

VOTE 6

Provincial Treasury

Operational budget	R 673 458 423
Remuneration of the MEC	R 1 821 577 ¹
Total amount to be appropriated	R 675 280 000
Responsible Executive Authority	MEC for Finance
Administering department	Provincial Treasury
Accounting officer	Accountant-General

1. Overview

Vision

The vision of the department is: *Be the centre of excellence in financial and fiscal management in the country.*

Mission statement

The department's mission is: *To enhance the KwaZulu-Natal Provincial Government's service delivery by responding to the expectations of all stakeholders in the value chain as a key driver through:*

- Optimum and transparent allocation of financial resources while enhancing revenue generation and financial management practices in compliance with applicable legislation and corporate governance principles.
- Competent and dedicated employees who are at the centre of ensuring best value to their stakeholders.

Strategic objectives

Strategic policy direction: The Provincial Treasury will ensure a credible distribution of available funds between departments taking cognisance of the demands for social services and the need to stimulate economic development and growth, and will commit to provide ongoing, effective and efficient support services to internal and external clients. The department will analyse and monitor government revenue and expenditure in the provincial and local spheres, including public entities, undertake robust public policy research and instil prudent financial management and good governance.

The department has set the following goals and strategic objectives:

- To promote sound financial management practices and fiscal management through good governance.
- To ensure targeted financial resources allocation and utilisation that contributes to improved service delivery.
- To enhance the capacity and capability of Supply Chain Management (SCM) in departments, municipalities and public entities to eliminate irregular expenditure.
- To focus on the enhancement of broad-based Black Economic Empowerment (B-BBEE) through effective SCM policies.
- To monitor and facilitate infrastructure delivery in the province and thereby contribute towards job creation.
- To co-ordinate and enhance revenue collection for sustainable service delivery to the citizens.
- To promote sound cash management practices and improve liquidity in the province.

¹ At the time of going to print, the proclamation determining the 2015 salary adjustment relating to office bearers had not been signed by the Premier, hence this amount remains unchanged from the 2015/16 EPRE.

Core functions

The core functions of the department include the following:

- Mobilisation of funds for the provincial government.
- Allocation of fiscal resources to provincial departments.
- Preparation of annual and MTEF budgets.
- Province-wide cash management.
- Internal audit.
- Provincial financial management in terms of the PFMA and MFMA through:
 - Budget monitoring and reporting.
 - Financial accounting.
 - Financial systems maintenance.
- Provision of advice on procurement policies and procedures in provincial government.
- Control and regulation of the gaming and betting function.

Legislative mandate

The department is governed by the following pieces of legislation and policy directives:

- Annual Division of Revenue Act
- Government Immovable Asset Management Act (Act No. 19 of 2007)
- Intergovernmental Relations Framework Act (Act No. 13 of 2005)
- Municipal Finance Management Act (MFMA) (Act No. 56 of 2003)
- Preferential Procurement Policy Framework Act (Act No. 5 of 2000) (PPPFA)
- Borrowing Powers of Provincial Governments Act (Act No. 48 of 1996)
- Public Finance Management Act (Act No. 1 of 1999, as amended) and Treasury Regulations
- Provincial Internal Audit Act (Act No. 2 of 2001)
- Provincial Tax Regulation Process Act (Act No. 53 of 2001)
- Public Audit Act (Act No. 25 of 2004)
- The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- Promotion of Access to Information Act (Act No. 2 of 2000)
- Provincial Appropriation Acts
- KwaZulu-Natal Gaming and Betting Act (Act No. 8 of 2010)
- KwaZulu-Natal Gaming and Betting Tax Act (Act No. 9 of 2010)

2. Review of the 2015/16 financial year

Section 2 provides a review of 2015/16, outlining the main achievements and progress made by the department, as well as providing a brief discussion on challenges and new developments.

Fiscal Resource Management

Infrastructure: The unit continued to assist provincial departments in planning for, and implementing infrastructure programmes and initiatives, in order to obtain maximum value for money. The Infrastructure Delivery Management System (IDMS), developed through the Infrastructure Delivery Improvement Programme (IDIP) was facilitated by KZN Treasury *via* National Treasury. The IDMS focused on the Departments of Education, Health and Public Works.

Economic Analysis: The unit continued to produce economic and public policy research, participate in various academic conferences and workshops, undertake district municipality profiling and deliver economic presentations throughout the province. It also provided informative analysis about the provincial Socio-economic Review and Outlook (SERO) and contributed to municipalities' Integrated Development Plans (IDPs).

Public Finance: The spending and service delivery achievements of 14 departments and 13 listed public entities were monitored and the Finance Portfolio Committee was briefed on the mid-year and close-out budget performance of the province. Similarly, the newly established Standing Committee on Oversight was briefed on the budget performance of the Provincial Legislature. The Executive Council was constantly kept up-to-date on KZN's spending. The 2015/16 *Adjustments Estimate of Provincial Revenue and Expenditure (AEPRE)*, which is a legislative requirement of the PFMA, was prepared and tabled in the Legislature. The 2016/17 Main Budget was prepared for tabling on 10 March 2016. Focus was placed on the enhancement of revenue collected from health patient fees, with Provincial Treasury working closely with the Department Health in this regard. The cost-cutting measures first implemented in 2009/10 continued to remain in place, together with the cost-cutting measures and instruction notes issued by National Treasury.

Municipal Finance: The unit continued to provide technical support to municipalities in preparation of their budgets. The roll-out of the Municipal Support Programme (MSP) continued in 2015/16 with the unit assisting municipalities with various work streams, based on their individual needs. The 2016/17 Draft Budgets and Adopted Budgets of all the delegated municipalities were received and assessed for accuracy and compliance with the MFMA and Municipal Budget and Reporting Regulations (MBRR). A detailed assessment was done on the Draft Budgets in order to provide input into the Final Budgets and a further high level assessment was done on the Adopted Budgets. Furthermore, the unit conducted a monthly analysis and provided feedback on the financial performance of the 58 delegated municipalities. In addition, four quarterly reports on the financial performance of all municipalities in KZN were prepared. The unit assessed the delegated municipalities' level of compliance with the MFMA using the 30 MFMA Indicators Tool. The unit successfully piloted the SCOA framework and system functionality in the delegated municipalities.

Financial Management

Financial Assets and Liabilities: Support was provided to departments in respect of pay roll tax, assets and banking matters. This included a quarterly risk analysis to identify training requirements per department and to ensure compliance with relevant legislation. The cash blocking system continued to ensure that departments' spending was in line with funds available. Funds were made available to departments as required, in line with their cash flow forecasts for the financial year, and as per the equitable share and conditional grants received from National Treasury.

Public Private Partnerships (PPP): The unit continued to provide support on the exit strategy in respect of the Inkosi Albert Luthuli Central hospital (IALCH), and the five-year review and five-year strategy for the Ilembe District Municipality water sanitation concession. Also, the unit rendered assistance and offered solutions to challenges faced by both initiatives. These projects are anticipated to be completed in 2016/17.

Supply Chain Management: Support was provided to departments and municipalities with regard to SCM policies and procedures. This entailed conducting compliance assessments to determine the required support interventions and the provision of training, where required. The Contract Management Project (CMP), which was rolled out to all provincial departments in 2014/15, continued to ensure effective supplier performance management and value for money.

The unit continued the implementation of the e-Procurement Tool, the B-BBEE verification of suppliers on the suppliers' database as well as the Municipal Bid Appeals Tribunal (MBAT) for all municipalities in KZN. The unit continued to ensure effective policy review and updating of practice notes and circulars, in line with legislative and National Treasury requirements.

Financial Reporting: Significant progress was made in financial management practices in KZN. Financial management support, particularly in local government, was instrumental in the improved audit outcomes

for the 2014/15 MFMA audit opinions. Treasury also obtained a clean audit report for the Provincial Revenue Fund for 2014/15. This is the seventh clean audit in a row.

Norms and Standards: The unit provided an enhanced level of policy assistance to municipalities and departments by focussing primarily on the review and development of critical finance-related policies as outlined in the MFMA and PFMA. Moreover, a concerted effort was made to determine the status of these policies in municipal and provincial entities, with support provided where so determined.

Support and Interlinked Financial Systems: The start of the biometric enablement of the asset management system was delayed due to the department streamlining the system to make it more cost-efficient. New server infrastructure was installed to ensure that the Biometric Access Control System functions optimally.

KwaZulu-Natal Gaming and Betting Board (KZNGBB): The KZNGBB is responsible for the collection of gambling taxes for the Province of KwaZulu-Natal, regulating the gambling industry, ensuring the responsible roll-out of gaming and betting initiatives and protecting the interests of patrons and the public at large. During 2015/16, the entity continued to regulate the industry in line with the Act and regulations. The entity continued to grow the industry in a responsible manner and in the best interests of all concerned, with the opening of two additional Bingo halls, additional licensing of Type-B Limited Pay-out Machine sites and licensing of new book-making rights. The appointment of the new Board in April 2015 brought stability to the entity. The entity continued to contribute significantly to the provincial fiscus and grew gambling tax collection from R538.524 million to R543.366 million in 2014/15 and 2015/16. The entity focused on improving its IT systems and the streamlining of processes through the implementation of the business process re-engineering project, which is a multi-year project that will be completed in 2017/18. An area that received special attention was obtaining suitable office accommodation for the entity, which proved challenging.

Internal Audit

Assurances Services: The unit provided internal audit services to departments and some public entities with specific focus on enhancing good governance and control through improved audit outcomes. The unit conducted performance audits, audit reviews of interim financial statements, as well as routine audit assignments focusing on transversal and core business areas. The unit also performed a number of formal consulting audit activities – i.e. the Patient Referral System at the Department of Health, and the Head Count Project at the Department of Education. The unit continued to implement performance information reviews, IT audit reviews of IT controls and governance processes, as well as formal consulting services by providing ongoing advice during the system development of some IT systems implementation, such as the controls on the Biometric Access Control System, the On-line Travel System, and the On-line Leave Management System.

Risk and Advisory Services: The unit continued to provide risk management support to departments and public entities, mainly in areas of facilitation of risk assessment exercises and monitoring of the implementation of risk mitigating plans. The unit also provided training to all members of the risk committees within departments. This training was to improve risk governance and assist in improving maturity of risk management. Risk forums were held with the aim of providing a platform for sharing best practices in risk management, highlighting new processes and topics, as well as addressing concerns such that a transversal solution could be attained.

Forensic Audit Services: The unit completed ten investigations, and conducted 16 follow-ups to track the status of implementation of recommendations arising from forensic investigation reports. It also commenced with the development of a Fraud Case Management system that will be used to record, consolidate and track all forensic investigations conducted within all spheres of provincial government.

3. Outlook for the 2016/17 financial year

Section 3 looks at the key focus areas of 2016/17, outlining what the department is hoping to achieve, as well as briefly looking at the challenges facing the department, and proposed new developments. The bulk of the department's budget allocation in the 2016/17 MTEF is for financial management (for general oversight of all departments, municipalities and public entities' budget processes), internal audit, SCM,

support for transversal and interlinked financial systems, as well as the infrastructure support of IDIP Technical Assistants (TAs) project which is being phased out in 2016/17. In addition, the department will continue to implement a number of transversal projects, such as Operation Pay-on-Time, Operation Clean Audit, irregular expenditure projects, MSP, among others.

Fiscal Resource Management

Economic Analysis: The unit will continue to undertake economic and public policy research, participate in various academic conferences and workshops, undertake district municipality profiling and deliver economic presentations throughout the province. It will also continue to support and facilitate strategic development projects, events and activities in the province. Departmental economic impact analysis and spatial analysis will continue to be a key priority for 2016/17.

Infrastructure: The unit will continue to monitor infrastructure planning and delivery performance throughout the province. It will co-ordinate and facilitate infrastructure funding mechanisms and opportunities to support the provincial fiscal framework, including the hosting and expansion of the KZN Funding Fair series, which is a platform to bring project promoters and funders together. The unit will continue to assist departments with funding applications and provide technical support in the development and management of the KZN Provincial Infrastructure Master Plan. The implementation of IDMS province-wide and the facilitation of the U-AMPs will continue to be priorities. The Infrastructure Reporting Model (IRM) will be used as a reporting tool for all provincial infrastructure projects (including all *Capital* and *Current* infrastructure).

Public Finance: The unit's functions are largely process driven and are governed by various legislative requirements. As such, the work often remains largely unchanged from the previous year in terms of the processes that need to be undertaken. Accordingly, monitoring the spending of departments and public entities will continue in 2016/17, with the aim of keeping provincial spending within budget. The Executive Council will continue to be kept informed of the province's budget performance. The 2016/17 *AEPRE* and 2017/18 *EPRE* will be prepared. National Treasury will be provided with information on the Division of Revenue and Provincial Equitable Share (PES), as well as the conditional grant frameworks. The enhancement of provincial own revenue will gain momentum in view of the budget cuts brought about by the fiscal consolidation plan, which is being implemented by National Treasury to rein in government debt. In the 2016/17 MTEF, *Compensation of employees* was lowered by freezing ALL vacant non-OSD posts, and departments' equitable share funded *Goods and services* budgets were cut by 2 per cent, hosting of events budgets were cut, and other baseline cuts were effected against the Office of the Premier (OTP) and the Department of Economic Development Tourism and Environmental Affairs (DEDTEA) in line with a directive from national. Adherence to these cuts will be monitored.

Municipal Finance: Focus will be placed on enhancing the sustainability of municipalities. The unit will continue to monitor and support the delegated municipalities that are piloting the SCOA framework and system functionality, and will monitor the non-piloting municipalities' preparation for the broader migration of their systems. The MSP will focus on assisting municipalities in enhancing their internal controls, improving their VAT process, as well as instituting cashflow management practices and improving the credibility of their budgets. Post implementation reviews will be conducted to ensure sustainability.

Financial Management

Financial Assets and Liabilities: A support service will continue to be offered to departments in respect of pay roll tax, assets and banking functions. The unit will continue to monitor all departmental bank balances on a daily basis to ensure that proper cashflow is being maintained. Excess funds will be invested with the South African Reserve Bank (SARB) to ensure maximum interest is earned.

Public Private Partnership: The PPP unit will continue to address the lack of capacity in departments and municipalities in identifying and managing PPP projects. The unit also aims to create and improve relationships between various stakeholders in the PPP process in order to promote better PPP project flow, and to prevent projects taking place that are not considered to be value for money and/or affordable. The unit will embark on intense awareness campaigns and capacity building with various SMMEs.

Supply Chain Management: The unit will continue to provide hands-on support to departments and municipalities, and will continue with the subsequent phases of the CMP, which will culminate with all municipalities having fully completed contract registers supported by legitimate contract documents. The MBAT is now fully functional and will be introduced at district road shows to increase public awareness about the MBAT mechanism.

The unit will commence with the implementation of the e-Procurement Tool in departments, and will commence work on the benchmark price list. This will be updated on an ongoing basis, and will initially comprise the most frequently procured items by government. Where required, interventions and additional support will be provided to departments, municipalities and public entities.

Financial Reporting: To improve the unit's effectiveness, focus will be on regular hands-on engagement and support to departments, public entities and municipalities to enhance their financial accounting and reporting performance, as well as continued staff development and training programmes to develop and retain the requisite financial management skills and expertise. The unit will play a major role in the Operation Clean Audit campaign, ensuring enhanced financial management in all spheres of government.

Norms and Standards: The unit, as per National Treasury's request, will facilitate the implementation of the new upgraded Diagnostic Compliance Tool and the Financial Management Capability Maturity Model (FMCMM), by identifying two departments as part of the pilot project prior to the nationwide roll-out of the financial model. Inputs will be forwarded to National Treasury in order to address the various challenges that may be experienced during the pilot phase.

Support and Interlinked Financial Systems: The biometric enablement of the asset management system was completed in 2015/16. Enhancements and standardisation of the Biometric Access Control System are to be expedited to improve the level of support for the system in the province.

KwaZulu-Natal Gaming and Betting Board (KZNGBB): The entity will pursue its mandate by ensuring that all gambling authorised under the Act is conducted in a manner which promotes the integrity of the gambling industry and does not cause harm to the public. In addition, the KZNGBB will ensure that gambling promotes tourism, employment, economic and social development. It will continue to invite, consider and process new applications and/or renewals for any gaming or betting licences, amend, specify, substitute or rescind any licence conditions, as well as undertake investigations or inspections into illegal gambling operations in KZN. The entity will strive to bring balance between protection of the public and growth to the industry. Transformation to creating opportunities for previously disadvantaged individuals to gain access to the gambling industry will continue to be a key focal point in the next financial year. The entity will implement amendments to the Act, once the KZN Gaming and Betting Amendment Bill is enacted. The amendments include, *inter alia*, new provisions relating to the horse-racing and betting industry, acquisition of financial interests in gambling licences and definitions of bingo. In addition, the entity will implement new betting rules to regulate the industry and provide processes for licensees to follow in order to comply with the regulations once approved. The securing of office accommodation will continue to be a key focus area in 2016/17, as well as the development of an integrated IT system.

Internal Audit

Assurance Services: The unit will continue to provide internal audit services to departments and public entities by performing risk based audits, with specific focus on overall good governance. The intention is to identify additional critical service delivery projects to determine value for money for the resources expended as part of its focus on performance auditing. Resources will be directed towards the achievement and sustaining of clean audit outcomes, specifically in areas of transversal operational activities such as SCM and asset management. Audit efforts on IT governance and controls will be expanded, as this has been identified as a critical risk area. The unit will continue to perform governance reviews, as well as support the Audit and Risk Committee structures.

Risk and Advisory Services: The unit's main focus will be to ensure that the implementation plan of the recommendations of the risk management maturity gap analysis findings are on track, and to provide the necessary interventions as and when required. The risk management tool (CURA) will be rolled out to all departments and selected public entities and municipalities to strengthen awareness of risk management.

Forensic Audit Services: The envisaged Fraud Case Management System will be made accessible to the OTP for provincial reporting purposes during 2016/17, and will be used to assist with monitoring and addressing delays in forensic investigations. More detailed follow-up audits will be conducted to assess the extent to which investigated entities are implementing forensic investigation recommendations. Fraud prevention plan strategies of all departments will also be reviewed.

4. Receipts and financing

4.1 Summary of receipts and financing

Table 6.1 below shows the sources of funding for Vote 6 over the seven-year period 2012/13 to 2018/19. The table also compares actual and budgeted receipts against actual and budgeted payments.

Table 6.1 : Summary of receipts and financing

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2012/13	2013/14	2014/15	Appropriation	Appropriation	Estimate	2016/17	2017/18	2018/19
Equitable share	567 640	485 764	559 154	648 589	648 589	648 589	675 280	659 029	688 508
Conditional grants	-	-	-	-	-	-	-	-	-
Total receipts	567 640	485 764	559 154	648 589	648 589	648 589	675 280	659 029	688 508
Total payments	557 733	623 448	673 962	712 151	717 869	663 853	675 280	659 029	688 508
Surplus/(Deficit) before financing	9 907	(137 684)	(114 808)	(63 562)	(69 280)	(15 264)	(42 000)	-	-
Financing									
of which									
Provincial roll-overs	40 926	34 004	24 765	-	218	218	-	-	-
Provincial cash resources	44 062	180 927	124 807	63 562	69 062	69 062	42 000	-	-
Surplus/(Deficit) after financing	94 895	77 247	34 764	-	-	54 016	-	-	-

The amount of R40.926 million against provincial roll-overs in 2012/13 was in respect of roll-overs from the previous financial year for the Pietermaritzburg (R16.760 million) and Richards Bay (R7.041 million) airports, the Infrastructure Crack Team (R3.904 million), the purchasing of a server refresher for the computer network system (R2.659 million), and for consultants' fees in respect of Risk Management facilitation workshops and training, forensic investigations, conducting IT risk assessments on the BAS system and the development of the Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) guidelines (R10.562 million).

The amount of R44.062 million against provincial cash resources in 2012/13 was in respect of the Pietermaritzburg airport (R20 million), Thuthuka Bursary Fund (R4 million), Infrastructure Crack Team (R10 million), the Shayamoya eco-complex (R2.062 million), and for the development of a light industrial park at Bhongweni (R8 million). The Shayamoya eco-complex is a cultural complex and community park in Kokstad, which aims to make East Griqualand a more attractive tourist destination. The development of a light industrial park at Bhongweni in the Greater Kokstad Municipality aims to develop the infrastructure and institutional arrangements and operationalise a light industrial park that will operate as a small business incubator to attract, train, mentor and assist in the development of skilled artisans.

The department ended 2012/13 with a surplus of R94.895 million. The under-spending was mainly due to the non-filling of posts resulting from high staff turnover and a shortage of suitably qualified candidates. Also accounting for the under-spending, was an improvement in the funds available in the Pay-Master General (PMG) and IGCC accounts resulting from the province earning as opposed to paying interest. The department also under-spent on the CMP, the Infrastructure Crack Team, legal fees, the e-Procurement Tool, the feasibility study of the government office precinct project, the development of the Pietermaritzburg, Richards Bay, Prince Mangosuthu Buthelezi and Margate airports, as well as the Thuthuka Bursary Fund, the Shayamoya eco-complex, and the Bhongweni light industrial park.

The amount of R34.004 million against provincial roll-overs in 2013/14 relates to roll-overs from 2012/13 for legal fees (R2.900 million), the Infrastructure Crack Team (R7 million), CMP (R2.400 million), the revived feasibility study of the government office precinct project (R2.627 million), and the development of the Margate (R2.288 million), Prince Mangosuthu Buthelezi (R603 000), and Pietermaritzburg (R16.186 million) airports.

The provincial cash resources amount of R180.927 million in 2013/14 comprises R97.677 million for various projects, including the feasibility study of the government office precinct project, Operation Clean Audit, the e-Procurement Tool, CMP, the Infrastructure Crack Team, forensic investigations, the Shayamoya eco-complex, the light industrial park at Bhongweni, Aero Grand Prix and the Thuthuka Bursary Fund. Furthermore, an amount of R18.800 million was allocated for Operation Sukuma Sakhe (OSS), the Infrastructure Crack Team, the Education nutrition programme, the irregular expenditure project, the Health assets project, and the McCord Hospital take-over. Also, an amount of R4.450 million was allocated for a new IT system for the KZNGBB.

In 2013/14, the budget was under-spent by R77.247 million. This related to delays in the filling of posts resulting from lengthy recruitment processes and a lack of suitably qualified candidates, lower than anticipated audit and legal costs, under-expenditure on the MSP, delays in the appointment of a service provider for the e-Procurement Tool, delays in negotiations in respect of the McCord Hospital take-over project, and delays in obtaining dates for GRAP training with municipalities. Also contributing, were the late receipt of invoices from service providers dealing with the Health Asset Register project, as well as the Education capped-leave project, delays in spending in respect of the light industrial park at Bhongweni and the Shayamoya eco-complex, savings realised in respect of the development and upgrade of the Prince Mangosuthu Buthelezi and Margate airports, and delays in the selection process regarding students for the Thuthuka Bursary Fund.

The amount of R24.765 million against provincial roll-overs in 2014/15 relates to roll-overs from 2013/14 for the Strategic Cabinet Initiatives Fund (R6.382 million), the construction of the Shayamoya eco-complex (R13.062 million), and the light industrial park at Bhongweni (R5.321 million).

The provincial cash resources amount of R124.807 million in 2014/15 includes additional allocations for Msunduzi electricity-related development projects, the Infrastructure Crack Team, irregular expenditure projects, IDIP TAs, Operation Pay-on-Time, Education capped leave, AFS training, Operation Clean Audit, the e-Procurement Tool, IALCH floor repairs, Strategic Cabinet Initiatives, and carry-through of previous years' wage agreements.

In 2015/16, the department's baseline increased to R712.151 million. The provincial cash resources of R63.562 million in 2015/16 comprise suspensions from the previous financial year relating to additional funding for IDIP TAs (2015/16 and 2016/17), Operation Pay-on-Time (2015/16 and 2016/17), Operation Clean Audit (2015/16 and 2016/17), e-Procurement Tool (2015/16 and 2016/17), special audits (2015/16 only), forensic investigations (2015/16 only), Shayamoya eco-complex (2015/16 only), the Bhongweni light industrial park (2015/16 only), and IALCH floor repairs (2015/16 and 2016/17).

An amount of R218 000 was rolled over in respect of the payment of invoices from 2014/15 for the Msunduzi electricity-related development projects.

The 2015/16 Revised Estimate shows that the department is anticipating ending the year with under-spending of R54.016 million mainly in respect of:

- Under-spending on *Compensation of employees* of R20.372 million, due to the non-filling of vacant posts, as a result of the moratorium on the filling of posts and lengthy recruitment processes.
- Under-spending on *Goods and services* (R34.521 million), due to the relocation of the PERSAL Mainframe Time from Pietermaritzburg SITA to National Treasury SITA, delays in the finalisation of consultants panels (for projects such as MSP, performance audits, forensic investigations, etc.) that have expired, slow spending on the Infrastructure Crack Team, as well as enhanced financial controls (particularly in the Office of the MEC where the number of road shows was reduced).
- This projected under-spending is offset by over-spending mainly against the following:
 - *Transfers and subsidies to: Households* as a result of higher than anticipated staff exits.
 - *Machinery and equipment* due to the implementation of phase 1 of the Biometric Access Control System project.

The amount of R42 million against provincial cash resources in 2016/17 comprises once-off additional funding for IDIP TAs, Operation Pay-on-Time, Operation Clean Audit, e-Procurement Tool and CMP, as

well as funding for the replacement of biometric scanners and the IALCH floor repairs. None of these projects have carry-through to the outer years of the MTEF, as these were only allocated additional funding for a limited time, in line with project requirements.

4.2 Departmental receipts collection

Table 6.2 below gives a summary of the departmental receipts for Vote 6. The details are presented in the *Annexure – Vote 6: Provincial Treasury*.

Table 6.2 : Summary of departmental receipts collection

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2012/13	2013/14	2014/15	Appropriation	Appropriation	Estimate	2016/17	2017/18	2018/19
Tax receipts	447 730	488 254	538 524	648 227	648 227	543 366	557 338	591 152	628 907
Casino taxes	383 056	421 355	467 319	556 890	556 890	466 336	478 167	510 227	545 111
Horse racing taxes	64 674	66 899	71 205	91 337	91 337	77 030	79 171	80 925	83 796
Liquor licences	-	-	-	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-	-	-	-
Sale of goods and services other than capital assets	159	169	322	203	203	255	204	209	221
Transfers received	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	1	-	-	-	-	-	-	-
Interest, dividends and rent on land	269 818	249 807	309 569	283 341	283 341	352 546	301 754	316 842	335 219
Sale of capital assets	32	409	39	170	170	734	181	192	203
Transactions in financial assets and liabilities	437	352	2 513	380	380	3 866	382	385	407
Total	718 176	738 992	850 967	932 322	932 322	900 767	859 860	908 780	964 957

Tax receipts are derived from taxes collected by KZNGBB in accordance with the KZN Gaming and Betting Tax Act, 2010. The major sources of revenue are *Casino taxes* and *Horse racing taxes*. The lower than anticipated 2015/16 Revised Estimate is due to the fact that the entity over-budgeted for this category and the economic downturn negatively affected taxes. The 2016/17 MTEF is reduced accordingly.

Casino taxes, which include Limited Payout Machines (LPMs) and Bingo gaming revenue, accelerated from 2012/13 onward following the increase in tax rates which came into effect in November 2012. The 2015/16 Revised Estimate reflects an under-collection resulting from over-budgeting from this category, as well as the decline in consumer activities, which cannot be accurately predicted. The revenue grows gradually over the 2016/17 MTEF.

Horse racing taxes includes sports betting revenue and is volatile over the seven-year period. This is due to constrained global economic circumstances. The 2015/16 Revised Estimate is projecting under-collection due to the uncertain nature of betting activities. The department is very conservative in terms of budgeting for this over the MTEF due to the unpredictable nature of revenue from this source.

Sale of goods and services other than capital assets is mainly in respect of game licences, commission on PERSAL deductions such as insurance premiums and garnishees, sale of tender documents, parking fees, etc. The high collection in 2014/15 was due to the higher than anticipated sale of tender documents, which accounts for the budget decline from 2015/16 to 2018/19.

Interest, dividends and rent on land mainly relates to interest earned on the IGCC and the PMG accounts. The significant improvement in collection on this category is due to the collective implementation of cost containment by provincial departments. The decline in interest received in 2013/14 was due to the census data cuts which impacted on the equitable share the province received from the national fiscus, as well as the 1, 2 and 3 per cent baseline reductions implemented by National Treasury. The 2016/17 MTEF budget and the high collection in the 2015/16 Revised Estimate is due to continued implementation of financial control measures, resulting in high bank balances and therefore high interest earnings.

Sale of capital assets relates to the disposal of redundant assets, such as vehicles, office equipment, etc. The fluctuations in prior years resulted from the uncertain nature of this category as it relies on performance at the auction. The department anticipates disposing motor vehicles over the 2016/17 MTEF in line with its asset disposal policy.

Transactions in financial assets and liabilities comprises recoveries from staff debts such as breached bursary contracts. The high collection in the 2015/16 Revised Estimate is due to inter-departmental claims

in respect of consultants that were deployed to prepare a movable asset register for the Department of Health and to prepare an immovable asset register and Interim Financial Statements for the Department of Public Works. This expenditure was incurred in 2014/15. The prior year fluctuations and the MTEF can be attributed to the difficulty in forecasting accurately for this category, due to its uncertain nature.

4.3 Donor funding

Table 6.3 provides information on donor funding received by the department from the European Union (EU). Provincial Treasury sent a bid to National Treasury in 2014 to fund the development of Science Parks (or techno-hubs) in KZN. The request for these funds was evaluated and final allocations were approved by the national Ministers' Committee on the Budget. Provincial Treasury also receives an agency receipt from the Public Service Sector Education and Training Authority (PSETA) in 2016/17.

Table 6.4 shows the amounts spent to date and to be spent over the MTEF. In total, KZN will receive R120 million from the EU through the General Budget Support (GBS) initiative from 2015/16 to 2017/18 and R720 000 from PSETA in 2016/17.

Table 6.3 : Details of donor funding receipts

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Donor funding	-	-	-	39 200	39 200	11 653	60 470	48 597	-
Development of KwaZulu-Natal Science Parks	-	-	-	39 200	39 200	11 653	59 750	48 597	-
PSETA	-	-	-	-	-	-	720	-	-
Total	-	-	-	39 200	39 200	11 653	60 470	48 597	-

Table 6.4 : Details of payments and estimates of donor funding

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Donor funding	-	-	-	59 750	59 750	11 653	59 750	48 597	-
Development of KwaZulu-Natal Science Parks	-	-	-	59 750	59 750	11 653	59 750	48 597	-
PSETA	-	-	-	-	-	-	720	-	-
Total	-	-	-	59 750	59 750	11 653	60 470	48 597	-

The department plans to establish four science parks in the province with this funding. These will be located in Pietermaritzburg, Newcastle, Port Shepstone and Richards Bay. The main aim of the science parks is the commercialisation of innovative ideas through which products, processes, strategies and services are formulated to create job opportunities and to create business synergies. The core functions of the science parks include knowledge generation, innovation, enterprise and business formation. The science parks will be aimed at businesses involved in information technology. The 2015/16 Revised Estimate has been decreased to R11.653 million due to delays as a result of a change of site where the Richards Bay science park was going to be built. This prompted for new designs and a new EIA process to be undertaken. The Newcastle science park also experienced delays in the advertisement of tenders. An updated business plan, indicating how these funds will be spent, will be submitted to EU and it is anticipated that the allocation of R59.750 million will be fully spent in 2016/17. Furthermore, the EU has approved the extension of the contract to 2017/18 so that the full R120 million is not lost to the province.

The department has been allocated R720 000 in 2016/17 for work integrated learning, whose aim is to support 20 students from TVET colleges with a stipend of R2 000 per student per month for a period of 18 months. This allocation will give learners an opportunity to do in-service training in the department in their area of study.

5. Payment summary

This section provides information pertaining to the vote as a whole at an aggregated level, including payments and budgeted estimates in terms of programmes and economic classification. Further details are given in Section 6 below, as well as in the *Annexure – Vote 6: Provincial Treasury*.

5.1 Key assumptions

The department applied the following broad assumptions when compiling the budget:

- Provision was made for the carry-through costs of the above-budget 2015 wage agreement.
- The expanded cost-cutting measures, as reissued by Provincial Treasury in 2015/16, will continue to be adhered to over the 2016/17 MTEF, in conjunction with National Treasury Instruction 01 of 2013/14: Cost-containment measures. In addition, as a result of the need to lower the expenditure ceiling across the country (as explained under Section 5.2 below), departments had to adhere to the following guidelines:
 - Expenditure on *Compensation of employees* was lowered by freezing all vacant non-OSD posts. This cut does not affect Education or Health as these are to be protected in this process. Both departments are required to review their vacant administration staff posts and to decrease the numbers in this area with the savings from this exercise to be redirected within the votes to service delivery spending.
 - Departments' equitable share funded *Goods and services* budgets were cut by 2 per cent.
 - Departments' and public entities' hosting of events budgets were cut over the MTEF.
 - Other baseline cuts were effected against the Office of the Premier and the Department of Economic Development, Tourism and Environmental Affairs in line with a directive from national in this regard.
- Departments must not absorb the impact of these cuts against their capital budgets. Capital projects may be re-scheduled or slowed in instances where this is practical.

5.2 Additional allocations for the 2014/15 to 2016/17 MTEF

Table 6.5 shows additional funding received by the department over the three MTEF periods: 2014/15 2015/16 and 2016/17.

The purpose of such a table is two-fold. Firstly, it shows the quantum of additional funding allocated to the department in the past and current MTEF periods. Secondly, it indicates the policies and purposes for which the additional funding was allocated.

The carry-through allocations for the 2015/16 and 2016/17 MTEF periods (i.e. for the financial year 2018/19) are based on the incremental percentage used in the 2016/17 MTEF.

Over the 2014/15 MTEF, funds of R57.553 million were suspended from the previous financial year for the e-Procurement Tool (R6 million), CMP (R10 million), Operation Clean Audit (R10 million), forensic investigations (R9 million), the government office precinct project, and for the balance of the Strategic Cabinet Initiatives Fund (R14.553 million).

In addition, the department received once-off allocations, in 2014/15, amounting to R156.909 million for Rural development projects (R50 million), Msunduzi electricity-related development projects (R5.500 million), Infrastructure Crack Team (R10 million), irregular expenditure (R3.500 million), IDIP TAs (R8 million with carry-through), Operation Pay-on-Time (R3.500 million with carry-through), Education capped leave (R5 million), AFS training (R5 million), Operation Clean Audit (Financial Management) (R10 million with carry-through), e-Procurement Tool (R4.500 million with carry-through), IALCH floor repairs (R4 million with carry-through), Strategic Cabinet Initiatives (R46.505 million with carry-through), and carry-through of previous years' wage agreements (R1.404 million), R2.062 million for the Shayamoya eco-complex and R8 million for the light industrial park at Bhongweni.

The above additional funding was slightly off-set by funds of R610 000 (with carry-through) and R253 000 (with carry-through) being moved to OTP in 2014/15 for the centralisation of parts of the communications budget, and the centralisation of external bursaries, respectively.

Table 6.5 : Summary of additional provincial allocations for the 2014/15 to 2016/17 MTEF

R thousand	2014/15	2015/16	2016/17	2017/18	2018/19
2014/15 MTEF period	213 599	124 853	92 519	97 145	102 779
Suspension from 2013/14 to 2014/15:	57 553	-	-	-	-
<i>e-Procurement Tool</i>	6 000	-	-	-	-
Contract management	10 000	-	-	-	-
Operation Clean Audit (Internal Audit)	10 000	-	-	-	-
Forensic investigations	8 000	-	-	-	-
Government office precinct project	9 000	-	-	-	-
Balance of Strategic Cabinet Initiatives Fund	14 553	-	-	-	-
Rural development projects	50 000	-	-	-	-
Msunduzi electricity-related development projects	5 500	-	-	-	-
Infrastructure Crack Team	10 000	-	-	-	-
Irregular expenditure	3 500	-	-	-	-
IDIP TAs	8 000	8 000	8 000	8 400	8 887
Operation Pay-on-Time	3 500	3 500	3 500	3 675	3 888
Education capped leave	5 000	-	-	-	-
Operation Clean Audit (Financial Management)	10 000	5 000	5 000	5 250	5 555
AFS assist municipalities	5 000	-	-	-	-
e-Procurement Tool	4 500	13 000	3 500	3 675	3 888
Special audits	-	8 000	-	-	-
Forensic investigations	-	8 000	-	-	-
Contract management	-	-	7 000	7 350	7 776
Shayamoya roll-over from 12/13 to 14/15	-	2 062	-	-	-
Light industrial park - Bhongweni roll-over from 12/13 to 14/15	-	8 000	-	-	-
Inkosi Albert Luthuli Central Hospital - floor repairs	4 000	8 000	6 000	6 300	6 665
Strategic Cabinet Initiatives - increasing to R100m	46 505	59 473	57 325	60 191	63 682
Carry-through of previous wage agreements	1 404	2 711	3 133	3 290	3 480
Centralisation of communications budget under OTP	(610)	(640)	(674)	(708)	(749)
Centralisation of external bursaries budget under OTP	(253)	(253)	(265)	(278)	(294)
2015/16 MTEF period		(91 747)	(99 735)	(139 372)	(147 456)
IALCH floor repairs		8 000	-	-	-
Removal of Strategic Cabinet Initiatives Fund		(100 000)	(100 000)	(105 000)	(111 090)
Removal of IDIP TAs in 2017/18		-	-	(8 400)	(8 887)
Removal of Operation Pay-on-Time in 2017/18		-	-	(3 675)	(3 888)
Removal of Operation Clean Audit (Financial Management) in 2017/18		-	-	(5 250)	(5 555)
Removal of e-Procurement Tool in 2017/18		-	-	(3 675)	(3 888)
Removal of contract management in 2017/18		-	-	(7 350)	(7 776)
Removal of IALCH - floor repairs in 2017/18		-	-	(6 300)	(6 665)
Decentralisation of bursaries budget		253	265	278	294
2016/17 MTEF period			(32 488)	(49 477)	(52 627)
Above-budget 2015 wage agreement			4 254	4 555	4 888
Replacement of biometric scanners			12 000	-	-
IALCH floor repairs			3 000	-	-
Freezing all vacant non-OSD posts			(44 037)	(47 032)	(50 230)
Cutting events' budgets			(340)	(340)	(340)
2% Goods and services cut			(7 365)	(6 660)	(6 945)
Total	213 599	33 106	(39 704)	(91 704)	(97 303)

Over the 2015/16 MTEF, the department was allocated a once-off additional R8 million for the continuation of the IALCH floor repairs. Also, apart from the carry-through costs in respect of the projects mentioned above, the department was allocated R8 million for forensic investigations and special audits, respectively.

National Treasury indicated that the fiscal consolidation that started in 2014/15 was set to continue over the 2015/16 MTEF. In line with this, all three spheres of government were cut, with KZN's portion of this cut being in excess of R500 million per annum. The bulk of this cut was therefore absorbed by the province's Contingency Reserve, as well as temporarily halting the government office precinct project and the Strategic Cabinet Initiatives Fund until the period of fiscal consolidation is over. In this regard, the Strategic Cabinet Initiatives Fund (R100 million in 2015/16 and 2016/17, and R105 million in 2017/18) were removed over the 2015/16 MTEF.

In addition, R34.650 million was removed in 2017/18 in respect of the following, as these funds were once-off and did not have carry-through beyond 2016/17:

- R8.400 million for IDIP TAs.
- R3.675 million for Operation Pay-on-Time.
- R5.250 million for Operation Clean Audit (Financial Management).

- R3.675 million for the e-Procurement Tool.
- R7.350 million for contract management.
- R6.300 million for IALCH floor repairs.

The above is slightly off-set by funds of R253 000 (with carry-through) in respect of the external bursaries budget being decentralised back from OTP to the department following a Cabinet decision.

With regard to the 2016/17 MTEF, due to data updates of the equitable share formula, a declining provincial own revenue, as well as cuts implemented by National Treasury as a result of the need to lower the expenditure ceiling across the country and to reprioritise to fund various national priorities that have recently arisen, the funding available to the province has been reduced or cut. Provinces were also instructed that the baselines of provincial Departments of Health be protected in view of the impact that the exchange rate has had on the affordability of medicines, which are largely imported. In order to effect these cuts in the province, expenditure on *Compensation of employees* has been lowered by freezing all vacant non-OSD posts, and departments' equitable share funded *Goods and services* budgets have been cut by 2 per cent over the MTEF. The impact of these cuts on Provincial Treasury is commented on in Section 5.3 below.

However, offsetting these reductions is additional funding of R19.254 million for the following:

- R4.254 million in 2016/17 for the carry-through of the above-budget 2015 wage agreement.
- R12 million in 2016/17 for the replacement of biometric scanners in all departments.
- A further R3 million in 2016/17 for IALCH floor repairs.

Note that additional funding was allocated in the 2012/13 MTEF for improving infrastructure support. Although no longer visible in Table 6.5, this funding was specifically and exclusively appropriated and the department utilises this funding for the Infrastructure Crack Team, which provides infrastructure support in the province. Thus an amount of R8 million, R8.575 million and R9.072 million remains ring-fenced for this purpose over the 2016/17 MTEF.

5.3 Summary by programme and economic classification

The services rendered by the department are categorised under five programmes, namely Administration, Fiscal Resource Management, Financial Management, Internal Audit and Growth and Development. These programmes are linked to the core functions of the department. The department does not conform to the generic programme structure of the sector. Negotiations in this regard will continue with National Treasury in 2016/17.

Tables 6.6 and 6.7 below provide a summary of the vote's payments and budgeted estimates over the seven-year period, by programme and by economic classification, respectively.

It is noted that the MTEF budget cuts could not be effected fully from *Compensation of employees* and *Goods and services*, and hence were also effected against categories such as *Interest and rent on land*, *Transfers and subsidies to: Households*, as well as *Machinery and equipment*, as explained below. Overall, the MTEF cuts effected against Vote 6 totalled R51.742 million, R54.032 million, and R56.515 million over the three years of the MTEF.

Table 6.6 : Summary of payments and estimates by programme: Provincial Treasury

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15				2015/16	2016/17	2017/18
1. Administration	97 905	96 932	113 215	123 089	128 089	119 716	134 552	137 096	140 946
2. Fiscal Resource Management	76 870	91 204	75 467	103 567	103 567	94 471	103 056	95 456	100 230
3. Financial Management	251 487	286 894	311 048	319 778	292 078	261 843	295 563	295 563	313 724
4. Internal Audit	93 154	107 363	130 420	131 558	151 758	149 353	121 683	123 888	130 082
5. Growth and Development	38 317	41 055	43 812	34 159	42 377	38 470	20 426	7 026	3 526
Total	557 733	623 448	673 962	712 151	717 869	663 853	675 280	659 029	688 508

Table 6.7 : Summary of payments and estimates by economic classification: Provincial Treasury

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2012/13	2013/14	2014/15	Appropriation	Appropriation	Estimate	2016/17	2017/18	2018/19
Current payments	478 406	549 746	578 813	654 524	657 524	601 931	627 760	608 993	640 488
Compensation of employees	165 967	188 527	211 837	260 566	257 166	236 794	279 429	281 213	288 403
Goods and services	312 439	361 219	366 976	383 726	399 426	364 905	345 057	324 546	349 240
Interest and rent on land	-	-	-	10 232	932	232	3 274	3 234	2 845
Transfers and subsidies to:	73 405	68 056	80 291	51 636	54 354	55 418	42 977	42 793	41 604
Provinces and municipalities	28 026	21 983	31 691	10 318	10 303	10 305	24	24	26
Departmental agencies and accounts	35 775	41 881	39 276	32 532	32 532	32 532	34 255	35 968	38 054
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	4	-	-	-
Non-profit institutions	-	893	1 468	3 150	4 383	4 735	3 370	3 370	244
Households	9 604	3 299	7 856	5 636	7 136	7 842	5 328	3 431	3 280
Payments for capital assets	5 909	6 114	14 854	5 991	5 991	6 504	4 543	7 243	6 416
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	5 515	6 114	14 854	5 991	5 991	6 504	4 543	7 243	6 416
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	394	-	-	-	-	-	-	-	-
Payments for financial assets	13	417	4	-	-	-	-	-	-
Total	557 733	624 333	673 962	712 151	717 869	663 853	675 280	659 029	688 508

Programme 1: Administration shows a decrease from 2012/13 to 2013/14 pertaining largely to delays in the selection process regarding students for the Thuthuka Bursary Fund. The increase from 2013/14 to 2014/15 was mainly due to the office configurations at Treasury House, the full payment made towards the Thuthuka Bursary Fund, the purchasing of vehicles, as well as the payment of an exit package of the former MEC for Finance. The increase in the 2015/16 Adjusted Appropriation can be mainly ascribed to a shift of R4 million to cater for the movement of the IT Management Support from Programme 3 to this programme as a result of the alignment of the structure. The decrease in the 2015/16 Revised Estimate is due to, among others, cost-cutting on advertising and travel and subsistence, later than anticipated appointments, as well as over-budgeting on audit fees, etc. Also, the below inflationary growth over the 2016/17 MTEF is mainly ascribed to the previously mentioned budget cuts. In this regard, MTEF cuts totalling R991 000, R5.108 million and R6.173 million were effected against *Compensation of employees* (in 2017/18 and 2018/19 only), *Goods and services*, as well as *Transfers and subsidies to: Households* in respect of the Thuthuka Bursary.

Programme 2: Fiscal Resource Management shows a substantial increase from 2012/13 to 2013/14 due to an increase in the number of assignments in respect of the MSP, which aims to assist municipalities with their financial management activities, as these could not be implemented in 2011/12. Also contributing was additional funding for the Infrastructure Crack Team. The increase in 2014/15 is due to once-off further additional funding for the Infrastructure Crack Team and IDIP TAs received in 2013/14. The significant increase in the 2015/16 Main Appropriation is as result of the significant under-spending of MSP in 2014/15 and provision for IDIP TAs in 2015/16. The decrease in the 2015/16 Revised Estimate pertains to the Infrastructure Crack Team being involved in fewer projects than initially anticipated, enhanced financial controls, and savings declared on the MSP, due to delays emanating from unresolved disputes with the service provider. The substantial decrease in 2017/18 pertains to the non-continuation of IDIP TAs. Provincial Treasury was allocated once-off additional funds in respect of IDIP TAs (allocated over three-years in line with project requirements) when the 2014/15 MTEF budget was prepared. This meant that the funding would not be provided beyond 2016/17 and, as such, these amounts were removed from the department's baseline in 2017/18. It is noted that the MTEF cuts in respect of this programme totalled R6.656 million, R11.084 million and R12.489 million, and were effected against *Compensation of employees*, *Goods and services*, as well as *Machinery and equipment*.

The substantial increase against Programme 3: Financial Management from 2012/13 to 2014/15 can be ascribed to increases in MBAT, CMP and Operation Clean Audit initiatives, as well as the administrative requirements of the horse racing regulator which was merged into the KZNGBB. The increase in the 2015/16 Main Appropriation pertains to the once-off additional funding allocated for Msunduzi

electricity-related development projects, GRAP training for municipalities, Health Asset Register, Education capped-leave, and to assist municipalities with their AFS. The decrease from the 2015/16 Main to the Revised Estimate is mainly due to savings in the PMG and IGCC accounts that were moved to Programme 4 to cater for spending pressures relating to forensic investigations and performance audits. The significant increase in 2016/17 is due to additional funding for the replacement of Biometric scanners. The below inflationary growth over the MTEF is mainly ascribed to the previously mentioned budget cuts, with cuts of R46.052 million, R30.820 million and R26.527 million being effected against *Compensation of employees, Goods and services, Interest and rent on land* as well as *Machinery and equipment*.

Programme 4: Internal Audit shows an increase from 2012/13 to 2013/14 due to once-off additional funding for Operation Clean Audit initiatives and an increase in forensic investigations. The substantial increase from 2013/14 to 2014/15 is mainly attributed to once-off additional funding for Operation Clean Audit initiatives, such as special assignments, and an increase in forensic investigations. The increase from the 2015/16 Main to the Adjusted Appropriation pertains to the extensive virements from Programme 3 to this programme to cater for spending pressures relating to forensic investigations and performance audits, accounting for the decrease in 2016/17. Also, additional funding for special audits and forensic investigations does not go beyond 2015/16, thus contributing to the decrease in 2016/17. The below inflationary growth over the 2016/17 MTEF is mainly ascribed to the previously mentioned budget cuts, as a result of which R943 000, R5.094 million and R6.381 million was reduced from *Compensation of employees, Goods and services* (2016/17 only), as well as *Transfers and subsidies to: Households*.

In respect of Programme 5: Growth and Development, spending in 2012/13 to 2013/14 relates mainly to the development of the Pietermaritzburg, Prince Mangosuthu Buthelezi, Margate and Richards Bay airports, various air shows, Shayamoya eco-complex and the light industrial park at Bhongweni, as well as the feasibility study of the government office precinct project. The substantial increase in 2014/15 was due to the once-off allocations for Msunduzi electricity-related developments, Shayamoya eco-complex and Bhongweni light industrial park. It must be noted that, in 2015/16, the Strategic Cabinet Initiatives funding was suspended. The allocations from 2015/16 and over the 2016/17 MTEF include budget road shows (2015/16, 2016/17 and 2017/18), finalisation of the Shayamoya eco-complex (2015/16 only), the light industrial park at Bhongweni (2015/16 only), and provisions for IALCH floor repairs (2015/16 and 2016/17), accounting for the steady reduction in allocation over the MTEF. It is noted that MTEF budget cuts of R1.926 million and R5.945 million were effected against *Goods and services* in 2017/18 and 2018/19 only.

The increase against *Compensation of employees* from 2012/13 was due to the lifting of the moratorium on the filling of vacant posts at the time. The department budgeted for the full organisational structure from 2014/15. As of 2014/15, the department made provision for salaries for contract personnel that will be working on certain departmental projects, such as TAs working on IDIP, CMP, etc. The decrease from the 2015/16 Main to Adjusted Appropriation relates to delays in the filling of posts due to lengthy recruitment processes, and difficulty in finding suitably qualified candidates. A further decrease in the 2015/16 Revised Estimate is attributable to the moratorium on the filing of non-critical posts. The increase over the MTEF is mainly due to the carry-through costs of the previous wage agreements and inflation. It must be noted that the department was unable to apply the full cuts against this category over the MTEF. As such, this category was reduced by R17.887 million, R27.794 million and R38.528 million over the MTEF to assist with the MTEF cuts.

The substantial increase against *Goods and services* from 2012/13 to 2014/15 was mainly due to additional funding for MBAT, CMP, the Infrastructure Crack Team, Operation Clean Audit initiatives, MSP project, an increase in forensic investigations, etc., and the reconfiguration of office space at Treasury House and Nomalanga Building. The significant increase in the Adjusted Appropriation is due to the funds moved to this category to cater for performance audits and forensic investigations, as well as towards the feasibility study for the construction of the new Legislature complex. The decrease from the 2015/16 Adjusted Appropriation to the Revised Estimate is in respect of projects whose spending is slower than anticipated. The decrease from 2016/17 to 2017/18 pertains to the reduction in the number of consultants to be used for forensic investigations, IDIP TAs, SCM, CMP, Operation Pay-on-Time, Operation Clean Audit, etc. Also contributing to the decrease is the finalisation of the IALCH floor

repairs, and the non-continuation of some projects such as the IDIP TAs, Operation Pay-on-Time, e-Procurement Tool, CMP, as mentioned, accounting for the dip in 2017/18. It is noted that the MTEF cuts in respect of *Goods and services* amounted to R23.202 million and R8.454 million in 2016/17 and 2017/18, respectively.

There was no expenditure against *Interest and rent on land* from 2012/13 to 2014/15 as a result of the improvement in the provincial cash balances. This resulted in a lower interest provision, hence the decrease from the 2015/16 Main to the Adjusted Appropriation. The below inflationary growth over the 2016/17 MTEF is mainly ascribed to the previously mentioned budget cuts, and provision for interest payments in the event that the province goes back into overdraft. This category was reduced by R7 million, R7.579 million and R8.595 million over the MTEF to assist with the MTEF cuts.

The expenditure reflected against *Transfers and subsidies to: Provinces and municipalities* in 2012/13 to 2013/14 was for the development of the Pietermaritzburg, Prince Mangosuthu Buthelezi and Richards Bay airports, motor vehicle licence fees, etc. The increase in 2014/15 was due to a roll-over from 2013/14, for the Bhongweni light industrial park and the Shayamoya eco-complex. The allocation in 2015/16 is in respect of the payment of motor vehicle licences, as well as a provision for once-off special infrastructure projects which included Msunduzi electricity-related development projects (2015/16 only), the Bhongweni light industrial park, and the Shayamoya eco-complex. The budget over the 2016/17 MTEF pertains only to the payment of motor vehicle licence fees.

Transfers and subsidies to: Departmental agencies and accounts relates to transfers made to the KZNGBB, as explained in detail under Section 5.8 below.

The amounts against *Transfers and subsidies to: Non-profit institutions* from 2015/16 onward cater for the Financial Literacy Programme (FLP), which is now an independent entity called the Financial Literacy Association (FLA). This project was initiated by the MEC for Finance with the aim of educating the citizens of KZN about using their money wisely and also on various aspects such as encouraging savings and financial discipline. An amount of R3.150 million has been budgeted towards the FLA over each year from 2015/16 to 2017/18. The increase in the 2015/16 Adjusted Appropriation is attributable to the donation of R1 million to the Coastal Horse Care Unit. The amounts in the 2016/17 MTEF are inclusive of the donations made by the MEC to schools, old age homes, co-operatives, etc. It must be noted that donations were moved from *Transfers and subsidies to: Provinces and municipalities* to this category. The prior and ensuing year were adjusted accordingly for comparative purposes.

Transfers and subsidies to: Households caters for staff exits, as well as bursaries for non-employees, and the Thuthuka Bursary Fund. The major fluctuations can be ascribed to the difficulty in budgeting for this category due to its uncertain nature. The substantial amount in 2012/13 to 2014/15 was as a result of a Cabinet decision to assist OTP with bursaries for non-employees. The increase from 2014/15 pertains to the payment of the ex-MEC for Finance's severance package and the payment of leave gratuities that were higher than anticipated. The decrease in the 2015/16 Main Appropriation is ascribed to the decentralisation of external bursaries to OTP. Following a Cabinet decision, the bursaries budget, which was previously centralised under OTP, was decentralised back (from 2015/16) to all the departments from which the budget was previously moved. It is noted that the department also effected the MTEF budget cuts against the Thuthuka Bursary Fund by R1.940 million in 2016/17, with no allocation beyond 2016/17.

Spending against *Machinery and equipment* occurs on a cyclical basis, hence the fluctuating trend against this category. The amount in 2012/13 and the increase in 2013/14 relates to the upgrade of the server refresher hardware in respect of the department's computer network system. The increase in 2014/15 is mainly due to the upgrade of the biometric servers and for the reconfiguration at Treasury House. The increase from the 2015/16 Main to Revised Estimate is due to the purchase of departmental vehicles. The high amounts in 2017/18 and 2018/19 cater for hardware refresher servers, as well as the Biometric Access Control System.

The 2012/13 amount against *Software and other intangible assets* was for the procurement of an internet connector licence to connect external departments to the Business Process Mapping (BPM) processors.

Payments for financial assets relates to the write-off of staff debts, such as the breach of bursary contracts.

5.4 Summary of conditional grant payments and estimates – Nil

5.5 Summary of infrastructure payments and estimates

Table 6.8 below summarises the infrastructure payments and estimates relating to the department. The infrastructure budget of the department is placed solely against *Infrastructure transfers: Capital*, as is evident in the table below.

Table 6.8 : Summary of infrastructure payments and estimates by category

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15				2015/16	2016/17	2017/18
Existing infrastructure assets	-	-	-	-	-	-	-	-	-
Maintenance and repair: Current	-	-	-	-	-	-	-	-	-
Upgrades and additions: Capital	-	-	-	-	-	-	-	-	-
Refurbishment and rehabilitation: Capital	-	-	-	-	-	-	-	-	-
New infrastructure assets: Capital	-	-	-	-	-	-	-	-	-
Infrastructure transfers	28 012	21 085	31 665	10 062	10 280	10 280	-	-	-
Infrastructure transfers: Current	-	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital	28 012	21 085	31 665	10 062	10 280	10 280	-	-	-
Infrastructure: Payments for financial assets	-	-	-	-	-	-	-	-	-
Infrastructure: Leases	-	-	-	-	-	-	-	-	-
Total	28 012	21 085	31 665	10 062	10 280	10 280	-	-	-
<i>Capital infrastructure</i>	28 012	21 085	31 665	10 062	10 280	10 280	-	-	-
<i>Current infrastructure</i>	-	-	-	-	-	-	-	-	-

The amount of R28.012 million in 2012/13 relates to spending on the upgrading of the Pietermaritzburg, Richards Bay and Prince Mangosuthu Buthelezi airports.

The 2013/14 amount of R21.085 million includes the Pietermaritzburg, Prince Mangosuthu Buthelezi and Margate airports which were completed in 2013/14, Shayamoya eco-complex and Bhongweni light industrial park.

The expenditure of R31.665 million in 2014/15 comprises R13.321 million for the Bhongweni light industrial park, R5.282 million for Msunduzi electricity-related development projects, as well as R13.062 million for the Shayamoya eco-complex. Funds were not spent on these projects in 2013/14 due to delays in the appointment of a service provider for the light industrial park, resulting from delays in the tender process, and subsequent appeals that were lodged upon appointment of a service provider. In addition, the construction of the Shayamoya eco-complex could not be completed as a result of the value of the tender being above the allocated budget for this project, which ultimately caused delays in the commencement of the project.

The 2015/16 allocation of R10.062 million includes R2.062 million for the Shayamoya eco-complex and R8 million for the Bhongweni light industrial park, in respect of a roll-over from 2013/14 due to delays in both projects. The Adjusted Appropriation and Revised Estimate include a roll-over of R218 000 for the Msunduzi electricity-related development projects. There is no budget allocated over the MTEF, due to the fact that both infrastructure projects in Kokstad are scheduled to be completed by the end of 2015/16.

5.6 Summary of Public Private Partnerships – Nil

5.7 Transfers to public entities listed in terms of Schedule 3 of the PFMA

Provincial Treasury exercises oversight over one public entity, namely the KZNGBB. Table 6.9 illustrates transfers made to this public entity over the seven years under review. Financial summaries received from the KZNGBB are given in *Annexure – Vote 6: Provincial Treasury*.

Table 6.9 : Summary of departmental transfers to public entities

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15				2015/16	2016/17	2017/18
KwaZulu-Natal Gaming and Betting Board	35 775	41 881	39 276	32 532	32 532	32 532	34 255	35 968	38 054
Total	35 775	41 881	39 276	32 532	32 532	32 532	34 255	35 968	38 054

The main objective of the KZNGBB is to ensure that all gambling authorised in terms of the KZN Gaming and Betting Act is conducted in a manner that promotes the integrity of the horse racing, betting and gaming industry. In addition, the Board promotes KZN's objective to develop the industry as a vehicle for the promotion of tourism, employment creation and economic development. The amount in 2012/13 is due to additional funding in respect of the merger of the horse racing regulator into KZNGBB. In 2013/14, there was once-off additional funding of R4.450 million for a new IT system. The reduction in the 2015/16 Main Appropriation was in line with cost-cutting. KZNGBB's 2016/17 MTEF allocation grows steadily.

5.8 Transfers to other entities

Table 6.10 gives a summary of departmental transfers to other entities, details of which are given below.

Table 6.10 : Summary of departmental transfers to other entities

R thousand	Sub-programme	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
		2012/13	2013/14	2014/15				2015/16	2016/17	2017/18
Financial Literacy Association	1.1 Office of the MEC	-	-	-	3 150	3 150	3 150	3 150	3 150	-
Donations	1.1 Office of the MEC	-	893	241	233	233	585	220	220	244
Coastal Horse Care Unit	5.3 Special Projects	-	-	-	-	1 000	1 000	-	-	-
uMgungundlovu Academy of Sport	3.4 Financial Reporting	-	-	1 227	-	-	-	-	-	-
Total		-	893	1 468	3 383	4 383	4 735	3 370	3 370	244

From 2015/16 to 2017/18, funds are allocated by the department for transfers to the FLP, which is now an independent entity. As mentioned earlier, this project was initiated by the MEC for Finance with the aim of educating the citizens of KZN about using their money wisely and also on various aspects such as encouraging savings and financial discipline. There is no budget in 2018/19 as the MOU with the FLA is for three years, starting from 2015/16 and ending in 2017/18.

As a result of a change in the MEC's approach to community outreach, from 2013/14 onward, donations are made available to co-operatives, old age homes, etc.

In the 2015/16 Adjusted Appropriation, a donation of R1 million was made to the Coastal Horse Care Unit to cater for the construction of a training facility, as this unit deals with horse rescue, education and rehabilitation relating to horses.

In 2014/15, an amount of R1.227 million was paid to the uMgungundlovu Academy of Sport for the procurement of various sport equipment and activities, based on invoices provided by suppliers.

5.9 Transfers to local government

Tables 6.11 and 6.12 provides a summary of transfers to local government. It is noted that *Transfers to local government* include funds in respect of motor vehicle licences. However, these funds will not be transferred to any municipality and, hence, the amounts are not reflected in Tables 6.11 and 6.12.

The details are presented in the *Annexure – Vote 6: Provincial Treasury*.

Category B transfers provide for the development of the Pietermaritzburg, Margate and Richards Bay airports, as well as the development of the Shayamoya eco-complex and the light industrial park at Bhongweni. The 2014/15 amount comprises R5.283 million for Msunduzi electricity-related development projects. Category C relates solely to the development of the Prince Mangosuthu Buthelezi airport.

Table 6.11 : Summary of departmental transfers to local government by category

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15				2015/16	2016/17	2017/18
Category A	-	-	-	-	-	-	-	-	-
Category B	8 351	19 365	31 665	10 062	10 280	10 280	-	-	-
Category C	19 661	2 605	-	-	-	-	-	-	-
Unallocated	-	-	-	233	-	-	-	-	-
Total	28 012	21 970	31 665	10 295	10 280	10 280	-	-	-

Table 6.12: Summary of departmental transfers to local government by grant name

R thousand	Sub-programme	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
		2012/13	2013/14	2014/15				2015/16	2016/17	2017/18
	Donations	-	-	-	233	-	-	-	-	-
	Pietermaritzburg airport	574	17 071	-	-	-	-	-	-	-
	Prince Mangosuthu Buthelezi airport	19 661	596	-	-	-	-	-	-	-
	Richards Bay airport	7 777	-	-	-	-	-	-	-	-
	Margate airport	-	2 009	-	-	-	-	-	-	-
	Shayamoya eco-complex	-	615	9 552	8 000	5 571	5 571	-	-	-
	Development of light industrial park	-	1 679	16 830	2 062	4 491	4 491	-	-	-
	Msunduzi electricity-related dev	-	-	5 283	-	218	218	-	-	-
Total		28 012	21 970	31 665	10 295	10 280	10 280	-	-	-

5.10 Transfers and subsidies

Table 6.13 below is a summary of spending on *Transfers and subsidies* by programme and main category. The table reflects a fluctuating trend from 2012/13 to 2018/19 for the category as a whole, details of which are provided below Table 6.13.

Table 6.13 : Summary of transfers and subsidies by programme and main category

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15				2015/16	2016/17	2017/18
1. Administration	9 004	3 525	7 113	7 659	9 159	9 525	7 872	5 932	2 605
Provinces and municipalities	14	13	26	256	23	25	24	24	26
Motor vehicle licences	14	13	26	23	23	25	24	24	26
Donations	-	-	-	233	-	-	-	-	-
Non-profit institutions	-	893	241	3 150	3 383	3 735	3 370	3 370	244
Financial Literacy Association	-	-	-	3 150	3 150	3 150	3 150	3 150	-
Donations	-	893	241	-	233	585	220	220	244
Households	8 990	2 619	6 846	4 253	5 753	5 765	4 478	2 538	2 335
Social benefits	8 990	90	3 084	-	-	758	-	-	-
Other transfers to households	-	56	1 000	253	1 991	1 245	2 418	2 538	2 335
Thuthuka Bursary Fund	-	2 473	2 762	4 000	3 762	3 762	2 060	-	-
2. Fiscal Resource Management	23	66	-	-	-	59	-	-	-
Households	23	66	-	-	-	59	-	-	-
Social benefits	23	63	-	-	-	59	-	-	-
Other transfers to households	-	3	-	-	-	-	-	-	-
3. Financial Management	36 337	42 374	41 343	33 865	33 865	33 907	35 055	36 808	38 943
Departmental agencies and accounts	35 775	41 881	39 276	32 532	32 532	32 532	34 255	35 968	38 054
KwaZulu-Natal Gaming and Betting Board	35 775	41 881	39 276	32 532	32 532	32 532	34 255	35 968	38 054
Non-profit institutions	-	-	1 227	-	-	-	-	-	-
uMgungundlovu Academy of Sport	-	-	1 227	-	-	-	-	-	-
Households	562	493	840	1 333	1 333	1 375	800	840	889
Social benefits	562	493	837	1 333	1 333	1 375	800	840	889
Other transfers to households	-	-	3	-	-	-	-	-	-
4. Internal Audit	29	121	170	50	50	647	50	53	56
Public corporations and private enterprises	-	-	-	-	-	4	-	-	-
Third Party Claim (Excess)	-	-	-	-	-	4	-	-	-
Households	29	121	170	50	50	643	50	53	56
Social benefits	29	121	170	50	50	643	50	53	56
5. Growth and Development	28 012	21 970	31 665	10 062	11 280	11 280	-	-	-
Provinces and municipalities	28 012	21 970	31 665	10 062	10 280	10 280	-	-	-
Pietermaritzburg airport	574	17 071	-	-	-	-	-	-	-
Prince Mangosuthu Buthelezi airport	19 661	596	-	-	-	-	-	-	-
Richards Bay airport	7 777	-	-	-	-	-	-	-	-
Margate airport	-	2 009	-	-	-	-	-	-	-
Shayamoya eco-complex	-	615	9 552	8 000	5 571	5 571	-	-	-
Development of light industrial park	-	1 679	16 830	2 062	4 491	4 491	-	-	-
Msunduzi electricity-related development	-	-	5 283	-	218	218	-	-	-
Non-profit institutions	-	-	-	-	1 000	1 000	-	-	-
Coastal Horse Care Unit	-	-	-	-	1 000	1 000	-	-	-
Total	73 405	68 056	80 291	51 636	54 354	55 418	42 977	42 793	41 604

The category *Transfers and subsidies* fluctuates over the seven-year period due to the following:

- Amounts against *Provinces and municipalities* in Programme 1 are in respect of motor vehicle licence fees. In Programme 5, this category's amounts are in respect of transfers to various municipalities for different projects.

- *Departmental agencies and accounts* against Programme 3 are in respect of the transfers to the KZNGBB. From 2012/13 onward, the budget includes additional funding for the merger of the horse racing regulator into the KZNGBB. The increase from 2012/13 to 2013/14 is due to once-off additional funding for the KZNGBB IT system. The reduction in the 2015/16 Main Appropriation was in line with cost-cutting.
- Amounts of R3.150 million in each year from 2015/16 to 2017/18, against *Non-profit institutions* in Programme 1, are in respect of the FLA (which is now a stand-alone entity). Programme 3 reflects a once-off amount of R1.227 million that was transferred to the uMgungundlovu Academy of Sport for various sports equipment and activities (these funds were paid on behalf of the Department of Sport and Recreation). Also included are donations made (from 2013/14) to organisations to procure school uniforms, jojo tanks, etc., as part of the OSS outreach programme.
- The category *Households* across all programmes caters for staff exit costs. The substantial amount against *Households* under Programme 1 in 2012/13 was a result of a Cabinet decision to assist OTP with bursaries for non-employees, as well as an allocation toward the Thuthuka Bursary Fund in 2013/14, 2015/16 and 2016/17. It must be noted that the Cabinet decision was taken to centralise bursary funds under OTP in 2014/15 and this was subsequently decentralised to the departments where the funds came from in 2015/16. It must also be noted that the 2014/15 amount includes a severance package amount of R957 000 for the former MEC for Finance. As a result of the MTEF budget cuts, Thuthuka Bursary Fund was reduced by R1.940 million in 2016/17 and will no longer be funded beyond that year.

6. Programme description

The services rendered by the department are categorised under five programmes, which are discussed below. The expenditure and budgeted estimates for each programme are summarised in terms of sub-programmes and economic classification. Details are given in *Annexure – Vote 6: Provincial Treasury*.

6.1 Programme 1: Administration

The purpose of this programme is to provide strategic support services in terms of financial management, human resources, auxiliary services, information communication and technology, and legal services. This programme consists of four sub-programmes, namely Office of the MEC, Head of Department, Chief Financial Office and Corporate Services.

The main services under this programme are as follows:

- To support the Executive Authority in providing strategic and political direction to provincial departments, public entities, as well as municipalities.
- To provide the MEC with technical support on the appropriation of revenue, to ensure equitable distribution among provincial departments.
- To render financial and supply chain management functions to the department.
- To provide human resource management functions to the department.
- To render legal professional guidance in operational matters of the department.
- To deliver auxiliary services to the department, such as the telecom system, transport fleet management and control of registry.

Tables 6.14 and 6.15 below provide a summary of payments and budgeted estimates pertaining to the programme over the seven-year period from 2012/13 to 2018/19. As reflected in the table, some sub-programmes show a steady increase over the seven-year period, while others reflect fluctuating trends.

It is noted that, in the 2016/17 MTEF, the cuts in this programme totalling R991 000, R5.108 million and R6.173 million were effected against *Compensation of employees, Goods and services*, as well as *Transfers and subsidies to: Households* in respect of Thuthuka Bursary Fund.

Table 6.14 : Summary of payments and estimates by sub-programme: Administration

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15				2015/16	2016/17	2017/18
1. Office of the MEC	22 680	23 465	24 507	29 768	26 768	24 779	28 845	28 845	26 980
2. Head of Department	6 808	6 669	8 055	9 486	8 486	7 473	9 489	9 989	10 488
3. Chief Financial Office	13 729	17 441	23 014	28 687	28 687	25 720	30 560	30 560	32 088
4. Corporate Services	54 688	49 357	57 639	55 148	64 148	61 744	65 658	67 702	71 390
Total	97 905	96 932	113 215	123 089	128 089	119 716	134 552	137 096	140 946

Table 6.15 : Summary of payments and estimates by economic classification: Administration

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15				2015/16	2016/17	2017/18
Current payments	87 232	91 313	102 757	113 133	116 633	108 792	124 060	125 844	133 848
Compensation of employees	43 763	49 660	55 836	68 415	70 385	60 680	79 466	81 250	79 966
Goods and services	43 469	41 653	46 921	44 718	46 248	48 112	44 594	44 594	53 882
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	9 004	3 525	7 113	7 659	9 159	9 525	7 872	5 932	2 605
Provinces and municipalities	14	13	26	256	23	25	24	24	26
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	893	241	3 150	3 383	3 735	3 370	3 370	244
Households	8 990	2 619	6 846	4 253	5 753	5 765	4 478	2 538	2 335
Payments for capital assets	1 669	2 073	3 345	2 297	2 297	1 399	2 620	5 320	4 493
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 669	2 073	3 345	2 297	2 297	1 399	2 620	5 320	4 493
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	21	-	-	-	-	-	-	-
Total	97 905	96 932	113 215	123 089	128 089	119 716	134 552	137 096	140 946

The sub-programme: Office of the MEC shows a steady increase throughout the seven-year period except in 2018/19 due to the fact that the funds for the FLA end in 2017/18. It must be noted that the increase in 2014/15 includes an amount of R957 000, which was a severance package for the former MEC for Finance. The decrease from the 2015/16 Main to the Adjusted Appropriation relates to the non-filling of posts emanating from lengthy recruitment processes and difficulty in finding suitably qualified candidates, as well as reduced spending on the printing and publication of documents. These funds were moved to Corporate Services to cater for property payments, operating leases and fleet services that were higher than budgeted for. Despite the MTEF cuts, the budget increases in 2016/17 and 2017/18 and includes the transfers to the FLA, for which the department has budgeted R3.150 million per year.

The sub-programme: Head of Department shows a fluctuating trend over the seven-year period. The slight decrease in 2013/14 relates to the non-filling of posts, while the increase in 2014/15 is due to the upgrading of posts. The decrease from the 2015/16 Main to Adjusted Appropriation and Revised Estimate can also be ascribed to posts that were filled later than originally anticipated. The below inflationary growth over the 2016/17 MTEF is mainly ascribed to the MTEF budget cuts effected.

The sub-programme: Chief Financial Office reflects a steady increase apart from the dip in the Revised Estimate. The increase from 2012/13 to 2013/14 relates to the expansion of the CFO structure to cater for budget and reporting support staff, internal control staff, higher than anticipated audit fees, and payments for legal fees that were committed in 2012/13, but only paid in 2013/14 due to the late receipt of invoices. The significant increase in the 2015/16 Main Appropriation relates to the payment of legal fees, while the decrease in the Revised Estimate is in respect of the non-filling of posts due to lengthy recruitment processes. The below inflationary growth over the MTEF is mainly attributed to the MTEF budget cuts.

The sub-programme: Corporate Services is high in 2012/13, which includes the reconfiguration of the department's office space at Treasury House and Nomalanga Building, as well as an increase in property management costs, accounting for the slight decrease in 2013/14. However, in 2014/15, there was an additional allocation of R4 million towards the Thuthuka Bursary Fund, which was not fully spent. The

increase from the 2015/16 Main to the Adjusted Appropriation is due to reprioritisation of savings in the sub-programmes: Office of the MEC and Head of Department to cater for property payments, operating leases and fleet services that were higher than budgeted for. Also, the 2015/16 Adjusted Appropriation includes funds for the IT Support Management unit from Programme 3 to this programme. The below inflationary growth over the 2016/17 MTEF is mainly ascribed to the previously mentioned budget cuts.

Compensation of employees shows an increasing trend over the seven-year period. The increase in 2013/14 relates mainly to the expansion of the CFO structure to cater for budget and reporting support staff, internal control staff, as well as improving infrastructure support. The decrease from the 2015/16 Main Appropriation to the Revised Estimate is due to the non-filling of posts resulting from lengthy recruitment processes. Despite the budget cuts relating to the freezing of all vacant non-OSD posts, the increase over the 2016/17 MTEF caters for the carry-through of previous wage agreements. *Compensation of employees* will be reviewed by the department in-year.

The category *Goods and services* fluctuates throughout the seven-year period. The slight decrease from 2012/13 to 2013/14 relates to cost-cutting on stationery and printing, and subsistence and travel costs. The substantial increase in 2014/15 relates to legal fees, and the reconfiguration at Treasury House and Nomalanga Building. The increase from the 2015/16 Main to Adjusted Appropriation is attributed to property payments, operating leases and fleet services that were higher than budgeted for, as well as the reconfiguration at Treasury House. The increase in the 2015/16 Revised Estimate is due to the provision as a result of the pressures relating to legal fees and property payments. The decrease in 2016/17 is mainly due to the fact that the reconfiguration at Treasury House is anticipated to be completed by the end of 2015/16, as well as effects of the MTEF cut backs in respect of *Goods and services*.

Transfers and subsidies to: Provinces and municipalities relates to motor vehicle licence fees. The decrease from the 2015/16 Main Appropriation to the Adjusted Appropriation was as a result of a shift from this category to the category *Transfers and subsidies to: Non-profit institutions* to correct the budget in respect of the OSS outreach programme, of which prior year figures were restated. The below inflationary growth over the 2016/17 MTEF is mainly ascribed to the previously mentioned budget cuts.

The allocation from 2013/14 to the 2016/17 MTEF against *Transfers and subsidies to: Non-profit institutions* is mainly in respect of transfers to the FLA, as well as the OSS Outreach programme. The department has budgeted R3.150 million in respect of transfers to the FLA in each year from 2015/16 to 2017/18, accounting for the nil budget in this category in 2018/19 due to the contract agreement ending in 2017/18. As mentioned above, also accounting for the increase since 2014/15 is the OSS initiative.

Transfers and subsidies to: Households caters for staff exit costs, the Thuthuka Bursary Fund (from 2013/14), and bursaries for non-employees. The amount in 2012/13 is high as a result of a Cabinet decision to assist OTP with bursaries for non-employees. The increase in from 2013/14 to 2014/15 is ascribed to an amount of R957 000 being the former MEC for Finance's exit package, as well as Thuthuka Bursary Fund. The increase in the 2015/16 Main Appropriation is mainly due to the additional funding of R4 million for the Thuthuka Bursary Fund. The increase from the 2015/16 Main to Adjusted Appropriation is due to increased provision for the Thuthuka Bursary Fund, accounting for the decrease in 2016/17. The 2016/17 MTEF caters for the Thuthuka Bursary Fund, as well as employee bursaries, and decreases due to the MTEF budget cuts in relation to the Thuthuka Bursary Fund.

The fluctuating trend over the period against *Machinery and equipment* can be attributed to the cyclical nature of this category and includes the procurement of departmental vehicles.

The amount in 2013/14 against *Payments for financial assets* was in respect of the write-off of staff debts.

6.2 Programme 2: Fiscal Resource Management

This programme consists of four sub-programmes, namely Programme Support, Economic Analysis, Public Finance and Municipal Finance. The main purpose of the programme is to effectively manage and monitor the provincial and local government fiscal resources.

The objectives and services of this programme are as follows:

- To ensure targeted financial resource allocation and utilisation that contributes to improved service delivery.
- To ensure efficient budget and expenditure management and accurate financial reporting by provincial departments and public entities.
- To co-ordinate and enhance revenue collection for sustainable service delivery to the citizens.
- To provide a platform to enhance regional economic growth and development through quality research.
- To ensure efficient planning and management of infrastructure in the province.
- To ensure efficient budget and expenditure management and accurate financial reporting for the delegated municipalities in the province.
- To assist and provide technical support to delegated municipalities in financial distress in KZN.

Tables 6.16 and 6.17 below provide a summary of payments and budgeted estimates pertaining to this programme for the period 2012/13 to 2018/19. This programme shows a fluctuating trend over the seven-year period, as explained in more detail below.

Table 6.16 : Summary of payments and estimates by sub-programme: Fiscal Resource Management

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
1. Programme Support	751	1 825	1 150	3 262	3 262	2 735	2 970	2 970	3 119
2. Economic Analysis	19 499	37 544	26 301	24 951	26 451	24 007	24 715	17 115	17 971
3. Public Finance	9 739	10 347	11 611	14 188	14 188	13 493	14 190	14 190	14 900
4. Municipal Finance	46 881	41 488	36 405	61 166	59 666	54 236	61 181	61 181	64 240
Total	76 870	91 204	75 467	103 567	103 567	94 471	103 056	95 456	100 230

Table 6.17 : Summary of payments and estimates by economic classification: Fiscal Resource Management

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Current payments	76 716	90 510	74 981	103 166	103 166	94 064	102 770	95 170	99 944
Compensation of employees	30 283	37 038	45 548	59 892	59 492	54 815	59 397	59 397	61 256
Goods and services	46 433	53 472	29 433	43 274	43 674	39 249	43 373	35 773	38 688
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	23	66	-	-	-	59	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	23	66	-	-	-	59	-	-	-
Payments for capital assets	131	425	486	401	401	348	286	286	286
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	131	425	486	401	401	348	286	286	286
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	203	-	-	-	-	-	-	-
Total	76 870	91 204	75 467	103 567	103 567	94 471	103 056	95 456	100 230

It is noted that the 2016/17 MTEF budget cuts of R6.656 million, R11.084 million and R12.489 million were effected against *Compensation of employees*, *Goods and services*, and *Machinery and equipment*.

The sub-programme: Programme Support reflects a fluctuating trend over the seven years due to the non-filling of vacant posts, and difficulty in finding suitably qualified candidates. The significantly high spending from 2015/16 is due to the filling of posts, such as the Senior General Manager post. The reduction in the 2015/16 Revised Estimate relates to posts that were filled later than anticipated. The below inflationary growth over the MTEF is mainly ascribed to the previously mentioned budget cuts.

The significant increase against the sub-programme: Economic Analysis from 2012/13 to 2013/14 pertains to additional funding for the Infrastructure Crack Team to assist departments and municipalities in the delivery of infrastructure projects, as well as additional funding for IDIP TAs, accounting for the decrease in 2014/15. The increase from the 2015/16 Main to the Adjusted Appropriation was a result of reprioritisation to this sub-programme due to an increase in demand for the Infrastructure Crack Team. The decrease in the Revised Estimate relates to the Infrastructure Crack Team being involved in fewer projects than anticipated. The substantial decrease in 2017/18 pertains to the removal of the budget of the IDIP TAs in that year. Provincial Treasury was allocated once-off additional funding for IDIP TAs (allocated over three years in line with project requirements) when the 2014/15 MTEF budget was prepared. This meant that the funding would not be provided beyond 2016/17.

Apart from the dip in the 2015/16 Revised Estimate, the sub-programme: Public Finance shows a steady increase from 2012/13 and over the 2016/17 MTEF. The decrease in the 2015/16 Revised Estimate is due to the implementation of financial controls as well as staff exits. The below inflationary growth over the 2016/17 MTEF is mainly ascribed to the previously mentioned budget cuts.

The substantial amount against the sub-programme: Municipal Finance in 2012/13 includes previous year commitments in respect of the MSP that could not be implemented in 2011/12 due to delays in the appointment of service providers. The decrease in 2013/14 was due to non-payment of invoices emanating from unsatisfactory work done by service providers. The substantial increase in the 2015/16 Main Appropriation is a result of the provision for the MSP. The decrease from the 2015/16 Main to the Adjusted Appropriation relates to the MSP being delayed due to disputes with the service provider. The below inflationary growth over the MTEF is mainly ascribed to the previously mentioned budget cuts.

The increase against *Compensation of employees* from 2012/13 to 2013/14 is mainly due to the filling of vacant posts such as the appointment of the MSP specialist. The increase in the 2015/16 Main Appropriation was mainly due to the provision made for the filling of vacant posts, including the SGM: Fiscal Resource Management. The slight decrease in the 2015/16 Revised Estimate is due to the non-filling of vacant posts and some being filled later than anticipated. The below inflationary growth over the 2016/17 MTEF is mainly ascribed to the previously mentioned budget cuts relating to the freezing of all vacant non-OSD posts. This situation will be reviewed in-year.

Goods and services fluctuates over the seven-year period. The substantial increase in 2013/14 pertains to additional funding for the Infrastructure Crack Team to assist departments and municipalities in the delivery of infrastructure projects, as well as the MSP, accounting for the decrease in 2014/15. The 2014/15 amount was extremely low due to the significant under-spending of the MSP. The increase from the 2015/16 Main to the Adjusted Appropriation was a result of reprioritisation to this sub-programme due to an increase in demand for the Infrastructure Crack Team. The decrease in the Revised Estimate relates to the Infrastructure Crack Team being involved in fewer projects than anticipated, as well as low spending in respect of the MSP. The 2016/17 MTEF allocations include funding for IDIP TAs (2016/17 only), as well as the MSP to assist municipalities with their financial management activities. The decrease in 2017/18 is due to the discontinuation of IDIP TAs, as well as the previously mentioned budget cuts. It must be noted that this infrastructure support allocation, which is specifically and exclusively appropriated, is utilised by the department for the Infrastructure Crack Team who provides infrastructure support in the province, and it remains ring-fenced for this purpose over the 2016/17 MTEF.

Transfers and subsidies to: Households caters for staff exit packages.

The fluctuating trend against *Machinery and equipment* over the seven-year period results from the fact that machinery and equipment is purchased on a cyclical basis.

Expenditure against *Payments for financial assets* in 2013/14 is in respect of the write-off of staff debts that were deemed irrecoverable.

Service delivery measures – Programme 2: Fiscal Resource Management

Table 6.18 below illustrates the service delivery measures pertaining to Programme 2.

Table 6.18 : Service delivery measures – Programme 2: Fiscal Resource Management

Outputs	Performance indicators	Estimated performance		Medium-term targets		
		2015/16	2016/17	2017/18	2018/19	
1.1 Economic Analysis						
1.1.1	To determine and evaluate economic parameters and socio-economic imperatives to inform provincial and local resource allocation	<ul style="list-style-type: none"> To provide an economic analysis for the province 	Produce 4 provincial department economic reports Produce 1 SERO Produce 1 PERO Produce 9 districts socio-economic reports	Produce 4 provincial department economic reports Produce 1 SERO Produce 1 PERO Produce 9 districts socio-economic reports	Produce 4 provincial department economic reports Produce 1 SERO Produce 1 PERO Produce 9 districts socio-economic reports	Produce 4 provincial department economic reports Produce 1 SERO Produce 1 PERO Produce 9 districts socio-economic reports
1.1.2	To provide a platform to enhancing regional economic growth and development	<ul style="list-style-type: none"> To provide input to the Overview of Provincial Revenue and Expenditure (OPRE) To provide quality research for regional policy analysis 	Input to OPRE submitted on time for tabling Produce 5 economic research projects	Input to OPRE submitted on time for tabling Produce 5 economic research projects	Input to OPRE submitted on time for tabling Produce 5 economic research projects	Input to OPRE submitted on time for tabling Produce 5 economic research projects
1.2 Infrastructure						
1.2.1	Efficient infrastructure management in KZN that contributes to effective economic and social infrastructure	<ul style="list-style-type: none"> Assessment report of User Asset Management Plans (U-AMPs) 	Compile a consolidated assessment report on U-AMPs	Compile a consolidated assessment report on U-AMPs	Compile a consolidated assessment report on U-AMPs	Compile a consolidated assessment report on U-AMPs
1.2.2	To facilitate implementation and institutionalisation of the IDMS in all KZN provincial departments and municipalities	<ul style="list-style-type: none"> Reports on the implementation of the IDMS in KZN Reports on infrastructure site visits conducted Progress reports on infrastructure budgets and delivery plans using IRM data Estimates of Provincial Revenue and Expenditure (EPRE) 	Produce 4 reports on the implementation of IDMS in KZN Submit 4 reports on the site visits conducted Submit 4 reports on the infrastructure expenditure in KZN Input into OPRE on time for tabling	Produce 4 reports on the implementation of IDMS in KZN Submit 4 reports on the site visits conducted Submit 4 reports on the infrastructure expenditure KZN Input into OPRE on time for tabling	Produce 4 reports on the implementation of IDMS in KZN Submit 4 reports on the site visits conducted Submit 4 reports on the infrastructure expenditure in KZN Input into OPRE on time for tabling	Produce 4 reports on the implementation of IDMS in KZN Submit 4 reports on the site visits conducted Submit 4 reports on the infrastructure expenditure KZN Input into OPRE on time for tabling
1.2.3	To assist and provide technical support to the development of the KZN Provincial Infrastructure Master Plan	<ul style="list-style-type: none"> Reports on support to develop the prov Infrastructure Master Plan (IMP) KZN Reports on infrastructure funding mechanisms and opportunities to support the provincial fiscal framework 	Produce 4 reports on the support to develop prov IMP Produce 4 reports on the infrastructure mechanisms in KZN	Produce 4 reports on the support to develop prov IMP Produce 4 reports on the infrastructure mechanisms in KZN	Produce 4 reports on the support to develop prov IMP Produce 4 reports on the infrastructure mechanisms in KZN	Produce 4 reports on the support to develop prov IMP Produce 4 reports on the infrastructure mechanisms in KZN
2. Public Finance						
2.1 Provincial Budget Management						
2.1.1	Promote effective and optimal financial resource allocation for provincial government	<ul style="list-style-type: none"> No. of chapters in MTEC report EPRE on time for tabling AEPRE on time for tabling 	15 inputs completed 1 working day before MTEC as per budget process timetable EPRE on time for tabling AEPRE on time for tabling	15 inputs completed 1 working day before MTEC as per budget process timetable EPRE on time for tabling AEPRE on time for tabling	15 inputs completed 1 working day before MTEC as per budget process timetable EPRE on time for tabling AEPRE on time for tabling	15 inputs completed 1 working day before MTEC as per budget process timetable EPRE on time for tabling AEPRE on time for tabling
2.1.2	Ensure efficient budget and expenditure management and accurate financial reporting for provincial govt. (including public entities)	<ul style="list-style-type: none"> Section 32 report (monthly provincial IYM report) Quarterly performance reports for departments 	12 reports p/a (submitted to NT by 22 nd monthly) 3 quarterly performance reports	12 reports p/a (submitted to NT by 22 nd monthly) 3 quarterly performance reports	12 reports p/a (submitted to NT by 22 nd monthly) 3 quarterly performance reports	12 reports p/a (submitted to NT by 22 nd monthly) 3 quarterly performance reports
2.2 Provincial Own Revenue						
2.2.1	Promote optimal and sustainable revenue generation and collection by provincial depts and public entities	<ul style="list-style-type: none"> Conduct and co-ordinate quarterly Provincial Revenue Forums Monitoring of dept. revenue collection Revenue input into the publication of provincial budget documents 	4 forums per year 3 revenue quarterly performance reports Revenue input into OPRE and EPRE on time for tabling	4 forums per year 3 revenue quarterly performance reports Revenue input into OPRE and EPRE on time for tabling	4 forums per year 3 revenue quarterly performance reports Revenue input into OPRE and EPRE on time for tabling	4 forums per year 3 revenue quarterly performance reports Revenue input into OPRE and EPRE on time for tabling

Table 6.18 : Service delivery measures – Programme 2: Fiscal Resource Management

Outputs	Performance indicators	Estimated performance		Medium-term targets	
		2015/16	2016/17	2017/18	2018/19
2.3	Special Advisory Support Services				
2.3.1	Promote effective and optimal financial resource allocation for provincial govt. (including public entities) <ul style="list-style-type: none"> Input into the revision and maintenance of DORA Institutionalise framework for monitoring of provincial public entities 	Input to be submitted by due date as set by NT Report bi-annually for all listed public entities	Input to be submitted by due date as set by NT Report bi-annually for all listed public entities	Input to be submitted by due date as set by NT Report bi-annually for all listed public entities	Input to be submitted by due date as set by NT Report bi-annually for all listed public entities
3.	Municipal Finance				
3.1	To ensure efficient budget and expenditure management and accurate financial reporting for local govt. <ul style="list-style-type: none"> Section 71(6) report (Monthly municipal IYM report) within the prescribed time frame Section 71(7) quarterly budget performance reports 	12 Section 71(6) reports 4 Section 71(7) quarterly budget performance reports, 45 days after end of quarter	12 Section 71(6) reports 4 Section 71(7) quarterly budget performance reports, 45 days after end of quarter	12 Section 71(6) reports 4 Section 71(7) quarterly budget performance reports, 45 days after end of quarter	12 Section 71(6) reports 4 Section 71(7) quarterly budget performance reports, 45 days after end of quarter
3.2	To assist and provide technical support to delegated municipalities in financial distress <ul style="list-style-type: none"> No. of municipalities supported by MSP 	8 municipalities to be supported through MSP	8 municipalities to be supported through MSP	8 municipalities to be supported through MSP	8 municipalities to be supported through MSP

6.3 Programme 3: Financial Management

This programme consists of seven sub-programmes, namely Financial Assets and Liability Management, Public, Private Partnerships (PPPs), Supply Chain Management (SCM), Financial Reporting, Norms and Standards, Support and Interlinked Financial Systems and Gaming and Betting.

The purpose of this programme is to ensure effective and efficient management of physical and financial assets for provincial and local government. The main services undertaken by this programme are:

- To ensure the effective and efficient management of assets and implementation of PPP projects.
- To realise the effective and efficient acquisition of goods and services for provincial government and to secure sound SCM for local government.
- To optimise liquidity requirements and maximise returns within acceptable levels of risk for provincial government and to secure sound cash management for local government.
- To ensure that financial reporting provides a full and true reflection of the financial position of the province and municipalities as prescribed, inclusive of the accounting responsibilities related to the PMG and IGCC account.
- To develop and implement financial and associated governance norms and standards, in order to enhance performance orientated financial results and accountability in provincial departments and municipalities as prescribed.
- To implement and support transversal financial systems across the province and provide IT services to the department.
- To ensure a regulated gambling, gaming and betting industry.

Tables 6.19 and 6.20 provide a summary of payments and budgeted estimates pertaining to Programme 3.

It is noted that the 2016/17 MTEF budget cuts, totalling R44.143 million, R30.820 million and R25.527 million, were effected against *Compensation of employees, Goods and services, Interest and rent on land*, as well as *Machinery and equipment*.

The programme as a whole reflects a fluctuating trend over the period, as explained in detail below.

Table 6.19 : Summary of payments and estimates by sub-programme: Financial Management

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
1. Financial Assets and Liability Management	14 587	15 318	12 125	30 435	17 635	14 826	22 548	22 548	26 369
2. Public, Private Partnerships	3 251	5 238	5 673	7 871	7 871	5 896	8 288	8 288	8 288
3. Supply Chain Management	41 667	43 333	70 492	64 341	61 141	61 177	47 272	47 272	51 731
4. Financial Reporting	31 731	54 840	55 847	42 270	44 070	43 197	38 083	38 083	41 468
5. Norms and Standards	3 543	3 776	4 016	5 668	5 668	4 711	5 968	5 968	5 968
6. Support and Interlinked Financial Systems	117 315	118 482	119 882	131 642	118 142	95 257	129 914	129 914	136 410
7. Gaming and Betting	39 393	45 907	43 013	37 551	37 551	36 779	43 490	43 490	43 490
Total	251 487	286 894	311 048	319 778	292 078	261 843	295 563	295 563	313 724

Table 6.20 : Summary of payments and estimates by economic classification: Financial Management

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Current payments	211 393	241 243	259 125	283 500	255 800	224 012	259 821	258 068	274 094
Compensation of employees	45 638	52 500	55 466	66 980	66 010	61 399	69 393	69 393	74 909
Goods and services	165 755	188 743	203 659	206 288	188 858	162 381	187 154	185 441	196 340
Interest and rent on land	-	-	-	10 232	932	232	3 274	3 234	2 845
Transfers and subsidies to:	36 337	42 374	41 343	33 865	33 865	33 907	35 055	36 808	38 943
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	35 775	41 881	39 276	32 532	32 532	32 532	34 255	35 968	38 054
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	1 227	-	-	-	-	-	-
Households	562	493	840	1 333	1 333	1 375	800	840	889
Payments for capital assets	3 757	3 085	10 580	2 413	2 413	3 924	687	687	687
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 363	3 085	10 580	2 413	2 413	3 924	687	687	687
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	394	-	-	-	-	-	-	-	-
Payments for financial assets	-	192	-	-	-	-	-	-	-
Total	251 487	286 894	311 048	319 778	292 078	261 843	295 563	295 563	313 724

The decrease against the sub-programme: Financial Assets and Liability Management in 2014/15, as well as the 2015/16 Adjusted Appropriation resulted from the improvement in the level of funds available in the PMG and IGCC accounts, largely due to the collective implementation of cost-cutting by departments, and tight cashflow management therefore reducing the amount of interest paid on the overdraft. This had an effect on the amount of interest the province had to pay, as the province remains cash positive and, as such, is earning rather than paying interest. Also, there was a decrease in banking charges due to streamlining of the banking system. The below inflationary growth over the 2016/17 MTEF is mainly ascribed to the previously mentioned budget cuts.

The low amount against the sub-programme: Public, Private Partnerships (PPPs) in 2012/13 relates to the non-filling of vacant posts due to a lack of suitably qualified candidates, as well as the continued implementation of cost-cutting. In addition, the fact that the feasibility study of the government office precinct project was placed on hold also contributed to the low spending. The increased spending from 2013/14 onward relates mainly to the filling of the General Manager post. The decrease in the 2015/16 Revised Estimate pertains to high staff turnover. The flat growth over the 2016/17 MTEF is mainly ascribed to minor cut backs resulting from the MTEF budget cuts.

The significant increase against the sub-programme: Supply Chain Management in 2014/15 includes additional funding for CMP, MBAT, Operation Clean Audit, and the e-Procurement Tool. The decrease from the 2015/16 Main to the Adjusted Appropriation is mainly due to lower than anticipated budget requirements with regard to MBAT as it met less frequently due to fewer than anticipated complaints. Also, costs of the B-BBEE verification projects were lower than anticipated as a result of a change in legislation, where all companies with a turn-over of R5 million and less are no longer required to produce B-BBEE certificates, but sworn affidavits. The MTEF includes provision for CMP and SCM support interventions in departments and municipalities. The sub-programme is also affected by the budget cuts.

The substantial increase from 2013/14 to 2014/15 against the sub-programme: Financial Reporting is due to Operation Clean Audit in respect of the MSP relating to the reconciliation of all provincial and municipal government accounts, and Operation Pay-on-Time which aims to improve payment of invoices by departments and to assist with the payment of arrear accounts to municipalities and service providers. These were largely once-off accounting for the decrease in the 2015/16 Main Appropriation. The increase from the 2015/16 Main to the Adjusted Appropriation is to provide for increased contract employees as a result of the higher demand for Treasury resources in departments and municipalities. The below inflationary growth over the 2016/17 MTEF is mainly ascribed to the previously mentioned budget cuts.

The sub-programme: Norms and Standards shows a steady increase over the seven-year period under review, apart from the decrease from the 2015/16 Revised Estimate, and this is due to delays in the filling of posts resulting from lengthy recruitment processes. The below inflationary growth over the 2016/17 MTEF is mainly ascribed to the previously mentioned budget cuts.

The sub-programme: Support and Interlinked Financial Systems includes costs relating to all transversal systems (such as BAS, PERSAL and HARDCAT, biometric server, etc.) for the entire province. The significant increase in the 2015/16 Main Appropriation is attributed to the anticipated upgrade of the biometric servers, back-up system and scanners. The decrease from the 2015/16 Main to the Adjusted Appropriation, as well as Revised Estimate is due to the shift of the PERSAL Mainframe from Provincial Treasuries to National Treasury. Despite the MTEF budget cuts, this sub-programme increases in 2016/17 only due to additional funding for the replacement of biometric scanners, and with no further growth in the outer years.

The sub-programme: Gaming and Betting shows a substantial increase in 2013/14 due to the budget including additional funding for the merger of the horse racing regulator into the KZNGBB, which is being financed through additional revenue collected by the newly amalgamated entity. The 2014/15 amount includes additional funding for the new KZNGBB IT system. The reduction in the 2015/16 Main Appropriation was in line with cost-cutting. The reduction in the 2015/16 Revised Estimate is attributed to vacant posts in the Gaming and Betting chief directorate being filled later than anticipated. The flat growth over the 2016/17 MTEF is mainly ascribed to the previously mentioned budget cuts.

The general increase over the seven years under review against *Compensation of employees* relates to the filling of critical posts in line with the moratorium, including the appointment of staff such as the GM: PPP, Deputy Managers, Assistant Managers, administrative officers and clerks to assist on various projects, such as CMP, B-BBEE verification, Education capped-leave, Asset Management and administrative issues in respect of MBAT, etc. The decrease from the 2015/16 Main to the Adjusted Appropriation, as well as the Revised Estimate was due to the movement of the IT support management unit from this programme to Programme 1. The increase over the MTEF is ascribed to the carry-through of the previous year's wage agreement, as well as inflationary increments.

The substantial increase in 2014/15 against *Goods and services* can be ascribed to Operation Clean Audit, the MDP, irregular expenditure project, asset management project, CMP, MBAT, and the take-over of McCord Hospital (Provincial Treasury assisted the Department of Health with all transactions which have financial implications, including personnel, debt recovery, stock take, etc.). The increase from the 2015/16 Main Appropriation relates to funds for financial management support to Vote 5: Education relating to Operation Clean Audit, and provision for GRAP training in support of municipalities. The reduction in the 2015/16 Adjusted Appropriation and Revised Estimate is due to a reprioritisation to Programme 4 to cater for pressures relating to performance audits and forensic investigations. The increase in 2016/17 is mainly attributed to once-off additional funding allocated for CMP. The decrease in 2017/18 is due to the non-continuation of additional funding for Operation Clean Audit, Operation Pay-on-Time and CMP, as these were only allocated additional funding for a limited time, in line with project requirements.

Transfers and subsidies to: Departmental agencies and accounts comprises transfers to KZNGBB. From 2012/13 onward, the budget includes additional funding for the merger of the horse racing regulator into the KZNGBB, which is being financed through additional revenue collected by the amalgamated entity. The 2014/15 increase is due to once-off additional funding for the KZNGBB IT system. The increase over the MTEF is inflationary related, despite the cut-back in transfer from 2015/16 due to cost-cutting.

Transfers and subsidies to: Households provides for the payment of staff exit costs. The substantial increase in the 2015/16 Main Appropriation is due to higher than anticipated payments of leave gratuities. The increase over the MTEF includes provision for staff exits, and inflationary related increments.

Machinery and equipment is purchased on a cyclical basis, hence the fluctuating trend against this category. The amounts in 2012/13 and 2013/14 related to the roll-out of phase 1 (2012/13) and phase 2 (2014/15) of the server refresher hardware for the upgrade of the department's computer network system, respectively. The amount reflected against 2015/16 will be utilised toward the upgrade of the biometric scanners. The 2016/17 MTEF shows flat growth and this includes the provision for hardware refresher servers, as well as the Biometric Access Control System.

Software and other intangible assets in 2012/13 relates to the once-off purchase of network management software, as well as open text licences for the ECM system. This was for the procurement of an internet connector licence required to connect external departments to the BPM processors.

Payments for financial assets in 2013/14 provides for the write-off of irrecoverable debts.

Service delivery measures – Programme 3: Financial Management

Table 6.21 below illustrates the main service delivery measures for Programme 3.

Table 6.21 : Service delivery measures – Programme 3: Financial Management

Outputs	Performance indicators	Estimated performance		Medium-term targets	
		2015/16	2016/17	2017/18	2018/19
1. Financial Assets and Liability Management					
1.1. To assist departments in improving cash management	<ul style="list-style-type: none"> Conduct tax information seminar annually Risk analysis per dept. to ensure compliance to tax legislation Provide quarterly assessment reports to depts. on status of bank related suspense accounts Review monthly bank reconciliations per dept Produce quarterly report on withdrawals from municipal bank accounts 	2 sessions 60 reports 60 assessment reports 180 reconciled bank reconciliation 4 reports on withdrawals from municipal bank accounts	2 sessions 56 reports 56 assessment reports 168 reconciled bank reconciliation 4 reports on withdrawals from municipal bank accounts	2 sessions 56 reports 56 assessment reports 168 reconciled bank reconciliation 4 reports on withdrawals from municipal bank accounts	2 sessions 56 reports 56 assessment reports 168 reconciled bank reconciliation 4 reports on withdrawals from municipal bank accounts
2. Public, Private Partnerships (PPP)					
2.1. To provide technical, financial and legal advice in support of all provincial PPP projects in line with PPP project cycle as regulated by NT guidelines	<ul style="list-style-type: none"> No. of seminars/workshops conducted for provincial departments, public entities, municipalities and municipal entities No. of reports for Provincial Treasury, management and NT PPP unit Contract management reports on closed deal 	2 12 12	2 12 12	2 12 12	2 12 12
3. Supply Chain Management					
3.1. Support and monitor adherence of state institutions to SCM prescripts	<ul style="list-style-type: none"> No. of SCM training sessions and information sessions conducted No. of assessments No. of reviews of the supplier registration form 	Conduct 4 training information sessions and workshops for state institutions 4 SCM forums for depts and municipalities Conduct 60 SCM assessments in depts., municipalities, and public entities. and investigate complaints Reviews and update supplier registration form	Conduct 4 training information sessions and workshops for state institutions 4 SCM forums for depts and municipalities Conduct 60 SCM assessments in depts., municipalities, and public entities. and investigate complaints Reviews and update supplier registration form	Conduct 4 training information sessions and workshops for state institutions 4 SCM forums for depts and municipalities Conduct 60 SCM assessments in depts., municipalities, and public entities. and investigate complaints Reviews and update supplier registration form	Conduct 4 training information sessions and workshops for state institutions 4 SCM forums for depts and municipalities Conduct 60 SCM assessments in depts., municipalities, and public entities. and investigate complaints Reviews and update supplier registration form

Table 6.21 : Service delivery measures – Programme 3: Financial Management

Outputs	Performance indicators	Estimated performance		Medium-term targets	
		2015/16	2016/17	2017/18	2018/19
	<ul style="list-style-type: none"> No. of policies and practice notes reviewed and issued No of contract management analysis conducted 	Review and update 4 practice notes New	Review and update policies and practice notes Conduct 8 contract management reviews for state institutions	Review and update policies and practice notes Conduct 8 contract management reviews for state institutions	Review and update policies and practice notes Conduct 8 contract management reviews for state institutions
4. Financial Reporting					
4.1. To assist departments, municipalities and public entities in the attainment of a clean audit outcome for the province	<ul style="list-style-type: none"> Consolidated AFS for provincial depts and the provincial revenue fund Consolidated AFS for public entities tabled in Legislature Annual Financial Statements for the Revenue Fund tabled in Legislature Provincial Audit Outcome analysis for municipalities, departments and public entities AFS support and training to provincial departments Financial Management Monitoring Support to public entities Financial Management Monitoring Support to municipalities 	Consolidated AFS for FY 13/14 tabled in Legislature by 30 November 2015 Consolidated AFS for FY 13/14 tabled in Legislature by 30 November 2015 Revenue Fund AFS for FY 13/14 tabled in Legislature by 30 November 2015 Summary of Audit Outcome analysis on AG's audit report for provincial departments and public entities by 31 August 2015 Summary of Audit Outcome Analysis on AG's audit report for municipalities by 31 January 2016 1 AFS training workshop by 31 March 2016 Pre-Audit review in 16 departments by 31 May 2015 Pre-Audit review in 12 public entities by 31 May 2015 1 AFS training workshop for 12 public entities by 31 March 2016 1 AFS training workshop for 58 municipalities by 30 June 2015 Pre-Audit review in 16 departments by 30 August 2015 Progress reports on intensive on-site financial management support to 10 municipalities within 10 days every quarter end	Consolidated AFS for FY 14/15 tabled in Legislature by 30 November 2016 Consolidated AFS for FY 14/15 tabled in Legislature by 30 November 2016 Revenue Fund AFS for FY 14/15 tabled in Legislature by 30 November 2016 Summary of Audit Outcome analysis on AG's audit report for provincial departments and public entities by 31 August 2016 Summary of Audit Outcome Analysis on AG's audit report for municipalities by 31 January 2017 1 AFS training workshop by 31 March 2017 Pre-Audit review in 15 departments by 31 May 2016 Pre-Audit review in 12 public entities by 31 May 2016 1 AFS training workshop for 12 public entities by 31 March 2017 1 AFS training workshop for 58 municipalities by 30 June 2016 Pre-Audit review in 15 departments by 30 August 2016 Progress reports on intensive on-site financial management support to 15 municipalities within 10 days every quarter end	Consolidated AFS for FY 15/16 tabled in Legislature by 30 November 2017 Consolidated AFS for FY 15/16 tabled in Legislature by 30 November 2017 Revenue Fund AFS for FY 15/16 tabled in Legislature by 30 November 2017 Summary of Audit Outcome analysis on AG's audit report for provincial departments and public entities by 31 August 2017 Summary of Audit Outcome Analysis on AG's audit report for municipalities by 31 January 2018 1 AFS training workshop by 31 March 2018 Pre-Audit review in 15 departments by 31 May 2017 Pre-Audit review in 12 public entities by 31 May 2017 1 AFS training workshop for 12 public entities by 31 March 2018 1 AFS training workshop for 58 municipalities by 30 June 2017 Pre-Audit review in 15 departments by 30 August 2017 Progress reports on intensive on-site financial management support to 20 municipalities within 10 days every quarter end	Consolidated AFS for FY 16/17 tabled in Legislature by 30 November 2018 Consolidated AFS for FY 16/17 tabled in Legislature by 30 November 2018 Revenue Fund AFS for FY 16/17 tabled in Legislature by 30 November 2018 Summary of Audit Outcome analysis on AG's audit report for provincial departments and public entities by 31 August 2018 Summary of Audit Outcome Analysis on AG's audit report for municipalities by 31 January 2019 1 AFS training workshop by 31 March 2019 Pre-Audit review in 15 departments by 31 May 2018 Pre-Audit review in 12 public entities by 31 May 2018 1 AFS training workshop for 12 public entities by 31 March 2019 1 AFS training workshop for 58 municipalities by 30 June 2018 Pre-Audit review in 15 departments by 30 August 2018 Progress reports on intensive on-site financial management support to 20 municipalities within 10 days every quarter end
5. Norms and Standards					
5.1. To develop, facilitate implementation and monitor compliance with financial norms and standards in provincial departments, municipalities and public entities	<ul style="list-style-type: none"> No. of policies and practice notes developed and reviewed for depts. municipalities and their respective entities No. of depts assessed and monitored 	48 instruction notes and policies developed and/or reviewed based on needs analysis All depts assessed and monitored	48 instruction notes and policies developed and/or reviewed based on needs analysis All depts assessed and monitored	48 instruction notes and policies developed and/or reviewed based on needs analysis All depts assessed and monitored	48 instruction notes and policies developed and/or reviewed based on needs analysis All depts assessed and monitored

Table 6.21 : Service delivery measures – Programme 3: Financial Management

Outputs	Performance indicators	Estimated performance		Medium-term targets	
		2015/16	2016/17	2017/18	2018/19
6. Supporting and Interlinked Financial Systems					
6.1. To provide technical and functional support to supporting and interlinked financial systems	<ul style="list-style-type: none"> No. of initiatives implemented No. of policy reviews completed No. of compliance reports completed No. of information sessions conducted Mean-time to resolve (MTTR)- Treasury Percentage network uptime MTTR (transversal systems) 	2 4 12 4 8 hr MTTR 99% 8-24 hr MTTR	2 4 12 4 8 hr MTTR 99% 8-24 hr MTTR	2 4 12 4 8 hr MTTR 99% 8-24 hr MTTR	2 4 12 4 8 hr MTTR 99% 8-24 hr MTTR
7. Gaming and Betting					
7.1. Enhance the Gaming and Betting regulatory environment in KZN	<ul style="list-style-type: none"> Amended KZN Gaming and Betting legislation No. of quarterly regulatory reports on Board activities 4 reconciled tax returns Functionality of the KZN Gaming and Betting Board 	The KwaZulu-Natal Gaming and Betting Amendment Bill, 2016 to be presented to Cabinet and Legislature 4 quarterly reports New New	Implementation of the 2016 Act and review of Regulations 4 quarterly reports 4 reconciled tax returns 4 minutes of Board meetings	Review of legislation 4 quarterly reports 4 reconciled tax returns 4 minutes of Board meetings	Review of legislation 4 quarterly reports 4 reconciled tax returns 4 minutes of Board meetings

6.4 Programme 4: Internal Audit

This programme consists of two sub-programmes, namely Assurance Services and Risk Management. The main purpose of the programme is to develop effective risk management strategies and governance, to build and maintain successful client relationships, to develop knowledge by creating a learning culture, and to build foundations for excellence to support the provincial government in achieving its objectives.

The following services are rendered by the unit:

- To conduct risk assessments on behalf of the Accounting Officers and Chief Executive Officers of provincial departments and public entities, develop comprehensive risk profiles and recommend improvements on significant risk exposures for each client.
- To review accounting and management processes and systems of internal control for efficiency and effectiveness in terms of their design and operation and provide recommendations for improvement.
- To develop, facilitate implementation and monitor integrated risk management strategies and fraud prevention strategies.
- To conduct forensic investigations and facilitate prosecution, perform misconduct enquiries and recovery in liaison with other state law enforcement agencies.
- To provide training and development programmes in areas such as risk management, strategy development and management, project management, design and improvement of systems of internal control, financial management and reporting, leadership, forensic investigations, governance, etc.
- To provide a consulting function as per requests by relevant MECs and Heads of Departments.
- To prepare special reviews on computerised systems and performance.

Tables 6.22 and 6.23 provide a summary of payments and budgeted estimates pertaining to Programme 4. It is noted that MTEF cuts in this programme, which totalled R943 000, R5.094 million and R6.381 million, respectively, were effected against *Compensation of employees, Goods and services*, as well as *Transfers and subsidies to: Households*.

Table 6.22 : Summary of payments and estimates by sub-programme: Internal Audit

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15				2015/16	2016/17	2017/18
1. Assurance Services	54 050	59 033	73 585	69 989	79 989	77 739	65 275	65 275	68 539
2. Risk Management	39 104	48 330	56 835	61 569	71 769	71 614	56 408	58 613	61 543
Total	93 154	107 363	130 420	131 558	151 758	149 353	121 683	123 888	130 082

Table 6.23 : Summary of payments and estimates by economic classification: Internal Audit

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15				2015/16	2016/17	2017/18
Current payments	92 760	106 710	129 803	130 628	150 828	147 873	120 683	122 885	129 076
Compensation of employees	46 283	49 329	54 987	65 279	61 279	59 900	71 173	71 173	72 272
Goods and services	46 477	57 381	74 816	65 349	89 549	87 973	49 510	51 712	56 804
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	29	121	170	50	50	647	50	53	56
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	4	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	29	121	170	50	50	643	50	53	56
Payments for capital assets	352	531	443	880	880	833	950	950	950
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	352	531	443	880	880	833	950	950	950
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	13	1	4	-	-	-	-	-	-
Total	93 154	107 363	130 420	131 558	151 758	149 353	121 683	123 888	130 082

The sub-programme: Assurance Services reflects an increase in 2013/14 in respect of specialised audit assignments undertaken in line with Operation Clean Audit. The increase in 2014/15 can be ascribed to the once-off additional funding for special audits and forensic investigations. The slight decrease in the 2015/16 Main Appropriation is due to the non-filling of posts resulting from lengthy recruitment processes. The increase from the 2015/16 Main to Adjusted Appropriation can be attributed to pressure arising from the previous year's performance audits, as well as an increased demand from client departments, hence the decrease in 2016/17. Also, additional funding that was received for special audits does not go beyond 2015/16. The below inflationary growth over the 2016/17 MTEF is mainly ascribed to the previously mentioned budget cuts.

The sub-programme: Risk Management includes expenditure in respect of forensic investigations in various departments and initiatives, such as fraud risk assessments, municipal financial capability assessments, workshops and training on risk management and internal control. The expenditure from 2012/13 to 2014/15 was attributed to an increase in forensic investigations due to commitments from the previous financial years for forensic investigations, as well as risk management facilitation workshops and training. The increase in the 2015/16 Main to the Adjusted Appropriation is to cater for increased demand in forensic investigations, hence the decrease in 2016/17. Also, additional funding that was received for forensic investigations does not go beyond 2015/16. The below inflationary growth over the 2016/17 MTEF is mainly ascribed to the previously mentioned budget cuts.

Compensation of employees decreased from the 2015/16 Main to the Adjusted Appropriation as a result of the non-filling of posts due to lengthy recruitment processes. The increase in 2016/17 caters for the stipends for internal audit learners in the department. The revised structure of Internal Audit that came about as a result of the department wanting to rely less on consultants will not be implemented at this stage, due to budget cuts relating to the freezing of all non-OSD posts.

The expenditure against *Goods and services* in the seven-year period under review can be attributed to performance audits, fraud risk assessments, municipal financial capability assessments, workshops, training on risk management and internal control, training and development programmes including

learnerships, forensic investigations, IT risk assessments on the BAS application system and the development of BCP and DRP guidelines. The increase in 2013/14 pertains to higher than anticipated consultants' fees for specialised audit assignments, as well as the appointment of service providers to assist with risk management assignments at municipalities. The 2014/15 and 2015/16 allocations include once-off funds for specialised audit assignments in line with Operation Clean Audit, as well as forensic investigations, and this explains the decrease in the 2015/16 Main Appropriation and 2016/17. The increase in the 2015/16 Adjusted Appropriation was due to the movement of funds from Programme 3 to this programme to cater for previous year performance audits, as well as the current demand of forensic investigations. The below inflationary growth over the 2016/17 MTEF is mainly attributed to the above-mentioned budget cuts.

Transfers and subsidies to: Households caters for the payment of staff exit costs.

Machinery and equipment is for the purchase of equipment for new staff appointments, and the replacement and upgrading of equipment. The fluctuating trend is due to its cyclical nature.

The spending against *Payments for financial assets* pertains to the write-off of irrecoverable staff debts.

Service delivery measures – Programme 4: Internal Audit

Table 6.24 below illustrates the main service delivery measures for Programme 4.

Table 6.24 : Service delivery measures – Programme 4: Internal Audit

Outputs	Performance indicators	Estimated performance		Medium-term targets	
		2015/16	2016/17	2017/18	2018/19
1. Assurance Services					
1.1. To provide an efficient, effective and economical assurance service	<ul style="list-style-type: none"> No. of IA annual operational plans and a rolling three-year strategic plan developed and approved Annual Audit and Risk Committee report on clients' areas of risk management, governance and internal control submitted to MEC: Finance No. of risk based audit reports including follow up audit reports and reports on financial, IT, performance and governance audits No. of audit reports on predetermined objectives 	23	22	22	22
		1	1	1	1
		160	176	170	170
		23	22	22	22
1.2. To build and maintain client relationships	<ul style="list-style-type: none"> No. of meetings held between clients and the Cluster Audit and Risk Committee 	64	60	60	60
1.3. To enhance capacity within and outside the unit	<ul style="list-style-type: none"> No. of training and development programmes attended No. of internal and/ independent external quality assurance reviews conducted 	16	12	12	12
		2	1	1	1
2. Risk Management					
2.1. Promote good governance through effective risk management	<ul style="list-style-type: none"> Risk registers updated, biannually, for provincial departments, municipalities and public entities Review risk management maturity of departments, public entities and municipalities, and assist with development of risk policies and procedures. Review and/or assist with development of Occupational Health and Safety programmes for departments, public entities and municipalities Review and/or assist with development of governance Frameworks for departments and public entities Review and/or assist with development of DPSA compliant IT Governance Framework, including BCP for departments, public entities and municipalities Assist with provision of complex internal audit services/reviews provided to municipalities and municipal entities Review of internal audit and audit committee practices of municipalities, and assist with closing of gaps Risk and governance-related conferences/forums held for provincial departments, municipalities, and public entities Best risk management/governance guidelines/transversal risk policies produced by the unit Risk Management Information System developed and rolled-out to provincial departments, municipalities, and public entities 	60	100	100	100
		30	50	50	50
		30	40	40	40
		20	10	10	10
		40	40	40	40
		15	15	15	15
		10	40	30	30
		5	5	5	5
		3	1	1	1
		10	5	5	5

Table 6.24 : Service delivery measures – Programme 4: Internal Audit

Outputs	Performance indicators	Estimated performance		Medium-term targets	
		2015/16	2016/17	2017/18	2018/19
	<ul style="list-style-type: none"> Review and/or assist with development of fraud prevention plans for provincial departments, municipalities, and public entities 	40	70	70	70
	<ul style="list-style-type: none"> Risk/governance-related training/awareness provided to risk officials of departments, municipalities, and public entities 	30	40	30	30
3. Forensic Services					
3.1 To promote a culture of zero tolerance for fraud and corruption	<ul style="list-style-type: none"> No. of forensic audits performed and investigations as per clients' requests and referrals from the Assurance team 	35	40	40	40
	<ul style="list-style-type: none"> Updated register of forensic investigations – MEC report 	4	4	4	4
	<ul style="list-style-type: none"> No. of follow-ups on completed investigations per institution 	100	120	120	120
	<ul style="list-style-type: none"> Development and roll-out of fraud case management system 	1	1	N/A	N/A
	<ul style="list-style-type: none"> Update the fraud case management system with forensic investigations per provincial department 	15	15	26	26

6.5 Programme 5: Growth and Development

Programme 5 consists of three sub-programmes, namely Budget Communication, Special Infrastructure Projects and Special Projects. It includes road shows, the feasibility studies for the government office precinct project, as well as infrastructure projects such as the development of the Pietermaritzburg, Prince Mangosuthu Buthelezi, Richards Bay and Margate airports. Tables 6.25 and 6.26 illustrate the payments and budgeted estimates pertaining to Programme 5. The 2016/17 MTEF cuts totalled R1.926 million and R5.945 million and were effected against *Goods and services* in 2017/18 and 2018/19, respectively.

Table 6.25 : Summary of payments and estimates by sub-programme: Growth and Development

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
1. Budget Communication	6 032	7 456	5 180	8 097	4 097	1 772	3 526	3 526	3 526
2. Special Infrastructure Projects	30 285	21 970	31 665	10 062	10 280	10 280	-	-	-
3. Special Projects	2 000	12 514	6 967	16 000	28 000	26 418	16 900	3 500	-
Total	38 317	41 940	43 812	34 159	42 377	38 470	20 426	7 026	3 526

Table 6.26 : Summary of payments and estimates by economic classification: Growth and Development

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Current payments	10 305	19 970	12 147	24 097	31 097	27 190	20 426	7 026	3 526
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	10 305	19 970	12 147	24 097	31 097	27 190	20 426	7 026	3 526
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	28 012	21 970	31 665	10 062	11 280	11 280	-	-	-
Provinces and municipalities	28 012	21 970	31 665	10 062	10 280	10 280	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	1 000	1 000	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	38 317	41 940	43 812	34 159	42 377	38 470	20 426	7 026	3 526

The spending against the sub-programme: Budget Communication relates to budget road shows hosted by the MEC all over the province. The decrease in 2014/15 was due to cost-cutting, particularly on stationery and printing. The decrease from the 2015/16 Main to the Adjusted Appropriation was due to the

reprioritisation of funds to the Special Projects sub-programme for the PPP government office precinct feasibility study. The allocation increases below the inflationary rate due to the MTEF budget cuts.

The expenditure against the sub-programme: Special Infrastructure Projects of R30.285 million in 2012/13 related to the upgrading of the Pietermaritzburg, Richards Bay, and Prince Mangosuthu Buthelezi airports, and the feasibility study of the PPP government office precinct. The 2013/14 spending of R21.085 million includes the development of the airports, which was finalised at the end of the year. Also in 2013/14, funds were allocated toward infrastructure projects in Kokstad, namely the Shayamoya eco-complex and the light industrial park in Bhongweni. It must be noted that the increase in 2014/15 includes a roll-over of R18.383 million for the Shayamoya eco-complex (R13.062 million) and the light industrial park at Bhongweni (R5.321 million). These funds were not spent on these projects in 2013/14 due to delays in the appointment of a service provider for the light industrial park, and the fact that the construction of the Shayamoya eco-complex could not be completed as a result of the value of the tender being above the allocated budget for this project. The allocation of R10.062 million in the 2015/16 Main Appropriation comprises R2.062 million for the Shayamoya eco-complex and R8 million for the light industrial park at Bhongweni. The slight increase in the Adjusted Appropriation is attributed to a roll-over of R218 000 for Msunduzi electricity-related projects. There is no budget allocated over the 2016/17 MTEF, due to the fact that both infrastructure projects in Kokstad are anticipated to be completed by the end of 2015/16.

The amount reflected against the sub-programme: Special Projects in 2012/13 and 2013/14 was for air shows which were held at various airports in the province, to support the provincial aviation industry and to promote tourism and increase economic activity. The increase from the 2015/16 Main to Adjusted Appropriation is due to the provision for the feasibility study of the PPP Government Office Precinct, as well as the Legislature Complex feasibility studies. Also provided for in 2015/16 to 2017/18 are the funds for the IALCH floor repairs as well as the PPP Government Office Precinct. There is no allocation against this sub-programme in 2018/19 due to the non-continuation of the IALCH floor repairs project in line with project requirements.

The amounts reflected against *Goods and services* include expenditure in respect of budget road shows, air shows, and special projects, as detailed above. The increase from the 2015/16 Main to the Adjusted Appropriation is due to the provision for the PPP government office precinct, as well as the Legislature Complex. Also provided for in 2015/16 and 2016/17 are the funds for the IALCH floor repairs. The allocation against this category in 2017/18 caters for the PPP government office precinct.

Transfers and subsidies to: Provinces and municipalities relates to the development of regional airports, the Shayamoya eco-complex, the light industrial park at Bhongweni, and Msunduzi electricity-related development projects. The expenditure in 2012/13 and 2013/14 pertained to the development of the Pietermaritzburg, Prince Mangosuthu Buthelezi and Richards Bay airports. The 2015/16 allocation includes R2.062 million for the Shayamoya eco-complex and R8 million for the light industrial park at Bhongweni. There is no allocation against this category going forward, as construction of the previously mentioned projects is anticipated to be completed by the end of 2015/16. The 2015/16 Adjusted Appropriation included a roll-over relating the Msunduzi electricity-related development projects.

The expenditure reflected against *Transfers and subsidies to: Non-profit institutions* in 2015/16 includes a R1 million donation to the Coastal Horse Care Unit.

Service delivery measures – Programme 5: Growth and Development

Table 6.27 reflects the main service delivery measure pertaining to Programme 5.

Table 6.27 : Service delivery measures – Programme 5: Growth and Development

Outputs	Performance indicators	Estimated performance		Medium-term targets	
		2015/16	2016/17	2017/18	2018/19
5.1. To provide for specific departmental approved events and initiatives not catered for in any other programme that will provide development in the province	• No. of events co-ordinated successfully	5	5	5	5

7. Other programme information

7.1 Personnel numbers and costs

Table 6.28 below reflects personnel information per programme for the Provincial Treasury, for the period March 2012 to March 2018. Table 6.29 provides details of personnel in terms of the human resources and finance components.

The employees reflected as contract workers are interns employed by the department and are provided for under Programme 1. The department did not budget for its full staff complement over the MTEF due to budget cuts relating to the freezing of non-OSD. This will be reviewed in-year.

Table 6.28 : Personnel numbers and costs by programme

Personnel numbers	As at 31 March 2013	As at 31 March 2014	As at 31 March 2015	As at 31 March 2016	As at 31 March 2017	As at 31 March 2018	As at 31 March 2019
1. Administration	172	189	169	159	159	159	159
2. Fiscal Resource Management	73	83	77	87	87	87	87
3. Financial Management	137	141	137	179	179	179	179
4. Internal Audit	143	156	137	135	135	135	135
5. Growth and Development	-	-	-	-	-	-	-
Total	525	569	520	560	560	560	560
Total provincial personnel cost (R thousand)	165 967	188 527	211 837	236 794	279 429	281 213	288 403
Unit cost (R thousand)	316	331	407	423	499	502	515

Table 6.29 : Summary of departmental personnel numbers and costs by component

	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2012/13	2013/14	2014/15	Appropriation	Appropriation	Estimate	2016/17	2017/18	2018/19
Total for the department									
Personnel numbers (head count)	525	569	520	580	560	560	560	560	560
Personnel cost (R thousands)	165 967	188 527	211 837	260 566	257 166	236 794	279 429	281 213	288 403
Human resources component									
Personnel numbers (head count)	25	30	25	30	30	30	30	30	30
Personnel cost (R thousands)	28 259	38 429	32 596	34 333	34 333	34 333	34 333	34 333	34 333
Head count as % of total for department	4.76	5.27	4.81	5.17	5.36	5.36	5.36	5.36	5.36
Personnel cost as % of total for department	17.03	20.38	15.39	13.18	13.35	14.50	12.29	12.21	11.90
Finance component									
Personnel numbers (head count)	28	36	28	61	61	61	61	61	61
Personnel cost (R thousands)	22 925	23 226	24 829	26 050	26 050	26 050	26 050	26 050	26 050
Head count as % of total for department	5.33	6.33	5.38	10.52	10.89	10.89	10.89	10.89	10.89
Personnel cost as % of total for department	13.81	12.32	11.72	10.00	10.13	11.00	9.32	9.26	9.03
Full time workers									
Personnel numbers (head count)	437	440	419	479	459	459	459	459	459
Personnel cost (R thousands)	136 899	154 991	185 522	234 251	230 851	210 479	253 114	254 898	262 088
Head count as % of total for department	83.24	77.33	80.58	82.59	81.96	81.96	81.96	81.96	81.96
Personnel cost as % of total for department	82.49	82.21	87.58	89.90	89.77	88.89	90.58	90.64	90.88
Part-time workers									
Personnel numbers (head count)	-	-	-	-	-	-	-	-	-
Personnel cost (R thousands)	-	-	-	-	-	-	-	-	-
Head count as % of total for department	-	-	-	-	-	-	-	-	-
Personnel cost as % of total for department	-	-	-	-	-	-	-	-	-
Contract workers									
Personnel numbers (head count)	88	129	101	101	101	101	101	101	101
Personnel cost (R thousands)	29 068	33 536	26 315	26 315	26 315	26 315	26 315	26 315	26 315
Head count as % of total for department	16.76	22.67	19.42	17.41	18.04	18.04	18.04	18.04	18.04
Personnel cost as % of total for department	17.51	17.79	12.42	10.10	10.23	11.11	9.42	9.36	9.12

The total personnel for the department is 560 employees in 2015/16 and in the 2016/17 MTEF, respectively. The decrease in personnel numbers from 2013/14 to 2014/15 relates to the reduction of consultants and general contract employees. As of 2014/15, the department made provision for salaries for contract personnel that will be working on certain departmental projects, such as TAs working on IDIP, CMP, etc. The department will not fill any posts in the 2016/17 MTEF in line with the MTEF budget cuts. As mentioned, this will be reviewed in-year.

7.2 Training

Tables 6.30 and 6.31 show the department's actual spending and estimates on training per programme. As reflected in Table 6.31, there is a rising trend in the training expenditure over the seven-year period.

Table 6.30 : Payments on training by programme

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15				2015/16	2016/17	2017/18
1. Administration	713	896	558	732	732	601	653	653	961
Travel and subsistence	-	-	-	-	-	-	-	-	-
Payments on tuition	713	896	558	732	732	601	653	653	961
Other	-	-	-	-	-	-	-	-	-
2. Fiscal Resource Management	130	196	221	273	243	276	315	315	315
Travel and subsistence	-	-	-	-	-	-	-	-	-
Payments on tuition	130	196	221	273	243	276	315	315	315
Other	-	-	-	-	-	-	-	-	-
3. Financial Management	277	425	575	509	509	493	513	513	513
Travel and subsistence	-	-	-	-	-	-	-	-	-
Payments on tuition	277	425	575	509	509	493	513	513	513
Other	-	-	-	-	-	-	-	-	-
4. Internal Audit	452	505	1 241	1 050	1 050	1 009	1 090	1 090	1 090
Travel and subsistence	-	-	-	-	-	-	-	-	-
Payments on tuition	452	505	1 241	1 050	1 050	1 009	1 090	1 090	1 090
Other	-	-	-	-	-	-	-	-	-
5. Growth and Development	-	-	-	-	-	-	-	-	-
Travel and subsistence	-	-	-	-	-	-	-	-	-
Payments on tuition	-	-	-	-	-	-	-	-	-
Total	1 572	2 022	2 595	2 564	2 534	2 379	2 571	2 571	2 879

Table 6.31 : Information on training: Provincial Treasury

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15				2015/16	2016/17	2017/18
Number of staff	525	569	520	560	560	560	560	560	560
Number of personnel trained	466	390	339	373	373	373	373	373	395
of which									
Male	191	187	157	150	150	150	150	150	159
Female	275	203	182	223	223	223	223	223	236
Number of training opportunities	946	517	836	600	600	600	615	630	631
of which									
Tertiary	1	-	3	3	3	3	5	5	6
Workshops	276	246	260	197	197	197	160	160	160
Seminars	170	90	149	100	100	100	100	105	105
Other	499	181	424	300	300	300	350	360	360
Number of bursaries offered	11	11	14	11	11	11	11	11	12
Number of interns appointed	41	50	59	14	14	14	14	14	14
Number of learnerships appointed	16	25	-	30	30	30	-	-	30
Number of days spent on training	177	102	156	115	115	115	120	125	125

The spending can be attributed to the learnership programme aimed at skills development and also the creation of an available resource pool resulting in the creation of employment opportunities and contributing to the growth of the economy and sustainable development.

The department largely complies with the Skills Development Act – i.e. it budgets for at least 1 per cent of its salary expense going toward staff training.

Table 6.30 illustrates the number of staff affected by the various training programmes and initiatives. It also includes a gender breakdown, an indication of the types of training, as well as details of the number of bursaries and learnerships.

ANNEXURE – VOTE 6: PROVINCIAL TREASURY

Table 6.A : Details of departmental receipts: Provincial Treasury

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2012/13	2013/14	2014/15	Appropriation	Appropriation	Estimate	2016/17	2017/18	2018/19
Tax receipts	447 730	488 254	538 524	648 227	648 227	543 366	557 338	591 152	628 907
Casino taxes	383 056	421 355	467 319	556 890	556 890	466 336	478 167	510 227	545 111
Horse racing taxes	64 674	66 899	71 205	91 337	91 337	77 030	79 171	80 925	83 796
Liquor licences	-	-	-	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-	-	-	-
Sale of goods and services other than capital assets	159	169	322	203	203	255	204	209	221
Sale of goods and services produced by department (excluding capital assets)	158	167	319	200	200	250	204	209	221
Sales by market establishments	49	54	90	81	81	101	82	83	88
Administrative fees	51	51	29	53	53	48	54	56	59
Other sales	58	62	200	66	66	101	68	70	74
<i>Of which</i>									
<i>Insurance and garnishes</i>	58	58	197	66	66	101	68	70	74
<i>Sales: Assets less than 5000</i>	-	3	-	-	-	-	-	-	-
<i>Replacement of security cards</i>	-	1	-	-	-	-	-	-	-
<i>Sale of tender documents</i>	-	-	3	-	-	-	-	-	-
Sales of scrap, waste, arms and other used current goods (excluding capital assets)	1	2	3	3	3	5	-	-	-
Transfers received from:	-	-	-	-	-	-	-	-	-
Other governmental units	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Households and non-profit institutions	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	1	-	-	-	-	-	-	-
Interest, dividends and rent on land	269 818	249 807	309 569	283 341	283 341	352 546	301 754	316 842	335 219
Interest	269 815	249 807	309 569	283 337	283 337	352 546	301 754	316 842	335 219
Dividends	3	-	-	4	4	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Sale of capital assets	32	409	39	170	170	734	181	192	203
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Other capital assets	32	409	39	170	170	734	181	192	203
Transactions in financial assets and liabilities	437	352	2 513	380	380	3 866	382	385	407
Total	718 176	738 992	850 967	932 322	932 322	900 767	859 860	908 780	964 957

Table 6.C : Payments and estimates by economic classification: Administration

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Current payments	87 232	91 313	102 757	113 133	116 633	108 792	124 060	125 844	133 848
Compensation of employees	43 763	49 660	55 836	68 415	70 385	60 680	79 466	81 250	79 966
Salaries and wages	38 804	44 179	50 094	59 582	61 398	53 689	69 884	71 234	70 384
Social contributions	4 959	5 481	5 742	8 833	8 987	6 991	9 582	10 016	9 582
Goods and services	43 469	41 653	46 921	44 718	46 248	48 112	44 594	44 594	53 882
Administrative fees	246	1 802	904	408	413	255	425	425	425
Advertising	3 400	3 025	2 125	3 082	2 082	750	1 314	1 314	1 566
Assets less than the capitalisation threshold	109	110	159	140	149	67	373	373	423
Audit cost: External	4 526	3 318	4 406	6 889	6 679	5 175	6 991	6 991	8 019
Bursaries: Employees	297	194	282	250	250	301	250	250	250
Catering: Departmental activities	281	908	479	330	230	203	639	639	739
Communication (G&S)	1 279	1 096	1 034	1 553	1 539	1 788	1 646	1 646	2 296
Computer services	5	-	31	7	62	61	158	158	158
Cons & prof serv: Business and advisory services	216	130	2 870	188	188	5 060	218	218	218
Cons & prof serv: Infrastructure and planning	-	-	-	-	-	-	-	-	-
Cons & prof serv: Laboratory services	-	-	-	-	-	-	-	-	-
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	443	1 198	2 094	751	651	2 547	977	977	977
Contractors	1 664	1 505	804	545	545	726	858	858	1 058
Agency and support / outsourced services	39	-	54	97	247	174	103	103	103
Entertainment	5	-	-	10	10	-	18	18	18
Fleet services (including govt motor transport)	1 017	1 194	1 375	1 111	1 526	1 526	1 161	1 161	2 661
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	114	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	61	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	26	-	-	-	-	-	-	-	-
Inventory: Medical supplies	2	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medcas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	193	465	497	666	666	328	396	396	396
Consumable: Stationery, printing and office supplies	814	668	1 100	1 123	1 126	666	1 455	1 455	1 455
Operating leases	14 201	13 295	15 382	14 580	16 510	16 765	15 360	15 360	16 860
Property payments	7 813	6 993	8 520	6 332	6 992	8 077	6 453	6 453	9 453
Transport provided: Departmental activity	-	17	31	22	22	22	102	102	102
Travel and subsistence	5 086	3 558	3 342	5 442	5 169	2 615	3 677	3 677	4 177
Training and development	713	896	558	732	732	601	653	653	961
Operating payments	689	1 017	531	412	412	282	850	850	1 050
Venues and facilities	230	264	343	48	48	123	517	517	517
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	9 004	3 525	7 113	7 659	9 159	9 525	7 872	5 932	2 605
Provinces and municipalities	14	13	26	256	23	25	24	24	26
Provinces	14	13	26	23	23	25	24	24	26
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	14	13	26	23	23	25	24	24	26
Municipalities	-	-	-	233	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	233	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-
Entities receiving transfers	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	893	241	3 150	3 383	3 735	3 370	3 370	244
Households	8 990	2 619	6 846	4 253	5 753	5 765	4 478	2 538	2 335
Social benefits	8 990	90	3 084	-	-	758	-	-	-
Other transfers to households	-	2 529	3 762	4 253	5 753	5 007	4 478	2 538	2 335
Payments for capital assets	1 669	2 073	3 345	2 297	2 297	1 399	2 620	5 320	4 493
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 669	2 073	3 345	2 297	2 297	1 399	2 620	5 320	4 493
Transport equipment	1 053	1 695	2 397	1 372	1 372	702	1 675	4 375	3 548
Other machinery and equipment	616	378	948	925	925	697	945	945	945
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	21	-	-	-	-	-	-	-
Total	97 905	96 932	113 215	123 089	128 089	119 716	134 552	137 096	140 946

Table 6.D : Payments and estimates by economic classification: Fiscal Resource Management

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
Current payments	76 716	90 510	74 981	103 166	103 166	94 064	102 770	95 170	99 944
Compensation of employees	30 283	37 038	45 548	59 892	59 492	54 815	59 397	59 397	61 256
Salaries and wages	27 231	33 347	41 521	54 354	54 254	49 998	53 908	53 908	55 618
Social contributions	3 052	3 691	4 027	5 538	5 238	4 817	5 489	5 489	5 638
Goods and services	46 433	53 472	29 433	43 274	43 674	39 249	43 373	35 773	38 688
Administrative fees	81	60	49	118	103	93	124	124	124
Advertising	35	365	95	-	122	146	-	-	-
Assets less than the capitalisation threshold	47	144	216	77	79	58	83	83	83
Audit cost: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	160	75	51	195	211	114	180	180	180
Communication (G&S)	201	252	294	293	293	305	315	315	315
Computer services	16	13	-	120	120	120	120	120	120
Cons & prof serv: Business and advisory services	42 155	49 142	25 024	37 412	37 812	34 225	37 320	29 720	32 735
Cons & prof serv: Infrastructure and planning	-	-	-	-	-	-	-	-	-
Cons & prof serv: Laboratory services	-	-	-	-	-	-	-	-	-
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	-	-	84	-	-	-	-	-	-
Contractors	25	44	28	14	43	84	14	14	14
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services (including govt motor transport)	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	22	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Leamer and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medcas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	1	9	9	28	41	15	46	46	46
Consumable: Stationery, printing and office supplies	242	273	428	252	349	393	300	300	300
Operating leases	188	52	-	262	135	18	201	201	201
Property payments	-	15	6	-	-	-	-	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	1 633	1 400	1 824	2 230	2 276	2 442	2 407	2 407	2 707
Training and development	130	196	221	273	243	276	315	315	315
Operating payments	950	973	708	1 168	1 203	804	1 210	1 210	1 010
Venues and facilities	547	459	396	832	644	156	738	738	538
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	23	66	-	-	-	59	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-
Entities receiving transfers	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	23	66	-	-	-	59	-	-	-
Social benefits	23	63	-	-	-	59	-	-	-
Other transfers to households	-	3	-	-	-	-	-	-	-
Payments for capital assets	131	425	486	401	401	348	286	286	286
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	131	425	486	401	401	348	286	286	286
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	131	425	486	401	401	348	286	286	286
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	203	-	-	-	-	-	-	-
Total	76 870	91 204	75 467	103 567	103 567	94 471	103 056	95 456	100 230

Table 6.E : Payments and estimates by economic classification: Financial Management

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15				2015/16	2016/17	2017/18
Current payments	211 393	241 243	259 125	283 500	255 800	224 012	259 821	258 068	274 094
Compensation of employees	45 638	52 500	55 466	66 980	66 010	61 399	69 393	69 393	74 909
Salaries and wages	40 681	47 104	49 978	58 210	57 494	55 521	60 322	60 322	64 972
Social contributions	4 957	5 396	5 488	8 770	8 516	5 878	9 071	9 071	9 937
Goods and services	165 755	188 743	203 659	206 288	188 858	162 381	187 154	185 441	196 340
Administrative fees	9 756	9 912	6 383	11 734	8 234	8 747	10 227	10 227	11 227
Advertising	40	-	153	106	106	77	104	104	104
Assets less than the capitalisation threshold	133	310	110	155	155	161	193	193	193
Audit cost: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	26	135	96	75	75	124	65	65	115
Communication (G&S)	492	427	459	620	620	648	701	701	701
Computer services	110 754	111 876	115 201	136 232	126 732	100 804	129 337	127 624	128 538
Cons & prof serv: Business and advisory services	38 304	60 189	73 242	50 593	46 193	44 837	39 214	39 214	46 823
Cons & prof serv: Infrastructure and planning	-	-	-	-	-	-	-	-	-
Cons & prof serv: Laboratory services	-	-	-	-	-	-	-	-	-
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	1 217	20	1 004	180	180	23	192	192	192
Contractors	51	33	20	118	118	114	132	132	132
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	1	-	-	4	4	-	5	5	5
Fleet services (including govt motor transport)	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	49	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	-	82	64	159	159	116	190	190	190
Consumable: Stationery, printing and office supplies	681	670	717	582	579	548	586	586	686
Operating leases	216	109	58	272	272	101	319	319	419
Property payments	41	65	-	-	-	-	43	43	43
Transport provided: Departmental activity	-	-	4	-	-	-	-	-	-
Travel and subsistence	3 412	4 178	5 418	4 658	4 631	5 489	5 124	5 124	6 174
Training and development	277	425	575	509	509	493	513	513	513
Operating payments	301	298	72	134	134	94	138	138	214
Venues and facilities	4	14	83	157	157	5	71	71	71
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	10 232	932	232	3 274	3 234	2 845
Interest	-	-	-	10 232	932	232	3 274	3 234	2 845
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	36 337	42 374	41 343	33 865	33 865	33 907	35 055	36 808	38 943
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	35 775	41 881	39 276	32 532	32 532	32 532	34 255	35 968	38 054
Social security funds	-	-	-	-	-	-	-	-	-
Entities receiving transfers	35 775	41 881	39 276	32 532	32 532	32 532	34 255	35 968	38 054
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	1 227	-	-	-	-	-	-
Households	562	493	840	1 333	1 333	1 375	800	840	889
Social benefits	562	493	837	1 333	1 333	1 375	800	840	889
Other transfers to households	-	-	3	-	-	-	-	-	-
Payments for capital assets	3 757	3 085	10 580	2 413	2 413	3 924	687	687	687
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 363	3 085	10 580	2 413	2 413	3 924	687	687	687
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	3 363	3 085	10 580	2 413	2 413	3 924	687	687	687
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	394	-	-	-	-	-	-	-	-
Payments for financial assets	-	192	-	-	-	-	-	-	-
Total	251 487	286 894	311 048	319 778	292 078	261 843	295 563	295 563	313 724

Estimates of Provincial Revenue and Expenditure

Table 6.F : Payments and estimates by economic classification: Internal Audit

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2012/13	2013/14	2014/15	Appropriation	Appropriation	Estimate	2016/17	2017/18	2018/19
Current payments	92 760	106 710	129 803	130 628	150 828	147 873	120 683	122 885	129 076
Compensation of employees	46 283	49 329	54 987	65 279	61 279	59 900	71 173	71 173	72 272
Salaries and wages	41 423	44 287	49 627	58 706	54 706	54 128	64 047	64 047	65 046
Social contributions	4 860	5 042	5 360	6 573	6 573	5 772	7 126	7 126	7 226
Goods and services	46 477	57 381	74 816	65 349	89 549	87 973	49 510	51 712	56 804
Administrative fees	229	130	224	310	310	252	340	340	340
Advertising	3	104	144	-	-	9	-	-	-
Assets less than the capitalisation threshold	210	67	63	190	190	23	220	220	220
Audit cost: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	(22)	-	-	-	-	-	-
Catering: Departmental activities	30	26	34	38	38	74	38	38	38
Communication (G&S)	392	387	399	660	660	388	700	700	700
Computer services	160	953	250	310	310	603	320	320	320
Cons & prof serv: Business and advisory services	39 846	50 680	66 791	56 855	81 055	80 815	40 479	42 681	47 779
Cons & prof serv: Infrastructure and planning	-	-	-	-	-	-	-	-	-
Cons & prof serv: Laboratory services	-	-	-	-	-	-	-	-	-
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	-	-	-	-	-	-	-	-	-
Contractors	15	4	7	-	-	-	-	-	-
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services (including govt motor transport)	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	39	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Meddas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	-	25	37	45	45	33	52	52	46
Consumable: Stationery, printing and office supplies	159	392	453	195	195	600	203	203	203
Operating leases	227	68	-	173	173	173	177	177	177
Property payments	-	-	-	-	-	-	-	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	4 277	3 733	4 787	5 147	5 147	3 737	5 514	5 514	5 514
Training and development	452	505	1 241	1 050	1 050	1 009	1 090	1 090	1 090
Operating payments	429	303	408	376	376	257	377	377	377
Venues and facilities	9	4	-	-	-	-	-	-	-
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	29	121	170	50	50	647	50	53	56
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-
Entitles receiving transfers	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	4	-	-	-
Public corporations	-	-	-	-	-	4	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	4	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	29	121	170	50	50	643	50	53	56
Social benefits	29	121	170	50	50	643	50	53	56
Other transfers to households	-	-	-	-	-	-	-	-	-
Payments for capital assets	352	531	443	880	880	833	950	950	950
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	352	531	443	880	880	833	950	950	950
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	352	531	443	880	880	833	950	950	950
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	13	1	4	-	-	-	-	-	-
Total	93 154	107 363	130 420	131 558	151 758	149 353	121 683	123 888	130 082

Table 6.G : Payments and estimates by economic classification: Growth and Development

R thousand	Audited Outcome			Main	Adjusted	Revised	Medium-term Estimates		
	2012/13	2013/14	2014/15	Appropriation	Appropriation	Estimate	2016/17	2017/18	2018/19
Current payments	10 305	19 970	12 147	24 097	31 097	27 190	20 426	7 026	3 526
Compensation of employees	-	-	-	-	-	-	-	-	-
Salaries and wages	-	-	-	-	-	-	-	-	-
Social contributions	-	-	-	-	-	-	-	-	-
Goods and services	10 305	19 970	12 147	24 097	31 097	27 190	20 426	7 026	3 526
Administrative fees	11	-	-	-	-	-	-	-	-
Advertising	691	501	1 322	853	853	818	997	997	997
Assets less than the capitalisation threshold	-	-	-	-	-	-	-	-	-
Audit cost: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	1 702	1 816	1 159	1 860	1 360	262	370	370	370
Communication (G&S)	-	-	-	-	-	-	-	-	-
Computer services	-	-	-	-	-	-	-	-	-
Cons & prof serv: Business and advisory services	2 273	3 137	991	40	40	20	42	42	42
Cons & prof serv: Infrastructure and planning	-	-	-	-	-	-	-	-	-
Cons & prof serv: Laboratory services	-	-	-	-	-	-	-	-	-
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	-	-	-	-	-	-	-	-	-
Contractors	2 822	10 778	2 772	17 410	27 410	25 553	17 180	3 780	280
Agency and support / outsourced services	478	576	302	706	706	218	257	257	257
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services (including govt motor transport)	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medcas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	-	7	-	-	-	-	-	-	-
Consumable: Stationery, printing and office supplies	-	-	-	-	-	-	-	-	-
Operating leases	-	-	-	-	-	-	-	-	-
Property payments	-	-	4 000	-	-	-	-	-	-
Transport provided: Departmental activity	531	914	616	850	350	60	1 000	1 000	1 000
Travel and subsistence	-	-	-	-	-	-	-	-	-
Training and development	-	-	-	-	-	-	-	-	-
Operating payments	33	31	-	200	200	200	120	120	120
Venues and facilities	1 764	2 210	985	2 178	178	59	460	460	460
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	28 012	21 970	31 665	10 062	11 280	11 280	-	-	-
Provinces and municipalities	28 012	21 970	31 665	10 062	10 280	10 280	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	28 012	21 970	31 665	10 062	10 280	10 280	-	-	-
Municipalities	28 012	21 970	31 665	10 062	10 280	10 280	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-
Entities receiving transfers	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	1 000	1 000	-	-	-
Households	-	-	-	-	-	-	-	-	-
Social benefits	-	-	-	-	-	-	-	-	-
Other transfers to households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	38 317	41 940	43 812	34 159	42 377	38 470	20 426	7 026	3 526

Table 6.H : Summary of transfers to local government

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15	2015/16			2016/17	2017/18	2018/19
A KZN2000 eThekwini	-	-	-	-	-	-	-	-	-
Total: Ugu Municipalities	-	2 009	-	-	-	-	-	-	-
B KZN211 Vulamehlo	-	-	-	-	-	-	-	-	-
B KZN212 Umdoni	-	-	-	-	-	-	-	-	-
B KZN213 Umzumbe	-	-	-	-	-	-	-	-	-
B KZN214 uMuziwabantu	-	-	-	-	-	-	-	-	-
B KZN215 Ezingoleni	-	-	-	-	-	-	-	-	-
B KZN216 Hibiscus Coast	-	-	-	-	-	-	-	-	-
C DC21 Ugu District Municipality	-	2 009	-	-	-	-	-	-	-
Total: uMgungundlovu Municipalities	574	17 071	5 672	-	218	218	-	-	-
B KZN221 uMshwathi	-	-	-	-	-	-	-	-	-
B KZN222 uMngeni	-	-	-	-	-	-	-	-	-
B KZN223 Mpofana	-	-	-	-	-	-	-	-	-
B KZN224 Impendle	-	-	-	-	-	-	-	-	-
B KZN225 Msunduzi	574	17 071	5 672	-	218	218	-	-	-
B KZN226 Mkhambathini	-	-	-	-	-	-	-	-	-
B KZN227 Richmond	-	-	-	-	-	-	-	-	-
C DC22 uMgungundlovu District Municipality	-	-	-	-	-	-	-	-	-
Total: Uthukela Municipalities	-	-	-	-	-	-	-	-	-
B KZN232 Emnambithi/Ladysmith	-	-	-	-	-	-	-	-	-
B KZN233 Indaka	-	-	-	-	-	-	-	-	-
B KZN234 Umtshezi	-	-	-	-	-	-	-	-	-
B KZN235 Okhahlamba	-	-	-	-	-	-	-	-	-
B KZN236 Imbabazane	-	-	-	-	-	-	-	-	-
C DC23 Uthukela District Municipality	-	-	-	-	-	-	-	-	-
Total: Umzinyathi Municipalities	-	-	-	-	-	-	-	-	-
B KZN241 Endumeni	-	-	-	-	-	-	-	-	-
B KZN242 Nquthu	-	-	-	-	-	-	-	-	-
B KZN244 Msinga	-	-	-	-	-	-	-	-	-
B KZN245 Umvoti	-	-	-	-	-	-	-	-	-
C DC24 Umzinyathi District Municipality	-	-	-	-	-	-	-	-	-
Total: Amajuba Municipalities	-	-	-	-	-	-	-	-	-
B KZN252 Newcastle	-	-	-	-	-	-	-	-	-
B KZN253 eMadlangeni	-	-	-	-	-	-	-	-	-
B KZN254 Dannhauser	-	-	-	-	-	-	-	-	-
C DC25 Amajuba District Municipality	-	-	-	-	-	-	-	-	-
Total: Zululand Municipalities	19 661	596	-	-	-	-	-	-	-
B KZN261 eDumbe	-	-	-	-	-	-	-	-	-
B KZN262 uPhongolo	-	-	-	-	-	-	-	-	-
B KZN263 Abaqulusi	-	-	-	-	-	-	-	-	-
B KZN265 Nongoma	-	-	-	-	-	-	-	-	-
B KZN266 Ulundi	-	-	-	-	-	-	-	-	-
C DC26 Zululand District Municipality	19 661	596	-	-	-	-	-	-	-
Total: Umkhanyakude Municipalities	-	-	-	-	-	-	-	-	-
B KZN271 Umhlabuyalingana	-	-	-	-	-	-	-	-	-
B KZN272 Jozini	-	-	-	-	-	-	-	-	-
B KZN273 The Big 5 False Bay	-	-	-	-	-	-	-	-	-
B KZN274 Hlabisa	-	-	-	-	-	-	-	-	-
B KZN275 Mtubatuba	-	-	-	-	-	-	-	-	-
C DC27 Umkhanyakude District Municipality	-	-	-	-	-	-	-	-	-
Total: uThungulu Municipalities	7 777	-	-	-	-	-	-	-	-
B KZN281 Umfolozi	-	-	-	-	-	-	-	-	-
B KZN282 uMhlatuze	7 777	-	-	-	-	-	-	-	-
B KZN283 Ntambanana	-	-	-	-	-	-	-	-	-
B KZN284 uMalalazi	-	-	-	-	-	-	-	-	-
B KZN285 Mthonjaneni	-	-	-	-	-	-	-	-	-
B KZN286 Nkandla	-	-	-	-	-	-	-	-	-
C DC28 uThungulu District Municipality	-	-	-	-	-	-	-	-	-
Total: Ilembe Municipalities	-	-	-	-	-	-	-	-	-
B KZN291 Mandeni	-	-	-	-	-	-	-	-	-
B KZN292 KwaDukuza	-	-	-	-	-	-	-	-	-
B KZN293 Ndwedwe	-	-	-	-	-	-	-	-	-
B KZN294 Maphumulo	-	-	-	-	-	-	-	-	-
C DC29 Ilembe District Municipality	-	-	-	-	-	-	-	-	-
Total: Harry Gwala Municipalities	-	2 294	25 993	10 062	10 062	10 062	-	-	-
B KZN431 Ingwe	-	-	-	-	-	-	-	-	-
B KZN432 Kwa Sani	-	-	-	-	-	-	-	-	-
B KZN433 Greater Kokstad	-	2 294	25 993	10 062	10 062	10 062	-	-	-
B KZN434 Ubuhlebezwe	-	-	-	-	-	-	-	-	-
B KZN435 Umzimkhulu	-	-	-	-	-	-	-	-	-
C DC43 Harry Gwala District Municipality	-	-	-	-	-	-	-	-	-
Unallocated	-	-	-	233	-	-	-	-	-
Total	28 012	21 970	31 665	10 295	10 280	10 280	-	-	-

Table 6.1 : Financial summary for KwaZulu-Natal Gaming and Betting Board (KZNGBB)

R thousand	Audited outcome			Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Revenue							
Tax revenue	-	-	-	-	-	-	-
Non-tax revenue	14 410	17 410	26 639	23 991	25 455	22 745	22 875
Sale of goods and services other than capital assets	12 610	15 324	23 738	21 251	23 235	20 414	20 427
Interest, dividends and rent on land	1 727	2 086	2 901	2 740	2 220	2 331	2 448
Other non-tax revenue	73	-	-	-	-	-	-
Transfers received*	35 775	41 881	39 276	39 411	34 255	35 968	38 054
Sale of capital assets	-	409	7	-	-	-	-
Total revenue	50 185	59 700	65 922	63 402	59 710	58 713	60 929
Expenses							
Current expense	43 243	49 269	54 429	58 050	63 404	62 241	63 633
Compensation of employees	26 824	32 158	35 848	39 885	43 749	47 230	50 991
Use of goods and services	15 530	15 947	17 540	16 500	15 361	11 483	9 938
Depreciation	889	1 164	1 041	1 665	4 294	3 528	2 704
Transfers and subsidies	-	-	-	-	-	-	-
Total expenses	43 243	49 269	54 429	58 050	63 404	62 241	63 633
Surplus / (Deficit)**	6 942	10 431	11 493	5 352	(3 694)	(3 528)	(2 704)
Cash flow summary							
Adjust surplus / (deficit) for accrual transactions	434	(169)	141	1 434	4 294	3 528	2 704
Adjustments for:							
Depreciation	889	1 164	1 041	1 665	4 294	3 528	2 704
Net (profit) / loss on disposal of fixed assets	(73)	(409)	(7)	-	-	-	-
Other	(382)	(924)	(893)	(231)	-	-	-
Operating surplus / (deficit) before changes in working capital	7 376	10 262	11 634	6 786	600	-	-
Changes in working capital	549	5 433	6 319	1 453	1 660	1 013	1 144
(Decrease) / increase in accounts payable	869	5 803	5 938	26	1 468	942	1 076
Decrease / (increase) in accounts receivable	(320)	(415)	434	1 380	170	(3)	(9)
(Decrease) / increase in provisions	-	45	(53)	47	22	74	77
Cash flow from operating activities	7 925	15 695	17 953	8 239	2 260	1 013	1 144
Transfers from government	35 775	41 881	39 276	-	-	-	-
Capital	-	-	-	-	-	-	-
Current	35 775	41 881	39 276	-	-	-	-
Cash flow from investing activities	(218)	102	(440)	(3 119)	(6 300)	-	-
Acquisition of assets	(685)	(1 307)	(1 308)	(3 350)	(6 300)	-	-
Computer equipment	(517)	(1 127)	(369)	(3 250)	(600)	-	-
Furniture and office equipment	(69)	(115)	(29)	(100)	-	-	-
Computer software	(99)	(65)	(910)	-	(5 700)	-	-
Other flows from investing activities	467	1 409	868	231	-	-	-
Interest income	467	888	859	231	-	-	-
Proceeds from claims	-	521	9	-	-	-	-
Cash flow from financing activities	-	-	(20 800)	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	7 707	15 797	(3 287)	5 120	(4 040)	1 013	1 144
Balance sheet data							
Carrying value of assets	2 265	2 296	2 561	4 246	6 252	2 724	20
Computer equipment	940	1 380	1 177	3 356	2 102	784	-
Furniture and office equipment	511	430	336	293	150	40	20
Transport assets	350	249	148	47	-	-	-
Computer software	464	237	900	550	4 000	1 900	-
Investments	-	-	-	-	-	-	-
Cash and cash equivalents	41 778	57 575	54 287	59 407	55 368	56 381	57 525
Bank	41 777	57 573	54 283	59 403	55 364	56 377	57 521
Cash on hand	1	2	4	4	4	4	4
Receivables and prepayments	2 257	2 673	2 200	820	650	653	662
Trade receivables	31	176	155	165	178	205	236
Other receivables	338	307	497	450	472	448	426
Prepaid expenses	382	-	-	-	-	-	-
Accrued income	1 506	2 190	1 548	205	-	-	-
Inventory	-	-	-	-	-	-	-
Total assets	46 300	62 544	59 048	64 473	62 270	59 758	58 207
Capital and reserves	29 092	39 485	30 178	35 530	31 836	28 308	25 604
Share capital and premium	-	-	-	-	-	-	-
Accumulated reserves	20 906	29 092	39 485	30 178	35 530	31 836	28 308
Surplus / (Deficit)	6 942	10 431	11 493	5 352	(3 694)	(3 528)	(2 704)
Other	1 244	(38)	(20 800)	-	-	-	-
Borrowings	-	-	-	-	-	-	-
Post retirement benefits	-	-	-	-	-	-	-
Trade and other payables	3 880	3 545	3 269	3 295	3 553	3 224	2 966
Trade payables	1 073	9	54	745	820	901	991
Other	2 807	3 536	3 215	2 550	2 733	2 323	1 975
Deferred income	12 310	18 336	24 198	24 198	25 408	26 678	28 012
Provisions	1 018	1 178	1 403	1 450	1 473	1 548	1 625
Funds managed (e.g. Poverty alleviation fund)	-	-	-	-	-	-	-
Contingent liabilities	-	-	-	-	-	-	-
Total equity and liabilities	46 300	62 544	59 048	64 473	62 270	59 758	58 207

*Note: The transfer for 2015/16 includes an amount of R6.879m which was rolled over from 2014/15.

**Note: The surplus relates to the accounting treatment of capital expenses relating to the Business Process Re-engineering project.

Table 6.J : Personnel summary for KwaZulu-Natal Gaming and Betting Board (KZNGBB)

	Audited outcome			Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
A. Permanent and full-time-contract employees							
Personnel cost (R thousand)	26 824	32 158	35 848	39 885	43 749	47 230	50 991
Personnel numbers (head count)	71	70	71	77	77	77	77
Unit cost	378	459	505	518	568	613	662
B. Part-time and temporary contract employees							
Personnel cost (R thousand)	-	-	-	-	-	-	-
Personnel numbers (head count)	-	-	-	-	-	-	-
Unit cost	-	-	-	-	-	-	-
C. Interns							
Personnel cost (R thousand)	-	-	-	-	-	-	-
Personnel numbers (head count)	-	-	-	-	-	-	-
Unit cost	-	-	-	-	-	-	-
Total for entity							
Personnel cost (R thousand)	26 824	32 158	35 848	39 885	43 749	47 230	50 991
Personnel numbers (head count)	71	70	71	77	77	77	77
Unit cost	378	459	505	518	568	613	662
D. Learnerships							
Personnel cost (R thousand)	-	-	-	-	-	-	-
Personnel numbers (head count)	-	-	-	-	-	-	-
Unit cost	-	-	-	-	-	-	-
Details of personnel numbers according to salary level							
Salary level	Audited outcome			Revised Estimate	Medium-term Estimates		
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Board Members	9	9	9	9	9	9	9
Executive Management	1	1	-	1	1	1	1
Senior Management	4	4	6	6	6	6	6
Middle Management	10	10	11	11	11	11	11
Professionals	46	43	44	49	49	49	49
Semi-skilled	9	11	9	9	9	9	9
Very low skilled	1	1	1	1	1	1	1
Total	80	79	80	86	86	86	86