

PROVINSIALE TESOURIE • PROVINCIAL TREASURY •  
UNONDYEBO WEPHONDO



Verwysing  
Reference  
Isalathiso

T -11/2/2 (09/10)

Navrae  
Enquiries  
Imibuzo

V Bester

TREASURY CIRCULAR NO. 59/2009

THE PREMIER

THE MINISTER OF AGRICULTURE  
THE MINISTER OF COMMUNITY SAFETY  
THE MINISTER OF CULTURAL AFFAIRS AND SPORT  
THE MINISTER OF EDUCATION  
THE MINISTER OF FINANCE, ECONOMIC DEVELOPMENT AND TOURISM  
THE MINISTER OF HEALTH  
THE MINISTER OF HOUSING  
THE MINISTER OF LOCAL GOVERNMENT, ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING  
THE MINISTER OF SOCIAL DEVELOPMENT  
THE MINISTER OF TRANSPORT AND PUBLIC WORKS  
THE SPEAKER: PROVINCIAL PARLIAMENT  
THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

For information

ALL OTHER MEMBERS OF PARLIAMENT

THE ACCOUNTING OFFICER: VOTE 1: PREMIER (ADV B GERBER) (ACTING)  
THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR P WILLIAMS)  
THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (DR JC STEGMANN)  
THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (DR GA LAWRENCE)  
THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MR B SCHREUDER) (ACTING)  
THE ACCOUNTING OFFICER: VOTE 6: HEALTH (PROF KG HOUSEHAM)  
THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MS K LUBELWANA)  
THE ACCOUNTING OFFICER: VOTE 8: LOCAL GOVERNMENT AND HOUSING (MR DP DANIELS) (ACTING)  
THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR R ELLIS) (ACTING)  
THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR J FOURIE) (ACTING)  
THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (MS J ISAACS)  
THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR J PETERS) (ACTING)  
THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR B WALTERS) (ACTING)

THE CHIEF FINANCIAL OFFICER: VOTE 1: PREMIER (MR P O'BRIEN) (ACTING)  
THE CHIEF FINANCIAL OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR R HINDLEY) (ACTING)  
THE CHIEF FINANCIAL OFFICER: VOTE 3: PROVINCIAL TREASURY (MR A GILDENHUYS)  
THE CHIEF FINANCIAL OFFICER: VOTE 4: COMMUNITY SAFETY (MR M FRIZLAR)  
THE CHIEF FINANCIAL OFFICER: VOTE 5: EDUCATION (MR L ELY)  
THE CHIEF FINANCIAL OFFICER: VOTE 6: HEALTH (MR A VAN NIEKERK)  
THE CHIEF FINANCIAL OFFICER: VOTE 7: SOCIAL DEVELOPMENT (MR JO SMITH)  
THE CHIEF FINANCIAL OFFICER: VOTE 8: LOCAL GOVERNMENT AND HOUSING (MR D BASSON)  
THE CHIEF FINANCIAL OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR AA GAFFOOR)  
THE CHIEF FINANCIAL OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MR CR ISMAY)  
THE CHIEF FINANCIAL OFFICER: VOTE 11: AGRICULTURE (MR F HUYSAMER)  
THE CHIEF FINANCIAL OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MS M ABRAHAMS)  
THE CHIEF FINANCIAL OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MS BG RUTGERS)

THE HEAD OFFICIAL: PROVINCIAL TREASURY (DR JC STEGMANN)  
THE HEAD: BRANCH FISCAL AND ECONOMIC SERVICES (MR H MALILA)  
THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (MR TC ARENDSE) (ACTING)  
THE HEAD: PUBLIC POLICY SERVICES (MR A PHILLIPS)  
THE HEAD: PUBLIC FINANCE (MR H MALILA) (PRO TEM)  
THE HEAD: FINANCIAL GOVERNANCE (MR A REDDY) (ACTING)  
THE HEAD: ASSET MANAGEMENT (MR TD PILLAY)  
THE CHIEF AUDIT EXECUTIVE (MS H ROBSON)  
THE CHIEF FINANCIAL OFFICER (MR A GILDENHUYS)  
THE SENIOR MANAGER: HUMAN RESOURCE MANAGEMENT (MS PG PIEDT)  
THE SENIOR MANAGER: ACCOUNTING SERVICES: PROVINCIAL GOVERNMENT (MR H DU TOIT) (ACTING)  
THE SENIOR MANAGER: ACCOUNTING SERVICES: LOCAL GOVERNMENT (MS N OLIPHANT)  
THE SENIOR MANAGER: CORPORATE GOVERNANCE (MR B VINK)  
THE SENIOR MANAGER: INTERNAL AUDIT: GOVERNANCE AND ADMINISTRATION CLUSTER (MS B CAIRNCROSS)  
THE SENIOR MANAGER: INTERNAL AUDIT: SOCIAL CLUSTER (MR M MALULEKA)  
THE SENIOR MANAGER: INTERNAL AUDIT: ECONOMIC CLUSTER (MR J RADEBE)  
THE SENIOR MANAGER: BUDGET MANAGEMENT: PROVINCIAL GOVERNMENT (MS M SHERATON)  
THE SENIOR MANAGER: BUDGET MANAGEMENT: LOCAL GOVERNMENT (MR ML BOOYSEN)  
THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MS A PICK)  
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP ONE) (MR G PAULSE)  
THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP TWO) (MR M SIGABI)  
THE SENIOR MANAGER: PUBLIC FINANCE POLICY RESEARCH AND MODELLING (MS A PICK) (PRO TEM)  
THE SENIOR MANAGER: IMMOVEABLE ASSET MANAGEMENT (MR NB LANGENHOVEN)  
THE SENIOR MANAGER: MOVEABLE ASSET MANAGEMENT (MS N EBRAHIM)  
THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)  
THE HEAD: OFFICE OF THE MINISTRY (MS A SMIT)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT

FILE

## ADJUSTED ESTIMATES OF PROVINCIAL EXPENDITURE 2009: PROGRAMME, FORMAT & ADDITIONAL FUNDS

### Purpose

1. To provide departments with the programme for the finalisation of the Western Cape Adjustments Appropriation Bill, 2009, and supporting documentation, inclusive of the timeframe for the submission of requests for the approval of shifts between votes and additional funds.
2. To inform departments of the position regarding rollover and revenue retention of funds.
3. For departments to note the format to be used for the Adjusted Estimates of Provincial Expenditure 2009, as well as the supporting schedules that must be completed.

### Programme

4. The National Treasury indicated that the preliminary tabling date of the national Adjustments Appropriation Bill, 2009 and Adjusted Estimates of National Expenditure 2009 will be 27 October 2009.
5. National Treasury Regulation 6.6.3 stipulates that, where a national adjusted estimate allocates funds to a province, the relevant provincial treasury must table an adjusted estimate within 30 days of the tabling of the national adjusted estimate, or within such longer period as the National Treasury may approve.
6. The date for tabling of the Western Cape Adjustments Appropriation Bill, 2009, as well as the Western Cape Adjusted Estimates of Provincial Expenditure 2009 and other relevant information has thus been set for 26 November 2009.
7. The programme for the 2009 Adjusted Estimate process is attached. Some of the dates contained in this programme may change at a later stage if needed or due to changing circumstances.
8. Please note that the dates directly applicable on departments (accounting officers) have been highlighted.

### Format and schedules

9. The same format used for the 2008 Adjusted Estimates of Provincial Expenditure will again be used in 2009, with the inclusion of the following:
  - **Donor funds received:** In terms of National Treasury Regulation 21.2.2 all gifts, donations or sponsorships must be paid into the relevant revenue fund, except those donations received in terms of paragraph 21.2.5. A new table has been inserted for donor funding not forming part of a department's appropriated funds. Should a department receive any donations in cash or in kind, not forming part of the allocated funds, details should be presented here, indicating the nature of the gift, donation or sponsorship, amount, as well as any terms and conditions attached to the funding. Please also include foreign aid assistance and other specific purpose donations here. It should be noted that this table

should only reflect funding from donors, which does not form part of a department's appropriation.

- **Donor funds granted:** Please include detail on gifts, donations and sponsorships by your department here. In terms of National Treasury Regulation 21.1.1 an accounting officer may approve gifts, donations and sponsorships of state money and other movable property in the interest of the state. When such cash amounts exceed R100 000 per case, the approval of the Provincial Parliament must be sought by including the item separately in the appropriation bill.
10. Accounting officers are reminded, for the sake of transparency, when completing the tables for shifts between and within programmes and sub-programmes, to please clearly indicate shifts between economic classifications under the column for motivations. Please also explain shifts from (source) and shifts to (application) separately.
  11. Where applicable, votes must complete the summaries of details for infrastructure.
  12. In terms of section 43(3)(b) of the Division of Revenue Act, 2009 (Act 12 of 2009) (2009 DORA) amendments to the allocations to municipalities, schools and hospitals budgets, as previously gazetted in terms of section 43(2)(a) of the 2009 DORA, must be published or gazetted in or with the province's budget documents that are submitted with an adjustment appropriation Bill to its legislature. In this regard the relevant departments are reminded to please submit the amended frameworks and lists or budgets with their final budget documentation on the date as per the attached programme. This also pertains to amendments to the indicative allocation to a public entity for the implementation of a programme funded by a Schedule 5 allocation on behalf of a province or for assistance provided to the province in implementing such a programme (e.g. Agriculture for Casidra).
  13. The formats pertaining to your vote are vested at the electronic information analysts, Provincial Treasury (contact Ella Smit at (021) 483 4433).
  14. You are reminded that the schedules to the Western Cape Adjustments Appropriation Bill, 2009, must be submitted in three languages, i.e. Xhosa, English and Afrikaans. Please note that only the adjustments (increase / decrease) must be voted on in the adjusted estimate process, as the appropriation of the main budget allocation has already been enacted.

#### **Additional funds**

15. In terms of Treasury Regulation 6.6.2, a department requesting additional funds through an adjusted estimate must submit a memorandum to the Provincial Treasury.
16. It must, however, be noted that, due to the downswing in the economy, indications are that the amount of tax revenue to be collected in 2009/10 will be substantially less than originally budgeted for. It is therefore vital that where possible departments must finance any in-year spending pressure through budget reprioritisation, especially utilising projected under spending on the compensation of employees budget item.

17. Furthermore, due to various spending pressures impacting the provincial budget coupled with uncertainty as to the level whereto provision for these risks will be forthcoming from National Government, it must be noted that the possibility of additional funding is very remote, if not non-existent.
18. If departments are still of the opinion that they require additional funds and have sound motivation for such requests, the requests must please be submitted, fully motivated in terms of Treasury Regulation 6.6.1, to the Provincial Treasury on or before **28 October 2009**.

### **Rollovers and Revenue Retention**

19. The approvals of the 2009 rollovers and revenue retention requests are also dependent on the impact of the risks on the Province's fiscal envelope. To this end, the outcome of the rollover and revenue retention process will only be provided to departments as part of the allocation schedules to be distributed by beginning of November 2009.
20. In as far as the rollovers of National Conditional Grants are concerned, although preliminary approvals based on unaudited balances were received from National Treasury in May 2009, it is accepted that the National Treasury will only inform the Provincial Treasury of the final outcome based on the audited annual financial statements in the National Treasury's adjusted estimates allocation letter.
21. Departments that receive correspondence directly from their national counterparts regarding national conditional grant rollovers must please provide the Provincial Treasury with copies of such correspondence to enable updating of the allocation schedules.

### **Shifts**

22. With regard to shifts between departments, the customary section 33 certificates, signed by both accounting officers, must please be submitted to the Treasury by **28 October 2009**.
23. As correspondence in this regard normally takes place between accounting officers, CFOs are not always immediately informed of such shifts. To ensure improved control over such shifts and faster inclusion thereof in the adjusted estimate databases, the CFO's of transferring votes must please immediately provide the CFO's of receiving vote(s) with copies of these requests, as soon as the documentation is forwarded to the receiving accounting officer for signature.
24. In order to maintain the credibility and integrity of the Main Budget, please note that the Provincial Treasury will not accommodate large section 31(2)(e) shifts within votes in the Adjusted Estimates, unless sufficiently substantiated by the department.

### **Performance information**

25. Please note that departments should complete the table on the mid-year performance status on the service delivery measures taken up in the 2009 Main Budget. Achievements for the first six months of 2009/10 should be indicated as per the quarterly performance reports for the first two quarters of the year. The

information presented in the 2009 Main Budget has been copied into your specific vote's format by the Provincial Treasury electronic information analysts. Below this table explanations must be given for any changes to performance indicators, any deviations from the original performance estimates (targets), as well as a short discussion of the mid-year progress on annual performance.


26. If any additional appropriations have been made either through additional funds from National or Provincial Treasury (excluding additional funds received for Improvements in Conditions of Service and OSD) or from shifts between votes and programmes (for programme shifts that exceed 8 per cent of the transferring programme), the Department is further requested to indicate the impact of the adjustments on the performance indicators per programme and sub-programme. A template to indicate the revisions is included in the Adjusted Estimates format as Annexure C.1.
27. Provision is made for departments to explain variances between revised APP targets and the actual performance on targets in the Annual Report (Part 2) and in QPRs in the challenges and responses section. For annual and quarterly reporting purposes, any revisions to the service delivery targets reflected in the template, should be noted and explained in the quarterly performance and annual reports.

#### **Earmarked allocations**

28. Certain departments received earmarked allocations in the 2009 Main Budget. These allocations were included in the 2009 Appropriation Act, Act 3 of 2009. In accordance with the Section 4(1)(2) of the Act, the Provincial Treasury published the Earmarked Allocations in Provincial Gazette No. 6642 dated 14 July 2009. Departments should note that changes to these frameworks can only be made after consultation with Provincial Treasury or at the written request of the provincial department to revise or amend a framework as published.

#### **Actions required**

29. Departments to **note** and diarise the programme for the finalisation of the Western Cape Adjustments Appropriation Bill, 2009, and supporting documentation.
30. Departments to **note** the format and schedules to be completed for the Adjusted Estimates of Provincial Expenditure, 2009. Also **note** that amendments to allocations to municipalities, schools and hospital budgets must be gazetted. This also pertains to any indicative allocations to a public entity for the implementation of a programme funded by a Schedule 5 allocation on behalf of a province or for assistance provided to the province in implementing such a programme.
31. Departments to **note** the process and timeframe pertaining to shifting of funds, rollovers, revenue retention and requests for additional funds.

  
**HEAD: BRANCH FISCAL AND ECONOMIC SERVICES**  
**PROVINCIAL TREASURY**

DATE: 2009-10-08

Western Cape Adjustments Budget Programme 2009/10

	A	B
1	<b>ACTION</b>	<b>DATE</b>
2	Adjustments Estimate Preparatory Arrangements: - PT (PGF) to distribute Treasury Circular with programme and other initial information	8/10/2009 Thu
3	<b>Adjustments Estimate Preparatory Arrangements: - AO's to start gathering information, complete AE printer's proof with available information (approved shifts, etc.)</b>	<b>Immediately</b>
4	Adjustments Estimate Programme and Format: PT (PGF) to inform Provincial CFO Forum, Sub Budget Committee	15/10/2009 Thu
5	<b>National:</b> Tabling of 2009 MTBPS and 2009/10 Adjusted Estimate of National Expenditure	27/10/2009 Tue
6	<b>Final date for AO's to submit shifts, etc.</b>	<b>28/10/2009 Wed</b>
7	<b>PT (PGF) to provide AO's with preliminary allocation schedules, including rollovers of schedule 4 &amp; 5 grants and other national allocations.</b>	<b>2/11/2009 Mon</b>
8	Adjusted Estimates Principles and Allocations: PT (PGF) to determine and clear with Head of the Provincial Treasury	4/11/2009 Wed
9	PT (PGF) to clear Cabinet submission with Minister	5/11/2009 Thu
10	Adjusted Estimates Principles and Allocations: PT (PGF) to clear with Minister	5/11/2009 Thu
11	<b>AO's to submit first draft printer's proofs, based on preliminary allocations, as well as schedules to the Bill (English and Afrikaans)</b>	<b>6/11/2009 Fri</b>
12	PT (PGF) to finalise Cabinet submission on WC Adjustments Estimate (Principles and allocations)	9/11 - 12/11/2009 Mon - Thu
13	PT (PGF) to provide Cabinet submission to Cabinet Secretariat	12/11/2009 Thu
14	PT (PGF) to clear WC-MTBPS & Adjusted Estimates principles and allocations with PTM (By special arrangement)	12/11/2009 Thu
15	Cabinet Lekgotla to discuss AE principles and allocations	14/11/2009 Sat
16	<b>PT (PGF) to provide final allocation schedules to AO's (via e-mail).</b>	<b>14/11/2009 Sat</b>
17	<b>AO's to submit final Printer's Proof and schedules to Bill (in both Xhosa, Eng and Afr), as cleared by Executive</b>	<b>17/11/2009 Tue</b>
18	PT (PGF) to do final check, summaries of AE.	16-18/11/2009 Mon-Wed
19	PT (PGF) to send Adjustments Estimate to printers	19/11/2009 Thu
20	Adjusted Estimates Appropriation Bill - PT (PGF) to finalise drafting of Bill - PT (PGF) to finalise schedules to the Bill - PT (PGF) to submit Bill to Legal Services for certification - PT (PGF) to provide certified Bill to WC Parliament for printing	13/11/2009 Fri 16/11/2009 Mon 18/11/2009 Wed 20/11/ 2009 Fri
21	Adjusted Estimates and WC-MTBPS - Speech - PT (PF) draft section to be incorporated into MTBPS speech	23/11/2009 Mon
22	PT (PGF) to receive WC-Adjustments Estimate from printers	25/11/2009 Wed
23	<b>WC-MTBPS and Adjusted Estimates - Tabling in the WC Provincial Parliament</b> - AE First Reading (26/11) - AE Standing Committee Discussion (from 27/11 - 3 days) - AE Second Reading (2/12) - AE Parliamentary Discussion (from 3/12) - AE Third Reading (10 or 11/12)	<b>26/11/2009 Thu</b>  See Parliamentary Programme
24	PT to place WC-MTBPS and Adjusted Estimates on intranet	27/11/2009 Fri
25	PT to do presentation to the Ad Hoc Provincial Parliament budget committee	27/11/2009 Fri