

VOTE 6

Provincial Treasury

Operational Budget	R 1 088 937 000
MEC remuneration	R 644 000
Total amount to be appropriated	R 1 089 581 000
Responsible MEC	Dr Z. L. Mkhize, Minister of Finance and Economic Development
Administering department	Provincial Treasury
Accounting officer	Senior General Manager: Financial Management

1. Overview

Vision

The vision of the department is: *We will help support and ensure that your Rand goes the extra mile.*

Mission

The Provincial Treasury pledges to provide the KwaZulu-Natal Provincial Government with efficient and effective public-finance management support, by adhering to the highest standards in financial management, and by developing and implementing optimal systems and processes.

Strategic objectives

The Provincial Treasury's high level strategic objectives are summarised as follows:

- To become more effective overall as an organisation, and to achieve the operational objectives outlined at a lower operating cost. The target is to achieve the operational objectives at 10 per cent less than the previous year's actual expenditure;
- To satisfy customer/client needs through expansion and improvement in the department's involvement with its clients, and to provide high quality services that will meet with the satisfaction of its clients;
- To be excellent in all internal processes through a 50 per cent improvement in the performance of the core functions of the department, by enhancing service delivery by developing ways of working in a faster, simpler, better and cheaper manner; and
- To create learning and growth opportunities by developing skills, maintaining high staff satisfaction, and retaining targeted individuals.

Core functions

The core functions of the department are listed below:

- The development, implementation and monitoring of fiscal and financial management and procurement policies for the KwaZulu-Natal Provincial Government;
- The allocation of provincial funds by means of budget preparation and implementation;
- The provision of treasury services to the KwaZulu-Natal Provincial Government;
- The maintaining and supporting of provincial financial management systems;

- The management of the provincial revenue fund;
- The management and control of provincial financial management and procurement systems; and
- The provision of internal audit and risk management services to the KwaZulu-Natal Provincial Government.

Legislative mandate

- Public Finance Management Act, Act 1 of 1999, as amended
- Municipal Finance Management Act, Act 56 of 2003
- Treasury Regulations
- Public Service Act and Regulations
- Constitution Act, Act 108 of 1996
- Labour Relations Act, Act 66 of 1995,
- KwaZulu-Natal Internal Audit Act
- Criminal Procedures Act
- National Prosecuting Act
- Promotion of Access to Information Act
- KwaZulu-Natal Procurement Act, Act 3 of 2001 and Regulations
- Bill of Exchange, Act 34 of 1964, as amended
- Income Tax Act, Act 58 of 1962
- Banking Act
- Division of Revenue Act
- Appropriation Act
- Adjustments Appropriation Act
- Provincial Tax Regulation Process Act, Act 53 of 2001
- Provincial Borrowing Powers Act
- Intergovernmental Fiscal Relations Act, Act 97 of 1997

Challenges and developments

In January 2004, the National Treasury issued regulations in terms of the PFMA, providing a framework for the introduction of a Supply Chain Management System (SCM) in the public sector. The implementation of SCM in the province presents a challenge to the department, because it entails a thorough revision of existing procurement systems and legislation, as well as an overhaul of the partially implemented Provisioning Administration System. In addition, it necessitates the restructuring of the traditional procurement and provisioning offices in all provincial departments, as well as the retraining of procurement officials.

The province recently concluded a contract to the value of R50 million to, firstly, provide an integrated asset management software solution and, secondly, to assist the province in identifying and recording all movable assets of the province. The main challenge of this mammoth task is in respect of the extensive logistical arrangements, because more than 8,000 sites must be visited by more than 240 teams. To succeed in this exercise, the department is reliant on the commitment of all provincial departments, at all levels.

The department is in the final stages of awarding a contract for the provision of a performance based budgeting system, to ensure implementation of a broad development strategy and business plan for the KwaZulu-Natal Provincial Administration.

The shortage of skills, expertise and experience is still a major challenge facing the Risk Management unit. The demands of clients and the environment in which the unit operates are such that skills are required in areas such as governance, strategy development and management, financial management and reporting, information technology, and project management. Although training and development will continue to be a primary focus of this unit in the coming year, the unit will manage this challenge in the short term by way of external reliance, coupled with intelligent recruitment. The unit is also driving an exchange programme,

through National Treasury, with the Internal Audit units of the Australian and Canadian Governments. This initiative is not only aimed at improving the skills and knowledge base of staff, but also at gaining exposure to best practises in order to improve the department's internal business processes.

One of the major challenges facing the Municipal Finance unit within the Budget Office is to adequately capacitate municipalities to effectively implement the budgetary reforms encapsulated in the Municipal Finance Management Act (MFMA). This is especially true, given the large number of municipalities in the province, and will certainly extend the scope of the Budget Office's responsibilities in forthcoming years.

Another important development is the establishment of centralised provincial funds to be managed by the Provincial Treasury, namely the Provincial Growth Fund (PGF), the Poverty Alleviation Fund (PAF), and the SMME Fund. The broad intention behind these funds is to give the government the means and flexibility to deliver measurable and visible results in terms of employment creation and poverty alleviation.

The Provincial Growth Fund (PGF) will be utilised for dedicated project investment purposes aimed at stimulating economic growth and employment creation, by providing seed capital for further private sector investment. The PGF will be targeted at big infrastructure projects that have a broad economic impact, and yield a direct long-term financial return for government.

On the other hand, the Poverty Alleviation Fund (PAF) is aimed at the second economy, and will address issues of income poverty, past racial discrimination and spatial disparities in the provision of goods, services and infrastructure. The PAF will address the provision of community infrastructure, as well as food security and economic empowerment at the subsistence business level. The latter projects will be organised along the lines of co-operatives, with priority given to income generating projects, particularly in the agricultural, agri-business and tourism sectors, and economic and social infrastructure projects.

In respect of the SMME Fund, the Ithala Finance Development Corporation has committed itself to matching the provincial government's contribution to this fund on a rand for rand basis. The lending initiatives of this fund will be aligned to the PGDS, focussing on growth sectors in the provincial economy. Training and skills development programmes will be developed to help mitigate the risk, and all funding will be directed to BEE deals only, with the focus on reviving township and village economies through the establishment of village markets, craft markets, etc.

2. Review of the current financial year – 2004/05

One of the main challenges facing the Budget Office in 2004/05 was the uncertain role that the Provincial Treasury would have in municipal finances. It was anticipated that the Provincial Treasury would be responsible for the monitoring, evaluation and reporting on the state of municipal finances in the province, which would require the sourcing of relevant skills. During the year, a dedicated Municipal Finance unit was established within the Budget Office. Existing personnel underwent extensive training in order to acquaint themselves with the dynamics of municipal budgetary processes. The year ended on a high note for the newly formed unit, with the successful completion of 10 workshops with the different districts in the province. These workshops covered topics such as MFMA implementation plans, budget planning and preparation, and financial reporting obligations in terms of the MFMA.

Another new unit was established in the Budget Office during the year, namely the Statistical Information and Planning unit. The aim of the unit is to provide the management of the Provincial Treasury with a sound and operational statistical information system, to facilitate decision-making in the budget planning and allocation process. During 2004/05, the unit compiled the KwaZulu-Natal Estimates of the GDP, which can be viewed on the KZN Treasury website. The unit also produced draft socio-economic and economic profiles for the province, as well as a regional economic analysis using Supply and Use tables.

As mentioned, the Provincial Treasury provided support to provincial departments in respect of the implementation strategy for Supply Chain Management (SCM). The SCM legislation has had a significant impact on provincial departments, and required the Provincial Treasury's role to change significantly, from one of reviewing tenders, to one of monitoring and providing expertise and advice. Together with SAMDI,

senior officials in different departments were trained in all aspects of SCM, to ensure that departments are appropriately equipped for this task. With the implementation of the SCM, the supplier's database software had to be updated, meaning that all suppliers had to re-register by 28 February 2005.

The department completed the installation of the Asset Management System (Hardcat) within the Provincial Treasury and Greys Hospital. It is planned that seven of the smaller provincial departments will go live by the end of March, 2005.

The department successfully completed the migration from the Financial Management System to the Basic Accounting System (BAS), when the two largest provincial departments, namely Health and Education, went live on 1 April, 2004. Two newly created provincial departments, namely Sport and Recreation, and Arts, Culture and Tourism, also went live on BAS as from 1 December, 2004.

The Internal Audit unit initiated various meetings with provincial departments and public entities during the initial phase of revising the three-year rolling audit plan. The aim is to allow Accounting Officers to participate in prioritising the annual audit plan, which was approved by the Audit Committee.

During the year, the Internal Audit unit co-ordinated and facilitated eighty (80) workshops to create awareness of fraud, and to advocate good corporate governance. Risk Assessments were completed and fraud prevention plans developed for two public entities, on request. Furthermore, the unit received twenty (20) requests from various provincial departments, public entities and municipalities, for investigation of allegations of fraud, corruption, mismanagement of public funds, sexual harassment and other irregularities. The cases investigated and completed in the first 9 months of 2004/05 totalled approximately R54 million.

The Infrastructure unit assisted departments in producing infrastructure plans, aimed at reducing the likelihood of under-spending, the benefits of which should become apparent in the new financial year. In addition, three potential Public Private Partnership (PPP) projects are currently under consideration. Firstly, the Department of Health is investigating the outsourcing of soft facilities management services in all of its institutions. The department has obtained Treasury Approval 1 under the PPP regulations from National Treasury, and it is envisaged that the project closure will take place in 2005/06. Secondly, the Department of Transport is investigating the outsourcing of Plant Hire Management Services, and will be in a position to submit its feasibility study to National Treasury before the end of 2004/05. Thirdly, the Provincial Treasury and the Department of Economic Development are continuing to investigate the Dube TradePort.

3. Outlook for the coming financial year – 2005/06

In the coming year, it is envisaged that significant improvements will be made in the availability of information, with the implementation of sophisticated asset management and acquisition systems. This will facilitate departments' implementation of asset and supply chain management.

It is anticipated that the Performance Based Budgeting System (PBBS) contract will be awarded in 2005/06, and implementation will commence in earnest in two pilot sites, namely the Provincial Treasury and the Department of Health. The major outputs expected from the PBBS will be:

- A thorough re-assessment of the baseline budgets of all provincial departments as the first step to ensuring the integrity of the departmental budget allocations;
- The implementation of an on-line real-time PBBS throughout the provincial administration, geared to measure service delivery performance and outputs against allocated budgets; and
- The capacitating of Accounting Officers, Chief Financial Officers and all officials tasked with financial management responsibilities.

The roll-out of the Municipal Finance Management Act (MFMA) will, among others, require the Provincial Treasury to monitor, evaluate and report on the state of municipal finances within the province. This will mean that the size of the Budget Office is likely to increase substantially in the coming year, due to the need to appoint new personnel in the Municipal Finance unit.

In 2005/06, the Internal Audit unit will shift its focus from an internal audit function that is process driven, to one that focuses on service delivery. The emphasis will be on the extent of delivery, against goals which

have an attached budget. Furthermore, in order to improve the effectiveness and quality of the internal audit function within the province, the Internal Audit unit will engage the Institute of Internal Auditors, which is a body that regulates the functioning of internal audits worldwide. The biggest challenge for the unit is to obtain full compliance with the Professional Standards for the Institute of Internal Auditors.

The Infrastructure unit, together with the National Treasury, is looking at turning the Infrastructure Development Improvement Programme (IDIP) into an Infrastructure Management Framework in the new financial year. Demand scheduling and the Provincial Statement of Infrastructure Needs (PSIN) are crucial for the successful implementation of infrastructure projects in the province.

The Provincial Treasury is in the process of finalising the poverty alleviation framework and model to measure the relative per capita income disparities between various regions in the province. This framework will be utilised by the Provincial Treasury to give assistance in identifying and allocating resources, specifically with regard to the Poverty alleviation Fund.

4. Receipts and financing

4.1 Summary of receipts and financing

The budget allocation of the Provincial Treasury comprises two distinct elements, one being the operational budget for performing the treasury function, and the other being the budget allocation for the three centralised provincial funds. These two elements are clearly illustrated in the table below, and further details of the centralised funds are given under Programme 5: Centralised Provincial Fund.

Departmental receipts (R000)	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Operational budget	104,668	144,033	147,667	262,021	189,581	200,755	210,793
Centralised Provincial Fund	37,000	273,598		432,000	900,000	1,150,000	1,552,500
Total: Provincial Treasury	141,668	417,631	147,667	694,021	1,089,581	1,350,755	1,763,293

Table 6.1 below shows the sources of funding used for Vote 6 over the seven-year period from 2001/02 to 2007/08. The table also compares actual and budgeted receipts against actual and budgeted payments.

As is evident from the table, the department has consistently recorded a surplus in the historic years, leading to a roll-over of funds to ensuing financial years. The projected outcome for 2004/05 reflects that the department will, for the first time in recent years, close the financial year with a small deficit.

Table 6.1: Summary of receipts and financing

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates			
	Audited	Audited	Audited				2004/05	2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04							
Provincial allocation	141,668	417,631	147,667	706,983	591,983	591,983	1,089,581	1,350,755	1,763,293	
Conditional grants	-	-	-	-	-	-	-	-	-	
Total	141,668	417,631	147,667	706,983	591,983	591,983	1,089,581	1,350,755	1,763,293	
Total payments	92,377	105,790	145,972	706,983	694,021	696,254	1,089,581	1,350,755	1,763,293	
Surplus/(Deficit) before financing	49,291	311,841	1,695	-	(102,038)	(104,271)	-	-	-	
Financing										
of which										
Provincial roll-overs	3,127	5,473	42,782	-	24,000	24,000	-	-	-	
Provincial cash resources	39	1,000	-	-	78,038	78,038	-	-	-	
Surplus/(deficit) after financing	52,457	318,314	44,477	-	-	(2,233)	-	-	-	

4.2 Departmental receipts collection

Table 6.2 gives a summary of the receipts the department is responsible for collecting. The details are presented in the *Annexure to Vote 6 – Provincial Treasury*.

The department generates interest revenue through the management of the Provincial Revenue Fund, in the form of short- and medium-term investments. As illustrated in Table 6.2 below, the interest received by the department shows an initial increase from 2001/02 to 2002/03, with a substantial decreasing trend from 2002/03 to 2005/06. Thereafter, a gradual increase is projected over the MTEF period. This fluctuation is directly linked to the amount of cash on hand for investment purposes. Furthermore, a change in interest rates is also a contributing factor in the revenue to be generated.

Two additional sources of revenue accruing to the department are linked to automatic transactions taking place, which this department was responsible for managing up until 1 April 2004. These two revenue sources are, firstly, the commission earned on payroll deductions paid over on behalf of the province to the relevant third parties, and secondly, the writing back of un-presented cheques. This function is now performed by each department, and the revenue generated is reflected under the relevant department. The nature of both of these revenue sources is such that the estimation thereof is reliant on third parties. In 2005/06, these figures should stabilise over the MTEF period.

Table 6.2: Details of departmental receipts

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2004/05	2005/06	2006/07
Tax receipts	-	-	-	-	-	-	-	-	-
Non-tax receipts	270,028	330,066	233,379	160,711	160,711	145,309	120,073	126,077	132,381
Sale of goods and services other than capital assets	32,762	28,268	18,953	13,335	13,335	88	73	77	81
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-
Interest, dividends and rent on land	237,266	301,798	214,426	147,376	147,376	145,221	120,000	126,000	132,300
Transfers received	-	-	-	-	-	-	-	-	-
Sales of capital assets	-	-	-	-	-	33	-	-	-
Financial transactions	-	-	-	-	-	16,559	-	-	-
Total	270,028	330,066	233,379	160,711	160,711	161,901	120,073	126,077	132,381

5. Payment summary

This section summarises the expenditure and budgeted estimates for the vote in terms of programmes and economic classification, details of which are given in the *Annexure to Vote 6 – Provincial Treasury*.

5.1 Programme summary

Table 6.3 provides a summary of the vote's expenditure and budgeted estimates by programmes, from 2001/02 to 2004/05 and over the new MTEF period. The programme structure of this department has changed with effect from 2005/06, to comply with the generic structure for Provincial Treasuries, as well as the new organisational structure of the department. In view of this revision, sub-programmes have moved between programmes, and the services rendered by the department are now categorised according to five programmes, namely Administration, Resource Management, Financial Management, Internal Audit and Centralised Provincial Fund. The historical data has been adjusted to fall in line with the 2005/06 budget programmes, in order to facilitate comparison.

The expenditure trends for the seven-year period for the operational budget (Programmes 1 to 4) are generally in line with inflation. The peak in expenditure in 2004/05 is attributable to once-off funding in respect of the forensic audit in social security grants, as well as the acquisition of the Asset Management System. The expenditure stabilises from 2005/06 onwards.

Table 6.3: Summary of payments and estimates by programme

Table 6.9: Summary of payments and estimates by programme									
R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2004/05	2005/06	2006/07
	1. Administration	27,877	28,377	32,412	28,296	31,296	33,898	37,429	50,097
2. Resource Management	3,804	5,310	11,428	16,838	12,938	12,891	23,454	24,646	25,857
3. Financial Management	40,723	46,958	77,123	79,493	112,883	114,154	91,511	86,147	90,131
4. Internal Audit	19,973	25,145	25,009	32,356	104,904	103,311	37,187	39,865	41,893
5. Centralised Provincial Fund	-	-	-	550,000	432,000	432,000	900,000	1,150,000	1,552,500
Total	92,377	105,790	145,972	706,983	694,021	696,254	1,089,581	1,350,755	1,763,293

Note: Programme 1 includes MEC remuneration payable as from 1 April 2004 Salary: R514,537. Car allowance: R128,634

5.2 Summary of economic classification

A summary of expenditure and budgeted estimates per economic classification is given in Table 6.4 below. The category *Compensation of employees* shows a consistent increase over the seven-year period from 2001/02 to 2007/08. The appointment of additional staff members from 2002/03 onwards, specifically at management level and with specialised skills, contributes directly to the increase in personnel costs.

Goods and services reflect significant fluctuations over the reporting period. Apart from including the allocations in respect of the three provincial funds, *Goods and services* is made up primarily of consultant fees. This is accounted for by the fact that there are many projects, such as the Asset Management System, Supply Chain Management and Performance Based Budgeting System, which the department is currently embarking on, which require expertise that is not available within the department. Several projects of a similar nature have been undertaken in the past, such as BAS implementation costs, hence the high spending in prior years. The remaining current expenditure is made up of administration costs and the recurrent costs of BAS.

The peak in *Payments for capital assets* in 2004/05 is due to the acquisition of software related to the implementation of the Asset Management System.

Table 6.4: Summary of payments and estimates by economic classification

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2005/06	2006/07	2007/08
					2004/05				
Current payments	89,858	101,665	141,710	703,588	677,396	674,975	1,084,433	1,348,046	1,760,531
Compensation of employees	32,971	37,558	44,068	54,750	54,812	50,927	80,551	84,323	88,135
Goods and services	56,887	64,107	97,642	645,963	622,584	624,048	1,003,882	1,263,723	1,672,396
Other	-	-	-	2,875	-	-	-	-	-
Transfers and subsidies to:	66	72	95	189	800	988	113	117	126
Local government	52	68	95	138	145	157	83	88	90
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	583	779	-	-	-
Other	14	4	-	51	72	52	30	29	36
Payments for capital assets	2,453	4,053	4,167	3,206	15,825	20,291	5,035	2,592	2,636
Buildings and other fixed structures	-	-	-	58	-	-	-	-	-
Machinery and equipment	2,442	3,622	4,139	3,148	2,276	3,355	3,851	2,011	2,026
Other	11	431	28	-	13,549	16,936	1,184	581	610
Total	92,377	105,790	145,972	706,983	694,021	696,254	1,089,581	1,350,755	1,763,293

5.3 Transfers to local government

Table 6.5 below indicates transfers to local government per category. The only transfer that the department makes is in respect of the Regional Service Council Levy. Details of the transfers per municipality are given in *Annexure to Vote 6 – Provincial Treasury*.

Table 6.5: Summary of departmental transfers to local government by category

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2005/06	2006/07	2007/08
					2004/05				
Category A	-	-	-	-	-	-	-	-	-
Category B	-	-	-	-	-	-	-	-	-
Category C	52	68	95	138	145	157	83	88	90
Unallocated/unclassified	-	-	-	-	-	-	-	-	-
Total	52	68	95	138	145	157	83	88	90

6. Programme description

The services rendered by this department are categorised under 5 programmes, which are discussed below. The expenditure and budgeted estimates for each programme are summarised in terms of sub-programmes and economic classification, details of which are given in *Annexure to Vote 6 – Provincial Treasury*.

6.1 Programme 1: Administration

This programme consists of five sub-programmes, namely Office of the MEC, Head of the Department, Chief Financial Office, Human Resource Management and Corporate Services. The purpose of this programme is to render support services to the Minister, provide human resource management, financial management support, legal advice to the department, and corporate services. The main services are as follows:

- To provide support to the Minister;
- To manage the communication services and public relations of the department;
- To render support and give advice in terms of human resource practices and labour relations;
- To ensure the proper implementation of the human resource plan, legislative and labour relation practices;
- To focus on capacity building, skills development, etc. in accordance with the Skills Development Act;
- To manage and mitigate legal risks that might face the department;
- To provide support to the Minister;
- To provide a comprehensive financial management service to the department; and
- To provide a corporate support service to the department, including archive/registry support, building management, vehicle fleet and departmental provisioning.

Tables 6.6 and 6.7 below provide a summary of payments and budgeted estimates pertaining to the programme over the seven year period from 2001/02 to 2007/08.

The expenditure pattern for the sub-programme: Office of the MEC was fairly constant until 2003/04. From 2004/05 onwards, there is a marked increase in estimated expenditure due to the change in mandate of the political head, in terms of the structure and ensuring service delivery.

The Head of the Department sub-programme was created in 2002/03, to cater for the overall management of the Provincial Treasury. The increase in 2003/04 is due to the payment of outsourced research studies, which were previously provided for under Programme 2. The 2004/05 allocation includes expenditure in respect of the implementation of the Provincial Balanced Score Card System.

The Chief Financial Office (CFO) component was realigned to the core functions of the department. As a result, specific functions, including transport and stationary, were transferred to the sub-programme: Corporate Services during 2002/03. This accounts for the reduction in the budget from 2003/04 onwards. Furthermore, the CFO component was responsible for the costs of the Financial Management Improvement Programme (FinMIP), a provincial project, during 2001/02.

The Human Resource Management sub-programme, which has been streamlined to deal with personnel issues only, shows a fairly constant trend.

The Corporate Services sub-programme was created in November 2002, in line with the realignment of functions. Specific areas of improvement were identified in terms of office automation, printing utilities and fleet management, which required an initial outlay of capital in 2003/04, hence the associated increase in capital spending in 2003/04. These areas of improvement will continue over the MTEF period.

Table 6.6: Summary of payments and estimates - Programme 1: Administration

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates			
	Audited	Audited	Audited				2004/05	2005/06	2006/07	2007/08
	2001/02	2002/03	2003/04							
Office of the MEC	2,268	2,230	2,222	2,433	5,433	5,973	8,741	14,414	15,115	
Head of the Department	-	1,911	8,549	5,565	5,565	5,158	4,192	6,165	5,743	
Chief Financial Office	20,270	16,924	6,619	7,240	7,240	7,130	7,477	13,068	14,950	
Human Resource Management	5,339	3,878	4,079	4,063	4,063	3,746	4,928	4,644	4,944	
Corporate Services	-	3,434	10,943	8,995	8,995	11,891	12,091	11,806	12,160	
Total	27,877	28,377	32,412	28,296	31,296	33,898	37,429	50,097	52,912	

Table 6.7: Summary of payments and estimates by economic classification - Programme 1: Administration

R000	Outcome			Main budget	Estimated actual	Medium-term estimates			
	Audited	Audited	Audited			2005/06	2006/07	2007/08	
	2001/02	2002/03	2003/04						
				2004/05					
Current payments	26,880	27,032	29,947	27,543	29,961	31,403	35,411	49,253	51,973
Compensation of employees	9,905	10,590	10,702	12,397	13,427	12,310	20,224	21,236	22,376
Goods and services	16,975	16,442	19,245	12,271	16,534	19,093	15,187	28,017	29,597
Other	-	-	-	2,875	-	-	-	-	-
Transfers and subsidies to:	4	10	15	47	527	530	32	32	36
Local government	4	10	15	43	43	42	30	29	27
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	480	480	-	-	-
Other	-	-	-	4	4	8	2	3	9
Payments for capital assets	993	1,335	2,450	706	808	1,965	1,986	812	903
Buildings and other fixed structures	-	-	-	58	-	-	-	-	-
Machinery and equipment	993	1,335	2,450	648	788	1,965	1,976	802	893
Other	-	-	-	-	20	-	10	10	10
Total	27,877	28,377	32,412	28,296	31,296	33,898	37,429	50,097	52,912

6.2 Programme 2: Resource Management

This programme consists of five sub-programmes, namely Programme Support, Macro-economic Analysis, Fiscal Policy, Budget Management and Public Finance.

The main aim of this 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 determine and evaluate economic parameters and socio-economic imperatives within a provincial, local and national macro-economic context;
- To promote effective and optimal financial resource allocation for provincial and local government;
- To ensure optimal and sustainable revenue generation and collection by provincial departments and municipalities; and
- To ensure efficient budget management and accurate financial reporting for provincial and local government.

In line with the generic programme structure, four new sub-programmes have been created with effect from 2005/06. In previous years, all related functions formed part of the Budget Management sub-programme. Although these functions are reflected as separate sub-programmes from 2005/06 onwards, it is not possible to allocate the past expenditure accordingly, hence the actual expenditure for prior years is still reflected against the one sub-programme.

Tables 6.8 and 6.9 below provide a summary of payments and budgeted estimates pertaining to Programme 2 for the period 2001/02 to 2007/08.

The categories *Compensation of employees* and *Other current* expenditure indicate a marked increase from 2003/04 onwards. The Budget Office expanded substantially in size in 2003/04, in line with its aim to ensure sufficient and varied expertise to be able to render professional advice to its clients. The increase in 2003/04 and in the outer years caters for the establishment of several new units in the Budget Office, namely the Revenue Management unit, Statistical Information and Planning unit, and the Municipal Finance unit.

As mentioned already, the passing of the MFMA has transferred additional responsibilities onto the Provincial Treasury, such as the monitoring, evaluation and reporting on the state of municipal finances in the province. This has been taken into account in the provision of resources under the Budget Management sub-programme over the MTEF period.

Table 6.8: Summary of payments and estimates - Programme 2: Resource Management

	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2005/06	2006/07	2007/08
R000									
Programme Support	-	-	-	-	-	-	1,683	1,887	1,944
Macro-economic Analysis	-	-	-	-	-	-	1,834	1,926	2,027
Fiscal Policy	-	-	-	-	-	-	2,727	2,928	3,135
Budget Management	3,804	5,310	11,428	16,838	12,938	12,891	13,794	14,317	14,981
Public Finance (Resource Acquisition)	-	-	-	-	-	-	3,416	3,588	3,770
Total	3,804	5,310	11,428	16,838	12,938	12,891	23,454	24,646	25,857

Table 6.9: Summary of payments and estimates by economic classification - Programme 2: Resource Management

	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2005/06	2006/07	2007/08
R000									
Current payments	3,595	5,068	11,082	16,562	12,662	12,615	22,244	24,430	25,515
Compensation of employees	3,062	3,956	6,100	9,524	7,524	7,524	15,676	16,459	17,282
Goods and services	533	1,112	4,982	7,038	5,138	5,091	6,568	7,971	8,233
Other	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	6	8	15	31	31	31	41	44	46
Local government	6	8	15	24	24	24	41	44	46
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Other	-	-	-	7	7	7	-	-	-
Payments for capital assets	203	234	331	245	245	245	1,169	172	296
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	203	234	331	245	245	245	1,169	172	296
Other	-	-	-	-	-	-	-	-	-
Total	3,804	5,310	11,428	16,838	12,938	12,891	23,454	24,646	25,857

Service delivery measures

Table 6.10 below illustrates the service delivery measures pertaining to Programme 2.

Table 6.10: Service delivery measures – Programme 2: Budget and Resource Management

Output type	Performance measures	Performance targets	
		2004/05 Estimated Actual	2005/06 Estimate
Provincial Budgets			
1. Manage the formulation, execution and monitoring of Main and Adjustment Budgets	To produce Main and Adjustments Budgets and appropriation bills complete, error free & on time	On time	Comply with timeously
2. Ensure compliance to national policies, legislation, regulations and delegations	To produce early warning reports complete, error free and on time	In-Year-Monitoring: Monthly	Comply with monthly
3. Manage research on fiscal and financial issues	To produce relevant and on time reports	Discontinued	
4. Formulate financial, fiscal infrastructure, etc. policies	To produce accurate, on time reports and memoranda	Complied with	Comply with
5. Provide advice on compliance to national and provincial policies, legislation, regulations, etc to HOD and Minister	To produce budget guidelines, approval letters, etc. complete, error free and on time	Complied with	Comply with
6. Provide guidance & grant approvals (within delegated limits) to departments on financial & infrastructure matters	To produce accurate, on time reports and memoranda	Complied with	Comply with

6.3 Programme 3: Financial Management

This programme consists of four sub-programmes, namely Supporting and Interlinked Financial Systems, Assets and Liability Management and Supply Chain Management (SCM), Accounting Services, and Norms and Standards. The purpose of this programme is to ensure effective and efficient management of physical

and financial assets and liabilities for provincial and local government, and to provide the provincial Accountant-General function. The main services undertaken by this programme are as follows:

- To ensure the effective and efficient management of assets, and to elicit the effective and efficient implementation of PPP projects;
- To realise the effective and efficient acquisition of goods and services for provincial government to secure sound supply chain management for local government;
- To see to the development and maintenance of financial systems for provincial and 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 gives a full and true reflection of the financial position of the province and municipalities as prescribed, inclusive of the accounting responsibilities related to the provincial revenue fund and paymaster-general account; and
- To develop and implement financial and associated governance norms and standards to enhance performance-orientated financial results and accountability within provincial departments and municipalities, as prescribed.

Tables 6.11 and 6.12 provide a summary of payments and budgeted estimates pertaining to Programme 3. With regard to the Supporting and Interlinked Financial Systems sub-programme, the sharp increase in 2003/04 is due to the migration from FMS to BAS. The ongoing system and data processing costs for BAS are being carried by the Provincial Treasury on behalf of all departments. The MTEF allocations also fluctuate as a result of proposed IT and IS solutions, such as the e-Procurement system.

The sharp increase in expenditure against the Asset and Liability Management and SCM sub-programme in 2004/05, is largely due to the implementation of the Asset Management System. Furthermore, recent procurement reforms and legislation, especially Supply Chain Management, have necessitated a stronger support base in respect of both personnel and infrastructure, including the need for suitably qualified advisors, an electronic procurement system and tender advice centers. Again, this resulted in increasing *Compensation of employee* costs and other associated current costs.

Two new sub-programmes have been created with effect from 2005/06, namely Accounting Services and Norms and Standards. At this stage, the MTEF allocations only provide for the *Compensation of employees* for these two newly created units.

Table 6.11: Summary of payments and estimates - Programme 3: Financial Management

	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2005/06	2006/07	2007/08
R000									
Supporting & Interlinked Financial Systems	22,922	28,610	49,834	49,444	55,844	52,909	48,981	51,375	53,900
Asset & Liability Management and SCM	17,801	18,348	27,289	30,049	57,039	61,245	39,530	31,592	32,892
Accounting Services	-	-	-	-	-	-	1,500	1,600	1,739
Norms and Standards	-	-	-	-	-	-	1,500	1,580	1,600
Total	40,723	46,958	77,123	79,493	112,883	114,154	91,511	86,147	90,131

Table 6.12: Summary of payments and estimates by economic classification - Programme 3: Financial Management

	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2005/06	2006/07	2007/08
R000									
Current payments	40,083	45,794	76,375	78,199	99,299	97,266	90,188	85,282	89,222
Compensation of employees	13,059	13,809	14,952	18,389	17,673	15,150	25,673	26,929	28,047
Goods and services	27,024	31,985	61,423	59,810	81,626	82,116	64,515	58,353	61,175
Other	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	22	24	30	55	55	50	22	22	24
Local government	22	24	30	31	35	43	7	10	11
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Other	-	-	-	24	20	7	15	12	13
Payments for capital assets	618	1,140	718	1,239	13,529	16,838	1,301	843	885
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	607	1,140	690	1,239	-	182	676	272	285
Other	11	-	28	-	13,529	16,656	625	571	600
Total	40,723	46,958	77,123	79,493	112,883	114,154	91,511	86,147	90,131

Service delivery measures

Table 6.13 below illustrates the main service delivery measures for Programme 3.

Table 6.13: Service delivery measures – Programme 3: Financial Management

Output type	Performance measures	Performance targets	
		2004/05 Est. Actual	2005/06 Estimate
1. To provide user support on provincial systems	Response time	12 hours	10 hours
2. To implement accounting standards dev. by ASB	<ul style="list-style-type: none"> No. of GRAP standards documents reviewed No. of practice notes published 	5	5
3. To implement appropriate asset management system in line with provincial policy	<ul style="list-style-type: none"> Timeliness Relevance 	7 departments completed 31 March 2005	All departments by 30 July 2005
4. Decentralisation of PAYE	No. of departments administering PAYE independently	-	All departments by 31 March 2006
5. Financial Management training at Provincial level.	<ul style="list-style-type: none"> No. of people trained Relevance of training material - feedback 	-	40% operational, 25% management 80% scoring
6. Implementation of SCM solutions: Electronic Quotation System and Stock Module	<ul style="list-style-type: none"> Project plan Fully functional system Trained officials Guiding policy 	-	31 March 2005 Pilot 30 June 2005
7. Establish Public-Private-Partnership Unit to support infrastructure services provision.	A well-functioning PPP unit	Improve planning process - ongoing	Comply with timeously
8. Manage the preparation, execution and monitoring of provincial infrastructure plan.	To produce accurate, on time reports and memorandum	31 March 2004 - National Treasury deadline	Improvement process for MTEF 2005/06.

6.4 Programme 4: Internal Audit

This programme consists of two sub-programmes, namely Assurance Services and Risk Management. The main purpose is to ensure effective, efficient and sound systems of internal control, risk management and governance within the provincial administration and public entities. The services rendered are as follows:

- To conduct risk assessments on behalf of the Accounting Officers and Chief Executive Officers of provincial departments and public entities, and develop comprehensive risk profiles and recommended improvements on significant risk exposures for each client;
- To review accounting and management processes and systems of internal controls in terms of the efficiency and effectiveness of their design and operation, and provide recommendations for improvement;
- To develop and facilitate the implementation of fraud prevention strategies, as well as monitor them;
- To provide training and development programmes on areas of risk management, strategy development and management, project management, design and improvement of systems of internal controls, financial management and reporting, leadership, internal audit process, forensic investigations, governance, etc;
- To provide a consulting function as per requests by relevant MEC's and Heads of Departments;
- To conduct special reviews on computerised systems and performance.

With regard to Internal Audit, the expected level of service delivery dictates the resource requirements. The guiding factors are legislative obligations, as well as the impact of current trends. For example, work traditionally done by the SAPS / Scorpions is increasingly being dealt with by the Internal Audit unit.

Tables 6.14 and 6.15 below provide a summary of payments and budgeted estimates pertaining to this programme.

The Internal Audit component has grown substantially in size and capacity over the past few years, and this trend is likely to continue in terms of its legislated responsibilities. Such growth is reflected in the steady

increase in the budget allocation over the MTEF period. The categories *Compensation of employees* and *Goods and services* (subsistence and travel costs) show a marked increase over the years, in the line with the growth in size on the Internal Audit unit.

A large portion of *Goods and services* expenditure is made up of consulting fees, because of the need to source additional resources on a temporary basis, in order to provide the required level of service.

The high expenditure during 2004/05 is as a result of the once-off forensic audit undertaken of the social security grants in the Department of Social Welfare and Population Development.

Table 6.14: Summary of payments and estimates - Programme 4: Internal Audit

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2005/06	2006/07	2007/08
					2004/05				
Assurance Services	17,133	18,555	15,558	23,177	16,702	15,650	24,647	26,769	28,107
Risk Management	2,840	6,590	9,451	9,179	88,202	87,661	12,540	13,096	13,786
Total	19,973	25,145	25,009	32,356	104,904	103,311	37,187	39,865	41,893

Table 6.15: Summary of payments and estimates by economic classification - Programme 4: Internal Audit

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2005/06	2006/07	2007/08
					2004/05				
Current payments	19,300	23,771	24,306	31,284	103,474	101,691	36,590	39,081	41,321
Compensation of employees	6,945	9,203	12,314	14,440	16,188	15,943	18,978	19,699	20,430
Goods and services	12,355	14,568	11,992	16,844	87,286	85,748	17,612	19,382	20,891
Other	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	34	30	35	56	187	377	18	19	20
Local government	20	26	35	40	43	48	5	5	6
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	103	299	-	-	-
Other	14	4	-	16	41	30	13	14	14
Payments for capital assets	639	1,344	668	1,016	1,243	1,243	579	765	552
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	639	913	668	1,016	1,243	963	30	765	552
Other	-	431	-	-	-	280	549	-	-
Total	19,973	25,145	25,009	32,356	104,904	103,311	37,187	39,865	41,893

Service delivery measures

Table 6.16 reflects the main service delivery measures pertaining to Programme 4.

Table 6.16: Service delivery measures – Programme 4: Internal Audit

Output type	Performance measures	Performance targets	
		2004/05 Est. Actual	2005/06 Estimate
1. Assurance about the design and operation of systems of internal control and processes	Number of audit assignments completed and reports issued as per the annual plan	59	97
2. Detect and investigate incidents of fraud and corruption, etc	Number of forensic investigation assignments completed and reports against requests from clients, whistler-blowers and internal auditors	42	Based on request
3. Prepare articles for publication in the Institute of Internal Auditors Advisor magazine	Number of articles published in Internal Auditors Advisor magazine per annum	5	10
4. Internal Audit Magazines	Number of magazines published per annum	Nil	2
5. Develop required internal audit skills among internal auditors	<ul style="list-style-type: none"> No. of courses conducted against the training plan No. of staff members attended training courses & workshops per annum against the training plan 	17 courses 69 staff members	15 courses 76 staff members
6. Increasing awareness in corporate governance	Number of workshops conducted in all provincial departments	105	40
7. Develop Fraud Prevention Plans	Number of plans developed	2	10

6.5 Programme 5: Centralised Provincial Fund

This programme was created to draw a clear distinction between the department's operational budget and the centralised provincial funds.

The programme contains three sub-programmes, namely the Provincial Growth Fund (PGF), the Poverty Alleviation Fund (PAF) and the SMME Fund, and its main purpose is to give the provincial government the means and flexibility to deliver measurable and visible results in terms of employment creation and poverty alleviation.

The purpose of the Provincial Growth Fund is to stimulate economic growth and employment creation, by providing seed capital for further private sector investment. The PGF will be targeted at big infrastructure projects (R50 million and above) that have a broad economic impact, and yield a direct long term financial return for government, such as the Harbour, John Ross Highway, and Dube TradePort.

The Poverty Alleviation Fund, for its part, will be focussed on interventions in the second economy, aimed at addressing issues of income poverty, past racial discrimination and spatial disparities in the provision of public goods, services and infrastructure. Priority will be given to food generating projects, particularly in the agriculture and tourism sectors.

The SMME Fund will be directed to BEE deals only, with the focus on reviving township and village economies through the establishment of village markets, craft markets, etc.

Table 6.17 and 6.18 below illustrate the payments and estimates relating to the Centralised Provincial Fund.

Table 6.17: Summary of payments and estimates: Programme 5 - Centralised Provincial Fund

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2004/05	2005/06	2006/07
Provincial Growth Fund	-	-	-	550,000	432,000	432,000	200,000	350,000	552,500
SMME Fund	-	-	-	-	-	-	200,000	-	-
Poverty Alleviation Fund	-	-	-	-	-	-	500,000	800,000	1,000,000
Total	-	-	-	550,000	432,000	432,000	900,000	1,150,000	1,552,500

Table 6.18: Summary of payments and estimates by economic classification: Programme 5 - Centralised Provincial Fund

	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited	Audited	Audited						
	R000	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	
Current payments	-	-	-	550,000	432,000	432,000	900,000	1,150,000	1,552,500
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	550,000	432,000	432,000	900,000	1,150,000	1,552,500
Other	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	-	-	-	-	-	-	-	-	-
Local government	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	-	-	-	550,000	432,000	432,000	900,000	1,150,000	1,552,500

7. Other programme information

7.1 Personnel numbers and costs

Table 6.19 below reflects personnel information per programme for the Provincial Treasury, for the period March 2001 to March 2007.

Table 6.19: Personnel numbers and costs

Personnel numbers	As at 31 March 2001	As at 31 March 2002	As at 31 March 2003	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007
1. Administration	77	81	77	61	64	94	94
2. Resource Management	17	17	25	25	25	49	49
3. Financial Management	96	95	111	122	122	136	136
4. Internal Audit	56	60	59	75	133	133	133
Total	246	253	272	283	344	412	412
Total personnel cost (R000)	32,274	32,971	37,558	44,068	50,927	80,551	84,323
Unit cost (R000)	131	130	138	156	148	196	205

7.2 Training

Table 6.20 below illustrates the department's actual expenditure and budgeted estimates on training per programme.

Table 6.20: Expenditure on training

R000	Outcome			Main Budget	Adjusted Budget 2004/05	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2005/06	2006/07	2007/08
1. Administration	281	283	111	459	459	400	414	457	441
2. Resource Management	32	107	102	381	382	213	241	253	265
3. Financial Management	31	141	126	99	99	21	126	132	138
4. Internal Audit	65	738	82	518	519	457	1,141	1,304	1,467
Total	409	1,269	421	1,457	1,459	1,091	1,922	2,146	2,311

ANNEXURE TO VOTE 6 – PROVINCIAL TREASURY

Table 6.A: Details of departmental receipts

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2005/06	2006/07	2007/08
Tax receipts	-	-	-	-	-	-	-	-	-
Casino taxes									
Motor vehicle licenses									
Horseracing									
Other taxes									
Non-tax receipts	270,028	330,066	233,379	160,711	160,711	145,309	120,073	126,077	132,381
Sale of goods & services other than capital assets	32,762	28,268	18,953	13,335	13,335	88	73	77	81
Sales of goods & services produced by depts.	32,762	28,268	18,953	13,335	13,335	88	73	77	81
Sales by market establishments									
Administrative fees									
Other sales	32,762	28,268	18,953	13,335	13,335	88	73	77	81
Sales of scrap, waste, arms and other used current goods (excluding capital assets)									
Fines, penalties and forfeits									
Interest, dividends and rent on land	237,266	301,798	214,426	147,376	147,376	145,221	120,000	126,000	132,300
Interest	237,266	301,798	214,426	147,376	147,376	145,221	120,000	126,000	132,300
Dividends									
Rent on land									
Transfers received from:	-	-	-	-	-	-	-	-	-
Other governmental units									
Universities and technikons									
Foreign governments									
International organisations									
Public corporations and private enterprises									
Households and non-profit institutions									
Sales of capital assets	-	-	-	-	-	33	-	-	-
Land and subsoil assets									
Other capital assets	-	-	-	-	-	33	-	-	-
Financial transactions	-	-	-	-	-	16,559	-	-	-
Total	270,028	330,066	233,379	160,711	160,711	161,901	120,073	126,077	132,381

Table 6.B: Details of payments and estimates by economic classification

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2005/06	2006/07	2007/08
Current payments	89,858	101,665	141,710	703,588	677,396	674,975	1,084,433	1,348,046	1,760,531
Compensation of employees	32,971	37,558	44,068	54,750	54,812	50,927	80,551	84,323	88,135
Salaries and wages	26,905	31,767	42,260	45,759	45,152	43,187	67,344	70,477	73,619
Social contributions	6,066	5,791	1,808	8,991	9,660	7,740	13,207	13,846	14,516
Goods and services	56,887	64,107	97,642	645,963	622,584	624,048	1,003,882	1,263,723	1,672,396
Interest and rent on land	-	-	-	2,875	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	2,875	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	66	72	95	189	800	988	113	117	126
Local government	52	68	95	138	145	157	83	88	90
Municipalities	52	68	95	138	145	157	83	88	90
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	14	4	-	51	47	27	30	29	36
Social security funds	-	-	-	-	-	-	-	-	-
Entities receiving funds	14	4	-	51	47	27	30	29	36
Public corporations and private enterprises	-	-	-	-	25	25	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	25	25	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	25	25	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	583	779	-	-	-
Social benefits	-	-	-	-	583	779	-	-	-
Other transfers to households	-	-	-	-	-	-	-	-	-
Payments for capital assets	2,453	4,053	4,167	3,206	15,825	20,291	5,035	2,592	2,636
Buildings and other fixed structures	-	-	-	58	-	-	-	-	-
Buildings	-	-	-	58	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2,442	3,622	4,139	3,148	2,276	3,355	3,851	2,011	2,026
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	2,442	3,622	4,139	3,148	2,276	3,355	3,851	2,011	2,026
Cultivated assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	11	431	28	-	13,549	16,936	1,184	581	610
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Total	92,377	105,790	145,972	706,983	694,021	696,254	1,089,581	1,350,755	1,763,293

Table 6.C: Details of payments and estimates by economic classification - Programme 1: Administration

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2005/06	2006/07	2007/08
					2004/05				
Current payments	26,880	27,032	29,947	27,543	29,961	31,403	35,411	49,253	51,973
Compensation of employees	9,905	10,590	10,702	12,397	13,427	12,310	20,224	21,236	22,376
Salaries and wages	8,000	9,000	10,702	10,659	11,689	10,010	17,079	17,936	18,860
Social contributions	1,905	1,590	-	1,738	1,738	2,300	3,145	3,300	3,516
Goods and services	16,975	16,442	19,245	12,271	16,534	19,093	15,187	28,017	29,597
of which									
State attorney costs	-	-	-	2,000	50	10	-	1,978	1,210
Advertising	-	-	-	530	530	644	-	414	385
Printing Departmental	-	-	-	435	435	515	-	430	430
Other	16,975	16,442	19,245	9,306	15,519	17,924	15,187	25,195	27,572
Interest and rent on land	-	-	-	2,875	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	2,875	-	-	-	-	-
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:	4	10	15	47	527	530	32	32	36
Local government	4	10	15	43	43	42	30	29	27
Municipalities	4	10	15	43	43	42	30	29	27
Municipal agencies and funds									
Departmental agencies and accounts	-	-	-	4	4	8	2	3	9
Social security funds									
Entities receiving funds	-	-	-	4	4	8	2	3	9
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production									
Other transfers									
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production									
Other transfers									
Foreign governments and international organisations									
Non-profit institutions									
Households	-	-	-	-	480	480	-	-	-
Social benefits	-	-	-	-	480	480	-	-	-
Other transfers to households									
Payments for capital assets	993	1,335	2,450	706	808	1,965	1,986	812	903
Buildings and other fixed structures	-	-	-	58	-	-	-	-	-
Buildings	-	-	-	58	-	-	-	-	-
Other fixed structures									
Machinery and equipment	993	1,335	2,450	648	788	1,965	1,976	802	893
Transport equipment									
Other machinery and equipment	993	1,335	2,450	648	788	1,965	1,976	802	893
Cultivated assets									
Software and other intangible assets	-	-	-	-	20	-	10	10	10
Land and subsoil assets									
Total	27,877	28,377	32,412	28,296	31,296	33,898	37,429	50,097	52,912

Table 6.D: Details of payments and estimates by economic classification - Programme 2: Resource Management

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2005/06	2006/07	2007/08
Current payments	3,595	5,068	11,082	16,562	12,662	12,615	22,244	24,430	25,515
Compensation of employees	3,062	3,956	6,100	9,524	7,524	7,524	15,676	16,459	17,282
Salaries and wages	3,062	3,956	6,100	8,285	6,285	6,285	13,325	13,990	14,690
Social contributions	-	-	-	1,239	1,239	1,239	2,351	2,469	2,592
Goods and services	533	1,112	4,982	7,038	5,138	5,091	6,568	7,971	8,233
of which									
Advertising	-	-	-	220	220	220	-	-	-
Professional consultant	71	170	4,982	4,592	2,692	2,709	5,328	5,352	5,442
Other advisory services	-	-	-	222	222	158	-	-	-
Other	462	942	-	2,004	2,004	2,004	1,240	2,619	2,791
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:	6	8	15	31	31	31	41	44	46
Local government	6	8	15	24	24	24	41	44	46
Municipalities	6	8	15	24	24	24	41	44	46
Municipal agencies and funds									
Departmental agencies and accounts	-	-	-	7	7	7	-	-	-
Social security funds									
Entities receiving funds	-	-	-	7	7	7	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production									
Other transfers									
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production									
Other transfers									
Foreign governments and international organisations									
Non-profit institutions									
Households	-	-	-	-	-	-	-	-	-
Social benefits									
Other transfers to households									
Payments for capital assets	203	234	331	245	245	245	1,169	172	296
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings									
Other fixed structures									
Machinery and equipment	203	234	331	245	245	245	1,169	172	296
Transport equipment									
Other machinery and equipment	203	234	331	245	245	245	1,169	172	296
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total	3,804	5,310	11,428	16,838	12,938	12,891	23,454	24,646	25,857

Table 6.E: Details of payments and estimates by economic classification - Programme 3: Financial Management

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2005/06	2006/07	2007/08
					2004/05				
Current payments	40,083	45,794	76,375	78,199	99,299	97,266	90,188	85,282	89,222
Compensation of employees	13,059	13,809	14,952	18,389	17,673	15,150	25,673	26,929	28,047
Salaries and wages	9,978	10,976	14,952	14,706	13,990	13,450	20,809	21,807	22,704
Social contributions	3,081	2,833		3,683	3,683	1,700	4,864	5,122	5,343
Goods and services	27,024	31,985	61,423	59,810	81,626	82,116	64,515	58,353	61,175
of which									
Bank charges	5,195	5,472	7,337	6,290	6,290	7,100	7,500	7,900	8,300
Professional consultant	137	746	123	22,311	41,367	40,877	7,394	91	90
Computer services	20,433	24,401	46,854	26,360	31,360	31,360	44,736	46,973	49,323
Other	1,259	1,366	7,109	4,849	2,609	2,779	4,885	3,389	3,462
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:	22	24	30	55	55	50	22	22	24
Local government	22	24	30	31	35	43	7	10	11
Municipalities	22	24	30	31	35	43	7	10	11
Municipal agencies and funds									
Departmental agencies and accounts	-	-	-	24	20	7	15	12	13
Social security funds									
Entities receiving funds	-	-	-	24	20	7	15	12	13
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production									
Other transfers									
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production									
Other transfers									
Foreign governments and international organisations									
Non-profit institutions									
Households	-	-	-	-	-	-	-	-	-
Social benefits									
Other transfers to households									
Payments for capital assets	618	1,140	718	1,239	13,529	16,838	1,301	843	885
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings									
Other fixed structures									
Machinery and equipment	607	1,140	690	1,239	-	182	676	272	285
Transport equipment									
Other machinery and equipment	607	1,140	690	1,239	-	182	676	272	285
Cultivated assets									
Software and other intangible assets	11	-	28	-	13,529	16,656	625	571	600
Land and subsoil assets									
Total	40,723	46,958	77,123	79,493	112,883	114,154	91,511	86,147	90,131

Table 6.F: Details of payments and estimates by economic classification - Programme 4: Internal Audit

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2005/06	2006/07	2007/08
Current payments	19,300	23,771	24,306	31,284	103,474	101,691	36,590	39,081	41,321
Compensation of employees	6,945	9,203	12,314	14,440	16,188	15,943	18,978	19,699	20,430
Salaries and wages	5,865	7,835	10,506	12,109	13,188	13,442	16,131	16,744	17,365
Social contributions	1,080	1,368	1,808	2,331	3,000	2,501	2,847	2,955	3,065
Goods and services	12,355	14,568	11,992	16,844	87,286	85,748	17,612	19,382	20,891
of which									
Subsistence allowance	970	190	824	518	1,020	1,020	2,710	2,710	2,710
Stationery	54	118	168	261	261	262	355	355	355
Consultant	10,284	11,616	9,839	10,651	81,093	81,093	13,058	14,738	16,169
Other	1,047	2,644	1,161	5,414	4,912	3,373	1,489	1,579	1,657
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:	34	30	35	56	187	377	18	19	20
Local government	20	26	35	40	43	48	5	5	6
Municipalities	20	26	35	40	43	48	5	5	6
Municipal agencies and funds									
Departmental agencies and accounts	14	4	-	16	16	5	13	14	14
Social security funds									
Entities receiving funds	14	4	-	16	16	5	13	14	14
Public corporations and private enterprises	-	-	-	-	25	25	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production									
Other transfers									
Private enterprises	-	-	-	-	25	25	-	-	-
Subsidies on production									
Other transfers	-	-	-	-	25	25	-	-	-
Foreign governments and international organisations									
Non-profit institutions									
Households	-	-	-	-	103	299	-	-	-
Social benefits	-	-	-	-	103	299	-	-	-
Other transfers to households									
Payments for capital assets	639	1,344	668	1,016	1,243	1,243	579	765	552
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings									
Other fixed structures									
Machinery and equipment	639	913	668	1,016	1,243	963	30	765	552
Transport equipment									
Other machinery and equipment	639	913	668	1,016	1,243	963	30	765	552
Cultivated assets									
Software and other intangible assets	-	431	-	-	-	280	549	-	-
Land and subsoil assets									
Total	19,973	25,145	25,009	32,356	104,904	103,311	37,187	39,865	41,893

Table 6.G: Details of payments and estimates by economic classification - Programme 5: Centralised Provincial Fund

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2001/02	Audited 2002/03	Audited 2003/04				2005/06	2006/07	2007/08
Current payments	-	-	-	550,000	432,000	432,000	900,000	1,150,000	1,552,500
Compensation of employees	-	-	-	-	-	-	-	-	-
Salaries and wages									
Social contributions									
Goods and services	-	-	-	550,000	432,000	432,000	900,000	1,150,000	1,552,500
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:	-	-	-	-	-	-	-	-	-
Local government	-	-	-	-	-	-	-	-	-
Municipalities									
Municipal agencies and funds									
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds									
Entities receiving funds									
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production									
Other transfers									
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production									
Other transfers									
Foreign governments and international organisations									
Non-profit institutions									
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									
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total	-	-	-	550,000	432,000	432,000	900,000	1,150,000	1,552,500

Table 6.H: Summary of transfers to municipalities (Regional Service Council Levy)

Table 6.1: Summary of transfers to municipalities (Regional Service Council Levy)										
R000		Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
		Audited	Audited	Audited						
		2001/02	2002/03	2003/04				2004/05	2005/06	2006/07
A	eThekweni	-	-	-	-	-	-	-	-	-
Total: Ugu Municipalities		-	-	-	-	-	-	-	-	-
B	KZ211 Vulamehlo	-	-	-	-	-	-	-	-	-
B	KZ212 Umdoni	-	-	-	-	-	-	-	-	-
B	KZ213 Umzumbe	-	-	-	-	-	-	-	-	-
B	KZ214 uMuziwabantu	-	-	-	-	-	-	-	-	-
B	KZ215 Ezingolweni	-	-	-	-	-	-	-	-	-
B	KZ216 Hibiscus Coast	-	-	-	-	-	-	-	-	-
C	DC21 Ugu District Municipality	-	-	-	-	-	-	-	-	-
Total: uMgungundlovu Municipalities		52	68	95	138	145	157	83	88	90
B	KZ221 uMshwathi	-	-	-	-	-	-	-	-	-
B	KZ222 uMngeni	-	-	-	-	-	-	-	-	-
B	KZ223 Mpofana	-	-	-	-	-	-	-	-	-
B	KZ224 Impendle	-	-	-	-	-	-	-	-	-
B	KZ225 Msunduzi	-	-	-	-	-	-	-	-	-
B	KZ226 Mkhambathini	-	-	-	-	-	-	-	-	-
B	KZ227 Richmond	-	-	-	-	-	-	-	-	-
C	DC22 uMgungundlovu District Municipality	52	68	95	138	145	157	83	88	90
Total: Uthukela Municipalities		-	-	-	-	-	-	-	-	-
B	KZ232 Emnambithi/Ladysmith	-	-	-	-	-	-	-	-	-
B	KZ233 Indaka	-	-	-	-	-	-	-	-	-
B	KZ234 Umtshezi	-	-	-	-	-	-	-	-	-
B	KZ235 Okhahlamba	-	-	-	-	-	-	-	-	-
B	KZ236 Imbabazane	-	-	-	-	-	-	-	-	-
C	DC23 Uthukela District Municipality	-	-	-	-	-	-	-	-	-
Total: Umzinyathi Municipalities		-	-	-	-	-	-	-	-	-
B	KZ241 Endumeni	-	-	-	-	-	-	-	-	-
B	KZ242 Nquthu	-	-	-	-	-	-	-	-	-
B	KZ244 Usinga	-	-	-	-	-	-	-	-	-
B	KZ245 Umvoti	-	-	-	-	-	-	-	-	-
C	DC24 Umzinyathi District Municipality	-	-	-	-	-	-	-	-	-
Total: Amajuba Municipalities		-	-	-	-	-	-	-	-	-
B	KZ252 Newcastle	-	-	-	-	-	-	-	-	-
B	KZ253 Utrecht	-	-	-	-	-	-	-	-	-
B	KZ254 Dannhauser	-	-	-	-	-	-	-	-	-
C	DC25 Amajuba District Municipality	-	-	-	-	-	-	-	-	-
Total: Zululand Municipalities		-	-	-	-	-	-	-	-	-
B	KZ261 eDumbe	-	-	-	-	-	-	-	-	-
B	KZ262 uPhongolo	-	-	-	-	-	-	-	-	-
B	KZ263 Abaqulusi	-	-	-	-	-	-	-	-	-
B	KZ265 Nongoma	-	-	-	-	-	-	-	-	-
B	KZ266 Ulundi	-	-	-	-	-	-	-	-	-
C	DC26 Zululand District Municipality	-	-	-	-	-	-	-	-	-
Total: Umkhanyakude Municipalities		-	-	-	-	-	-	-	-	-
B	KZ271 Umhlabuyalingana	-	-	-	-	-	-	-	-	-
B	KZ272 Jozini	-	-	-	-	-	-	-	-	-
B	KZ273 The Big 5 False Bay	-	-	-	-	-	-	-	-	-
B	KZ274 Hlabisa	-	-	-	-	-	-	-	-	-
B	KZ275 Mtubatuba	-	-	-	-	-	-	-	-	-
C	DC27 Umkhanyakude District Municipality	-	-	-	-	-	-	-	-	-
Total: uThungulu Municipalities		-	-	-	-	-	-	-	-	-
B	KZ281 Mbonambi	-	-	-	-	-	-	-	-	-
B	KZ282 uMhlathuze	-	-	-	-	-	-	-	-	-
B	KZ283 Ntambanana	-	-	-	-	-	-	-	-	-
B	KZ284 Umlalazi	-	-	-	-	-	-	-	-	-
B	KZ285 Mthonjaneni	-	-	-	-	-	-	-	-	-
B	KZ286 Nkandla	-	-	-	-	-	-	-	-	-
C	DC28 uThungulu District Municipality	-	-	-	-	-	-	-	-	-
Total: Ilembe Municipalities		-	-	-	-	-	-	-	-	-
B	KZ291 eNdondakusuka	-	-	-	-	-	-	-	-	-
B	KZ292 KwaDukuza	-	-	-	-	-	-	-	-	-
B	KZ293 Ndwedwe	-	-	-	-	-	-	-	-	-
B	KZ294 Maphumulo	-	-	-	-	-	-	-	-	-
C	DC29 Ilembe District Municipality	-	-	-	-	-	-	-	-	-
Total: Sisonke Municipalities		-	-	-	-	-	-	-	-	-
B	KZ5a1 Ingwe	-	-	-	-	-	-	-	-	-
B	KZ5a2 Kwa Sani	-	-	-	-	-	-	-	-	-
B	KZ5a3 Matatiele	-	-	-	-	-	-	-	-	-
B	KZ5a4 Kokstad	-	-	-	-	-	-	-	-	-
B	KZ5a5 Ubuhlebezwe	-	-	-	-	-	-	-	-	-
C	DC43 Sisonke District Municipality	-	-	-	-	-	-	-	-	-
Unallocated/unclassified		-	-	-	-	-	-	-	-	-
Total		52	68	95	138	145	157	83	88	90

