
Total economic classification	127 500	142 619	162 283	446 205	201 394	201 394	648 298	221.91	579 712	857 120

Transfers to public entities

Table 5.3 Summary of departmental transfers to public entities

Public entities R'000	Outcome						Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
				Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	2014/15	2013/14	2015/16	2016/17
Western Cape Gambling and Racing Board		83	2 411	10 326	5 523	5 523	10 406	88.41	10 488	10 908
Total departmental transfers to public entities		83	2 411	10 326	5 523	5 523	10 406	88.41	10 488	10 908

The Western Cape Gambling and Racing Board (WCGRB) falls within the jurisdiction of the Provincial Treasury.

Transfers to development corporations

None.

Transfers to local government

Table 5.4 Summary of departmental transfers to local government by category

Departmental transfers R'000	Outcome						Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
				Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	2014/15	2013/14	2015/16	2016/17
Category B		3 300	6 150		9 250	9 250		(100.00)		
Category C		150	2 100		1 600	1 600		(100.00)		
Unallocated ^{Note}				4 000			6 000		7 000	7 371
Total departmental transfers to local government		3 450	8 250	4 000	10 850	10 850	6 000	(44.70)	7 000	7 371

Note: Support initiatives to municipalities to improve financial governance and management introduced during 2011/12 will continue over the MTEF, especially to the most vulnerable municipalities. Over the MTEF, R6 million in 2014/15, R7 million in 2015/16 and R7.371 million in 2016/17 have been reserved for this purpose, and although reflected as unallocated at this stage, the allocations in the respective annual Adjusted Estimates will be based on the outcomes and recommendations of both the MGRO and LG MTEC 3 processes. Further amounts for municipal support initiatives have been provided as part of transversal projects within Programme 2.5, the details of which will only be distributed as part of the adjusted budget and future MTEFs allocations.

Departmental Public Private Partnership (PPP) projects

The Provincial Treasury does not have any departmental Public Private Partnership (PPP) projects.

The Provincial Treasury's oversight responsibilities for PPPs within the Province are housed under Sub-programme: Public Finance (Element: Infrastructure). These responsibilities are currently targeted at monitoring previously awarded PPPs, but with a number of major projects being entertained by the Departments of Transport and Public Works and Economic Development and Tourism.

6. Programme description

Programme 1: Administration

Purpose: To give strategic direction and to provide quality financial and other support services to the Minister and the Head of Department.

Analysis per sub-programme

Sub-programme 1.1: Office of the Minister

to assist the member of the Provincial Cabinet with those functions as assigned by legislation and/or the Premier

Sub-programme 1.2: Management Services

to provide strategic and operational management support services

Sub-programme 1.4: Financial Management

to provide effective financial management to the Department

Policy developments

No specific policy changes are currently being considered.

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

None.

Strategic goal as per Strategic Plan

Programme 1: Administration

Efficient and effective departmental governance support services.

Strategic objectives as per Annual Performance Plan

Sub-programme 1.1: Office of the Minister

To provide efficient and effective ministerial support services.

Sub-programme 1.2: Management Services

To provide strategic and operational management support services.

Sub-programme 1.4: Financial Management

To provide sound financial administrative services to the Department.

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

Sub-programme R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
1. Office of the Minister	4 776	4 926	5 284	6 228	6 488	6 488	6 268	(3.39)	6 749	7 196
2. Management Services	5 818	7 766	9 918	12 253	12 864	12 864	13 406	4.21	14 520	15 693
3. Corporate Services	3 602									
4. Financial Management	19 018	18 446	20 260	26 995	23 540	23 540	25 212	7.10	26 798	28 422
Total payments and estimates	33 214	31 138	35 462	45 476	42 892	42 892	44 886	4.65	48 067	51 311

Note:

Sub-programme 1.1: MEC total remuneration package: R1 652 224 with effect from 1 April 2013.

Sub-programme 1.3: Corporate Services was shifted to the Department of the Premier as part of the modernisation process during 2010/11.

Sub-programme 1.5: The Provincial Treasury does not have a separate internal audit unit and uses the internal audit component of the province, which is now vested in the Department of the Premier.

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

Economic classification R'000	Outcome						Medium-term estimate			
							% Change from Revised estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13	Main appro- p 2013/14	Adjusted appro- p 2013/14	Revised estimate 2013/14	2014/15	2013/14	2015/16	2016/17
Current payments	29 277	27 279	30 910	39 869	36 963	36 963	39 069	5.70	41 936	44 855
Compensation of employees	19 514	18 356	19 576	24 318	24 210	24 210	26 308	8.67	28 123	30 145
Goods and services	9 743	8 894	11 334	15 551	12 753	12 753	12 761	0.06	13 813	14 710
Interest and rent on land	20	29								
Transfers and subsidies to	736	1 183	1 116	845	916	916	947	3.38	998	1 051
Departmental agencies and accounts	83									
Non-profit institutions	100									
Households	636	1 100	1 116	845	916	916	947	3.38	998	1 051
Payments for capital assets	3 089	2 633	3 404	4 762	4 944	4 944	4 870	(1.50)	5 133	5 405
Machinery and equipment	3 054	2 633	3 404	4 762	4 944	4 944	4 870	(1.50)	5 133	5 405
Heritage assets	35									
Of which: "Capitalised Goods and services" included in Payments for capital assets	3 089	2 633	3 404	4 762	4 944	4 944	4 870	(1.50)	5 133	5 405
Payments for financial assets	112	43	32		69	69		(100.00)		
Total economic classification	33 214	31 138	35 462	45 476	42 892	42 892	44 886	4.65	48 067	51 311

Details of transfers and subsidies

Economic classification R'000	Outcome						Medium-term estimate			
							% Change from Revised estimate			
	Audited	Audited	Audited	Main appro- piation	Adjusted appro- piation	Revised estimate				
	2010/11	2011/12	2012/13	2013/14	2013/14	2013/14	2014/15	2013/14	2015/16	2016/17
Transfers and subsidies to (Current)	736	1 183	1 116	845	916	916	947	3.38	998	1 051
Departmental agencies and accounts	83									
Entities receiving transfers	83									
Western Cape Gambling and Racing Board	83									
Non-profit institutions	100									
Households	636	1 100	1 116	845	916	916	947	3.38	998	1 051
Social benefits	2	29	270	18			(100.00)			
Other transfers to households	634	1 071	846	845	898	898	947	5.46	998	1 051

Expenditure trends analysis

The increase of R9.678 million from R33.214 million in 2010/11 to R42.892 million in 2013/14 (revised estimate), equates to an average nominal increase of 8.9 per cent per annum (three year period). The annual average nominal growth of 6.16 per cent from the revised estimate of R42.892 million in 2013/14 to R51.311 million in 2016/17 is due to mainly inflation adjustments. Limited provision has also been made for strengthening core corporate requirements towards meeting increasing demands bestowed on the Department. Telephone costs have been decentralised to all other programmes and sub-programmes. The bulk of the transfers within the programme are for external bursars.

Programme 2: Sustainable Resource Management

Purpose: To ensure the effective and efficient management of provincial and municipal financial resources.

Analysis per sub-programme**Sub-programme 2.1: Programme Support**

to provide management and administrative support to the programme

Sub-programme 2.2: Fiscal Policy

to advise on the sustainability and management of provincial and municipal funding sources and exploring the full use of available revenue resources

Sub-programme 2.3: Budget Management**Provincial Government Budget Office**

to promote optimal allocative efficiency and effectiveness of resource allocations in preparing the provincial budget and provide socio-economic analysis and advice that informs budget policy and the budget allocation process

Local Government Budget Office

to promote allocative efficiency and effectiveness of resource allocations by co-ordinating the municipal budget process and providing socio-economic analysis and advice that informs municipal budget policies and the budget allocation process

Sub-programme 2.4: Public Finance

Provincial Government Finance

to compile a credible and sustainable main and adjustments budget, and to guide and monitor the efficient implementation thereof

Local Government Finance (Groups 1 and 2)

to assist municipalities to prepare a credible and sustainable main and adjustments budget, to guide and monitor the efficient implementation thereof and to drive the implementation of the MFMA

Infrastructure

to promote the effective and efficient delivery and maintenance of physical infrastructure through institutionalising and standardising good practice methodologies, tools and systems

Business Information and Data Management

to render a client interface, data collating and data information and records management service to the Provincial Treasury

Sub-programme 2.5: Transversal Projects

to promote effective and efficient management, coordination and intergovernmental cooperation of transversal special programmes in the Western Cape Government

Policy developments

Policy developments that will receive further attention in 2014/15 are:

Standard operating procedures and guidelines that create a culture of compliance, assistance and guidance will be developed and institutionalised.

Cash flow management guidelines will be developed and improved cash flow planning and implementation particularly as it relates to conditional grant funding would be pursued.

Municipal investment and borrowing policies will be developed.

To improve expenditure management practices minimum standards for the institutionalisation of expenditure management will be developed.

The Western Cape Infrastructure Delivery Management System (WC IDMS) will be implemented and quality User-Asset Management (U-AMP) and Custodian-Asset Management (C-AMP) plans will be institutionalised.

The continuation of Transversal Projects, initiated during the 2013 MTEF and housed within the Provincial Treasury Vote as the transversal mechanism to give effect to specific Government policy priorities, to transversally supports the outcomes of the Provincial Strategic Objectives (PSOs) and the provincial budget policy objectives as set out in the 2014 - 2017 WC MTBPS; in essence to contribute to improving the effectiveness and efficiency of government services.

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

None.

Strategic goals as per Strategic Plan**Programme 2: Sustainable Resource Management**

Effective, efficient and sustainable management of provincial and municipal fiscal resources.

Strategic objectives as per Annual Performance Plan**Sub-programme 2.1: Programme Support**

To provide management and administrative support to the programme.

Sub-programme 2.2: Fiscal Policy

To advise on the sustainability and management of provincial and municipal funding sources.

Sub-programme 2.3: Budget Management***Provincial Government Budget Office***

To improve the socio-economic impact and allocative efficiency of the provincial budget.

Local Government Budget Office

To improve the socio-economic impact and allocative efficiency of municipal budgets.

Sub-programme 2.4: Public Finance***Provincial Government Finance***

To improve the conformance, credibility, sustainability and guide and monitor the efficient implementation of the provincial budget.

Local Government Finance (Groups 1 and 2)

To improve the conformance, credibility and sustainability of municipal budgets and monitor and support municipalities and municipal entities with the efficient implementation thereof.

Infrastructure

To institutionalise and standardise good practice methodologies, tools and systems for efficient and effective physical infrastructure delivery and maintenance.

Business Information and Data Management

To render an effective data information management service.

Sub-programme 2.5: Transversal Projects

To co-ordinate and provide financial support to transversal programmes/projects.

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

Sub-programme R'000	Outcome						Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
				Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	2014/15	2013/14	2015/16	2016/17
1. Programme Support	3 024	3 848	5 897	7 038	5 435	5 435	6 395	17.66	6 811	7 255
2. Fiscal Policy	3 663	6 693	11 117	19 312	13 943	13 943	21 366	53.24	22 241	23 468
Fiscal Policy	3 663	6 693	8 706	8 986	8 420	8 420	10 960	26.65	11 753	12 560
Western Cape Gambling and Racing Board			2 411	10 326	5 523	5 523	10 406	88.41	10 488	10 908
3. Budget Management	13 749	16 784	14 304	15 949	14 969	14 969	18 093	20.87	20 058	21 412
Provincial Government Budget Office	8 606	10 845	7 766	8 529	7 418	7 418	9 269	24.95	10 031	10 715
Local Government Budget Office	5 143	5 939	6 538	7 420	7 551	7 551	8 824	16.86	10 027	10 697
4. Public Finance	21 891	34 006	39 580	41 214	49 622	49 622	45 079	(9.16)	49 340	52 629
Provincial Government Finance	12 832	11 310	6 778	7 576	7 403	7 403	8 501	14.83	9 097	9 735
Local Government Finance Group 1	4 154	8 408	8 839	10 458	11 157	11 157	7 745	(30.58)	8 252	8 806
Local Government Finance Group 2	4 905	8 522	13 701	10 511	17 446	17 446	12 860	(26.29)	14 309	15 185
Infrastructure		5 766	5 161	5 549	6 708	6 708	7 675	14.42	8 220	8 805
Business Information and Data Management			5 101	7 120	6 908	6 908	8 298	20.12	9 462	10 098
5. Transversal Projects				252 598			429 385		343 970	608 870
Total payments and estimates	42 327	61 331	70 898	336 111	83 969	83 969	520 318	519.65	442 420	713 634

Note:

Sub-programme 2.2: Prior to 2011/12 the estimates for Immoveable Asset Management and Liability Management included under Fiscal Policy are reflected under Programme 3: Table 6.3.

Sub-programme 2.3: The Sub-programme: Economic Analysis has been fully integrated into Budget Management: Provincial Government.

Sub-programme 2.5: Transversal Projects, created in 2013/14, will continue over the 2014 MTEF as the transversal mechanism to give effect to specific Government policy priorities to support the outcomes of the Provincial Strategic Objectives (PSOs) and the provincial budget policy objectives as set out in the 2014 - 2017 WC MTBPS i.e. to contribute to improving the effectiveness and efficiency of government services. The details are set out below:

Projects	2014/15	2015/16	2016/17
Provincial priority allocations (Transversal Projects) in 2014 MTEF	429 385	343 970	608 870
Regional based socio-economic projects	25 000	35 000	51 855
Improvement of internal control (across departments) and biometric access control	30 500	37 690	55 794
Municipal support (strengthening of governance)	20 000	25 000	30 000
Broadband	353 885	246 280	471 221

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

Economic classification R'000	Outcome						Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
				Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	2014/15	2013/14	2015/16	2016/17
Current payments	42 327	57 874	60 228	69 187	67 579	67 579	74 527	10.28	80 962	86 485
Compensation of employees	28 360	39 715	45 953	54 045	53 643	53 643	62 880	17.22	67 328	72 151
Goods and services	13 967	18 159	14 275	15 142	13 936	13 936	11 647	(16.43)	13 634	14 334
Transfers and subsidies to		3 457	10 670	266 924	16 390	16 390	445 791	2 619.90	361 458	627 149
Provinces and municipalities		3 450	8 250	256 598	10 850	10 850	435 385	3 912.76	350 970	616 241
Departmental agencies and accounts			2 411	10 326	5 523	5 523	10 406	88.41	10 488	10 908
Households		7	9		17	17		(100.00)		
Total economic classification	42 327	61 331	70 898	336 111	83 969	83 969	520 318	519.65	442 420	713 634

Details of transfers and subsidies

Economic classification R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
Transfers and subsidies to (Current)		3 457	10 670	266 924	16 390	16 390	445 791	2619.90	361 458	627 149
Provinces and municipalities		3 450	8 250	256 598	10 850	10 850	435 385	3912.76	350 970	616 241
Provinces				252 598			429 385		343 970	608 870
Provincial agencies and funds				252 598			429 385		343 970	608 870
Municipalities		3 450	8 250	4 000	10 850	10 850	6 000	(44.70)	7 000	7 371
Municipal bank accounts		3 450	8 250	4 000	10 850	10 850	6 000	(44.70)	7 000	7 371
Departmental agencies and accounts			2 411	10 326	5 523	5 523	10 406	88.41	10 488	10 908
Entities receiving transfers			2 411	10 326	5 523	5 523	10 406	88.41	10 488	10 908
Western Cape Gambling and Racing Board			2 411	10 326	5 523	5 523	10 406	88.41	10 488	10 908
Households		7	9		17	17		(100.00)		
Social benefits			9		17	17		(100.00)		
Other transfers to households		7								

Expenditure trends analysis

The programme has increased from R42.327 million in 2010/11 to R83.969 million in the 2013/14 (revised estimate), which equates to an average nominal growth of 25.65 per cent per annum. The growth relates to the increasing implementation requirements of the Municipal Financial Management Act (MFMA) and associated provisioning of resources to enhance fiscal prudence. The allocation over the 2014 MTEF period will further increase from R83.969 million in 2013/14 revised estimate to R520.318 million in 2014/15 as a result of the priority funding allocations of R429.385 million that are ring-fenced in 2014/15 under the Sub-programme 2.5: Transversal Projects. The growth from 2013/14 (revised estimate) of R83.969 million to R713.634 million in 2016/17 reflects an annual average growth of 104.07 per cent over the three year period.

Programme 3: Asset Management

Purpose: To provide policy direction and to facilitate and enforce the effective and the efficient management of provincial financial systems, supply chain and movable asset management within the provincial and municipal spheres.

Analysis per sub-programme**Sub-programme 3.1: Programme Support**

to provide management and administrative support to the programme

Sub-programme 3.2: Supply Chain Management**Supply Chain Management: Provincial Government**

to provide policy direction and facilitating the effective and efficient management of supply chain and asset management practices

Supply Chain Management: Local Government

to provide policy guidance and facilitating the effective and efficient management of supply chain and asset management practices

Sub-programme 3.4: Supporting and Interlinked Financial Systems

provide for the implementation, management and oversight of provincially operated financial systems and transition to new or replacement systems

Policy developments

Policy developments that will receive further attention 2014/15 are:

Institutionalise compliance to SCM legislation, policy and procedures, as well cost effectiveness, value for money and strategic sourcing objectives.

Working together with National Treasury to optimise the current suite of financial systems, whilst at the same time assisting with the design and ultimate roll-out of the integrated and revamped IFMS.

Improving the financial system environment by strengthening internal controls including the roll-out of biometric access solution across the suite of financial systems and improving data integrity across the provincial and municipal sphere.

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

None.

Strategic goals as per Strategic Plan

Programme 3: Asset Management

Effective and efficient financial system, supply chain and movable asset governance within the provincial and municipal spheres.

Strategic objectives as per Annual Performance Plan

Sub-programme 3.1: Programme Support

To provide management and administrative support to the programme.

Sub-programme 3.2: Supply Chain Management

Supply Chain Management: Provincial Government

To provide policy direction and facilitating the effective and efficient management of supply chain and asset management practices in provincial departments.

Supply Chain Management: Local Government

To provide policy guidance and facilitating the effective and efficient management of supply chain and asset management practices in municipalities.

Sub-programme 3.4: Supporting and Interlinked Financial Systems

To provide for the implementation, management and oversight of provincially operated financial systems and the transition to new or replacement systems.

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

Sub-programme R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
1. Programme Support	998	1 054	1 861	3 560	3 592	3 592	4 113	14.50	4 388	4 681
2. Supply Chain Management	15 373	9 614	10 033	11 774	14 342	14 342	19 367	35.04	21 089	20 412
Supply Chain Management: Provincial Government	8 925	9 614	6 781	7 145	9 426	9 426	12 674	34.46	13 189	11 937
Supply Chain Management: Local Government			3 252	4 629	4 916	4 916	6 693	36.15	7 900	8 475
Immovable Asset Management	6 448									
3. Liabilities Management	2 535									
4. Supporting and Interlinked Financial Systems	14 804	20 038	22 040	24 477	29 813	29 813	30 443	2.11	32 193	33 336
Total payments and estimates	33 710	30 706	33 934	39 811	47 747	47 747	53 923	12.93	57 670	58 429

Note:

Sub-programme 3.3: Liabilities Management was shifted from Programme 3: Assets and Liabilities Management to Fiscal Policy under the Programme 2: Sustainable Resources Management.

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

Economic classification R'000	Outcome						Medium-term estimate			
							% Change from Revised estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13	Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	2014/15	2013/14	2015/16	2016/17
Current payments	33 710	30 706	33 930	39 811	47 747	47 747	53 923	12.93	57 670	58 429
Compensation of employees	25 201	19 815	22 456	27 533	28 462	28 462	31 411	10.36	33 690	36 134
Goods and services	8 509	10 891	11 474	12 278	19 285	19 285	22 512	16.73	23 980	22 295
Transfers and subsidies to	4									
Households	4									
Total economic classification	33 710	30 706	33 934	39 811	47 747	47 747	53 923	12.93	57 670	58 429

Details of transfers and subsidies

Economic classification R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
Transfers and subsidies to (Current)			4							
Households			4							
Other transfers to households			4							

Expenditure trends analysis

The programme has increased by R14.037 million from R33.710 million in 2010/11 to R47.747 million (revised estimate) in 2013/14, with an average nominal growth of 12.30 per cent per annum. This is due to the steps taken to increase the oversight and guidance over supply chain management and financial systems management. Over the MTEF period the allocation will increase by an average nominal growth of 6.96 per cent per annum from R47.747 million (revised estimate) in 2013/14 to R58.429 million in 2016/17. This is mainly due to further roll out and implementation of financial systems, as well as the strengthening of the supply chain management in municipalities. Furthermore, strategic sourcing/procurement strategies will be developed for certain commodities to enhance Supply Chain Management (SCM) efficiencies.

Programme 4: Financial Governance

Purpose: To promote accountability through substantive reflection of financial activities of the Province and municipalities as well as compliance with financial norms and standards.

Analysis per sub-programme

Sub-programme 4.1: Programme Support

to provide management and administrative support to the programme

Sub-programme 4.2: Accounting Services

Local Government Accounting

to improve the understanding and application of accounting standards and financial reporting within municipalities; the target for 2015 being full compliance with the minimum accounting standards framework and related financial laws and regulations

Provincial Government Accounting and Compliance

to ensure the effective implementation of accounting practices in line with the reporting framework, prepare consolidated financial statements that reflect the financial position of the Province and prepare for financial governance reform

Sub-programme 4.3: Corporate Governance

to strengthen corporate governance within the Province through the implementation of risk management, internal audit and compliance with financial laws and regulations

Policy developments

Policy developments that will receive further attention in 2014/15 are:

Providing support to Departments on the recently issued Modified Cash Standard and the Accounting Manual to facilitate the eventual transition to fully implement accrual accounting.

Promotion of effective governance as a joint responsibility between the Provincial Parliament, Provincial Executive, Municipal Councils and Accounting Officers as this is the foundation on which all programmes, projects and initiatives intrinsically depend.

Further development, integration and roll-out of MGRO and CGRO criteria across all PT service programmes in collaboration with departments and municipalities towards higher levels of governance.

The strengthening of the internal control environment, inclusive of execution in accordance with standardised policy framework and training.

Changes: Policy, structure, service establishment, etc. Geographic distribution of service

None.

Strategic goals as per Strategic Plan**Programme 4: Financial Governance**

Accountability through substantive reflection of financial activities of the province as well as compliance with financial norms and standards.

Strategic objectives as per Annual Performance Plan**Sub-programme 4.1: Programme Support**

To provide management and administrative support to the programme.

Sub-programme 4.2: Accounting Services**Local Government Accounting**

To improve the understanding and application of accounting standards and financial reporting within municipalities.

Provincial Government Accounting and Compliance

To ensure the effective implementation of accounting practices in line with the reporting framework, prepare consolidated financial statements that reflect the financial position of the Province and prepare for financial governance reform.

Sub-programme 4.3: Corporate Governance

To develop, monitor and advise on norms and standards of corporate governance.

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

Sub-programme R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
1. Programme Support	1 452	1 437	1 821	2 327	3 223	3 223	2 339	(27.43)	2 487	2 645
2. Accounting Services	7 844	9 775	10 558	13 941	13 186	13 186	16 646	26.24	17 768	19 013
Provincial Government Accounting and Compliance	4 619	5 370	5 418	7 375	6 172	6 172	8 297	34.43	8 876	9 504
Local Government Accounting	3 225	4 405	5 140	6 566	7 014	7 014	8 349	19.03	8 892	9 509
3. Corporate Governance	7 516	8 232	9 610	8 539	10 377	10 377	10 186	(1.84)	11 300	12 088
4. Provincial Internal Audit	1 437									
Total payments and estimates	18 249	19 444	21 989	24 807	26 786	26 786	29 171	8.90	31 555	33 746

Note: Risk Management now resorts under Corporate Governance.

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

Economic classification R'000	Outcome			Main appro- piation	Adjusted appro- piation	Revised estimate	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
Current payments	18 249	19 444	21 984	24 807	26 781	26 781	29 171	8.92	31 555	33 746
Compensation of employees	16 222	17 087	19 197	22 127	23 304	23 304	25 622	9.95	27 396	29 373
Goods and services	2 027	2 357	2 787	2 680	3 477	3 477	3 549	2.07	4 159	4 373
Transfers and subsidies to			5		5	5	(100.00)			
Households			5		5	5	(100.00)			
Total economic classification	18 249	19 444	21 989	24 807	26 786	26 786	29 171	8.90	31 555	33 746

Details of transfers and subsidies

Economic classification R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
Transfers and subsidies to (Current)			5		5	5	(100.00)			
Households			5		5	5	(100.00)			(100)
Social benefits			5		5	5	(100.00)			(100)

Expenditure trends analysis

The increase of R8.537 million from R18.249 million in 2010/11 to R26.786 million in 2013/14 (revised estimate) is mainly due to earmarked funds for the improvement of transversal internal control services and posts that were created during the reconfiguration process within the Accounting Services and Corporate Governance sub-programmes. This is an annual average increase of 13.65 per cent over the three year period. Over the period 2013/14 (revised estimate) to 2016/17, the total nominal growth for the programme is 8 per cent per annum, which is a result of the decentralisation of the municipal training and support project which previously resided under Programme 2: Sustainable Resource Management.

7. Other programme information**Personnel numbers and costs****Table 7.1 Personnel numbers and costs**

Programme R'000	As at 31 March 2010/11	As at 31 March 2011/12	As at 31 March 2012/13	As at 31 March 2013/14	As at 31 March 2014/15	As at 31 March 2015/16	As at 31 March 2016/17
1. Administration	55	49	58	71	66	66	66
2. Sustainable Resource Management	95	87	107	134	135	135	135
3. Asset Management	54	52	59	75	72	72	72
4. Financial Governance	44	41	49	58	55	55	55
Total personnel numbers	248	229	273	338	328	328	328
Total personnel cost (R'000)	89 297	94 973	107 182	129 619	146 221	156 537	167 803
Unit cost (R'000)	360	415	393	383	446	477	512

Table 7.2 Departmental personnel numbers and costs

Description	Outcome						Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
				Main appro- piation 2013/14	Adjusted appro- piation 2013/14	Revised estimate 2013/14	2014/15	2013/14	2015/16	2016/17
Total for department										
Personnel numbers (head count)	248	229	273	300	338	338	328	(2.96)	328	328
Personnel cost (R'000)	89 297	94 973	107 182	128 023	129 619	129 619	146 221	12.81	156 537	167 803
of which										
Human resources component										
Personnel numbers (head count)										
Personnel cost (R'000)	2 896									
Head count as % of total for department										
Personnel cost as % of total for department	3.24									
Finance component										
Personnel numbers (head count)	39	42	29	33	28	28	33	17.86	33	33
Personnel cost (R'000)	8 009	9 476	8 143	9 966	9 140	9 140	10 896	19.21	11 643	12 476
Head count as % of total for department	15.73	18.34	10.62	11.00	8.28	8.28	10.06		10.06	10.06
Personnel cost as % of total for department	8.97	9.98	7.60	7.78	7.05	7.05	7.45		7.44	7.43
Full time workers										
Personnel numbers (head count)	245	226	270	300	293	293	310	5.80	310	310
Personnel cost (R'000)	88 747	94 382	106 817	128 023	124 195	124 195	141 227	13.71	152 015	162 986
Head count as % of total for department	98.79	98.69	98.90	100.00	86.69	86.69	94.51		94.51	94.51
Personnel cost as % of total for department	99.38	99.38	99.66	100.00	95.82	95.82	96.58		97.11	97.13
Part-time workers										
Personnel numbers (head count)										
Personnel cost (R'000)										
Head count as % of total for department										
Personnel cost as % of total for department										
Contract workers										
Personnel numbers (head count)	3	3	3		45	45	18	(60.00)	18	18
Personnel cost (R'000)	550	591	365		5 424	5 424	4 994	(7.93)	4 522	4 817
Head count as % of total for department	1.21	1.31	1.10		13.31	13.31	5.49		5.49	5.49
Personnel cost as % of total for department	0.62	0.62	0.34		4.18	4.18	3.42		2.89	2.87

Training

Table 7.3 Payments on training

Programme R'000	Outcome						Medium-term estimate			
							% Change from Revised estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13	Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	2014/15	2013/14	2015/16	2016/17
1. Administration	652	1 063	361	841	841	841	886	5.35	934	984
<i>of which</i>										
Payments on tuition	197	306	348	600	600	600	632	5.33	666	702
Other	455	757	13	241	241	241	254	5.39	268	282
2. Sustainable Resource Management	532	1 115	284	536	536	536	565	5.41	595	627
<i>of which</i>										
Payments on tuition	306	471								
Other	226	644	284	536	536	536	565	5.41	595	627
3. Asset Management	237	420	17	275	295	295	311	5.42	328	345
<i>of which</i>										
Payments on tuition	237	420								
Other			17	275	295	295	311	5.42	328	345
4. Financial Governance	612	673	178	221	221	221	233	5.43	246	259
<i>of which</i>										
Payments on tuition	535	416								
Other	77	257	178	221	221	221	233	5.43	246	259
Total payments on training	2 033	3 271	840	1 873	1 893	1 893	1 995	5.39	2 103	2 215

Table 7.4 Information on training

Description	Outcome						Medium-term estimate			
							% Change from Revised estimate			
	2010/11	2011/12	2012/13	2013/14	2013/14	2013/14	2014/15	2013/14	2015/16	2016/17
Number of staff	248	229	273	300	338	338	328	(2.96)	328	328
Number of personnel trained	112	200	200	200	200	200	277	38.50	293	307
<i>of which</i>										
Male	58	100	100	100	100	100	128	28.00	137	144
Female	54	100	100	100	100	100	149	49.00	156	163
Number of training opportunities	189	266	266	266	266	266	529	98.87	556	584
<i>of which</i>										
Tertiary	26	69	69	69	69	69	49	(28.99)	51	54
Workshops	30	45	45	45	45	45	273	506.67	287	301
Seminars	15	22	22	22	22	22	13	(40.91)	14	15
Other	118	130	130	130	130	130	194	49.23	204	214
Number of bursaries offered	26	26	26	26	26	26	24	(7.69)	26	28
Number of interns appointed	8	18	18	18	18	18	16	(11.11)	16	16
Number of days spent on training	120	120	120	120	120	120	120		120	120

Reconciliation of structural changes

None.

Annexure A to Vote 3

Table A.1 Specification of receipts

Receipts R'000	Outcome			Main appro- priation 2013/14 Adjusted appro- priation 2013/14 Revised estimate 2013/14			Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
				2014/15	2013/14	2015/16	2016/17			
Tax receipts (Casino and LGM taxes)	322 644	350 603	382 663	307 326	307 326	387 440	319 335	(17.58)	323 594	327 267
Casino and LGM taxes	296 313	321 750	350 384	287 326	287 326	358 395	299 335	(16.48)	303 594	307 267
Horse racing taxes	26 331	28 853	32 279	20 000	20 000	29 045	20 000	(31.14)	20 000	20 000
Other taxes (Liquor licence fees)								(31.14)		
Sales of goods and services other than capital assets	1 907	2 163	2 527	1 214	1 214	2 198	1 214	(44.77)	1 214	1 214
Sales of goods and services produced by department (excluding capital assets)	1 907	2 163	2 527	1 213	1 213	2 198	1 213	(44.81)	1 213	1 213
Administrative fees	1 888	2 163	2 485	1 201	1 201	2 198	1 201	(45.36)	1 201	1 201
Other	1 888	2 163	2 485	1 201	1 201	2 198	1 201	(45.36)	1 201	1 201
Other sales	19		42	12	12		12		12	12
of which										
Commission on insurance	19									
Other			42	12	12		12		12	12
Sales of scrap, waste, arms and other used current goods (excluding capital assets)				1	1		1		1	1
Transfers received from				1	1		1		1	1
Households and non-profit institutions				1	1		1		1	1
Fines, penalties and forfeits	459	313	935			441		(100.00)		
Interest, dividends and rent on land	53 986		2			6		(100.00)		
Interest	53 986		2			6		(100.00)		
Financial transactions in assets and liabilities	2 615	4 107	2 846	47	47	247	47	(80.97)	47	47
Recovery of previous year's expenditure			397							
Unallocated credits			14							
Cash surpluses			2 410							
Other	2 615	4 107	25	47	47	247	47	(80.97)	47	47
Total departmental receipts	381 611	357 186	388 973	308 588	308 588	390 332	320 597	(17.87)	324 856	328 529

Annexure A to Vote 3

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

Economic classification R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
Current payments	123 563	135 303	147 052	173 674	179 070	179 070	196 690	9.84	212 123	223 515
Compensation of employees	89 297	94 973	107 182	128 023	129 619	129 619	146 221	12.81	156 537	167 803
Salaries and wages	77 761	82 885	93 886	112 640	114 547	114 547	128 815	12.46	137 844	147 727
Social contributions	11 536	12 088	13 296	15 383	15 072	15 072	17 406	15.49	18 693	20 076
Goods and services	34 246	40 301	39 870	45 651	49 451	49 451	50 469	2.06	55 586	55 712
of which										
Administrative fees	63	90	100	95	95	95	100	5.26	105	111
Advertising	463	2 162	246	470	910	910	485	(46.70)	601	617
Assets <R5 000	394	367	146	430	324	324	352	8.64	371	390
Audit cost: External	9 722	8 171	4 385	4 195	4 395	4 395	4 632	5.39	4 911	5 171
Bursaries: Employees	231	337	348	600	600	600	632	5.33	666	702
Catering: Departmental activities	376	322	440	501	579	579	230	(60.28)	241	251
Communication	1 059	861	1 010	1 516	1 011	1 011	1 170	15.73	1 213	1 259
Computer services	2 574	4 290	4 410	1 638	4 222	4 222	4 239	0.40	4 468	3 165
Cons/prof: Business and advisory services	8 986	12 583	14 521	20 584	24 054	24 054	25 474	5.90	29 041	29 385
Cons/prof: Legal costs	224	5	27							
Contractors	543	456	539	803	818	818	550	(32.76)	557	564
Agency and support/outsourced services	46	52	164	120	121	121	100	(17.36)	105	111
Entertainment	91	109	137	255	255	255	190	(25.49)	190	190
Fleet services (including							1 151		1 247	1 319
Inventory: Food and food supplies	71	90	66	108	110	110	109	(0.91)	109	109
Inventory: Learner and teacher support material	64		2							
Inventory: Materials and supplies	1		6							
Inventory: Other supplies	17	43	37							
Consumable supplies				48	76	76	48	(36.84)	50	54
Consumable: Stationery, printing & office supplies	4 296	2 412	2 453	3 265	3 592	3 592	3 462	(3.62)	3 702	3 898
Operating leases	220			320			337		374	394
Property payments	22	259	501	1 297	300	300	251	(16.33)	300	300
Transport provided: Departmental activity	6	44	3							
Travel and subsistence	2 813	4 342	4 828	5 341	5 454	5 454	4 418	(19.00)	4 658	4 903
Training and development	852	661	492	1 273	1 293	1 293	1 363	5.41	1 437	1 513
Operating payments	466	1 909	4 074	2 210	537	537	548	2.05	577	608
Venues and facilities	646	736	935	582	705	705	628	(10.92)	663	698
Interest and rent on land	20	29								
Interest	20	29								
Transfers and subsidies to	736	4 640	11 795	267 769	17 311	17 311	446 738	2480.66	362 456	628 200
Provinces and municipalities		3 450	8 250	256 598	10 850	10 850	435 385	3912.76	350 970	616 241
Provinces				252 598			429 385		343 970	608 870
Provincial agencies and funds				252 598			429 385		343 970	608 870
Municipalities		3 450	8 250	4 000	10 850	10 850	6 000	(44.70)	7 000	7 371
Municipal bank accounts		3 450	8 250	4 000	10 850	10 850	6 000	(44.70)	7 000	7 371
Departmental agencies and accounts		83	2 411	10 326	5 523	5 523	10 406	88.41	10 488	10 908
Entities receiving transfers		83	2 411	10 326	5 523	5 523	10 406	88.41	10 488	10 908
Western Cape Gambling and Racing Board		83	2 411	10 326	5 523	5 523	10 406	88.41	10 488	10 908
Non-profit institutions	100									
Households	636	1 107	1 134	845	938	938	947	0.96	998	1 051
Social benefits	2	29	284		40	40		(100.00)		
Other transfers to households	634	1 078	850	845	898	898	947	5.46	998	1 051
Payments for capital assets	3 089	2 633	3 404	4 762	4 944	4 944	4 870	(1.50)	5 133	5 405
Machinery and equipment	3 054	2 633	3 404	4 762	4 944	4 944	4 870	(1.50)	5 133	5 405
Transport equipment	619			1 135	1 135	1 135	1 196	5.37	1 261	1 328
Other machinery and equipment	2 435	2 633	3 404	3 627	3 809	3 809	3 674	(3.54)	3 872	4 077
Heritage assets	35									
Of which: "Capitalised Goods and services" included in Payments for capital assets	3 089	2 633	3 404	4 762	4 944	4 944	4 870	(1.50)	5 133	5 133
Payments for financial assets	112	43	32		69	69		(100.00)		
Total economic classification	127 500	142 619	162 283	446 205	201 394	201 394	648 298	221.91	579 712	857 120

Note: The economic classifications as taken up in this Budget are in accordance with **Version 4 of the Standard Chart of Accounts (SCOA)**, which became fully effective from 1 April 2014.

Annexure A to Vote 3

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

Economic classification R'000	Outcome			Main appro- priation	Adjusted appro- priation	Revised estimate	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
Current payments	29 277	27 279	30 910	39 869	36 963	36 963	39 069	5.70	41 936	44 855
Compensation of employees	19 514	18 356	19 576	24 318	24 210	24 210	26 308	8.67	28 123	30 145
Salaries and wages	17 021	16 036	17 284	21 479	21 531	21 531	23 226	7.87	24 813	26 590
Social contributions	2 493	2 320	2 292	2 839	2 679	2 679	3 082	15.04	3 310	3 555
Goods and services	9 743	8 894	11 334	15 551	12 753	12 753	12 761	0.06	13 813	14 710
of which										
Administrative fees	55	80	98	95	95	95	100	5.26	105	111
Advertising	322	233	113	400	773	773	324	(58.09)	431	437
Assets <R5 000	394	367	146	430	324	324	352	8.64	371	390
Audit cost: External	2 700	2 168	2 796	3 445	3 445	3 445	3 631	5.40	3 827	4 030
Bursaries: Employees	80	84	348	600	600	600	632	5.33	666	702
Catering: Departmental activities	139	60	127	189	191	191	80	(58.12)	83	85
Communication	1 017	800	939	1 272	756	756	276	(63.49)	285	295
Computer services	703	668	905	1 383	952	952	800	(15.97)	843	888
Cons/prof: Business and advisory services	1 226	1 046	1 624	1 439	1 471	1 471	2 375	61.45	2 707	3 061
Cons/prof: Legal costs	28		27							
Contractors	438	328	446	418	430	430	291	(32.33)	298	305
Agency and support/outsourced services	46	38	4		1	1		(100.00)		
Entertainment	37	27	68	81	81	81	28	(65.43)	28	28
Fleet services (including government motor transport)							1 151		1 247	1 319
Inventory: Food and food supplies	18	22	13	30	30	30	31	3.33	31	31
Inventory: Learner and teacher support material	64		1							
Inventory: Materials and supplies	1		6							
Inventory: Other supplies	14	44	37							
Consumable supplies				33	61	61	32	(47.54)	33	36
Consumable: Stationery, printing & office supplies	789	957	876	1 274	946	946	854	(9.73)	901	948
Operating leases	220			320			337		374	394
Property payments	22	259	501	1 297	300	300	251	(16.33)	300	300
Transport provided: Departmental activity	4	44								
Travel and subsistence	939	1 159	1 301	1 934	1 892	1 892	811	(57.14)	856	900
Training and development	268	54	13	241	241	241	254	5.39	268	282
Operating payments	188	383	884	595	89	89	77	(13.48)	81	86
Venues and facilities	31	73	61	75	75	75	74	(1.33)	78	82
Interest and rent on land	20	29								
Interest	20	29								
Transfers and subsidies to	736	1 183	1 116	845	916	916	947	3.38	998	1 051
Departmental agencies and accounts		83								
Entities receiving transfers		83								
Western Cape Gambling and Racing Board		83								
Non-profit institutions	100									
Households	636	1 100	1 116	845	916	916	947	3.38	998	1 051
Social benefits	2	29	270		18	18		(100.00)		
Other transfers to households	634	1 071	846	845	898	898	947	5.46	998	1 051
Payments for capital assets	3 089	2 633	3 404	4 762	4 944	4 944	4 870	(1.50)	5 133	5 405
Machinery and equipment	3 054	2 633	3 404	4 762	4 944	4 944	4 870	(1.50)	5 133	5 405
Transport equipment	619			1 135	1 135	1 135	1 196	5.37	1 261	1 328
Other machinery and equipment	2 435	2 633	3 404	3 627	3 809	3 809	3 674	(3.54)	3 872	4 077
Heritage assets	35									
Of which: "Capitalised Goods and services" included in Payments for capital assets	3 089	2 633	3 404	4 762	4 944	4 944	4 870	(1.50)	5 133	5 405
Payments for financial assets	112	43	32		69	69		(100.00)		
Total economic classification	33 214	31 138	35 462	45 476	42 892	42 892	44 886	4.65	48 067	51 311

Annexure A to Vote 3

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

Economic classification R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
Current payments	42 327	57 874	60 228	69 187	67 579	67 579	74 527	10.28	80 962	86 485
Compensation of employees	28 360	39 715	45 953	54 045	53 643	53 643	62 880	17.22	67 328	72 151
Salaries and wages	24 999	34 901	40 395	47 676	47 530	47 530	55 617	17.01	59 528	63 774
Social contributions	3 361	4 814	5 558	6 369	6 113	6 113	7 263	18.81	7 800	8 377
Goods and services	13 967	18 159	14 275	15 142	13 936	13 936	11 647	(16.43)	13 634	14 334
of which										
Administrative fees			2							
Advertising	141	1 557	92	70	92	92	114	23.91	120	127
Audit cost: External	6 433	5 290	1 064	450	450	450	474	5.33	500	526
Bursaries: Employees	14	124								
Catering: Departmental activities	140	132	205	187	249	249	75	(69.88)	79	83
Communication	10	36	43	145	159	159	493	210.06	511	531
Computer services	6		317	255	255	255	265	3.92	280	294
Cons/prof: Business and advisory services	2 863	6 432	7 338	8 645	7 238	7 238	4 950	(31.61)	6 546	6 893
Contractors	44	76	37	194	197	197	130	(34.01)	130	130
Agency and support/ outsourced services			160	120	120	120	100	(16.67)	105	111
Entertainment	32	51	43	114	114	114	108	(5.26)	108	108
Inventory: Food and food supplies	28	38	30	39	41	41	39	(4.88)	39	39
Inventory: Learner and teacher support material			1							
Inventory: Other supplies	2	(1)								
Consumable supplies				15	15	15	16	6.67	17	18
Consumable: Stationery, printing & office supplies	2 980	1 159	1 224	1 513	2 120	2 120	2 054	(3.11)	2 217	2 335
Transport provided: Departmental activity			3							
Travel and subsistence	747	1 988	1 858	1 913	1 787	1 787	1 781	(0.34)	1 877	1 976
Training and development	219	215	284	536	536	536	565	5.41	595	627
Operating payments	202	892	1 316	854	368	368	387	5.16	408	429
Venues and facilities	106	170	258	92	195	195	96	(50.77)	102	107
Transfers and subsidies to		3 457	10 670	266 924	16 390	16 390	445 791	2619.90	361 458	627 149
Provinces and municipalities		3 450	8 250	256 598	10 850	10 850	435 385	3912.76	350 970	616 241
Provinces				252 598			429 385		343 970	608 870
Provincial agencies and funds				252 598			429 385		343 970	608 870
Municipalities		3 450	8 250	4 000	10 850	10 850	6 000	(44.70)	7 000	7 371
Municipal bank accounts		3 450	8 250	4 000	10 850	10 850	6 000	(44.70)	7 000	7 371
Departmental agencies and accounts			2 411	10 326	5 523	5 523	10 406	88.41	10 488	10 908
Entities receiving transfers			2 411	10 326	5 523	5 523	10 406	88.41	10 488	10 908
Western Cape Gambling and Racing Board			2 411	10 326	5 523	5 523	10 406	88.41	10 488	10 908
Households		7	9		17	17		(100.00)		
Social benefits			9		17	17		(100.00)		
Other transfers to households		7								
Total economic classification	42 327	61 331	70 898	336 111	83 969	83 969	520 318	519.65	442 420	713 634

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

Economic classification R'000	Outcome			Main appro- pria- tion	Adjusted appro- pria- tion	Revised estimate	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
Current payments	33 710	30 706	33 930	39 811	47 747	47 747	53 923	12.93	57 670	58 429
Compensation of employees	25 201	19 815	22 456	27 533	28 462	28 462	31 411	10.36	33 690	36 134
Salaries and wages	21 587	17 015	19 434	24 007	24 996	24 996	27 421	9.70	29 405	31 532
Social contributions	3 614	2 800	3 022	3 526	3 466	3 466	3 990	15.12	4 285	4 602
Goods and services	8 509	10 891	11 474	12 278	19 285	19 285	22 512	16.73	23 980	22 295
of which										
Advertising		372	41		45	45	47	4.44	50	53
Audit cost: External	312									
Bursaries: Employees	53	47								
Catering: Departmental activities	49	40	59	65	79	79	75	(5.06)	79	83
Communication	12	7	(1)	62	61	61	230	277.05	239	248
Computer services	1 433	3 600	3 069		3 015	3 015	3 174	5.27	3 345	1 983
Cons/prof: Business and advisory services	4 842	4 999	5 395	10 000	13 985	13 985	16 849	20.48	18 020	17 569
Cons/prof: Legal costs	196	5								
Contractors	44	29	36	115	115	115	77	(33.04)	77	77
Agency and support/outsourced services		14								
Entertainment	13	5	8	30	30	30	26	(13.33)	26	26
Inventory: Food and food supplies	18	21	13	26	26	26	26		26	26
Inventory: Other supplies	1									
Consumable: Stationery, printing & office supplies	234	187	175	239	273	273	288	5.49	304	320
Transport provided: Departmental activity	2									
Travel and subsistence	680	613	907	808	1 033	1 033	1 064	3.00	1 122	1 181
Training and development	176	174	17	275	295	295	311	5.42	328	345
Operating payments		319	1 224	348	10	10	10		11	12
Venues and facilities	444	459	531	310	318	318	335	5.35	353	372
Transfers and subsidies to			4							
Households			4							
Other transfers to households			4							
Total economic classification	33 710	30 706	33 934	39 811	47 747	47 747	53 923	12.93	57 670	58 429

Annexure A to Vote 3

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

Economic classification R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited	Audited	Audited				% Change from Revised estimate			
	2010/11	2011/12	2012/13				2014/15	2013/14	2015/16	2016/17
Current payments	18 249	19 444	21 984	24 807	26 781	26 781	29 171	8.92	31 555	33 746
Compensation of employees	16 222	17 087	19 197	22 127	23 304	23 304	25 622	9.95	27 396	29 373
Salaries and wages	14 154	14 933	16 773	19 478	20 490	20 490	22 551	10.06	24 098	25 831
Social contributions	2 068	2 154	2 424	2 649	2 814	2 814	3 071	9.13	3 298	3 542
Goods and services	2 027	2 357	2 787	2 680	3 477	3 477	3 549	2.07	4 159	4 373
of which										
Administrative fees	8	10								
Audit cost: External	277	713	525	300	500	500	527	5.40	584	615
Bursaries: Employees	84	82								
Catering: Departmental activities	48	90	49	60	60	60		(100.00)		
Communication	20	18	29	37	35	35	171	388.57	178	185
Computer services	432	22	119							
Cons/prof: Business and advisory services	55	106	164	500	1 360	1 360	1 300	(4.41)	1 768	1 862
Contractors	17	23	20	76	76	76	52	(31.58)	52	52
Entertainment	9	26	18	30	30	30	28	(6.67)	28	28
Inventory: Food and food supplies	7	9	10	13	13	13	13		13	13
Consumable: Stationery, printing & office supplies	293	109	178	239	253	253	266	5.14	280	295
Travel and subsistence	447	582	762	686	742	742	762	2.70	803	846
Training and development	189	218	178	221	221	221	233	5.43	246	259
Operating payments	76	315	650	413	70	70	74	5.71	77	81
Venues and facilities	65	34	85	105	117	117	123	5.13	130	137
Transfers and subsidies to			5		5	5		(100.00)		
Households			5		5	5		(100.00)		
Social benefits			5		5	5		(100.00)		
Total economic classification	18 249	19 444	21 989	24 807	26 786	26 786	29 171	8.90	31 555	33 746

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

R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate		
	Audited 2010/11	Audited 2011/12	Audited 2012/13				2014/15	2015/16	2016/17
Revenue									
Non-tax revenue	33 945	34 871	34 149	30 235	34 712	34 712	32 883	33 108	34 917
Sale of goods and services other than capital assets	32 319	33 590	32 919	29 155	33 600	33 600	32 403	32 508	34 317
Of which:									
Admin fees	32 319	33 590	32 919	29 155	33 600	33 600	32 403	32 508	34 317
Interest, dividends and rent on land							480	600	600
Other non-tax revenue	1 626	1 281	1 230	1 080	1 112	1 112			
Transfers received			2 411	10 326	13 802	13 802	21 406	18 056	13 408
Total revenue	33 945	34 871	36 560	40 561	48 514	48 514	54 289	51 164	48 325
Expenses									
Current expense	27 902	28 937	32 965	41 578	37 049	37 049	52 794	48 069	47 817
Compensation of employees	19 589	21 456	24 522	27 533	26 614	26 614	34 873	35 284	35 702
Use of goods and services	7 350	7 773	7 240	13 359	9 444	9 444	17 235	12 099	11 429
Depreciation	963	(292)	1 203	686	991	991	686	686	686
Transfers and subsidies	444	489	445	526	465	465	550	590	610
Total expenses	28 346	29 426	33 410	42 104	37 514	37 514	53 344	48 659	48 427
Surplus / (Deficit)	5 599	5 445	3 150	(1 543)	11 000	11 000	945	2 505	(102)
Cash flow summary									
Adjust surplus / (deficit) for accrual transactions	(142)	(1 437)	(2 324)	1 766	(662)	(662)	(394)	86	86
Adjustments for:									
Depreciation	962	(292)	(1 203)	686	686	686	686	686	686
Interest	(1 099)	(1 116)	(1 132)	1 080	(1 348)	(1 348)	(1 080)	(600)	(600)
Net (profit)/ loss on disposal of fixed assets	(5)	(29)	11						
Operating surplus / (deficit) before changes in working capital	5 457	4 008	826	223	10 338	10 338	551	2 591	(16)
Changes in working capital	1 150	(947)	10 079	(465)	(465)	(465)		70	5
(Decrease)/increase in accounts payable	1 360	(1 004)	11 025	(930)	(930)	(930)	(500)	(450)	(525)
Decrease/(increase) in accounts receivable	(210)	57	(1 246)	465	465	465	500	520	530
(Decrease)/increase in provisions			300						
Cash flow from operating activities	6 607	3 061	10 905	(242)	9 873	9 873	551	2 661	(11)
Transfers from government			2 411		5 523	5 523	10 406	10 488	10 908
Of which:									
Current			2 411		5 523	5 523	10 406	10 488	10 908
Cash flow from investing activities	607	405	(301)	(1 263)	598	598	626	350	500
Acquisition of Assets	(518)	(750)	(1 458)	(2 343)	(750)	(750)	(454)	(250)	(100)
Other flows from Investing Activities	1 125	1 155	1 157	1 080	1 348	1 348	1 080	600	600
Cash flow from financing activities	875	(1 945)	1 485	1 932	880	880	9 630	1 990	1 940
Net increase / (decrease) in cash and cash equivalents	8 089	1 521	12 089	427	11 351	11 351	10 807	5 001	2 429
Balance Sheet Data									
Carrying Value of Assets	1 485	2 517	2 738	1 660	1 881	1 881	1 873	1 649	1 389
Cash and Cash Equivalents	23 624	26 959	31 228	10 004	41 004	41 004	22 504	19 504	17 504
Receivables and Prepayments	1 160	1 051	2 397	830	615	615	430	480	455
Inventory	37	31	31						
Total Assets	26 306	30 558	36 394	12 494	43 500	43 500	24 807	21 633	19 348
Capital and Reserves	9 410	12 698	3 566	(10 656)	11 000	11 000	395	2 505	(102)
Trade and Other Payables	6 758	5 756	16 782	16 150	17 000	17 000	8 912	3 628	3 950
Provisions			300						
Funds Managed (e.g. Poverty Alleviation Fund)	10 138	12 104	15 746	7 000	15 500	15 500	15 500	15 500	15 500

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Table A.4 Transfers to local government by transfers/grant type, category and municipality

Municipalities R'000	Outcome						Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate			
				Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	2014/15	2013/14	2015/16	2016/17
Total departmental transfers/grants										
Category B		3 300	6 150		9 250	9 250		(100.00)		
Beaufort West		300	400		800	800		(100.00)		
Bergvriër			200		1 050	1 050		(100.00)		
Bitou		200	200		400	400		(100.00)		
Langeberg					250	250		(100.00)		
Breede Valley					650	650		(100.00)		
Cape Agulhas		200			200	200		(100.00)		
Cederberg			400		400	400		(100.00)		
Drakenstein					400	400		(100.00)		
George		200	200		400	400		(100.00)		
Kannaland		100	300							
Knysna			350		400	400		(100.00)		
Laingsburg		300	400		400	400		(100.00)		
Hessequa					600	600		(100.00)		
Matzikama		300	200		350	350		(100.00)		
Mossel Bay		200	150		400	400		(100.00)		
Oudtshoorn		100	250							
Overstrand					800	800		(100.00)		
Prince Albert		200	400		300	300		(100.00)		
Saldanha Bay		200								
Stellenbosch			300		400	400		(100.00)		
Swartland		300	750		200	200		(100.00)		
Swellendam			1 350		450	450		(100.00)		
Theewaterskloof		400	300		100	100		(100.00)		
Witzenberg		300			300	300		(100.00)		
Category C		150	2 100		1 600	1 600		(100.00)		
Cape Winelands					300	300		(100.00)		
Central Karoo			700		300	300		(100.00)		
Eden			550		500	500		(100.00)		
Overberg		150	550		100	100		(100.00)		
West Coast			300		400	400		(100.00)		
Unallocated ^{Note}				4 000			6 000		7 000	7 371
Total transfers to local government		3 450	8 250	4 000	10 850	10 850	6 000	(44.70)	7 000	7 371

Note: Support initiatives to municipalities to improve financial governance and management introduced during 2011/12 will continue over the 2014 MTEF, especially to the most vulnerable municipalities. Over the MTEF, R6 million in 2014/15, R7 million in 2015/16 and R7.371 million in 2016/17 have been reserved for this purpose, and although reflected as unallocated at this stage, the allocations in the respective annual Adjusted Estimates will be based on the outcomes and recommendations of both the MGRO and LG MTEC 3 processes. Further amounts for municipal support initiatives have been provided as part of transversal projects within Programme 2.5, the details of which will only be distributed as part of the adjusted budget and future MTEFs allocations.

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Table A.4.1 Transfers to local government by transfers/grant type, category and municipality

Municipalities R'000	Outcome						Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13	Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	% Change from Revised estimate			
							2014/15	2013/14	2015/16	2016/17
Financial Management Support Grant		3 450	8 250	4 000	10 850	10 850	6 000	(44.70)	7 000	7 371
Category B		3 300	6 150		9 250	9 250		(100.00)		
Beaufort West		300	400		800	800		(100.00)		
Bergivier			200		1 050	1 050		(100.00)		
Bitou		200	200		400	400		(100.00)		
Langeberg					250	250		(100.00)		
Breede Valley					650	650		(100.00)		
Cape Agulhas		200			200	200		(100.00)		
Cederberg			400		400	400		(100.00)		
Drakenstein					400	400		(100.00)		
George		200	200		400	400		(100.00)		
Kannaland		100	300							
Knysna			350		400	400		(100.00)		
Laingsburg		300	400		400	400		(100.00)		
Hessequa					600	600		(100.00)		
Matzikama		300	200		350	350		(100.00)		
Mossel Bay		200	150		400	400		(100.00)		
Oudtshoorn		100	250							
Overstrand					800	800		(100.00)		
Prince Albert		200	400		300	300		(100.00)		
Saldanha Bay		200								
Stellenbosch			300		400	400		(100.00)		
Swartland		300	750		200	200		(100.00)		
Swellendam			1 350		450	450		(100.00)		
Theewaterskloof		400	300		100	100		(100.00)		
Witzenberg		300			300	300		(100.00)		
Category C		150	2 100		1 600	1 600		(100.00)		
Cape Winelands					300	300		(100.00)		
Central Karoo			700		300	300		(100.00)		
Eden			550		500	500		(100.00)		
Overberg		150	550		100	100		(100.00)		
West Coast			300		400	400		(100.00)		
Unallocated ^{Note}				4 000			6 000		7 000	7 371

Note: Support initiatives to municipalities to improve financial governance and management introduced during 2011/12 will continue over the 2014 MTEF, especially to the most vulnerable municipalities. Over the MTEF, R6 million in 2014/15, R7 million in 2015/16 and R7.371 million in 2016/17 have been reserved for this purpose, and although reflected as unallocated at this stage, the allocations in the respective annual Adjusted Estimates will be based on the outcomes and recommendations of both the MGRO and LG MTEC 3 processes. Further amounts for municipal support initiatives have been provided as part of transversal projects within Programme 2.5, the details of which will only be distributed as part of the adjusted budget and future MTEFs allocations.

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

Municipalities R'000	Outcome			Main appro- priation 2013/14	Adjusted appro- priation 2013/14	Revised estimate 2013/14	Medium-term estimate			
	Audited 2010/11	Audited 2011/12	Audited 2012/13				% Change from Revised estimate 2013/14	2014/15	2015/16	2016/17
Cape Town Metro	127 500	142 619	162 283	446 205	201 394	201 394	648 298	221.91	579 712	857 120
Total provincial expenditure by district and local municipality	127 500	142 619	162 283	446 205	201 394	201 394	648 298	221.91	579 712	857 120