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PREMIER, DIRECTOR -GENERALAND CORPORATESERVICES

Introduction

The Department's mission is to provide strategic direction and management support to the Western Cape Provincial Administration and to co -ordinate inter - and intragovernmental relations and cooperation.

The Department has undergone many changes over the past number of years. In 1997/98 the Vote consisted of two departments, namely the Premier (Vote 1) and Corporate Services (Vote 8). In 1998/99 the Vote of Corporate Services was referred to as General Administrative Services, but was renamed Corporate Services in 1999/00.

In 2000/01 the two Votes combined to become the Office of the Premier, Director - General and Corporate Services consisting of five programmes:

- Programme 1: Administrat ion
- Programme 2: Internal Audit
- Programme 3: Information Technology
- Programme 4: Corporate Services
- Programme 5: Legal Services.

Expenditure and Budget Trends

In Table 1 the Department's expenditure for the 1997/98 to 2001/02 financial years and budgete d allocations for 2002/03 to 2004/05 are reflected.

Table 1: Expenditure 1997/98 to 2004/05

PROGRAMME	1997/98 R'000	1998/99 R'000	1999/00 R'000	2000/01 R'000	2001/02 R'000	2002/03 R'000	2003/04 R'000	2004/05 R'000
1. Administration	4902	7050	11464	25103	44656	62571	70939	78890
2. InternalAudit	0	0	1722	2700	4837	6496	7658	8448
3. InformationTechnology	29921	89384	102307	123711	185621	239356	235523	237138
4. CorporateServices	40767	44896	48384	51030	46363	51628	58036	62673
5. LegalServices	0	3192	3542	4288	5886	7874	8847	9647
TOTAL	75590	144522	167419	206832	287363	367925	381003	396796

Proportionof ProgrammetoBudget	Actual					Voted	Medium-Term Estimate	
PROGRAMME	1997/98 R'000	1998/99 R'000	1999/00 R'000	2000/01 R'000	2001/02 R'000	2002/03 R'000	2003/04 R'000	2004/05 R'000
1. Administration	6.48	4.88	6.85	12.14	15.54	17.01	18.62	19.88
2. InternalAudit	0.00	0.00	1.03	1.31	1.68	1.77	2.01	2.13
3. InformationTechnology	39.58	61.85	61.13	59.81	64.59	65.06	61.82	59.76
4. CorporateServices	53.93	31.07	29.80	24.67	16.13	14.03	15.23	15.79
5. LegalServices	0.00	2.21	2.12	2.07	2.05	2.14	2.32	2.43
TOTAL	100	100	100	100	100	100	100	100

All programmes in the Department, except Corporate Services, sh   owed large expenditure increases between 1997/98 and 2001/02. This might have been expectedgiventhenatureoftheservicesprovidedbytheDepartment. Muchof the expenditure ensured the establishment of essential services such as an internal audit com   ponent and a legal services component. This infrastructure benefitsallProvincialdepartmentsastheirservicesarerenderedinatransversal manner.

The programme Information Technology consumes the lion's share of the departmental budget, with expend   iture making up almost 65% of the total departmental expenditure in 2001/02. In real terms actual expenditure on this programmeincreasedonaverageby57.8%between1997/98and2001/02.The projectedrealrateofincreasebetween2001/02and2004/05slo   wsdramatically to average 8.5%, which is a clear indication that this Department has reached maturity. A further contributing factor is the completion of the Hospital InformationSystemintheouteryears.

TheDepartment'sunderspending(budgetedfunds   againstactualexpenditure)in 2001/02 amounted to R69,921 million. A request to roll over an amount of R58,179 million from the 2001/02 to the 2002/03 budget year was granted. Comparedwiththeprovincialaverageof2,2%,theunderspendingof19,6%by thisdepartmentishigh.Themajorportionoftheunderspendingcanbeascribed toinformationtechnologyprojectsnotproceedingasforeseen. Themajorityof the unspent funds occurred with regard to two projects   - Hospital Information System(HIS)R36   millionandpovertyreliefR10million.

Table2:   Savings(Underspending)

Programme	Adjustment estimate	Expenditure	Savings (Underspending)
	2001/02	2001/02	2001/02
	R'000	R'000	R'000
1. Administration	66905	44656	22264
2. InternalAudit	6410	48 37	1574
3. InformationTechnology	228042	185621	42421
4. CorporateServices	48701	46363	2373
5. LegalServices	7226	5886	1340
TOTAL	**357284**	**287363**	**69972**

Programme1:Administration

Thisprogrammedeals *interalia* withthedesksforhu   manrights,disability,youth and gender issues. The department has created a monitoring committee to ensure that these issues are mainstreamed and included in the policies, strategies,programmesandbudgetsofprovincialdepartments.

This programme wa s affected by various function shifts over the years. During 2000/01 the Poverty Relief function was shifted from Social Services to this Department. This shift, however, was reversed in August 2002. The programme also saw the Provincial Planning functio n shift from the Department of Planning, Local Government and Housing, and the transfer payments to Landelike Ontwikkelingskorporasie (Lanok) shifted from the former Department of Economic Affairs, Agriculture and Tourism. Transfer spending on Lanok shift ed to the Department of Agriculture from 1 August 2002.

Future envisaged restructuring might involve separate programmes for the Premier and Director -General. In terms of the Western Cape Constitution, provision exists for the appointment of an additio nal Minister at the discretion of the Premier.

Programme 2: Internal Audit

The Internal Audit component, funded partially by a conditional grant from the Department of State Expenditure (now National Treasury), was established in 1999/2000. In 1998/99 a national conditional grant of R830 000 was provided for the establishment and implementation of an internal audit component in the Province. The original conditional grant was received during March 1999 and was therefore only reflected in the 1999/2000 expenditure, together with a further conditional grant of R1,660 million. The Programme has received additional funds in both the 2002/03 and 2003/04 financial years amounting to R2,732 million and R2,732 million respectively for the extension of the Int ernal Audit component.

The Internal Audit component renders a shared internal audit service to all provincial departments in terms of section 38(a)(ii) of the Public Finance Management Act, ("a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77"). Progress has been made with the implementation of a risk model to ensure that losses in the Province are minimised .

To improve the effectiveness of centralised Internal Audit units, the Provincial Treasury, in conjunction with the Department, has initiated steps to decentralise the existing shared Audit Committee to the Departments of Education and Health and shared services for the rest of the departments (Refer to Chapter 4.1 of the WCFP 2003 –2006 for more detail).

Programme 3: Information Technology (IT)

IT aims to enable user departments to implement and use management information and operational systems to enhance their capability with a view to meeting their strategic objectives. IT funds are used to obtain computer equipment and software programs and to implement systems related to specific departments as part of individual departments' Master Systems Plans (MSP).

All IT services were consolidated in the Department of Finance during 1997/98, but it is only from 1998/99 that the full effect of this consolidation has been reflected in the expenditure on this function. The increase from 1998/99 to 1999/2000 can be attributed to increased investment in IT infrastructure and application systems, mainly the implementation of the Hospital Information System (HIS). Additional IT contractors were also employed to address the problems associated with Y2K. The IT function was shifted from the Department of Finance to the current department with effect from 1 April 2001.

In the years between 1997/98 and 2001/02 this component's expenditure grew on average by close on sixty per cent in real terms, mostly attributable to an increase of 199% between 1997/98 and 1998/99. This growth is projected to slow considerably from the current year into the MTEF years, growing on average by 8.5% in real terms. The slower rate of growth is mainly due to HIS reaching completion in the outer years and concomitant leveling off of expenditure. The project consumes most of the department's budget – averaging sixty percent.

Specific IT projects such as Khanya and HIS, which service the Education and Health Departments, are included separately under IT as Provincial conditional allocations. The Windows and Office 2000 upgrade, salaries of contractors and SITA expenses were allocated additional funds in 2001/02 according to the Sequential Policy Framework in the 2001 – 2004 Fiscal Policy as well as the Western Cape Fiscal Policy 2002 -2005. The funds were allocated as follows:

Table 3: Projects

NAME OF PROJECT	2001/02 R'000	2002/03 R'000	2003/04 R'000	2004/05 R'000
Increase in SITA expenses due to increase in userbase	0	20 00	4000	6000
HIS Exchange Rate	8023	8031	8031	8031
Windows and Office 2000 upgrade		5890		
Contract salaries	1743	2140	4098	4508
Khanya	14000	29000	34000	34000

HospitalInformationSystem(HIS)

AstheCapeHospitalSystemwasapprox imately25yearsold,itwasdecidedto investinanewHospitalInformationSystem.Theimplementationandroll -outof the new system was to take approximately five years. Associated expenditure was expected to be affected by the Consumer Price Index (C PI), the rand depreciationaswellasotherescalationsofcosts.Furtherinformationregarding HIScanbefoundinsection3.7.

Khanya

Khanya is an initiative of the Education Department that aims to improve educationthroughtheuseoftechnology. Themainobjectiveoftheprojectisto deliver and support the school curriculum. It therefore aims to investigate and research innovative ways of using information, communication and audio -visual technologies to improve the quality of teaching and lear ning in schools. The technologies are effective resources to help learners develop the mindset and skillstheywillneedtocopeandbesuccessfulinthe21 stcentury.

Thetargetisthat,bythestartofthe2012academicyear,everyeducatorinevery schoolintheWesternCapeistobeempoweredtouseappropriateandavailable technology to deliver the curriculum to each and every learner in the Western Cape.Twohundredschoolsaretobeserved.Theavailabilityoffundswillplaya largeroleinth espeedwithwhichschoolsjointheprojectandreceiveequipment. DuringthecurrentfinancialyearprovisionalfundingofR29 millionhasbeenset asideforthisproject.

MasterSystemsPlan(MSP)

ThefundspertainingtoITprojectsundertheMSPar eforthepurchaseofcapital equipmentandsystemstosupporttheMSPofdepartments.TheDepartmentof Social Services has two projects currently running to computerise the department'sregistry.R15millionwasallocatedforthisinthe2001/02financ ial year.

Programme4:CorporateServices

The aim of this programme is to render a centralised, need -orientated, professional support service to provincial departments and other relevant roleplayersinordertoenhanceeffectivegovernance.

Of all t he programmes in this Department, Corporate Services has shown the smallestgrowthinexpenditure. Theaveragerealgrowthbetween1997/98and 2001/02wasamere3,3%whereasallotherprogrammes'showedadouble -digit growth. This is mainly due to the d ecentralisation of some of the personnel functionstodepartmentstocomeinlinewithPublicServiceAct,1994.Thereal averagegrowthprojectedfortheperiod2001/02to2004/05isonparwithother programmes.

Incorporatedintothebudgetforthispr ogrammearefundsforthemaincampusof

the Cape Administrative Academy at the Kromme Rhee training centre where training is provided for all provincial employees to enhance their skills level across all spheres of government. Sixteen different courses a re offered at the Academy, nine of which are classified as Management Training Courses and seven as Transversal Training Courses. On average 450 courses are presented per year and 16 -20 officials attend each course. The creation of a satellite campus in George is being considered. Capital works at Kromme Rhee, reflected on the Public Works Programme (Vote 10), should be finalised in the current budget year.

Programme 5: Legal Services

This programme aims to provide sound legal advice to client depart ments in a professional and efficient manner. Monitoring and commenting on national legislation as well as drafting provincial legislation fall within the ambit of Legal Services.

In as far as the component advises departments and Cabinet on the legal consequences of High Court and Constitutional Court judgments, it assists in the preparation of court cases and refers litigation matters to the State Attorney. Its services are demand driven.

It is estimated that it will provide 300 legal opinions and 1 50 contractual agreements in the current financial year. At present the high rate of vacant posts impacts on output and capacity to deal with cases.

The expenditure of this programme has increased steadily since 1998/99, averaging 22,6% up to 2001/02 an d growth in the MTEF period is set to continue, albeit at a lower rate. At an approximate 2%, the expenditure on Legal Services makes up a very small part of the total department budget but it is increasing steadily.

Conclusion

The growth from 2001/02 to 2002/03 is mainly due to the nature of the IT capital projects.

The Department appears to have reached maturity insofar as the allocation of resources over the MTEF period is concerned.

The decentralisation of Internal Audit (function and committees) may require strengthening through financial resource investment so as to yield a multiplier return in efficiency gains through the application of the full spectrum of work attached to the internal audit function.

The very nature of IT services will as a m atter of course subject it to external inflation and foreign exchange rate fluctuations. The challenge is to yield significant efficiency gains on the investment in IT services through innovative procurement practices, prudent contract management and the optimal use of

systems.

WithaviewtotheenvisagedinternalrestructuringoftheDepartment,thecurrent apparentlyadequateleveloffinancialresourcesavailabletothedepartmentwill requireanappropriateallocativemixinrespectofprogrammesto   ensureoptimal utilisationofresourcesandattainefficacyinspending.

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