

# WESTERN CAPE PROVINCIAL PARLIAMENT



## ANNUAL REPORT 2017/2018

# **Annual Report 2017/2018**

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2018

**Annual Report for the 2017/18 Financial Year**  
**Vote 2: Western Cape Provincial Parliament**  
**Table of Content**

1.	GENERAL INFORMATION .....	5
2.	ACRONYMS .....	6
3.	FOREWORD BY THE SPEAKER .....	7
4.	REPORT OF THE ACCOUNTING OFFICER.....	9
4.1	Overview of the operations of the Western Cape Provincial Parliament .....	9
4.2	Overview of the financial results of the Western Cape Provincial Parliament .....	11
4.2.1	WCPP receipts .....	11
4.2.2	Programme expenditure .....	11
4.2.3	Supply Chain Management .....	12
4.2.4	Gifts and donations received in kind from non-related parties .....	12
4.2.5	Exemptions and deviations received from the National Treasury .....	12
4.2.6	Events after the reporting date .....	12
4.2.7	Compliance with 30 day payments .....	12
4.2.8	Acknowledgements or appreciation .....	13
5.	STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT .....	14
6.	STRATEGIC OVERVIEW .....	15
6.1	Vision .....	15
6.2	Mission .....	15
6.3	Core values .....	15
7.	LEGISLATIVE AND OTHER MANDATES .....	16
7.1	Constitutional mandates .....	16
7.2	Statutory mandates .....	17
7.3	Case law.....	19
8.	ORGANISATIONAL STRUCTURE .....	22

**PART B: PERFORMANCE INFORMATION**

1.	AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES .....	23
2	OVERVIEW OF WCPP'S PERFORMANCE .....	23
2.1	Strategic orientated goal 1 .....	23
2.1.1	Strategic objective 3 .....	23
2.2	Strategic orientated goal 2 .....	23
2.2.1	Strategic objective 1 .....	23
2.2.2	Strategic objective 2 .....	23
2.3	Service delivery environment.....	24
2.4	Organisational environment .....	24
3.	PERFORMANCE INFORMATION BY PROGRAMME.....	25
3.1	Programme 1: Administration .....	25
3.1.1	Purpose .....	25
3.1.2	Key functions .....	25
3.1.3	Strategic outcome-oriented goals; sub-programmes, strategic objectives and strategic objective performance indicators .....	25
3.1.4	Summary of achievements.....	26
3.1.5	Annual Performance.....	29
3.1.5.1	Sub-programme: Office of the Speaker .....	31
3.1.5.2	Sub-programme: Office of the Secretary .....	33
3.1.5.3	Sub-programme: Finance.....	36
3.1.5.4	Sub-programme: Supply Chain Management .....	37
3.1.5.5	Sub-programme: Internal Control.....	39
3.1.5.6	Sub-programme: Human Resources .....	40
3.1.5.7	Sub-programme: Information Communications Technology.....	41
3.1.5.8	Sub-programme: Security and Facilities Management .....	43
3.2	Programme 2: Facilities and Benefits to Members and Political Parties.....	44
3.2.1	Purpose .....	44
3.2.2	Key functions .....	44

**Annual Report for the 2017/18 Financial Year**  
**Vote 2: Western Cape Provincial Parliament**  
**Table of Content**

3.2.3	Strategic outcome-oriented goals; sub-programmes, strategic objectives and strategic objective performance indicators .....	45
3.2.4	Summary of achievements .....	45
3.2.5	Annual Performance.....	45
3.2.5.1	Sub-programme: Facilities and Benefits for Members .....	46
3.2.5.2	Sub-programme: Political Parties Support Services .....	47
3.3	Programme 3: Parliamentary Services .....	48
3.3.1	Purpose .....	48
3.3.2	Key functions .....	48
3.3.3	Strategic outcome-oriented goals; sub-programmes, strategic objectives and strategic objective performance indicators .....	48
3.3.4	Summary of achievements .....	48
3.3.5	Annual Performance.....	52
3.3.5.1	Sub-programme: Plenary Support .....	53
3.3.5.2	Sub-programme: Committee Support .....	55
3.3.5.3	Sub-programme: Public Education and Outreach .....	56
3.3.5.4	Sub-programme: Hansard and Language Services .....	58
4.	TRANSFER PAYMENTS .....	61
4.1	Transfer payments to Non-Profit Institutions .....	61
5.	DONOR FUNDS .....	61
5.1	Previous Year Donor Funds: .....	61
6.	CAPITAL INVESTMENT .....	61
6.1	Capital investment, maintenance and asset management plan .....	61

**PART C: GOVERNANCE**

1.	INTRODUCTION .....	62
2.	RISK MANAGEMENT .....	62
3.	FRAUD AND CORRUPTION.....	63
4.	MINIMISING CONFLICT OF INTEREST .....	63
5.	CODE OF CONDUCT .....	63
5.1	Members .....	63
5.2	Supply Chain Management .....	64
6.	HEALTH, SAFETY AND ENVIRONMENTAL ISSUES .....	64
7.	RULES COMMITTEE .....	65
8.	PARLIAMENTARY OVERSIGHT COMMITTEE (POC) .....	66
8.1	Report of the POC on the 2016/2017 Annual Report .....	66
8.2	Information requested by the POC .....	69
8.3	WCPP response to the POC recommendations .....	69
9.	PRIOR MODIFICATIONS TO AUDIT REPORTS .....	71
10.	INTERNAL CONTROL UNIT .....	71
11.	INTERNAL AUDIT AND AUDIT COMMITTEES .....	71
12.	AUDIT COMMITTEE REPORT .....	74

**PART D: HUMAN RESOURCE MANAGEMENT**

1.	INTRODUCTION .....	76
2.	HUMAN RESOURCES STRATEGY .....	76
3.	ORGANISATIONAL STRUCTURE as at 31 March 2018.....	78
4.	EXPENDITURE .....	79
4.1	Personnel costs by programme, 2017/18 .....	79
4.2	Personnel costs by salary bands, 2017/18 .....	79
4.2.1	Personnel costs by population group, 2017/18 .....	79
4.2.2	Personnel costs by gender, 2017/18 .....	80
4.3	Salaries, overtime, home owner's allowance and medical aid by programme, 2017/18 .....	80
4.4	Salaries, overtime, home owner's allowance and medical aid by salary bands, 2017/18 .....	80

**Annual Report for the 2017/18 Financial Year**  
**Vote 2: Western Cape Provincial Parliament**  
**Table of Content**

4.5	Salaries, overtime, home owner's allowance and medical aid by salary bands, 2017/18 .....	81
5.	EMPLOYMENT AND VACANCIES.....	81
5.1	Employment and Vacancies by Programme, 31 March 2018: .....	82
5.2	Employment and Vacancies by Salary Bands, 31 March 2018: .....	82
5.3	Employment and Vacancies by Critical Occupation, 31 March 2018: .....	82
6.	SENIOR MANAGEMENT SERVICE INFORMATION .....	82
6.1	Filling of Senior Management Service Posts: .....	82
7.	JOB EVALUATION.....	83
7.1	Profile of employees whose positions were upgraded due to their posts being upgraded: .....	83
7.2	Employees with salary levels higher than those determined by job evaluation by occupation: .....	83
7.3	Profile of employees who have salary levels higher than those determined by job evaluation.....	83
8.	EMPLOYMENT CHANGES.....	83
8.1	Annual turnover rates by salary band for the period 1 April 2017 to 31 March 2018.....	83
8.2	Annual turnover rates by critical occupation for the period 1 April 2017 to 31 March 2018.....	84
8.3	Reasons why staff are leaving the WCPP .....	85
8.4	Promotions by critical occupation:.....	85
8.5	Promotions by salary bands: .....	85
9.	EMPLOYMENT EQUITY: .....	86
9.1	Total number of employees (including employees with disabilities) in each of the following occupational bands from 1 April 2017 to 31 March 2018: .....	86
9.2	Recruitment for the period 1 April 2017 to 31 March 2018 .....	87
9.3	Promotions for the period 1 April 2017 to 31 March 2018.....	87
9.4	Terminations for the period 1 April 2017 to 31 March 2018 .....	87
9.5	Disciplinary action for the period 1 April 2017 to 31 March 2018 .....	87
9.6	Skills development for the period 1 April 2017 to 31 March 2018: .....	88
9.6.1	Training courses presented .....	88
9.6.2	Study Assistance provided for Formal Education .....	88
9.7	Population group distribution as at 31 March 2018 .....	89
9.8	Gender composition:.....	90
9.9	Age profile: .....	90
10.	PERFORMANCE REWARDS .....	91
10.1	Performance Increases by population group, gender and disability, 1 April 2017 to 31 March 2018 in respect of 2016/2017 financial year.....	91
10.2	Performance Bonuses, 1 April 2017 to 31 March 2018 in respect of 2016/17 financial year.....	91
10.3	Performance by Critical Occupations, 1 April 2017 to 31 March 2018 .....	91
11.	FOREIGN WORKERS .....	92
11.1	Foreign Workers, 1 April 2017 to 31 March 2018, by salary band .....	92
11.2	Foreign Workers, 1 April 2017 to 31 March 2018, by major occupation .....	92
12.	LEAVE UTILISATION .....	92
12.1	Sick Leave, 1 January 2017 to 31 December 2017 .....	92
12.2	Disability leave (temporary and permanent), 1 April 2017 to 31 March 2018 .....	93
12.3	Annual Leave, 1 January 2017 to 31 December 2017: .....	93
12.4	Leave pay-outs for the period 1 April 2017 to 31 March 2018 .....	94
12.5	Capped leave 1 April 2017 to 31 March 2018 .....	94
13.	HIV AND AIDS AND HEALTH PROMOTION PROGRAMMES .....	94
13.1	Steps taken to reduce the risk of occupational exposure: .....	94
13.2	Details of Health Promotion and HIV/AIDS (2017/18): .....	94
14.	LABOUR RELATIONS .....	95
14.1	Collective agreements, 1 April 2017 to 31 March 2018.....	95
14.2	Misconduct and disciplinary hearings finalised, 1 April 2017 to 31 March 2018.....	95
14.3	Types of misconduct addressed, 1 April 2017 to 31 March 2018 .....	95
14.4	Grievances lodged for the period 1 April 2017 to 31 March 2018.....	95
14.5	Disputes lodged with Councils for the period 1 April 2017 to 31 March 2018: .....	95
14.6	Strike actions for the period 1 April 2017 to 31 March 2018.....	95
14.7	Precautionary suspensions for the period 1 April 2017 to 31 March 2018.....	95

**Annual Report for the 2017/18 Financial Year**  
**Vote 2: Western Cape Provincial Parliament**  
**Table of Content**

15.	SKILLS DEVELOPMENT .....	96
15.1	Training needs identified 1 April 2017 to 31 March 2018 .....	96
15.2	Training provided 1 April 2017 to 31 March 2018 .....	96
16.	INJURY ON DUTY .....	96
16.1	Injury on duty, 1 April 2017 to 31 March 2018 .....	96
17.	UTILISATION OF CONSULTANTS .....	97
17.1	Report on consultant appointments using appropriated funds*: .....	97
17.2	Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs):.....	97
17.3	Report on consultant appointments using Donor funds: .....	97
17.4	Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs):.....	97

**PART E: FINANCIAL INFORMATION**

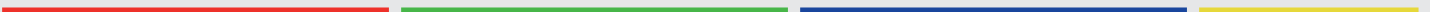
REPORT OF THE AUDITOR-GENERAL TO WESTERN CAPE PROVINCIAL PARLIAMENT ON VOTE NO. 2 WESTERN CAPE PROVINCIAL PARLIAMENT .....	98
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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018 .....	103
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# WESTERN CAPE PROVINCIAL PARLIAMENT



## PART A GENERAL INFORMATION







Official Opening of the Western Cape Provincial Parliament on 22 February 2018: Ms Chantal Segers, Secretary Gilbert Lawrence, Deputy Speaker Piet Pretorius, Premier Helen Zille and Speaker Sharna Fernandez



Ms Grizelda Grootboom, author and activist for women's rights, was the key note speaker at an afternoon tea hosted by Speaker Sharna Fernandez on 24 November 2017 as part of the Western Cape Provincial Parliament's 16 Days of No Violence Against Women and Children campaign and in support of the HeforShe initiative



## 1. GENERAL INFORMATION

Physical address: Provincial Legislature Building  
7 Wale Street  
CAPE TOWN  
8001

Postal address: PO Box 648  
CAPE TOWN  
8000

Telephone numbers: 021 487 1701 and 021 487 1702

Fax number: 021 487 1674

Email address: [secretary@wcpp.gov.za](mailto:secretary@wcpp.gov.za)

Website address: [www.wcpp.gov.za](http://www.wcpp.gov.za)

## 2. ACRONYMS

AO	Accounting Officer
AC	Audit Committee
ACDP	African Christian Democratic Party
AGSA	Auditor-General South Africa
ANC	African National Congress
AIDS	Acquired Immune Deficiency Syndrome
APP	Annual Performance Plan
AR	Annual Report
COPE	Congress of the People
DA	Democratic Alliance
D: ERM	Directorate Enterprise Risk Management
DoCS	Department of Community Safety
DoTP	Department of the Premier
DTPW	Department of Transport and Public Works
EFF	Economic Freedom Fighters
ERM	Enterprise Risk Management
ERMCO	Enterprise Risk Management Committee
ERP	Enterprise Resource Planning
FMIP	Financial Management Improvement Plan
FMPPLA	Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act 10 of 2009)
GRAP	Generally Recognised Accounting Practice
HDI	Historically Disadvantaged Individual
ICT	Information and Communications Technology
IFMS	Integrated Financial Management System
LOGIS	Logistical Information System
LSS	Legislative Sector Support
MOU	Memorandum of Understanding
NCOP	National Council of Provinces
PID	Project Initiation Document
PSRMF	Public Sector Risk Management Framework
SAPS	South African Police Service
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SOP	Standard Operating Procedure
SLA	Service Level Agreement
TOR	Terms of Reference
WCPP	Western Cape Provincial Parliament

### 3. FOREWORD BY THE SPEAKER



Sharna Fernandez  
Speaker

It is my privilege to present to you the Western Cape Provincial Parliament's Annual Report for the 2017/18 financial year in terms of section 60(1) of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (FMPPLA).

I hope the report will provide you with information and an understanding of the WCPP's achievements and challenges experienced during the 2017/18 financial year as well as its continued commitment to providing quality parliamentary and corporate support to enable Members to fulfil their constitutional functions.

For the 2017/18 financial year the WCPP has once again obtained a clean audit. This is significant in itself as this year was the first year that the WCPP has compiled annual financial statements that are fully compliant with section 56(1) of the FMPPLA, as Directive 8: Valuation of Assets was no longer applicable. A special thank you to the leadership and staff involved in the compilation of the financial statements, as well as the organisation as a whole, without whose strong work ethic and commitment to good governance this would not have been possible. Congratulations and well done!

The year 2017/18 was a challenging and strenuous, but nevertheless an exciting period for the WCPP. Two projects are currently underway which, when finalised, will have a significant impact on the way the WCPP will conduct and improve on its business going forward. One of the projects that the WCPP embarked on was the functional enhancement exercise in which its business processes, resources and organisational structure were re-examined in order to streamline and optimise its effectiveness and efficiency. Although this process was not finalised at the end of 2017/18, it is anticipated that the study will be concluded in the 2018/19 financial year. The WCPP is therefore looking forward to approving a structure which will further enhance the services provided by the WCPP to an even higher standard. The second project that the WCPP has embarked on was the implementation of the Enterprise Resource Management System. At the end of the 2017/18 year, the WCPP was in its final planning stages and anticipated to go-live on the system in the first week of April 2018. The WCPP is eager to see the benefits of the ERP system and the impact it will have on the way the WCPP conducts its business going forward.

The WCPP continues to be actively involved in legislative-sector activities and the WCPP is represented in meetings of the Legislative Sector Support Programme Cluster.

During the past year increased awareness has been created about the importance of and need for programmes and engagement on gender-based issues. During the period under review members of

the Commonwealth Women's Parliamentarians at the WCPP attended the International Women's Conference during August 2017 and the Women's dialogue during September 2017. The WCPP also hosted a successful programme during November 2017 which coincided with the 16 Days of Activism for No Violence against Women and Children.

In conclusion, a special word of appreciation to the Parliamentary Oversight Committee under the chairpersonship of Honourable Wiley for the role it plays in ensuring and maintaining oversight over the financial management of the WCPP. I would also like to thank our assurance providers, Internal Audit, the Audit Committee and the Auditor-General of South Africa, for their contribution to ensuring that the WCPP effectively manages its risks and controls and complies with the applicable legislation, regulations and policies.

Everything the WCPP achieved during this past year would not have been possible without a supportive and dedicated leadership team and staff. My appreciation and sincere gratitude therefore goes out to the Deputy Speaker, the Secretary and his team for their contribution and commitment during the past year. The coming year will no doubt present its fair share of challenges, but I am confident that we can overcome any obstacle and challenge that come our way collectively. We will continue to work together to ensure that the WCPP achieves its vision of being a dynamic, effective and efficient parliament supporting constitutional democracy.



**Speaker**  
**Sharna Fernandez**  
**Date: 21 August 2018**

#### 4. REPORT OF THE ACCOUNTING OFFICER



Dr Gilbert Lawrence  
Secretary

##### 4.1 Overview of the operations of the Western Cape Provincial Parliament

The 2017/18 financial year had many achievements and some challenges. Despite these challenges, the WCPP remained committed to achieving the objectives that it set for itself.

During the 2017/18 financial year the WCPP had a total of 55 programme performance indicators and a total of 55 planned annual targets. The WCPP achieved 46 of its planned targets for the 2017/18 reporting period.

The following table lists the annual planned targets according to programme and indicates whether they were achieved or not. The reasons for the deviations for all the targets that were not achieved can be found in Part B: Performance Information of this report.

Programme	Number of performance indicators and planned targets according to the APP	Achieved	Not achieved or partially achieved
Programme 1: Administration	36	30	6
Programme 2: Facilities for Members and Political Parties	3	3	-
Programme 3: Parliamentary Services	16	13	3
<b>Total</b>	<b>55</b>	<b>46</b>	<b>9</b>

As at 31 March 2018 the WCPP had a total of 109 approved positions on its establishment, of which two positions (Corporate Legal Adviser and Parliamentary Officer) are unfunded and 103 positions were filled.

During 2017/18 the WCPP had four interns completing an internship programme. They were allocated to Human Resources, Information and Communications Technology, and Communication and Information.

The WCPP continued to provide quality parliamentary and corporate support to enable Members to fulfil their constitutional functions and to facilitate the public involvement in parliamentary activities.

The WCPP has once again received a clean audit for the 2017/18 financial year, yet again showing its commitment to good governance in executing its core functions to achieve its vision of being a dynamic, effective and efficient parliament supporting constitutional democracy.

The main focus area for 2017/18 was the implementation of the Enterprise Resource Planning system. The WCPP experienced contractual and resource challenges with the service provider which caused a delay in finalising the implementation of the ERP system. These contractual issues have been resolved and there were no additional related costs to the WCPP. The go-live date is scheduled for April 2018.

The WCPP embarked on a functional enhancement study which commenced during the third quarter of the 2017/18 financial year. This is the first time the WCPP has re-examined its business processes, resources and organisational structure since 2006. The aim of this exercise is to streamline and optimise the effectiveness and efficiency of WCPP's functional units, within the budgetary framework, in order to become a modern parliament in the 21st century and to deliver better services to Members.

Through this exercise the WCPP seeks to ensure that, as an organisation, it is focused, responsive, forward-thinking and results-oriented. The WCPP envisions that the outcome of this exercise will also encourage a more cohesive and supportive working environment for staff.

The Western Cape faced its worst drought in many years. The WCPP contributed to the water-saving process and ensured that the water consumption in the precinct was reduced. The WCPP worked closely with the Department of Transport and Public Works in their implementation of water-saving initiatives. The WCPP, like all other provincial departments, has drafted its own Water Scarcity Business Continuity Plan, which intends to assist Members of Parliament, Executive Management and staff in making informed decisions during possible water-supply outages. This plan ensures that the WCPP is prepared and able to respond and recover from extended periods of water-supply disruptions, thus allowing the WCPP to continue with its critical services.

A formal Memorandum of Understanding (MOU) was signed with the Department of Community Safety during the 2017/18 financial year for rendering security support at public hearings and oversight meetings. A pilot project was launched in October 2017, which was successful. The Department of Community Safety provided support in the form of uniformed security personnel at access points at venues during public hearings. No incidents were reported during the year under review.

In terms of procedural support, the process of the Rules review is now in its final stages before it will be presented to the Rules Committee for their consideration and recommendation to this House for approval.

In terms of public education and outreach, the WCPP continued to promote opportunities for the public to have access to and involvement in its law-making and oversight processes. This was done through engagement in pre-hearings, legislative education initiatives and facilitating involvement in actual hearings. The WCPP continued to be responsive to other public outreach initiatives coordinated by the legislative sector, including sectoral parliaments and commemorative events.

## 4.2 Overview of the financial results of the Western Cape Provincial Parliament

### 4.2.1 WCPP receipts

Receipts	2017/18			2016/17		
	Estimate	Actual amount	(Over) or under	Estimate	Actual amount	(Over) or under
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	5	(67)	(62)	5	62	(57)
Fines, penalties, and forfeits	-	-	-	-	48	(48)
Interest, dividends and rent on land	55	169	(114)	52	189	(137)
Sale of capital assets	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	708	(708)	-	26	(26)
<b>Total</b>	<b>60</b>	<b>944</b>	<b>(884)</b>	<b>57</b>	<b>325</b>	<b>(268)</b>

Revenue collection in the WCPP is limited to revenue received from parking, the sale of meals to Members, the sale of corporate gifts, commission on insurance, interest on bank account, and the sale of old or redundant assets.

The tariff charged for parking is based on a policy and is below market value. The WCPP retains a portion of parking fees as revenue, after paying over an agreed tariff to the Department of Transport and Public Works (DTPW).

Members of the WCPP pay for meals prepared by a catering service, which is a further source of revenue. The Members' meals are charged according to the Members' Facilities Guide.

The WCPP discloses revenue from interest received on the bank balance.

### 4.2.2 Programme expenditure

Programme name	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	64 822	59 213	(5 609)	61 769	55 228	(6 541)
Facilities for Members and Political Parties	47 865	46 526	(1 339)	44 238	43 035	(1 203)
Parliamentary Services	25 028	24 805	(223)	23 314	22 479	(835)
<b>Total</b>	<b>137 715</b>	<b>130 544</b>	<b>7 171</b>	<b>129 321</b>	<b>120 742</b>	<b>(8 579)</b>



During the 2017/18 financial year there was an under expenditure of R7 171 million.

#### **Rollovers**

An amount of R7, 171 million (in respect of the underspending on voted funds) and an amount of R892 000 (in respect of over-collected own revenue) were approved to be rolled over.

#### **Virements**

There were no virements during the period of review.

#### **Irregular, fruitless and wasteful and unauthorised expenditure**

There were no incidents of irregular expenditure during the 2017/18 financial year.

#### **4.2.3 Supply Chain Management (SCM)**

No unsolicited bid proposals were received or concluded for the 2017/18 financial year.

Supply Chain Management (SCM) is an integrated function which deals with the planning, acquisition (or procurement) and deployment of goods and services for the WCPP within legislative prescripts.

The role of SCM extends from assisting with the specification of the goods or services required, through the tendering and bidding process, to the receipt and delivery of the goods and, where goods are required for inventory purposes, their storage and issue for operational use.

The contractual administration function resides with SCM. The section manages and monitors contracts for compliance and performance. In this regard SCM provides a written S41 (a FMPPLA requirement) report to the Executive Authority quarterly. SCM further facilitates the management of public assets and its subsequent disposal, if required, while maintaining norms and standards as prescribed.

In terms of the interim arrangements for FMPPLA transition, Directive 8 is no longer applicable and, hence, all assets were valued in terms of their cost (or deemed cost, where historical costs were not available) in preparation of a GRAP-compliant asset register.

#### **4.2.4 Gifts and donations received in kind from non-related parties**

There were no material gifts or donations received in kind from non-related parties during the 2017/18 financial year.

#### **4.2.5 Exemptions and deviations received from the National Treasury**

None.

#### **4.2.6 Events after the reporting date**

There were no significant or material events that occurred after the financial year end to the date of approval of the annual financial statements.

#### **4.2.7 Compliance with 30-day payments**

During 2017/18, six invoices, to the accumulated value of R78 048,90 of payments were settled in more than 30 days. The majority of these cases related to the process of liaising with service providers to obtain clarity and resolution on invoiced amounts and service discrepancies.

The root causes for these cases were investigated and identified, and remedial steps and additional controls (where needed) were implemented to eliminate the reoccurrence of such cases.

**4.2.8 Acknowledgements or appreciation**

My appreciation is extended to the Speaker, Sharna Fernandez, and Deputy Speaker, Piet Pretorius, for their support and guidance. A special thank you to the management team and staff of the WCPP for their consistent hard work.



Accounting Officer  
Gilbert Lawrence  
Date: 21 August 2018

## 5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed throughout the annual report are consistent;
- The annual report is complete, accurate and free from any omissions;
- The annual report has been prepared, where applicable to the WCPP, in accordance with the guidelines on annual reports as issued by the National Treasury;
- The annual financial statements (Part E) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice as prescribed by section 56(1) of the Financial Management of Parliament and Provincial Legislatures Act, 2009 (Act 10 of 2009);
- The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information;
- The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human-resources information and the annual financial statements; and
- The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the WCPP for the financial year ended 31 March 2018.

Yours sincerely



**Accounting Officer**  
**Gilbert Lawrence**  
**Date: 21 August 2018**

## 6. STRATEGIC OVERVIEW

### 6.1 Vision

A dynamic, effective and efficient parliament supporting constitutional democracy.

### 6.2 Mission

The parliamentary administration will provide quality parliamentary and corporate support to enable Members to fulfil their constitutional functions and to facilitate public involvement in parliamentary activities by:

- Providing quality support to the House and committees;
- Promoting public access and involvement in the law-making and oversight processes;
- Ensuring effective communication with all stakeholders;
- Ensuring seamless and synergistic parliamentary processes and systems;
- Investing in appropriately skilled staff;
- Providing a secure environment that is conducive to empowering and enabling Members and staff;
- Implementing and adhering to good corporate governance systems and monitoring mechanisms; and
- Managing resources effectively, efficiently and economically.

### 6.3 Core values

In striving for service excellence and best practice, the administration subscribes to the following core values:

- Transparency:** The WCPP represents the interests of the people of the Western Cape and is transparent in its operations and records. The WCPP communicates in an open and inclusive way.
- Integrity:** The WCPP demonstrates high ethical standards in its processes, systems, conduct and dealings with all stakeholders, both internal and external.
- Professionalism:** The WCPP strives towards efficiency of operations, informed decision-making and a general professional attitude by providing advice and services of a high quality. The WCPP strives to act on the basis of sound and established rules of procedure, facts, insight and experience.
- Impartiality:** The WCPP seeks to retain an impartial approach to conducting business by being non-partisan.
- Efficiency:** The WCPP renders an efficient service by utilising resources responsibly and cost-effectively.

## 7. LEGISLATIVE AND OTHER MANDATES

### 7.1 Constitutional mandates

The core objectives of the Western Cape Provincial Parliament are based on the following constitutional mandates:

#### (i) Constitution of the Republic of South Africa, 1996

The provincial legislatures are established in terms of Chapter 6 of the Constitution of the Republic of South Africa, 1996 ("the Constitution").

- (a) Section 114(1) of the Constitution confers the power to make laws on provincial legislatures.
- (b) Section 114(2) of the Constitution provides that provincial legislatures must provide for mechanisms—
  - to ensure that all provincial executive organs of state are accountable to it; and
  - to maintain oversight of the exercise of provincial executive authority in the province, including the implementation of legislation, and of any provincial organ of state.
- (c) Section 115 of the Constitution states, among other things, that a provincial legislature may summon any person to appear before it to give evidence; may require any person or provincial institution to report to it; and may receive petitions, representations or submissions from any interested person or institution.
- (d) Section 116(1) of the Constitution provides that provincial legislatures may determine and control their internal arrangements, proceedings and procedures; and may make rules and orders concerning their business with due regard to representative and participatory democracy, accountability, transparency and public involvement.

The *Standing Rules of the Western Cape Provincial Parliament*, as amended from time to time, gives expression to the powers conferred by section 116(1) of the Constitution.
- (e) Section 117 of the Constitution concerns, among other things, the privileges of Members of provincial legislatures, notably the privilege of freedom of speech to be enjoyed subject to the rules and orders of the legislatures.
- (f) Section 118 of the Constitution places an obligation on provincial legislatures to facilitate public involvement in the legislative and other processes of the provincial legislatures and to conduct their business in an open manner.

#### (ii) Constitution of the Western Cape, 1997

The Western Cape is the only province with its own constitution. Together with the Constitution of the Republic of South Africa, 1996, it is the highest law in the Western Cape.

The Provincial Constitution provides for certain distinct legislative and executive structures that differ from certain structures in the Constitution. For example:

- (a) Section 9(1) of the Provincial Constitution refers to the Western Cape's provincial legislature as the Western Cape Provincial Parliament, and section 13 provides that the Provincial Parliament consists of 42 Members;
- (b) Where section 111(1) of the Constitution provides that a provincial legislature must elect a Deputy-Speaker, section 20(3) of the Provincial Constitution makes the election of a Deputy-Speaker by the Provincial Parliament discretionary; and
- (c) Section 42 of the Provincial Constitution refers to Provincial Ministers whereas section 132 of the Constitution refers to Members of the Executive Council.

## **7.2 Statutory mandates**

The objectives of the Western Cape Provincial Parliament are based on the following statutory mandates:

### **(i) Financial Management of Parliament and Provincial Legislatures Act, 2009**

This Act regulates the financial management of Parliament and the provincial legislatures, as well as oversight of the financial management of Parliament and the provincial legislatures.

### **(ii) Money Bills Amendment Procedure and Related Matters Act, 2009**

This Act provides for the amendment of money Bills in Parliament, and for norms and standards for the amendment of money Bills in provincial legislatures.

### **(iii) Mandating Procedures of Provinces Act, 2008**

This Act provides for a uniform procedure for provincial legislatures to confer authority on their delegations to cast votes on their behalf in the National Council of Provinces.

### **(iv) Western Cape Witnesses Act, 2006**

This Act sets out the procedure for summoning witnesses to appear before committees or the House.

### **(v) Western Cape Petitions Act, 2006**

This Act provides for the public to petition the Provincial Parliament and for the processing of petitions by the Provincial Parliament.

### **(vi) Western Cape Law on the Powers and Privileges of the Provincial Legislature, 1995**

This Act, as amended, deals with the appointment of staff and the fixing of remuneration by the Speaker.

### **(vii) Powers, Privileges and Immunities of Parliament and Provincial Legislatures Act, 2004**

This Act delineates the parliamentary precincts of Parliament and the provincial legislatures, and articulates the powers, privileges and immunities of Parliament and the provincial legislatures.

**(viii) Members of the Western Cape Provincial Parliament Code of Conduct Act, 2002**

This Act gives effect to section 27 of the Provincial Constitution by providing for a Code of Conduct governing the conduct of Members of Provincial Parliament. The *Code of Conduct for Members of the Western Cape Provincial Parliament* is premised on this Act.

**(ix) Western Cape Provincial Languages Act, 1998**

This Act provides for the use of the three official languages of the province, Afrikaans, English and Xhosa, by the Provincial Parliament.

**(x) Remuneration of Public Office Bearers Act, 1998**

This Act provides a framework for the determination of salaries and allowances of public office-bearers.

**(xi) Determination of Delegates (National Council of Provinces) Act, 1998**

This Act provides for the determination of permanent and special delegates to the National Council of Provinces.

**(xii) Electoral Act, 1998**

This Act provides for the election of the National Assembly, provincial legislatures and municipal councils.

**(xiii) Independent Commission for the Remuneration of Public Office-bearers Act, 1997**

This Act provides for the establishment of a Commission to make recommendations concerning the salaries, allowances and benefits of public office-bearers.

**(xiv) National Council of Provinces (Permanent Delegates Vacancies) Act, 1997**

This Act makes provision for the filling of vacancies among permanent delegates to the National Council of Provinces.

**(xv) National Key Points Act, 1980**

This Act provides for the identification of national key points and for the safeguarding of national key points. The Western Cape Provincial Parliament, situated at 7 Wale Street, Cape Town, was declared a national key point by the Minister of Police.



### 7.3 Case law

The following judgments inform on interpretation of the constitutional and statutory mandates of Provincial Parliament:

- (i) **Certification of the Constitution of the Western Cape 1997 [1997] ZACC 8, and Certification of the Amended Text of the Constitution of the Western Cape, 1997 [1997] ZACC 15**

These judgments culminated in certification of the Provincial Constitution by the Constitutional Court.

- (ii) **Doctors for Life International v The Speaker of the National Assembly and Others (CCT 12/05)**

This judgment dealt with the interpretation of section 118(1)(a) of the Constitution, and a provincial legislature's duty to facilitate public involvement in the legislative and other processes of the provincial legislature.

- (iii) **Ex parte President of the Republic of South Africa: In re Constitutionality of the Liquor Bill 2000 SA 732 CC**

This judgment dealt with the domain of Schedule 5 exclusive provincial legislative competences in the context of the Constitution's distribution of legislative power.

- (iv) **Lindiwe Mazibuko, MP, Leader of the Opposition in the National Assembly v Max Vuyisile Sisulu, MP, Speaker of the National Assembly and Another [2013] ZACC 28**

In this case the Constitutional Court held that the rules of a legislature must give effect to the rights and obligations imposed by the Constitution, and must provide for vindication of Members' constitutional rights in a legislature.

- (v) **Mario Gaspare Oriani-Ambrosini, MP v Maxwell Vuyisile Sisulu, Speaker of the National Assembly ZACC 27 [2012]**

In this judgment the Constitutional Court held that a legislature cannot restrict the power of an individual (private) Member of that legislature to introduce legislation in that legislature.

- (vi) **Mosiuoa Lekota and Another v The Speaker, National Assembly and Another (Western Cape High Court) case no: 14641/12**

This judgment was concerned, in the first instance, with restrictions placed on Members' freedom of speech by the rules of a legislature and, in the second instance, with the limits of judicial oversight over legislatures.

- (vii) **Premier: Limpopo Province v Speaker: Limpopo Provincial Legislature and Others ZACC 25 [2011]**

This judgment dealt with section 104 of the Constitution in the context of the provincial legislatures' capacity to legislate on the management of their own financial affairs.

**(viii) Stephen Segopotso Tongoane and Others v Minister for Agriculture and Land Affairs and Others CCT 100/09 [2010] ZACC 10**

The judgment confirms that any Bill that substantially affects the interests of the provinces must be enacted in accordance with the procedure stipulated in section 76 of the Constitution.

**(ix) Premier of the Province of the Western Cape and Another v Electoral Commission and Another 1999 (11) BCLR 1209 CC**

In this judgment the Constitutional Court held that the Province may determine the number of Members in its provincial legislature in the Provincial Constitution.

**(x) The Speaker of the National Assembly v Patricia de Lille, MP and Another (Supreme Court of Appeal) case no: 297/98**

The court held that freedom of speech in a legislature may be limited by the rules and orders of a legislature; provided that the limitation has due regard to representative and participatory democracy, accountability and public involvement.

**(xi) Economic Freedom Fighters v Speaker of the National Assembly and Others CCT 143/15**

In this case the Constitutional Court found that the structures or measures employed by a legislature to have oversight of executive organs of state are to be determined by the legislature itself, but that such measures must in substance and reality amount to oversight.

**(xii) Democratic Alliance v Speaker of the National Assembly and Others CCT 86/15**

In this case the Constitutional Court found that section 11 of the Powers, Privileges and Immunities of Parliament and Provincial Legislatures Act, 2004, that authorised the arrest of Members who created or took part in a disturbance in the House, is unconstitutional.

**(xiii) Andries Molapi Tlouamma and Others v Speaker of the National Assembly and Others (Western Cape High Court) case no: 3236/15**

In this case the Court considered the constitutional and legislative framework in which the legislatures in South Africa operate; interrogated the concept of separation of powers; considered the powers of the judiciary in relation to the principle of non-interference by other organs of state in parliamentary proceedings; and analysed the role of the Office of the Speaker in South African law.

**(xiv) UDM v Speaker of the National Assembly and Others (Constitutional Court) case no: CCT 89/17**

In this case the court considered the use of open or secret ballots to record a vote in Parliament.

**(xvi) Primedia Broadcasting (Pty) Ltd and Others v Speaker of the National Assembly and Others (Supreme Court of Appeal) case no: 784/2015**

In this case the court considered the principles and values underpinning the public's right to an open Parliament.

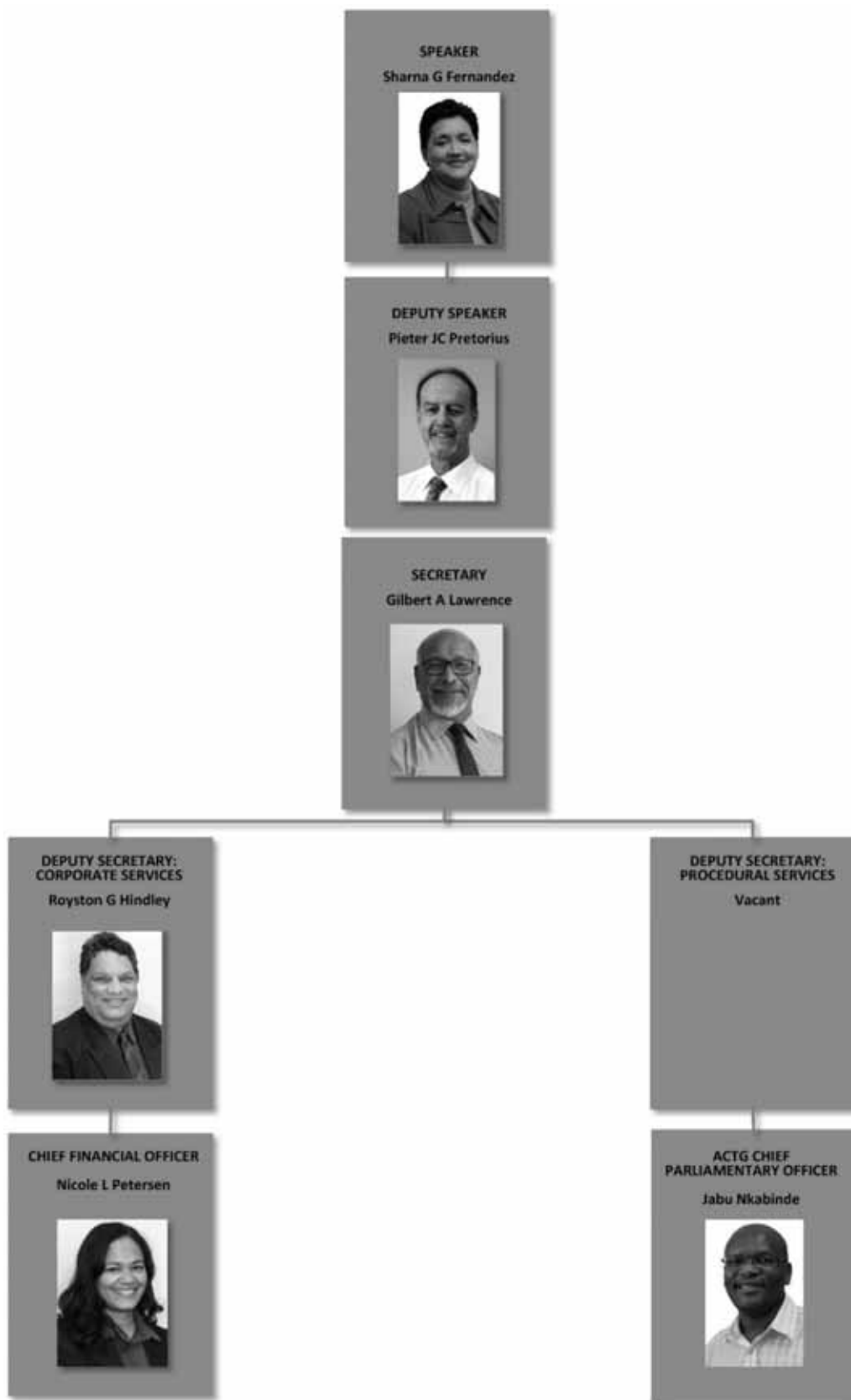
**(xvii) Land Access Movement of South Africa and Others v Chairperson of the National Council of Provinces and Others (Constitutional Court) case no: CCT 40/15**

In this case the court considered the lawfulness of truncated timelines for public involvement.

**(xviii) Marius Llewellyn Fransman v Speaker of the Western Cape Provincial Parliament and Another (Western Cape High Court) case no: 13097/2014**

In this case the court found that it is not for the judiciary to determine the internal arrangements, proceedings and procedures of legislatures, but that these matters are reserved by the Constitution for determination by the legislatures themselves. The court also found that the proceedings of a parliamentary committee is not administrative action reviewable under the Promotion of Administrative Justice Act, 2000.

8. ORGANISATIONAL STRUCTURE: EXECUTIVE AUTHORITY AND TOP MANAGEMENT



# WESTERN CAPE PROVINCIAL PARLIAMENT



## PART B PERFORMANCE INFORMATION





During the Western Cape leg of her national roadshow, the Public Protector, Adv Busisiwe Mkhwebane, and officials met with the Members of the Western Cape Provincial Parliament on 4 May 2017. Here she is photographed with Premier Helen Zille, Speaker Sharna Fernandez and Deputy Speaker Piet Pretorius



As part of an educational tour to Cape Town, learners from Triomf Primary School in Port Elizabeth visited the Western Cape Provincial Parliament on 4 October 2017



## **1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES**

The Auditor-General of South Africa currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion.

The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the heading *Predetermined Objectives* heading in the *Report on other legal and regulatory requirements* section of the Auditor-General's report.

Refer to page 98 of the Report of the Auditor-General, published as Part E: Financial Information.

## **2. OVERVIEW OF THE WCPP'S PERFORMANCE**

The 2017/18 financial year was the third year of the Western Cape Provincial Parliament's Strategic Plan 2015/16 to 2019/20. In pursuit of its vision to be a dynamic, effective and efficient parliament supporting constitutional democracy, the WCPP has set two strategic outcome-orientated goals and three strategic objectives namely:

### **2.1 Strategic orientated goal 1:**

*To provide effective procedural and related support to Members, committees and the House to make laws, conduct oversight and facilitate public involvement*

This strategic outcome-orientated goal is linked to Programme 3: Parliamentary Services.

#### **2.1.1 Strategic objective 3:**

To enhance effective and timely procedural and related support.

### **2.2 Strategic orientated goal 2:**

*To promote sound governance and improve strategic corporate support*

The strategic outcome-orientated goal above is linked to Programme 1: Administration and Programme 2: Facilities for Members and Political Parties.

#### **2.2.1 Strategic objective 1:**

To enhance sound governance by establishing structures, processes and procedures according to legislation and related guidelines.

#### **2.2.2 Strategic objective 2:**

To improve services to stakeholders by providing strategic support and by implementing seamless and synergistic corporate and parliamentary processes and systems.



### **2.3 Service-delivery environment**

The WCPP is mandated by the Constitution to perform oversight over the Executive, make laws and facilitate public involvement in its activities. In this regard, the administration provided procedural and related support to Members, committees and the House.

In respect of oversight, the administration supported committee meetings, oversight visits and, in the House, questions, motions and interpellations.

In respect of law-making, the administration provided support in respect of national and provincial legislation, which included public hearings.

As far as public involvement is concerned, the Western Cape Provincial Parliament employed a number of processes to involve the people of the Province in its legislative processes.

This included the education of the public on how parliament works, how to make a submission and lodge a petition. It was also extremely active in sector initiatives.

### **2.4 Organisational environment**

The Secretary and staff of the WCPP are appointed in terms of the Western Cape Law on the Powers and Privileges of the Provincial Legislature, 1995 (Act 3 of 1995).

The Secretary has been appointed on a fixed-term contract. The post of Deputy Secretary: Procedural Services remained vacant (the Chief Parliamentary Officer acted in this position until 31 January 2018).

The posts of Chief Parliamentary Officer and Manager: Public Education and Outreach became vacant on 1 February 2018 and 15 March 2018 respectively.

The WCPP is currently reviewing its organisational structure and this process will be concluded in the 2018/19 financial year.

### 3. PERFORMANCE INFORMATION BY PROGRAMME

#### 3.1 Programme 1: Administration

##### 3.1.1 Purpose

The purpose of this programme is the strategic management of the institution and to provide quality corporate support services to the WCPP.

##### 3.1.2 Key functions

- Perform functions in terms of relevant statutory provisions;
- Render secretarial and office support services to presiding officers;
- Formulate and execute policy and operational policies;
- Establish norms and standards in compliance with relevant legislation and practices;
- Manage corporate and procedural support services;
- Provide communication and information services; legal support; financial management services; supply chain management services; internal control, human resources and Members' facilities management services; administrative and information technology support services and security and facilities management services.

##### 3.1.3 Strategic outcome-orientated goals; sub-programmes, strategic objectives and strategic objective performance indicators

Strategic outcome-orientated goals	Sub-programmes		Strategic objectives	Strategic objective performance indicators
To promote sound governance and improve strategic and corporate support	1.1	Office of the Speaker	To enhance sound governance by establishing structures, processes and procedures according to legislation and relevant guidelines.	Establish mechanisms year-on-year to monitor mandated functions.
	1.2	Office of the Secretary		Maintain clean audit on governance.
		• <i>Risk Management</i>	To improve services to stakeholders by providing strategic support and by implementing seamless and synergistic corporate and parliamentary processes and systems.	Year-on-year improvement in organisational effectiveness and efficiency.
		• <i>Office of the Secretary</i>		
		• <i>Communication and Information</i>		
		• <i>Library</i>		
	1.3	Finance		Clean audit outcome.
	1.4	Supply Chain Management		
	1.5	Internal Control		Modernisation and integration of Human Resources Management.
	1.6	Human Resources		
	1.7	Information and Communication Technology		Upward change in the Capability Maturity level year-on-year based on the Control Objectives for Information Technology (COBIT) Maturity Model.

Strategic outcome-orientated goals	Sub-programmes		Strategic objectives	Strategic objective performance indicators
	1.8	Security and Facilities Management		Year-on-year improvement in organisational effectiveness and efficiency.

### 3.1.4 Summary of achievements

#### Leadership and governance

The WCPP is committed to good governance in executing its primary functions. This is evident in the fact that the WCPP once again attained a clean audit for the 2017/18 financial year.

#### *Registrar of Members' Interests*

The Western Cape Provincial Parliament (House) approved the appointment of a part-time Registrar of Members' Interests, who is independent of the administration, on a two-year retainer in terms of section 3 of the Western Cape Parliament Code of Conduct Act, 2002 (Act 3 of 2002).

The Registrar of Members' Interests is responsible for receiving financial interests of Members and investigating breaches of the Code of Conduct and complaints.

#### *Risk management*

The Accounting Officer (AO) for the Western Cape Provincial Parliament (WCPP) takes responsibility for implementing Enterprise Risk Management (ERM) in terms of section 7(c) of the Financial Management of Parliament and Provincial Legislatures Act, 2009, (FMPPLA), as amended by Act 34 of 2014 and the National Treasury Public Sector Risk Management Framework (PSRMF).

In compliance with the PSRMF, and further to embed risk management in the institution, the WCPP has adopted an Enterprise Risk Management (ERM) Policy, which was approved on 30 March 2016 and sets out the institution's overall intention with regard to ERM.

The WCPP adopted an ERM Strategy and an ERM Implementation Plan, which is reviewed annually and was approved by the AO on 12 April 2017. The ERM Strategy and Implementation Plan gave effect to the WCPP's ERM Policy, which outlines the institutional philosophy towards risk management.

The Audit Committee is provided with a Quarterly ERM Report to execute their independent oversight mandate over the risk management system of the WCPP. The Audit Committee evaluates the risk management process in terms of quarterly progress against the annual ERM Strategy and Plan and the strategic, operational and project risks that the institution faces. The Audit Committee's oversight is focused on those risks (strategic, operational or project risks) that are outside the approved tolerance levels and the management actions or responses to mitigate the risks in those approved risk tolerance levels.

The WCPP has an operational Enterprise Risk Management Committee (ERMCO) which exercises internal oversight over the ERM function and meets quarterly to deliberate on those strategic, operational and project-related risks that fall outside the desired tolerance levels. The Committee also further recommends actions to risk owners to reduce the risks so that they fall within the

desired tolerance levels. Based on the application of the ERM Strategy and Plan, the WCPP's control and performance environment has matured and improved.

The WCPP is currently developing a Business Continuity Plan (BCP) which will inform the actions required to ensure continued service delivery. To this end, alternative sites in water-secure municipal areas were identified in order to ensure that sittings of the House and standing committee meetings continue to take place despite the possibility of extended water supply disruptions and water shortages in Cape Town.

#### ***Internal audit***

The WCPP continued to utilise the services of the Department of the Premier with regard to its internal audit function.

Eleven Internal Audit Reports were issued in 2017/18, of which five were follow-up reports.

#### ***Terms of Engagement***

In terms of section 17(1) of the Financial Management of Parliament and Provincial Legislatures Act, a Terms of Engagement agreement between the Minister of Finance and the Executive Authority was concluded and signed in the 2017/18 financial year. The Terms of Engagement outlines consultation and the budgetary processes between the Provincial Treasury and the WCPP.

#### **Communication and Information**

Starting with the February 2018 State of the Province Address, the WCPP started the live streaming of all sittings of the House. This has significantly increased the audience able to access broadcasts of House proceedings and the reach of the WCPP. All broadcasts are archived on the institution's official YouTube channel and social media alerts are sent out prior to the start of live broadcasts. All these videos are also embedded on the WCPP's official website.

There has continued to be a steady increase in the number of website sessions, social media activities and, by the same token, an increase in the number of followers.

There has also been increased focus on internal communication, for example regular emails regarding the water crisis in the province, supporting the ERP or Project JUMP change-management processes.

Continued positive feedback received from patrons in respect of the information contained in the Library's regular information bulletins will result in sustained focus on the production of these proactive resources.

#### **Financial management**

The annual financial statements have, for a third time, been prepared in accordance with the standards of Generally Recognised Accounting Practices (GRAP), as prescribed in section 56(1) of the FMPPLA.

To ensure future compliance with the FMPPLA, the implementation of a GRAP-compliant ERP system (Sage X3 and Sage People) will be implemented during April 2018. Training and the transfer of skills to Finance, Supply Chain Management, Human Resources officials and other staff members are ongoing.

## **Human Resources**

### ***Skills development***

The skills development and training of our staff was a priority over the past few years. The WCPP undertook a staff-wide skills assessment in 2015. To address the skills gaps, a skills development programme was designed. Project GROW (the skills development programme) took place over two years and was concluded in May 2017.

Training in GRAP and the ERP system continued during the 2017/18 financial year. Additional functional training sessions were also held during the 2017/18 financial year.

### ***Functional enhancement***

As mentioned before, the WCPP embarked on a functional enhancement exercise in its efforts to improve operations of the Provincial Parliament. This exercise is expected to be completed during the 2018/19 financial year.

### ***Employee wellness***

The employee wellness programme was adjusted to focus more directly on employees' needs. In an effort to assist staff, the parliamentary programme was adjusted to remove the 16:00 to 18:00 committee meeting slot.

Measures were put in place to accommodate some level of working-hour flexibility when employees are required to work late in the evening.

## **Information and communications technology**

### ***Enterprise Resource Planning (ERP)***

The core focus of the ICT section since 2016/17 was the implementation of an ERP system that will in the long-run assist with improved work processes.

During the latter part of the 2016/17 financial year a service provider or implementation partner was appointed to implement the system.

Good progress was made with the implementation of this project, however, towards the end part of the 2017/18 financial year. Contractual challenges were experienced with the service provider or implementation partner, which were eventually resolved at no additional cost to the WCPP. This resulted in the go-live date being moved to April 2018.

### ***ICT infrastructure***

Besides the ERP project, which dominated the agenda of the ICT section, the section also ensured the availability and stability of ICT infrastructure and associated systems, that is email, e-filing and the internet. Disaster recovery capability was implemented for the ERP system, with the platform being designed and established to accommodate disaster recovery for the rest of the WCPP's ICT systems and services.

Service delivery to Members and staff continued as the ICT section ensured that logged calls were resolved within the Service Level Agreement (SLA) timelines.

## Security and Facilities Management

### **Accommodation**

The WCPP's accommodation challenges are well documented and remained a discussion point, including limited physical space for the administration and Members, limited seating in the public gallery, shared entrances, security, unclear parliamentary precincts and lack of control over building issues, including maintenance, parking, security and access.

The WCPP and the DTPW established a task team, in accordance with a resolution of the Rules Committee, to investigate and provide solutions to the WCPP's accommodation challenges.

The task team reported their findings on the future accommodation needs of the WCPP to the Internal Arrangements Committee (IAC). During the 2017/18 financial year, the IAC reported to the Rules Committee, where it was resolved that an outside option should not be considered at present, and that more office space should be made available to the WCPP by acquiring another floor in the building.

### **Security**

During 2017/18, the WCPP and the Department of Community Safety (DoCS) entered into an agreement to provide security assistance during oversight visits. This included security threat assessments and physical security at the venues. This initiative has proven to be successful.

### **3.1.5 Annual performance**

**Strategic objectives performance indicators, performance indicators, planned targets and actual achievements**

#### **Strategic objective performance indicators**

<b>Programme 1: Administration</b>					
<b>Strategic objective performance indicators</b>	<b>Actual achievement 2016/17</b>	<b>Planned target 2017/18</b>	<b>Actual achievement 2017/18</b>	<b>Deviation from planned target to actual achievement for 2017/18</b>	<b>Comment on or reasons for deviations</b>
Number of mechanisms established year-on-year to monitor mandated functions	<b>Achieved:</b> Two directives, namely the Public Participation Strategy and the Oversight and Accountability Policy were approved by the Speaker.	1	<b>Achieved:</b> Proposed Standing Rule before the Rules Committee to standardise the process and procedure for referral and mandatory reporting by departments on quarterly performance information to the Provincial Parliament.		

Annual Report for the 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Part B: Performance Information

Programme 1: Administration					
Strategic objective performance indicators	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Clean audit outcome on governance and performance issues	<b>Achieved:</b> Clean audit outcome for 2016/17.	Clean audit outcome.	<b>Achieved:</b> Clean audit outcome.		
Clean audit outcome	<b>Achieved:</b> Clean audit outcome for 2016/17.	Clean audit outcome.	<b>Achieved:</b> Clean audit outcome.		
Modernisation and integration of Human Resources Management	<b>Achieved:</b> In terms of technology, the ERP implementation process has commenced. Value adding services were increased and Project GROW has almost been completed.	ERP system implemented.	<b>Not achieved</b>	<b>Deviation:-2%</b> 98% implementation was achieved. Planned implementation scheduled for October 2017. Actual implementation April 2018.  <b>Deviation: -2%</b> Milestones 7 and 8 remain to be completed.	Revised project plan had 1 October 2017 as go-live date with a month of hand-holding. Delays were caused by two significant issues: 1) Resource constraints by the vendor led to an initial delay; and 2) Non-compliance by the vendor in terms of third-party resources led to the project being suspended for two months.
Upward change in the capability maturity level year-on-year based on the Control Objectives for Information Technology (COBIT) Maturity Model	<b>Achieved:</b> 2, 5: Some defined processes in place.	3 — Defined processes.	<b>Achieved:</b> 3 – Defined processes in place.		



Programme 1: Administration					
Strategic objective performance indicators	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Percentage year-on-year increase in the rating given by the NKP Commander's external assessment of the WCPP's compliance with the National Key Points Act, 1980 (Act 102 of 1980)	New Performance Indicator.	2%	<b>Achieved:</b> 4% year-on-year increase in the rating given by the NKP Commander's external assessment of the WCPP's compliance with the National Key Points Act, 1980 (Act 102 of 1980).	<b>Deviation:</b> 2% The target was 92% but the section achieved 94% compliance with the requirements of the National Key Points Act, 1980 (Act 102 of 1980).	The deviation is as a result of improved efficiency.

**Performance indicators, planned targets and actual achievements**

**3.1.5.1 Sub-programme: Office of the Speaker**

The purpose of the sub-programme is:

- to formulate and execute policies in respect of the administration and management of the WCPP;
- to perform functions in terms of relevant statutory provisions; and
- to render secretarial and office support services to presiding officers.

Sub-programme: Office of the Speaker					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Percentage compliance by the Executive Authority with the prescribed legislative obligations and relevant transitional arrangements, in terms of the FMPPLA, by the required due dates	<b>Achieved:</b> 100% compliance with all 19 identified compliance indicators.	100%	<b>Not achieved:</b> 95% compliance by the Executive Authority with the prescribed legislative obligations and relevant transitional arrangements, in terms of the FMPPLA, by the required due dates.	<b>Deviation:</b> -5% 18 out of 19 compliance indicators were fully complied with.  The Provincial Treasury's budget circular indicated that their due date for the submission of the draft Adjustment Estimate was	Due to the tight time frame of the Adjustments Estimate process and the operational requirements of the Executive Authority, the required documentation was received by the Office of the Speaker too late to be signed-off and

Annual Report for the 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Part B: Performance Information

Sub-programme: Office of the Speaker					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
				10 November 2017.  The Adjustment Estimate was tabled on 19 October 2017 instead of 10 October 2017.	tabled within the one-month time frame prescribed by the FMPPLA.
Number of directives approved in terms of oversight, law-making and public participation	<b>Achieved:</b> Two directives approved by the Speaker: Public Participation Strategy and Oversight and Accountability Policy.	1	<b>Achieved:</b> Proposed Standing Rule before the Rules Committee to standardise the process and procedure for referral and mandatory reporting by departments on quarterly performance information to the Provincial Parliament.  The matter will be engaged with at the first meeting with the Chairpersons of the Standing Committees during the 2018/19 financial year.		

**Strategy to overcome areas of underperformance**

***Percentage compliance by the Executive Authority with the prescribed legislative obligations and relevant transitional arrangements, in terms of the FMPPLA, by the required due dates***

In terms of section 54(1) of the FMPPLA relating to Reporting and Auditing, the Executive Authority is required to table monthly, quarterly and mid-year reports within five working days of receiving it from the Accounting Officer. To address the above non-compliance, the above section will be applied to Chapter 8 of the FMPPLA: Planning and budgeting and an internal circular with prescribed due dates, taking into consideration the five working days and the operational

Sub-programme: Office of the Speaker					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
requirements of the Executive Authority, will be compiled and implemented so that documents are received by the Office of the Speaker timeously to ensure that they can be tabled within the prescribed time frames of the FMPPLA.					

#### **Changes to planned targets**

No changes have been made to this sub-programme's performance indicators or targets during the reporting period.

#### **Sub-programme expenditure**

Office of the Speaker	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	5 238	4 832	406	5 206	4 404	802

#### **3.1.5.2 Sub-programme: Office of the Secretary**

The purpose of the sub-programme is as follows:

- to formulate operational policies and establish norms and standards in compliance with relevant legislation and practices;
- to manage corporate and procedural support services;
- to provide legal support services to the administration and committees; and
- to provide communication and information services.

Sub-programme: Office of the Secretary					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Number of evaluation processes implemented to drive improvement in operational effectiveness and efficiency	<b>New performance indicator</b> Survey was conducted on the support services provided by the administration to Members and staff.  Two surveys were returned by Members.	1	<b>Achieved:</b> One survey was conducted on the support services provided by the administration to staff.		
Percentage of planned APP annual targets achieved	<b>Not achieved:</b> 88% of targets were achieved	96%	<b>Not achieved:</b> 84% of targets were achieved	<b>Deviation:</b> -12% Out of a total of 55 planned	Refer to individual sub-programmes for reasons for

Annual Report for the 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Part B: Performance Information

Sub-programme: Office of the Secretary					
				annual targets, 46 targets were achieved	deviations.
Percentage compliance with the reviewed Performance Management Framework for Legal Services	<b>Achieved:</b> Performance Management Framework for Legal Services reviewed and implemented.	100%	<b>Achieved:</b> 100% compliance with the reviewed Performance Management Framework for Legal Services.		
Percentage compliance by the Accounting Officer with the prescribed legislative obligations and relevant transitional arrangements, in terms of the FMPPLA, by the required due dates	<b>Not achieved:</b> 95% compliance with legislative obligations and relevant transitional arrangements, in terms of the FMPPLA (Accounting Officer), by required due date.	100%	<b>Achieved:</b> 100% compliance with legislative obligations and relevant transitional arrangements, in terms of the FMPPLA (Accounting Officer), by required due date.		
<b><u>Strategy to overcome areas of underperformance</u></b> <b>Office of the Secretary:</b> <b>Percentage of planned APP annual targets achieved</b> In the 2018/19 financial year, regular focus meetings with managers will be held to support and ensure the achievement of targets.					

Sub-programme: Office of the Secretary: Communication and Information					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Percentage year-on-year increase in website statistics in respect of website sessions	<b>Achieved:</b> 10% increase from the previous year's baseline in website statistics in respect of website sessions.  Actual: 45 449 website sessions recorded.	5%	<b>Achieved:</b> 17% increase from the previous year's baseline in website statistics in respect of website sessions.  Actual: 53 040 website sessions recorded.	<b>Deviation:</b> 12% 5 319 more website sessions recorded than planned.	Unplanned projects and related social media activity, including the 20 Years of the Constitution, NCOP celebrations and the live-streaming of sittings on YouTube, attracted more traffic to the website.

Annual Report for the 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Part B: Performance Information

Sub-programme: Office of the Secretary: Communication and Information					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Percentage year-on-year increase in social media presence and activities	<b>Achieved:</b> 35% increase on the previous year's baseline in social media activities.  918 Tweets 1 002 Facebook updates.	5%	<b>Achieved:</b> 11% increase on the previous year's baseline in social media presence and activities.  1 029 Tweets 1 098 Facebook updates.	<b>Deviation:</b> 6% 65 more tweets and 46 more Facebook updates recorded than planned.	Unplanned projects, including the 20 Years of the Constitution and NCOP celebrations, resulted in increased social media activities.
Number of year-on-year increases in file plan usage by units	<b>Achieved:</b> Increase of 7% in file plan usage by units.	6%	<b>Achieved:</b> Increase of 7% in file plan usage by units.	<b>Deviation:</b> 1 One more unit used the file plan than planned.  Minor over-achievement realised.	Increased focus on staff training realised a greater increase than expected.

Sub-programme: Office of the Secretary: Library					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Number of library publications produced per year	<b>Achieved:</b> 76 library publications were produced.	72	<b>Achieved:</b> 83 library publications were produced.	<b>Deviation:</b> 11 11 more library publications were produced than planned.	Additional opportunities for library publications (Info Flyers and Librarian Bulletins) resulted in the increase.

**Changes to planned targets**

No changes have been made to this sub-programme's performance indicators or targets during the reporting period.

Annual Report for the 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Part B: Performance Information

**Sub-programme expenditure**

Office of the Secretary	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the Secretary	12 341	11 627	714	10 934	10 873	61
Communication and Information	5 332	5 100	232	4 152	4 134	18
Library	1 610	1 595	15	1 519	1 517	2
<b>Total</b>	<b>19 283</b>	<b>18 322</b>	<b>961</b>	<b>16 605</b>	<b>16 524</b>	<b>81</b>

**3.1.5.3 Sub-programme: Finance**

The purpose of the sub-programme is to render financial management services.

Sub-programme: Finance			
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18
Number of verifiable annual financial statements submitted by the statutory due date	<b>Achieved:</b> One verifiable annual financial statement submitted by the statutory due date.	1	<b>Achieved:</b> One verifiable annual financial statement submitted by the statutory due date.
Number of finalised Annual Estimates of Provincial Revenue and Expenditure submitted by the required due date	<b>Achieved:</b> One finalised Annual Estimates of Provincial Revenue and Expenditure submitted by the required due date.	1	<b>Achieved:</b> One finalised Annual Estimates of Provincial Revenue and Expenditure submitted by the required due date.
Number of verifiable Interim Financial Statements submitted by the required due date	<b>Achieved:</b> Three verifiable interim financial statements submitted by the required due dates.	3	<b>Achieved:</b> Three verifiable interim financial statements submitted by the required due dates.
Percentage compliance with the Financial Manual	<b>Achieved:</b> 100% compliance with the Financial Manual.	100%	<b>Achieved:</b> 100% compliance with the Financial Manual.
Number of quarterly In-Year-Monitoring (IYM) Narrative Reports to track expenditure and identify early warning signals	<b>Achieved:</b> Four quarterly In-Year-Monitoring (IYM) Narrative Reports to track expenditure and identify early warning signals.	4	<b>Achieved:</b> Four quarterly In-Year-Monitoring (IYM) Narrative Reports to track expenditure and identify early warning signals.
Percentage of payments processed to creditors within 30 calendar days of receipt of invoice or resolution of dispute	<b>Achieved:</b> 99% of payments processed to creditors within 30 calendar days of receipt of invoice. 14 payments out of a total of 1 988 were not processed within 30 days.	99%	<b>Achieved:</b> 99, 74% of payments were processed to creditors within 30 calendar days of receipt of invoice. 6 payments out of a total of 2 291 payments were not processed within 30 days.

**Changes to planned targets**

No changes were made to the sub-programme's performance indicators or targets during the reporting period.

**Sub-programme expenditure**

Finance	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	3 959	3 871	88	4 087	3 957	130

**3.1.5.4 Sub-programme: Supply Chain Management**

The purpose of the sub-programme is to render supply chain management services.

Sub-programme: Supply Chain Management					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Percentage of assets reconciling to the Asset Register	<b>Not achieved:</b> 90, 11% of assets reconciled with the asset register.  670 assets out of a total of 6 776 (major and minor) were not reconciled.	100%	<b>Not achieved:</b> 94, 68% of assets reconciled with the asset register.	<b>Deviation:</b> -5,32% 356 assets out of a total of 6 691 (major and minor) were not reconciled.	Submission will be done in line with the Asset Management Policy that would request a write-off of the mostly fully depreciated assets, which stems from LOGIS implementation days.
Percentage compliance with service delivery standard, as amended, taking GRAP into consideration	<b>Not achieved:</b> 84, 15% compliance with service-delivery standards.  1 046 service delivery standards out of a total of 1 243 were complied with.	85%	<b>Not achieved:</b> 74, 72% compliance with service-delivery standards.	<b>Deviation:</b> -10,28% 1 138 service delivery standards out of a total of 1 523 were complied with.	Deviations due to prolonged human capacity constraints. The operational requirements are timed in relation to service standards and 3 out of 7 operational SCM practitioners (amounting to 43%) were not available for an extended period (that is

Sub-programme: Supply Chain Management					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
					one on maternity leave and two transferred to various other sections in the WCPP).
Percentage compliance with the Supply Chain Management Manual Checklist	<b>Achieved:</b> 100% compliance with the Supply Chain Management Manual Checklist.	100%	<b>Achieved:</b> 100% compliance with the Supply Chain Management Manual Checklist.		
<b><u>Strategy to overcome areas of underperformance</u></b> <b><i>Percentage of assets reconciled with the Asset Register</i></b> Regular spot checks of assets in addition to planned stocktaking will take place. Managers will be made aware of the importance of informing Supply Chain Management of the movement of assets. With the implementation of the ERP system the delivery of services and subsequent turnaround times will improve.  <b><i>Percentage compliance with service delivery standard, as amended, taking GRAP into consideration</i></b> As at the reporting period the WCPP was still dependent on LOGIS. With the implementation of the ERP system, compliance with delivery standards will improve.					

***Changes to planned targets***

No changes were made to the sub-programme's performance indicators or targets during the reporting period.

***Sub-programme expenditure***

Supply Chain Management	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	4 770	4 815	-45	4 667	4 624	43



### 3.1.5.5 Sub-programme: Internal Control

The purpose of the sub-programme is to identify systematic weaknesses and recommend corrective measures to combat irregularities and facilitate risk management services.

Sub-programme: Internal Control			
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18
Number of progress reports against the Financial Management Improvement Plan	<b>Achieved:</b> Two progress reports against the Financial Management Improvement Plan.	2	<b>Achieved:</b> Two progress reports against the Financial Management Improvement Plan.
Number of Inspection reports issued identifying control gaps in processes	<b>Achieved:</b> Three inspection reports issued identifying control gaps in processes.	3	<b>Achieved:</b> Three inspection reports issued identifying control gaps in processes.
Number of follow-up inspection reports reflecting progress on implementation of recommendations	<b>Achieved:</b> Three follow-up inspection reports reflecting progress on implementation of recommendations.	3	<b>Achieved:</b> Three follow-up inspection reports reflecting progress on implementation of recommendations.
Percentage of payment vouchers subjected to post-audit	<b>Achieved:</b> 100% of payment vouchers subjected to post-audit.  A total of 2 244 payment vouchers were subjected to post-audit.	100%	<b>Achieved:</b> 100% of payment vouchers subjected to post-audit.  A total of 2 450 payment vouchers were subjected to post-audit.

#### ***Changes to planned targets***

No changes were made to the sub-programme's performance indicators or targets during the reporting period.

#### ***Sub-programme expenditure***

Internal Control	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	4 180	4 464	-284	3 928	3 927	1

### 3.1.5.6 Sub-programme: Human Resources

The purpose of the sub-programme is to render human resource and Members' facilities management services.

Sub-programme: Human Resources					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Number of formal training focused on identified skills gaps and structure	<b>Not achieved:</b> Nine formal training focused on identified skills gaps and structure were held.	7	<b>Achieved:</b> Seven formal training focused on identified skills gaps and structure were held.  These were the seven sessions of Project GROW that were all completed.		
Number of positive quality assurance return forms	New performance indicator	80	<b>Not achieved</b>	<b>Deviation:</b> -100%.	After the graduation ceremony in August 2017, there were no further quality assurance steps.  This was due to intensive involvement with Project JUMP and the extension of the 1 October 2017 go-live date.
Number of training sessions on the ERP system facilitated	New performance indicator  Baseline for 2016/17: 1	5	<b>Achieved:</b> Five training sessions on the ERP system were facilitated.	<b>Deviation:</b> Target achieved by 31 March 2018 and not during the first quarter, as planned.	
Number of information sessions aimed at adding value to the institution and its employees facilitated	New Performance indicator  Baseline for 2016/17: 3	4	<b>Achieved:</b> Five information sessions aimed at adding value to the institution and its employees were facilitated.	<b>Deviation:</b> 1 One more information session was facilitated than planned.	There were additional opportunities to share information at staff information sessions.
<b>Strategy to address underperformance</b> <b>Number of positive quality assurance return forms</b> The extension of Project JUMP and commencement of Functional Enhancement impacted on the availability of employees to achieve targets. This is planned for 2018/19 financial year.					

**Changes to planned targets**

No changes were made to the sub-programme's performance indicators or targets during the reporting period.

**Sub-programme expenditure**

Human Resources	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	7 840	6 420	1 420	6 192	6 177	15

**3.1.5.7 Sub-programme: Information and Communication Technology**

The purpose of the sub-programme is to render administrative and user support services and enhance and maintain information technology infrastructure.

Sub-programme: Information and Communication Technology					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Percentage year-on-year improvement of service support delivered against service level agreement (SLA)	<p><b>Achieved:</b> 15% year-on-year improvement of service delivery standards against service level agreement (SLA).</p> <p>Numerator: 955 calls logged, responded to and resolved within SLA. Denominator: 1 391 calls logged.</p>	5%	<p><b>Achieved:</b> 15% year-on-year improvement of service delivery standards against service level agreement (SLA). Numerator: 1 452 calls logged, responded to and resolved within SLA. Denominator: 1 997 calls logged.</p>	<p><b>Deviation:</b> 10% above target.</p> <p>Baseline established in 2015/16 was 60%.</p> <p>Planned target for 2016/17 was 63% but actual achievement was 69%.</p> <p>Target set for 2017/18 was 66, 15% but actual achievement for 2017/18 was 72, 71%.</p>	
Implement and operationalise disaster recovery	New performance indicator.	Operationalise and implemented disaster recovery for ERP; plan for non-ERP systems.	<p><b>Achieved:</b> Disaster recovery implemented and operationalised for ERP and planned for non-ERP systems. Disaster recovery for ERP procedures documented and approved. Training of ICT staff completed, tests done and signed off.</p>		

Annual Report for the 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Part B: Performance Information

Sub-programme: Information and Communication Technology					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
			Disaster recovery for ERP was implemented and disaster recovery tests were conducted prior to go-live. Budget and plans were completed and procurement of equipment started.		
Phased implementation of ERP	<b>Not achieved:</b> 38% of the target was achieved (including configure system; migrate data and sign-off of User Acceptance Testing (UAT): Financial and Human Resources).	Implementation Phase 3: Configure system, migrate data and sign-off of UAT: Finance and HR.	<b>Not achieved:</b> 98% completion.  Phase 3: Achieved Milestones 3, 4, 5 and 6.	<b>Deviation:</b> -2% Milestones 7 and 8 remain to be completed.	Revised project plan had the 1 October 2017 as go-live with a month of hand-holding. Delays were due to two significant issues: 1) Resource constraints by the vendor led to an initial delay; and 2) Non-compliance by the vendor in respect of third-party resources led to the project being suspended for two months.
Percentage availability of all IT infrastructure services	<b>Achieved:</b> 98, 5% of all IT infrastructure services were available.	95%	<b>Achieved:</b> 99, 13% of all IT infrastructure services were available.	<b>Deviation:</b> 4,13% Infrastructure services were available and reliable during the period under review.	The deviation is as a result of improved efficiency.
<b><u>Strategy to overcome areas of underperformance</u></b> <b><u>Phased implementation of ERP</u></b> The Project Jump Steering Committee agreed that the delays in phase three of the project were justified to ensure proper governance and an appropriate and affordable solution for the WCPP. The delay during phase three resulted in a delayed go-live date and the Steering Committee agreed that the go-live date be moved to April 2018. Project management is ongoing.					

***Changes to planned targets***

No changes have been made to this sub-programme's performance indicators or targets during the reporting period.

Annual Report for the 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Part B: Performance Information

**Sub-programme expenditure**

Information Communication Technology	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	15 061	12 176	2 885	17 097	11 836	5 261

**3.1.5.8 Sub-programme: Security and Facilities Management**

The purpose of the sub-programme is to provide household, security and logistical services, including the facilitation of occupational health and safety.

Sub-programme: Security and Facilities Management					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Percentage compliance with the requirements of the National Key Points Act, 1980 (Act 102 of 1980)	New performance indicator.	92%	<b>Achieved:</b> 94% compliance with the requirements of the National Key Points Act, 1980 (Act 102 of 1980).	<b>Deviation:</b> 2% 94% compliance with the requirements of the National Key Points Act, 1980 (Act 102 of 1980).	The deviation is as a result of improved efficiency.
Percentage security support provided to standing committees during oversight visits in line with the approved standard operating procedure for oversight visits	New performance indicator.	70%	<b>Achieved:</b> 94% security support provided to standing committees during oversight visits in line with the approved standard operating procedure for oversight visits.	<b>Deviation:</b> 24% 94% security support provided to standing committees during oversight visits in line with the approved standard operating procedure for oversight visits.	The deviation is as a result of improved efficiency and the availability of staff.
Register the WCPP's accommodation requirements on U-AMP by the specified due date	New performance indicator.	Register the WCPP's accommodation requirements on U-AMP by the specified due date.	<b>Achieved:</b> WCPP's accommodation requirements were submitted on the U-AMP by 30 June 2017.		
Number of planned evacuation exercises completed	New performance indicator.	1	<b>Achieved:</b> One planned evacuation exercise was completed.		
Number of contact sessions with the Department of Transport and Public Works in respect of the management of	New performance indicator.	8	<b>Achieved:</b> Eight contact sessions with the Department of Transport and Public works in respect of the management of		

Sub-programme: Security and Facilities Management					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
the service level agreement			the service level agreement were held.		

#### **Changes to planned targets**

No changes have been made to this sub-programme's performance indicators or targets during the reporting period.

#### **Sub-programme expenditure**

Security and Facilities Management	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	4 491	4 305	186	3 987	3 779	208

### **3.2 Programme 2: Facilities and Benefits to Members and Political Parties**

#### **3.2.1 Purpose**

The purpose of the programme is to provide enabling facilities and benefits to Members and political parties.

#### **3.2.2 Key functions**

- Payment of membership fees to parliamentary and related associations;
- State contributions to the medical aid of continuation Members;
- Enabling allowances to compensate Members for expenses relating to official travel, accommodation and telecommunication;
- Manage the payment of constituency allowances to enable political parties represented in the WCPP to establish and maintain infrastructure in constituencies to serve the interests constituents;
- Management of the payment of constituency allowances to enable political parties represented in the WCPP to establish and maintain their own administrative infrastructure in the precincts of the WCPP; and
- Management of the payment of conditional allowances to enable Members to arrange programmes in their constituencies in the interests of oversight, law-making and public participation in the WCPP.

### 3.2.3 Strategic outcome-oriented goals; sub-programmes, strategic objectives and strategic objective performance indicators

Strategic outcome-oriented goals	Sub-programme		Strategic objectives	Strategic objective performance indicator
To promote sound governance and improve strategic and corporate support	2.1	Facilities and Benefits to Members (incl. Allowances and Contributions)	To improve services to stakeholders by providing strategic support and by implementing seamless and synergistic corporate and parliamentary processes and systems.	Digitising and modernising Members' Affairs Services.
	2.2	Political Parties Support Services		

### 3.2.4 Summary of achievements

The WCPP is close to reaching its goal of implementing an integrated human resources, finance and supply chain system during the year under review. This system will go live during the first quarter of the 2018/19 financial year and will address most of the challenges that the WCPP experienced in terms of service delivery to the Members.

Thirteen Members graduated from the WITS graduate programme in governance and leadership in April 2017. Some of the Members opted to continue with the post-graduate programme and have been attending classes at WITS during the current year.

In terms of value adding services, a Health Day was facilitated for Members in August 2017. In addition, the WCPP facilitated training on Project Management as well as Technology.

### 3.2.5 Annual Performance

#### Strategic objective performance indicators, performance indicators, planned targets and actual achievements

##### *Strategic objective performance indicators*

Programme 2: Facilities for Members and Political Parties					
Strategic objective performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Digitising and modernising Members' Affairs Services	<b>Achieved:</b> Increase in e-claims submitted and mobile communication services activated.	Implementing ERP.	<b>Not achieved:</b> 98% completion.  Phase 3: Achieved Milestones 3, 4, 5 and 6.	<b>Deviation:</b> -2% Planned implementation scheduled for October 2017. Actual implementation April 2018.  <b>Deviation:</b> -2% Milestones 7 and 8 remain to be completed.	Revised project plan had 1 October 2017 as go-live date, with a month of hand-holding. Delays were due to two significant issues:  1) Resource constraints by the vendor led to an initial delay; and 2) Non-compliance by

Programme 2: Facilities for Members and Political Parties					
Strategic objective performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
					the vendor in terms of third-party resources led to the project being suspended for two months.

**Performance indicators, planned targets and actual achievements**

**3.2.5.1 Sub-programme: Facilities and Benefits for Members**

The purpose of the sub-programme is to manage the payment of:

- Membership fees to parliamentary and related associations;
- State contributions to medical aid of continuation Members; and
- Enabling allowances to compensate Members for expenses relating to official travel, accommodation and telecommunication.

Sub-programme: Facilities and Benefits for Members					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Percentage implementation of scheduled training programmes per year for Members	<b>Achieved:</b> 100% implementation of scheduled training programmes per year for Members.	80%	<b>Achieved:</b> 100% implementation of scheduled training programmes per year for Members.	<b>Deviation:</b> 20% All training programmes scheduled for Members were implemented.  Wits: 4 to 8 December 2017 Wits: 15 to 19 January 2018 Project Management: 22 to 25 January 2018 Technology: 26 January 2018.	The deviation is as a result of improved efficiency.
Percentage of claims (submitted electronically, complying with the requirements of the Members' Facility Guide) processed	<b>Achieved:</b> 100% of claims (submitted electronically and complying with the requirements of the Members' Facilities Guide) processed.  All 18 electronic claims that were	100%	<b>Achieved:</b> However, no electronic claims were received for the period under review.	<b>Deviation:</b> No electronic claims were received.	Claims are processed as and when received.



Sub-programme: Facilities and Benefits for Members					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
	received were processed.				

#### **Changes to planned targets**

No changes were made to the sub-programme's performance indicators or targets during the reporting period.

#### **Sub-programme expenditure**

Facilities and Benefits for Members	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	7 680	6 341	1 339	7 233	6 030	1 203

#### **3.2.5.2 Sub-programme: Political Parties Support Services**

The purpose of the sub-programme is to manage the payment of:

- Constituency allowances to enable political parties represented in the WCPP to establish and maintain infrastructure in constituencies to serve the interests of constituents;
- Secretarial allowances to enable political parties represented in the WCPP to establish and maintain their own administrative infrastructure within the precincts of the WCPP; and
- Conditional allowances to enable Members to arrange programmes in their constituencies in the interest of oversight, law-making and public participation in the WCPP.

Sub-programme: Political Parties Support Services					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Number of working days to process transfer payments after receipt of required documents according to the Members' Guide	<b>Achieved:</b> Transfer payments processed within 7 working days after receipt of required documents according to the Members' Facilities Guide.	7	<b>Achieved:</b> Transfer payments processed within 7 working days after receipt of required documents according to the Members' Facilities Guide.		

#### **Changes to planned targets**

No changes have been made to this sub-programme's performance indicators or targets during the reporting period.

**Sub-programme expenditure**

Political Parties Support Services	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	40 185	40 185	-	37 005	37 004	1

### 3.3 Programme 3: Parliamentary Services

#### 3.3.1 Purpose

The purpose of this programme is to provide effective procedural and related support to the House and committees to facilitate public participation.

#### 3.3.2 Key functions

- Provide effective procedural and related support to the House and committees to enable oversight over the provincial executive authority and to ensure accountability.
- Provide public education programmes and administrative support to facilitate public involvement in the legislative and other processes of the WCPP.

#### 3.3.3 Strategic outcome-orientated goals; sub-programmes, strategic objectives and strategic objective performance indicators

Strategic outcome-orientated goals	Sub-programme		Strategic objectives	Strategic objective performance indicator
To provide effective procedural and related support to Members, Committees and the House to make laws, conduct oversight and facilitate public involvement	3.1	Plenary Support	To enhance effective and timely procedural and related support.	Year-on-year percentage compliance to SOPs for plenary and committee procedural support for all programmed Sittings and committee meetings.
	3.2	Committee Support (incl. Standing Committees)		
	3.3	Public Education and Outreach		
	3.4	Hansard and Language Services		

#### 3.3.4 Summary of achievements

##### Plenary Support

The programme can report the following significant achievements for the reporting period:

During the period under review, the House met for 26 plenaries, which represented 90 hours and 15 minutes of debating and deliberations. The administration provided seamless support, which included the preparation of the relevant House Papers; the preparation of routine guides; and procedural advice as required. The output of procedural support included: four quarterly reports; the compilation, production and circulation of 230 House Papers; and the preparation of 26 procedural guides for presiding officers. All the output of procedural support was quality-assured by management.

With regard to procedural advice, a total of 129 instances and/or output of procedural advice were provided to presiding officers and Members, according to the standard requirement or in response to requests. These included: considered rulings prepared for the presiding officers; recorded advice

on procedural matters provided routinely to presiding officers; and advice and guidance on procedural matters provided routinely to Members or in meetings of internal committees.

The House approved a total of 275 resolutions during the period under review. Also, during this period, a total of eight bills were introduced in the Provincial Parliament and five were finalised and passed into law.

The table below reflects various activities of the House and statistical information on certain of the output related to plenary support services:

Activity	Total
Interpellations debated	36
Questions for oral reply processed	151
Questions for written reply processed	255
Speaker's Debates	4
Opportunities for questions to the Premier without notice	9
Subjects for discussion put through debate	5
Matters of urgent public importance debated	1
Minutes of Proceedings	26
Published Announcements, Tablings and Committee Reports (ATCs)	103

#### **Rules review**

The Rules Committee appointed an ad-hoc Committee, led by the Deputy Speaker, to deal with the review of Rules. The ad-hoc committee was supported by the parliamentary administration. The ad-hoc committee met four times during the period under review and has made significant progress on the review of Rules. Once completed, the report by the Rules Committee will be discussed by political parties and, once consensus has been reached, the Rules will be amended as agreed.

#### **Committee support**

The programme reported the following significant achievement for the reporting period:

The Committee Section has achieved its Annual Performance targets and deliverables set for the 2017/18 financial year. The Section, including Committee Support and Research, has performed successfully in respect of the WCPP's strategic-orientated goals of providing effective procedural and related support to Members, committees and the House in the making of laws, conducting oversight and the facilitation of public involvement.

With regard to the law-making function, the legislative process was applied and has progressed well, thereby ensuring the output of good and just laws. Standing Committees have scrutinised provincial and NCOP (section 76) legislation, of which certain committees have included in its programme a monitoring mechanism of overseeing the implementation of provincial legislation. This has proven to be a valuable exercise, the intention of which is to roll out this oversight mechanism to more standing committees in ensuing years. During the annual reporting period the Standing Committee on Community Safety monitored the implementation of the Western Cape Liquor Act, 2008 (Act 4 of 2008), and the Western Cape Community Safety Act, 2013 (Act 3 of 2013), and the Standing Committee on Community Development monitored the implementation of the Western Cape Health Facility Boards and Committees Act, 2016 (Act 4 of 2016).

Standing Committee programmes focused their attention on the oversight and accountability cycle, including budgetary oversight, quarterly and annual reports of provincial government departments and their respective entities, oversight visits, law-making, holding the provincial executive members accountable by maintaining oversight of the exercise of the provincial executive authority, including the implementation of oversight and a continued improvement of facilitating public involvement.

Regarding procedural support, the Standing Committees were provided with quality procedural support, specifically regarding procedural advice to chairpersons of committees during the period under review.

The administrative support services for committees, research and the NCOP was of a good standard and quality.

A description of activities achieved by the committees for the 2017/18 financial year, which excludes the following committees: Rules Committee, Chairpersons' Forum, Conduct Committee and Disciplinary Committee, is included in the table below:

Activity	Total
Number of committee activities held	254
Number of public hearings held	63
Number of oversight visits undertaken	24
Number of cluster visits undertaken	2
Number of provincial legislation monitored as regards implementation	3

Standing Committees considered and processed six Western Cape bills and five NCOP bills. Five provincial and two NCOP bills were finalised. There were substantive engagements with the public and other interested stakeholders in the consideration of these bills.

The Research Unit provided quality support to the Standing Committee members relating to reactive, cyclical and proactive research services. The Research Unit achieved all its targets for the period under review. A total of 23 research output results were produced during the reporting period, namely: 9 reactive; 12 cyclical; and 2 proactive.

#### **Research Unit**

The 2017/18 financial year posed considerable resource challenges as the Research Unit only had two employees (Researcher and Senior Researcher). This impacted on the overall selection of the cyclical research analysis results that could be covered. The two vacant Researcher posts were filled towards the latter part of 2017. The additional staff contributed positively to a more stable Research Unit and enabled the unit to complete all reactive research requests and to resume the focus on cyclical research.

At the end of the financial year the Research Unit together with the Human Resources Section were still in discussions to develop a customised training course to enhance the quality of cyclical research output.

### Public Education and Outreach

The programme can report the following significant achievement for the reporting period 2017/18:

As regards Public Education and Outreach, the WCPP has continued to promote opportunities for the public to have access to and involvement in its law-making and oversight processes. This is done through engagement in pre-hearings, legislative education initiatives and involvement in actual hearings. The WCPP will continue to be responsive to other public outreach initiatives coordinated by the legislative sector, including sectoral parliaments and commemorative events.

The table below reflects various public education activities initiated and supported in the period under review:

Public Education Activity	Total
Number of legislative education workshops conducted and information sessions to support other events	69
Number of public hearings supported and petitions education workshops conducted	18
Special WCPP legislative education workshops in support of the Budget Committee and SCOPA: Budget cycle (1) and annual reports (2)	2
Number of National Parliament or LSS events supported or implemented: Youth Parliament, 20th Commemoration of the Constitution, Schools Competition	3
CWP Programmes Conducted: Women's Dialogue and 16 Days of Activism Against the Abuse of Women and Children	2
Number of Commemorative Events: Heritage Day, HIV and AIDS Awareness Programme	2

### Petitions

The Petitions process is guided by the Petitions Regulations and Petitions Act. The PEO Section administers the petitions process in a manner which complies with the aforementioned legislation. A review of the Regulations may address the concerns regarding the cumbersome nature of registering a petition.

In the 2017/18 financial year the PEO Section received three petitions that complied with the Petitions Regulations. The Petitions were brought before the Standing Committee on Petitions.

### Hansard and Language Services

The programme reported the following significant achievements for the reporting period:

Hansard services for this period included the recording, transcription and publication of the unrevised and final revised record of proceedings of all 26 sittings of the House within the stipulated time frames and in accordance with the SLA. A total of seven Hansard books (volumes 2 to 8 – Fourth Session) were completed and published in this period.

The Language Services Section, of the total of 230 House Papers published all were fully translated to be available in all three official languages. Interpreting services were provided for the 229 House sittings and confirmed committee meetings combined. To facilitate improvement in the quality and standardisation of language use, the following documents were updated:

- Bilingual list of national acts;
- Bilingual terminology list;
- Style guides for Afrikaans and English; and
- Trilingual list of provincial acts.

To ensure that the interpreting service is available at all times, five additional interpreters were added to the database.

### 3.3.5 Annual performance

#### Strategic objectives performance indicators, performance indicators, planned targets and actual achievements

##### *Strategic objective performance indicators*

Programme 3: Parliamentary Services					
Strategic objective performance indicators	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Percentage year-on-year compliance with standard operating procedures for plenary and committee meetings; procedural and related support for all programmed sittings and committee meetings	<p><b>Achieved:</b> 99,52% year-on-year compliance with standard operating procedures for plenary and committee procedural and related support for all programmed sittings and committee meetings.</p> <p>100% in respect of Plenary Support; 98,8% in respect of Committee Support; and 99, 75% in respect of Hansard and Language Services.</p>	99%	<p><b>Not achieved:</b> 83% year-on-year compliance with standard operating procedures for plenary and committee procedural and related support for all programmed sittings and committee meetings.</p> <p>100% in respect of Plenary Support; 100% in respect of Committee Support; and 50% in respect of Hansard and Language Services.</p>	<b>Deviation:</b> -16% The recommendation s arising from external quality assessments of interpreting services and translation services were not implemented.	The recommendation s emanating from the survey on the quality of interpreting services will be implemented within the first quarter of 2018/19. The external assessment of translation services will be done in the second quarter of 2018/19 and the recommendation s will be implemented from the third quarter.
Number of year-on-year increases in the planned education initiatives to improve public participation in the legislative and other processes of the legislature	<p><b>Achieved:</b> 37,88% 91 education initiatives implemented.</p>	69	<b>Achieved:</b> 70 education initiatives rolled out in accordance with the annual programme.	<b>Deviation:</b> 1 One more education initiative rolled out than planned.	The additional educational programme is as a result of the 20th Commemoration of the Constitution events in 2017.

***Performance indicators, planned targets and actual achievements***

**3.3.5.1 Sub-programme: Plenary Support**

The purpose of the sub-programme is to provide procedural advice and administrative support for the sittings of the House.

<b>Sub-programme: Plenary Support</b>					
<b>Performance indicator</b>	<b>Actual achievement 2016/17</b>	<b>Planned target 2017/18</b>	<b>Actual achievement 2017/18</b>	<b>Deviation from planned target to actual achievement for 2017/18</b>	<b>Comment on or reasons for deviations</b>
Percentage of procedural support service provided in respect of the standard operating procedure (SOP) on Plenary Support to all plenaries programmed in accordance with approved parliamentary programme	<p><b>Achieved:</b> 100% of procedural support services provided to all plenaries programmed in accordance with the approved parliamentary programme.</p> <p>A total of 194 documents in the form of House Papers, bills, acts and other documents were processed in support of plenaries in line with the requirements of the SOP.</p>	100%	<p><b>Achieved:</b> 100% of procedural support services provided to all plenaries programmed in accordance with the approved parliamentary programme.</p> <p>A total of 229 documents in the form of House Papers, bills, acts and other documents were processed in support of plenaries in line with the requirements of the SOP.</p>		
Percentage of procedural advice provided to Presiding Officers and Members on request	<p><b>Achieved:</b> 100% procedural advice provided to Presiding Officers and Members on request.</p> <p>Out of a total of 68 requests and requirements for procedural advisory support by Members and Presiding Officers, all were produced and provided in line with the SOP requirements.</p>	100%	<p><b>Achieved:</b> 100% procedural advice provided to Presiding Officers and Members on request.</p> <p>Out of a total of 129 requests and requirements for procedural advisory support by Members and Presiding Officers, all were produced and provided in line with the SOP requirements.</p>		
Number of working days taken after a	<b>Achieved:</b> 15 working days after a sitting to	15	<b>Not achieved</b>	Out of a total of 275 resolutions approved by the	Resolutions were corrected and communicated

Annual Report for the 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Part B: Performance Information

Sub-programme: Plenary Support					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
sitting to communicate House resolutions to third parties in accordance with the approved SOP	<p>communicate House resolutions to third parties.</p> <p>Out of a total of 241 resolutions approved by the House, all were communicated to third parties through various means within the 15-day timeline in accordance with the SOP.</p>			House, 241 were communicated to third parties through various means within the 15-day timeline in accordance with the SOP.	after 15 days.
<p><b><u>Strategy to overcome areas of underperformance</u></b></p> <p><b><i>Number of working days taken after a sitting to communicate House resolutions to third parties in accordance with the approved SOP.</i></b></p> <p>Register will be monitored on a regular basis to ensure that resolutions are communicated within the approved 15-day period.</p>					

***Changes to planned targets***

No changes have been made to this sub-programme's performance indicators or targets during the reporting period.

***Sub-programme expenditure***

Plenary Support	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	3 046	2 892	154	2 602	2 536	66



### 3.3.5.2 Sub-programme: Committee Support

The purpose of this programme is to provide:

- Procedural advice and administrative support to the Committees; and
- Relevant parliamentary research support to Members, Committees, senior management and presiding officers.

Sub-programme: Committee Support					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Percentage of committee support provided in accordance with the approved standard operating procedure (SOP) for committees to all programmed committee meetings in accordance with approved parliamentary programme	<p><b>Achieved:</b> 97, 59% of committee support provided in accordance with the approved SOP for committees to all programmed committee meetings according to the approved programme.</p> <p>Out of a total of 83 reports processed in this period, 81 were processed in line with the SOP requirements.</p>	97%	<p><b>Achieved:</b> 100% of committee support provided in accordance with the approved SOP for committees to all programmed committee meetings according to the approved programme.</p> <p>Out of a total of 103 reports processed in this period, 103 were processed in accordance with the SOP requirements.</p>	Deviation: 3%	The deviation is as a result of improved efficiency.
Percentage of requested research services provided in accordance with the SOP to committees, senior management and presiding officers	<p><b>Achieved:</b> 100% of requested research services provided in accordance with the approved SOP for committees.</p> <p>Out of a total of 9 research requests received, all 9 were completed and submitted in accordance with the SOP requirements.</p>	100%	<p><b>Achieved:</b> 100% of requested research services provided in accordance with the approved SOP for committees.</p> <p>Out of a total of 9 research requests received, all 9 were completed and submitted according to the SOP requirements.</p>		

### Changes to planned targets

No changes were made to the sub-programme's performance indicators or targets during the reporting period.

### Sub-programme expenditure

Committee Support	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	14 163	14 044	119	13 031	12 270	761

### 3.3.5.3 Sub-programme: Public Education and Outreach

The purpose of the sub-programme is to facilitate public participation and public education.

Sub-programme: Public Education and Outreach					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Annual education programme on the law-making, oversight, public participation and petitions processes developed by 28 February 2018	<b>Achieved:</b> Annual education programme developed by 31 March 2017 for 2017/18.	Annual education programme developed (2018/19).	<b>Achieved:</b> Annual education programme on the law-making, oversight, public participation and petitions processes developed by 28 February 2018.		
Review education curriculum on the law-making, oversight and public participation and petitions processes by 31 March 2018	<b>Achieved:</b> Education curriculum reviewed by 31 March 2017	Education curriculum reviewed.	<b>Achieved:</b> Education curriculum on the law-making, oversight, public participation and petitions processes by 31 March 2018.		
Number of education initiatives rolled out in accordance with the annual programme	<b>Achieved:</b> 91 education initiatives rolled out in accordance with the annual programme and in response to internal legislative committee requests and high-level panel (HLP) programme.	69	<b>Achieved:</b> 70 education initiatives rolled out in accordance with the annual programme.	<b>Deviation:</b> 1 One more education initiative rolled out than planned.	The additional educational programme is as a result of the 20th Commemoration of the Constitution events in 2017.

Annual Report for the 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Part B: Performance Information

Sub-programme: Public Education and Outreach					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Number of existing education material reviewed	<b>Achieved:</b> Two existing items of education material were reviewed: <ul style="list-style-type: none"> <li>• Reviewed and improved existing annual reports' information sheet; and</li> <li>• Reviewed content of existing audio-visual education material and recommended improvements.</li> </ul>	2	<b>Achieved:</b> Two existing items of education material were reviewed. <ul style="list-style-type: none"> <li>• 16 Days of Activism; and</li> <li>• The Budget Process.</li> </ul>		
Number of new items of education material developed	<b>Achieved:</b> Two new items of education material developed: <ul style="list-style-type: none"> <li>• Understanding the parliamentary oversight cycle; and</li> <li>• Oversight role of WCPP's Standing Committees information.</li> </ul>	2	<b>Achieved:</b> Two new items of education material developed: <ul style="list-style-type: none"> <li>• Rights and responsibilities poster; and</li> <li>• Human Rights Day information sheet.</li> </ul>		
Percentage of petitions processed in accordance with the relevant legislation	<b>Achieved:</b> Two non-compliant submissions received and 100% processed in line with the applicable petitions legislation.	100%	<b>Achieved:</b> Three petitions received and administered. Petitions forwarded to the relevant Standing Committee.		

**Changes to planned targets**

No changes were made to the sub-programme's performance indicators or targets during the reporting period.

**Sub-programme expenditure**

Public Education and Outreach	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	4 071	4 228	-157	3 872	3 866	6

**3.3.5.4 Sub-programme: Hansard and Language Services**

The purpose of the sub-programme is to manage the provision of verbatim reports of the proceedings of the House and to provide interpreting and translation services.

**Changes to planned targets**

No changes were made to the sub-programme's performance indicators or targets during the reporting period.

**Sub-programme expenditure**

Sub-programme: Hansard and Language Services					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Percentage of recommendations implemented that have been accepted arising from the external quality assessment of interpreting services	<p><b>Achieved:</b> 100% of recommendations implemented that have been accepted arising from external vetting of interpreting services.</p> <p>Out of a total of 5 recommendations or actions from external vetting of IsiXhosa interpreting services, 5 were implemented to ensure the maintenance of acceptable standards.</p>	96%	Not achieved	Deviation: -100%.	<p>The survey on quality of interpreting services was conducted at the end of March 2018.</p> <p>Recommendations will be implemented in the first quarter of 2018/19.</p>
Percentage of recommendations implemented that have been accepted arising from the external quality	<p><b>Achieved:</b> 100% of recommendations implemented have been accepted arising from the external</p>	96%	Not achieved	Deviation: -100%.	Due to time constraints no external quality assessment of translation services was done.

Annual Report for the 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Part B: Performance Information

Sub-programme: Hansard and Language Services					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
assessment of translation services	assessment of translations services.  Out of a total 5 recommendations or actions from vetting of Afrikaans translation services, 5 were implemented to ensure the maintenance of acceptable standards.				External assessment of translation services will be done in the second quarter of 2018/19 and the recommendations will be implemented from the third quarter.
Percentage availability of official House Papers in all three official languages of the Province	<b>Achieved:</b> 99% availability of official House Papers in all three official languages of the Province. Of the total of 210 House Papers published in this period, 208 have been fully translated into the three official languages and made available on publication of the original source document.	97%	<b>Achieved:</b> 100% availability of official House Papers in all three official languages of the Province.  Of the total of 230 House Papers published in this period, 230 have been fully translated into the three official languages and made available on publication of the original source document.	<b>Deviation:</b> 3%	The deviation is as a result of improved efficiency.
Percentage availability of interpreting services for the House and committees where confirmed	<b>Achieved:</b> 100% availability of interpreting services for the House and committees when required.  Of the total of 198 meetings for this period, all were provided with interpreting services.	100%	<b>Achieved:</b> 100% availability of interpreting services for the House and committees when required.  Of the total of 228 meetings for this period, all were provided with interpreting services.		
Number of contact meetings held with the service provider to ensure that	<b>Achieved:</b> 12 contact meetings held with service provider, ensuring that	12	<b>Achieved:</b> 12 contact meetings held with service provider, ensuring that		

Annual Report for the 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Part B: Performance Information

Sub-programme: Hansard and Language Services					
Performance indicator	Actual achievement 2016/17	Planned target 2017/18	Actual achievement 2017/18	Deviation from planned target to actual achievement for 2017/18	Comment on or reasons for deviations
Hansard services provided are in accordance with service level agreement and that deviations are addressed	services provided were in line with the service level agreement according to timelines and specifications (i.e. recording of House sittings, transcription and publication of proceedings, and the production and publication of Hansard books).		services provided were in line with the service level agreement according to timelines and specifications (that is recording of House sittings, transcription and publication of proceedings, and the production and publication of Hansard books).		

Hansard and Language Services	2017/18			2016/17		
	Final appropriation	Actual expenditure	(Over) or under expenditure	Final appropriation	Actual expenditure	(Over) or under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	3 748	3 641	107	3 809	3 807	2

#### 4. TRANSFER PAYMENTS

##### 4.1 Transfer payments to non-profit institutions

Name of transferee	Purpose for which the funds were received	Compliance with section 35(1) of the FMPPA	Amount transferred	Amount spent by the entity
Democratic Alliance	Elected political parties to fulfil its constitutional and legislative mandate.	Yes	R24 283 115,54	R24 283 115,54
African National Congress	Elected political parties to fulfil its constitutional and legislative mandate.	Yes	R13 300 127,12	R13 300 127,12
African Christian Democratic Party	Elected political parties to fulfil its constitutional and legislative mandate.	Yes	R1 335 117,85	R1 335 117,85
Economic Freedom Fighters	Elected political parties to fulfil its constitutional and legislative mandate.	Yes	R1 266 238,22	R1 266 238,22

#### 5. DONOR FUNDS

The WCPP did not receive any new donor funding during the 2017/18 financial year.

##### 5.1 Previous year donor funds:

During November 2011, the WCPP received an amount of R2 709 000 from the Legislative Sector Support Programme for the implementation of the South African Legislative Sector Policy and Strategic Framework. As at 31 March 2018, the WCPP had R1 973 514,01 in its donor funding bank account, which includes the surplus funds, interest received and bank charges.

#### 6. CAPITAL INVESTMENT

##### 6.1 Capital investment, maintenance and asset management plan

In preparation for monthly in-year-monitoring (IYM), SCM provides detail in respect of open orders, pending contracts, outstanding payments and service standard reports to advance a meaningful IYM process. In this process line functions are interrogated by the respective Deputy Secretaries (Corporate and Procedural), in respect of projections to ensure expenditure is aligned to the budget throughout the fiscal period.

The WCPP's SCM conducted an external asset count and valuation in preparation for GRAP compliance. This process further culminated in the completion of an asset management policy which is GRAP-aligned.

The condition of assets vary as follows:

- Computer hardware – good condition and the latest refresh of ICT hardware (desktop computers) was effected during the fourth quarter of the 2017/18 financial year;
- Furniture – fair condition; it is generally used up to the top end of its useful life and, if possible, the useful life is extended to ensure that value for money is attained in respect thereof; and
- In respect of equipment, audio-visual equipment was refreshed in March 2018.

# WESTERN CAPE PROVINCIAL PARLIAMENT



## PART C GOVERNANCE







The Speaker's Debate of 13 August 2017 focussed on Women's Month. The all women Speaker's procession consisted of Ms Brenda Geldenhuys, Ms Lynne Saayman, Speaker Sharna Fernandez and Ms Wasiema Hassen-Moosa



On 10 June 2017 the Western Cape Provincial Parliament hosted the Western Cape Youth Parliament. The participants came from the six municipal districts of the Western Cape and represented schools, colleges, universities and community development organisations

## 1. INTRODUCTION

The WCPP recognises that proper risk management and effective internal controls are essential for effective governance and good management. Therefore, the WCPP is committed to maintaining the highest standards of governance and considers good governance fundamental to the management of public finances and resources. At the WCPP there are structures in place to effectively, efficiently and economically utilise its resources, which are funded by the tax payer.

## 2. RISK MANAGEMENT

The implementation of Enterprise Risk Management (ERM), in accordance with section 7(c) of the Financial Management of Parliament and Provincial Legislatures Act (FMPPLA), 2009, and the National Treasury Public Sector Risk Management Framework (PSRMF), is the responsibility of the Accounting Officer (AO) for the Western Cape Provincial Parliament (WCPP).

The WCPP has also adopted an Enterprise Risk Management (ERM) Policy, which was approved on 30 March 2016 and which sets out the institution's overall intention with regard to ERM.

The WCPP also adopted an ERM Strategy and an ERM Implementation Plan, which is reviewed annually and which was approved by the AO on 12 April 2017. The ERM Strategy and Implementation Plan gave effect to the WCPP's ERM Policy, which outlines the institutional philosophy toward risk management.

The risks that could have an impact on the achievement of the WCPP's objectives – at a strategic, operational and project risk level – is assessed quarterly. Risks were prioritised based on their likelihood and impact (inherently and residually) on the WCPP's objectives. New or emerging risks were identified during the quarterly review processes.

The WCPP has a fully functional Enterprise Risk Management Committee (ERMCO) to assist the AO in executing his responsibilities relating to risk management. The Committee operates under a Terms of Reference (TOR). The ERMCO met quarterly and deliberated those strategic, operational and project risks that were outside the desired tolerance levels and recommended further actions to risk owners to reduce the risks to be within the desired tolerance range.

An ERM Report is provided to the Audit Committee quarterly to execute their independent oversight mandate over the risk management system of the WCPP. The Audit Committee evaluates the risk management process by considering the quarterly progress against the annual ERM Strategy and Plan and the strategic, operational and project risks that the institution faces. The Audit Committee's oversight is focused on those risks (strategic, operational or project risks) that are outside the approved tolerance levels and the management's actions and responses to mitigate the risks and to bring them within the approved risk tolerance levels.

### ***Impact on institutional performance***

Risk management continues to be incorporated into all planning and strategies of the WCPP owing to an increase in awareness of the concept of risk and uncertainty. Based on the application of the ERM Strategy and Plan over the past financial year, the institution's control and performance environment has improved. The WCPP recognises that the optimisation and integration of risk management in our environment are critical for enhancing institutional improvement and for consistently meeting the institutional objectives within the current and projected constrained fiscal environment facing state organs.

### **3. FRAUD AND CORRUPTION**

The WCPP's Fraud Prevention Policy was reviewed at the end of 2016/17 in preparation for the 2017/18 financial year. The Fraud Prevention Policy was distributed to all staff and made available on the Document Management System. The WCPP maintains a stance of not tolerating corrupt or fraudulent activities, whether internal or external, and commits itself to pursuing and prosecuting vigorously any parties who engage or attempt to engage in such practices by using available legal means.

Fraud risk assessments were conducted to identify fraud risks, and reviews of existing fraud risks were conducted quarterly. The identified fraud risks were oversighted quarterly by the ERMCO.

Fraud awareness sessions were held with staff detailing the concept of ethics management, the behavioural outcomes of poor ethics management (that is fraud and corruption) and the internal and external reporting processes of the WCPP. Two information sessions were presented by the Office of the Public Protector and the internal newsletter was used to inform and educate staff about fraud and corruption prevention. As in the previous financial year, staff members formally demonstrated their commitment to the WCPP's Code of Conduct by signing a register of commitment to the Code of Conduct.

A Fraud Health Check, through a survey, was done with staff members in the third quarter of the 2017/18 financial year. As in the previous financial year, this assisted in gaining a high-level understanding of the extent of employee awareness of fraud control. The results were used to inform the Fraud Prevention Strategy and the Implementation Plan for the 2018/19 financial year, which was approved on the 26 March 2018.

### **4. MINIMISING CONFLICT OF INTEREST**

No conflict of interest was identified or reported in the period under review.

### **5. CODE OF CONDUCT**

#### **5.1 Members**

##### ***Meetings***

During the period under review the Conduct Committee met five times.

##### ***Disclosure of Members' interests***

The closing date for the disclosure of Members' interests for the 2017/18 period was 30 April 2018. All Members submitted their disclosure forms by the due date.

##### ***Advice to Members on the Code of Conduct***

The Registrar provided advice and assistance to 14 Members on the proper completion of their disclosure forms.

##### ***Access to the public part of the disclosure forms***

There were six requests for access to the public part of the disclosure forms.

##### ***Complaints***

During the period under review, the Registrar investigated six alleged breaches of the Code and submitted reports to the Conduct Committee.

## **5.2 Supply Chain Management**

Supply Chain Management practitioners have completed a Declaration of Interest for the year under review.

## **6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES**

### ***Health and Safety Committee***

The Provincial Parliament has an operational Health and Safety Committee. The Committee met four times during the financial year under review (21 June 2017, 27 September 2017, 8 December 2017 and 26 March 2018).

### ***Water Crisis Business Continuity Planning (BCP)***

A Water Crisis Business Continuity Planning Committee was established to coordinate the WCPP's efforts, in conjunction with the Department of Transport and Public Works. The Committee also reviewed the Water Crisis Business Continuity Plan. The Committee met four times during the financial year.

### ***Security evaluation for the national key point (NKP)***

A security evaluation was conducted on 10 October 2017. The NKP achieved an overall score of 94% for the 2017 calendar year.

### ***Joint Planning Committee (JPC)***

Joint Planning Committee meetings were held four times in the year under review (9 June 2017, 21 August 2017, 12 December 2017 and 14 February 2018).

The following issues were addressed at the JPC:

- Improving communication between role players (SAPS and WCPP) regarding protest marches to the WCPP.
- Security arrangements and contingencies for the State of the Province Address in 2018.
- Members' concerns about their safety at public hearings. As part of the security section's duties, all security-related issues at public hearings and during oversight visits are reported.
- To this effect the WCPP has launched a pilot project with the Department of Community Safety during the period from October to December 2017. The pilot collaboration was successful, and the WCPP entered into an MOU with the Department of Community Safety to make resources available for each public hearing and oversight visit. Prior to a public hearing or oversight visit, the Department of Community Safety also provides security assessment reports to the WCPP.

### ***Evacuation***

The WCPP had one planned evacuation drill and three unplanned evacuation drills, which took place after alarms were triggered.

An emergency evacuation drill took place on 3 October 2017. The WCPP was the lead coordinator and championed the drill for the entire building.

The three unplanned evacuations, which occurred during the financial year, took place on 4 November 2017, 8 February 2018 and 15 March 2018.



## **7. RULES COMMITTEE**

The Rules Committee met four times during the year under review (26 May 2017, 22 September 2017, 1 February 2018 and 16 March 2018). The Rules Committee also received reports from its subcommittee, the Internal Arrangements and Rules Subcommittee.

### ***Draft Legislative Sector Bill***

The Rules Committee was briefed on 26 May 2017 by the Speaker on the Draft Legislative Sector Bill. The Rules Committee noted with concern the proposed national legislation that threatens to undermine the institutional autonomy of provincial legislatures, as envisaged in section 116 of the Constitution of the Republic of South Africa, 1996, and supported the Speaker in taking the necessary steps to guard the autonomy of the institution.

### ***Water crisis***

On 1 February 2018, the Rules Committee was briefed by the Department of Transport and Public Works on the water crisis in the Western Cape and how it would affect the WCPP. The Committee agreed that a meeting be convened to discuss the Business Continuity Plan (BCP) for 7 and 15 Wale Street.

On 16 March 2018 the administration presented the committee with the BCP. The Committee agreed that the parliamentary administration be requested, in conjunction with the Department of Transport and Public Works and other role players, to continue working together on the water crisis.

Other matters that were reported on are:

### ***Accommodation***

The Internal Arrangements Subcommittee was of the view that outside options not be considered and that it be recommended that more office space be sought by acquiring another floor within the building. The Rules Committee resolved that the Secretary discuss this matter with the relevant departments.

### ***Members' catering***

A report for proposed catering was discussed. It was agreed that the price increase of meals be put on hold until a full report with all role players is completed.

### ***Rules review***

The Rules Committee appointed an ad-hoc committee, led by the Deputy Speaker, to deal with the review of rules. The ad-hoc committee was assisted by the parliamentary administration with research on the rules. Parties were also requested to make submissions by their whips. The Subcommittee held four meetings (4 October 2017, 18 October 2017, 2 November 2017 and 13 February 2018). The Deputy Speaker reported that the Subcommittee had made good progress and would report to the Committee once the task had been completed.

## 8. PARLIAMENTARY OVERSIGHT COMMITTEE (POC)

The Parliamentary Oversight Committee conducted oversight over the Western Cape Provincial Parliament during the 2017/18 financial year.

Oversight over the financial year mainly included the following matters:

- The quarterly performance of the WCPP;
- The financial reports of the WCPP; and
- The Annual Report of WCPP for the 2016/17 financial year.

### 8.1 The report of the POC on the 2016/17 annual report is printed below:

#### **REPORT OF THE PARLIAMENTARY OVERSIGHT COMMITTEE ON THE 2016/17 ANNUAL REPORT OF THE WESTERN CAPE PROVINCIAL PARLIAMENT, DATED 17 NOVEMBER 2017**

##### **1. Introduction**

*The Annual Report programme for the 2016/17 financial year was advertised in newspapers, inviting stakeholders and members of the public to attend and participate in the discussions.*

*The Annual Report of the Western Cape Provincial Parliament (WCPP) was tabled for the 2016/17 financial year in terms of section 60(1) of the Financial Management of Parliament and Provincial Legislatures Act [Act No.10 of 2009], (FMPPLA) and referred to the Parliamentary Oversight Committee on Thursday, 31 August 2017 (refer to "ATC 55-2017").*

*The Annual Report (AR) of WCPP serves to provide a record of the activities and performance of the Administration of WCPP and to promote accountability for decisions made during the financial year under review. The performance of WCPP is measured against the performance targets and budget outlined in the Strategic Plan and Annual Performance Plan of WCPP.*

*The purpose of FMPPLA is to regulate the financial management of Parliament and provincial legislatures in a manner consistent with its status in terms of the Constitution; to ensure that all revenue, expenditure, assets and liabilities of Parliament and provincial legislatures are managed efficiently, effectively and transparently; to provide for the responsibilities of persons entrusted with financial management; and to provide for matters connected therewith. In compliance with the spirit of section 4 of the Act, the Committee considered the AR of the WCPP to maintain oversight of the financial management of the WCPP for the financial year in question.*

*The members of the Parliamentary Oversight Committee (POC) deliberated on the sections of the Annual Report of the WCPP for the 2016/17 financial year, as follows:*

*Part A: General Information,  
Part B: Performance Information,  
Part C: Governance,  
Part D: Human Resource Management, and  
Part E: Financial Information.*

## **2. Overview**

The Committee met on 27 October 2017 at 08:00 where it was briefed by the Auditor-General of South Africa (AGSA) on the FMPPLA audit outcomes of the 2016/2017 financial year for WCPP. After the briefing by the AGSA, the Committee was briefed by the Audit Committee (AC) whose role is to ensure that WCPP functions according to good governance principles, complies with accounting and audit standards and monitors that appropriate risk management arrangements are in place. The AC also monitors the adequacy and reliability of the financial information provided by WCPP.

The methodology of the Committee was to meet with these stakeholders to benefit from their findings and possible concerns with the aim of assisting the Committee to have a constructive oversight engagement with WCPP.

The Committee met with WCPP whereafter introductory comments were made by the Speaker and the Secretary to Provincial Parliament.

A page by page oversight discussion ensued with the management of WCPP.

## **3. Inputs received from the public**

Members of the public were provided an opportunity to pose questions or make oral submissions, based on the contents of the 2016/17 Annual Report of WCPP. However, no members of the public were present to pose questions or to make oral submissions.

## **4. Findings**

4.1 The Committee noted from the comments of the Auditor-General that:

- 4.1.1 WCPP received a clean audit, with no findings on laws and regulations; nor pre-determined objectives.
- 4.1.2 WCPP has materially underspent the budget on a comparable basis to the amount of R11, 4 million (6, 9%).

4.2 The Committee noted from the comments of the Audit Committee that:

- 4.2.1 Internal Audit identified the Disaster Recovery Plan as a major risk area,
- 4.2.2 The following emerging risks were identified, which needs to be monitored by the WCPP, as follows:
  - 4.2.2.1 GRAP: Directive 8 - Transitional reporting and that the 2017/2018 transitional arrangements end. WCPP must ensure that full disclosure is in place by March 2018.
  - 4.2.2.2 FMPPLA transitional arrangements: Section 14 of the Act will be effective after the first election of the National Assembly since the Act came into effect.
  - 4.2.2.3 Other Supply Chain Management (SCM) issues such as Centralised Database, BBBEE certificates, provincial database and the E tenders Portal. Provincial Treasury still plays a key role for the WCPP. This could change in the future when the FMPPLA implementation takes effect.
  - 4.2.2.4 During the 2016/17 internal audit planning, 79 risks were identified within WCPP. Of the 79 risks, 50 required assurance coverage.
- 4.2.3 The Enterprise Resource Planning (ERP) project, that was scheduled to be implemented in 2016/17, was postponed to the 2017/18 financial year due to technical implementation challenges.
- 4.2.4 WCPP achieved 50 out of its 57 planned targets for the 2016/17 financial year.
- 4.2.5 The Institution participated in various national legislative and outreach activities, such as the Youth and Women's Parliaments, National Council of Provinces (NCOP) Provincial Visit Week and the High-Level Panel engagement.

- 4.2.6 A procedural hub has been established during the financial year under review, to assist the Secretary, as the Chief Procedural Officer of the Institution, to improve the provision of administrative and procedural support to the plenaries, committee activities and members of WCPP in general.
- 4.2.7 WCPP recorded close to 100% compliance to the requirements of FMPPLA.
- 4.2.8 The Institution utilised the assurance services of the Department of the Premier with regards to the internal audit function. Four internal audit reports were produced for the 2016/17 financial year under review.
- 4.2.9 WCPP approved and implemented its Enterprise Risk Management Framework and Strategy.
- 4.2.10 The Oversight and Accountability Policy, as well as the Public Participation Strategy were concluded by the Executive Authority of the Institution.
- 4.2.11 A disclosure form of one Member was not submitted as per the required 60- day period
- 4.2.12 The Institution commenced a process of functional enhancement, whereby it ensures that its resources are utilised optimally.
- 4.2.13 WCPP reported a collection of its own revenue (receipts) of R325 000. This is an increase of R268 000, from the 2016/17 beginning-of- financial- year estimation of R57 000 by the Institution.
- 4.2.14 During the financial year under review, the Supply Chain Management Unit received no unsolicited bid proposals or any that were concluded on.
- 4.2.15 The Institution paid 99% of its invoices that were received within 30 days.
- 4.2.16 The Institution indicated that it dealt with the asbestos occurrence which was present in the parliamentary precinct.

## **5. Recommendations**

### **5.1 The Committee recommended that:**

- 5.1.1 WCPP and the Audit Committee briefs it on the terms of reference of the Audit Committee, as approved by Cabinet, in supporting the internal audit function of the Institution to manage the risks that are identified and placed on the internal risk register, including any major areas for improvement.
- 5.1.2 WCPP identifies a potential risk on its risk register, the last-minute cancellation of members training when the logistical arrangements were already confirmed for attendance to institutions such as the University of the Witwatersrand. These cancellations could potentially result in fruitless and wasteful expenditure.
- 5.1.3 WCPP reflects, in all of its future annual performance plans, the donor funds that were received by WCPP.
- 5.1.4 The Audit Committee briefs it on the physical assurance engagement that was approved and completed in the internal audit plan of the 2016/17 financial year.
- 5.1.5 The Audit Committee briefs it on the identification and completion of the risks that were identified during the 2015/16 and 2016/17 financial years.
- 5.1.6 The Audit Committee briefs it on the Disaster Recovery Plans for the ICT Audit that was noted by Internal Audit during the 2016/17 financial year.
- 5.1.7 WCPP briefs it on why no consultants were appointed in terms of the historical disadvantaged individual criteria.
- 5.1.8 The Rules Committee engage WCPP on Oversight and Accountability Policy, as well as the Public Participation Strategy.
- 5.1.9 The WCPP brief the POC, on a quarterly basis, on the Enterprise Resource Planning (ERP) project.



**6. Information requested:**

6.1 The Committee requested that WCPP provide it with the following information:

- 6.1.1 A report on the functional enhancement process of the Institution, which includes the implementation stages of the project and the progress made thus far. The report should include the stakeholder consultation sessions that were held in the rollout of the project.
- 6.1.2 A report which highlights the terms and conditions which are attached to the funding received from the Legislative Sector Support (LSS) and expenditure incurred when ensuring the training of members.
- 6.1.3 A report to verify the total activities where there were opportunities for questions to the Premier without notice, including a report to verify the total activities where there were subjects for discussion put through debate.
- 6.1.4 A report which reflect the correct strategic objective performance indicators aligned to the Annual Performance Plan on the Institution, as reflected on page 30 of the 2016/17 Annual Report of the Institution, including how these indicators will be met by 2020.
- 6.1.5 A report on the domestic and international travels that the Speaker embarked on during the financial year under review.
- 6.1.6 A report which defines the performance indicator "percentage compliance with the Supply Chain Management Manual Checklist"; as indicated on page 37 of the Annual Report.
- 6.1.7 Details of the legal advice that was provided by the respective legal consultants, as outlined in Table 17.1 on page 90 of the Annual Report.
- 6.1.8 A report on the statistics which are associated with the Institution's assurance over significant risk, by overseeing the implementation of combined assurance principles, as highlighted on page 4 of the briefing document of the Audit Committee.

**7. Conclusion**

The Committee commends WCPP for maintaining an unqualified audit with no findings on predetermined objectives or compliance with laws and regulations.

The Committee will continue to engage with the Institution on its budget, FMMPLA implementation, and outstanding matters that were identified in the aforementioned sections, which contains the Committee's resolutions and request for information.

In addition, the Institution is commended for submitting financial statements that were free of material misstatements.

**8. Acknowledgments**

The Chairperson expressed the appreciation of the Committee for the inputs of the various role-players, such as the Auditor-General of South Africa and the Audit Committee, to enhance the oversight work of the Committee which relates to the Annual Report of WCPP for the year ending 31 March 2017. In addition, the Committee thanked the presiding officers and the WCPP administration for their efforts and contributions in this regard.

**8.2 Information requested by the POC**

The WCPP has submitted all the information requested by the POC in accordance with paragraph 6.1 of the report.

**8.3 WCPP response to the POC recommendations**

The WCPP response to the recommendation in accordance with paragraph 5.1 of the report is as follows:

Recommendations		Response by the WCPP	Resolved? Yes/No
8.3.1	The WCPP and the Audit Committee brief it on the terms of reference of the Audit Committee, as approved by the Cabinet, in supporting the internal audit function of the institution to manage the risks that are identified and placed on the internal risk register, including any major areas for improvement.	The POC must schedule a meeting for the Audit Committee to brief it.	No
8.3.2	The WCPP identifies a potential risk on its risk register, the last-minute cancellation of Members' training when the logistical arrangements were already confirmed for attendance to institutions such as the University of the Witwatersrand. These cancellations could potentially result in fruitless and wasteful expenditure.	The WCPP regards this risk as an operational risk.	Yes
8.3.3	The WCPP reflects, in all of its future annual performance plans, the donor funds that were received by the WCPP.	The WCPP will reflect donor funding in future annual performance plans.	On-going
8.3.4	The Audit Committee briefs it on the physical assurance engagement that was approved and completed in the Internal Audit Plan of the 2016/17 financial year.	The POC must schedule a meeting for the Audit Committee to brief it.	No
8.3.5	The Audit Committee briefs it on the identification and completion of the risks that were identified during the 2015/16 and 2016/17 financial years.	The POC must schedule a meeting for the Audit Committee to brief it.	No
8.3.6	The Audit Committee briefs it on the Disaster Recovery Plan for the ICT Audit that was noted by Internal Audit during the 2016/17 financial year.	The POC must schedule a meeting for the Audit Committee to brief it.	No
8.3.7	The WCPP brief it on why no consultants were appointed in accordance with the historically disadvantaged individual criteria.	The POC was briefed on 13 April 2018.	Yes
8.3.8	The Rules Committee engage with the WCPP on the Oversight and Accountability Policy, as well as the Public Participation Strategy.	The Rules Committee to schedule a meeting.	No
8.3.9	The WCPP brief the POC, quarterly, on the Enterprise Resource Planning (ERP) project.	The WCPP regularly briefed the POC on the status of the ERP project. The last briefing took place on 13 April 2018.	On-going

## **9. PRIOR MODIFICATIONS TO AUDIT REPORTS**

There were no prior modifications to the audit report during the 2017/18 financial year.

## **10. INTERNAL CONTROL UNIT**

The Internal Control Unit focused on identifying control gaps through inspections and assisting in audit preparation through post-auditing all transactional documentation.

The following areas were completed during the year under review:

- Debt management
- Helpdesk management
- Records management

Follow-up inspections were conducted on the previous year's findings to ensure progress and implementation where there were management action plans.

The unit also regularly followed up on management action plans stemming from the Auditor-General's findings in the previous year, as well as Internal Audit reports issued.

Loss control investigations are also dealt with by Internal Control. Once a thorough investigation is completed, recommendations are made to the Accounting Officer to write off or recoup a loss.

## **11. INTERNAL AUDIT AND AUDIT COMMITTEES**

Internal Audit provides management with independent, objective assurance and consulting services designed to add value and to continuously improve the operations of the Institution. It assists the Institution to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of Governance, Risk Management and Control processes.

The following key activities are performed in this regard:

- Assess and make appropriate recommendations for improving the governance processes in achieving the Institution's objectives;
- Evaluate the adequacy and effectiveness and contribute to the improvement of the risk management process;
- Assist the Accounting Officer in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement.

**The following assurance engagements were approved and completed in the 2017/18 Internal Audit Plan:**

- Committee Support
- Communications
- Transfer Payments
- Hansard Services
- Network User Account Management
- Data Migration

The Audit Committee is established as oversight bodies, providing independent oversight over governance, risk management and control processes in the Institution, which include oversight and responsibilities relating to:

- Internal Audit function;
- External Audit function (Auditor General of South Africa - AGSA);
- Accounting and reporting;
- Accounting Policies;
- Review of AGSA management and audit report;
- Review of In year Monitoring;
- Risk Management;
- Internal Control;
- Pre-determined objectives;
- Ethics and Forensic Investigations.

**Annual Report for the 2017/18 Financial Year**  
**Vote 2: Western Cape Provincial Parliament**  
**Part C: Governance**

The table below discloses relevant information on the audit committee members:

<b>Name</b>	<b>Qualifications</b>	<b>Internal or external</b>	<b>If internal, position in the department</b>	<b>Date appointed</b>	<b>Date Resigned</b>	<b>No. of Meetings attended</b>
Mr Mervyn Burton	B Compt; B Compt (Hons); CA(SA)	External	N/A	01 January 2015 (2 <sup>nd</sup> term)	2 <sup>nd</sup> term expired 31 December 2017	6
Mr Kerry Raymond Larkin	B Compt; ND FIS; FIIASA CIA; CRMA; CCSA	External	N/a	01 January 2018 (1 <sup>st</sup> term)	N/a	2
Ms Merle Kinnes	BA; LLB; Higher Certificate in Forensics Examination; Attorney of the High Court	External	N/A	01 January 2016 (1 <sup>st</sup> term)	N/a	8
Mr Mohamed Yaseen Ismail	BCom, PGDA, Certificate in Advanced Taxation, Certificate in Forensic and Investigative auditing, CA(SA), RA(SA), CFE	External	N/A	1 May 2016 (1 <sup>st</sup> term)	N/a	8
Mr Jeremy James Fairbairn	Certificate in General Management and Consultancy; HONS B COM (BUS. MANAGEMEN T), B. COM (Hons.), Higher Diploma in Education; B COM (LAW)	External	N/A	1 January 2017 (1 <sup>st</sup> term)	N/a	6

## 12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2018.

### Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from **Section 48** of the Financial Management of Parliament and Provincial Legislatures Act (**FMPPLA**). The Audit Committee also reports that it has adopted an appropriate formal Terms of Reference, has regulated its affairs in compliance with these Terms and has discharged all its responsibilities as contained therein.

### The effectiveness of Internal Control

In line with the FMPPLA, Internal Audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by an approved risk-based internal audit plan, Internal Audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

The following engagements were approved by the Audit Committee and completed by Internal Audit during the year under review:

- Committee Support
- Communications
- Transfer Payments
- Hansard Services
- Network User Account Management
- Data Migration

The areas for improvement, as noted by internal audit during performance of their work, were agreed to by management. The Audit committee monitors the implementation of the agreed actions on a quarterly basis.

### In-Year Management and Monthly or Quarterly Report

The Audit Committee is satisfied with the content and the quality of the quarterly in year management and performance reports issued during the year under review by the Accounting officer of the WCPP in terms of FMPPLA.

### Evaluation of financial statements

The Audit Committee has:

- reviewed and discussed the Audited Annual Financial Statements to be included in the Annual Report, with the Auditor-General South Africa (AGSA) and the Accounting Officer;
- reviewed the AGSA's Management Report and Management's responses thereto;
- reviewed changes to accounting policies and practices as reported in the Annual Financial Statements;
- reviewed material adjustments resulting from the audit of the Institution.

### Compliance

The Audit Committee has reviewed the WCPP's processes for compliance with legal and regulatory provisions. We note their responses.

**Performance information**

The Audit Committee has reviewed the information on predetermined objectives as reported in the Annual Report.

**Report of the Auditor-General of South Africa**

We have on a quarterly basis reviewed the Institution's implementation plan for audit issues raised in the prior year. The Audit Committee has met with the AGSA to ensure that there are no unresolved issues that emanated from the regulatory audit.

Corrective actions on the detailed findings raised by the AGSA will continue to be monitored by the Audit Committee on a quarterly basis.

The Audit Committee concurs and accepts the Auditor-General of South Africa's opinion regarding the Annual Financial Statements, and proposes that these Audited Annual Financial Statements be accepted and read together with their audit report.

The Audit Committee commends the Institution for maintaining an unqualified audit opinion with no material findings.



**Mr Kerry R. Larkin**  
**Chairperson of the Audit Committee**  
**Western Cape Provincial Parliament**  
**21 August 2018**

# WESTERN CAPE PROVINCIAL PARLIAMENT



## PART D HUMAN RESOURCE MANAGEMENT

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Western Cape Provincial Parliament staff received certificates for completing the Project GROW skills development programme presented in partnership with PwC. Project GROW, the largest WCPP skills development project ever embarked on, saw all levels of staff successfully completing several competency clusters, including: achieving, leadership, relating, self-management and thinking skills



Members and staff contributed a total of 92 shoe boxes containing clothing, stationery, toys, toiletries and snacks to the Santa Shoebox-Project on 10 November 2018. This initiative collects and distributes gifts to underprivileged children in South Africa and Namibia during the festive season

## 1. INTRODUCTION

The 2017/18 financial year has been a busy one for the Human Resources Section of WCPP with the implementation of Sage X3 as part of project JUMP, as well as the launch of the project on functional enhancement. There is an outlook for a lot of change to happen in the next two financial years and the year under review really laid the foundation for it.

**NOTE:** *Please note that in all statistical information provided the figures will relate to all employees who were employed for the entire financial year. Only where it is expressly stated "As at 31 March 2017 or 1 April 2018" will the figures reflect the position on that particular day.*

## 2. HUMAN RESOURCES STRATEGY

The financial year under review, 2017/18, was a year when modernisation was central to most activities of the Human Resources Section. There were three main streams of modernisation that occupied the employees in the Human Resources Section, namely the implementation of the Enterprise Resource Platform (ERP) system, Sage X3; the project on functional enhancement; and the launch of the revised employee wellness programme.

In terms of Sage X3 implementation, the process commenced with the documentation of the functional requirements according to the WCPP's specifications. While the technical team of the implementation partner was busy configuring the system to our requirements, the WCPP started with data migration from the old transversal systems. Data migration was a very intensive process, where all the data had to be cleaned up (for instance removing duplicates), captured and verified against the original records. This was followed by user acceptance testing, where the configured system was measured against the requirements. Testing and troubleshooting was done intensively by the service provider and HR employees.

After the service provider was appointed, the functional enhancement project commenced. The first phase of the project was situational analysis. This involved employees from various sections. Specialists of the service provider also conducted comparisons with other similar parliaments in South Africa, Africa and abroad.

The Employee Wellness Programme was redesigned following interviews with employees to determine the exact needs of employees in terms of wellness support. The WCPP also resolved that employee wellness should build on the values of the WCPP and the principles that emanated from Project GROW. The WCPP has also adopted the approach of integrating the employee wellness programme with the organisational programme in order to optimise participation and impact.

Below is a tabular display of some indicators in human resources management and the organisational landscape over the past eight years:

Annual Report for the 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Part D: Human Resource Management

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Personnel expenditure</b>	24,5 mil	27 mil	32 mil	39 mil	46 mil	49 mil	53 mil	57 mil
<b>Vacancy rate</b>	10%	17%	9,3%	6,6%	3,8%	4,8%	8,6%	3,7%
<b>Employee complement</b>	78	78	88	99	101	99	96	103
<b>Appointments</b>	15	12	16	15	11	12	5	17
<b>Terminations</b>	6	9	4	3	5	5	9	3
<b>Average sick leave</b>	8,6	7,04	5	6	8,18	9	9,2	8,6



#### 4. EXPENDITURE

The WCPP budgets in accordance with clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 4.1) and by salary bands (Table 4.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands.

##### IMPORTANT NOTES:

- a) Some employees were on more than one salary band or level during the financial year. They would then be reflected on more than one level, resulting in employee totals seeming not to reconcile.
- b) There is a difference between the personnel expenditure in the financial statements and the personnel expenditure in the annual report. This is as a result of conversion from Modified Cash Accounting to Accrual Accounting. The Financial Statements include provisions for employee benefits that are not actual payments, among others.

#### 4.1 Personnel costs by programme, 2017/18

Programme	Personnel expenditure R'000	Total expenditure R'000	Personnel cost as a % of total expenditure	Training expenditure R'000	Average personnel cost per employee R'000
Programme 1 Administration	38 826	59 213	65.6%	348	562
Programme 3 Parliamentary Services	18 520	24 805	74.6%	171	544
<b>Total</b>	<b>57 346</b>	<b>*84 018</b>	<b>68.2%</b>	<b>519</b>	<b>556</b>

*\*This amount excludes statutory appropriation for Members of the WCPP and Programme 2: Facilities and Benefits for Members and Political Parties.*

Programme 3 historically has fewer employees than Programme 1 as a result of more sections making up Programme 1. These include the offices of the Speaker and the Secretary. On 31 March 2018, there were 69 employees in Programme 1 and 34 in Programme 3.

#### 4.2 Personnel costs by salary bands, 2017/18

Salary bands	Number of employees	Personnel expenditure R'000	Percentage of total personnel cost	Average personnel cost per employee R'000
Lower skilled (Band A1–B1)	4	1 048	2%	262
Skilled (Band B2–C3)	68	26 043	45.4%	382
Highly skilled production (Band C4–5)	15	11 187	19.5%	447
Highly skilled supervision (Band D1–D3)	14	13 271	23%	947
Senior management (Band D4–E2)	4	5 650	9.9%	1412
<b>Interns</b>	<b>4</b>	<b>146</b>	<b>0.2%</b>	<b>36.5</b>
<b>Total</b>	<b>109</b>	<b>57 346</b>	<b>100%</b>	<b>526</b>

##### 4.2.1 Personnel costs by population group, 2017/18

Beneficiary profile	Number of employees	Personnel cost by race R'000	Percentage of total personnel cost
African	22	10 593	18%
Indian	5	3 629	6.8%
Coloured	63	33 805	59%
White	15	9 173	16%
Interns	4	146	0.2%
<b>Total</b>	<b>109</b>	<b>57 346</b>	<b>100%</b>



#### 4.2.2 Personnel costs by gender, 2017/18

Beneficiary profile	Number of employees	Personnel cost by gender R'000	Percentage of total personnel cost
Male	50	32 528	57%
Female	55	24 672	43%
Interns	4	146	0.25%
<b>Total</b>	<b>109</b>	<b>57 346</b>	<b>100%</b>

The following tables provide a summary per programme (Table 4.3) and salary band as a percentage of total personnel cost (Table 4.4) and salary band as a percentage of the total personnel cost for that band (Table 4.5) of expenditure incurred as a result of salaries, overtime, home owner's allowances and medical assistance. These tables exclude Interns.

#### 4.3 Salaries, overtime, home owner's allowances and medical aid by programme, 2017/18

Programme	Salaries		Overtime		Home owner's allowance (HOA)		Medical assistance	
	Amount R'000	Salaries as a % of personnel cost per programme	Amount R'000	Overtime as a % of personnel cost	Amount R'000	HOA as a % of personnel cost	Amount R'000	Medical assistance as a % of personnel cost
Programme 1	27 537	71%	119	0.43%	2 121	7.7%	561	2%
Programme 3	12 963	70%	221	1.2%	1 393	11%	358	1.9%
<b>Total</b>	<b>40 500</b>	<b>71%</b>	<b>340</b>	<b>0.6%</b>	<b>3 514</b>	<b>6.1%</b>	<b>919</b>	<b>1.6%</b>

#### 4.4 Salaries, overtime, home owner's allowances and medical aid by salary band, 2017/18 (percentage of the total personnel cost)

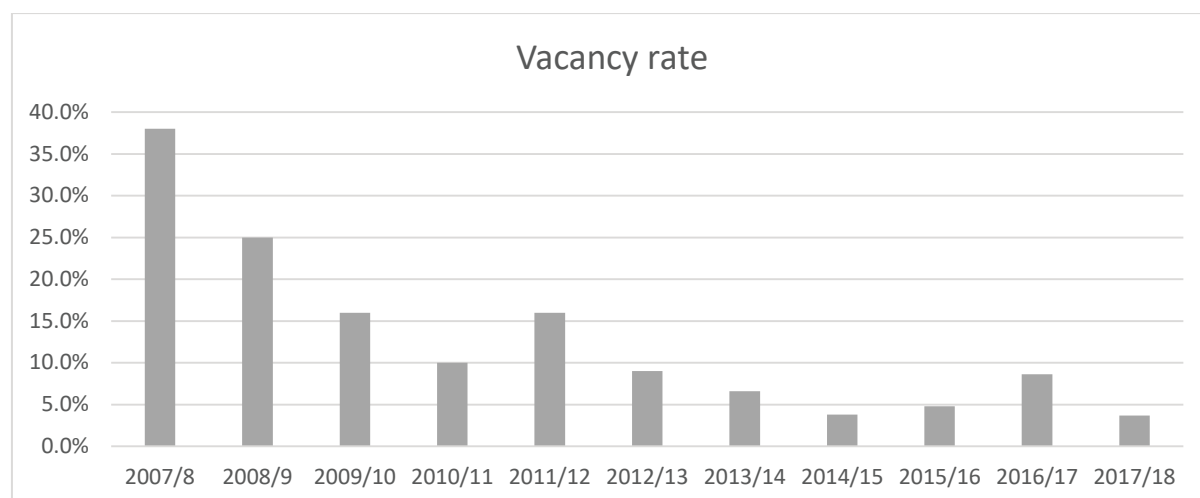
Salary bands	Salaries		Overtime		Home owner's allowance (HOA)		Medical assistance	
	Amount R'000	Salaries as a % of total personnel cost	Amount R'000	Overtime as a % of total personnel cost	Amount R'000	HOA as a % of total personnel cost	Amount R'000	Medical assistance as a % of total personnel cost
Lower skilled (Band A1–B1)	618	1.1%	27	0.47%	184	0.32%	-	-
Skilled (Band B2–C3)	18 366	32%	144	0.25%	2 451	4.3%	395	0.69%
Highly skilled production (Band C4–5)	8 008	14%	155	0.27%	879	1.5%	337	0.58%
Highly skilled supervision (Band D1–D3)	9 286	16%	16	0.03%	-	-	153	0.26%
Senior management (Band D4–E2)	4 222	7.4%	-	-	-	-	34	0.06%
<b>Total</b>	<b>40 500</b>	<b>71%</b>	<b>342</b>	<b>0.6%</b>	<b>3 514</b>	<b>6.1%</b>	<b>919</b>	<b>1.6%</b>

#### 4.5 Salaries, overtime, home owner's allowances and medical aid by salary band, 2017/18 (percentage of the respective salary bands)

Salary bands	Salaries		Overtime		Home owner's allowance (HOA)		Medical assistance	
	Amount R'000	Salaries as a % of personnel cost per salary band	Amount R'000	Overtime as a % of personnel cost per salary band	Amount R'000	HOA as a % of personnel cost per salary band	Amount R'000	Medical assistance as a % of personnel cost per salary band
Lower skilled (Band A1–B1)	618	59%	27	4.4%	184	29%	-	-
Skilled (Band B2–C3)	18 366	70.5%	144	0.8%	2 451	13%	395	2.15%
Highly skilled production (Band C4–5)	8 008	71.6%	155	1.9%	879	11%	337	4.2%
Highly skilled supervision (Band D1–D3)	9 286	70%	16	0.2%	-	-	153	1.6%
Senior management (Band D4–E2)	4 222	74.7%	-	-	-	-	34	0.8%
<b>Total</b>	<b>40 500</b>	<b>71%</b>	<b>342</b>	<b>0.84%</b>	<b>3 514</b>	<b>8.6%</b>	<b>919</b>	<b>2.3%</b>

## 5. EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts, funded and unfunded, on the establishment, the number of employees and the vacancy rates. The information is presented in terms of three key variables, viz. Programme (Table 5.1), Salary Band (Table 5.2) and critical occupations.



There has been a steady decline in the vacancy rate of the WCPP since 2007/08.

### 5.1 Employment and vacancies by programme, 31 March 2018:

Programme	Number of posts	Number of funded posts	Number of filled posts	Vacancy rate	Vacancy rate for funded posts
Programme 1	73	72	69	5.5%	1.4%
Programme 3	36	35	34	5.5%	2.7%
<b>Total</b>	<b>109</b>	<b>107</b>	<b>103</b>	<b>5.5%</b>	<b>3.7%</b>

### 5.2 Employment and vacancies by salary band, 31 March 2018:

The information in each case reflects the situation as at 31 March 2018. For an indication of the staffing changes during the period under review, please refer to section 7 of this report.

Salary band	Number of posts	Number of funded posts	Number of posts filled	Vacancy rate	Vacancy rate for funded posts
Lower skilled (Band A1–B1)	4	4	4	-	-
Skilled (Band B2–C3)	65	64	64	1.5%	-
Highly skilled production (Band C4–5)	19	19	18	5.2%	5.2%
Highly skilled supervision (Band D1–D3)	16	15	14	12.5%	6.25%
Senior management (Band D4–E2)	5	5	3	40%	40%
<b>Total</b>	<b>109</b>	<b>107</b>	<b>103</b>	<b>5.5%</b>	<b>3.7%</b>

### 5.3 Employment and vacancies by critical occupation, 31 March 2018:

No critical occupation was identified at the beginning of the 2017/18 financial year.

## 6. SENIOR MANAGEMENT SERVICE INFORMATION

### 6.1 Filling of Senior Management Service posts:

The tables in this section provide information on employment and vacancies as they relate to members of the Senior Management Service by salary level. It also provides information on advertising and filling of Senior Management Service posts. The stipulations of the Public Service Regulations do not apply to the WCPP, hence they cannot be reported on.

#### Senior Management Service post information as on 31 March 2018

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
E2	1	1	100%	-	-
E1	2	1	50%	1	50%
D4	2	1	50%	1	50%
<b>Total</b>	<b>5</b>	<b>3</b>	<b>66,7%</b>	<b>2</b>	<b>40%</b>

### Advertising and filling of Senior Management Service posts for the period 1 April 2017 and 31 March 2018

No advertisements were placed.



## 7. JOB EVALUATION

No positions were evaluated in the 2017/18 financial year.

### 7.1 Profile of employees whose positions were upgraded due to their posts being upgraded:

Occupation	Number of employees	Original level	Job evaluation level
-	-	-	-

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

### 7.2 Employees with salary levels higher than those determined by job evaluation by occupation:

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Administrative Clerk	1	B3	B5	Historical grade creep
Percentage of total employed				1%

*This employee is red-circled and specific principles apply to his/her remuneration.*

The following table summarises the beneficiaries of the above according to race, gender, and disability.

### 7.3 Profile of employees who have salary levels higher than those determined by job evaluation

Beneficiary	African	Asian	Coloured	White	Total
Female	-	-	1	-	1
Male	-	-	-	-	-
<b>Total</b>	-	-	<b>1</b>	-	<b>1</b>
Employees with a disability	-	-	-	-	-

<b>Total number of employees whose remuneration exceeded the grade determined by job evaluation in 2017/18</b>	<b>1</b>
--	----------

## 8. EMPLOYMENT CHANGES

This section provides information on changes in employment of the financial year. Turnover rates provide an indication of trends in the employment profile of the WCPP. The following tables provide a summary of turnover rates by salary band.

### 8.1 Annual turnover rates by salary band for the period 1 April 2017 to 31 March 2018:

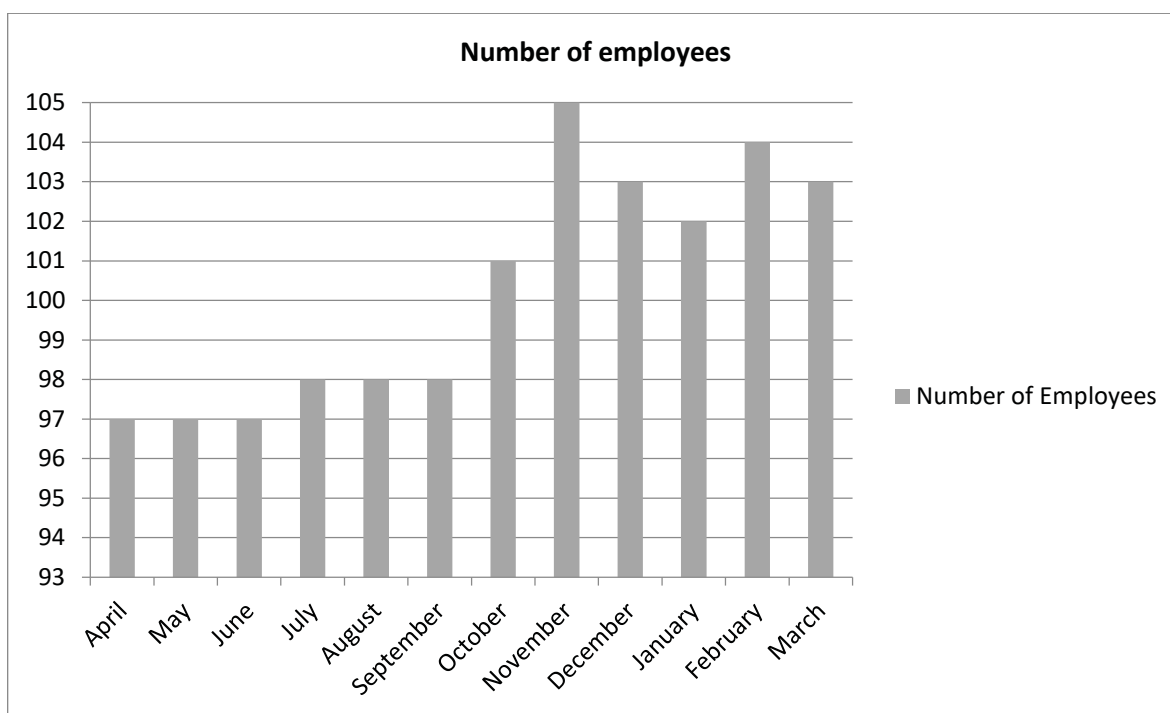
Salary band	Number of employees per band as on 1 April 2017	Appointments and transfers into the WCPP		Terminations and transfers out of the WCPP	Turnover rate
		Internal	External		
Lower skilled (Band A1–B1)	4	-	-	-	-
Skilled (Band B2–C3)	58	3	11	1	1.7%
Highly skilled production (Band C4–5)	14	-	1	-	-
Highly skilled supervision (Band D1–D3)	12	1	1	1	8.3%
Senior management (Band D4–E2)	4	-	-	1	25%
<b>Total number of Employees</b>	<b>92</b>	<b>4</b>	<b>13</b>	<b>3</b>	<b>3.2%</b>
Interns	4	-	1	3	100%

The WCPP was able to turn the tables drastically with regard to appointments and resignations over the last six years.

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Appointments</b>	12	19	15	5	11	5	17
<b>Resignations</b>	9	5	3	3	5	9	3
<b>Ratio</b>	4:3	3.8:1	5:1	1.7:1	2.2:1	1:1.8	5.6:1

The WCPP achieved the lowest vacancy rate since 2008 this year.

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Vacancy rate</b>	16%	8%	6.6%	3.8%	4.8%	8.65%	3.7%



The staff complement of the WCPP increased during this financial year. Seventeen appointments, of which thirteen were external, were made, while three employees resigned from the institution.

**8.2 Annual turnover rates by critical occupation for the period 1 April 2017 to 31 March 2018:**  
None.

### 8.3 Reasons why staff are leaving the WCPP

Termination Type	Number	% of total
Death	-	-
Resignation	3	100%
Expiry of contract	-	-
Dismissal – operational reasons	-	-
Dismissal – misconduct	-	-
Discharged due to ill-health	-	-
Retirement	-	-
Other	-	-
Transfers to other public service departments	-	-
<b>Total</b>	<b>3</b>	<b>100%</b>
Total number of employees who left as a % of the total employment		2.7%
Interns	3	66.7%

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Vacancy rate</b>	16%	8%	6.6%	3.8%	4.8%	8.65%	3.7%

### 8.4 Promotions by critical occupation:

The WCPP's Recruitment and Selection Policy did not make provision for promotion during the financial year under review. At this stage no critical occupations have been identified.

### 8.5 Promotions by salary band:

The WCPP's Recruitment and Selection Policy did not make provision for promotion during the financial year under review.

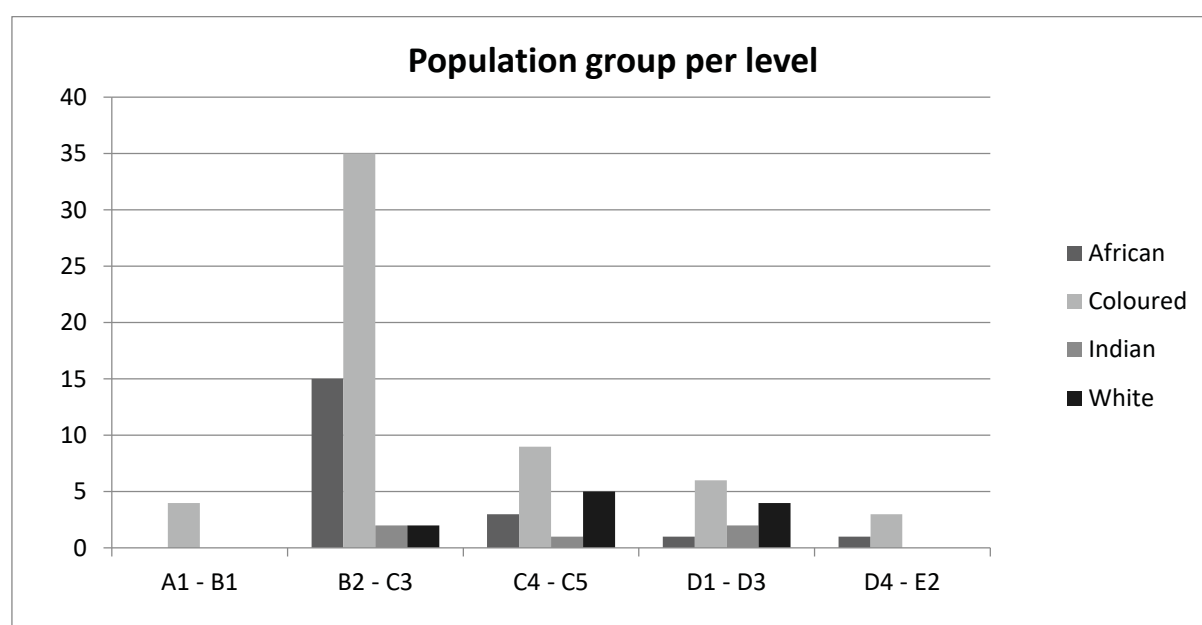
## 9. EMPLOYMENT EQUITY

NOTE: For the purposes of this report, professionals are defined as occupations that require registration with a professional body in order to be employed at the WCPP.

### 9.1 Total number of employees (including employees with disabilities) in each of the following occupational bands from 1 April 2017 to 31 March 2018:

Occupational levels	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management (Bands D4–E2)	1	1	-	-	-	1	-	-	3
Senior management (Band D1–3)	1	5	2	2	-	1	-	2	13
Professionally qualified and experienced specialists and mid-management (Band C4–5)	1	6	2	2	2	3	-	2	15
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (Bands B2–C3)	5	12	2	2	11	25	-	4	61
Semi-skilled and discretionary decision-making (Band A1–B1)	-	4	-	-	-	-	-	-	4
<b>Total</b>	<b>8</b>	<b>28</b>	<b>6</b>	<b>6</b>	<b>13</b>	<b>30</b>	<b>-</b>	<b>8</b>	<b>96</b>
Contract employees (non-permanent employees)	-	4	-	1	-	3	-	1	9
<b>Grand total</b>	<b>8</b>	<b>32</b>	<b>6</b>	<b>7</b>	<b>13</b>	<b>33</b>	<b>-</b>	<b>9</b>	<b>105</b>
<b>Interns</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>
People with disabilities <u>included</u> in the statistics above									
Semi-skilled and discretionary decision-making (Band A and B)	1	-	-	-	-	-	-	-	1

The graph below indicates the number of employees, including non-permanent employees, but excluding interns, in various salary bands in the WCPP for the reporting period.



## 9.2 Recruitment for the period 1 April 2017 to 31 March 2018:

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior management (Band D4–E2)	-	-	-	-	-	-	-	-	-
Highly skilled supervision (Band D1–3)	-	-	-	-	-	1	-	1	2
Highly skilled production (Band C4–5)	-	1	-	-	-	-	-	-	1
Skilled (Band B2–C3)	1	4	-	-	3	4	-	2	14
Lower skilled (Band A1–B1)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>5</b>	<b>-</b>	<b>3</b>	<b>17</b>
<b>Interns</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>
Employees with disabilities	-	-	-	-	-	-	-	-	-

## 9.3 Promotions for the period 1 April 2017 to 31 March 2018:

See 8.5 above.

## 9.4 Terminations for the period 1 April 2017 to 31 March 2018:

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	-	-	-	-	-	-	-	1
Senior management	-	1	-	-	-	-	-	-	1
Professionally qualified and experienced specialists and mid-management	-	-	-	-	-	-	-	-	-
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	-	1	-	-	-	-	-	-	1
Semi-skilled and discretionary decision-making	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>
Employees with disabilities	-	-	-	-	-	-	-	-	-

## 9.5 Disciplinary action for the period 1 April 2017 to 31 March 2018

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	-	-	-	1	1	-	-	-	2

## 9.6 Skills development for the period 1 April 2017 to 31 March 2018:

### 9.6.1 Training courses presented

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers (1)	-	3	1	-	-	-	-	1	5
Professionals (2)	-	-	-	-	-	-	-	-	-
Technicians and associate professionals (3)	5	14	3	5	8	17	-	4	56
Clerks (4)	7	3	1	-	6	4	-	-	21
Service workers (5)	-	4	-	-	-	-	-	-	4
<b>Total</b>	<b>12</b>	<b>24</b>	<b>5</b>	<b>5</b>	<b>14</b>	<b>21</b>	<b>-</b>	<b>5</b>	<b>86</b>
Interns	-	-	-	-	3	-	-	-	3
Employees with disabilities	1	-	-	-	-	-	-	-	-

**Note:**

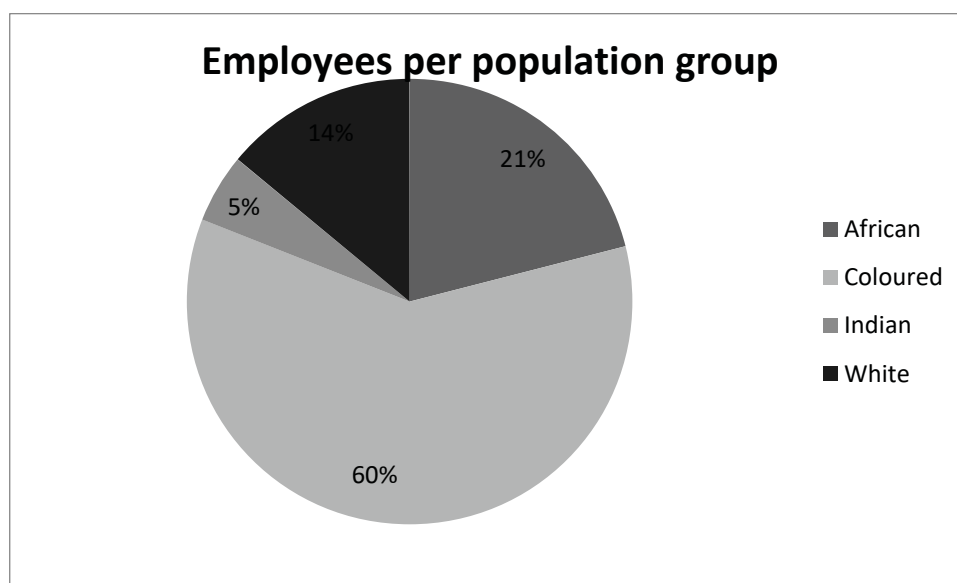
Please note that this indicates incidents of training and not individuals who attended training. Internal training programmes are included.

### 9.6.2 Study assistance provided for formal education

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers (1)	-	-	-	-	-	-	-	-	-
Professionals (2)	-	-	-	-	-	-	-	-	-
Technicians and associate professionals (3)	1	3	-	-	1	1	-	-	6
Clerks (4)	-	1	-	-	1	3	-	-	5
Service workers (5)	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>11</b>
Employees with disabilities	-	-	-	-	-	-	-	-	-

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Skills development</b>	329	136	247	186	169	339	86
<b>Study assistance</b>	19	12	12	13	12	17	6
<b>Internships</b>	5	5	1	2	1	3	3

## 9.7 Population group distribution as at 31 March 2018



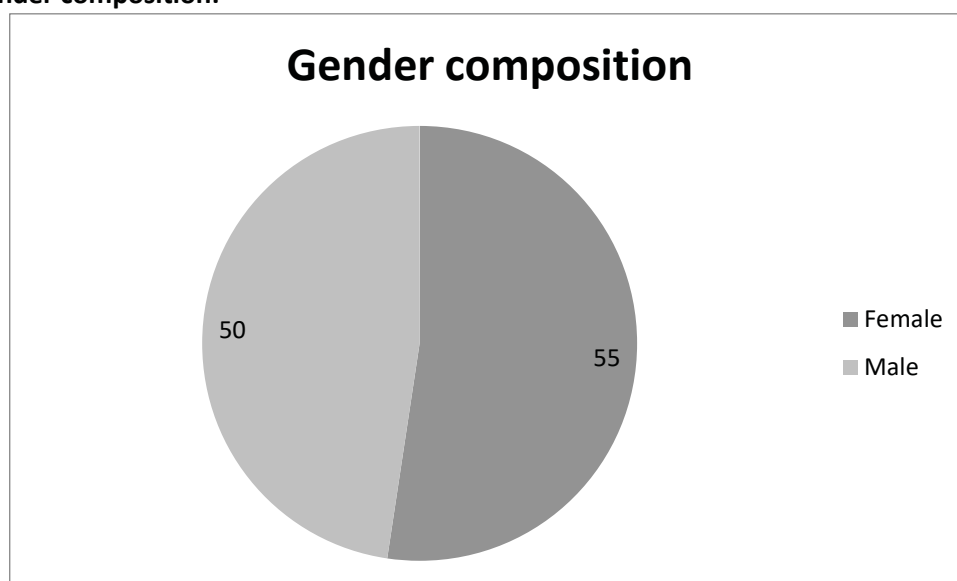
Of the 103 employees in the WCPP at 31 March 2018, 22 are from the African population group, 62 from the coloured population group, 14 from the white population group and 5 from the Indian population group.

	WCPP	Western Cape
African	21%	32.8%
Coloured	60%	48.8%
White	14%	15.7%
Indian	5%	1%

\*Stats SA 2011

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Coloured	56%	58%	55.6%	56%	58%	60%	60%
African	31%	28.4%	26.3%	24%	24%	21%	21%
White	12%	12.5%	13.1%	13%	12%	14%	14%
Indian	1%	1.1%	5%	7%	5%	5%	5%

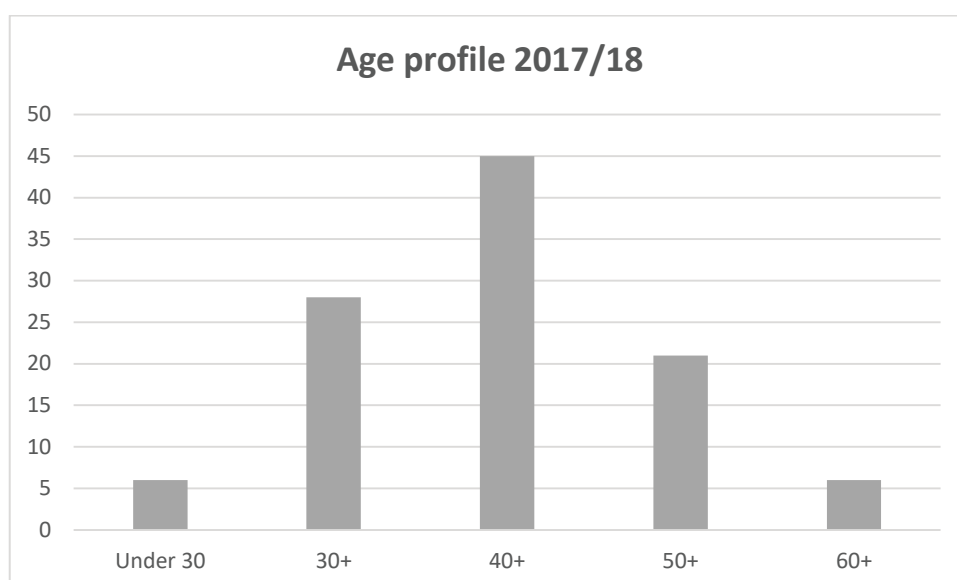
## 9.8 Gender composition:



On 31 March 2018, 55 of the 105 employees in the WCPP were female and 50 were male.

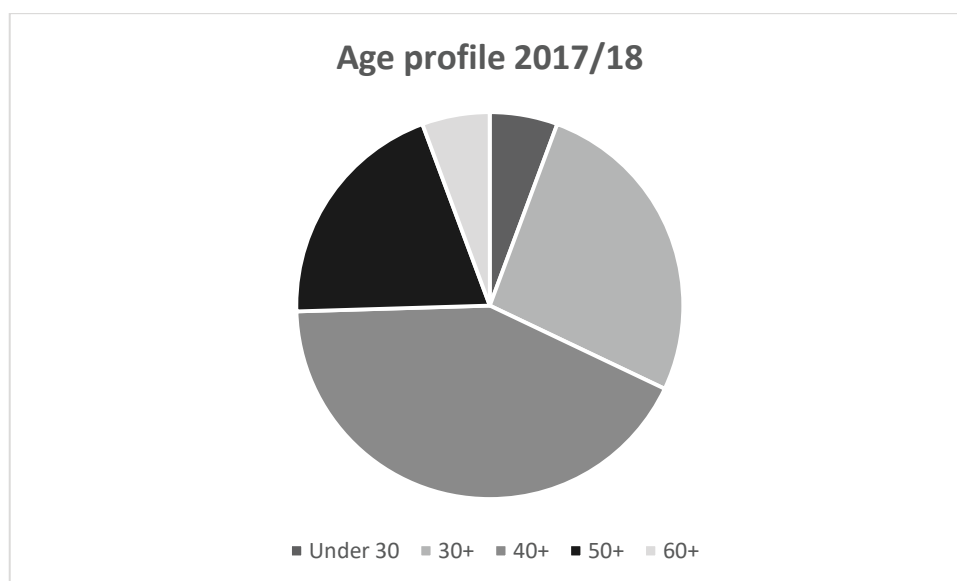
	WCPP	Western Cape	RSA
Female	52%	50.9%	51.5%
Male	48%	49.1%	48.5%

## 9.9 Age profile:



The average age of the employees of the WCPP was 44 on 31 March 2018.





## 10. PERFORMANCE REWARDS

To encourage good performance, the WCPP has granted the following performance rewards during the year under review. The information is presented according to population group, gender, disability and salary band.

### 10.1 Performance Increases by population group, gender and disability, 1 April 2017 to 31 March 2018 in respect of 2016/17 financial year:

There were no performance increases awarded in respect of the 2016/17 financial year. Eighty-four employees received a 1% pay progression after having achieved a performance rating of at least 60%.

### 10.2 Performance bonuses, 1 April 2017 to 31 March 2018 in respect of 2016/17 financial year:

Salary bands	Number of posts (31 Mar 2018)	Number of beneficiaries	African		Coloured		White		Indian		Cost	
			Male	Female	Male	Female	Male	Female	Male	Female	Cost R'000	Average cost per employee R'000
Lower skilled (Band A1 – B1)	4	1	-	-	1	-	-	-	-	-	6	6
Skilled (Band B2 – C3)	65	34	3	5	7	14	1	2	1	-	383	11
Highly skilled production (Band C4-5)	19	8	1	-	3	1	3	2	-	-	127	16
Highly skilled supervision (Band D1 – D3)	16	9	1	-	2	1	1	1	2	-	137	15
Senior Management (Band D4 – E2)	5	4	1	-	2	1	1	-	-	-	87	22
<b>Total</b>	<b>109</b>	<b>56</b>	<b>6</b>	<b>5</b>	<b>15</b>	<b>17</b>	<b>6</b>	<b>5</b>	<b>3</b>	<b>-</b>	<b>740</b>	<b>13</b>

### 10.3 Performance by critical occupations, 1 April 2017 to 31 March 2018:

No critical occupations identified for the period 1 April 2017 to 31 March 2018.

## 11. FOREIGN WORKERS

The information below summarises the employment of foreign nationals at the WCPP.

### 11.1 Foreign workers, 1 April 2017 to 31 March 2018, by salary band:

No foreign workers were appointed.

### 11.2 Foreign workers, 1 April 2017 to 31 March 2018, by major occupation:

No foreign workers were appointed.

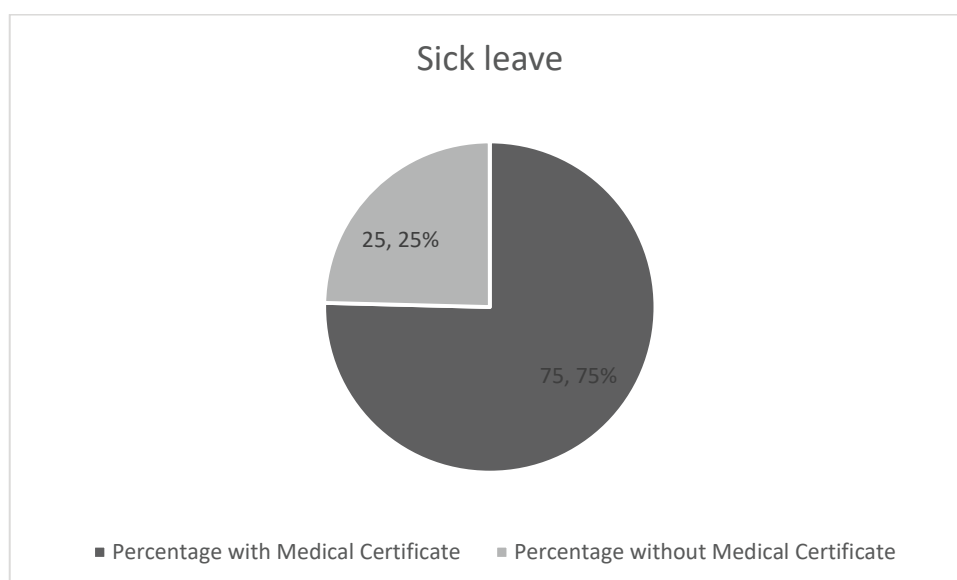
## 12. LEAVE UTILISATION

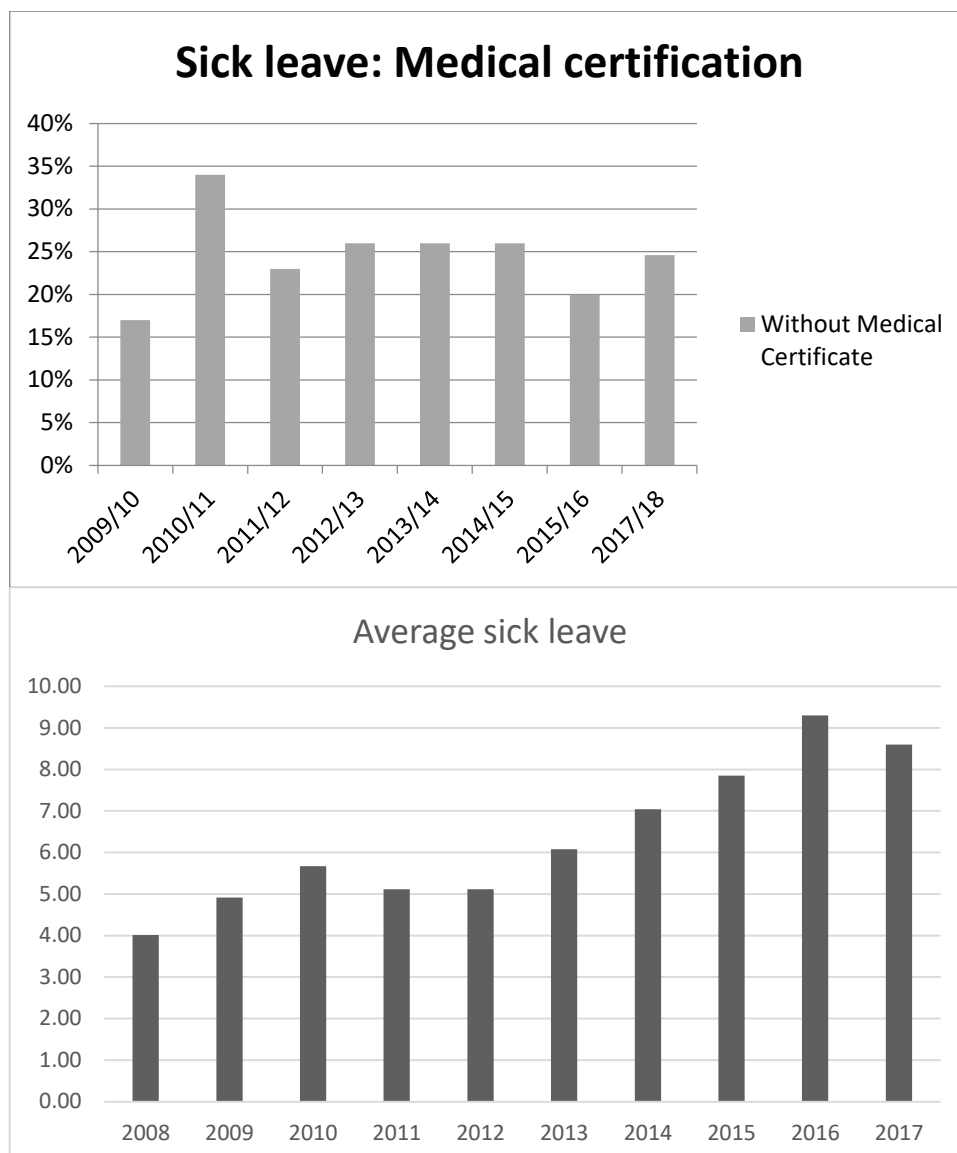
The following tables indicate the use of sick leave, with an estimated cost. The use of annual leave and annual leave pay-outs is also provided.

### 12.1 Sick Leave, 1 January 2017 to 31 December 2017

Salary band	Total days	% of days with medical certification	Number of employees using sick leave	% of total employees per band using sick leave	Average days per employee*	Estimated cost R'000
Lower skilled (Band A1–B1)	32	31%	3	75%	10.66	27
Skilled (Band B2–C3)	442	28%	52	76%	8.50	574
Highly skilled production (Band C4–5)	187	21%	16	88%	11.68	473
Highly skilled supervision (Band D1–D3)	48	23%	10	71%	4.80	175
Senior management (Band D4–E2)	5	20%	2	40%	2.50	29
<b>Total</b>	<b>714</b>	<b>24.6%</b>	<b>83</b>	<b>79%</b>	<b>8.60</b>	<b>1278</b>

\*To calculate the average, ONLY the employees who used sick leave were considered.





## 12.2 Disability leave (temporary and permanent), 1 April 2017 to 31 March 2018:

None.

## 12.3 Annual leave, 1 January 2017 to 31 December 2017:

Salary bands	Total days taken	Average per employee
Lower skilled (Band A1–B1)	130.85	32.7
Skilled (Band B2–C3)	1202.91	17.7
Highly skilled production (Band C4–5)	312.6	17.4
Highly skilled supervision (Band D1–D3)	275.64	21.2
Senior management (Band D4–E2)	71.84	14.37
<b>Total</b>	<b>1993.84</b>	<b>18.99</b>

#### 12.4 Leave pay-outs for the period 1 April 2017 to 31 March 2018:

Band	Total number of employees	Total costs R'000	Average cost per employee R'000
Lower skilled (Band A1–B1)	-	-	-
Skilled (Band B2–C3)	2	15	7
Highly skilled production (Band C4–5)	1	17	17
Highly skilled supervision (Band D1–D3)	1	28	28
Senior management (Band D4–E2)	1	42	42
<b>Total</b>	<b>5</b>	<b>102</b>	<b>21</b>
Interns	2	2	1

*\*This amount excludes the time-off credits paid out to employees upon resignation.*

#### 12.5 Capped leave, 1 April 2017 to 31 March 2018:

Salary band	Total days of capped leave taken	Number of employees using capped leave	Average number of days taken per employee	Average capped leave per employee as at 31 March 2018
Lower skilled (Band A1–B1)	-	-	-	-
Skilled levels (Band B2–C3)	-	-	-	101.15
Highly skilled production (Band C4–C5)	-	-	-	22.65
Highly skilled supervision (Band D1–D3)	-	-	-	57.7
Senior management (Band D4–E2)	-	-	-	86
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>267.5</b>

### 13. HIV AND AIDS AND HEALTH PROMOTION PROGRAMMES

#### 13.1 Steps taken to reduce the risk of occupational exposure:

As reported last year, Universal Infection Control measures are maintained.

#### 13.2 Details of health promotion and HIV and Aids (2017/18):

- Employee wellness activities for the 2017/18 financial year included these main events:
- Personal habits questionnaire
- Getting organised workshop
- De-stress campaign
- Debt management
- Retirement planning
- Health Day

## 14. LABOUR RELATIONS

### 14.1 Collective agreements, 1 April 2017 to 31 March 2018:

Subject matter	Date
2017/18 Salary agreement	4 May 2017

### 14.2 Misconduct and disciplinary hearings finalised, 1 April 2017 to 31 March 2018:

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	-	-
Verbal warning	-	-
Written warning	2	100%
Final written warning	-	-
Suspended without pay	-	-
Fine	-	-
Demotion	-	-
Dismissal	-	-
Not guilty	-	-
Case withdrawn	-	-
<b>Total</b>	<b>2</b>	<b>100%</b>

### 14.3 Types of misconduct addressed, 1 April 2017 to 31 March 2018:

Type of misconduct	Number	% of total
Dereliction of duty	-	-
Discriminatory/derogatory remarks	1	100%
Inappropriate language	1	100%
Poor performance	-	-
Negligently failing to adhere to WCPP procedures	-	-
Absenteeism	-	-
Timekeeping	-	-
Irregular expenditure	-	-
Fraudulently altering official documents	-	-
Insubordination	-	-
Misuse of Parliament's property	-	-
<b>Total</b>	<b>2</b>	<b>100%</b>

### 14.4 Grievances lodged for the period 1 April 2017 to 31 March 2018:

Nine grievances were lodged during the year under review. Seven of these related to performance rewards.

### 14.5 Disputes lodged with councils for the period 1 April 2017 to 31 March 2018:

Disputes	Number	% of total
Number of disputes upheld	-	-
Number of disputes dismissed	3	100%
<b>Total number of disputes lodged</b>	<b>3</b>	<b>100%</b>

### 14.6 Strike action for the period 1 April 2017 to 31 March 2018:

No strikes occurred during the period under review.

### 14.7 Precautionary suspensions for the period 1 April 2017 to 31 March 2018:

One.

## 15. SKILLS DEVELOPMENT

### 15.1 Training needs identified 1 April 2017 to 31 March 2018:

Occupational categories	Gender	Training needs identified	Total training needs identified
Legislators, senior officials and managers	Female	1	5
	Male	4	
Technicians and associate professionals (3)	Female	29	56
	Male	27	
Administrative workers and clerks	Female	10	21
	Male	11	
Service workers (5)	Female	-	4
	Male	4	
<b>Subtotal</b>	<b>Female</b>	<b>40</b>	
	<b>Male</b>	<b>46</b>	
<b>Total</b>		<b>86</b>	<b>86</b>

\* Internal on the job training was provided to interns.

### 15.2 Training provided 1 April 2017 to 31 March 2018:

Occupational categories	Gender	Number of employees as at 31 March 2018	Skills programmes and other short course	Total
Legislators, senior officials and managers (1)	Female	4	1	64
	Male	14	4	
Professionals (2)	Female	-	-	-
	Male	-	-	
Technicians and associate professionals (3)	Female	31	29	180
	Male	27	27	
Clerks (4)	Female	18	10	84
	Male	5	11	
Service workers (5)	Female	-	-	11
	Male	4	4	
<b>Subtotal</b>	<b>Female</b>	<b>53</b>	<b>40</b>	
	<b>Male</b>	<b>50</b>	<b>46</b>	
<b>Total</b>		<b>103</b>	<b>86</b>	<b>86</b>
<b>Interns</b>	Female	1	1	
	Male	1	1	

## 16. INJURY ON DUTY

### 16.1 Injury on duty, 1 April 2017 to 31 March 2018:

Nature of injury on duty	Number	% of total
Required basic medical attention only	-	-
Temporary total disablement	-	-
Permanent disablement	-	-
Fatal	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## 17. UTILISATION OF CONSULTANTS

### 17.1 Report on consultant appointments using appropriated funds:

Project title	Total number of consultants that worked on the project	BBBEE status	Duration: workdays	Contract value in rand (R)
Recruitment assessment	The Assessment Toolbox	Level 4	On request	4 560,00
Recruitment assessment	PriceWaterHouseCoopers	Level 1	On request	53 598,60
Functional enhancement	PriceWaterHouseCoopers	Level 1	SLA	658 625,00
Translation and transcription	EOH Legal Services	Level 1	On request	811 645,12
Translation and transcription	12 independent translators	None	On request	1 083 490,53
Legal advice	Webber Wentzel	None	On request	205 979,84
Legal advice	Department of Justice and Constitutional Development	None	On request	339,15
Legal advice	Anton Meyer	None	On request	17 500,00
<b>Total number of projects</b>	<b>8</b>		<b>Varies</b>	<b>2 835 738,24</b>

### 17.2 Analysis of consultant appointments using appropriated funds, in terms of the Broad-Based Black Economic Empowerment Act (BBBEE):

See Table 17.1.

### 17.3 Report on consultant appointments using donor funds:

None.

### 17.4 Analysis of consultant appointments using donor funds, in terms of the Broad-Based Black Economic Empowerment Act (BBBEE):

None.

# WESTERN CAPE PROVINCIAL PARLIAMENT



## PART E FINANCIAL INFORMATION







The Western Cape Provincial Parliament branch of the Commonwealth Parliamentary Association hosted a Women's Dialogue on Saturday, 30 September 2017. Member Pholisa Makaleni facilitated the commission that dealt with combatting femicide in the Western Cape. She was supported by Ms Jeanne Bodenstein from Rape Crisis and Committee Coordinator Wasiema Hassen Moosa



Learners from St Matthews Primary School in Beaufort West were invited by Member Daylin Mitchell to participate in an educational tour of the institution on 5 October 2017

**REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON VOTE  
NO. 2: WESTERN CAPE PROVINCIAL PARLIAMENT**

<b>Report on the audit of the financial statements</b>
--

**Opinion**

1. I have audited the financial statements of the Western Cape Provincial Parliament set out on pages 106 to 169, which comprise statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Western Cape Provincial Parliament as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practise (SA Standards of GRAP) and the requirements of the Financial Management of Parliament and Provincial Legislature Act, 2009 (Act No. 10 of 2009) (FMPPLA).

**Basis for opinion**

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of parliament in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Emphasis of matter**

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

**Material underspending of the budget**

7. As disclosed in the Statement of Comparison of Budget and Actual Amounts and in note 39 to the financial statements, the legislature has materially underspent the budget on a comparable basis to the amount of R10,9 million (6%) of which R3,7 million (2%) relates to statutory funds to be surrendered directly to the revenue fund, being an underspending of funds appropriated specifically for members' remuneration.

**Responsibilities of accounting officer for the financial statements**

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP, the requirements of the FMPPLA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Annual Report for 2017/18 Financial Year**  
**Vote 2: Western Cape Provincial Parliament**  
**Report of the Auditor-General for the year ended 31 March 2018**

9. In preparing the financial statements, the accounting officer is responsible for assessing the Western Cape Provincial Parliament's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate parliament or to cease operations, or has no realistic alternative but to do so.

**Auditor-general's responsibilities for the audit of the financial statements**

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

<b>Report on the audit of the annual performance report</b>
---

**Introduction and scope**

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of parliament. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the Western Cape Provincial Parliament for the year ended 31 March 2018:

Programme	Pages in the annual performance report
Programme 3 – Parliamentary services	52 - 60

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.



**Annual Report for 2017/18 Financial Year**  
**Vote 2: Western Cape Provincial Parliament**  
**Report of the Auditor-General for the year ended 31 March 2018**

16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programme:

- Programme 3: Parliamentary services

**Other matter**

17. I draw attention to the matter below.

**Achievement of planned targets**

18. Refer to the annual performance report on pages 52 - 60 for information on the achievement of planned targets for the year.

**Adjustment of material misstatements**

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of parliamentary services. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

<b>Report on audit of compliance with legislation</b>
---

**Introduction and scope**

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of parliament with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

21. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

<b>Other information</b>
--------------------------

22. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.

23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

25. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Report of the Auditor-General for the year ended 31 March 2018

retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

<b>Internal control deficiencies</b>
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26. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Cape Town  
31 July 2018



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on parliament’s compliance with respect to the selected subject matters.

**Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of parliament’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Western Cape Provincial Parliament’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause parliament to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and where applicable, related safeguards.

**Annual Report for 2017/18 Financial Year**  
**Vote 2: Western Cape Provincial Parliament**  
**Annual Financial Statements for the year ended 31 March 2018**

**General Information**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018**

Nature of business and principal activities	<p>The main services offered by the Western Cape Provincial Parliament are as follows:</p> <ul style="list-style-type: none"> <li>• Sustain a legislative process that produces good and just laws</li> <li>• Provide support for vigorous oversight of the Executive</li> <li>• Provide an enabling environment for Members to be effective</li> <li>• Effective, efficient and economical management of resources</li> <li>• Ensure good governance</li> <li>• Effective and meaningful public participation, education and awareness.</li> </ul> <p>The Administration of the Provincial Parliament, in support of this, provides an enabling environment for Members to achieve their constitutional objectives.</p>
Speaker	Fernandez, SG
Deputy Speaker	Pretorius, PJC
Secretary	Lawrence, GA
Deputy Secretary: Corporate Services	Hindley, RG
Deputy Secretary: Procedural Services	Vacant (Lawrence, GA – Acting)
Chief Financial Officer	Petersen, NL
Chief Parliamentary Officer	Vacant (Nkabinde, J - Acting)
Business address	Provincial Legislature Building 7 Wale Street CAPE TOWN 8001
Postal address	PO Box 648 CAPE TOWN 8000
Bankers	Nedbank
Auditors	Auditor-General of South Africa

**Annual Report for 2017/18 Financial Year**  
**Vote 2: Western Cape Provincial Parliament**  
**Annual Financial Statements for the year ended 31 March 2018**

**Index**

The reports and statements set out below comprise the annual financial statements presented to the Parliamentary Oversight Committee:

<b>Index</b>	<b>Page</b>
Accounting Officer's Responsibilities and Approval	105
Statement of Financial Position	106
Statement of Financial Performance	107
Statement of Changes in Net Assets	108
Cash Flow Statement	109
Statement of Comparison of Budget and Actual Amounts	110
Accounting Policies	111 - 134
Notes to the Annual Financial Statements	135 - 169



**Annual Report for 2017/18 Financial Year**  
**Vote 2: Western Cape Provincial Parliament**  
**Annual Financial Statements for the year ended 31 March 2018**

## **Accounting Officer's Responsibilities and Approval**

The accounting officer is required by the Financial Management of Parliament and Provincial Legislators Act No. 10 of 2009, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the legislature as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

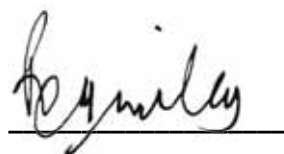
The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the legislature and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the legislature and all employees are required to maintain the highest ethical standards in ensuring the legislature's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the legislature is on identifying, assessing, managing and monitoring all known forms of risk across the legislature. While operating risk cannot be fully eliminated, the legislature endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the legislature's cash flow forecast for the year to 31 March 2019 and, in the light of this review and the current financial position, he is satisfied that the legislature has or has access to adequate resources to continue in operational existence for the foreseeable future.

The legislature is wholly dependent on Provincial Treasury for continued funding of operations. The annual financial statements are prepared on the basis that the legislature is a going concern and that Provincial Treasury has neither the intention nor the need to liquidate or curtail materially the scale of the legislature.

The annual financial statements set out on pages 106 - 169, which have been prepared on the going concern basis, were approved by the accounting officer on 31 May 2018.



**Hindley, RG**  
**Acting Secretary**

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Statement of Financial Position

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	13 367 703	13 606 209
Inventories	4	856 115	935 369
Receivables from non-exchange transactions	5	62 400	66 349
Receivables from exchange transactions	6	126 113	327 368
Prepayments	7	827 194	652 466
		<b>15 239 525</b>	<b>15 587 761</b>
<b>Non-Current Assets</b>			
Long term receivables from non-exchange transactions	8	15 341	17 741
Long term receivables from exchange transactions	9	-	-
Property, plant and equipment	10	13 196 085	13 223 391
Intangible assets	11	3 029 116	2 118 417
Heritage assets	12	4 473 702	4 489 095
		<b>20 714 244</b>	<b>19 848 644</b>
<b>Total Assets</b>		<b>35 953 769</b>	<b>35 436 405</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	13	1 249 398	1 626 249
Direct charge liability	14	3 683 291	2 491 870
Finance lease obligations	15	337 750	179 995
Employee benefit obligation	16	10 005 118	9 608 272
		<b>15 275 557</b>	<b>13 906 386</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	15	1 752 278	1 980 348
Employee benefit obligation	16	52 095 000	46 535 000
		<b>53 847 278</b>	<b>48 515 348</b>
<b>Total Liabilities</b>		<b>69 122 835</b>	<b>62 421 734</b>
<b>Net Assets</b>		<b>(33 169 066)</b>	<b>(26 985 329)</b>
Accumulated surplus		(33 169 066)	(26 985 329)

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Recoveries	17	673 263	23 173
Interest received	18	290 298	268 179
Other income	19	60 863	49 065
<b>Total revenue from exchange transactions</b>		<b>1 024 424</b>	<b>340 417</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Services in kind: Rental	37	9 531 936	8 825 867
Fines, Penalties and Forfeits		-	47 927
Annual appropriation	20	128 812 846	124 762 876
Statutory appropriation	20	41 113 000	39 155 000
<b>Total revenue from non-exchange transactions</b>		<b>179 457 782</b>	<b>172 791 670</b>
<b>Total revenue</b>		<b>180 482 206</b>	<b>173 132 087</b>
<b>Expenditure</b>			
Employee related costs	21	(57 476 421)	(54 082 802)
Members remuneration	22	(46 770 417)	(46 345 330)
Depreciation, amortisation and impairments		(2 940 643)	(2 440 842)
Finance costs	23	(679 776)	(465 522)
Lease rentals on operating lease	24	(285 799)	(389 944)
Transfer payments	25	(40 184 599)	(37 004 563)
General Expenses	26	(26 950 296)	(22 069 505)
Services in kind: Rental	37	(9 531 936)	(8 825 867)
<b>Total expenditure</b>		<b>(184 819 887)</b>	<b>(171 624 375)</b>
<b>Operating (deficit) surplus</b>		<b>(4 337 681)</b>	<b>1 507 712</b>
Loss on the disposal of assets		(34 765)	(92 100)
Actuarial gains	16	1 872 000	2 935 000
		<b>1 837 235</b>	<b>2 842 900</b>
<b>Surplus before funds surrendered</b>		<b>(2 500 446)</b>	<b>4 350 612</b>
Transfer to direct charge liability	14	3 683 291	2 491 870
<b>(Deficit) surplus for the year</b>		<b>(6 183 737)</b>	<b>1 858 742</b>

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	(16 722 980)	(16 722 980)
Measurement period adjustment (Transitional provision)	(3 373 091)	(3 373 091)
Prior year adjustments	<u>(8 748 000)</u>	<u>(8 748 000)</u>
<b>Balance at 01 April 2016 as restated*</b>	<b>(28 844 071)</b>	<b>(28 844 071)</b>
Surplus for the year	<u>1 858 742</u>	<u>1 858 742</u>
<b>Balance at 01 April 2017 as restated*</b>	<b>(26 985 329)</b>	<b>(26 985 329)</b>
Surplus for the year	<u>(6 183 737)</u>	<u>(6 183 737)</u>
<b>Balance at 31 March 2018</b>	<b><u>(33 169 066)</u></b>	<b><u>(33 169 066)</u></b>

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

## Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Cash receipts from services		748 371	684 447
Cash receipts from appropriation		169 925 846	163 917 876
Interest income		290 298	268 179
		<u>170 964 515</u>	<u>164 870 502</u>
<b>Payments</b>			
Cash paid to employees and members		(96 417 993)	(91 041 558)
Cash paid to suppliers		(67 498 608)	(59 855 079)
Funds surrendered		(2 491 870)	(1 545 754)
Finance costs		(679 776)	(465 522)
		<u>(167 088 247)</u>	<u>(152 907 913)</u>
<b>Net cash flows from operating activities</b>	27	<b><u>3 876 268</u></b>	<b><u>11 962 589</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(2 426 812)	(2 810 635)
Proceeds from sale of property, plant and equipment	10	6 900	14 176
Purchase of other intangible assets	11	(1 529 188)	(2 293 528)
Long term receivables from non-exchange transactions		2 400	2 400
Long term receivables from exchange transactions		914	1 320
<b>Net cash flows from investing activities</b>		<b><u>(3 945 786)</u></b>	<b><u>(5 086 267)</u></b>
<b>Cash flows from financing activities</b>			
Finance lease obligation		<u>(168 988)</u>	<u>(180 150)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>(238 506)</u></b>	<b><u>6 696 172</u></b>
Cash and cash equivalents at the beginning of the year		<u>13 606 209</u>	<u>6 910 037</u>
<b>Cash and cash equivalents at the end of the year</b>	3	<b><u>13 367 703</u></b>	<b><u>13 606 209</u></b>

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Statement of Comparison of Budget and Actual Amounts

<b>Budget on Cash Basis</b>						
<b>Figures in Rand</b>	<b>Approved budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual amounts on comparable basis</b>	<b>Difference between final budget and actual</b>	<b>Reference to note 39</b>
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Recoveries	-	-	-	707 753	<b>707 753</b>	39.1
Other income	5 000	-	<b>5 000</b>	59 949	<b>54 949</b>	39.2
Interest received	55 000	-	<b>55 000</b>	169 257	<b>114 257</b>	39.3
<b>Total revenue from exchange transactions</b>	<b>60 000</b>	-	<b>60 000</b>	<b>936 959</b>	<b>876 959</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Annual appropriation	137 655 000	-	<b>137 655 000</b>	137 715 000	<b>60 000</b>	
Statutory appropriation	41 113 000	-	<b>41 113 000</b>	41 113 000	-	
<b>Total revenue from non-exchange transactions</b>	<b>178 768 000</b>	-	<b>178 768 000</b>	<b>178 828 000</b>	<b>60 000</b>	
<b>Total revenue</b>	<b>178 828 000</b>	-	<b>178 828 000</b>	<b>179 764 959</b>	<b>936 959</b>	
<b>Expenditure</b>						
Employee related costs	(64 995 000)	6 586 161	<b>(58 408 839)</b>	(57 624 704)	<b>784 135</b>	39.4
Members remuneration	(42 500 000)	32 827	<b>(42 467 173)</b>	(38 783 881)	<b>3 683 292</b>	39.5
Finance costs	(917 000)	(21 525)	<b>(938 525)</b>	(839 412)	<b>99 113</b>	39.6
Lease rentals on operating lease	(180 000)	(343)	<b>(180 343)</b>	(180 343)	-	
Transfer payments-Other	(39 545 000)	(639 599)	<b>(40 184 599)</b>	(40 184 599)	-	
General Expenses	(30 691 000)	(5 957 521)	<b>(36 648 521)</b>	(30 360 639)	<b>6 287 882</b>	39.7
<b>Total expenditure</b>	<b>(178 828 000)</b>	-	<b>(178 828 000)</b>	<b>(167 973 578)</b>	<b>10 854 422</b>	
<b>Operating surplus</b>	-	-	-	<b>11 791 381</b>	<b>11 791 381</b>	
Gain on disposal of assets and liabilities	-	-	-	6 900	<b>6 900</b>	
<b>Surplus for the year</b>	-	-	-	<b>11 798 281</b>	<b>11 798 281</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	-	-	-	<b>11 798 281</b>	<b>11 798 281</b>	
<b>Reconciliation</b>						
<b>Basis difference</b>						
Surplus difference between modified cash and GRAP				(20 309 268)		
<b>Format and classification difference</b>						
Capital expenditure				2 327 250		
<b>Actual Amount in the Statement of Financial Performance</b>				<b>(6 183 737)</b>		

## **Accounting Policies**

### **1. Presentation of Annual Financial Statements**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 56 of the Financial Management of Parliament and Provincial Legislators Act No. 10 of 2009.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures have been rounded to the nearest Rand.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period.

#### **1.1 Going concern assumption**

These annual financial statements have been prepared based on the expectation that the legislature will continue to operate as a going concern for at least the next 12 months.

#### **1.2 Significant judgements**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### **Receivables**

The legislature assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the legislature makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

##### **Impairment testing**

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

Value in use of cash generating assets:

The legislature reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including economic factors such as inflation and interest.

Value in use of non-cash generating assets:

The legislature reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

## **Accounting Policies**

### **Useful lives of property, plant and equipment and other assets**

The legislature's management determines the estimated useful lives and related depreciation charges for the property, plant and equipment and other assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

### **Post-retirement benefits**

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

### **Effective interest rate**

The legislature uses the government bond rate to discount future cash flows.

### **Allowance for impairment**

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

## **1.3 Property, plant and equipment**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the legislature; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.



## Accounting Policies

### 1.3 Property, plant and equipment (continued)

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and office equipment	Straight line	2 - 25 years
Other machinery and equipment	Straight line	2 - 23 years
Computer equipment	Straight line	2 - 20 years
Finance lease assets - Vehicles	Straight line	4 - 7 years
Finance lease assets - cell phones	Straight line	2 - 5 years
The depreciable amount of an asset is allocated on a systematic basis over its useful life.		

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the legislature. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The legislature assesses at each reporting date whether there is any indication that the legislature expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the legislature revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in legislature or deficit unless it is included in the carrying amount of another asset.

Items of legislature are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in legislature or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

## **Accounting Policies**

### **1.4 Intangible assets**

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the legislature or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the legislature; and
- the cost or fair value of the asset can be measured reliably.

The legislature assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

## Accounting Policies

### 1.4 Intangible assets (continued)

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	1 - 10 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset. Such a difference is recognised in legislature or deficit when the intangible asset is derecognised.

### 1.5 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

#### Recognition

The legislature recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the legislature, and the cost or fair value of the asset can be measured reliably.

Where the legislature holds a heritage asset, but on initial recognition it does not meet the recognition criteria because it cannot be reliably measured, information on such a heritage asset is disclosed in note 12 Heritage assets.

#### Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

#### Impairment

The legislature assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the legislature estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset. Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

## Accounting Policies

### Derecognition

The legislature derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such a difference is recognised in legislature or deficit when the heritage asset is derecognised.

### 1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

#### Classification

The legislature has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

##### Class

Receivables from non-exchange transactions  
Receivables from exchange transactions  
Cash and cash equivalents

##### Category

Financial asset measured at amortised cost  
Financial asset measured at amortised cost  
Financial asset measured at amortised cost

The legislature has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

##### Class

Payables from exchange transactions  
Finance lease obligation  
Bank overdraft  
Direct charge liability

##### Category

Financial liability measured at amortised cost  
Financial liability measured at amortised cost  
Financial liability measured at amortised cost  
Financial liability measured at amortised cost

### Initial recognition

The legislature recognises a financial asset or a financial liability in its statement of financial position when the legislature becomes a party to the contractual provisions of the instrument.

The legislature recognises financial assets using trade date accounting.

### Initial measurement of financial assets and financial liabilities

The legislature measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The legislature measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The legislature first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the legislature analyses a concessionary loan into its component parts and accounts for each component separately. The legislature accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

## **Accounting Policies**

### **Subsequent measurement of financial assets and financial liabilities**

The legislature measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility in the case of a financial asset.

### **Fair value measurement considerations**

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the legislature establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an legislature calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

### **Gains and losses**

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in legislature or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in legislature or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

### **Impairment and uncollectibility of financial assets**

The legislature assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in legislature or deficit.

## **Accounting Policies**

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in legislature or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

## **Derecognition**

### **Financial assets**

The legislature derecognises financial assets using trade date accounting.

The legislature derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the legislature transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the legislature, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the legislature:
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in legislature or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

### **Financial liabilities**

The legislature removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in legislature or deficit. Any liabilities that are waived, forgiven or assumed by another legislature by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

## Accounting Policies

### 1.7 Statutory receivables

#### Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Statutory receivables constitute revenue receivable from property rates, fines, penalties, grants and fees charged in terms of legislation.

#### Recognition

The legislature recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

#### Initial measurement

The legislature initially measures statutory receivables at their transaction amount.

#### Subsequent measurement

The legislature measures statutory receivables after initial recognition using the cost method.

Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

#### Impairment losses

The legislature assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the legislature measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses are recognised in legislature or deficit.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in legislature or deficit.

## Accounting Policies

### Derecognition

The legislature derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the legislature transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the legislature, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
  - derecognise the receivable; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in legislature or deficit in the period of the transfer.

### 1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.



## **Accounting Policies**

### **1.9 Inventories**

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the legislature incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the legislature.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### **1.10 Impairment of cash-generating assets**

Cash-generating assets are those assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

#### **Identification**

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The legislature assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the legislature estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the legislature also test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### **Value in use**

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the legislature estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the legislature applies the appropriate discount rate to those future cash flows.

## **Accounting Policies**

### **Discount rate**

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

### **Recognition and measurement (individual asset)**

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in legislature or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### **Cash-generating units**

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the legislature determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the legislature use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

## **Accounting Policies**

### **Reversal of impairment loss**

The legislature assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in legislature or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

### **1.11 Impairment of non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

#### **Identification**

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The legislature assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the legislature estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

#### **Value in use**

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

## **Accounting Policies**

### **Depreciated replacement cost approach**

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the legislature would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

### **Recognition and measurement**

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in legislature or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### **Reversal of an impairment loss**

The legislature assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the legislature estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in legislature or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## Accounting Policies

### 1.12 Employee benefits

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences are due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the legislature during a reporting period, the legislature recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the legislature recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The legislature measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The legislature recognise the expected cost of bonus, incentive and performance related payments when the legislature has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the legislature has no realistic alternative but to make the payments.

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an legislature provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

#### Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the legislature recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

## **Accounting Policies**

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The legislature measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in legislature or deficit.

The legislature determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The legislature recognises the net total of the following amounts in legislature or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The legislature uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

## **Accounting Policies**

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an legislature shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, a legislature shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The legislature recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the legislature re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The legislature offsets an asset relating to one plan against a liability relating to another plan when the legislature has a legally enforceable right to use a legislature in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

### **Actuarial assumptions**

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.



## **Accounting Policies**

### **Other long-term employee benefits**

The legislature has an obligation to provide long-term service allowance benefits to all of its employees.

The legislature's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The legislature shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

### **Termination benefits**

The legislature recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The legislature is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

### **1.13 Provisions and contingencies**

Provisions are recognised when:

- the legislature has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.



## **Accounting Policies**

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the legislature settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense. A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating expenditure. If a legislature has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an legislature:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the legislature

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly in the control of the legislature.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the legislature; or
- a present obligation that arises from past events but is not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
  - the amount of the obligation cannot be measured with sufficient reliability.

### **1.14 Revenue from exchange transactions**

An exchange transaction is one in which the legislature receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

#### **Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

## **Accounting Policies**

### **Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the legislature has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the legislature retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the legislature; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### **Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the legislature;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by surveys of work performed.

### **Interest, royalties and dividends**

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the legislature, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in legislature or deficit, using the effective interest rate method.

### **1.15 Revenue from non-exchange transactions**

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an legislature, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an legislature either receives value from another legislature without directly giving approximately equal value in exchange, or gives value to another legislature without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

## **Accounting Policies**

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting legislature.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

### **Recognition**

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the legislature satisfies a present obligation recognised as a liability in respect of an inflow of resources from a nonexchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### **Measurement**

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the legislature.

When, as a result of a non-exchange transaction, the legislature recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

### **Appropriated funds**

Appropriated funds comprises of legislature annual allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

The net amount of any appropriated funds due to/from the relevant fund at the reporting date is recognised as a payable/receivable in the statement of financial position.

### **Gifts and donations, including goods in-kind**

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the legislature and the fair value of the assets can be measured reliably.

## **Accounting Policies**

### **Services in-kind**

Services in-kind are recognised.

The legislature recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the legislature and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the legislature's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the legislature disclose the nature and type of services in-kind received during the reporting period.

### **Concessionary loans received**

A concessionary loan is a loan granted to or received by a legislature on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the cash flow statement recognises revenue as and when it satisfies the conditions of the loan agreement.

#### **1.16 Prepayments**

Prepayments and advances are recognised in the statement of financial position when the legislature receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost.

#### **1.17 Transfer payments**

Transfer payments include all "non-exchange" payments made by the legislature. A payment is "non-exchange" if the legislature does not receive anything directly in return for the transfer to the other party. Transfer payments are expensed.

#### **1.18 Translation of foreign currencies**

##### **Foreign currency transactions**

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in legislature or deficit in the period in which they arise.

#### **1.19 Comparative figures**

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

## **Accounting Policies**

### **1.20 Unauthorised expenditure**

Unauthorised expenditure means:

- overspending of Parliament's approved budget or a main division within that budget; and
- any expenditure from Parliament's approved budget or a main division within that budget for a purpose unrelated to the approved budget or main division, subject to section 72; and
- any expenditure of donor funds for a purpose not specified in the agreement with the donor.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### **1.21 Fruitless and wasteful expenditure**

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### **1.22 Irregular expenditure**

The Financial Management of Parliament and Provincial Legislators Act No. 10 of 2009 defines irregular expenditure as expenditure, other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with, a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) any provincial legislation providing for procurement procedures in that provincial government.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### **1.23 Accumulated surplus**

The accumulated surplus represents the net difference between the total assets and the total liabilities of the entity. Any surpluses and deficits realised during a specific financial year are credited/debited against accumulated surplus/deficit. Prior year adjustments, relating to income and expenditure, are debited/credited against accumulated surplus when retrospective adjustments are made.

### **1.24 Commitments**

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the legislature will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

### **1.25 Grants in aid**

The legislature transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the legislature does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving rise to the transfer occurred.

## **Accounting Policies**

### **1.26 Budget comparison**

The statement of financial performance is on accrual basis, while the budget is on cash basis. Therefore the actual amounts as per the financial statements are adjusted to be compared to the budget on a cash basis.

The approved budget covers the fiscal period from 2017/04/01 to 2018/03/31.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements.

### **1.27 Related parties**

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Management are those persons responsible for planning, directing and controlling the activities of the legislature, including those charged with the governance of the legislature in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the legislature.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

### **1.28 Events after reporting date**

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The legislature will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The legislature will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

## Notes to the Annual Financial Statements

### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The legislature has not applied the following standards and interpretations, which have been published and are mandatory for the legislature's accounting periods beginning on or after 01 April 2018 or later periods:

##### **GRAP 18: Segment Reporting**

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the legislature. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the legislature's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2019.

The legislature expects to adopt the standard for the first time once it becomes effective.

The impact of this standard is currently being assessed.

##### **GRAP 20: Related parties**

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An legislature that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.



## Notes to the Annual Financial Statements

- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

The standard requires that remuneration of management must be disclosed per person and in aggregate.

The effective date of the standard is for years beginning on or after 01 April 2019.

The legislature expects to adopt the standard for the first time once it becomes effective, but has already formulated an accounting policy for this reporting period based on the standard.

It is unlikely that the standard will have a material impact on the legislature's annual financial statements.

### **GRAP 32: Service Concession Arrangements: Grantor**

The standard applies to a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator providing the mandated function on behalf of the grantor can either be a private party or another public sector entity. The standard applies to the grantor only. PPP agreements that are governed and regulated in terms of the PFMA and MFMA, are some of the arrangements that fall within the scope of GRAP 32.

For any other arrangements that meet the control criteria as set out in paragraph .07 of GRAP 32 the principles in the standard on accounting for such arrangements will apply.

An asset provided by the operator, or an upgrade to an existing asset, is recognised as a service concession asset with a corresponding liability, being the performance obligation, if certain criteria and conditions are met.

The effective date of the standard is for years beginning on or after 01 April 2019.

The legislature expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the legislature's annual financial statements.



## Notes to the Annual Financial Statements

### GRAP 108: Statutory Receivables

GRAP 108 only deals with those receivables that arise from legislation or an equivalent means, such as regulations, bylaws or other documents issued in terms of legislation, such as ministerial orders and cabinet or municipal council decisions.

Therefore in order to be statutory in nature specific legislation should require the entity to undertake the transactions, such as outlining who should be taxed and at what rates and amounts.

Statutory receivables are not contractual receivables, the latter of which would normally meet the definition of a financial asset and will be within the scope of the Standard of GRAP on Financial Instruments. Statutory receivables are not voluntarily entered into as with contractual receivables because they arise as a result of specific legislative requirements.

Statutory receivables are initially measured at their transaction amount and subsequently using the cost method.

Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

The effective date of the standard is for years beginning on or after 01 April 2019.

The legislature expects to adopt the standard for the first time once it becomes effective, but has already formulated an accounting policy for this reporting period based on the standard.

The impact of this standard is currently being assessed.

### GRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset

This interpretation provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

A service concession arrangement is a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator is compensated for its services over the period of the service concession arrangement, either through payments, or through receiving a right to earn revenue from third party users of the service concession asset, or the operator is given access to another revenue-generating asset of the grantor for its use.

Before the grantor can recognise a service concession asset in accordance with the Standard of GRAP on Service Concession Arrangements: Grantor, both the criteria as noted in paragraph .01 of this Interpretation need to be met. In some service concession arrangements, the grantor only controls the residual interest in the service concession asset at the end of the arrangement, and can therefore not recognise the service concession asset in terms of the Standard of GRAP on Service Concession Arrangements: Grantor.

This interpretation concludes on the recognition of the performance obligation and the right to receive a significant interest in a service concession asset.

The effective date of the interpretation is not yet set by the Minister of Finance.

The legislature expects to adopt the interpretation for the first time once it becomes effective.

It is unlikely that the interpretation will have a material impact on the legislature's annual financial statements.

## Notes to the Annual Financial Statements

### **GRAP 109: Accounting by Principals and Agents**

The objective of this standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

The standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

The effective date of the standard is for years beginning on or after 01 April 2019.

The legislature expects to adopt the standard for the first time once it becomes effective.

The impact of this standard is currently being assessed.

### **Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities**

Historically, public entities have prepared financial statements in accordance with generally recognised accounting practice, unless the Accounting Standards Board (the Board) approved the application of generally accepted accounting practice for that entity. "Generally accepted accounting practice" has been taken to mean Statements of Generally Accepted Accounting Practice (Statements of GAAP), or for certain entities, International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board. Since Statements of GAAP have been withdrawn from 1 December 2012, public entities will be required to apply another reporting framework in the future.

The purpose of this Directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

The effective date of the directive is for years beginning on or after 01 April 2018.

The legislature expects to adopt the directive for the first time in the 2019 annual financial statements.

The directive will not have any impact on the legislature's annual financial statements.

### **GRAP 105: Transfer of Functions Between Entities Under Common Control**

The objective of this standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.

A transfer of functions between entities under common control is a reorganisation and / or reallocation of functions between entities that are ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities under common control, the assets and liabilities should be recognised (by the acquirer) at their carrying amounts and should be derecognised (by the transferor) at their carrying amounts.

The difference between the amount of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

The effective date of the standard is for years beginning on or after 01 April 2019.

The legislature expects to adopt the standard for the first time once it becomes effective.

The impact of this standard is currently being assessed.

## Notes to the Annual Financial Statements

### **GRAP 106: Transfer of Functions Between Entities Not Under Common Control**

The objective of this standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities not under common control.

A transfer of functions between entities not under common control is a reorganisation and / or reallocation of functions between entities that are not ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities not under common control, the assets and liabilities should be recognised (by the acquirer) at their acquisition date fair values.

The difference between the amount of consideration paid, if any, and the carrying amounts of assets acquired and liabilities assumed should be recognised in accumulated surplus / (deficit).

For a transfer of functions between entities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

The effective date of the standard is for years beginning on or after 01 April 2019.

The legislature expects to adopt the standard for the first time once it becomes effective.

The impact of this standard is currently being assessed.

### **GRAP 107: Mergers**

The objective of this standard is to establish accounting principles for the combined entity and combining entities in a merger.

A merger is where a new combined entity is started, acquirer can be identified and the combining entities do not have any control over the combined entity.

In the event of a merger, the assets and liabilities should be recognised (by the combined entity) at their carrying amounts and should be derecognised (by the combining entities) at their carrying amounts.

The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus /(deficit).

The effective date of the standard is for years beginning on or after 01 April 2019.

The legislature expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the legislature's annual financial statements.

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>3. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	5 500	5 500
Current bank	11 388 761	11 743 196
Legislative Sector Support bank account	1 973 442	1 857 513
	<b>13 367 703</b>	<b>13 606 209</b>

Cash equivalents are placed with high-credit quality financial institutions. The exposure to credit risk is the carrying amount of each class of cash and cash equivalents.

**The legislature had the following bank accounts**

Account number / description	Bank statement balances			Cash book balances		
	31 March 2018	31 March 2017	31 March 2016	31 March 2018	31 March 2017	31 March 2016
Nedbank - Current - 145-204-5283	15 688 398	12 549 343	6 413 615	11 388 761	11 743 196	5 123 062
LSS Account Nedbank - Current-145-206-9212	1 973 442	1 857 513	1 781 975	1 973 442	1 857 513	1 781 975
<b>Total</b>	<b>17 661 840</b>	<b>14 406 856</b>	<b>8 195 590</b>	<b>13 362 203</b>	<b>13 600 709</b>	<b>6 905 037</b>

**4. Inventories**

Corporate store	840 715	920 415
Boutique	15 400	14 954
	<b>856 115</b>	<b>935 369</b>

**Inventory pledged as security**

No inventory was pledged as security.

**5. Receivables from non-exchange transactions**

Recoverable expenditure	62 400	66 349
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**Receivables from non-exchange transactions pledged as security**

No receivables from non-exchange transactions were pledged as security.

**Credit quality of receivables from non-exchange transactions**

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

**Receivables from non-exchange transactions impaired**

As of 31 March 2018, receivables from non-exchange transactions were not impaired (2017: R Nil).

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>6. Receivables from exchange transactions</b>		
Recoverable expenditure	96 774	248 573
Staff debt	12 165	7 105
Other debtors	21 974	76 490
Impairment provision	(4 800)	(4 800)
	<b>126 113</b>	<b>327 368</b>
<b>Gross amount of exchange receivables</b>		
Recoverable expenditure	96 774	248 573
Staff debt	12 165	7 105
Other debtors	21 974	76 490
	<b>130 913</b>	<b>332 168</b>
<b>Impairment of exchange receivables</b>		
Recoverable expenditure	-	-
Staff debt	-	-
Other debtors	(4 800)	(4 800)
	<b>(4 800)</b>	<b>(4 800)</b>
<b>Net amount of exchange receivables</b>		
Recoverable expenditure	96 774	248 573
Staff debt	12 165	7 105
Other debtors	17 174	71 690
	<b>126 113</b>	<b>327 368</b>
<b>Recoverable expenditure</b>		
South African Revenue Services Unemployment Insurance Fund debt	-	109 225
South African Revenue Services Unemployment Insurance Fund interpreters	-	1 825
Disallowance miscellaneous	96 774	118 509
South African Revenue Services tax debt	-	19 014
	<b>96 774</b>	<b>248 573</b>
<b>Staff debt</b>		
Salary overpayment	-	3 766
Staff debt	12 165	3 339
	<b>12 165</b>	<b>7 105</b>
<b>Other debtors</b>		
South African Revenue Services Unemployment Insurance Fund: Members and interpreters	-	43 303
Ex personnel and Members	16 998	18 219
Political parties support staff telephone accounts	-	1 311
Supplier overpayment	-	8 681
Supplier telephone account	176	176
	<b>17 174</b>	<b>71 690</b>

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>Receivables from exchange transactions pledged as security</b>		
No receivables from exchange transactions were pledged as security.		
<b>Credit quality of receivables from exchange transactions</b>		
The credit quality of other receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.		
<b>Receivables from exchange transactions impaired</b>		
As of 31 March 2018, receivables from exchange transactions, other debtors, of R 21 974 (2017: R 76 490) were impaired and provided for.		
The amount of the provision was R 4 800 as of 31 March 2018 (2017: R 4 800).		
<b>Reconciliation of allowance for impairment</b>		
Opening balance	(4 800)	(8 057)
Bad debts written off	-	3 257
Provision for impairment	-	-
	<b>(4 800)</b>	<b>(4 800)</b>
<b>7. Prepayments</b>		
Staff advances	198 485	175 443
Parmed	171 521	155 715
Other prepayments	457 188	321 308
	<b>827 194</b>	<b>652 466</b>

The staff advances relates to the advancement of services bonuses to employees and advances for travel and subsistence. The Parmed prepayment is for the expense relating to the month after financial year end.

**8. Long term receivables from non-exchange transactions**

Recoverable expenditure	<b>15 341</b>	<b>17 741</b>
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The long term receivables from non-exchange transactions relates to the same receivables under note 5 and consists of debt relating to accidents incurred that needs to be recovered from the respective party. The long term portion is determined based on repayment arrangements that are in place between the staff or member and the legislature.

**Receivables from non-exchange transactions pledged as security:**

No receivables from non-exchange transactions were pledged as security.

**Credit quality of receivables from non-exchange transactions:**

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

**Receivables from non-exchange transactions impaired:**

As of 31 March 2018, receivables from non-exchange transactions were not impaired (2017: R Nil).

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>9. Long term receivables from exchange transactions</b>		
Other debtors	4 880	5 794
Impairment provision	(4 880)	(5 794)
	<u>-</u>	<u>-</u>
<b>Gross amount of exchange receivables</b>		
Other debtors	<u>4 880</u>	<u>5 794</u>
<b>Impairment of exchange receivables</b>		
Other debtors	<u>(4 880)</u>	<u>(5 794)</u>
<b>Net amount of exchange receivables</b>		
Other debtors	<u>-</u>	<u>-</u>
<b>Other debtors</b>		
Ex-Members/personnel	<u>-</u>	<u>-</u>

**Receivables from exchange transactions pledged as security:**

No receivables from exchange transactions were pledged as security.

**Credit quality of receivables from exchange transactions:**

The credit quality of other receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

**Receivables from exchange transactions impaired:**

As of 31 March 2018, receivables from exchange transactions of R 4 880 (2017: R 5 794) were impaired and provided for. The amount of the provision was R 4 880 as of 31 March 2018 (2017: R 5 794).

**Reconciliation of impairment for exchange receivables**

Opening balance	(5 794)	(6 694)
Provision for impairment	-	-
Reversal due to amounts collected	914	900
Bad debts written off	<u>-</u>	<u>-</u>
	<u>(4 880)</u>	<u>(5 794)</u>

The long term receivables from exchange transactions relates to the same receivables under note 6 and consists of staff debt and ex-members debt. The long term portion is determined based on repayment arrangements that are in place between the staff or member and the legislature.

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018			2017 Restated*		
10. Property, plant and equipment						
	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and office equipment	4 459 922	(2 273 461)	2 186 461	5 244 600	(2 801 439)	2 443 161
Other machinery and equipment	7 691 421	(2 796 673)	4 894 748	6 886 688	(2 745 945)	4 140 743
Computer equipment	8 663 183	(4 180 698)	4 482 485	8 392 839	(3 619 013)	4 773 826
Finance lease assets - vehicles	2 186 961	(560 092)	1 626 869	2 186 961	(348 914)	1 838 047
Finance lease assets - cell phones	140 449	(134 927)	5 522	140 449	(112 835)	27 614
<b>Total</b>	<b>23 141 936</b>	<b>(9 945 851)</b>	<b>13 196 085</b>	<b>22 851 537</b>	<b>(9 628 146)</b>	<b>13 223 391</b>

Reconciliation of property, plant and equipment – 2018

	Opening balance	Additions	Disposals	Assets written off	Depreciation	Total
Furniture and office equipment	2 443 161	145 844	(3 955)	(81 798)	(316 791)	2 186 461
Other machinery and equipment	4 140 743	1 382 888	(529)	(69 132)	(559 222)	4 894 748
Computer equipment	4 773 826	898 080	(21 789)	(53 435)	(1 114 197)	4 482 485
Finance lease assets – vehicles	1 838 047	-	-	-	(211 178)	1 626 869
Finance lease assets - cell phones	27 614	-	-	-	(22 092)	5 522
	<b>13 223 391</b>	<b>2 426 812</b>	<b>(26 273)</b>	<b>(204 365)</b>	<b>(2 223 480)</b>	<b>13 196 085</b>

Reconciliation of property, plant and equipment – 2017

	Opening balance	Additions	Disposals	Assets written off	Depreciation	Total
Furniture and office equipment	2 925 228	22 486	(898)	(26 997)	(476 658)	2 443 161
Other machinery and equipment	4 078 278	592 691	-	(9 853)	(520 373)	4 140 743
Computer equipment	3 493 142	2 195 458	(19 735)	(1 639)	(893 400)	4 773 826
Finance lease assets – vehicles	817 284	1 248 175	(80 000)	-	(147 417)	1 838 047
Finance lease assets - cell phones	18 037	44 182	(5 644)	-	(28 961)	27 614
	<b>11 331 974</b>	<b>4 102 992</b>	<b>(106 277)</b>	<b>(38 489)</b>	<b>(2 066 809)</b>	<b>13 223 391</b>

\* See Note 38



Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>Pledged as security</b>		
No property, plant and equipment was pledged as security.		
<b>Assets subject to finance lease</b>		
Finance lease assets - vehicles	1 626 869	1 838 047
Finance lease assets - cell phones	5 522	27 614
	<b>1 632 391</b>	<b>1 865 661</b>

**Expenditure incurred to repair and maintain property, plant and equipment.**

**Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance**

General expenses – Contracted service	150 581	106 565
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The repairs and maintenance on the property, plant and equipment incurred as follows in the categories, Computer equipment R 30 470 (2017: R 15 513), Furniture and office equipment R 5 010 (2017: R 20 966) and Other machinery and equipment R 115 101 (2017: R 70 086).

**Transitional provisions**

**Property, plant and equipment**

The legislature has completed the measurement project of tangible assets within the financial year. Tangible assets are therefore valued according to GRAP 17 and are carried at cost less accumulated depreciation and impairment losses.

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

2018				2017 Restated*		
11. Intangible assets						
	2018			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	4 068 905	(1 039 789)	3 029 116	2 864 118	(745 701)	2 118 417

**Reconciliation of intangible assets – 2018**

	<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Amortisation</b>	<b>Total</b>
Computer software	2 118 417	1 627 861	-	(717 162)	3 029 116

**Reconciliation of intangible assets – 2017**

	<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Amortisation</b>	<b>Total</b>
Computer software	198 922	2 293 528	-	(374 033)	2 118 417

**Pledged as security**

No intangible asset was pledged as security

**Other information**

During the current financial year intangible assets which have expired with a cost of R 423 075 and accumulated amortisation of R 423 075 have been removed from the asset register.

**Transitional provisions**

**Intangible assets**

The legislature has completed the measurement project of Intangible assets within the financial year. Intangible assets are therefore valued according to GRAP 31 and are carried at cost less accumulated amortisation and impairment losses.

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018			2017 Restated*		
<b>12. Heritage assets</b>						
	2018			2017		
	<b>Cost / Valuation</b>	<b>Accumulated impairment losses</b>	<b>Carrying value</b>	<b>Cost / Valuation</b>	<b>Accumulated impairment losses</b>	<b>Carrying value</b>
Paintings, sculptures and ornaments	4 473 702	-	4 473 702	4 489 095	-	4 489 095
<b>Reconciliation of heritage assets 2018</b>						
		<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Assets written off</b>	<b>Total</b>
Paintings, sculptures and ornaments		4 489 095	-	(15 391)	(2)	4 473 702
<b>Reconciliation of heritage assets 2017</b>						
		<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Assets written off</b>	<b>Total</b>
Paintings, sculptures and ornaments		4 489 095	-	-	-	4 489 095
<b>Pledged as security</b>						
No heritage asset was pledged as security.						
<b>Transitional provisions</b>						
<b>Heritage assets recognised at provisional amounts</b>						
The legislature has completed the measurement project of Heritage assets within the financial year. Heritage assets are therefore valued according to GRAP 103 and are carried at cost less accumulated impairment losses.						
<b>13. Payables from exchange transactions</b>						
Other payables				-		952 168
Accruals				1 249 397		674 082
				1 249 397		1 626 249
<b>Other payables</b>						
Unallocated receipts				-		952 168
<b>14. Direct charge liability</b>						
<b>Direct charge due to the Revenue Fund:</b>						
Transfer from the statement of financial performance				3 683 291		2 491 870
<b>Movement during the year</b>						
Balance at the beginning of the year				2 491 870		1 575 754
Transfer from the statement of financial performance				3 683 291		2 491 870
Payment during the year				(2 491 870)		(1 575 754)
				3 683 291		2 491 870

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>15. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
-within one year	972 637	854 188
-in second to fifth year inclusive	2 410 615	3 194 432
	3 383 252	4 048 620
less: future finance charges	(1 293 225)	(1 888 277)
<b>Present value of minimum lease payments</b>	<b>2 090 027</b>	<b>2 160 343</b>
<b>Present value of minimum lease payments due</b>		
-within one year	337 750	179 995
-in second to fifth year inclusive	1 752 278	1 980 348
	<b>2 090 028</b>	<b>2 160 343</b>
Non-current liabilities	1 752 278	1 980 348
Current liabilities	337 750	179 995
	<b>2 090 028</b>	<b>2 160 343</b>

Finance Leases relate to vehicles with lease terms of between 4 to 7 years. The effective annual interest rate on the Finance Lease payables is between 30% and 38%.

Interest on finance lease payables are charged by Government Motor Transport to replace vehicles at the end of their useful lives and to recoup operating expenditure such as tracking, insurance and Government Motor Transport overhead expenditure.

Ownership of the leased vehicle is transferred to Government Motor Transport at the conclusion of the lease agreements.

The legislature also has cell phones under finances leases with lease terms of 2 years. The average effective interest rate used on the lease payments is 10.5%.

A software licence with a lease term of 3 years and the average effective borrowing rate of 7.56% has been entered into. Interest rates are fixed at the contract date. No arrangements have been entered into for contingent rent.

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*	
<b>16. Employee benefit obligations</b>			
<b>Reconciliation of employee benefits - 2018</b>	<b>Opening balance</b>	<b>Movement</b>	<b>Total</b>
Leave entitlement	3 000 513	(792 518)	2 207 995
Service bonus	1 681 680	62 712	1 744 392
Performance bonus	1 183 372	114 408	1 297 780
Time-off hours	937 707	15 244	952 951
Long service awards	5 772 000	635 000	6 407 000
Once-off gratuity	5 985 000	1 974 000	7 959 000
Exit gratuity	11 264 000	3 417 000	14 681 000
Medical aid benefits	26 319 000	531 000	26 850 000
	<b>56 143 272</b>	<b>5 956 846</b>	<b>62 100 118</b>
<b>Reconciliation of employee benefits - 2017</b>	<b>Opening balance</b>	<b>Movement</b>	<b>Total</b>
Leave entitlement	3 193 583	(193 070)	3 000 513
Service bonus	1 630 899	50 781	1 681 680
Performance bonus	927 064	256 308	1 183 372
Time-off hours	937 152	555	937 707
Long service awards	5 159 000	613 000	5 772 000
Once-off gratuity	5 981 000	4 000	5 985 000
Exit gratuity	8 748 000	2 516 000	11 264 000
Medical aid benefits	23 115 000	3 204 000	26 319 000
	<b>49 691 698</b>	<b>6 451 574</b>	<b>56 143 272</b>
<b>Non-current employee benefits</b>			
Long service awards		4 308 000	4 522 000
Once-off gratuity		7 959 000	5 985 000
Exit gratuity		14 681 000	11 264 000
Medical aid benefits		25 147 000	24 764 000
		<b>52 095 000</b>	<b>46 535 000</b>
<b>Current employee benefits</b>			
Leave entitlement		2 207 995	3 000 513
Service bonus		1 744 392	1 681 680
Performance bonus		1 297 780	1 183 372
Time-off hours		952 951	937 707
Long service awards		2 099 000	1 250 000
Medical aid benefits		1 703 000	1 555 000
		<b>10 005 118</b>	<b>9 608 272</b>
<b>Long service awards: Movements</b>			
Opening balance		5 772 000	5 159 000
Benefits paid		(1 085 000)	(574 000)
Net expense recognised		1 720 000	1 187 000
		<b>6 407 000</b>	<b>5 772 000</b>

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>Long service awards: Net expense recognised</b>		
Current service cost	871 000	855 000
Interest cost	568 000	542 000
Actuarial loss/(gain)	281 000	(210 000)
	<b>1 720 000</b>	<b>1 187 000</b>

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>Once-off gratuity: Movements</b>		
Opening balance	5 985 000	5 981 000
Benefits paid	(209 000)	(489 000)
Net expense recognised	<u>2 183 000</u>	<u>493 000</u>
	<b><u>7 959 000</u></b>	<b><u>5 985 000</u></b>
<b>Once-off gratuity: Net expense recognised</b>		
Current service cost	1 306 000	1 346 000
Interest cost	613 000	668 000
Actuarial loss/(gain)	<u>264 000</u>	<u>(1 521 000)</u>
	<b><u>2 183 000</u></b>	<b><u>493 000</u></b>
<b>Exit gratuity: Movements</b>		
Opening balance	11 264 000	8 748 000
Benefits paid	-	-
Net expense recognised	<u>3 417 000</u>	<u>2 516 000</u>
	<b><u>14 681 000</u></b>	<b><u>11 264 000</u></b>
<b>Exit gratuity: Net expense recognised</b>		
Current service cost	2 319 000	2 233 000
Interest cost	940 000	747 000
Actuarial loss (gain)	<u>158 000</u>	<u>(464 000)</u>
	<b><u>3 417 000</u></b>	<b><u>2 516 000</u></b>
<b>Medical aid benefits: Movements</b>		
Opening balance	26 319 000	23 115 000
Benefits paid	(1 379 000)	(1 318 000)
Net expense recognised	<u>1 910 000</u>	<u>4 522 000</u>
	<b><u>26 850 000</u></b>	<b><u>26 319 000</u></b>
<b>Medical aid benefits: Net expense recognised</b>		
Current service cost	1 941 000	2 824 000
Interest cost	2 544 000	2 438 000
Actuarial loss/(gain)	<u>(2 575 000)</u>	<u>(740 000)</u>
	<b><u>1 910 000</u></b>	<b><u>4 522 000</u></b>
<b>Defined benefit plan</b>		
<b>Post retirement medical aid plan</b>		

The legislature offers members and continuation members (pensioners) the opportunity of belonging to one of several medical aid schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, a member may continue membership of the medical aid scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical aid scheme.

Members contribute according to tables of contribution rates which differentiate between them on the type and number of dependants. Some options also differentiate on the basis of income.

\* See Note 38

**Annual Report for 2017/18 Financial Year**  
**Vote 2: Western Cape Provincial Parliament**  
**Annual Financial Statements for the year ended 31 March 2018**

**Notes to the Annual Financial Statements**

<b>2018</b>	<b>2017</b> <b>Restated*</b>
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The legislature has agreed to subsidise the medical aid contributions of retired members in the following way:

Members of the legislature will receive medical aid subsidies at retirement. The legislature will provide a 67% subsidy of the main member (and dependants) subsidies at retirement. However, these members need to be part of the PARMED medical aid scheme.

As at the valuation date, the medical aid liability was unfunded as no dedicated assets have been set aside to meet this liability.

**Gratuity awards**

Gratuity payments are awarded in terms of the Government Gazette No 31597 dated 12 November 2008, a Premier, member of Executive Council or member of Provincial Legislature who has served more than 5 years and whose term of office has ended should be entitled to a once-off gratuity equal to 4 months pensionable salary for every 5 years of service or a pro-rata part of the 5 year period.

Exit gratuity payments are awarded in terms of Proclamation 48 of 2016 for a Relevant Political Office Bearer who exits the Fund at or as a consequence of the 2019 Election or at any date in the period 1 March 2016 to the 2019 election date will be entitled to a gratuity which is equal to the amount, if any, by which his or her Old Rules Benefit exceeds the benefit payable from the Fund on exiting the Fund.

**Long service awards**

All permanent employees are entitled to long service benefits which are awarded in the form of leave days and a percentage of salary.

In 2018: 95 (2017: 89) of the employees qualified for long service awards.

**Key assumptions used**

The legislature made use of an independent firm to perform the valuation of post-retirement medical aid benefits, long service awards and once-off gratuity liability. Niel Fourie (B.Comm) (FASSA) and Julian van der Spuy (B.Comm Actuarial Science), from ZAQEN Consultants and Actuaries were the experts for the valuation. The key assumptions used by the experts are listed below for the last valuation on 31 March 2018:

Post-Retirement medical aid benefit: Discount rates -	Yield curve rate
Post-Retirement medical aid benefit: Medical aid contribution inflation -	CPI+1%
Long service awards: Discount rates -	Yield curve rate
Long service awards: Salary inflation -	CPI+1%
Once-off gratuity: Discount rates -	Yield curve rate
Once-off gratuity: Salary inflation -	CPI+1%

The CPI (Consumer Price Index) is calculated based on the difference between the nominal and yield curves.

**Sensitivity analysis**

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the Western Cape Provincial Parliament. If the actual rates of mortality turns out higher than the rates assumed in the valuation basis, the cost to the Western Cape Provincial Parliament in the form of subsidies will reduce and vice versa.

The effect is as follows by increasing and decreasing the mortality rates by 20%:

\* See Note 38



Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
	<b>One percentage point increase</b>	<b>One percentage point decrease</b>
Effect on the aggregate of the service cost and interest cost	3 670 000	4 384 000
Effect on defined benefit obligation	<u>24 679 000</u>	<u>29 629 000</u>

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

The effect is as follows for a 1% p.a. change in the medical aid inflation assumption:

	<b>One percentage point increase</b>	<b>One percentage point decrease</b>
Effect on the aggregate of the service cost and interest cost	4 584 000	3 494 000
Effect on defined benefit obligation	<u>29 869 000</u>	<u>24 295 000</u>

Deviations from the assumed level of withdrawal experience of the eligible employees will have a large impact on the actual cost to the Western Cape Provincial Parliament. If the actual rates of withdrawal turns out to be higher than the rates assumed in the valuation basis, then the cost to the Western Cape Provincial Parliament in the form of benefits will reduce and vice versa.

The effect is as follows by increasing and decreasing the withdrawal rates by 20%:

	<b>One percentage point increase</b>	<b>One percentage point decrease</b>
Effect on the aggregate of the service cost and interest cost	1 396 000	1 553 000
Effect on defined benefit obligation	<u>6 159 000</u>	<u>6 677 000</u>

The cost of the gratuity payments is dependent on the increase in the annual salaries paid to political office bearers. The rate at which salaries increase will thus have a direct effect on the liability.

The effect is as follows for a 1% p.a. change in the Normal Salary inflation assumption:

	<b>One percentage point increase</b>	<b>One percentage point decrease</b>
Effect on the aggregate of the service cost and interest cost	1 546 000	1 401 000
Effect on defined benefit obligation	<u>6 697 000</u>	<u>6 138 000</u>

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
Deviations from the assumed level of investment return of the fund will have a large impact on the actual cost to the Western Cape Provincial Parliament.		
The effect is as follows by increasing and decreasing the investment returns by 1%:		
	<b>One percentage point increase</b>	<b>One percentage point decrease</b>
Effect on the aggregate of the service cost and interest cost	3 575 000	3 689 000
Effect on defined benefit obligation	<u>14 510 000</u>	<u>14 852 000</u>

The cost of the gratuity payments is dependent on the increase in the annual salaries which has yet to be determined. The effect is as follows for a 1% p.a. change in the Salary inflation assumption:

	<b>One percentage point increase</b>	<b>One percentage point decrease</b>
Effect on the aggregate of the service cost and interest cost	3 704 000	3 560 000
Effect on defined benefit obligation	<u>14 897 000</u>	<u>14 464 000</u>

Amounts for the medical aid obligation for the current and previous four years are as follows:

	<b>2018 R</b>	<b>2017 R</b>	<b>2016 R</b>	<b>2015 R</b>	<b>2014 R</b>
Defined benefit obligation	26 850 000	26 319 000	23 115 000	27 533 000	32 289 000

**Contributions to pension funds**

**The Government Employees Pension Fund (GEPF)**

Retirement benefits are provided by membership of the Government Employees Pension Fund which is a defined benefit fund. Parliament's responsibility regarding the funding of the shortfall of the pension fund is limited to the current contributions made on behalf of its employees. The obligation of the fund is guaranteed by the National Revenue Fund and not by the individual government departments and entities. This responsibility is governed by the Government Employees Pension Law, Proclamation 21 of 1996.

Contribution to the GEPF for the reporting period	<u>4 674 324</u>	<u>4 291 887</u>
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These contributions are included in surplus or deficit for the reporting period. An actuarial valuation of the GEPF is conducted at least every three years as prescribed in section 17(3) of the GEP Law. The latest actuarial valuation of the GEPF was performed on 31 March 2016. This valuation indicates that the plan is in a sound financial position. The estimated liabilities of the fund are R 1 407 million which are adequately funded by assets of R 1 630 million as at 31 March 2016.

**The Pension Scheme for Officers of Parliament (PSOP)**

The Pension Scheme for Officers of Parliament (PSOP) is a defined benefit plan. The obligation of the fund is guaranteed by the National Revenue Fund. This responsibility is governed by the General Pensions Act 29 of 1979.

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>The Political Office-Bearers Pension Fund (POBF)</b>		
<p>The Political Office-Bearers Pension Fund has a defined contribution and a defined benefit section in terms of which the basis of funding of retirement benefits is on a defined benefit basis through additional service and equalisation benefits provided by National Treasury, and on a defined contribution basis through the utilisation of member credits accumulated. This responsibility is governed by the Members of Parliament and Political Office bearers Pension Scheme Act, 1984 (Act No. 112 of 1984) as amended in 1992. Parliament's responsibility regarding the funding of the shortfall of the pension fund is limited to the current contributions made on behalf of its employees.</p>		
Contribution to the POBF for the reporting period	<u>5 053 974</u>	<u>4 813 367</u>

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>17. Recoveries</b>		
Recoverable revenue	673 263	23 173
<b>18. Interest received</b>		
<b>Interest Revenue</b>		
Bank	169 249	188 338
Receivables	9	662
LSS bank account	121 040	79 179
	<b>290 298</b>	<b>268 179</b>
<b>19. Other income</b>		
Boutique sales	16 747	13 869
Insurance and garnishee	12 657	14 556
Refreshments	17 775	8 050
Rental of parking	12 110	11 690
Reversal of impairment provision	914	900
Waste paper sales	660	-
	<b>60 863</b>	<b>49 065</b>
<b>20. Appropriation</b>		
Annual appropriation	128 812 846	124 762 876
Statutory appropriation	41 113 000	39 155 000
	169 925 846	163 917 876
Funds rolled over from prior year	8 902 154	4 558 124
	<b>178 828 000</b>	<b>168 476 000</b>
<b>Appropriation</b>		
Current-year receipts	169 925 846	163 917 876
Funds rolled over from prior year	8 902 154	4 558 124
Actual expenditure	(167 973 579)	(157 408 547)
Direct charge liability	(3 683 291)	(2 491 870)
Unspent appropriated funds carried over to next year	7 171 130	8 575 583
Departmental revenue carried over to next year	943 859	326 570
	<b>8 114 989</b>	<b>8 902 153</b>
For the Voted funds liability refer to note 14.		

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>21. Employee related costs</b>		
Acting allowances	216 842	190 624
Basic	40 577 643	37 227 219
Bonus	2 726 702	2 668 552
Contribution to employee benefits	(173 495)	833 555
Employee benefits paid out	71 476	35 750
Housing allowances	3 525 121	3 063 632
Leave payout	136 688	201 603
Medical aid - employer contributions	645 694	638 458
Other non-pensionable allowances	3 648 579	3 485 399
Overtime payments	396 761	257 926
Pension - employer contributions	4 674 324	4 291 887
Performance bonus	738 318	1 012 347
Periodic payments	114 513	-
Unemployment Insurance fund	177 255	175 850
	<b>57 476 421</b>	<b>54 082 802</b>
<b>Remuneration of the Secretary</b>		
Basic	1 538 793	1 392 007
Performance bonuses	23 109	-
Contributions to UIF, medical and pension funds	1 785	1 785
	<b>1 563 687</b>	<b>1 393 792</b>
<b>Remuneration of the Deputy Secretary: Corporate Services</b>		
Basic	1 042 304	1 022 671
Bonus	86 859	80 223
Performance bonuses	25 217	-
Contributions to UIF, medical and pension funds	137 284	126 932
Performance bonuses	-	54 344
Other non-pensionable allowances	414 688	322 870
	<b>1 706 352</b>	<b>1 607 040</b>

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>Remuneration of the Chief Financial Officer</b>		
Basic	919 094	848 875
Bonus	76 591	70 740
Performance bonuses	19 695	-
Contributions to UIF, medical and pension funds	133 435	124 306
Performance bonuses	-	42 444
Other non-pensionable allowances	183 871	168 758
	<b>1 332 686</b>	<b>1 255 123</b>
<b>Remuneration of the Chief Parliamentary Officer</b>		
Basic	721 946	800 146
Acting allowance	116 098	144 401
Performance bonuses	18 564	-
Contributions to UIF, medical and pension funds	105 480	117 972
Leave encashment	60 082	-
Other non-pensionable allowances	203 925	224 948
	<b>1 226 095</b>	<b>1 287 467</b>

The Chief Parliamentary Officer resigned on 31 January 2018.

**Remuneration of the Acting Chief Parliamentary Officer**

Basic	107 944	-
Acting allowance	25 700	-
Contributions to UIF, medical and pension funds	14 330	-
Other non-pensionable allowances	22 936	-
	<b>170 910</b>	-

**22. Members remuneration**

Basic salary	22 458 837	21 392 485
Contributions to employee benefits	8 002 341	8 553 019
Housing allowance	-	4 000
Medical aid contributions	153 081	156 015
Other non-pensionable allowances	8 950 672	8 471 433
Pension contributions	5 053 974	4 813 367
Retirement benefits paid out	1 338 367	2 120 902
Service bonus	813 145	834 109
	<b>46 770 417</b>	<b>46 345 330</b>

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>Remuneration of the Speaker</b>		
Basic salary	1 186 833	1 141 036
Other non-pensionable allowances	520 633	422 706
Service bonus	-	134 506
Pension contributions	267 037	256 733
Medical aid contribution	3 483	3 240
	<b>1 977 986</b>	<b>1 958 221</b>
<b>Remuneration of the Deputy Speaker</b>		
Basic salary	936 997	896 515
Other non-pensionable allowances	407 101	389 481
Pension contributions	210 824	201 716
Medical aid contribution	6 678	6 480
	<b>1 561 600</b>	<b>1 494 192</b>
<b>23. Finance costs</b>		
Finance leases	679 776	465 522
<b>24. Operating lease rentals</b>		
<b>Operating lease rental payments</b>		
Motor vehicles	80 867	265 040
Photocopiers	204 932	124 904
	<b>285 799</b>	<b>389 944</b>
<b>Motor vehicles:</b>		
This rental is classified as a contingent rental due to uncertain lease periods and fluctuating tariff increases. The operating lease payments are therefore not subject to straight-lining. It is therefore impracticable to disclose the future minimum lease payments expected to be received for each of the following periods as required by GRAP 13:		
	<ul style="list-style-type: none"> <li>• no later than one year.</li> <li>• later than one year and not later than five years; and</li> <li>• later than five years.</li> </ul>	
<b>Photocopiers:</b>		
Refer to note 29 for details relating to the photocopiers operating leases.		
<b>25. Transfer payments</b>		
<b>Political Parties</b>		
Democratic Alliance	24 283 116	22 399 614
African National Congress	13 300 127	12 201 486
African Christian Democratic Party	1 335 118	1 234 161
Economic Freedom Fighters	1 266 238	1 169 302
	<b>40 184 599</b>	<b>37 004 563</b>

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>26. General expenses</b>		
Advertising	1 104 983	646 021
Assets written off	204 367	38 489
Auditors remuneration	3 212 690	3 082 825
Bad debts written off	15 317	4 220
Bank charges	18 322	34 638
Bursaries	27 730	158 574
Catering	1 966 516	2 112 293
Claims paid	160 719	-
Computer services	4 731 987	1 640 022
Consulting and professional fees	2 795 617	2 274 185
Consumables	1 088 924	1 232 796
Contracted services	1 287 457	1 441 664
Fleet services	391 842	453 781
Insurance	280 402	298 514
Laundry services	8 208	11 723
Other expenses	537 726	468 395
Outsourced services	315 845	174 379
Postage and courier	3 088	1 257
Printing and publications	369 583	299 083
Registration fees	298 721	10 000
Rentals of facilities and equipment	36 207	238 251
SITA computer expenses	344 960	247 865
Subscriptions and membership fees	234 457	565 320
Telephone and fax	275 142	271 393
Training	552 059	1 151 248
Travel - local	5 193 924	5 015 514
Travel - overseas	1 493 503	197 055
	<b>26 950 296</b>	<b>22 069 505</b>

\* See Note 38



Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>27. Cash flow from operating activities</b>		
(Deficit)Surplus	(6 183 737)	1 858 742
<b>Adjustments for:</b>		
Depreciation and amortisation	2 940 643	2 440 842
Loss on sale of assets and liabilities	34 765	92 100
Reversal on impairment	(914)	(900)
Transfer to voted funds liability	3 683 291	2 491 870
Contribution to employee benefits	7 828 846	9 386 574
Actuarial gain	(1 872 000)	(2 935 000)
Services in kind: Rental	-	-
Bad debts written off	15 317	4 220
Inventory adjustment	70 435	65 755
Assets written off	204 367	38 489
<b>Changes in working capital:</b>		
Inventories	8 819	(84 998)
Receivables from non-exchange transactions	(1 466)	199 922
Receivables from exchange transactions	191 353	292 008
Prepayments	(174 728)	73 250
Payables from exchange transactions	(376 853)	(414 531)
Direct charge liability	(2 491 870)	(1 545 754)
	<b>3 876 268</b>	<b>11 962 589</b>
<b>28. Auditors' remuneration</b>		
Fees	3 212 690	3 082 825
<b>29. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Capital expenditure	329 648	121 401
<b>Not yet contracted for</b>		
• Capital expenditure	35 568	-
<b>Total capital commitments</b>		
Already contracted for but not provided for	329 648	121 401
Not yet contracted for and authorised	35 568	-
	<b>365 216</b>	<b>121 401</b>

This committed expenditure relates to property, plant and equipment and will be financed through funding received from Provincial Treasury.

**Operating leases - as lessee (expense)**

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>Minimum lease payments due</b>		
- within one year	465 106	26 842
- in second to fifth year inclusive	752 809	13 421
	<b>1 217 915</b>	<b>40 263</b>

Operating lease payments represent rentals payable by the legislature for the rental of photocopy machines to Minolco (Pty) Ltd. As at 31 March 2018 the legislature has one copy machine under the operating lease agreement with 32 months remaining at 31 March 2018 and the remaining machines are on a month to month basis.

### 30. Contingencies

#### Ngele and other vs CCMA and other, Stokwe vs CCMA and others

The Ngele case concerns a challenge to the legislature's performance management system. The Stokwe case is a challenge to the dismissal of an employee for misconduct. For the financial year claims to the amount of R 160 719 have been paid to Stokwe. Due to the use of the State Attorney, no expenditure is anticipated.

#### Provincial Parliament vs Parliament

The legislature is currently in the process of determining the constitutionality of the Financial Management of Parliament and Provincial Legislatures Act and the Legislative Sector Bill, and therefore a possible dispute against Parliament can be expected. The estimated legal costs are R332 500.

#### Erasmus vs the Speaker and others

The applicant alleges that the Speaker has not fulfilled her constitutional obligations in respect of appointment of a Commissioner for the Environment for the Western Cape Province. The estimated expenditure is R 220 000.

\* See Note 38

## Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>31. Financial instruments disclosure</b>		
<b>Categories of financial instruments</b>		
<b>2018</b>		
<b>Financial assets</b>		
	<b>At amortised cost</b>	<b>Total</b>
Cash and cash equivalents	13 367 703	13 367 703
Receivables from non-exchange transactions	62 400	62 400
Receivables from exchange transactions	126 113	126 113
Long term receivables from non-exchange transactions	15 341	15 341
Long term receivables from exchange transactions	-	-
	<b>13 571 557</b>	<b>13 571 557</b>
<b>Financial liabilities</b>		
	<b>At amortised cost</b>	<b>Total</b>
Payables from exchange transactions	1 249 397	1 249 397
Finance lease obligation	2 090 028	2 090 028
Direct charge liability	3 683 291	3 683 291
	<b>7 022 716</b>	<b>7 022 716</b>

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>2017</b>		
<b>Financial assets</b>		
	<b>At amortised cost</b>	<b>At amortised cost</b>
Cash and cash equivalents	13 606 209	13 606 209
Receivables from non-exchange transactions	66 349	66 349
Receivables from exchange transactions	327 368	327 368
Long term receivables from non-exchange transactions	17 741	17 741
Long term receivables from exchange transactions	-	-
	<b>14 017 667</b>	<b>14 017 667</b>
<b>Financial liabilities</b>		
	<b>At amortised cost</b>	<b>Total</b>
Payables from exchange transactions	1 626 249	1 626 249
Finance lease obligation	2 160 343	2 160 343
Direct charge liability	2 491 870	2 491 870
	<b>6 278 462</b>	<b>6 278 462</b>

**32. Risk management**

**Financial risk management**

The legislature's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

**Liquidity risk**

The legislature's risk to liquidity is a result of the funds available to cover future commitments. The legislature manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the legislature's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

**As at 31 March 2018**

	Within 1 year	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	1 249 397	-	-
Finance lease obligation	972 63	2 410 615	-
Direct charge liability	3 683 291	-	-
	<b>5 905 325</b>	<b>2 410 615</b>	<b>-</b>

**As at 31 March 2017**

	Within 1 year	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	1 626 249	-	-
Finance lease obligation	854 188	3 194 432	-
Direct charge liability	2 491 870	-	-
	<b>4 972 307</b>	<b>3 194 432</b>	<b>-</b>

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
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**Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents and receivables. The legislature only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables comprise a widespread customer base. Management evaluated credit risk relating to receivables on an ongoing basis. If receivables are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the receivable, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management.

Financial assets exposed to credit risk at year end were as follows:

**Financial instrument**

	2018	2017
Cash and cash equivalents	13 367 703	13 606 209
Receivables from non-exchange transactions	62 400	66 349
Receivables from exchange transactions	126 113	327 368
Long term receivables from non-exchange transactions	15 341	17 741
Long term receivables from exchange transactions	-	-

**Market risk**

**Interest rate risk**

As the legislature has no significant interest-bearing assets, the legislature's income and operating cash flows are substantially independent of changes in market interest rates.

**33. Unauthorised expenditure**

No unauthorised expenditure was incurred during the current financial period ended 31 March 2018.

**34. Fruitless and wasteful expenditure**

No fruitless and wasteful expenditure was incurred during the current financial period ended 31 March 2018.

**35. Irregular expenditure**

Opening balance	66 895	-
Add: Irregular Expenditure - current year	-	116 578
Less: Accounts condoned	(60 203)	(49 683)
Less: Accounts recovered	(6 692)	-
	<u>-</u>	<u>66 895</u>

**Analysis of expenditure awaiting condonation**

**Details of irregular expenditure condoned in current year**

Prior year - Datacentrix: Payment made with no pre-approval.

Condoned by the Accounting Officer 17 100 | - |

Prior year - House of Monatic (Pty) Ltd: Non-compliance to local content certification 43 103 | - |

Condoned by the Accounting Officer 60 203 | - |

**Details of irregular expenditure recovered (not condoned)**

Prior year - Petty cash: Purchases made not in line with the policy. 6 692 | - |

\* See Note 38

Annual Report for 2017/18 Financial Year

Page 165

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>36. Related parties</b>		
During the year the Western Cape Provincial Parliament received services from the following parties that are related as indicated:		
Department of Transport Public Works	Occupation of the building free of charge managed by the Department of Transport and Public Works. Parking spaces are also provided for government officials at an approved fee that is not market related.	
Department of Community Safety	Security services in the Legislature building	
Department of the Premier - Corporate Services Centre	Internal Audit inclusive of the Audit Committee	
Provincial Treasury	Primary funding	
Provincial Treasury	Provincial Treasury	
Government Motor Transport (GMT)	Management of government motor vehicles. This relationship is based on an arm's length transaction in terms of the approved tariffs.	
Key management and Members	Refer to note 21&22	

**37. Services in-kind**

The Department of Public Works provides office area to the Western Cape Provincial Parliament at no cost to the legislature. The providing of this services in kind is recognised as revenue and expenditure to the fair value of R 9 531 936 (2017: R 8 825 867).

The South African Police Services provides National Key Point access control services to Western Cape Provincial Parliament at no cost to the legislature. These services were provided for the entire reporting period.

National Parliament provided services in the form of training to the Members of Western Cape Provincial Parliament within the financial year to the value of R84 575. These services were provided to the Members with no cost to the legislature.

**38. Prior period error**

During the preparation of the annual financial statements for the current year the following errors were identified:

**Inventory**

During the period ended 31 March 2018, the legislature determined that there were discrepancies in the formula used to calculate the adjustments to inventory after the inventory count was performed to the value of (R 24 025.21). Further it was also found that inventory was received before year end which was not included in the schedule at year end to the value of R 42 750.

Inventory	18 725
General expenses - Advertising	(18 725)
	<u>-</u>

**Thefts and losses**

During the year, the legislature determined that included in thefts and losses were losses for assets which were accounted for in the disposal of assets, therefore resulting in a duplication of the loss.

Recoveries	2 338
General expenses - Consumables	5 613
General expenses - Other expenses	<u>(7 951)</u>

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>Services in kind</b>		
During the period ended 31 March 2018, the legislature determined that the services in kind provided by the Department of Public Works for the use of office areas requires a recognition of the fair value of the rental of R 8 825 867 for the prior period.		
Services in kind: revenue		(8 825 867)
Services in kind: expenditure		8 825 867
		-
* See Note 38		
<b>Exit gratuity</b>		
During the period ended 31 March 2018, the legislature determined that due to the issuing of Proclamation 48, a exit gratuity for members needed to be provided for as a employee obligation. The value of the obligation recognised is R11 264 000 (2016: R 8 748 000).		
Accumulated surplus		8 748 000
Employee obligation: Exit gratuity		(11 264 000)
Members remuneration: Contribution to employee benefits		2 980 00
Actuarial gain		(464 000)
		-

\* See Note 38

Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*
<b>Statement of financial position</b>		
Inventory		18 725
Employee benefit obligation		(11 264 000)
<b>Statement of Financial Performance</b>		
General expenses		(21 063)
Recoveries		2 338
Revenue for non-exchange: Services in kind		(8 825 867)
Services in kind: Rental expenditure		8 825 867
Members remuneration		2 980 000
Actuarial gain		(464 000)
<b>Statement of Changes in Net Assets</b>		
Accumulated surplus		8 748 000

**39. Budget differences**

Material differences between budget and actual amounts

**39.1 Recoveries**

The variance is as a result of income received in terms of previous years expenditure.

**39.2 Other income**

The variance is as a result of revenue received from meals, parking and sales which was more than the appropriated budget amount.

**39.3 Interest received**

The variance is as a result of interest on bank account as well as interest on debts which was more than the appropriated budget amount.

**39.4 Employee costs**

The variance is due to vacant posts which were not filled as anticipated.

**39.5 Members remuneration**

Variance due to no members increase received for the current year.

**39.6 Finance costs**

Variance due to daily tariff for Government Garage vehicles being less than anticipate and a decrease in use.

**39.7 General expenses**

Variance mainly due to a delayed implementation of the Enterprise Resource Planning project as well as the Functional Enhancement project resulting in a later than anticipated completion of the milestone payment process.

Variance mainly due to reduced foreign travel which did not take place in the current year.

**Changes from the approved budget to the final budget**

The changes between the approved budget for provincial expenditure and the budget comparison statement for the expenditure items is as a result of the change in classification between the approved budget and the budget comparison in order to meet the requirements of GRAP. The adjustments incurred between the approved budget and the final budget occurred due to the adjustment budget as well as shifts within expenditure items. These adjustments are as follows:

\* See Note 38



Annual Report for 2017/18 Financial Year  
Vote 2: Western Cape Provincial Parliament  
Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018	2017 Restated*		
Expenditure	Approved budget	Adjustment	Shifts	Final budget
Employee related costs	64 995 000	(6 731 650)	145 489	58 408 839
Members remuneration	42 500 000	-	(32 827)	42 467 173
Finance costs	917 000	18 935	2 590	938 525
Lease rentals on operating lease	180 000	(61 832)	62 175	180 343
Transfer payments	39 545 000	639 520	79	40 184 599
General expenditure	30 691 000	6 135 027	(177 506)	36 648 521
	178 828 000	-	-	178 828 000

**40. Going concern**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

**41. Events after the reporting date**

No adjusting events have occurred after the reporting date.

\* See Note 38

