

Reference number: RCS/C.6

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TREASURY CIRCULAR NO. 19 OF 2022

THE PREMIER

THE MINISTER OF AGRICULTURE

THE MINISTER OF CULTURAL AFFAIRS AND SPORT

THE MINISTER OF EDUCATION

THE MINISTER OF FINANCE AND ECONOMIC OPPORTUNITIES

THE MINISTER OF HEALTH

THE MINISTER OF INFRASTRUCTURE

THE MINISTER OF LOCAL GOVERNMENT, ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING

THE MINISTER OF MOBILITY

THE MINISTER OF POLICE OVERSIGHT AND COMMUNITY SAFETY

THE MINISTER OF SOCIAL DEVELOPMENT

THE SPEAKER: PROVINCIAL PARLIAMENT

THE DEPUTY SPEAKER: PROVINCIAL PARLIAMENT

THE EXECUTIVE AUTHORITY: WESTERN CAPE GAMBLING AND RACING BOARD (MINISTER M WENGER)

THE EXECUTIVE AUTHORITY: WESTERN CAPE NATURE CONSERVATION BOARD (MINISTER A BREDELL)

THE EXECUTIVE AUTHORITY: WESTERN CAPE INVESTMENTS AND TRADE PROMOTION AGENCY (MINISTER M WENGER)

THE EXECUTIVE AUTHORITY: SALDANHA BAY IDZ LICENCING COMPANY (MINISTER M WENGER)

THE EXECUTIVE AUTHORITY: WESTERN CAPE CULTURAL COMMISSION (MINISTER A MARAIS)

THE EXECUTIVE AUTHORITY: WESTERN CAPE LANGUAGE COMMITTEE (MINISTER A MARAIS)

THE EXECUTIVE AUTHORITY: WESTERN CAPE HERITAGE (MINISTER A MARAIS)

THE EXECUTIVE AUTHORITY: CASIDRA (MINISTER IH MEYER)

THE EXECUTIVE AUTHORITY: WESTERN CAPE LIQUOR AUTHORITY (MINISTER R ALLEN)

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THE ACCOUNTING OFFICER: VOTE 2: PROVINCIAL PARLIAMENT (MR R ADAMS)

THE ACCOUNTING OFFICER: VOTE 3: PROVINCIAL TREASURY (MR D SAVAGE)

THE ACCOUNTING OFFICER: VOTE 4: COMMUNITY SAFETY (ADV. Y PILLAY)

THE ACCOUNTING OFFICER: VOTE 5: EDUCATION (MR B WALTERS)

THE ACCOUNTING OFFICER: VOTE 6: HEALTH (DR K CLOETE)

THE ACCOUNTING OFFICER: VOTE 7: SOCIAL DEVELOPMENT (DR R MACDONALD)

THE ACCOUNTING OFFICER: VOTE 8: HUMAN SETTLEMENTS (MS P MAYISELA)

THE ACCOUNTING OFFICER: VOTE 9: ENVIRONMENTAL AFFAIRS AND DEVELOPMENT PLANNING (MR G GERBER)

THE ACCOUNTING OFFICER: VOTE 10: TRANSPORT AND PUBLIC WORKS (MS J GOOCH)

THE ACCOUNTING OFFICER: VOTE 11: AGRICULTURE (DR M SEBOPETSA)

THE ACCOUNTING OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MR V DUBE)

THE ACCOUNTING OFFICER: VOTE 13: CULTURAL AFFAIRS AND SPORT (MR G REDMAN)

THE ACCOUNTING OFFICER: VOTE 14: LOCAL GOVERNMENT (MR G PAULSE)

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THE CHIEF FINANCIAL OFFICER: VOTE 4: COMMUNITY SAFETY (MR M FRIZLAR)

THE CHIEF FINANCIAL OFFICER: VOTE 5: EDUCATION (MR L ELY)

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THE CHIEF FINANCIAL OFFICER: VOTE 12: ECONOMIC DEVELOPMENT AND TOURISM (MS M ABRAHAMS)

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 MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT
 THE DEPUTY DIRECTOR-GENERAL: CORPORATE ASSURANCE, DEPARTMENT OF THE PREMIER (MS H ROBSON)

2023/24 PROVINCIAL UNIFORM BUDGET PROGRAMME STRUCTURES DEVIATION REQUESTS

1. PURPOSE

The purpose of this Circular is to advise Western Cape Government (WCG) departments on the process and timelines for deviation requests to provincial uniform budget programme structures, including associated matters.

2. BACKGROUND

Section 216(1)(b) and (c) of the Constitution and Section 6(2) of the Public Finance Management Act, stipulate that the National Treasury is responsible for introducing uniform expenditure classifications, prescribing treasury norms and standards and monitoring and assessing the implementation of the norms and standards. Further, Section 27(3) of the PFMA, read together with Section 6.2.1 of the Treasury Regulations stipulates that annual budget documentation, as presented to Parliament or the provincial legislature, must conform to formats as determined by the National Treasury.

The Guidelines on Budget Programmes (Guidelines) were issued by the National Treasury in 2010. In conjunction with sector departments, the National Treasury reviews uniform budget structures on an annual basis to assess proposals for deviations to current provincial uniform budget programme structures. The conclusion of the review culminates in the distribution of an annual circular by the National Treasury outlining the agreed uniform budget programme structures for implementation in the following financial year.

Paragraph 3.5 of the Guidelines states that a provincial department's budget programme structure should only be created or modified through consultation involving all provinces and the relevant national departments, led by the National Treasury. Further, budget programme structures should not normally be amended within a five-year period which corresponds to the electoral cycle. However, paragraph 3.5.2 of the Guidelines provides guidance on circumstances wherein budget programme structure changes may be necessary and/or permissible. This includes changes necessitated by policy or mandate changes and/or changes oriented towards improved service delivery, performance and accountability, for example where the organisational structure of the department has been subject to a simultaneous review and appropriate modifications have been formulated to ensure a closer mapping of the budget programme structure and the organisational structure.

Departments should however guard against frequent changes to their budget programme structures which could easily be covered by existing budget programme structures. Consideration should be given to the naming of programme and sub-programmes that encompasses the full scope of their purpose and objectives to further guard against frequent requests for budget programme structure name changes.

3. GUIDANCE ON BUDGET PROGRAMME STRUCTURE DEVIATION REQUESTS

Should a department wish to deviate from the sector agreed provincial uniform budget programme structure for 2023/24, a formal request should be submitted to the National Treasury via the Provincial Treasury, by no later than **30 June 2022**. Similarly, if a sector wishes to deviate from the uniform budget programme structures, all engagements and agreements with all relevant stakeholders must also be concluded by **30 June 2022**.

Deviation requests are considered eligible when it is informed by a policy formulation or change or if a function shift occurs between two departments, that portrays a visible impact on the operations of a department.

To ensure that all submissions reach the National Treasury by the stipulated deadline, departments that are not directly impacted from a budget programme structure perspective by the Western Cape Government Institutional Refresh process should submit all deviation requests to BudgetOffice.ProvincialTreasury@westerncape.gov.za for the attention of Ms. Taryn van de Rheede (Director: Provincial Government Budget Office) by no later than **Tuesday, 28 June 2022**. Departments will only be allowed to amend their 2023/24 budget programme structures after

consultation with the Provincial Treasury and approval of the National Treasury. Departments will be informed of the outcome of their request upon receipt of official communication from the National Treasury.

4. WESTERN CAPE GOVERNMENT INSTITUTIONAL REFRESH AND ASSOCIATED IMPLICATIONS

The Provincial Treasury is cognisant that the WCG Institutional Refresh initiatives announced by the Premier, during his 2022 State of the Province Address, will have implications for the budget programme structures of some of the budget Votes, including name changes, specifically:

- The renaming of the Department of Community Safety to the Department of Police Oversight and Community Safety;
- The renaming of the Department of Health to the Department of Health and Wellness and the establishment of a Violence Prevention Unit within the Department of Health and Wellness;
- The establishment of a Department of Infrastructure; and
- The establishment of a Department of Mobility.

The Provincial Cabinet supported the WCG Institutional Refresh initiatives as well as the institutional arrangements to manage the implementation process. The Director-General, supported by the respective Head of Departments, the Head of the Corporate Services Centre, and the assigned project teams from the various departments, have been mandated to manage the implementation process in consultation with all relevant stakeholders.

The proposed Department of Infrastructure will primarily be responsible for infrastructure delivery, investment strategies and frameworks, inclusive of establishing new capabilities, to enable infrastructure delivery in the Province. This will be enabled through the merger of the Department of Human Settlements and specific components of the Department of Transport and Public Works. This will include:

- Strategic capacity to envision, plan and coordinate infrastructure investments in the province across all spheres of government and with the private sector. This will include future planning for infrastructure, in association with the Department of the Premier; and
- Dedicated capabilities to lead and think differently to: (i) manage integrated urban development and housing planning and delivery programmes, in conjunction with the private sector; (ii) undertake the provincial roads authority function and manage the provincial road network (Transport Infrastructure Programme – planning, design, construction and maintenance)); (iii) manage the provincial government property portfolio, including land assets and asset management generally (immovable asset management and facility operations); (iv) provide agency services to the provincial government departments in the execution of infrastructure projects on a contract basis (Public Works Programme – planning, construction, maintenance) – the how and exact model to be further unpacked as part of Phase 1, Stage 2 and Phase 2; (v) undertake the preparation and manage the execution of large scale, catalytic investment programmes and projects that will support provincial growth and development in major areas such as energy, water, rail, major private sector investments, major national and municipal government projects, etc., noting that on many of these areas WCG may not necessarily have a direct mandate and will therefore have to think and operate beyond current mandates to improve citizen experience, and (vi) monitor and coordinate Expanded Public Works Programme initiatives, community based infrastructure programmes and infrastructure innovation and empowerment initiatives.

The proposed Department of Mobility will include transport programmes, such as financial support to bus services, Transport Operations, the Transport Regulation mandate (transport administration, licensing, operator licences and permits, and Traffic Management and Law enforcement operations). Given the fact that these elements all utilise the technology base within Government Motor Transport, the trading entity will also be provisionally included in this Department. The Department of Mobility will focus on finding specific, innovative strategies to improve mobility in the Western Cape, especially in the greater Cape Town area, given the very serious failings of the national rail network. The Department of Mobility will be the lead department for working with and jointly finding solutions with local governments, the national Department of Transport and the Passenger Rail Agency of South Africa and driving the creation of a single metropolitan transport authority for the greater Cape Town region.

A two-phased approach will be followed to give effect to these WCG Institutional Refresh initiatives. The implementation process of Phase 1 of the overall institutional refresh can be divided into two (2) broad stages:

- The establishment of the new Departments (stage 1); and
- The optimisation of the new Departments (stage 2).

Phase 2 will build on Phase 1 and seek to design and implement a capable, connected and citizen-centric (efficient, modern, agile, innovative) government.

Given the timelines related to this approach, those departments impacted by WCG Institutional Refresh will be issued with a separate communication, which will outline the process and timelines associated with budget programme structure deviation requests.

For any technical support, please contact Mr. Jonathan Hendricks via Jonathan.Hendricks@westerncape.gov.za.

Thank you for your continued support and co-operation.

DAVID SAVAGE
HEAD OFFICIAL: PROVINCIAL TREASURY