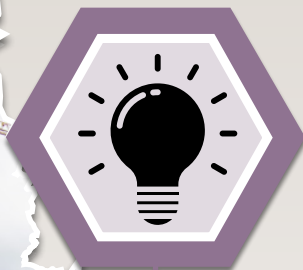




**Western Cape
Government**

Provincial Treasury



Strategic Plan
2020/21 – 2024/25

Reference number: PTR/21/9/1

Enquiries: Naadia Ismail

The Honourable Mr Masizole Mnqasela
The Speaker of the Western Cape Provincial Treasury Parliament
7 Wale Street
Cape Town
8001

ERRATA – STRATEGIC PLAN 2020/21 – 2024/25

Provincial Treasury wishes to advise on an erratum on the Strategic Plan 2020/21 – 2024/25. The errata reflects a change in the ICT initiatives, the errata has been identified prior to tabling.

It is hereby requested that the errata be tabled with the Strategic Plan 2020/21 – 2024/25.

Enclosed is Annexure A which provides details of the errata.



DAVID SAVAGE
ACCOUNTING OFFICER

Date: 9.3.2020

ERRATA

STRATEGIC PLAN 2020/21 – 2024/25
WESTERN CAPE GOVERNMENT
PROVINCIAL TREASURY

No	DESCRIPTOIN OF ERRATA	PAGE NUMBER	REASON
1	<p>Information Communication and Technology</p> <p>The following strategic ICT initiatives have been identified to support the achievement of its strategic outcomes:</p> <ol style="list-style-type: none">1. ICT Governance2. ICT Operations, Maintenance & Support3. Collaboration & Integrated Management4. Integrated Financial Management, Governance & Business Intelligence5. Integrated Non-Financial Management, Governance & Business Intelligence	24	Planned initiatives amended to align with the ICT Strategic Plan

**Western Cape Government
Provincial Treasury**

**Strategic Plan
For the fiscal years
2020/21 – 2024/25**

March 2020

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Executive Authority Statement

In the face of significant global economic risks and wide-ranging policy uncertainties that impact on the outlook for the global and local economy, the Ministry of Finance and Economic Opportunities remains committed to good financial governance that ensures the delivery of quality services for all people living in the Western Cape.

Our vision of a responsive and inclusive Treasury that enables positive change in the lives of citizens, seeks to build a capable public sector that is adaptive, innovative and supportive, demonstrating the Provincial Treasury's ability to respond with agility to the challenges we face.

Furthermore, as a standard bearer of good governance in South Africa we continue to strive for excellence, driving resource efficiency and effective financial accountability and resilience across both provincial and local spheres of government.

Our continued attainment of clean audits is a testament to the success of these efforts as we maintain strong controls and monitoring frameworks, together with clear leadership that is focused on achieving our impact and outcomes in our Strategic Plan.

In setting out the Provincial Treasury's Annual Performance Plan APP for 2020/21 we were guided by the vision of the Western Cape Provincial Strategic Plan, 2019-2024 which seeks to create "A safe Western Cape where everyone prospers".

The plan includes five Vision-inspired Priorities or "VIPs":

1. Safe and cohesive communities
2. Growth and jobs
3. Empowering people
4. Mobility and spatial transformation
5. Innovation and culture

The outcomes of the Provincial Treasury are also aligned to the National Development Plan (NDP) strategic outcomes and with the Medium-Term Strategic Framework (MTSF) priority of building a capable, ethical and developmental state.

The Provincial Treasury's planned response to the Provincial Strategic Plan identifies four key thematic areas that cut across the VIPs. They will focus on infrastructure, innovation, governance partnerships and spatial targeting and the Joint District and Metro Approach (JDMA) to drive integrated service delivery.

The head official, senior management and staff of the Provincial Treasury have my full support as they set about implementing the 2020/21 – 2024/25 Strategic Plan and ensuring that its objectives and matching programmes achieve maximum impact, and deliver services that provide dignity, opportunity and hope to all who live in the Western Cape.



MR DAVID MAYNIER
MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES

Accounting Officer Statement

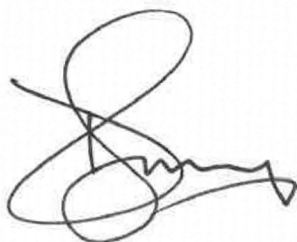
The Provincial Treasury is challenged to support the Province to respond to a strained and uncertain economic and fiscal context. With a mandate derived from the Constitution together with extensive and powerful subsidiary legislation, the Department is ready to drive good governance across provincial and local spheres within the broader intergovernmental framework to ensure effective resource mobilisation and sound fiscal management, effective and efficient use of resources, effective financial accountability through oversight systems and through building the capabilities of local governance to enable resilience, agility and innovation. The Department, whose vision it is to be a responsive and inclusive Treasury that enables positive change in the lives of citizens, takes a very integrated outcome-based approach to good financial governance in that it aims to keep the Western Cape as a standard bearer of good governance in the country,

The Department attained clean audits for each year of the preceding strategic cycle. This was achieved through the close monitoring of controls on a quarterly basis and a clear leadership tone to ensure that a strong control environment was maintained. Fiscal consolidation and discipline is part of the Western Cape Fiscal Strategy and therefore the focus remained on expenditure control within budget limits and stringent management of the personnel budget. The Provincial Treasury focused its resources on achieving the goals, objectives and targets as set out in each of its Annual Performance Plans underpinned by the Provincial Strategic Goal 5: - Embed good governance and integrated service delivery through partnership and spatial alignment.

The Provincial Treasury plans to respond to the Vision-inspired Priorities (VIP) programmatically across its 4 programmes and have identified 4 key thematic areas that cut across the VIPs. The first is around infrastructure portfolio management for the Province. There are some challenges that the Treasury will play a role in helping to overcome, to contribute to a seamless infrastructure delivery environment in the Province. The second key thematic area is around innovation given the centrality of financial governance in innovative actions, not just in terms of funding them but also in terms of unlocking rounds of innovation. Governance partnerships is the third key thematic area. It looks at strengthening the capacity to enter into and sustain practical and delivery focused partnerships to get things done, not just within government but also more broadly with private role-players, civil society and the business community. The fourth and final strategic theme is around spatial targeting and the JDMA to drive integrated service delivery at the citizen end of services.

There is a strong base for continued strategic alignment across the Provincial Treasury with the Provincial Strategic Plan and the priorities contained therein as well as with key national priorities and plans. The thematic approach will help to ensure that the Department meet the needs of the fiscal strategy, while making sure that activities are aligned, and contribute to the VIPs.

In response to the fragile fiscal context the Provincial Treasury will remain focused on fiscal consolidation to keep the Province on a sustainable fiscal path, while still supporting the delivery of Provincial Government policy priorities as contained in the Strategic Plan.

A handwritten signature in black ink, appearing to read 'MR DAVID SAVAGE', with a stylized, cursive flourish at the end.

MR DAVID SAVAGE
ACCOUNTING OFFICER: PROVINCIAL TREASURY

Official Sign-Off

It is hereby certified that this Strategic Plan:

- Was developed by the management of the Western Cape Provincial Treasury under the guidance of Minister David Maynier.
- Takes into account all the relevant policies, legislation and other mandates for which the Western Cape Provincial Treasury is responsible.
- Accurately reflects the impact and outcomes which the Western Cape Provincial Treasury will endeavour to achieve over the period 2020/21 - 2024/25; and is in line with the Strategic Priorities and Principles of the Western Cape Government

Ms A Smit
Chief Financial Officer

Signature



Ms N Ismail
Director: Strategic and Operational Management Support

Signature



Ms J Gantana
Acting Deputy Director General: Fiscal and Economic Services

Signature



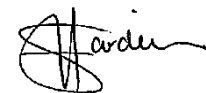
Ms N Ebrahim
Acting Chief Director: Asset Management

Signature



Mr A Hardien
Chief Director: Financial Governance and Accounting

Signature



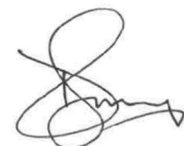
Mr I Smith
Acting Deputy Director General:
Governance and Asset Management

Signature



Mr D Savage
Accounting Officer

Signature



APPROVED BY

Mr D Maynier
Executive Authority Signature

Signature



Contents

1.	Relevant legislative and policy mandates	3
1.1	Constitutional mandate	3
1.2	Legislative and Policy mandates	3
2.	Institutional policies and strategies governing the five-year planning period	4
3.	Relevant court rulings	5
PART B: OUR STRATEGIC FOCUS		9
1.	Vision	9
2.	Mission	9
3.	Values	9
4.	Situational analysis	10
4.1	Socio economic context	10
4.2	External Environment Analysis	20
4.3	Internal Environmental Analysis	23
PART C: MEASURING OUR PERFORMANCE		33
1.	Institutional Performance information	33
2.	Impact Statement	34
3.	Measuring our outcomes	34
4.	Key risks and mitigations	38
5.	Public Entities	39
PART D: TECHNICAL INDICATOR DESCRIPTIONS		43
PART E: ANNEXURES		51
Annexure A: District Development Model		53
Annexure B: Relevant legislative and policy mandates		55
Annexure C: Institutional policies and strategies governing the five-year planning period		58
Acronyms		59



MANDATE

A

PART A: OUR MANDATE

1. Relevant legislative and policy mandates

1.1 Constitutional mandate

Chapter 13 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) deals with general financial matters for national, provincial and local spheres of government.

1.2 Legislative and Policy mandates

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

Legislative mandate:

1	Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA)
2	Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA)
3	Annual Division of Revenue Act
4	Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No. 10 of 2009)
5	Government Immoveable Asset Management Act, 2007 (Act 19 of 2007)
6	Intergovernmental Fiscal Relations Act, 1997 (Act 97 of 1997)
7	Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)
8	Public Audit Act, 2004 (Act 25 of 2004) as amended
9	Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)
10	Provincial Tax Regulation Process Act, 2001 (Act 53 of 2001)
11	Public Service Act, 1994 (Act 103 of 1994) as amended
12	Spatial Planning and Land Use Management Act, 2013 (Act 16 of 2013) (SPLUMA)
13	Annual Western Cape Appropriation Act
14	Annual Western Cape Additional Adjustments Appropriation Act(s)
15	Western Cape Direct Charges Act, 2000 (Act 6 of 2000) as amended
16	Western Cape Gambling and Racing Act, 1996 (Act 4 of 1996) as amended

Detailed explanations of the above listed legislative mandates are provided in Annexure B of this document.

Policy mandates

1.	2030 Agenda for Sustainable Development (Sustainable Development Goals)
2.	Africa Agenda 2063 Goals
3.	Budget Prioritisation Framework
4.	National Evaluation Policy Framework (2011)
5.	Policy Framework for the Government-Wide Monitoring and Evaluation System (2005)
6.	Revised Framework for Strategic Plans and Annual Performance Plans (2019)
7.	Human Resource Development Strategy of South Africa 2010 - 2030

Detailed explanations of the above listed legislative mandates are provided in Annexure B of this document.

2. Institutional policies and strategies governing the five-year planning period

The following policy mandates are primarily responsible for steering the work of Provincial Treasury:

1	National Development Plan 2030
2	National Development Plan Five-Year Implementation Plan
3	Medium Term Strategic Framework 2019 – 2024
4	Spatial Development Frameworks
5	Provincial Strategic Plan 2020 – 2025 (PSP)
6	OneCape2040

Detailed explanations of the above listed Institutional policies and strategies are provided in Annexure B of this document.

In addition to the above Provincial Treasury will drive the development of the following institutional strategies and policies:

- Accounting officer system in terms of section 38(1)(a)(iii)
- Western Cape Fiscal Strategy
- SCM Reforms
- Public Expenditure Reviews
- Provincial Treasury e-Vision

3. Relevant court rulings

The following court rulings impacts the Department for the 2020 to 2025 Strategic Plan period:

No.	Court Cases	Court Rulings
1	E.tv (Pty) Ltd and Others v Minister of Communications and Others [2016] 3 All SA 362 (SCA) 2016 (6) SA 356 (SCA)	The Minister failed to follow a consultation process before approving an amendment to a policy. The Supreme Court of Appeal declared the amendment unlawful and set it aside.
2	State Information Technology Agency Soc Ltd v Gijima Holdings (Pty) Ltd 2018 (2) SA 23 (CC) (14 November 2017)	The Constitutional Court held that an organ of State cannot apply for the review of its own decisions under the Promotion of Administrative Justice Act, 2000 (Act 3 of 2000). The appropriate route would be a legality review
3	Chirwa v Transnet Ltd and Others 2008 (4) SA 367 (CC)	The Constitutional Court considered whether the decision of an organ of State to dismiss an employee constituted administrative action (as defined in section 1 of the Promotion of Administrative Justice Act) and if it was therefore subject to the principles of natural justice and administrative law. The Court found that public service employees should be treated as any other employee. The Labour Relations Act does not differentiate between the State and its organs and any other employer
4	Command Protection Services (Gauteng) (Pty) Ltd t/a Maxi Security v South African Post Office Ltd 2013 (2) SA 133 (SCA); [2013] 1 All SA 266 (SCA)	Command Protection Services (Gauteng) (Pty) Ltd t/a Maxi security (Maxi) sued the post office claiming damages allegedly suffered as a result of the latter's repudiation of an agreement between the parties. The critical issue on appeal was whether the letter of acceptance sent by the post office to Maxi constituted an unconditional acceptance of Maxi's offer as contained in its tender. The court held that the term 'subject to' in the letter of acceptance was generally understood in the contractual context to introduce some or other condition. It further held that the post office's communication to Maxi did not constitute an unconditional acceptance of the tender; but that it was intended by the post office and accepted by Maxi as a counter-offer. The agreement that Maxi relied on, never came into existence.
5	Dr JS Moroka Municipality and Others v Betram (Pty) Ltd and Another [2014] 1 All SA 545 (SCA)	In an invitation to tender, the Dr JS Moroka Municipality (the municipality) stated that a failure to submit the required documents would render a tender liable to rejection. A number of 'minimum qualifying requirements' were stipulated, one of which was the submission of a valid original SARS tax clearance certificate. Betram (Pty) Ltd (Betram) submitted a tender, which included a copy of a SARS tax clearance certificate. The municipality disqualified Betram's tender for not complying with the minimum qualifying criteria. The Court found that there was no discretion to condone a failure to comply with the minimum prerequisite of a valid and original SARS tax clearance certificate. The Court concluded that Betram's tender was not an 'acceptable tender', that it did not pass the threshold requirements to allow it to be considered and evaluated and that the municipality was entitled to disqualify Betram's tender.

No.	Court Cases	Court Rulings
6	MEC for Health, Eastern Cape and Another v Kirland Investments (Pty) Ltd t/a Eye & Lazer Institute 2014 (3) SA 481 (CC)	Contested administrative action cannot be ignored. It remains effectual until properly set aside by a Court.
7	Land Access Movement of South Africa and Others v Chairperson, National Council of Provinces and Others 2016 (5) SA 635 (CC); 2016 (10) BCLR 1277 (CC)	Legislation was declared invalid because Parliament failed to satisfy its obligation to facilitate public involvement. The Constitutional Court considered the public participation process that was followed as unreasonable and thus constitutionally invalid
8	SAAB Grintek Defence (Pty) Ltd v South African Police Service and Others [2016] 3 All SA 669 (SCA)	A decision to cancel a tender constitutes the exercise of executive authority. It is therefore not susceptible to a review in terms of the Promotion of Administrative Justice Act
9	Road Traffic Management Corporation Waymark Infotech (Pty) Ltd 2019 (5) SA 29 (CC) (2 April 2019)	The Constitutional Court confirmed the decision of the Supreme Court of Appeal that section 66 of the Public Finance Management Act, 1999 (Act 1 of 1999) does not apply to procurement contracts concluded pursuant to a legitimate procurement process, even if the contracts extend beyond one fiscal year.



STRATEGIC FOCUS

B

PART B: OUR STRATEGIC FOCUS

Provincial Treasury's Vision, Mission and professed Values are as follows:

1. Vision

A responsive and inclusive Treasury that enables positive change in the lives of citizens.

2. Mission

Promotion of cohesion and citizen centricity.

Building capacity in the public sector by being adaptive, innovative and supportive.

Integrated management and partnerships that enable the delivery of quality services in a sustainable manner.

3. Values

The core values of the Western Cape Government, to which the department subscribes, are as follows:



4. Situational analysis

4.1 Socio economic context

Global economic risks remain and wide-ranging policy uncertainties continue to impact on the outlook for the global economy. According to the World Bank, global growth is projected to reach 2.5 per cent in 2020, accounting for a downward projection of 0.2 percentage points from the June 2019 projection. A number of mainly downside risks continue to threaten the performance of the global economy, most notably due to trade policy uncertainty as a result of the ongoing tension which could impact on trade patterns and investment more broadly. ¹

In South Africa, growth remains anaemic. Weak growth has reflected an array of overlapping constraints which include persistent policy uncertainty, constrained fiscal space, subdued business confidence, infrastructure bottlenecks, especially in electricity supply, and weakening external demand, particularly from the Euro Area and China. ²

The economic slowdown nationally was exacerbated in the Province by the adverse supply shocks, particularly in the agriculture and related sectors. The Western Cape economy is estimated to have grown by 0.6 per cent in 2019, a marginal 0.1 per cent shy of the forecast included in the 2019 PERO. While still weak, growth in the region is nonetheless expected to outpace that of the national economy. Regional economic growth is expected to accelerate to an average economic output of 1.6 per cent over the 5-year period 2020-2024. Risks to the regional economy is predominantly external in nature and includes the impact of the corona virus outbreak (given the potential for a prolonged impact on global tourism), continued strained global trade, and continued load shedding. ³

Over the medium term, the regional economy suffers from the same growth constraints facing the national economy. As such, the medium-term growth outlook mimics that of South Africa in that, while it is expected to rise, the pace is more moderate relative to previous periods. The finance, insurance, real estate and business services sector, as well as transport, storage and communication services are expected to be the most prominent contributors to the growth rate. ⁴

The economic and fiscal environment remains fragile and is faced by many downside risks. As such, the sustainability of the national fiscal framework remains under pressure from both the expenditure side and revenue side.

The increase in national debt levels and therefore the increase of the burden of national debt service costs coupled with the possibility of any further credit rating downgrade, will have an adverse impact on the size of transfers from the national fiscus to provinces. The reduced transfers to the Province will place increased pressure on service delivery by provincial departments specifically health, education and social development.

However, the Provincial Treasury is responsive to the constrained economic and fiscal environment. The Department creates an enabling environment for growth through stability in public finances and prioritising areas that stimulate growth and promote confidence in the economy. The provincial budget is a policy tool to address the socio-economic realities. As a first level of response against the constrained economic and fiscal environment, the budget formulation process is focussed on ensuring fiscal sustainability. Fiscal

¹ World Bank. 2020. Global Economic Prospects, January 2020: Slow Growth, Policy Challenges. Washington, DC: World Bank. DOI: 10.1596/978-1-4648-1468-6. License: Creative Commons Attribution CC BY 3.0 IGO.

² Medium Term Budget Policy Statement (2019)

³ Provincial Economic review and Outlook (2019)

⁴ *ibid*

sustainability aims to minimise the impact of economic shocks, whilst striving towards achieving the overarching goal of the developmental state.

The Provincial Treasury is mandated to prepare the provincial budget and to exercise control over the implementation of the provincial budget within the context of co-planning and co-implementation and the JDMA

It therefore has a critical role to play in the enabling of the policy priorities and contributes towards the Our Government: Innovation and Culture VIP. At a strategic level, the Provincial Treasury places an emphasis on innovation and citizen-centricity during the budgetary and co-planning processes as an effective way to 'mainstream' this priority.

At the project level, the Provincial Treasury assists in the design of funding mechanisms for staff innovations and to encourage innovation through the procurement system. The Provincial Treasury, Department of the Premier, Department of Local Government and Department of Environmental Affairs and Development Planning will collectively contribute to the VIP 5 Innovation and Culture.

The WCG will enable catalytic infrastructure and thus improve productivity and reduces costs. Government assistance is required for large scale projects to ensure that micro-economic and macroeconomic benefits are realised. The Provincial Treasury thus also contributes towards the VIP Our Economy: Growth and Jobs by maximising infrastructure returns through a strategic coordination role in the infrastructure space.

Governance context

As we enter a new administrative term, not only has slow economic growth and fiscal constraints placed significant pressure on the public finances resulting in decreased budgets and spending, but the current political landscape both in terms of strike actions, increased audit findings especially as it relates to the local sphere, depicts a volatile, uncertain, complex and ambiguous governance landscape. This, coupled with the demand for inclusive growth, as was articulated in the 2019/20 APP, emphasises the need for the embedding of good governance across departments, public entities and municipalities, improving the ability to provide stakeholder and investor confidence and citizen centric value propositions, which demands that all efforts be levied at a sound and sustainable governance model.

The evolving VIP 5 speaks to governance transformation and defines governance as per the King IV definition of governance as the exercise of ethical and effective leadership towards the achievement of governance outcomes, i.e. ethical culture, good performance, effective control and legitimacy. To achieve this approach will require changes in how we operate as well as an influence on how the current regulatory framework is interpreted and responded to. A significant aspect of responding appropriately would also require that current regulatory frameworks be relooked in order to enable and encourage innovation within the context of governance principles (enshrined in law) in order to enable public good.

As we strive to give effect to these priorities in governance, we find that strategic emphasis is based on "governance for results" in order to attain maximum "citizen impact". In this context, the role of the Provincial Treasury is to –

- lead and support the enhancement of financial governance practices that enables improved resource mobilisation, allocative efficiency, sound fiscal management and the efficient and economical use of resources;
- lead and support excellence in good governance practices and optimal performance culminating in improved service delivery and public value creation; and
- identify good financial governance practices that can be shared across the public sector.

The response of Provincial Treasury is therefore a holistic, proactive and integrated approach which focuses on embedding good governance practices enabling improved performance with citizen centricity at the centre of its operations. This approach is aligned to and supports the Provincial Strategic Plan.

Provincial Treasury's key areas of focus in its governance approach given the national, provincial and local government strategic objectives and current governance challenges and risks, include the following:

- Ethical and effective leadership: Strategic financial policy direction and oversight;
- Integrated thinking and reporting: Linking performance objectives to governance thereby improving value i.e. citizen impact;
- Integrated capacity development: To develop and empower a corps of competent and committed high-performance public-sector officials; and
- Data and systems enablement: Creating operational efficiency and enabling informed decision and problem identification and resolution.

In changing organisational culture the Provincial Treasury will focus on engaging with external actors to inspire and drive innovation and citizen-centricity. The focus will be on building a culture of seeking feedback and collaboration with clients, the public and organised sectors of society. This objective will be driven and led by a comprehensive Service Delivery Improvement Plan (SDIP).

The key to innovation and more satisfied customers is a focus on understanding their needs and experiences, fostering relationships and creating opportunities to try new ideas. This requires a significant cultural shift away from risk-aversion and silos in mandates. Integrated management aims to strengthen joint planning and collective impact in an identified geographic space or a specific policy area or strategic issue between all three spheres of government and between all the organs of state within each sphere. As a governance approach, "Integrated Management" is the shift from fragmented policy development and service delivery towards "governance for results" through co-planning, co-budgeting and co-implementation across spheres of government with the overarching objective of maximising citizen impact. This approach acknowledges the complexity and interconnectedness of policy issues and therefore provides a holistic approach to planning, budgeting and implementation through both vertical and horizontal integration.

A challenge that remains is to seek opportunities that encourage innovation whilst walking a very narrow corridor in the plethora of current laws and regulations.

Integrated management aims to maximise citizen impact through applying the Theory of Change: a method of explaining how a chosen set of interventions are expected to result in specific developmental change, using evidence-based causal analysis. A process will be included for learning and adaptation: This involves the review of learnings and lessons from other partnering processes. As part of the development of the PSP, the Integrated Implementation Plan will rely on the process of inculcating adaptive leadership and management capabilities within WCG and local government. Key partners in the successful implementation of the above approach are; departments and municipalities within the Western Cape, NT, the Auditor General South Africa (AGSA), South African Local Government Association (SALGA), National as well as Provincial Parliament, Assurance providers and other relevant stakeholders

Key drivers in the governance context for the Provincial Treasury will include improved client satisfaction, increased innovation collaboration with external actors and improved governance and intergovernmental engagements with citizens which include a range of the following activities:

- The Corporate Governance Framework;
- Fiscal consolidation and efficiency gains for resource efficiencies and savings;
- The application of economic intelligence to enable resilience and the realisation of opportunities;
- Define procurement strategies to drive efficiencies and enabling local economic development

- Strengthening data, its use and analytical capability across all WCG departments; and
- Strengthening the capacity within departments and municipalities that can be shared across the public sector for innovation.

Recent statistics relevant to the institution and sector

Population growth places additional pressure on the demand for public services at a provincial and local level. Key factors that drive population growth in the Western Cape include relatively longer life expectancy, fertility rates and migration. The mid-year population estimates for the Western Cape in 2019 is estimated to be about 6.9 million people.⁵

Provinces are responsible for basic education and health services, roads, housing, social development and agriculture. While local governments are tasked to provide basic services such as water, sanitation, electricity reticulation, roads and community services. The current weak economic growth outlook combined with rising unemployment rates and rapid population growth places additional pressure on the ability of the fiscus to meet service delivery obligations at a provincial and municipal level.

Reference to the medium and long-term policy environment

Resilience thinking requires adaptive leadership, collaboration and learning. Taking a resilience thinking approach considers interlinked systems, an understanding of the complexity of these systems and responding to an ever-changing environment. By understanding how and why changes take place the Western Cape Government is better placed to build capacity to improve responsiveness, increase efficiency and optimise performance.

Particular focal areas have included building a resilient economy and increasing resource resilience (water, energy, waste). In addition, reflections on the Whole-of Society Approach (WOSA) and the lessons learnt through the four learning sites and other area based management exemplar projects, as well as the pilots to improve collaboration around the issue of safety, have identified the need to build neighbourhood resilience to mitigate and address social ills and improve social cohesion, wellness and dignity in communities.

After proactive consideration of resilience and resilience thinking a clear pattern of convergence began to emerge with a key priority of developing the capability of the organisation and its staff to adopt an adaptive governance and management approach.

Linked to this adaptive governance approach is a shift from governance for compliance, to governance for results. This requires the availability, generation, analysis and interpretation of accurate, credible and quality data. While much progress was made during the previous term, it remains a challenge at both the provincial and municipal spheres, and requires further investment going forward.

The WCG has also not yet succeeded to embed citizen-centricity in its functioning. Further work is required to ensure that this moves beyond an emerging capability to be fully institutionalised. The importance of having a governance goal enabling and coordinating delivery on provincial priorities is recognised, but this goal should focus on citizen-centricity, collaboration and integration.

Good governance, in terms of having effective internal controls, has reached the maturity where it is part of the sustained agenda, rather than the strategic agenda, and the emphasis needs to be much more outward-looking, and focused on being responsive to the needs of the people of the Western Cape and making a positive impact on their quality of life.

Other key themes for the medium term that have emerged in response to the policy environment include:

⁵ Stats SA, Mid-year population estimates (2019)

- Pursuing a provincial economic development strategy with a special focus on increasing employment and decreasing unemployment.
- Continued focus on health, education and social development.
- Embedding an integrated, area-based approach to delivery of services across the Province by applying the lessons of the WOSA and Whole of Government approach, and initiatives such as the Regional Socio-Economic Programme and Comprehensive Rural Development Programme.
- As applied to the game changers, pursuing a rigorous performance and delivery focused methodology for a select number of top strategic priorities achieve ambitious results within tight timeframes.
- Deepening the implementation of the Integrated Work Plan across WCG departments and between WCG and municipalities to facilitate "Joined-up Government" for co-planning and co-implementation and strengthen the municipal interface, particularly with regards to disaster management.
- Mainstreaming a common understanding of resilience across WCG and local government and developing resilience strategies with climate change and resource resilience (water, waste, energy) as key foci.
- Engaging national and local government, business, SOEs, civil society and communities to respond to the crime and safety situation.
- Developing readiness and responses to the opportunities and threats of the 4th Industrial Revolution and creating space for innovation, experimentation, learning and adaptation.
- Prioritising infrastructure spending and catalytic infrastructure projects for socio economic impact and as a key lever for job creation.
- Governance for service delivery impact which includes Digital government, Data governance and greater focus on the role of monitoring and evaluation for results and impact and citizen centric approaches.

Demographic data

The Western Cape's relatively unique demographic composition compared to other provinces is reflected in the racial composition of formal sector employment. Just under one-half (48.7 per cent) of formal sector jobs in the Province are accounted for by Coloureds, while Africans account for 31.6 per cent. Whites account for just under one-fifth (18.9 per cent) of formal sector jobs. Coloureds' share of formal sector employment in the Western Cape is roughly four times their share nationally, while that of Africans is less than half their national share.⁶

Formal sector employment in the Province is concentrated within the two ten-year age cohorts aged 25 to 34 years and 35 to 44 years. Together, these two cohorts account for 60.0 per cent of formal sector jobs, with the total evenly split between the two. Another 20.7 per cent of formal sector workers are between the ages of 45 and 54 years. This means that four out of five workers in the formal sector in the Western Cape are between the ages of 25 and 44 years. Around one in ten workers (10.3 per cent) are under 25 years, while a slightly smaller proportion (8.9 per cent) is aged between 55 and 64 years.⁷

Comparisons with national patterns reveal a slightly larger proportion of youth under the age of 25 within the formal sector employment in the Western Cape. This is the only statistically significant difference observed in the age structure of formal sector employment.

In total, just under 300 000 individuals were employed in the informal sector in the Western Cape in the first quarter of 2019. This represents 11.4 per cent of provincial employment, and 9.7 per cent of all informal

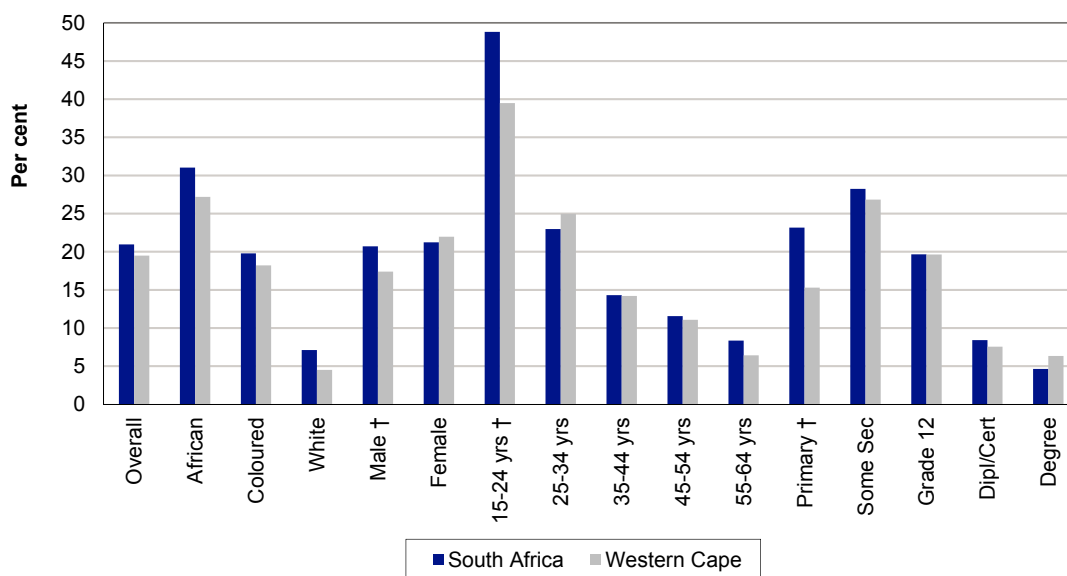
⁶ Provincial Economic Review and Outlook (2019)

⁷ ibid

sector employment in South Africa. The demographic characteristics of workers in the informal sector are quite different from those in the formal sector, in line with the fact that those in the informal sector are often only there because they are unable to find employment in the formal sector.⁸

Figure 1 below presents the narrow unemployment rates for the Western Cape for the first quarters of 2014 and 2019 across the standard demographic characteristics of race, gender, age, and educational attainment. Overall, the provincial unemployment rate of 19.5 per cent in the first quarter of 2019 is marginally lower than five years earlier, although this difference is not statistically significant. This stands in contrast to the statistically significant rise in the national unemployment rate from 25.2 per cent to 27.6 per cent over the same period.⁹

Figure 1: Western Cape narrow unemployment rates 2014 Q1 and 2019 Q1



Source: Own calculations, Stats SA (2014a, 2019b) PERO

The main drivers of the transitions in the demographic composition of the population include changes in the total fertility rate (TFR) and migration patterns. The total fertility rate decreased nationally from 2.51 children in 2009 to 2.32 children in 2019. The Western Cape's TFR, second only to that of Gauteng, is projected to decline from 2.2 children in the years between 2011 and 2016 to 2.0 children between 2016 and 2021.¹⁰

In the period between 2016 and 2021, the Western Cape is expected to experience an absolute inflow of more than 493 000 new residents, a slight increase from the 485 720 new residents who entered the Province between 2011 and 2016. The net impact of migration over the period will be 316 000, mainly coming from the Eastern Cape, outside of the country and Gauteng. Possible reasons for the migration include access to better work and education opportunities.¹¹

Background information on the demand for services

The Provincial Treasury has thirteen client departments and thirty municipalities along with all public entities and potential and current suppliers. The main focus of Provincial Treasury has been on embedding good governance and integrated service delivery. The current economic climate shows slow economic growth and fiscal constraints that has placed significant pressure on the public finances. This coupled with the demand for inclusive growth emphasises the need for the embedding of good governance across

⁸ ibid

⁹ ibid

¹⁰ ibid

¹¹ ibid

departments and municipalities, improving the ability to provide stakeholder and investor assurance. In keeping with the National Treasury reform process and the WCG SCM response strategy which has evolved over time, the four key performance areas of focus are SCM Governance, SCM Capacitation and training; Strategic procurement and SCM technology which is an established approach that will be further matured to respond to provincial and municipal needs. WCG also recognises that organisations must address the issue of sustainability in their operations through the utilisation of resources to meet the needs of the present without compromising the ability of future generations to meet their own needs. Provincial Treasury is committed to delivering on its mandatory obligations and continuously strive to improve its service and appropriately account to its stakeholders.

Use of spatial information to guide planning

Spatial Transformation is one of the 'apex priorities' identified for the Western Cape Government. The spatial transformation of our settlements should ensure that a larger proportion of the population live closer to places of work; travel distances and costs should be reduced, especially for poor households; and more jobs are in or close to dense townships. The NDP 2030 defines actions to achieve spatial transformation, which includes¹²[1]:

- Tackling the inherited apartheid spatial legacy of exclusion, distorted growth patterns and inefficiencies;
- Unlocking developmental potential through targeted investment in economic and social infrastructure;
- Guiding and informing investments in infrastructure that support long-term inclusive growth; and
- Managing economic and demographic shifts to achieve productivity through agglomeration.

There are clear strategic and operational imperatives for a funding prioritisation model that has spatial strategy and transformation embedded in it in order to land and leverage provincial transversal impact in the current austere economic environment.

Provincial Treasury strongly positions towards enabling infrastructure led growth. The ability to coordinate integrated infrastructure implementation effectively within a prioritisation framework efficiently is challenging given the current environment that is characterised by high crime levels, climate change, drought, water and energy security imperatives. Furthermore, there is a need to focus on transformation priorities such as public transport, meeting basic needs for rapid urbanisation growth, and the absolute need for spatial redress and transformation.

The long-term goal aligned to the Provincial Treasury vision of a responsive and inclusive Treasury that enables positive change in the lives of citizens puts emphasis on the focus on moving from compliance to performance, economic impact, integrated public financial management, and service delivery improvement plans that create financial sustainability.

Challenges experienced by the institution in the performance environment and mechanisms to address the challenges over the planning period

The impact of budget reductions over the 2020/21 - 2022/23 MTEF will put at risk the Department's ability to embed good financial governance and drive co-planning, co-budgeting and co-implementation across departments, between departments and municipalities, across municipalities and with the national organs of state operating within the Western Cape for maximum service delivery. As such, the Department will be at risk in terms of implementing an integrated regional approach that supports embedding good financial governance through the integrated work plan. The integrated work plan holistically approaches the challenges faced by provincial departments and municipalities from a regional perspective. A budget

¹² NPC (2013) cited in SACN, 2016; The Spatial Transformation of South African Cities 2016. Available: http://www.socr.co.za/wp-content/uploads/2016/06/SoCR16-MainReport_02Spatial.pdf

reduction will weaken the Department's strategic levers of governance, capacitation, data enablement, policy development, grant funding and budget implementation.

The Provincial Treasury is focused at improving core transversal functions to drive governance efficiencies and enhancing good financial governance, within the current fiscal constraints and various national reform processes. These processes continue to place tremendous pressure on the Provincial Treasury, not only to manage and mitigate the transversal risks and implementation challenges emanating out of these reform process, but also to provide provincial departments and municipalities with the desired level of support, assistance and guidance required to meet implementation requirements and to sustain previous clean audit outcomes.

The demand to investigate or assess governance issues as they relate to tender processes and governance specific challenges within certain municipalities in the Province continue to escalate and place pressure on the Financial Governance and Local Government Supply Chain Management (LG SCM) Directorates to deliver the demands placed on them given their strained capacity within the current austere environment.

The NT issued a number of draft documents for commentary in respect of the Strategic Sourcing Procurement Framework, participation in any contract arranged by means of a competitive bidding process by any other organ of state, National Travel Policy Framework and contract management framework and guidelines, which to date has not been issued posing a number of challenges and unresolved issues within the procurement environment which poses risks to the ability of departments to comply. Local content instructions, tax compliance requirements and g-Commerce refinements continue to assail the already regulatory intensive procurement environment. The NT Central Supplier Database has intermittently not been operational with no concomitant risk mitigation being put in place to support governance requirements. The Province has in these instances benefitted from maintaining the Western Cape Supplier Database as a dual mechanism to sustain its own governance and risk mitigation processes.

NT is in the process of revising the Treasury Regulations. This has had a number of iterations, and once it is issued, it may introduce a number of new requirements and challenges that may affect the operations of departments. The Treasury is iteratively in the process of workshopping some of the changes that it anticipates and placing on record its comments, recommendations and challenges with the NT. Additionally, the last five years have seen an increased appetite by clients to take legal action against assurance providers. The documents published by assurance providers have far-reaching implications on reputation and investments into programmes and communities. Consequently, disagreements not addressed through a well-established process has seen clients turning to the judiciary to make pronouncements in this regard. In this regard, the Western Cape is not immune and two cases are in process in the Cape Town High Court. The outcome of these cases may significantly impact future processes.

Lastly, there has been a recognition that the current laws and regulations may be inhibiting and may require significant revisions. They may not translate into a wholesale changing (a big bang approach), but will result in incremental changes that can unblock and facilitate ease of business and/or processes.

The Implementation of the Preferential Procurement Policy Framework Regulations as they relate to local content implementation continues to challenge the SCM environment. Cost containment and transversal contract requirements continue to place pressure on an already austere environment. The Central Supplier Database and its inability to remain functional and online is problematic from a service delivery perspective, necessitating the dual running of the Western Cape Supplier Database to maintain and sustain the governance requirements for SCM so that the Province's clean audit status for SCM is not compromised. G-commerce, and Construction Industry Development Board (CIDB) standards and the Infrastructure Delivery Management System 1-(IDMS) proved technically challenging for municipalities and for departments in terms of conflicting requirements with the Standards for Infrastructure and Procurement Delivery Management (SIPDM).

Transfer payments re-classification requirements also impacted on the business requirement of departments and municipalities and how such expenditure must be disclosed is not merely a book entry but need to conform with laws and regulations from the inception of a transaction. These changes in the instructions from NT resulted in interpretation challenges with AGSA. In the latter part of March 2019, the amendments to the Public Audit Act was passed by Parliament and assented to by the President. These amendments grant the AGSA additional powers, and will have an impact on the manner in which audits, and more specifically, consequence management, is addressed. The amendments have to be studied, and all Provincial Treasury stakeholders will be informed of the impact these amendments will have.

This environment of conflicting prescripts issued in the national space has led to various interpretations of SCM prescripts by the AGSA which has resulted in the changing of business processes to suit the finding which does not further the requirement for efficiencies, cost effectiveness and innovation as procuring institutions have become risk averse and are driven by the “clean audit” syndrome. This has also impacted on the service delivery environment in that both departments and municipalities rather follow long and cumbersome tender processes as dictated by AGSA findings rather than strive for efficient processing that aids service delivery. The unintended consequence of this is that not only does performance and delivery take longer, but resultant under expenditure then becomes unavoidable.

Considerable energy and effort is expended in supporting municipalities with their Municipal Standard Chart of Accounts (mSCOA) implementation, a business reform that proved to be more complex than what was initially anticipated and which still poses a number of implementation challenges due to unchartered territory, which still needs to be unpacked for practical and effective implementation. The Provincial Treasury is committed to supporting and working with NT to work through these implementation challenges and finding practical solutions, which at present is utilising significant municipal and Provincial Treasury resources.

Emerging priorities and opportunities which will be implemented during the planning period

The NT issued a notice proposing that Provincial Treasuries facilitate provincial transversal contracts for certain contracts previously arranged by the National Treasury for transversal utilisation by national and provincial departments. Provinces were requested to indicate its willingness to take over the facilitation and arrangement of these contracts. The contracts identified for decentralisation could not be procured by the Provincial Treasury as transversal contracts for the Province, due to structural capacity constraints, utilisation by the provincial departments and the aesthetic needs of departments. The broader implication of NT's drive to decentralise national transversal contracts to provinces is being evaluated and considered particularly in terms of the ability and capacity of the Provincial Treasury to respond to the need.

Objectives that will receive further attention in 2020/21 are:

- A key objective of Provincial Treasury is to continue to balance public finances and maintain fiscal stability within the new constrained fiscal environment with the emphasis on appropriate management of fiscal risks, strengthening fiscal consolidation and building up of reserves for contingencies. The Provincial Treasury will continue to build on previous initiatives to improve fiscal discipline such as containing the wage bill and to setting personnel ceilings over the 2020/21 - 2022/23 MTEF;
- Public sector infrastructure delivery is a complex and multi-faceted operation, conducted in an environment characterised by the scarcity of skills within an ever-changing mix of legislation and policy. Effective and efficient performance requires rigorous and well-institutionalised structures, systems and best practises, based upon a consistent, effective and agreed upon Service Delivery Model with clearly defined mandates, roles and responsibilities. To this end the Provincial Treasury will consider the recommendation of the review on the implementation of the Western Cape Infrastructure Delivery Management System (WCIDMS) as well as the SIPDM;

- In line with NT efforts, improve procurement policy planning to support departments and municipalities to promote budget planning, efficiency in spending, strategic sourcing and provide structured support programmes to improve supply chain management governance;
- Support the development and implementation of an economic procurement policy in conjunction with the Department of Economic Development and Tourism and the Department of the Premier for the Province that speaks to SMME development through the utilisation of procurement as a lever.
- Focus on commodity strategies and procurement initiatives that renders better efficiencies, value for money, stimulates competition in markets with key focus on consolidation and leveraging effort and spend;
- Using technology as an enabler through various initiatives such as the Province's e-procurement system, supplier evidence bank, using BI tools to generate performance information for better decision, central repository of best practice guidelines and evidence based practices;
- Brokering better partnerships and working collectively with NT and sector departments and municipalities to collectively resolve audit interpretation issues and strengthen governance principles with associated enablement;
- Launching a client focused support centre that focuses on continuous development and improvement in respect of procurement with focus on strengthening the capacity of departments, municipalities and suppliers and at the same time providing redress to critical bottlenecks and challenges;
- Support NT to optimise the current suite of financial systems, whilst at the same time assisting with the design and the ultimate roll-out of the integrated and revamped IFMS;
- Continued improvement will be maintained on the initiatives that have been introduced under the banners of the LG MTEC and PG MTEC processes, Corporate Governance Review and Outlook (CGRO) and Municipal Governance Review and Outlook (MGRO). These initiatives, which are aimed at supporting the National Development Plan, National Outcomes 9 and 12 and VIP 5, will be further refined during the 2020/21 - 2022/23 MTEF. The Back to Basics (B2B) approach, adopted by National Department of Cooperative Governance and Traditional Affairs, NT Financial Management Capability Maturity Model principles and fundamentals are already embedded in the MGRO approach;
- Gambling is a functional area of concurrent national and provincial legislative competence and as such the proposed amendments as contained in the National Gambling Amendment Bill, 2018 will have fiscal and licensing implication for provincial gambling regulators. The proposed amendments, amongst others, aim to provide for the establishment of a National Gambling Regulator as a replacement for the National Gambling Board, procedures for the forfeiture of unlawful winnings, changes to decision making processes followed by the National Gambling Policy Council, the extension of the National Central Electronic Monitoring System to other modes of gambling, and to enhance the powers of the national inspectorate to investigate illegal gambling activities. Amendments to the accompanying National Gambling Regulations will empower the (national) Minister to make regulations regarding the criteria the National Gambling Regulator will use when considering the applications for additional Limited Payout Machines from provinces.

4.2 External Environment Analysis

In terms of the FuturesCape Strategic Foresight reports, recognising the potential challenges, the greatest risks for the Province will come from the lack of resources, climate change risks, non-communicable diseases, poverty, housing demand and public transport.¹³ The pressure on water resources will continue to increase, compounded by population growth. Non-communicable diseases are expected to increase in prevalence as the population ages and becomes wealthier. The number of people below the food poverty line and upper bound poverty line will increase, even as the proportion of the population in poverty decreases. The housing backlog will remain under the policy of providing fully subsidised housing and there will be a rapid increase in the demand for support in the gap housing market. Lastly, public transport access remains under-capacitated; successfully dealing with this issue will depend upon improvements to the rail system which is currently a national competency.

Some of the biggest provincial risks noted in the provincial planning and budgeting engagements lay largely outside the provincial mandate and direct control, such as crime and safety, climate change, drought and water security, energy security, and public transport. The constrained fiscal environment, compounded by the increase in risks related to the social determinants of health, urbanisation, increased need for child protection services and infrastructure backlogs, has serious implications for achieving the PSP outcomes. These will be further exacerbated by population growth and the associated demand on services and service load pressures.

The key risks relating to low economic growth, poverty and inequality, youth unemployment and social ills remain.

Constrained economic and fiscal environment

The country is facing difficult times in terms of socio-economic realities such as high rates of unemployment especially amongst the youth, a high population growth rate, national debt levels and households that are becoming dependent on social grants. Against this background, growing the economy becomes a challenging issue.

The country continues to spend at the same level of economic growth and therefore the issue of fiscal consolidation becomes important to stabilise debt. The gap between revenue and expenditure is becoming larger which means debt is growing faster. Taxes were increased multiple times over the past 5 years, but the issue of under-collection persists. Measures have been put in place to increase revenue however, it has still been projected that there will be an issue of under-collection. The infrastructure is decreasing which is a result of the failing State-Owned Corporations (SOC). In terms of fiscal constraints, the economy is not growing and therefore it becomes a huge challenge for government.

Economic growth and socio-economic development are inextricably linked, it is therefore necessary to assess changes in the living conditions of the Western Cape population, given the recent economic performance.

South Africa has long faced the triple challenges of poverty, inequality, and unemployment. However, despite much policy attention, poverty remains significant and the country is consistently ranked amongst those with the most severe inequality and amongst those with the highest rates of unemployment. These three challenges are closely interlinked and cannot successfully be addressed on their own.

In many respects though, unemployment is the central challenge. Specifically, the country urgently requires the creation of good quality jobs in significant numbers. In order to reduce unemployment, job creation should occur more rapidly than labour force growth. Importantly, these jobs need to be sustainable and should be resilient in economic downturns. This may require investment in raising the skills profile of workers

¹³ Strategic Foresight for Better Policies (Building Effective Governance in the Face of Uncertain Futures) (2019)

on an on-going basis. However, since the local recession triggered by the global financial crisis, economic growth has recovered to some extent, but employment growth has not. Certainly, it has not kept pace with the growth of the labour force and, as a result, the unemployment rate has gradually drifted upwards.

The Western Cape experienced a high average export growth rate (6.6 per cent) over the past decade. The fastest growing export sector in the Western Cape was agriculture, increasing by 15.2 per cent compared to 2016. More than half (52.7 per cent) of South Africa's agriculture exports came from the Western Cape.¹⁴

Findings of internal or external evaluations that will be used to inform the strategy of the department.

The Department launched its Chartered Accountant Academy (CAA) with the objective of alleviating the shortage of financial skills in the WCG. The CAA is an Accredited Training Office (ATO) with the South African Institute of Chartered Accountants (SAICA) which enables them to train prospective Chartered Accountants CAs(SA). The programme is designed to enable Trainee Accountants (TAs) to gain the required skills in the prescribed competencies, by rotating between Western Cape Government departments and public entities. The Department conducted an evaluation on the design and implementation of the programme since inception and roll out up to 30 September 2018. The ToR required a response to five categories of questions, including the appropriateness of the design of the CAA (support unit), whether the CAA will achieve its objective of creating a pipeline of public sector specialists, if the SAICA programme will deliver quality public sector financial specialists and if the programme will contribute to the strengthening of internal control in provincial government.

The evaluation found that the CAA has introduced an appropriately designed support function for both the participating WCG departments and TAs. The participating WCG departments and public entity commented that they have benefited significantly from the programme and the technical skills brought to their directorates by the TAs.

Information from the political environment which may impact on the implementation of the Strategic Plan.

Slow economic growth, tax revenue collection below forecast, debt levels at high levels and poor performance of state-owned enterprises are all factors within the political environment that may impact on the implementation of the Strategic Plan.

The general elections were held on 8 May 2019 and the results did not bring about significant changes to the Provincial Treasury's operations. Municipal elections are due to be held in 2021. Political unrest is possible in the run-up to municipal elections and the security implications will be duly considered.

Diagnostic and analysis of relevant environmental factors, data, trends, barriers, research, evaluations, relating to women, children, youth and people with disabilities that will inform the strategy of the institution.

The Department is committed to creating an enabling environment to promote the need for equity and access to development opportunities for vulnerable groups in the Western Cape and as such also relies on data and research conducted in relation to women, children, youth and people with disabilities as contained in the Provincial Economic Review and Outlook (2019) as follows:

Youth unemployment remains a challenge, with youth recorded as the largest cohort of those who are unemployed in the Province. The continued upward trend in unemployment may lead to greater pressures on the state for support or social security over the short, medium and long term. Failure to decisively address unemployment challenges will result in long-lasting and substantial impact on economic and socioeconomic development in the Province. The inflow of relatively unskilled people of working age and the slowing down of economic growth in the Western Cape over the last seven years, exacerbated youth unemployment and work seeker discouragement, in addition to inequality. However, the Province's Human

¹⁴ Provincial Economic review and Outlook (2019)

Development Index has been improving consistently, most probably because of the relatively effective delivery of basic, educational and health services. These institutional capacities can be utilised to strengthen the social resilience of the Province's population to better cope with and recover from unavoidable shocks.

Unemployment tends to be concentrated amongst younger cohorts and those with lower levels of education. Nearly two-thirds (63.4 per cent) of the unemployed are youth under the age of 35; of these, the majority were aged 25 to 34 years (39.7 per cent of provincial unemployment).

There are relatively few unemployed individuals in the Province who are not actively seeking employment (i.e. discouraged work seekers), in contrast with the rest of the country. Educational attainment has a significant impact on the employment prospects of youth: the rate of unemployment falls as the level of education rises above the secondary level. The unemployment rate in the Western Cape for those with only some secondary education was 26.8 per cent in the first quarter of 2019, falling to 6.3 per cent for those with degrees.

In the Western Cape, 2.2 million people were between the ages of 15 and 34 years in the first quarter of 2019. Of these, 969 000 were employed, 399 000 were in narrow unemployment, and 76 000 were in non-searching unemployment. Perhaps surprisingly, the youth population in the Province has grown more slowly than the total working age population over the five-year period (1.4 per cent compared to 2.1 per cent). The most rapid change in the provincial youth labour market has been the expansion of non-searching unemployment, which grew at 14.3 per cent per annum over the five years. While this group has doubled in size since 2014, its growth is off a very small base of only 39 000.

Very little has changed in terms of youth labour market outcomes in the Province since 2014, despite youth being particularly disadvantaged in terms of high unemployment rates. The creation of sustainable employment for this group remains a key priority, given the various negative consequences of unemployment within this demographic.

Given high levels of unemployment in the country and a relatively weak social safety net when it comes to working-age adults, it is important to understand the means of support available to the unemployed. Where outside support is unavailable, the unemployed may rely on family and other household members to support them, potentially straining these support networks and negatively impacting on children. The age profile of a population is directly linked to its dependency ratio. The dependency ratio of the Western Cape is estimated to be 45.7 per cent which is lower than the South African estimate of 53.2 per cent for 2019. The dependency ratio has declined over time, both nationally and provincially, largely due to declining birth rates and the movement of children into higher age cohorts at a rate faster than the flow of the population into the cohort aged 65 and older.

The main drivers of the transitions in the demographic composition of the population include changes in the total fertility rate (TFR) and migration patterns. The total fertility rate decreased nationally from 2.51 children in 2009 to 2.32 children in 2019. The Western Cape's TFR, second only to that of Gauteng, is projected to decline from 2.2 children in the years between 2011 and 2016 to 2.0 children between 2016 and 2021.

As far as it pertains to women, the total employment in the formal sector in the Western Cape was estimated at just under 2.1 million in the first quarter of 2019 (Table 4.6). This represents 82.8 per cent of total employment in the Province. Women account for 42.9 per cent of jobs in the Province's formal sector.

Just over two-fifths (41.5 per cent) of informal sector workers are women; this proportion is very similar to the share of women within total employment in the Province, and the share of women within informal sector employment nationally.

More than one-fifth (22.0 per cent) of women in the Western Cape labour force were unemployed in early 2019, a statistically larger proportion than observed for men (17.4 per cent).

In the first quarter of 2019, there were 610 000 unemployed individuals in the Western Cape of which just over half (51.8 per cent) were women.

Mortality trends continue to display a gender bias, with interpersonal violence being the leading cause of death and premature mortality amongst males in the Province. Amongst women, Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome was the leading cause of premature mortality (13.6 per cent).

4.3 Internal Environmental Analysis

Human Resources

The current organisational structure was approved by the Executive Authority for Finance, in November 2011. The current structure makes provision for two branches. The Branch: Fiscal and Economic Services are responsible for managing the provincial and municipal fiscal resources effectively, and the Branch: Governance and Asset Management is responsible for facilitating the effective and efficient management of assets and financial systems to promote accountability in financial activities and compliance with financial norms and standards. Each branch is headed by a Deputy Director-General. Strategic, operational and financial management support services are provided by the Directorates Financial Management and Strategic and Operational Management Support.

The current macro organisational structure was last reviewed in November 2011 with only minor technical amendments implemented since then, leading to an additional 5 posts. The approved staff establishment is currently 331 approved posts.

Building the Treasury Brand

To respond to the complex legislative environment and Provincial Treasury functions, particularly within the provincial and municipal sphere; the Department has embarked on a comprehensive review of its service delivery model aimed at ensuring that the Provincial Treasury is appropriately capacitated to give effect to its mandate. The organisational review process is complemented by a structured process, embarked on by the Department to develop its leadership and staff in responding to the delivery challenges by addressing the issues that may hinder or impact the department from being fully effective. The role-out of the process will be monitored and implemented by management.

The Department has also embarked on a leadership and culture development journey, which will be rolled out in a phased approach over three years. The aim is to enhance the organisational culture through purposeful initiatives with the aim of developing a strong culture that supports the Department's outcomes, embedding a more values-based approach and emphasising the importance of continued professional development of staff.

Information and Communication Technology

Organisations without vision typically waste resources on uncoordinated projects, driven by powerful but narrow special interests. Automating business decisions is already a heavy order for any organisation. But when dealing with inter-governmental departments and institution decisions, it becomes even more sensitive. Aggressive deadlines, increasing complexity, inconsistent and ambiguous requirements, misunderstood data dependencies, constant change requests and the need for post hoc explanation and transparency make implementing legislative compliant systems very challenging.

The Provincial Treasury e-Vision is a Digital Transformation Strategy that aims at driving a holistic approach to all Departmental projects and initiatives including Integrated Financial Management, Business Intelligence and Systems Optimisation. It aims at driving the Organisational Maturity and Financial Management Capability Maturity Model from compliance level to performance level which refers to integration and business optimisation through the utilisation of financial and non-financial information.

Information and Communication Technology (ICT) is an enabler of the Provincial Treasury to deliver on its mandate. The e-Vision is now being expanded to incorporate other components in order to address the broader digital needs of the Department.

The following strategic ICT initiatives have been identified to support the achievement of its strategic outcomes:

- ICT Governance: Management of governance requirements;
- Operations and maintenance: ICT equipment/software refresh. Legacy systems, network, maintenance and support;
- Financial and BI systems: IFMS – Evergreen Legacy System (ELS);
- Non-financial Systems: Embedded Governance, Integrated Management, Service Delivery Improvement Plan (SDIP);
- Provincial Treasury Transversal Integrated Issue Management System (IMS); and
- e-procurement System and Supplier Evidence Bank (SEB).

Financial resources

The impact of budget reductions over the 2020/21 - 2022/23 MTEF will put at risk the Department's ability to embed good financial governance and drive co-planning, co-budgeting and co-implementation across departments, between departments and municipalities, across municipalities and with the national organs of state operating within the Western Cape for maximum service delivery. As such, the Department will be at risk in terms of implementing an integrated regional approach that supports embedding good financial governance through the integrated work plan. The integrated work plan holistically approaches the challenges faced by provincial departments and municipalities from a regional perspective.

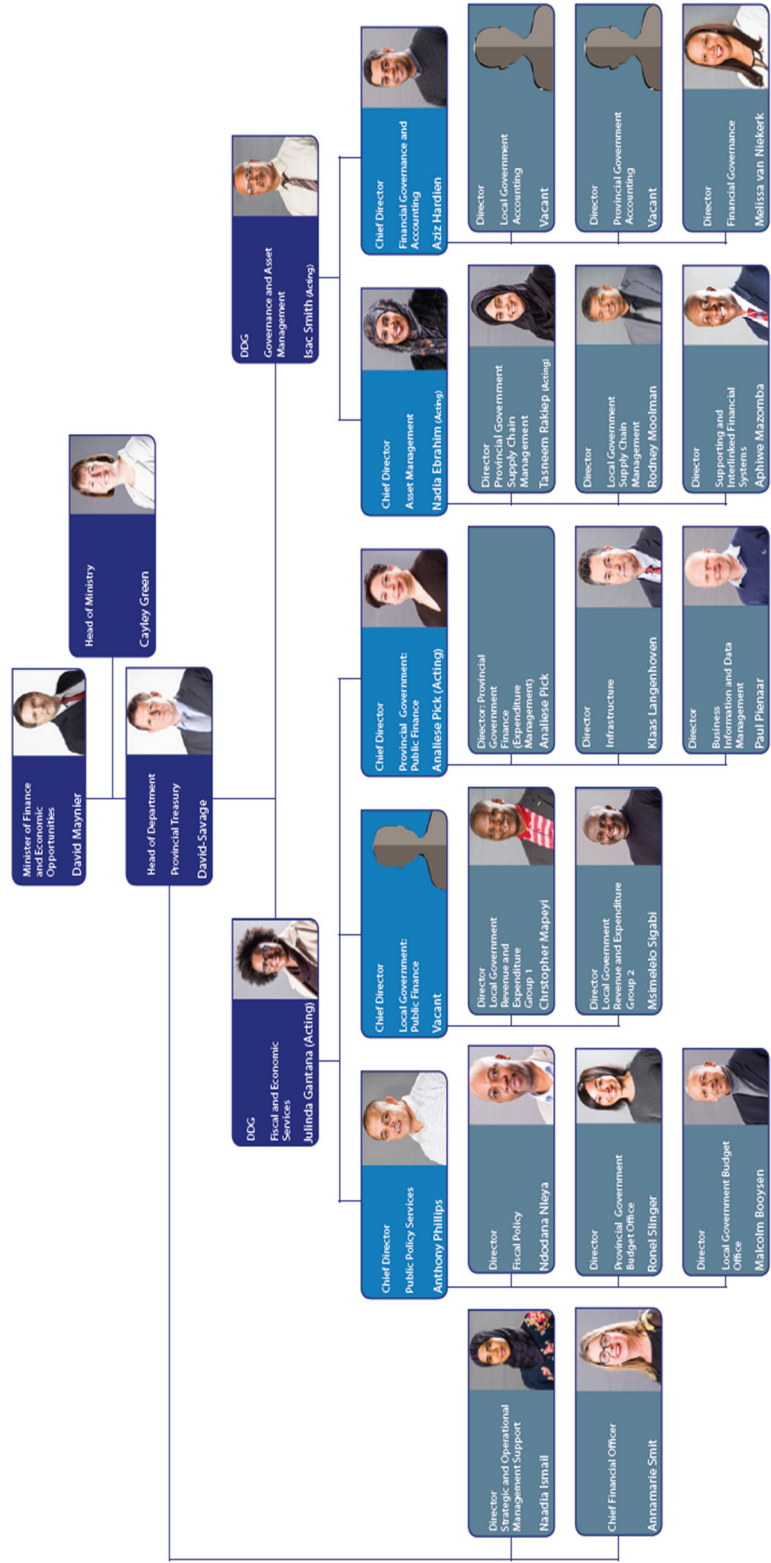
Auditor General Findings

For the 2018/19 financial year the Department received an unqualified audit opinion with no findings, however it incurred expenditure, to the amount of R1,2 million, in contravention of or that is not in accordance with a requirement of applicable Supply Chain Management legislation. The non-compliance with norms and standards will be addressed through the completion and signing of checklists. The completed and signed checklist will be attached to all submissions forwarded to the delegated authority for approval on recommendation of the Quotations Committee (all procurement from R10 001 to R250 000) and the Departmental Bid Adjudication Committee (above R250 001).

The organisational organogram below depicts the management structure.

Provincial Treasury organogram

As at 1 March 2020



The status of the institution regarding compliance with the Broad-Based Black Economic Empowerment (B-BBEE) Act

Section 13G (1) of the Broad-Based Black Economic Empowerment Amendment Act, 2013 requires that all spheres of government report on compliance to the Act in their audited annual financial statements. At that point in time no regulations in relation to BBBEE was published.

The Preferential Procurement Regulations of 2017 were issued to give effect to the BBBEE Act as it relates to procurement. The PPPF regulations do not make any provision for reporting in terms of s 13 G (1) of the BBBEE Act and no further regulations were issued in terms of the broader requirements for BBBEE. The Department has however reported on BBBEE requirements in its annual report to NT and Provincial Treasury as a good governance measure.

BBBEE Regulations were only published in June 2016 and has incorporated therein referencing to BBBEE compliance and reporting requirements assuming that these aspects were already placed, whilst in reality they were in some form of development, but not yet complete. This included, but was not limited to the following:

- a) No alignment, or guidance was provided in respect of the hierarchy of BBBEE regulations and PPPF regulations particularly in respect of which regulation trumps which, and
- b) The reporting requirements in respect of BBBEE (in terms of the Preferential Procurement Regulations) issued by the National Treasury (including the tender documentation, the electronic system in respect of capturing awards and evaluating departmental performance) have not changed and was never altered or retracted by National Treasury.

Regulation 12(2) of the BBBEE Regulations requires that the sphere of government must file its approved audited annual financial statements and annual report compiled in terms of s 13G (1) of the BBBEE Act, with the BBBEE Commission in the prescribed Form BBBEE1 within 30 days of the approval of such audited annual financial statements and annual report.

In order to report in this manner clarity was required in terms of, but not limited to, the following:

- a) Neither the Act, nor the Regulations determines that the organs of state must be registered or have BBBEE certification, except that which is stated in the report format issued with the regulations.
- b) Certification would have a financial impact, and no clarity was given on whether this should be on a provincial level as opposed to an individual departmental level, nor how this would be driven.
- c) It is also not clear in terms of Regulation 13(G) 3 whether the audited financial statements (audited by the AGSA) is deemed sufficient for submission to the Commission given that auditors under the auspices of IRBA also has the ability to issue such certificates as contemplated in the form BBBEE1.

In terms of explanatory Note 1 of 2017 issued by the B-BBEE Commission on 20 December 2017, para 3. states that "... This Explanatory Note will be effective from 1 April 2018.":

In acknowledgement and in support of the contention that neither the Act nor the Regulations are clear as to what was expected from any organ of state, the Commission issued Explanatory notice 1 of 2018 on the 1st October 2018 without this guidance being formally sent via the National Treasury or to the Accounting Officers directly. This Guide now clarifies that the information tabled in the annual report is sufficient.

However, the guide still does not address the issue of the format of the report as issued with the regulation, which according to the prescribed format under section B requires that "Information as verified by the Broad-based Black Economic Empowerment verification professional as per the scorecards."

The status of the institution regarding women, youth and people with disabilities.

The Department remains committed to gender responsiveness which includes its commitment to having a gender diverse workforce; achieving the target of 50 per cent women in management; training and development of staff and youth through its external bursary programme and Chartered Accountants Academy (CAA). The intention is to bring all these initiatives in line with the leadership and the cultural transformational journey.

The Department remains committed to the implementation of the Employment Equity Act, 1998 (Act 15 of 1998 as amended) and has in preparation for the five (5) year Employment Equity Plan 2019 - 2024, conducted a workforce profile analysis, as prescribed in s19(1) of the Employment Equity Act to establish what the current demographic profile is in terms of race, gender and disabilities for each occupational category and level as at 30 September 2018. The analysis brought forth a positive response of 97 per cent return rate and one (1) new disability disclosure. The Department prides itself on being a leader in aspects relating to transformation, it values diversity and promotes substantive equality.

The department has made some improvements in terms of appointing African Females (AF) and has met the target (43 individual AF staff members). However, the appointment of African males and women in SMS will remain a priority even though the department has shown some improvement in reaching the target to date. Women, however, currently constitute 40 per cent of SMS.

With regards to the Persons with Disabilities (PwD), the Provincial Treasury have incorporated the set national target of 2 per cent of the workforce. This equates to 7 individuals of the 331-staff establishment. The Department has reached a 1.6 per cent PwD (5 staff members).

The Provincial Treasury is committed to ensure that the working environment of all employees, but specifically PwD, are safe and to provide reasonable accommodation aimed at reducing or removing physical and communication barriers in the workplace by implementing the Policy on Reasonable Accommodation and Assistive Devices for Employees with Disabilities in the Public Sector. To support this further and to attract people with disabilities, the department targeted this group when it advertised its bursary programme, inviting people with disabilities to apply.

Bursaries and Strategic Talent Management

The Provincial Treasury is also committed to creating opportunities for youth to participate in the financial sector. One of the ways in which this is done is through the External Bursary Programme. Each year bursaries are offered to deserving students, with a focus on previously disadvantaged students, where on completion of their studies students are required to complete an internship programme and gain hands-on experience within the Department.

The Provincial Treasury will in future continue to invest in the recruitment, growth, empowerment and development of graduates with a view of establishing a talent pipeline of young people who will become future leaders and fill scarce skill roles and who are well equipped to take on future challenges not only within the Department but in the Local Government sector as well.

Talent management and planning is closely aligned with the Department's strategic plan and considers the broadest range of potential of all employees within the Department. Managers at all levels will be held accountable for the development of talent within their units, with senior management actively participating in the process. This approach to talent management is proactive and defines talent as those employees, regardless of level, who have the potential to influence departmental outcomes.

Learning and training are key components of Provincial Treasury's employee value proposition. Training programmes and learning interventions aim to deliver well-rounded, competent employees who make contributions that provide them with personal growth and facilitate increased productivity. Skills and

behaviours that promote a culture of continuous learning, leadership and diversity are fundamental to the achievement of the Department's outcomes, including its employment equity targets.

Innovation Hub

The role of the Provincial Treasury is evolving to become far more strategic in nature. The key to excelling in this strategic role is having easy access to the right tools and insights, helping to manage responsibilities in faster and simpler ways. Provincial Treasury, now more than ever, has an opportunity to be a leader in driving innovation.

The Provincial Treasury will therefore look to open an innovation hub that focuses on innovations to align with departmental strategy and solve problems that the department faces. The Department will be looking at existing processes, committees and reports and will be asking questions to rationalise their usefulness and relevance. Needs are constantly changing and to keep up with the changing times Provincial Treasury's operations require the same fluidity.

Provincial Treasury innovation currently rests on four emerging technologies that are already finding application in today's operations. These are application program interfaces, robotics and artificial intelligence. Each of these innovations streamlines and automates manual processes while saving time, reducing errors and quickly scaling to an organisation's evolving needs.

With innovation hubs and brown bag lunches, staff will be given the creative space they need to engage in creative thinking and to generate ideas, focusing on efficiency, on how to simplify, automate, relate and consolidate.

Vacancy rate

As at 31 December 2019 the vacancy rate (calculated on the number of posts filled versus the number of posts on the approved establishment) was fifteen per cent (15%) as depicted in Table 1 and 2 below. The continued constrained economic and fiscal situation necessitated a continuation of personnel expenditure ceilings making it unlikely to bring the overall vacancy rate below ten per cent (10%).

The tables below depict the employment and vacancies per programme and salary bands as at 31 December 2019.

Table 1 Employment and vacancies by programme, 31 December 2019

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment	Vacancy rate including additional employees
Administration	66	59	11%	1	9%
Sustainable Resource Management	132	106	20%	0	20%
Asset Management	81	69	15%	0	15%
Financial Governance	52	47	10%	2	6%
Total	331	281	15%	3	14%

Table 2 Employment and vacancies by salary bands, 31 December 2019

Salary bands	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment	Vacancy rate including additional employees
SL 1 - 2	2	2	0%	0	0%
SL 3 - 5	25	21	16%	0	16%
SL 6 - 8	53	41	23%	1	21%
SL 9 - 12	226	195	14%	2	13%
SL 13 - 16	25	22	12%	0	12%
Total	331	281	15%	3	14%

Occupational Health and Safety (OHAS) remains a focus to safeguard employees by providing and maintaining, as far as reasonably practical, a working environment that is safe and without risk to the health of its employees.

This Department has responded to the risks posed by climate change to our economy, population, environments and infrastructure. With the recent water-crisis in the Province, the department took pro-active measures to reduce water usage and will continue its water-saving efforts and awareness campaigns to staff.

A full OD process has been undertaken to review the adequacy and capacity required for Provincial Government SCM to perform its core mandated function and in terms of the unit's current responsiveness to the recommended capacity, the current capacity only meets \pm 23 per cent of the recommended structure for delivery of the unit's core mandate and is 100 per cent capacitated in terms of its current approved structure. Hence the current capacity is inadequate to the needs in respect of mandate and strategic priorities putting tremendous strain on the current staff complement. Additionally, PGSCM has the added responsibility to take over the supplier database and evidence bank in-house as well as manage the provincial e-procurement system inclusive of all technology requirements for SCM enforcement and enablement in the Province.

Current capacity of the Local Government SCM unit is struggling and wholly inadequate to deal with the demands associated with Local Government procurement and asset management, these include addressing the regression in audit outcomes as it relates to supply chain management, strengthening of procurement oversight and surveillance, strengthening support and internal control and combined assurance mechanisms in SCM improving procurement spend and efficiencies that result in value for money procurement in a cost contained environment. The current meagre structure poses a significant risk to the Treasury in meeting its mandatory requirements in terms of the Municipal Finance Management Act. An OD structural review of this Directorate is an imminent need which is urgently required.

The Supporting and Interlinked Financial Systems unit can in the interim manage with current staff establishment however mindful of the impending IFMS implementation which may alter the requirements from a resourcing perspective inclusive of consultancy arrangements.

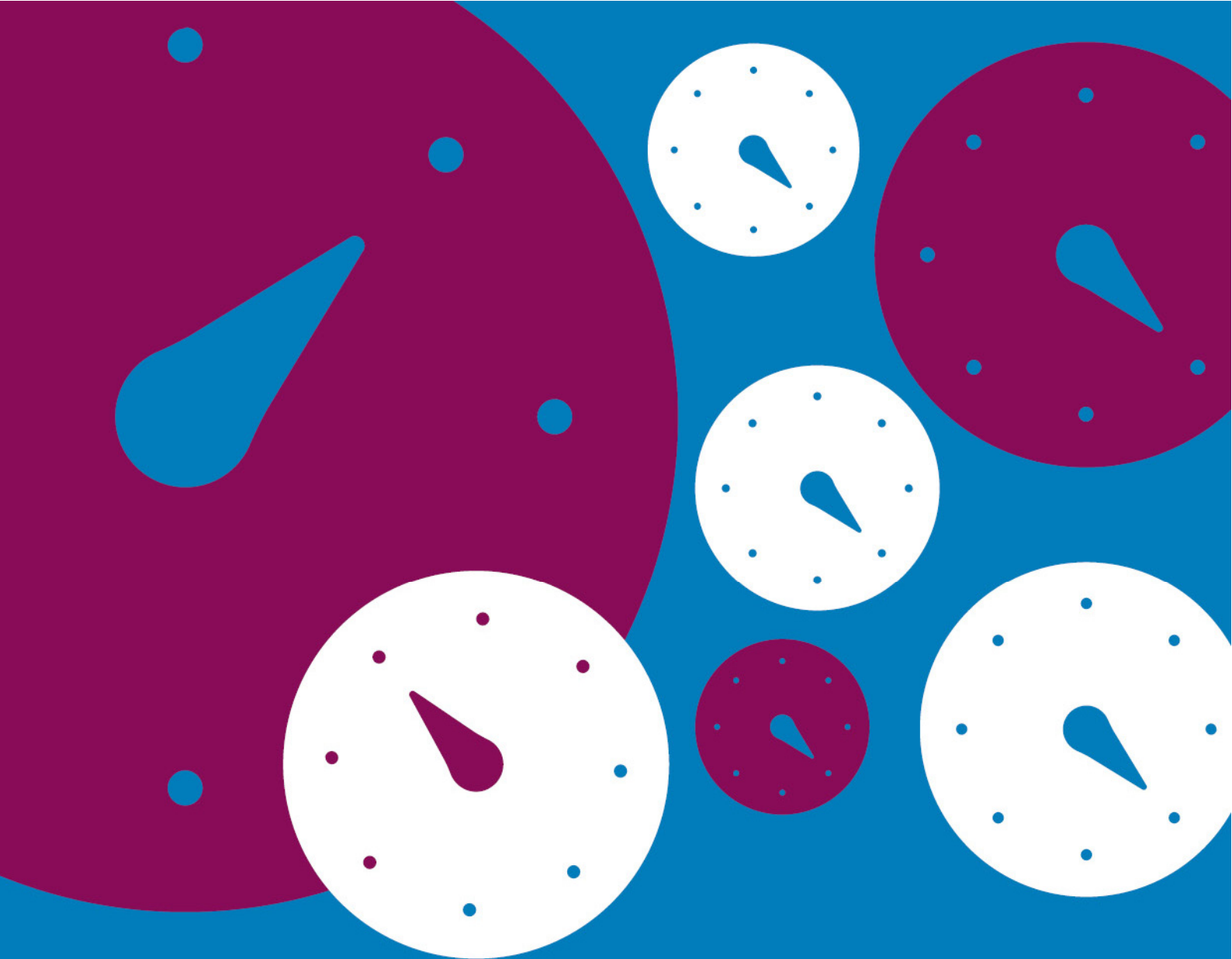
Departmental Evaluation System

The Provincial Treasury will develop a Departmental Evaluation System (DES) as a systematic approach to conducting and managing evaluations in the Department. The DES will introduce two major components: The Departmental Evaluation Plan and the Departmental Evaluation Committee (DEC), which oversees the development and implementation of the Departmental Evaluation Policy. The DEC will also aim to direct

Evaluation Project Steering Committees to employ tried and tested project management methods to deliver evaluation products.

The purpose of the DES is to produce evaluations to:

- improve policy or programme performance (evaluation for learning) – providing feedback to managers;
- improve accountability regarding where the spending of public money by assessing the difference it is making;
- improve decision-making by providing information on what is working and what is not working; and
- increase knowledge about what works and what does not with regards to a public policy, plan, programme or project.



MEASURING PERFORMANCE

C

PART C: MEASURING OUR PERFORMANCE

1. Institutional Performance information

The NDP Five-Year implementation plan provides a medium-term roadmap which will form the basis for developing five-year institutional plans that will guide the realisation of the NDP priorities. The purpose of the NDP Five Year implementation plan is to advance and guide medium and short-term planning that is responsive to the attainment of the NDP priorities. There is a need to ensure that Vision 2030 and all the priorities outlined therein are clearly articulated in the medium and short-term plans of institutions. Intergovernmental and interdepartmental planning is crucial to the realisation of government priorities and ultimately the vision for South Africa. The NDP Five Year Implementation Plan will allow for the coordination and alignment of priorities across the spheres of government and non-government stakeholders, and assist in integrating all the components of national development into mainstream planning processes, which will be implemented through the MTSF.

The new MTSF is now defined as the combination of a NDP Five Year Implementation Plan for the Priorities outlined in the electoral mandate and an Integrated Monitoring Framework. It reflects how government will measure its progress against the commitments made in the election manifesto of the governing party and the NDP Five Year Implementation Plan. It is a basis for measurement of government performance and must be aligned with measurement of performance at the national, provincial and local government spheres. It is much more focused on a limited set of priorities.

Over and above these, the Western Cape Government seeks to achieve the vision of “A safe Western Cape where everyone prospers”, which is encapsulated in the Provincial Strategic Plan 2020 – 2025 (PSP). The PSP translates this vision into an actionable, measurable policy agenda focused on both the Province’s greatest challenges, and on unlocking the full potential of its people. It provides the roadmap to deliver on the OneCape 2040 vision and is closely aligned to the NDP and MTSF. OneCape2040 is an attempt to stimulate a transition towards a more inclusive and resilient economic future for the Western Cape region through a long-term economic transition agenda.

The diagram below illustrates the priorities outlined in the above-mentioned documents and indicates the outcomes that the Provincial Treasury will undertake in the upcoming 5-year planning period (2020/21- 2024/25) in contributing towards these priorities.

Government Priorities	OneCape 2040 (Transitions)	Provincial Strategic Plan (Vision Inspired Priorities)	Provincial Treasury Outcomes
Building a capable, ethical and developmental state	Educating Cape	Safe and Cohesive Communities	Financial and corporate governance improved
Economic transformation and job creation	Enterprising Cape	Growth and jobs	Integrated planning, budgeting and implementation for sustainable management of provincial and municipal fiscal resources
Education, skills and health	Green Cape	Empowering people	Effective management and oversight of financial systems, supply chain and moveable asset management governance within the provincial and municipal spheres.

Government Priorities	OneCape 2040 (Transitions)	Provincial Strategic Plan (Vision Inspired Priorities)	Provincial Treasury Outcomes
Consolidating the social wage through reliable and quality basic services	Connecting Cape	Mobility and Spatial Transformation	Governance transformation in departments, entities and municipalities improved.
Spatial integration, human settlements and Local government	Living Cape	Innovation and culture	
Social cohesion and safe communities	Leading Cape		
A better Africa and World			

2. Impact Statement

Impact Statement	Sustainable financial governance and service delivery that optimally responds to citizens needs
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3. Measuring our outcomes

3.1 OUTCOME 1: Financial and corporate governance improved

MTSF priority 1: Building a capable, ethical and developmental state			
Outcome	Outcome indicators	Baseline	Five-year target
1. Financial and Corporate governance improved	1.1 Level of results-based monitoring and evaluation maturity attained	2.8	4
	1.2 Communication plan for media engagements, stakeholder liaison as well as internal staff implemented annually	1	5
	1.3 Number of phases of the Culture Journey successfully implemented	Phase 1	Phase 3
	1.4 Number of material financial management audit findings	0	0

Explanation of planned performance over the medium-term period

The Directorate Strategic and Operational Management Support takes the lead on monitoring and evaluation at a departmental level. In this regard, the directorate plans to embed results-based monitoring and evaluation within the Provincial Treasury for the provisioning of relevant and accurate data and information. The first outcome indicator is of a composite nature and consists of five governance areas measured on a five-point scale; RBME capacity, RBME frameworks and strategies, Indicator development, Data management and data governance and Information architecture. It consists of a maturity growth path that will provide the required improvements to advance to the next level.

The Directorate will also manage the department-wide culture intervention that will be driven by leadership. The Culture Journey intends to improve organisational culture by embedding the right behaviours that will

contribute to achieving performance outcomes and thereby contribute to improving the Department's service delivery capability.

Communicating and responding appropriately to the various stakeholders of the Department is another important aspect of good corporate governance. Internal communication will serve to build trust and cohesion within the department. With external communication ensures that the Department will communicate the delivery intents and planned outcomes to all their stakeholders.

Couched against this backdrop, the results-based monitoring and evaluation maturity assessment, culture journey and communication of activities and the performance of this programme on a whole will thus contribute towards the establishment and maintenance of good corporate governance. These aim to contribute towards "building a capable, ethical and developmental state" and creating "a safe Western Cape where everyone prospers". The focus will be on VIP 5 as articulated in the PSP 2020 - 2024.

Improving financial and corporate governance will contribute towards the Provincial Treasury achieving all its outcomes and a clean audit.

3.2 Outcome 2: Integrated planning, budgeting and implementation for sustainable management of provincial and municipal fiscal resources

MTSF priority 1: Building a capable, ethical and developmental state			
Outcome	Outcome indicators	Baseline	Five-year target
2. Integrated planning, budgeting and implementation for sustainable management of provincial and municipal fiscal resources	2.1 Degree of integrated planning, budgeting and implementation	New indicator	50 %

Explanation of planned performance over the medium-term period

A capable, ethical and developmental state is a critical enabler for the effective implementation of the priorities of government and the achievement of the NDP 2030 goals. The Western Cape Government, through VIP 5, aims to achieve strong leadership that directs development planning, enabling policies, legislation and budgets to trigger developmental change that reduces inequalities and improves the quality of life. It also has an effective governance capability that intervenes to deal with the structural causes of economic and social underdevelopment; responding to the expectations and needs of citizens.

The Provincial Treasury is required to prepare the provincial budget, assist municipalities in the preparation of their budgets and monitor the efficient and effective implementation thereof. The limited fiscal envelope requires provincial and local government to ensure the efficient, effective and sustainable management of fiscal resources. Improvements in the sustainability and credibility of provincial and municipal budgets and the monitoring of implementation enhance efficiency and effectiveness. It also maximises the capacity of provincial departments and municipalities to deliver services.

In an effort to accelerate implementation and improve service delivery, the Provincial Treasury commits to eliminate fragmentation and develop and strengthen coordination across spheres of government. This will be achieved through integrated planning, budgeting and implementation to ensure Government functions efficiently and effectively and maximises the capacity of provincial departments and municipalities to deliver services.

Provincial Treasury will achieve integrated planning, budgeting and implementation through the annual tabling of the provincial budget; assistance to municipalities in preparation of municipal budgets; through the annual municipal and provincial budget assessments; and monitoring and quarterly reporting on the budget implementation.

3.3 OUTCOME 3: Effective management and oversight of financial systems, supply chain and moveable asset management governance within the provincial and municipal spheres

MTSF priority 1: Building a capable, ethical and developmental state			
Outcome	Outcome indicators	Baseline	Five-year target
3. Effective management and oversight of financial systems, supply chain and moveable asset management governance within the provincial and municipal spheres.	3.1 Sustainable Governance Systems within the SCM function in municipalities embedded.	New indicator	5
	3.2 Strategies in place that address the gaps/needs of provincial departments, municipalities and the supplier base that conducts business with government for continuous improvement	New indicator	1
	3.3 Procurement initiatives in place that are leveraged to meet socio-economic benefit and the need of the citizen through departments and municipal districts	New indicator	18
	3.4 Votes supported with embedding Good Governance principles in respect of transversally managed financial systems	New Indicator	13
	3.5 Votes supported through the modernising and transforming of the transversally managed financial systems in keeping with the evolving needs of the Province	New indicator	13

Explanation of planned performance over the five-year planning period

The Programme aims to ensure improved transparency, accountability and capacity for supply chain management and moveable assets within departments and municipalities and to modernise and improve efficiencies in respect of financial management systems over the term. This will include ensuring improved controls over financial systems in respect of access, security and integrity of data, as well as appropriate and timeous management information. Instrumental will be focused interventions on capacity building and training and using business intelligence tools to provide performance information thereby enabling better financial management decision-making.

Procurement performance in the provincial sphere will be enabled through strategic focus on commodity strategies that focus on procurement efficiencies, value for money purchasing and improved delivery of goods and services. Within the local sphere, there will be a focused programme of support to embed good governance principles and strengthen internal control within procurement. This will be done through the combined assurance mechanism to improve supply chain governance and performance within municipalities. Integral to achieving the objectives as depicted for both provincial and local spheres require initiatives to improve procurement planning and supporting management decision-making. This will be done through performance insight provided by performance reporting and the use of technology to support procurement improvements. Capacitation and development support programmes will be critical to sustain the strategy to improve performance and this will be positioned via the public facing client that would support departments, municipalities and suppliers.

These indicators in the main contribute to the achievement of the Provincial Treasury's Strategic plan indicators and to VIP 5 focus areas governance transformation and innovation for culture, thus is in alignment with the PSP. The rationale in choice of indicators for this is further aligned to the MTSF priority area 1: "Building a capable, ethical and developmental state" and to Outcome: Improved leadership, governance and accountability and to interventions: Enhance productivity and functionality of public sector institutions in supporting people centred service delivery and; Improve financial management capability in the public sector.

3.4 OUTCOME 4: Governance transformation in departments, entities and municipalities improved

MTSF priority 1: Building a capable, ethical and developmental state			
Outcome	Outcome indicators	Baseline	Five-year target
4. Governance transformation in departments, entities and municipalities improved	4.1 Performance improvement measured by strengthened governance in provincial and municipal government.	New indicator	Level 4 financial management maturity capability achieved across all WCG delegated institutions

Explanation of Planned Performance over the Five-Year Planning Period

Accountability through the review of financial reporting of departments, entities and municipalities and compliance with financial norms and standards through the establishment of sound financial governance within the provincial and municipal spheres. This will be continually measured to achieve, maintain and sustain, the highest level of governance.

Continuous improvement in the quality and integrity of financial accounting and reporting, to fully reflect all transactions, events and extent of all assets owned by government.

In terms of s18 of the PFMA and s5 MFMA, Provincial Treasury must set the norms and standards for financial management and may assist with the implementation thereof, thereby improving efficient and economic utilisation of resources.

All of the outcomes are linked to priority 1; Building a Capable, Ethical and Developmental State and VIP 5 as articulated in the Provincial Strategic Plan 2020 - 2024.

The rationale for the choice of the outcome indicator is that financial governance and accountability is the foundation of building a capable state which is a necessary requirement to drive service delivery and transformation. The focus would be to ensure that our governance efforts translate to improved service delivery to Western Cape citizens. Therefore, there has to be a continual, annual revision of the state of governance in all Western Cape institutions to ensure that they remain effective and efficient and responsive to the needs of the citizens.

4. Key risks and mitigations

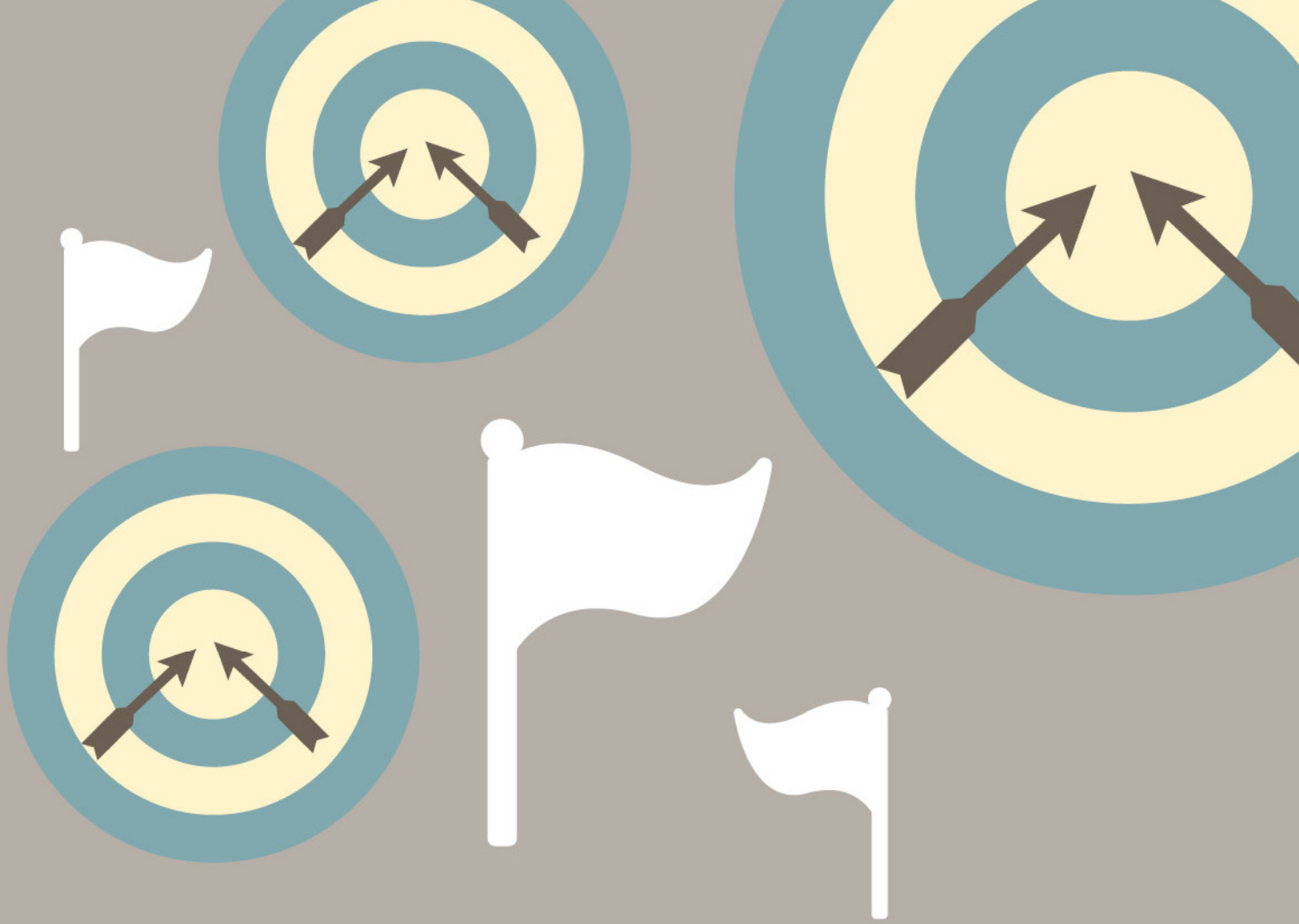
Outcomes	Key Risks	Risk Mitigations
Financial and Corporate Governance improved	There is the likelihood that a lack of accountability through non-co-operation by stakeholders and clients can result in late submission of strategic documents, with the consequence that the department might be non-compliant with submission dates.	Programme 1, through continued support will institutionalise a culture of co-operation to obtain the commitment of Programme Managers to provide access and support to the relevant data and information.
Integrated planning, budgeting and implementation for sustainable management of provincial and municipal fiscal resources	Compromised service delivery and responsiveness to socioeconomic needs of communities, current revenue streams are threatened.	The MTEC process together with TIME, SIME and CGRO are used to assess policy choices and spending plans to ensure cost efficiency and responsiveness of inputs into tabling of the annual budget (Annual Budget Circular and guidance documents distributed to Departments/votes) and to ensure an integrated approach to service delivery through a JDA process
Effective management and oversight of financial systems, supply chain and moveable asset management governance within the provincial and municipal spheres	Lack of alignment of SCM prescripts to legislative requirements and administrative functions, which risk is augmented through NT instructions, circulars and guidelines which are inconsistent.	<p>Table all comments, risk assessments, position papers and impact assessments with NT to aid in the legislation review process initiated by the national DG.</p> <p>Agree on short term measures to improve service delivery via the SCM and ICT environment.</p> <p>Define a process of escalation and together with NT to define an audit protocol and an alternative dispute resolution mechanism to mitigate the risks of AGSA interpretation and influence the right audit outcomes.</p>
Governance transformation in departments, entities and municipalities improved.	Governance is fluid and dynamic as it depends on laws, regulations and frameworks that evolves with the environment.	Detailed analysis of any changes to the laws, regulations and frameworks to understand the changes, the practical and implementation challenges and creating understanding amongst relevant stakeholders.
	Accounting and legal frameworks are not static. They are continually amended to accommodate learnings from past audits and outcomes of court cases.	Continuous engagements and or workshops with National Treasury and relevant stakeholders on the changes that may need to be implemented before and after enforcement.

5. Public Entities

Name of Public Entity	Mandate	Outcomes	Current Annual Budget
Western Cape Gambling and Racing Board (WCGRB)	WCGR Act, 1996 (Act 4 of 1996)	Utilisation of the Board's structures, resources and processes for effective, efficient and optimal performance of its mandate.	R69.971 million for 2020/21.
		Persons conducting business in the gambling industry are suitable.	
		Gambling and betting activities which are available for public play at licensed establishments are conducted in accordance with legislative provisions and regulatory requirements.	
		Provide innovative, functional, reliable and secure ICT solutions and systems.	

On-going evaluation of the WCGRB is conducted via several mechanisms, e.g.:

- Periodic meetings between the Minister of Finance;
- Quarterly assessment of the WCGRB's financial and performance information and feedback to the entity; and
- On-going assessment of funding, sustainability, inclusive of possible remedial step.



TECHNICAL INDICATOR DESCRIPTIONS

D

PART D: TECHNICAL INDICATOR DESCRIPTIONS

Outcome 1: Financial and corporate governance improved

Indicator number	1.1			
Indicator title	Level of results-based monitoring and evaluation maturity attained			
Short definition	The maturity level in RBM&E methodology using an internationally acceptable model based on the measurement of identified dimensions. Maturity refers to readiness and maintenance of identified dimensions measured for an optimised business environment.			
Purpose	To provide a reflection of the level of maturity of RBM&E in the Department as well as a road map to enhance the level of maturity for the purpose to standardise the application of RBM&E in the Department			
Strategic link	VIP #: 5	Focus Area(s): 4 Governance transformation	Output(s): Not applicable	Intervention(s): Not applicable
Source of data	RBME Maturity Assessment Tool: Maturity level testing data base, questionnaire based on dimensions and interview responses.			
Method of calculation	There are five key performance areas made up of a number of performance standards. Each performance standard is tested and assigned a final rating based on interviews, evidence availability and a peer review. For each KPA the performance standards related to it are weighted equally to provide a rating for the KPA. The KPAs are then weighted equally to finally provide an overall rating for the department.			
Data limitations	Lack of norms and standards for RBME			
Calculation type	Cumulative Year-end:	Cumulative Year-to-date:	Non-cumulative: X	
Desired performance	Higher than target: X	On target:	Lower than target:	
Indicator responsibility	Director: Strategic and Operational Management Support			
Spatial Transformation (where applicable)	Not applicable			
Disaggregation of beneficiaries (where applicable)	Target for woman:		Not applicable	
	Target for youth:		Not applicable	
	Target for people with disabilities:		Not applicable	
Assumptions	Technical support provided from the Directorate Provincial Wide Monitoring and Evaluation			
Means of verification	Peer review of the RBME Maturity Assessment process by DoTP			

Indicator number	1.2			
Indicator title	Communication plan for media engagement, stakeholder liaison as well as internal staff implemented annually			
Short definition	Implementation of Communication Plan to ensure uniform dissemination of information to stakeholders			
Purpose	To communicate the priorities of the Department to help fuel the Department's performance			
Strategic link	VIP #: All	Focus Area(s): All	Output(s): Not applicable	Intervention(s): Not applicable
Source of data	Annual approved communication implementation reports			
Method of calculation	Simple count			
Data limitations	None			
Calculation type	Cumulative Year-end:	Cumulative Year-to-date:	Non-cumulative: X	
Desired performance	Higher than target: X	On target:	Lower than target:	
Indicator responsibility	Director: Strategic and Operational Management Support			
Spatial Transformation (where applicable)	Not applicable			
Disaggregation of beneficiaries (where applicable)	Target for woman:		Not applicable	
	Target for youth:		Not applicable	
	Target for people with disabilities:		Not applicable	
Assumptions	Internal stakeholders are aligned to the priorities and support the Communication Plan			
Means of verification	Heads of Communication Forum to monitor the implementation of Communication Plans			

Indicator number	1.3			
Indicator title	Number of phases of the Culture Journey successfully implemented			
Short definition	A process to address the cultural challenges of the Department through a culture journey			
Purpose	To strengthen the existing culture through purposeful initiatives with the aim of developing a strong culture that supports the Department's outcomes.			
Strategic link	VIP #: 5	Focus Area(s): 4Governance transformation	Output(s): Not applicable	Intervention(s): Not applicable
Source of data	Culture Journey Implementation Reports Staff perception surveys			
Method of calculation	Simple count			
Data limitations	None			
Calculation type	Cumulative Year-end:	Cumulative Year-to-date:	Non-cumulative: X	
Desired performance	Higher than target:	On target: X	Lower than target:	
Indicator responsibility	Director: Strategic and Operational Management Support			
Spatial Transformation (where applicable)	Not applicable			
Disaggregation of beneficiaries (where applicable)	Target for woman:		Not applicable	
	Target for youth:		Not applicable	
	Target for people with disabilities:		Not applicable	
Assumptions	Staff will be committed to attend the culture change interventions Staff will participate in the perception surveys			
Means of verification	Annual evaluation of the process			

Indicator number	1.4			
Indicator title	Number of material financial management audit findings			
Short definition	The number of material findings by the Auditor-General on financial management as reported in the Audit Report.			
Purpose	To determine the level of financial governance within the Department			
Strategic link	VIP #: Not applicable	Focus Area(s): Not applicable	Output(s): Not applicable	Intervention(s): Not applicable
Source of data	Report of the Auditor-General to the Western Cape Provincial Parliament on Vote No. 3: Western Cape Provincial Treasury			
Method of calculation	Simple count – Number of material audit findings			
Data limitations	Not applicable			
Calculation type	Cumulative Year-end: X	Cumulative Year-to-date:	Non-cumulative:	
Desired performance	Higher than target:	On target: X	Lower than target:	
Indicator responsibility	CFO			
Spatial Transformation (where applicable)	Not applicable			
Disaggregation of beneficiaries (where applicable)	Target for woman:		Not applicable	
	Target for youth:		Not applicable	
	Target for people with disabilities:		Not applicable	
Assumptions	It is assumed that by achieving zero material audit findings that the department adheres to legislative requirements and conformance			
Means of verification	Report of the Auditor-General to the Western Cape Provincial Parliament on Vote No. 3: Western Cape Provincial Treasury			

Outcome 2: Integrated planning, budgeting and implementation for sustainable management of provincial and municipal fiscal resources

Indicator number	2.1			
Indicator title	Degree of integrated planning, budgeting and implementation			
Short definition	To align planning, budgeting and implementation across three spheres of government.			
Purpose	Enable and support the delivery of accessible, innovative and citizen centric services to the people of the Western Cape.			
Strategic link	VIP #: 5	Focus Area(s): 3 Integrated service delivery	Output(s): Percentage implementation of the JDA District Plan	Intervention(s): Enable and support the delivery of accessible, innovative and citizen centric services to the people of the Western Cape.
Source of data	Annual Performance Plan, Quarterly Performance Plan- Mid-Year Review, Annual and Adjustment Budget and the Annual Report.			
Method of calculation	$\left. \begin{array}{l} \text{Numerator: number of achieved performance indicator targets} \\ \text{Denominator: number of planned performance indicator targets} \end{array} \right\} \times 100$			
Data limitations	Difference in financial years between spheres			
Calculation type	Cumulative Year-end:	Cumulative Year-to-date:	Non-cumulative: X	
Desired performance	Higher than target:	On target: X	Lower than target:	
Indicator responsibility	DDG: Fiscal and Economic Services			
Spatial Transformation (where applicable)	Not applicable			
Disaggregation of beneficiaries (where applicable)	Target for woman:		Not applicable	
	Target for youth:		Not applicable	
	Target for people with disabilities:		Not applicable	
Assumptions	Improved efficient, effective delivery of services to the citizens of the Western Cape			
Means of verification	Integrated Work Plan, MTEC and SIME assessment reports			

Outcome 3: Effective management and oversight of financial systems, supply chain and moveable asset management governance within the provincial and municipal spheres

Indicator number	3.1			
Indicator title	Sustainable Governance Systems within the SCM function in municipalities embedded.			
Short definition	Municipal districts assisted in conducting SCM and Asset Management governance assessments and review of policies at municipalities, together with data analytical reports that measures cross-functional processes and activities that is intended to assist district municipalities to improve planning and decision-making for SCM and asset management within the districts.			
Purpose	To assess, promote and enforce effective and prudent financial management through SCM and Asset Management, and ensuring that the entire SCM cycle is applied and that the practices of municipalities are sound and promote governance, transparency and accountability as well as using technology as an enabler			
Strategic link	VIP #: 5	Focus Area(s): 4 Governance transformation	Output(s): Strengthening and maintaining governance and accountability in provincial and municipal government	Intervention(s): Building institutional capacity of municipalities to strengthen and maintain governance and accountability
Source of data	<ul style="list-style-type: none"> ● SCM Virtuous Cycle Assessment Reports per quarterly targets; ● Asset Management Baseline Assessment Reports; ● SCM Virtuous Cycle assessment action plans; ● VC SCM and AM Assessment Engagement Letters; ● VC SCM and AM Assessment Action Minutes; ● SCM Policy Assessments ● Asset Management Baseline Assessment Reports; 			

Indicator number	3.1		
	<ul style="list-style-type: none"> SCM Virtuous Cycle assessment reports; Bi-Tool Solution MSCOA systems CRA System & CSD Database 		
Method of calculation	Simple count		
Data limitations	<ul style="list-style-type: none"> Quality and integrity of data is dependent on external sources and stakeholders and is outside of the Department's control and financial systems and tools that are not integrated. Non-availability of documents from municipalities when requested for review to execute the assessment. Audit risk on SCM interpretation challenges. Completeness of data supplied by municipalities Delays in the provision of data from municipalities Quality of information from municipalities and on the CSD 		
Calculation type	Cumulative Year-end:	Cumulative Year-to-date:	Non-cumulative: X
Desired performance	Higher than target:	On target: X	Lower than target:
Indicator responsibility	Director: Local Government Supply Chain Management		
Spatial Transformation (where applicable)	All 5 Districts in the Western Cape		
Disaggregation of beneficiaries (where applicable)	Target for woman:	Not applicable	
	Target for youth:	Not applicable	
	Target for people with disabilities:	Not applicable	
Assumptions	Municipalities maintaining good governance within the ambit of the legislative requirements		
Means of verification	5 Districts reports		

Indicator number	3.2			
Indicator title	Strategies in place that address the gaps/needs of provincial departments, municipalities and the supplier base that conducts business with government for continuous improvement			
Short definition	A strategy in place that addresses the gaps or needs of the supplier base and provincial departments and provides the necessary redress to improve financial management performance for SCM and AM within the Province. This is inclusive of an operational public facing support centre that is accessible to all our clients and provides the necessary redress for SCM			
Purpose	To improve SCM and asset management performance for departments and municipalities together with supplier responsiveness to government needs.			
Strategic link	VIP #: 5	Focus Area(s): 4 Governance transformation	Output(s): Strengthening and maintaining governance and accountability in provincial and municipal government	Intervention(s): Building institutional capacity of municipalities to strengthen and maintain governance and accountability
		Focus Area(s): 2 Innovation for impact	Number of departments using innovative methods related to government services, communication and processes	Build an "innovation for impact" initiative to drive service delivery through innovative tools and develop an innovative financing and procurement framework to assist with reducing barriers to deliver on the PSP outcomes
		Focus Area(s): 3 Integrated service delivery	No of support actions to improve citizen interface	WCG delivers on accessible, innovative and citizen centric service to the people of the Western Cape
Source of data	Reports that includes: <ul style="list-style-type: none"> Gap analyses and response plans for departments, municipalities and suppliers Quarterly reports on the support and capacitation and development interventions provided Perception surveys and dashboards Quarterly reports that reflects the performance of the client support centre in terms of the documented standards required. 			

Indicator number	3.2		
	<ul style="list-style-type: none"> Quarterly report on web-enabled platform content Data reports and extractions from Issue Management System Helpdesk Performance Reports; Helpdesk Registers (query/ complaints log) 		
Method of calculation	Simple count		
Data limitations	Not applicable		
Calculation type	Cumulative Year-end:	Cumulative Year-to-date:	Non-cumulative: X
Desired performance	Higher than target:	On target: X	Lower than target:
Indicator responsibility	Director: Provincial Government Supply Chain Management		
Spatial Transformation (where applicable)	In all 5 municipal districts and Cape Metropole		
Disaggregation of beneficiaries (where applicable)	Target for woman:	Not applicable	
	Target for youth:	Not applicable	
	Target for people with disabilities:	Not applicable	
Assumptions	Responsive local and provincial government to the citizen's needs.		
Means of verification	Procurement strategy		

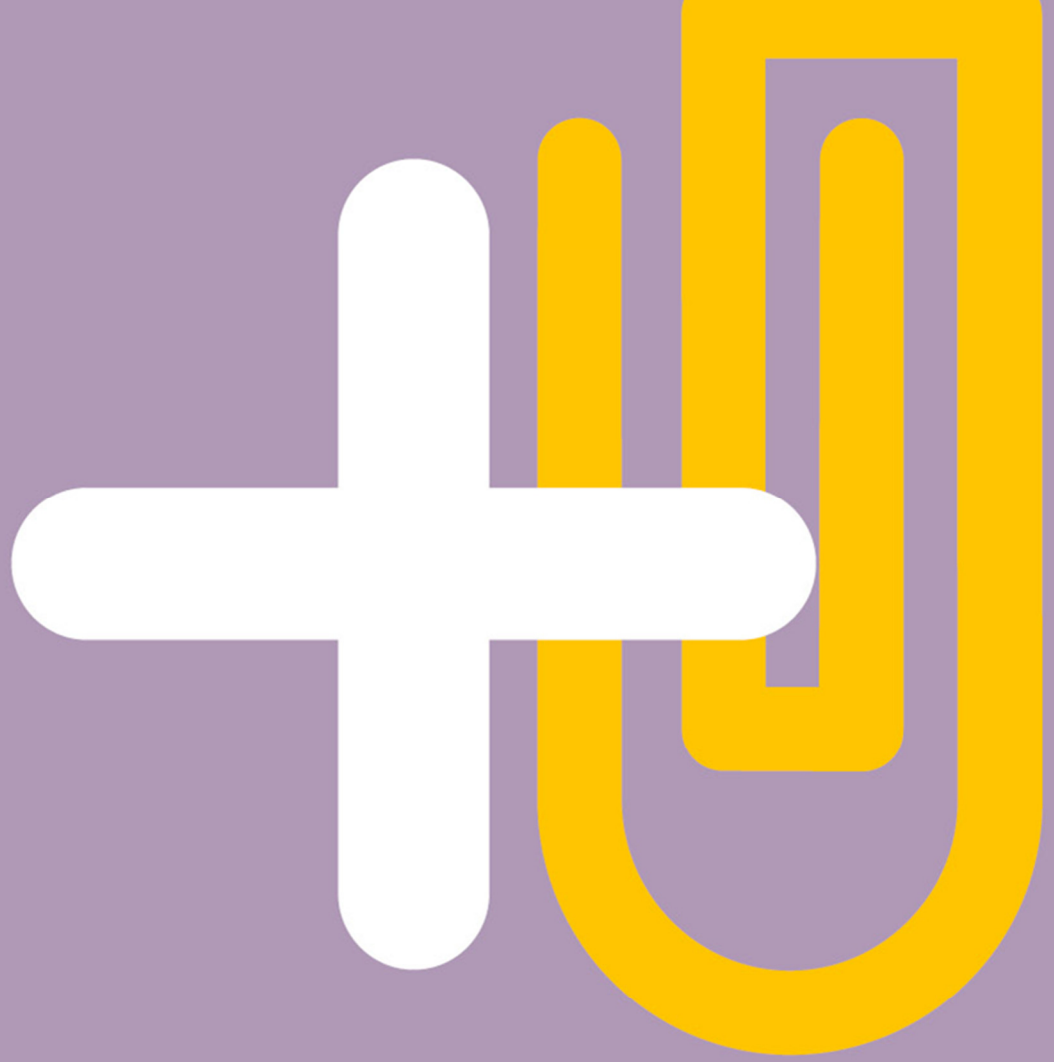
Indicator number	3.3			
Indicator title	Procurement initiatives in place that are leveraged to meet socio-economic benefit and the need of the citizen through departments and municipal districts			
Short definition	A focus on leveraging procurement that has a socio-economic benefit and/or meets the needs of the citizen by creating value for money propositions, procurement ease of doing business and efficiencies in business processes			
Purpose	Development of commodity specific procurement strategies to lever a socio-economic benefit and/or meets the needs of citizens and that results in value for money purchasing as well as focuses on efficiency gains and cost containment			
Strategic link	VIP #: 5	Focus Area(s): 2 Governance Transformation	Output(s): Strengthening and maintaining governance and accountability in provincial and municipal government	Intervention(s): Commodity procurement strategies that drive efficiencies and enables local economic development for departments and municipalities
Source of data	<ul style="list-style-type: none"> Business cases; Commodity strategies; Implementation and/enablement plans; Specific sourcing type assessment reports; Tools, templates, frameworks, guides; and Different contracting models (transversal contracts/ framework agreements or other) 			
Method of calculation	Simple count			
Data limitations	Quality and integrity of data is dependent on external sources and stakeholders and is outside of the unit's control and financial systems and tools that are not integrated.			
Calculation type	Cumulative Year-end: X	Cumulative Year-to-date:	Non-cumulative:	
Desired performance	Higher than target:	On target: X	Lower than target:	
Indicator responsibility	Director: Provincial Government Supply Chain Management			
Spatial Transformation (where applicable)	All 5 districts within the WC			
Disaggregation of beneficiaries (where applicable)	Target for woman:	Not applicable		
	Target for youth:	Not applicable		
	Target for people with disabilities:	Not applicable		
Assumptions	Value for money purchasing across departments and municipalities.			
Means of verification	18 reports			

Indicator number	3.4			
Indicator title	Votes supported with embedding Good Governance principles in respect of transversally managed financial systems			
Short definition	Administer, implement and support corporate financial systems of Western Cape Government i.e. LOGIS, BAS, PERSAL, etc. whilst preparing for migration to the new Integrated financial management system (IFMS)			
Purpose	To administer support and oversight over financial systems through which we will manage the efficiency and effectiveness of the human resource management, supply chain management and accounting systems.			
Strategic link	VIP #: 5	Focus Area(s): 4 Governance transformation	Output(s): Strengthening and maintaining governance and accountability in provincial and municipal government	Intervention(s): Data and knowledge management that informs provincial and municipal decision making
Source of data	<ul style="list-style-type: none"> ● User account management audit reports ● systems reports/ downloads 			
Method of calculation	Simple count			
Data limitations	Quality and integrity of data is dependent on external sources and stakeholders and is outside of the unit's control and financial systems and tools that are not integrated.			
Calculation type	Cumulative Year-end:	Cumulative Year-to-date:	Non-cumulative: X	
Desired performance	Higher than target:	On target: X	Lower than target:	
Indicator responsibility	Director: Supporting Interlinked Financial Systems			
Spatial Transformation (where applicable)	Not applicable			
Disaggregation of beneficiaries (where applicable)	Target for woman:		Not applicable	
	Target for youth:		Not applicable	
	Target for people with disabilities:		Not applicable	
Assumptions	Transversal financial systems that operate in accordance with governance requirements			
Means of verification	13 reports			

Indicator number	3.5			
Indicator title	Votes supported through the modernising and transforming of the transversally managed financial systems in keeping with the evolving needs of the Province			
Short definition	Using business intelligence tools, data mining and other system enhancement techniques and strategies to transform improve functionality and efficiencies of current financial systems in preparation for an integrated financial management approach that supports better financial decision making			
Purpose	To improve efficiencies and functionality of financial systems that supports financial decision making and service delivery			
Strategic link	VIP #: 5	Focus Area(s): 4 Governance transformation	Output(s): Strengthening and maintaining governance and accountability in provincial and municipal government	Intervention(s): Data and knowledge management that informs provincial and municipal decision making
Source of data	System reports/downloads			
Method of calculation	Simple count			
Data limitations	Not applicable			
Calculation type	Cumulative Year-end: X	Cumulative Year-to-date:	Non-cumulative:	
Desired performance	Higher than target:	On target: X	Lower than target:	
Indicator responsibility	Director			
Spatial Transformation (where applicable)	Not applicable			
Disaggregation of beneficiaries (where applicable)	Target for woman:		Not applicable	
	Target for youth:		Not applicable	
	Target for people with disabilities:		Not applicable	
Assumptions	Credible information and data quality for support better reporting and decision making			
Means of verification	Reports			

Outcome 4: Governance transformation in departments, entities and municipalities improved

Indicator number	4.1			
Indicator title	Performance improvement measured by strengthened governance in provincial and municipal government.			
Short definition	To improve the performance of departments and municipalities in order to gain efficiency and effectiveness.			
Purpose	Measuring the degree by which WCG institutions improve their level of conformance and performance using well researched criteria such as the financial management maturity capability model. This will be incorporated in a tool measures various areas, which through thorough analysis will enable informed discussions, and recommendations.			
Strategic link	VIP #: 5	Focus Area(s): 4 Governance transformation	Output(s): A level 4 strengthened governance and accountability across WCG institutions	Intervention(s): Building individual and institutional capacity to strengthen and maintain governance and accountability at provincial and municipal level Mid-year engagements with departments and municipalities on their governance performance Municipal support initiatives on municipal finance capacity building and training. Municipal support initiatives on financial legal frameworks and policies Strengthening various forums that continually nudges WCG institutions to comply with the rule of law, but with service delivery as the catalyst Data and knowledge management that informs provincial and municipal decision making Review and rationalising of legislation and institutional policies and procedures to result in an enabling environment for service delivery
Source of data	Annual Performance Plan, Quarterly Performance Reports and Annual Report, with inputs from the EGAP and MGAP tools			
Method of calculation	Evidence of the degree of improvements as measured by the EGAP and MGAP tools, culminating in reports given to WCG institutions.			
Data limitations	These initiatives are impacted by the level of participation of the WCG institutions.			
Calculation type	Cumulative Year-end: X	Cumulative Year-to-date:	Non-cumulative:	
Desired performance	Higher than target:	On target: X	Lower than target:	
Indicator responsibility	Chief Director: Financial Governance and Accounting			
Spatial Transformation (where applicable)	Not applicable			
Disaggregation of beneficiaries (where applicable)	Target for woman:		Not applicable	
	Target for youth:		Not applicable	
	Target for people with disabilities:		Not applicable	
Assumptions	All directorates will complete and submit all source data timeously			
Means of verification	Governance reports prepared and issued to WCG institutions			



ANNEXURES

E

Annexure A: District Development Model

Joint District and Metro Approach (JDMA) The Integrated Management approach adopted by the WCG is rooted within the co-operative government imperatives of Chapter 3 of the Constitution as well as the responsibilities in terms of Section 154 and Section 155(6) of the Constitution to monitor, support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions.

Chapter 13 of the National Development Plan emphasises the need for improved intergovernmental coordination to build a capable state, with one of the key initiatives of improving both “strategic coordination” and “routine coordination”.

The WCG, in partnership with the national organs of state and Western Cape Municipalities, aim to give effect to the imperatives of coordination, coherence, alignment, integration and complementarity by implementing integrated management.

This is reaffirmed in the PSP 2020 - 2024 which focuses on integrated service delivery and strengthening the interface and coordination between national, provincial and local government.

In support of the above the JDMA

was implemented as the main delivery mechanism of integrated service delivery. The JDA is a geographical and team-based, citizen focused approach to provide integrated government services through a strengthened WCG and local government interface. It is characterised by a geographical footprint with a single implementation/support plan per municipality/district and appropriate levels of coordination by provincial district interface teams. The approach makes provision for a series of integrated engagements to improve co-planning, co-budgeting and co-implementation.

The mandate of the Provincial Treasury is to drive the good financial governance across the provincial and local government spheres that enables:

- effective resource mobilisation and sound fiscal management,
- the effective and efficient use of resources,
- effective financial oversight (Leadership on all levels including the focus on culture) and
- building capabilities of local governance to enable resilience, agility and innovation.

Key drivers in the governance context for the Provincial Treasury will include improved client satisfaction, Increased innovation collaboration with external actors and Improved Governance and Intergovernmental engagements with citizens which include a range of the projects listed below. These projects will be implemented utilising the JDMA as articulated in the PSP.

- The Corporate Governance Framework;
- Fiscal Consolidation and efficiency gains for resource efficiencies and savings;
- The application of economic intelligence to enable resilience and the realisation of opportunities;
- Define procurement strategies to drive efficiencies and enabling local economic development
- Strengthening data, its use and analytical capability across all WCG departments; and
- Strengthening the capacity within departments and municipalities that can be shared across the public Sector for innovation.

Areas of intervention	Five-year planning period					
	Project description	Budget allocation	District Municipality	Location: GPS coordinates	Project leader	Social partners
Capacity Building	Implementation and roll out of District Integrated Capacitation Plan	Not available	All	All	Melissa Van Niekerk	NT, DLG, DoTP, Municipalities, Tertiary Institutions, EDP
Development and implementation of the Corporate Governance Framework	Technical Integrated Municipal District Engagements	Not available	All	All	Melissa Van Niekerk	NT, DLG, DoTP, DEA&DP, Municipalities, Tertiary Institutions, EDP
Define procurement strategies to drive efficiencies	Strengthening Procurement Planning and facilitating district transversal contracts	Not available	All	All	Rodney Moolman	NT, DLG, DoTP, DEA&DP, Municipalities, Tertiary Institutions, EDP and SMART procurement
Strengthening data, its use and analytical capability in municipalities	Successful roll out of mSCOA	Not available	All	All	Aziz Hardien	NT, DLG, DoTP, DEA&DP, Municipalities, Tertiary Institutions, EDP
Fiscal Consolidation and efficiency gains for resource efficiencies and savings;	Budget assessment reports, expenditure reviews, quarterly reports on SDBIP, monthly IYM reports	Not available	All	All	Christopher Mapeyi	NT, DLG, DoTP, DEA&DP, Municipalities, Tertiary Institutions, EDP
The application of economic intelligence to enable resilience and the realisation of opportunities;	Publishing of the Municipal Economic Review and Outlook inclusive of District Socio Economic Profiles. Improvement of Infrastructure development through spatial planning. Targeting local procurement to enable job creation.	Not available	All	All	Anthony Phillips	NT, DLG, DoTP, DEA&DP, Municipalities, Tertiary Institutions, EDP

Annexure B: Relevant legislative and policy mandates

Legislative mandates

Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA)	<p>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 Division of Revenue Act (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.</p>
Municipal Finance Management Act, 2003 (Act 56 of 2003)	<p>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.</p>
Annual Division of Revenue Act	<p>To regulate the financial management of Parliament and provincial legislatures in a manner consistent with its status in terms of the Constitution.</p>
Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act No. 10 of 2009)	<p>To regulate the financial management of Parliament and provincial legislatures in a manner consistent with its status in terms of the Constitution.</p>
Government Immoveable Asset Management Act, 2007 (Act 19 of 2007)	<p>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.</p>
Intergovernmental Fiscal Relations Act, 1997 (Act 97 of 1997)	<p>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.</p>
Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)	<p>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.</p>
Public Audit Act, 2004 (Act 25 of 2004) as amended	<p>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.</p>
Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000)	<p>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.</p>
Provincial Tax Regulation Process Act, 2001 (Act 53 of 2001)	<p>To regulate the intergovernmental process that must be followed by provinces in exercising 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.</p>

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.
Spatial Planning and Land Use Management (SPLUMA) Act of 2013	The Spatial Planning and Land Use Management Act (2013) was adopted shortly after the introduction of the NDP. SPLUMA is an important component of the drive to set the broad spatial agenda of the country, promoting the development principles of spatial justice, spatial sustainability, efficiency, spatial resilience and good administration. The statute establishes mechanisms for the negotiation of spatial conflicts, issuance of guidelines and monitoring of compliance. Although SPLUMA does not deal with fragmentation of the spatial planning function directly, it introduces a new approach to spatial planning that can be refined and linked with overall long-term planning. Embedding spatial planning within the overall system of planning is critical.
Annual Western Cape Appropriation Act	To provide for the appropriation of money from the Provincial Revenue Fund for the requirements of the Western Cape Province in the 2018/19 financial year and to provide for matter incidental thereto.
Western Cape Additional Adjustments Appropriation Act	To appropriate additional adjusted amounts of money from the Provincial Revenue Fund in respect of funds that have become available for the requirements of the Province of the Western Cape.
Western Cape Adjustments Appropriation Act	To appropriate adjusted amounts of money from the Provincial Revenue Fund for the requirements of the Western Cape Province.
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, 1998 (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.

Policy mandates

Spatial Planning and Land Use Management (SPLUMA) Act of 2013	The Spatial Planning and Land Use Management Act (2013) was adopted shortly after the introduction of the NDP. SPLUMA is an important component of the drive to set the broad spatial agenda of the country, promoting the development principles of spatial justice, spatial sustainability, efficiency, spatial resilience and good administration. The statute establishes mechanisms for the negotiation of spatial conflicts, issuance of guidelines and monitoring of compliance. Although SPLUMA does not deal with fragmentation of the spatial planning function directly, it introduces a new approach to spatial planning that can be refined and linked with overall long-term planning. Embedding spatial planning within the overall system of planning is critical.
2030 Agenda for Sustainable Development (Sustainable Development Goals)	The SDGs seek to end poverty and hunger in the world; to combat inequalities within and among countries; to build peaceful, just and inclusive societies; to protect human rights and promote gender equality and the empowerment of women and girls; and to ensure the lasting protection of the planet and its natural resources. Countries committed to the SDGs aim to create conditions for sustainable, inclusive and sustained economic growth, shared prosperity and decent work for all, taking into account different levels of national development and capacities. The SDGs are integrated and indivisible and balance the three dimensions of sustainable development, namely, the economic, social and environmental. There are 17 Sustainable Development Goals and 169 targets which demonstrate the scale and ambition of the new universal Agenda.

Africa Agenda 2063 Goals	The Agenda 2063 is a strategic framework for the socio-economic transformation of the continent over the next 50 years. It builds on, and seeks to accelerate the implementation of past and existing continental initiatives for growth and sustainable development. Agenda 2063 has the following aspirations: an integrated continent, politically united and based on the ideals of Pan-Africanism and the vision of Africa's Renaissance; an Africa of good governance, democracy, respect for human rights, justice and the rule of law; a peaceful and secure Africa; an Africa with a strong cultural identity, common heritage, shared values and ethics; an Africa whose development is people-driven, relying on the potential of African people, especially its women and youth, and caring for children; and Africa as a strong, united and influential global player and partner. These aspirations have priority areas which are aligned to the Sustainable Development Goals.
Budget Prioritisation Framework	The Budget Prioritisation Framework aims to guide allocation of budget towards the achievement of government priorities. The Budget Prioritisation Framework's objective is to establish the strategic framework for decision-making on budget priorities that are required to advance the goals of the NDP. It seeks to establish a systematic basis for making strategic choices among competing priorities and limited resources, in order to better optimise the budget as a key lever for driving the NDP.
National Evaluation Policy Framework (2011)	The National Evaluation Policy Framework provides the basis for a minimum system of evaluation across government. Its main purpose is to promote quality evaluations which can be used for learning to improve the effectiveness and impact of government, by reflecting on what is working and what is not working and revising interventions accordingly. It seeks to ensure that credible and objective evidence from evaluation is used in planning, budgeting, organisational improvement, policy review, as well as ongoing programme and project management, to improve performance. It provides a common language for evaluation in the public service.
Policy Framework for the Government-Wide Monitoring and Evaluation System (2005)	The Framework for Government-Wide Monitoring and Evaluation System (GWME) identifies programme performance information as one of the data terrains underpinning GWME, focusing on information that is collected by government institutions in the course of fulfilling their mandates and implementing the policies of government.
Framework for Managing Programme Performance Information (FMPPi) (2007)	The FMPPi outlines key concepts in the design and implementation of management systems to define, collect, report and use performance information in the public sector. The FMPPi emphasises that performance information is essential to focus the attention of the public and oversight bodies on whether public institutions are delivering value for money, by comparing their performance against their budgets and service delivery plans, and to alert managers to areas where corrective measures are required.
Human Resource Development Strategy of South Africa 2010-2030	The Strategy recognises both the demand- and supply-side HRD issues. It acknowledges that HRD spans several domains, from the foundations of early childhood development right through to labour market entry. It recognises systemic challenges as impediments to successful HRD policy implementation. It locates HRD in the broader development context and takes into account the challenges posed by developmental issues such as poverty, inequality, high unemployment levels, lack of social cohesion, etc.

Annexure C: Institutional policies and strategies governing the five-year planning period

National Development Plan 2030 (NDP)	The NDP is a long-term vision for the country which provides a broad strategic framework to guide key government choices and actions and focuses on the critical capabilities needed to transform the economy and society. The plan highlights that accelerated development in South Africa requires the active support of all citizens, leadership in all sectors that puts the country's collective interests ahead of narrow, short-term goals, and radically improved government performance. Provincial Treasury must assist and support provincial departments and municipalities to build a capable state.
National Development Plan Five-Year Implementation Plan	The NDP Five-Year implementation plan provides a medium-term roadmap which will form the basis for developing five-year institutional plans that will guide the realisation of the NDP priorities. The purpose of the NDP Five Year implementation plan is to advance and guide medium and short-term planning that is responsive to the attainment of the NDP priorities. There is a need to ensure that Vision 2030 and all the priorities outlined therein are clearly articulated in the medium and short-term plans of institutions. Intergovernmental and interdepartmental planning is crucial to the realisation of government priorities and ultimately the vision for South Africa. The NDP Five Year Implementation Plan will allow for the coordination and alignment of priorities across the spheres of government and non-government stakeholders and assist in integrating all the components of national development into mainstream planning processes.
Medium Term Strategic Framework (MTSF) 2019 – 2024	The new MTSF is now defined as the combination of a NDP Five Year Implementation Plan for the Priorities outlined in the electoral mandate and an Integrated Monitoring Framework. It reflects how government will measure its progress against the commitments made in the election manifesto of the governing party and the NDP Five Year Implementation Plan. It is a basis for measurement of government performance and must be aligned with measurement of performance at the national, provincial and local government spheres. It is much more focused on a limited set of priorities.
Spatial Development Frameworks	Spatial transformation and decisive inclusive economic growth remain elusive despite an enabling legislative and policy framework. The spatial planning, infrastructure investment and social development spending by the post-Apartheid State and the private sector is reproducing, entrenching and in some cases even reinforcing these historic spatial patterns. Spatial Development Frameworks seek to decisively and radically change the rationale and rules by which planning, budgeting and infrastructure investment and development spending in the country is done.
Provincial Strategic Plan 2020 – 2025 (PSP)	The PSP translates the vision of the Western Cape Government of "A safe Western Cape where everyone prospers" into an actionable, measurable policy agenda focused on both the Province's greatest challenges, and on unlocking the full potential of its people. It provides the roadmap to deliver on the OneCape 2040 vision and is closely aligned to the NDP and MTSF. The vision is expressed in the five strategic priorities identified for 2019-2024, the Vision-inspired Priorities:
OneCape2040	OneCape2040 is an attempt to stimulate a transition towards a more inclusive and resilient economic future for the Western Cape region through a long-term economic transition agenda, with six specific focus areas to drive the transition, and with roles and responsibilities for different stakeholders. The six transitions are as follows:

Acronyms

ACFS	Annual Consolidated Financial Statements
AFS	Annual Financial Statements
AG	Auditor-General
AGSA	Auditor-General of South Africa
AM	Asset Management
AO	Accounting Officer
AOS	Accounting Officer System
APP	Annual Performance Plan
AR	Annual Report
ATO	Accredited Training Office
B2B	Back to Basics
BAS	Basic Accounting System
B-BBEE	Broad Based Black Economic Empowerment
BI	Business Intelligence
BIDM	Business and Information Data Management
CA's	Chartered Accountants
CAA	Chartered Accounting Academy
CAE	Chief Audit Executive
C-AMP	Custodian Asset Management Plan
CFO	Chief Financial Officer
CGICTPF	Corporate Governance of Information Communication Technology Policy Framework
CGRO	Corporate Governance Review and Outlook
CIDB	Construction Industry Development Board
CSC	Corporate Services Centre
DEC	Departmental Evaluation Committee
DEP	Departmental Evaluation Plan
DES	Departmental Evaluation System
DoRA	Division of Revenue Act
ERM	Enterprise Risk Management
EPRE	Estimates of Provincial Revenue and Expenditure
EPS	Electronic Procurement System
FMC	Financial Management Capability
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
HDI	Historically Disadvantaged Individuals
IA	Internal Audit
IIA	Institute for Internal Audits
ICT	Information and Communication Technology
IDMS	Infrastructure Delivery Management System

IDP	Integrated Development Plan
IC	Internal Control
IFMS	Integrated Financial Management System
IFS	Interim Financial Statements
IGR	Intergovernmental Relations
IMF	International Monetary Fund
IYM	In-Year Monitoring
JDMA	Joint District and Metro Approach
LED	Local Economic Development
LG	Local Government
LG MTEC	Local Government Medium Term Expenditure Committee
LG SCM	Local Government Supply Chain Management
LOGIS	Logistical Information System
MAM	Moveable Asset Management
MEC	Member of the Executive Council
MERO	Municipal Economic Review and Outlook
MFMA	Municipal Finance Management Act
mGAP	Municipal Governance Action Plan
MGRO	Municipal Governance Review and Outlook
mSCOA	Municipal Standard Chart of Accounts
MFMA	Municipal Finance Management Act (Act 56 of 2003)
MTBPS	Medium Term Budget Policy Statement
MTEC	Medium Term Expenditure Committee
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NEPF	National Evaluation Policy Framework
NES	National Evaluation System
NT	National Treasury
NT FMCMM	National Treasury Financial Management Capability Maturity Model
NTR	National Treasury Regulations
OD	Organisational Development
OHAS	Occupational Health and Safety
OPRE	Overview of Provincial Revenue and Expenditure
PERO	Provincial Economic Review and Outlook
PERSAL	Personal and Salary Administration System
PFMA	Public Finance Management Act
PG MTEC	Provincial Government Medium Term Expenditure Committee
PG SCM	Provincial Government Supply Chain Management
PPPF	Preferential Procurement Policy Framework
PRF	Provincial Revenue Fund

PSG	Provincial Strategic Goal
PSP	Provincial Strategic Plan
PTI	Provincial Treasury Instruction
PwD	Person with Disabilities
QPR	Quarterly Performance Report
SA	South Africa
SALGA	South African Local Government Association
SARS	South African Revenue services
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SDIP	Service Delivery Improvement Plan
SDM	Service Delivery Model
SIFS	Support and Interlinked Financial Systems
SIPDM	Standard for Infrastructure Procurement and Delivery Management
SMME	Small, Medium and Micro Enterprise
SO	Strategic Objective
SOC	State Owned Corporations
SOEs	State Owned Enterprises
SOMS	Strategic and Operational Management Support
TA	Trainee Accountants
TCF	Technical Committee on Finance
TID	Technical Indicator Description
TFR	Total fertility rate
U-AMP	User Asset Management Plan
VIP	Vision Inspired Priorities
WC	Western Cape
WCG	Western Cape Government
WCGRB	Western Cape Gambling and Racing Board
WCIDMS	Western Cape Infrastructure Delivery Management System
WOSA	Whole-of Society Approach

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