

VOTE 4

Economic Development

Operational budget	R 390 052 000
MEC remuneration	Nil
Total amount to be appropriated	R 390 052 000
Responsible MEC	Dr Z.L. Mkhize, Minister of Finance and Economic Development ¹
Administrating department	Department of Economic Development
Accounting officer	Head: Economic Development

1. Overview

Vision

The vision of the Department of Economic Development is: *To ensure that KwaZulu-Natal becomes a thriving, globally competitive economy that houses dynamic industrial and service sectors, characterised by excellent service standards, with a high level of employment, raising the quality of life and an economic environment supporting empowerment and creating prosperity for all.*

Mission

The department's mission is to formulate and implement strategies that create an environment conducive to sustainable economic development in KwaZulu-Natal.

Strategic objectives

The strategic goals of the department are as follows:

- To facilitate the retention of current jobs and the creation of sustainable quality jobs and empowerment (in both the first and second economies);
- To co-ordinate economic support for high impact projects and strategic local economic empowerment initiatives;
- To provide strategic leadership on economic development;
- To stimulate the international competitiveness of the provincial economy;
- To build the capacity of municipalities and other local stakeholders to plan and manage local economic development;
- To support business development with a focus on co-operatives and Small Medium Micro Enterprise (SMME) development;
- To support broad-based Black Economic Empowerment (BEE);
- To leverage resources through strategic partnerships for implementing economic projects; and
- To build the capacity of departmental staff to deliver services effectively and efficiently.

¹ The salary of the Minister of Finance and Economic Development is budgeted for under Vote 6: Provincial Treasury.

The abovementioned strategies and corresponding programme selection will ensure that the department makes the maximum impact with regard to the following:

- Economic value added;
- The creation of sustainable employment and income generating opportunities;
- The economic empowerment of those historically disadvantaged or marginalised;
- The building of an increasingly high local skills base;
- The development of relevant economic information management capacity; and
- The strengthening of a socially and environmentally responsible approach to economic development.

Core functions

In order to achieve the strategic objectives, the following core functions have been identified:

- To be a one-stop economic information shop;
- To contribute to the formulation of economic policy development and articulate the economic development strategy for the province;
- To develop tourism as a key sector of the economy;
- To facilitate an increase in trade between the province and other economic regions;
- To promote economic development through the championing of public-private-partnerships (PPPs);
- To promote and facilitate economic empowerment programmes;
- To promote technological innovation and increasing competitiveness in key sectors of the economy;
- To champion initiatives which improve the province's logistics capabilities and enhance key supply chains;
- To provide integrated economic project support for selected categories of projects;
- To provide an effective and efficient consumer protection service; and
- To ensure effective and prudent business regulation in the province.

Legislative mandate

The legislative mandate of the department largely stems from the following Acts and Regulations:

- Constitution of South Africa, specifically Section 125, as well as Schedules 4 and 5
- KwaZulu-Natal Ithala Development Finance Corporation Act, 1999
- Liquor Act, 1989
- Public Service Act, 1994, as amended
- Public Finance Management Act (PFMA), 1999, as amended
- National Treasury Financial Regulations, issued in terms of the PFMA

Challenges and developments

The department is currently facing a number of critical challenges, which are briefly outlined below.

Despite the efforts of the department and other stakeholders (public and private institutions) to increase the participation of previously disadvantaged communities in the mainstream economy, the implementation of BEE still remains a major and urgent challenge in the province. This challenge is affecting local, provincial and national spheres of government to varying degrees, and can only be successfully tackled by applying a

combination of tactics that will require serious commitment from stakeholders, including the union movement, and private and public sector institutions. Hence the department has now started a collaboration process with all relevant stakeholders to ensure that appropriate mechanisms are in place to enable successful implementation.

The criteria required by financial institutions to fund and loan capital to SMMEs and entrepreneurs are too rigid. Such policies have had a negative impact on the department's programmes and strategies to harness the development and growth of SMMEs in the province. These policies need to be reviewed and changed in some way to ensure that SMMEs are afforded the necessary financial support in order to contribute meaningfully to the provincial, and hence national, economies.

The threat and impact of HIV and AIDS on the economy is adversely affecting human and intellectual capital. A stronger partnership between business and government is critical to ensure the reduction of the effects and impact of HIV and AIDS. The department intends to focus its efforts on strengthening the Local Economic Development (LED) enabling environment by facilitating the growth, investment and skills development of enterprises, promoting HIV and AIDS and TB awareness, and enhancing the development role of local government.

The underlying implication of having a dynamic strategic plan is that the structure of the organisation needs to be constantly reviewed to assess its synergy with the organisational objectives and implementation strategies. Consequently, the department has completed the process of reviewing its organisational structure and conducting a skills audit. In order to deliver effectively and efficiently on its goals, the department needs to constantly attract the appropriate skills and competencies, at the same time ensuring a culture of professionalism and performance excellence. In addition, the structure needs to have flexibility to enable the department to respond to the challenges inherent in the changing environment.

2. Review of the current financial year – 2005/06

The department's vision is focused towards a globally competitive economy characterised by growth, employment and equity, and built upon the full potential of all persons, communities and geographic areas in KwaZulu-Natal. In pursuing its aims, the department made significant progress in achieving key strategic objectives and goals within the funds available in the 2005/06 budget.

The establishment of a Trade Point to facilitate trade and investment in the province is one of the major focus areas of the Trade and Investment programme. The partnership initiative was undertaken by the department, Trade and Investment KwaZulu-Natal (TIKZN), the Durban Chamber of Commerce and the Durban Investment Promotion Agency (DIPA).

The Investment Faire and Trade and Logistics Conference, facilitating trade between the province and other economic regions, was hosted by the department. This platform affords business and government role-players the opportunity to advertise the comparative and competitive advantages of undertaking business in the province. Furthermore, the provincial On-source Partnership, aimed at supporting development of the Business Process Outsourcing Industry, was established in partnership with the eThekweni municipality.

Cabinet approved the establishment of the Film Commission for the province as a Section 21 Company, while the legislative process is currently underway to establish it as a public entity.

In targeting support for the second economy and the emerging and informal sectors, many projects were initiated and successfully implemented through the championing of partnerships and/or agreements. Some of these projects are touched on below:

- A formal provincial Craft Practitioners Cluster was established, including all district municipalities and craft service providers in the province, which resulted in recognition of crafters at world-class trade fairs like Export Africa;
- In the furniture industry, the Information Communication Technology Electronics (ICTE) Women's Training Programme to the value of R2 million was implemented in Edendale, through a private sector partnership with MNT Foundations;

- Various Agri-business and Agri-processing projects were implemented in the Agri-tourism, Food and Beverage Industries, such as the Maphophoma Integrated Rural Development Model, aimed at establishing community co-operatives for sustainable maize production, market access and local consumption;
- Joint projects were undertaken with local government, including the natural resource based products project in Umkhanyakude, pecan nut project in Emnambithi, Ilembe agri-processing hub to stimulate raw material production, and the development of a Market Information System; and
- A Business Support Centre was established in Newcastle to facilitate training and support for local textile and clothing industries and foreign investors.

Significant progress was made with regard to consumer education and the promotion of consumer rights throughout the province in 2005/06. The Consumer Affairs unit saved consumers R2,2 million, and has a success rate of more than 70 per cent.

The Liquor Board collected revenue of R20 million for the period under review, while other sources of revenue in respect of compliance are collected by the South African Police Services. The Liquor Bill has been submitted to the Provincial Legislature, and is to be assessed and commented on by a task team with representatives from each of the parties within the Portfolio Committee.

The department is leading the process of establishing the Small Enterprise Development Agency (SEDA) in KwaZulu-Natal. There are already six SEDA centres (erstwhile KZNMAC centres) in the province, and the department continues to provide support to these centres and Local Business Service Centres (LBSC). The constant improvement of the quality of SMME products resulted in some SMMEs competing in world markets. For example, the charcoal manufacturers in the Hluhluwe/Mtubatuba/Richards Bay area export their products to Asia and the United Kingdom.

In 2005/06, the department spearheaded the establishment of the SMME Incubation Centre at Umlazi, which focuses on the promotion of youth enterprises. The department, in partnership with the National Productivity Institute (NPI), launched the KZN Productivity Coaches Training Programme, aimed at developing a pool of productivity experts to assist SMMEs to deal with challenges related to business. The department co-ordinated stakeholder consultation workshops in respect of the Co-operative Development Strategy for South Africa, and assisted more than 60 groups to register as co-operatives and to access business support services.

The KZN Broad-Based Black Economic Empowerment (BBBEE) Strategy was developed and finalised in 2005/06. A number of projects were identified to serve as a mechanism to implement the strategy, and the following have already been implemented:

- A database of BEE companies and a BEE funding directory;
- A BEE measurement tool; and
- A study on the status of BEE in the province and the degree of BEE compliance by big business (private sector) in KZN.

Efforts were made to support Women Economic Empowerment initiatives in the province in 2005/06, such as the establishment of a close co-operation with the NPI to increase productivity of women-led businesses through training and application of appropriate technologies.

During the first year of operation, the Gijima KZN Local Economic Development (LED) Support Programme received over 200 grant funding applications. Grants valued at just over R30 million were made to 56 projects, with a total project yield of R162 million and the potential to create approximately 17,000 jobs. The following projects undertaken by the LED programme were completed during the year:

- The Umdoni Municipality LED Strategy;
- The Municipal Incentives Study;
- The Bavelase Poultry Project; and
- The Mpukonyoni Craft Project.

3. Outlook for the coming financial year – 2006/07

In 2006/07, it is envisaged that the Sector Competitiveness programme will benefit greatly from the appointment of sector specialists to focus on facilitating strategies aimed at promoting the competitiveness of priority sectors. The work done by the department in 2005/06 in respect of establishing a KZN Clothing and Textile Cluster will be strengthened by the implementation of a strategy to address manufacturing competitiveness, human resource development and labour flexibility. The department will also make a concerted effort to address issues within the second economy, in particular support to SMMEs in the footwear industry and the development of up-and-coming fashion designers.

The Information Communication Technology (ICT) sector will embark on the implementation of the ICT Hub in Edendale as part of a wider uMshunduzi municipal initiative, as well as a broader provincial strategy to establish an ICT cluster. The cluster will receive further support through the development of a database of role-players in the sector, and the collation of baseline data on public and private research into ICT development. Furthermore, the department will support the cluster in the implementation of a business and marketing strategy, which incorporates the development of design and manufacturing capacity in the province, through well-structured training programmes for SMMEs.

In the Arts and Craft sector, focus will be given to improving the co-ordination and dispersal of support initiatives geared towards increasing production levels for export markets. Attention will also be given to expanding the local market out of the traditional tourist trade and into niche market segments, through the development of design capacity, quality control and product differentiation measures.

In the Creative Industries sector, efforts will be focused on developing an organised industry in the province, with stronger links to the global industry.

The Agri-business sector will seek to facilitate the implementation of key projects in the pecan nut, agri-processing, cut flower and groundnut industries, with a potential investment of R300 million, creating 8,000 jobs by 2010. The identification and packaging of further opportunities will continue, such as essential oils, livestock, fruit and nut, and natural resource based products. The collation and dissemination of market intelligence will be augmented by industry analysis and the operationalisation of a market information system. Co-ordination within the sector remains a key priority, and further support will be given to the KZN Agri-business Forum and its initiative to develop a KZN Agri-business Strategy and Implementation Plan.

With regard to SMMEs, the department will provide effective strategic leadership, direction and co-ordination to business support services and SMME development programmes, to stimulate economic growth in KwaZulu-Natal. The department will co-ordinate and align the various SMME development programmes with the national strategy of integrating small enterprise development support into a single national agency, i.e. Small Enterprise Development Agency (SEDA). The Service Delivery Network will be developed from the initial 20 SEDA centres to more than 50 SEDA centres during the year. A minimum of 100 entrepreneurs will be assisted to revive their businesses through the KZN Business Rehabilitation Trust Fund. The Entrepreneurship Support and Promotion Programme aims to establish and develop 30 youth-owned businesses, and provides entrepreneurial training to 1,200 young pupils in schools.

In 2006/07, the BEE Programme will continue with the implementation of projects identified in the provincial BBBEE Strategy. The major focus will be on the establishment of a BEE one-stop-shop, which will house the BEE Ombudsman and the BEE and SMME support call centre. The BEE unit will build the capacity of stakeholders and implement strategies to forge and/or facilitate partnerships with big business. A focal point for BEE support and promotion will remain that of women economic empowerment.

It is envisaged that the Consumer Protection Bill will be enacted in 2006/07. Also, the information management system will be implemented, and a coherent marketing and communication campaign will be launched to raise public awareness. A fully operational monitoring, learning and research facility will be established in respect of LED. A capacity building programme for staff members, as well as a strategy to strengthen relationships with key LED stakeholders, will be implemented.

Finally, the year will prove to be challenging for the Gijima KZN LED Support Programme. It is expected that approximately R100 million of the European Union Grant Funding will be committed in 2006/07, and that committed projects will be implemented and concluded during the year.

4. Receipts and financing

4.1 Summary of receipts and financing

Table 4.1 below shows the sources of funding for the Department of Economic Development over the seven-year period 2002/03 to 2008/09. The table also compares actual and budgeted receipts against actual and budgeted payments.

Table 4.1: Summary of receipts and financing

R000	Outcome			Main Budget	Adjusted Budget 2005/06	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
Provincial allocation	163,063	125,510	146,897	140,590	157,590	157,590	390,052	722,697	2,081,956
Total receipts	163,063	125,510	146,897	140,590	157,590	157,590	390,052	722,697	2,081,956
Total payments	109,236	108,556	136,872	140,590	157,590	157,590	390,052	722,697	2,081,956
Surplus/(Deficit) before financing	53,827	16,954	10,025	-	-	-	-	-	-
Financing of which									
Provincial roll-overs	10,847	1,448	-	-	-	-	-	-	-
Provincial cash resources									
Suspension to ensuing year									
Surplus/(deficit) after financing	64,674	18,402	10,025	-	-	-	-	-	-

In the 2005/06 adjusted budget, the department received an additional allocation of R20 million towards the Bee Foundation Project, and suspended amounts of R2 million and R1 million to Provincial Treasury and the Department of Arts, Culture and Tourism, respectively. Although the department has a history of under-spending, it anticipates spending its full budget in the 2005/06 financial year.

The departmental budget is projected to increase substantially from R350,1 million to R2,1 billion over the MTEF period.

4.2 Departmental receipts collection

Table 4.2 below gives a summary of the receipts collected by the department. Details of departmental receipts are presented in the *Annexure to Vote 4 – Economic Development*.

Table 4.2: Details of departmental receipts

R000	Outcome			Main Budget	Adjusted Budget 2005/06	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
Tax receipts	-	3,396	3,691	3,396	3,396	3,396	3,600	3,816	4,045
Non-tax receipts	950	101	36	100	100	100	106	112	119
Sale of goods and services other than capital assets	950	101	36	100	100	100	106	112	119
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-
Interest, dividends and rent on land	-	-	-	-	-	-	-	-	-
Transfers received	-	-	-	-	-	-	-	-	-
Sales of capital assets	4,184	-	-	-	-	-	-	-	-
Financial transactions	-	28	240	29	29	29	31	33	35
Total	5,134	3,525	3,967	3,525	3,525	3,525	3,737	3,961	4,199

The main revenue collected by the department is in respect of liquor licensing fees. However, the new Liquor Bill proposes the establishment of a new public entity, the Liquor Board, which will be responsible for the liquor licensing functions. When the Bill is promulgated, the revenue from liquor licensing will no longer be reflected in the books of the department, although the department will continue to play a supervisory role in the running of the entity.

The KwaZulu-Natal Liquor Licensing Bill was approved in principle by Cabinet in November 2004, and is currently before the Portfolio Committee, awaiting promulgation. In the interim, the Liquor Act (Act 27 of 1989) is still applicable. The department is in the process of introducing a new Integrated IT System for the Liquor Affairs component, which will certainly minimise risk and the paper chase. The department anticipates the roll-out of the system in 2006/07.

The amount reflected in 2002/03 against *Sales of capital assets* includes a portion of the proceeds from the sale of the Washesha Bus Company, a subsidiary of the KwaZulu Transport Company. The KwaZulu Transport Company was liquidated in 2001/02, and the subsidiary was sold as a going concern. This once-off item explains the high level of recovery for the 2002/03 year, and the subsequent reduction in 2003/04.

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 to Vote 4 – Economic Development*.

5.1 Key assumptions

The budget of the department was prepared in accordance with the departmental strategic plan, which takes into account the Provincial Growth and Development Strategy (PGDS) and the provincial priorities. Some of the key assumptions are summarised below:

- *Compensation of employees* was adjusted to take into account salary adjustments for level 12 and below in July each year, and for level 13 and above in January each year. It is assumed that the majority of vacant posts will be filled by 1 April 2006, and therefore the department budgeted for the salary costs of 249 posts for the full 2006/07 financial year. In line with PSCBC Resolution No 2 of 2004, a phased approach was implemented to extend the non-pensionable housing allowance to a maximum of R403 by 2009 for all employees, other than the ones currently receiving the benefit;
- *Goods and services* was increased in line with the projected CPIX; and
- Provision was only made for the Regional Service Council Levy, which falls under *Transfers and subsidies to: Local government*, up to 30 June 2006.

5.2 Additional allocation for the 2006/07 MTEF

Table 4.3 below provides a summary of additional allocations to Vote 4 over the MTEF period. The additional funds previously formed part of the Provincial Growth Fund which is administered by the Provincial Treasury. The funds have been allocated to the department over the 2006/07 MTEF to drive the implementation of various economic projects listed in the table below.

Table 4.3 : Summary of additional allocation for the 2006/07 MTEF

R000	2006/07	2007/08	2008/09
Increase/(decrease) in baseline allocation	240,000	565,142	1,913,372
Establishment of secondary co-ops	50,000	55,000	60,500
Primary co-ops	100,000	187,142	216,572
Establishment of accelerated economic development unit within Ithala	40,000	-	-
Incubator Programme	30,000	33,000	36,300
Dube Trade Port	20,000	200,000	1,500,000
IDZ	-	90,000	100,000

5.3 Programme summary

A summary of payments and budgeted estimates per programme of the department is given in Table 4.4 below. The budget is made up of five programmes that are directly linked to the department's core functions, namely Corporate Services, Financial Administration, Trade and Sector Development, Integrated Business Services and Local Economic Development.

Table 4.4: Summary of payments and estimates by programme

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
1. Corporate Services	19,552	18,398	17,747	24,797	23,936	23,936	28,727	30,113	32,221
2. Financial Administration	7,501	8,284	9,245	13,664	13,664	13,664	14,725	15,462	16,544
3. Trade & Sector Development	60,392	63,005	90,116	77,361	78,153	78,153	98,778	372,767	1,688,561
4. Integrated Business Services	11,028	13,255	12,375	15,925	35,524	35,524	236,996	292,988	332,466
5. Local Economic Development	10,763	5,614	7,389	8,843	6,313	6,313	10,826	11,367	12,164
Total	109,236	108,556	136,872	140,590	157,590	157,590	390,052	722,697	2,081,956

The sharp increase in the 2005/06 adjusted budget and estimated actual expenditure can be attributed to an additional allocation of R20 million in respect of the Bee Foundation Project. The substantial increase over the MTEF is mainly as a result of the additional allocation received for various economic projects, as mentioned in Section 5.2 above.

The expenditure trends are discussed in greater detail under Section 6 below.

5.4 Summary of economic classification

A summary of payments and budgeted estimates per economic classification is given in Table 4.5 below.

Table 4.5: Summary of payments and estimates by economic classification

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
Current payments	75,472	67,176	71,859	91,934	107,023	107,023	183,158	196,841	214,734
Compensation of employees	19,282	20,591	20,290	34,188	27,423	27,423	35,546	37,348	39,214
Goods and services	56,190	46,585	51,569	57,746	79,600	79,600	147,612	159,493	175,520
Other	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	32,733	40,169	63,218	46,068	47,641	47,641	205,227	524,106	1,865,384
Local government	62	56	57	90	90	90	23	-	-
Non-profit institutions	-	-	19,000	-	1,500	1,500	30,000	300,000	1,610,000
Households	-	67	289	-	73	73	-	-	-
Other	32,671	40,046	43,872	45,978	45,978	45,978	175,204	224,106	255,384
Payments for capital assets	1,031	1,211	1,795	2,588	2,926	2,926	1,667	1,750	1,838
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1,031	1,043	1,670	2,313	2,452	2,452	1,567	1,645	1,728
Other	-	168	125	275	474	474	100	105	110
Total	109,236	108,556	136,872	140,590	157,590	157,590	390,052	722,697	2,081,956

The increase in *Compensation of employees* in the 2005/06 main budget is largely due to the restructuring that was undertaken in the department in 2004/05. However, not all posts were filled in 2005/06 as anticipated, hence the 2005/06 adjusted budget and estimated actual figures show a decrease, with identified savings utilised in other areas. The consistent increase in *Compensation of employees* over the MTEF relates mainly to the department's plans to significantly strengthen its capacity at management level.

The sharp increase in the 2005/06 adjusted budget and estimated actual in the category *Goods and services* is due to the additional amount of R20 million allocated to the Bee Foundation Project. The department suspended an amount of R1 million to the Department of Arts, Culture and Tourism for payment towards the KZN Tourism Authority, and R2 million to the Provincial Treasury to assist with costs associated with the communication campaign of the Ministry of Finance and Economic Development. The significant increase over the MTEF is as a result of the additional allocation towards the secondary co-operatives and incubator programmes, as mentioned in Section 5.2 above.

The amount reflected against *Transfers and subsidies to: Non-profit institutions* in 2004/05 caters for transfers to the Richards Bay Industrial Development Zone (IDZ) and Ingwe Corporation. The 2005/06 adjusted budget and estimated actual include an approved virement of R1,5 million from *Goods and services*, being a transfer payment to Durban Chamber of Commerce and Industry (DCCI). The substantial increase from 2006/07 onwards comprises the additional funding received in respect of the strategic investments towards Dube TradePort and the Richards Bay IDZ, also mentioned in Section 5.2.

The category *Transfers and subsidies to: Other* increases over the MTEF, mainly as a result of the additional funding received in respect of the primary co-operatives programme, as well as the establishment of a unit aimed at accelerated economic development, where funds will be transferred to Ithala Development Finance Corporation for the management of the projects.

5.5 Summary of expenditure by district municipal area

Table 4.6 below summarises departmental spending within district municipal areas. Spending in the eThekweni municipal area is disproportionately large, due to the fact that the department is situated in Durban. The spending within the uThungulu district municipal area can be attributed to the additional funding received towards the development of the Richards Bay IDZ. The expenditure distribution to other district municipal areas is based on the budgeted project expenditure in these areas.

Table 4.6: Summary of expenditure and estimates by district municipal area

District Municipal Area	Estimated Actual 2005/06	Medium-term estimates		
		2006/07	2007/08	2008/09
R000				
eThekweni	157,590	379,228	621,331	1,969,795
Ugu	-	145	152	163
uMgungundlovu	-	345	362	388
Uthukela	-	770	809	865
Umzinyathi	-	300	315	337
Amajuba	-	2,050	2,153	2,303
Zululand	-	759	797	853
Umkhanyakude	-	2,180	2,289	2,449
uThungulu	-	1,200	91,260	101,348
Ilembe	-	-	-	-
Sisonke	-	3,075	3,229	3,455
Total	157,590	390,052	722,697	2,081,956

5.6 Summary of infrastructure expenditure and estimates

Table 4.7 below summarises the infrastructure expenditure and estimates relating to the department. The allocations in respect of Dube TradePort and Richards Bay IDZ are reflected over the MTEF period as infrastructure transfers.

Table 4.7: Summary of infrastructure expenditure and estimates

R000	Outcome			Main Budget	Adjusted Budget 2005/06	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
Capital	-	-	-	-	-	-	20,000	290,000	1,600,000
New constructions	-	-	-	-	-	-	-	-	-
Rehabilitation/upgrading	-	-	-	-	-	-	-	-	-
Other capital projects	-	-	-	-	-	-	-	-	-
Infrastructure transfer	-	-	-	-	-	-	20,000	290,000	1,600,000
Current	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	20,000	290,000	1,600,000

5.7 Transfers to public entities

Table 4.8 provides a summary of departmental transfers to the two public entities that fall under the auspices of the department. A financial summary in respect of Ithala is presented in the *Annexure to Vote 4*.

Table 4.8: Summary of departmental transfers to public entities

R000	Outcome			Main Budget	Adjusted Budget 2005/06	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
KZN Tourism Authority	-	-	1,000	-	-	-	-	-	-
Ithala Development Finance Corporation	18,000	16,000	27,447	15,634	15,634	15,634	144,849	192,233	221,918
Total	18,000	16,000	28,447	15,634	15,634	15,634	144,849	192,233	221,918

The transfer to the KZN Tourism Authority in the 2004/05 financial year is in respect of a subsidy towards the costs incurred for the Annual Tourism Indaba. The department suspended funds in 2005/06 to the Department of Arts, Culture and Tourism, in line with a contract signed before the tourism function-shift.

The department transfers funds to the Ithala Development Finance Corporation on a project-specific funding basis. The increase in the transfer from 2006/07 onwards is in respect of the additional funding received for the primary co-operatives programme and the establishment of an accelerated economic development unit within Ithala.

5.8 Transfers to other entities

Table 4.9 provides a summary of departmental transfers to other entities, details of which are given below.

Table 4.9 Summary of departmental transfers to other entities

R000	Outcome			Main Budget	Adjusted Budget 2005/06	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
Durban Chamber of Commerce & Industry	-	-	-	-	1,500	1,500	-	-	-
Dube TradePort	-	-	-	-	-	-	30,000	210,000	1,510,000
Trade & Investment KwaZulu-Natal	14,671	14,146	15,425	30,000	30,000	30,000	30,000	31,500	33,075
Richards Bay IDZ	-	9,900	18,000	-	-	-	-	90,000	100,000
Ingwe Corporation	-	-	1,000	-	-	-	-	-	-
Total	14,671	24,046	34,425	30,000	31,500	31,500	60,000	331,500	1,643,075

The transfer of R1,5 million to the Durban Chamber of Commerce and Industry (DCCI) in 2005/06 is in respect of funding for the hosting of the 4th World Chambers Congress.

The funding in respect of the Dube TradePort, which is a subsidiary of Ithala, is currently transferred to the Ithala Development Finance Corporation. However, from 2006/07 onwards, the transfer will be made directly to Dube TradePort, since it is now registered as a Section 21 company.

The allocation to the entity Trade and Investment KwaZulu-Natal (TIKZN) reflects a steady increase from 2002/03 to 2004/05, while the sharp increase from 2005/06 onwards reflects the department's decision to make greater use of this entity.

In addition to the transfer of R9,9 million and R18 million made to the Industrial Development Zone in Richards Bay in 2003/04 respectively, further amounts of R90 million and R100 million have been earmarked for transfer to this project in the 2007/08 and 2008/09 financial years.

5.9 Transfers to local government

Table 4.10 below indicates transfers to local government per category. The only transfer to local government that the department makes is in respect of the Regional Service Council (RSC) Levy, which is paid to the eThekweni district municipality, and which falls away at the end of the first quarter of 2006/07.

Details of transfers per municipality are given in the *Annexure to Vote 4 – Economic Development*.

Table 4.10: Summary of departmental transfers to local government by category

R000	Outcome			Main Budget	Adjusted Budget 2005/06	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
Category A	62	56	57	90	90	90	23	-	-
Category B	-	-	-	-	-	-	-	-	-
Category C	-	-	-	-	-	-	-	-	-
Total	62	56	57	90	90	90	23	-	-

6. Programme description

The services rendered by this department are categorised under five programmes, which are explained below. The payments and budgeted estimates for each programme are summarised in terms of sub-programmes and economic classification, details of which are given in the *Annexure to Vote 4 – Economic Development*.

The programme structure of the budget was amended during the 2005/06 Adjustments Estimate. Prior to 2005/06, all internal support functions were managed under a single programme, namely General Administration. During 2005/06, the department undertook extensive restructuring, and the Strategic Management Programme was divided into two programmes, namely Corporate Services and Financial Administration. Where possible, the historic figures were adjusted accordingly for comparative purposes. In cases where expenditure in respect of functions in prior years could not be identified, a percentage split was used. Functions that were not performed prior to 2005/06 have no historical data, and therefore are only reflected in the budget from 2005/06 onwards.

6.1 Programme 1: Corporate Services

The main purpose of Programme 1 is to provide for the overall management of the department, and to render a support service to the other programmes in respect of transversal functions. This programme consists of five sub-programmes with effect from 2005/06, namely: Auxiliary Services, Office of the HOD, Human Resource Management, Legal Services, and Information, Communication and IT.

Table 4.11 and 4.12 below illustrate the payments and estimates of this programme over the seven-year period 2002/03 to 2008/09.

Table 4.11: Summary of payments and estimates - Programme 1: Corporate Services

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2005/06	2006/07	2007/08
Ministry	5,178	3,422	-	-	-	-	-	-	-
Auxiliary Services	-	-	-	3,263	3,263	3,263	3,341	3,508	3,754
Office of the HOD	5,494	6,067	7,748	9,641	9,661	9,661	12,692	13,277	14,206
Human Resource Management	3,307	3,195	3,488	5,033	4,790	4,790	5,371	5,639	6,034
Legal Services	881	973	1,243	1,546	1,546	1,546	1,651	1,733	1,854
Information, Communication & IT	4,692	4,741	5,268	5,314	4,676	4,676	5,672	5,956	6,373
Total	19,552	18,398	17,747	24,797	23,936	23,936	28,727	30,113	32,221

Table 4.12: Summary of payments and estimates by economic classification - Programme 1: Corporate Services

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2005/06	2006/07	2007/08
Current payments	19,525	17,875	16,961	24,196	22,988	22,988	27,881	29,232	31,296
Compensation of employees	8,260	8,015	6,212	13,049	8,499	8,499	10,957	11,512	12,088
Goods and services	11,265	9,860	10,749	11,147	14,489	14,489	16,924	17,720	19,208
Other	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	27	70	18	165	188	188	115	113	119
Local government	27	22	18	34	34	34	7	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	48	-	-	23	23	-	-	-
Other	-	-	-	131	131	131	108	113	119
Payments for capital assets	-	453	768	436	760	760	731	768	806
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	299	681	236	560	560	681	715	751
Other	-	154	87	200	200	200	50	53	55
Total	19,552	18,398	17,747	24,797	23,936	23,936	28,727	30,113	32,221

The increase in the budget allocation of this programme in 2005/06 can mainly be ascribed to the restructuring, as well as the creation of additional capacity within the programme. The restructuring resulted in the budget for managerial posts being placed within the Office of the HOD.

The costs associated with the Ministry are borne by the Provincial Treasury from 2004/05 onwards, and therefore the Ministry sub-programme was discontinued at the end of 2003/04. The sub-programme: Auxiliary Services was created during the restructuring exercise, in an effort to consolidate auxiliary and support type functions, such as the administration of the vehicle fleet, office rental, registry services, etc. It is not possible to reflect historical data for this sub-programme accurately, as the bulk of these functions were not performed by a dedicated unit, or budgeted for specifically.

The decrease in *Compensation of employees* in 2004/05 is due to the transfer of the Ministry costs to the Provincial Treasury as mentioned above. The increase in the 2005/06 main budget caters for all posts on the newly created establishment. However, not all posts were filled from the beginning of the financial year, and the adjusted budget and estimated actual were decreased accordingly.

Coupled with the restructuring and the creation of additional capacity, the category *Goods and services* shows a significant increase from 2005/06 onwards. The increase in the 2005/06 adjusted budget and estimated actual, as well as over the MTEF, is mainly due to costs relating to the Office of the Head of Department, for which inadequate provision was made in the 2005/06 main budget.

6.2 Programme 2: Financial Administration

The main purpose of this programme is to provide responsive and compliant financial services, to implement strategies for effective and efficient procurement, contract management, inventory/asset control, and to provide assurance on risk management and internal control.

This programme consists of three sub-programmes, namely: Financial Management Services, Supply Chain Management (SCM), and Internal Control.

Table 4.13 and 4.14 below illustrate the summary of payments and estimates relating to Programme 2 for the period 2002/03 to 2008/09.

Table 4.13: Summary of payments and estimates - Programme 2: Financial Administration

	Outcome			Main Budget	Adjusted Budget 2005/06	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
R000									
Financial Management Services	2,124	2,345	1,661	3,727	3,727	3,727	3,978	4,178	4,470
Supply Chain Management (SCM)	5,377	5,939	7,584	9,437	9,437	9,437	10,072	10,575	11,316
Internal Control	-	-	-	500	500	500	675	709	758
Total	7,501	8,284	9,245	13,664	13,664	13,664	14,725	15,462	16,544

Table 4.14: Summary of payments and estimates by economic classification - Programme 2: Financial Administration

	Outcome			Main Budget	Adjusted Budget 2005/06	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
R000									
Current payments	7,491	8,073	9,013	13,197	12,983	12,983	14,473	15,200	16,270
Compensation of employees	3,169	3,128	3,121	4,177	4,002	4,002	5,117	5,377	5,646
Goods and services	4,322	4,945	5,892	9,020	8,981	8,981	9,356	9,823	10,624
Other	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	10	27	8	53	103	103	55	55	56
Local government	10	8	8	11	11	11	3	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	19	-	-	50	50	-	-	-
Other	-	-	-	42	42	42	52	55	56
Payments for capital assets	-	184	224	414	578	578	197	207	218
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	170	186	349	349	349	197	207	218
Other	-	14	38	65	229	229	-	-	-
Total	7,501	8,284	9,245	13,664	13,664	13,664	14,725	15,462	16,544

The significant increase in the programme in 2005/06 is largely due to the restructuring of the department, and the creation of units and additional capacity dealing specifically with financial management, supply chain and internal control matters. The department is not able to accurately isolate the costs incurred in

respect of Internal Control, and therefore this newly created sub-programme is only depicted from the 2005/06 financial year onwards.

The category *Compensation of employees* increases steadily over the period, in line with projected inflation rates. The increase in *Goods and services* from 2005/06 onwards can be ascribed to various items, such as training on assets management, the purchase of computer software and hardware and office furniture.

6.3 Programme 3: Trade & Sector Development

This programme comprises five sub-programmes, namely Sector Development, Consumer Affairs, Liquor License Regulation, Trade & Logistics and Economic Information Management (EIM). The main purpose of this programme is:

- To unlock and stimulate the competitiveness of prioritised economic sectors across the value-chain, in partnership with industry stakeholders;
- To enable the continuous reduction in logistics costs and the costs of conducting trade;
- To enable the continuous flow of verifiable economic information to all relevant stakeholders in the province;
- To provide consumers with an effective and efficient Consumer Protection Service; and
- To ensure the effective and efficient administration of the Liquor Act, Act 27 of 1989.

Tables 4.15 and 4.16 below give a summary of payments and estimates relating to Programme 3 for the period 2002/03 to 2008/09.

Table 4.15: Summary of payments and estimates - Programme 3: Trade & Sector Development

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2005/06	2006/07	2007/08
Sector Development	9,299	11,059	13,029	15,039	16,539	16,539	16,052	16,855	18,035
Consumer Affairs	3,680	5,826	5,672	5,689	5,289	5,289	6,072	6,376	6,822
Liquor License Regulation	2,778	3,813	3,864	3,441	3,399	3,399	3,672	3,856	4,126
Trade & Logistics	37,421	34,889	60,872	47,734	48,023	48,023	67,156	339,563	1,653,033
Economic Information Management (EIM)	7,214	7,418	6,679	5,458	4,903	4,903	5,826	6,117	6,545
Total	60,392	63,005	90,116	77,361	78,153	78,153	98,778	372,767	1,688,561

Table 4.16 Summary of payments and estimates by economic classification - Programme 3: Trade & Sector Development

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2005/06	2006/07	2007/08
Current payments	27,142	22,647	27,735	30,461	29,774	29,774	33,216	35,434	39,360
Compensation of employees	3,741	5,772	6,828	8,754	8,391	8,391	9,745	10,238	10,748
Goods and services	23,401	16,875	20,907	21,707	21,383	21,383	23,471	25,196	28,612
Other	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	32,683	40,062	61,892	45,745	47,245	47,245	64,953	336,694	1,648,530
Local government	12	16	20	23	23	23	6	-	-
Non-profit institutions	-	-	18,000	-	1,500	1,500	30,000	300,000	1,610,000
Households	-	-	-	-	-	-	-	-	-
Other	32,671	40,046	43,872	45,722	45,722	45,722	34,947	36,694	38,530
Payments for capital assets	567	296	489	1,155	1,134	1,134	609	639	671
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	567	296	489	1,145	1,089	1,089	559	587	616
Other	-	-	-	10	45	45	50	52	55
Total	60,392	63,005	90,116	77,361	78,153	78,153	98,778	372,767	1,688,561

The minor fluctuations between sub-programmes are as a result of a zero-based budgeting approach, where planned projects are costed and prioritised, and the budget allocated accordingly.

The increase in the Sector Development sub-programme in the 2005/06 main budget can be attributed to the increased emphasis placed on the development of key sectors in the province. The further increase in the 2005/06 adjusted budget and estimated actual relates to a transfer of R1,5 million to the Durban Chamber of Commerce, as mentioned in Section 5.6 above.

The sharp increase in the Trade and Logistics sub-programme in 2004/05, and corresponding effect in the category *Transfers and subsidies to: Non-profit institutions*, is mainly due to a once-off payment of R18 million made to the Richards Bay IDZ in respect of the infrastructure for Phase 1. The sizeable increase over the MTEF, particularly from 2007/08 onwards, is as a result of additional funds received for the IDZ and Dube TradePort, accounting for the increase in *Transfers and subsidies to: Non-profit institutions*.

From 2006/07 onwards, funds will be transferred directly to Dube TradePort and not via Ithala as in prior years, hence the decrease in *Transfers and subsidies to: Other*. Furthermore, this supports the decision to decrease the level of funding to Ithala from 2006/07 onwards, as the deposit-taking activities are showing profits which can be invested back into the communities in which the entity operates.

Service delivery measures

Table 4.17 below shows the main service delivery measures pertaining to Programme 3.

The service delivery measures have been extended to incorporate targets for additional key sectors, namely indigenous music and ICTE. The department also aims to improve on its information management through the use of technology. For instance, liquor licences will be captured on a geographical system, a portal will be developed for enhanced networking, and a monitoring tool will be developed. Four new studies, reflected in Output 5.2, will be undertaken by the Economic Information Management unit.

Table 4.17: Service Delivery Measures Programme 3 - Trade & Sector Development

Output type	Performance measures	Performance targets	
		2005/06 Est. Actual	2006/07 Estimate
1. Sector Development			
1.1 Implement strategy to support development of KZN Arts & Crafts Sector	No. of projects implemented	4 projects, 300 crafters	6 projects, 400 crafters
1.2 Implement strategy to promote development of indigenous music industry in KZN	No. of projects implemented	3	4
1.3 Implement strategy to promote competitiveness of Clothing and Textile Sector	No. of projects implemented	4	4
1.4 Implement strategy to promote competitiveness of Wood and Wood Product Sector	No. of projects implemented	4	4
1.5 Implement strategy to promote the competitiveness of ICTE Sector	No. of projects implemented	4	4
1.6 Develop strategy to promote the competitiveness of the Agri-business and Agri-processing Sector	No. of interventions to support the strategy: Feasibility Studies	8	10
2. Consumer Affairs			
2.1 Education of consumers on their rights and responsibilities	No. of consumers engaged in formal / informal education programmes	822,000	1,000,000
2.2 Provision of general consumer information	No. of consumers reached by general advertising initiatives	7,000,000	7,000,000
2.3 Consumer complaints handling	% of complaints successfully handled	84%	85%
3. Liquor License Regulation			
3.1 Processing of liquor license applications	No. of applications processed	1,800	3,000
3.2 Facilitate entry of disadvantaged liquor operators into the liquor industry	No. of licensed trades integrated	2,250	2,500
3.3 Development & maintenance of Liquor Geographical Information System(GIS)	No. of licenses plotted in a Liquor GIS	-	±14,000

Table 4.17: Service Delivery Measures Programme 3 - Trade & Sector Development

Output type	Performance measures	Performance targets	
		2005/06 Est. Actual	2006/07 Estimate
4. Trade & Logistics			
4.1 Establishment of a Trade Point (TP)	No. of Trade Points established	1	1 TP project implemented
4.2 Establish KZN On-source Partnership	No. of partnerships established	1	1 project implemented, 1 project started in another municipality
4.3 Implement Trade & Logistics Strategy	No. of projects implemented	1	5 intervention projects emanating from strategy
4.4 Convene Investment Faire and Trade & Logistics Conference	No. of investment fairs held	1	1
5. Economic Information Management			
5.1 Establish KZN Film Commission	No. of film initiatives supported	1 initiative supported	KwaMashu Film festival
5.2 Gather and disseminate economic information on, inter alia:	No. of studies commissioned and completed	8 studies on: <ul style="list-style-type: none"> • Labour Market Strategy (2); • District Based Baseline Study; • Comparative advantage to investing in KZN; • Poverty and Inequality; • Microlending; • Incentives in KZN; • Global Value Added Chains; • Sector Company Profiles 	4 studies completed on: <ul style="list-style-type: none"> • Investment; • Welfare grants – use and impact; • Trade liberalisation Cluster
	Number of newsletters completed	GMA economic review produced quarterly	
5.3 Facilitate networking and communication	Number of portals developed	-	1
5.4 Monitoring and evaluation	Number of design tools developed	-	1
5.5 Develop locations database	Number of databases developed	-	1

6.4 Programme 4: Integrated Business Services

The aim of this programme is to provide effective strategic leadership, direction and co-ordination in respect of SMME support programmes, to stimulate economic growth in KwaZulu-Natal and to develop and empower previously disadvantaged groups. The programme has two sub-programmes, namely Integrated Business Support (IBS) and Black Economic Empowerment (BEE).

Tables 4.18 and 4.19 below summarise the payments and estimates for the seven-year period from 2002/03 to 2008/09.

Table 4.18: Summary of payments and estimates - Programme 4: Integrated Business Services

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2005/06	2006/07	2007/08
Integrated Business Support (IBS)	11,028	12,672	7,514	12,106	11,705	11,705	42,920	46,566	50,815
Black Economic Empowerment (BEE)	-	583	4,861	3,819	23,819	23,819	194,076	246,422	281,651
Total	11,028	13,255	12,375	15,925	35,524	35,524	236,996	292,988	332,466

Table 4.19: Summary of payments and estimates by economic classification - Programme 4: Integrated Business Services

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
Current payments	10,677	13,133	12,250	15,559	35,149	35,149	96,825	105,670	115,709
Compensation of employees	3,073	1,691	1,592	4,154	3,442	3,442	3,812	4,006	4,206
Goods and services	7,604	11,442	10,658	11,405	31,707	31,707	93,013	101,664	111,503
Other	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	10	5	4	53	53	53	140,041	187,182	216,614
Local government	10	5	4	11	11	11	3	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Other	-	-	-	42	42	42	140,038	187,182	216,614
Payments	341	117	121	313	322	322	130	136	143
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	341	117	121	313	322	322	130	136	143
Other	-	-	-	-	-	-	-	-	-
Total	11,028	13,255	12,375	15,925	35,524	35,524	236,996	292,988	332,466

The allocation for the Integrated Business Support sub-programme increases substantially from 2005/06 onwards, mainly due to an increased emphasis on the establishment of the Small Enterprise Development Agencies (SEDAs), as well as improved support to the Local Business Service Centres in the province. The substantial increase in this sub-programme over the MTEF relates to funding for the implementation of the Incubator Programme, as mentioned in Section 5.2 above.

The Black Economic Empowerment sub-programme increases over the MTEF as a result of the additional allocation received for the implementation of the Co-operatives Programme, and the establishment of a unit responsible for accelerated economic development. The funding for the primary co-operatives and economic development unit will be transferred to Ithala, hence the increase in the category *Transfers and subsidies to: Other*, whereas the funding for secondary co-operatives is allocated to the category *Goods and services*.

The significant increase in the 2005/06 adjusted budget and estimated actual figures in *Goods and services* is mainly due to the once-off allocation of R20 million against the BEE sub-programme, in respect of the Bee Foundation Project. Further increases from 2006/07 onwards are associated with the Incubator Programme.

Service delivery measures

Table 4.20 below provides the main service delivery measures pertaining to Programme 4.

The allocation in respect of the Integrated Business Support sub-programme increases substantially from 2006/07 onwards, and the department is projecting significant improvements in the targets relating to the establishment of the service delivery networks, and the number of entrepreneurs trained.

The department will continue with the implementation of projects as identified in the KZN BBBEE Strategy, with the major focus in 2006/07 on the establishment of a BEE one-stop-shop, and the promotion of women economic empowerment.

Table 4.20: Service Delivery Measures Programme 4 - Integrated Business Services

Output type	Performance measures	Performance targets	
		2005/2006 Est. Actual	2006/2007 Estimate
1. Integrated Business Support			
1.1 Support of SMMEs through establishment of SMME support service delivery network (establishment of SEDA), including the one-stop-shop small business service centre	Number of SEDA centres established	20	50
1.2 Implementation Of Programmes To Develop Businesses Owned By Youth And The Physically Challenged	• Number of youth operated businesses	30	45
	• Number of young entrepreneurs trained in entrepreneurship and technical skills	150	1200

Table 4.20: Service Delivery Measures Programme 4 - Integrated Business Services

Output type	Performance measures	Performance targets	
		2005/2006	2006/2007
		Est. Actual	Estimate
2. Black Economic Empowerment			
2.1 Development and implementation of a provincial BEE strategy	No. of projects in line with provincial BEE strategy	5	<ul style="list-style-type: none"> • BEE one-stop-shop • Woman economic empowerment
2.2 Development of a mechanism for affirmative procurement monitoring	Existence of an effective monitoring mechanism of affirmative procurement practice	1	-
2.3 Facilitation of implementation of BEE Sector charters in province for selected sectors	Existence of fully developed BEE Sector charter	1	-

6.5 Programme 5: Local Economic Development

The purpose of this programme is to create an enabling environment in which local economies can grow and prosper. The programme is designed to create opportunities to stimulate and invest in the emergence and growth of competitive and sustainable enterprises and jobs. Housed under this programme are three sub-programmes, namely LED Monitoring and Evaluation, Local Economic Empowerment, and Programme Support Services. The latter sub-programme was specifically introduced in 2006/07 to provide detailed and intensive budget, financial management and project support to the programme.

Tables 4.21 and 4.22 summarise payments and budgeted estimates for the period 2001/02 to 2007/08.

Table 4.21: Summary of payments and estimates - Programme 5: Local Economic Development

R000	Outcome			Main Budget	Adjusted Budget 2005/06	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
	LED Monitoring & Evaluation	-	1,319				1,504	1,386	686
Local Economic Empowerment	10,763	4,295	5,885	7,457	5,627	5,627	5,840	6,132	6,562
Programme Support Services	-	-	-	-	-	-	2,319	2,435	2,606
Total	10,763	5,614	7,389	8,843	6,313	6,313	10,826	11,367	12,164

Table 4.22: Summary of payments and estimates by economic classification - Programme 5: Local Economic Development

R000	Outcome			Main Budget	Adjusted Budget 2005/06	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
	Current payments	10,637	5,448				5,900	8,521	6,129
Compensation of employees	1,039	1,985	2,537	4,054	3,089	3,089	5,915	6,215	6,526
Goods and services	9,598	3,463	3,363	4,467	3,040	3,040	4,848	5,090	5,573
Other	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	3	5	1,296	52	52	52	63	62	65
Local government	3	5	7	11	11	11	4	-	-
Non-profit institutions	-	-	1,000	-	-	-	-	-	-
Households	-	-	289	-	-	-	-	-	-
Other	-	-	-	41	41	41	59	62	65
Payments for capital assets	123	161	193	270	132	132	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	123	161	193	270	132	132	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	10,763	5,614	7,389	8,843	6,313	6,313	10,826	11,367	12,164

The increase against the LED Monitoring and Evaluation sub-programme over the MTEF is mainly due to the increase in capacity for the monitoring and evaluation of the European Union Projects. The sub-programme: Programme Support Services caters for a newly created unit responsible for providing financial and administrative support to the projects, and this accounts for the increases in the category *Compensation of employees*.

The sub-programme: Local Economic Empowerment shows significant growth in the 2005/06 main budget, due to the increased focus on and demand for job-creation and local economic development initiatives.

The expenditure in *Transfers and subsidies to: Non-profit institutions* in the 2004/05 financial year relates to a once-off payment of R1 million to Ingwe Corporation, in respect of local economic development.

Service delivery measures

Table 4.23 illustrates the main service delivery measures pertaining to Programme 5: Local Economic Development. The service delivery targets for this programme show an upward trend, which is in line with the increase in the budget allocation. The department intends expanding its activities by providing specialist services in building capacity, leveraging finance and developing management information within the LED Programme.

Table 4.23: Service Delivery Measures Programme 5 - Local Economic Development

Output type	Performance measures	Performance targets	
		2005/2006 Est. Actual	2006/2007 Estimate
1. Led Monitoring & Evaluation			
1.1 Programme for monitoring, research and learning established	Fully operational monitoring, research and learning unit established	1	6
2. Local Economic Empowerment			
2.1 Creation of an enabling environment conducive to Local Economic Development	No. of interventions designed to facilitate economic development at local government level	5	17
2.2 Facilitation of pro-poor investment at local government level	The existence of a local competitiveness fund which funds job creating projects	10	10
2.3 Programme for improved local economic governance	Existence of a completed LED strategy	1	1
2.4 Facilitation of implementation of BEE Sector charters in province for selected sectors	Existence of fully developed BEE Sector charter	1	1
3. Programme Support Services			
3.1 Provision of specialist services in building capacity, leveraging finance and development of management information services within the LED programme	No. of interventions designed to assist the LED programme	0	3

7. Other programme information

7.1 Personnel numbers and costs

Table 4.24 below summarises the approved establishment per programme, as well as the total personnel costs of the department. Table 4.25 below provides details of the personnel numbers and costs. The department employs only full-time personnel, and does not expect any fluctuations over the MTEF.

Personnel costs have increased significantly from 2005/06, due to changes in the approved establishment of the department, the creation of new posts, and the filling of managerial positions to deliver services in terms of the departmental strategic plan.

Table 4.24 Personnel numbers and costs per programme

Personnel numbers	As at	As at	As at	As at	As at	As at	As at
	31 March 2002	31 March 2003	31 March 2004	31 March 2005	31 March 2006	31 March 2007	31 March 2008
1. Corporate Services	54	61	55	29	44	44	44
2. Financial Administration	-	-	-	22	25	25	25
3. Trade & Sector Development	26	27	25	35	43	43	43
4. Integrated Business Services	29	8	16	9	12	12	12
5. Local Economic Development	4	11	5	9	19	19	19
Total	113	107	101	104	143	143	143
Total personnel cost (R000)	17,313	19,282	20,591	20,290	27,423	35,546	37,348
Unit cost (R000)	153	180	204	195	192	249	261

Table 4.25: Details of departmental personnel numbers and costs

	Audited 2002/03	Audited 2003/04	Audited 2004/05	Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
				2005/06			2006/07	2007/08	2008/09
Total for department									
Personnel numbers (head count)	107	101	104	166	143	143	143	143	143
Personnel cost (R'000)	19,282	20,591	20,290	34,188	27,423	27,423	35,546	37,348	39,214
Human resources component									
Personnel numbers (head count)	61	55	14	25	20	20	20	20	20
Personnel cost (R'000)	11,469	10,446	2,471	4,354	3,417	3,417	4,458	4,681	4,915
Head count as % of total for department	57.01	54.46	13.46	15.06	13.99	13.99	13.99	13.99	13.99
Personnel cost as % of total for department	59.48	50.73	12.18	12.74	12.46	12.46	12.54	12.53	12.53
Finance component									
Personnel numbers (head count)	-	-	8	9	9	9	9	9	9
Personnel cost (R'000)	-	-	1,195	2,067	1,655	1,655	2,055	2,158	2,266
Head count as % of total for department	-	-	7.69	5.42	6.29	6.29	6.29	6.29	6.29
Personnel cost as % of total for department	-	-	5.89	6.05	6.04	6.04	5.78	5.78	5.78
Full time workers									
Personnel numbers (head count)	107	101	104	166	143	143	143	143	143
Personnel cost (R'000)	19,282	20,591	20,290	34,188	27,423	27,423	35,546	37,348	39,214
Head count as % of total for department	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Personnel cost as % of total for department	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Part-time workers									
Personnel numbers (head count)	-	-	-	-	-	-	-	-	-
Personnel cost (R'000)	-	-	-	-	-	-	-	-	-
Head count as % of total for department	-	-	-	-	-	-	-	-	-
Personnel cost as % of total for department	-	-	-	-	-	-	-	-	-
Contract workers									
Personnel numbers (head count)	-	-	-	-	-	-	-	-	-
Personnel cost (R'000)	-	-	-	-	-	-	-	-	-
Head count as % of total for department	-	-	-	-	-	-	-	-	-
Personnel cost as % of total for department	-	-	-	-	-	-	-	-	-

7.2 Training

Table 4.26 below reflects the expenditure and estimates for training for the seven-year period. The increase in the training costs in the 2005/06 main budget is due to the increase in the number of posts, as well as the capacitation of staff in line with the operational requirements of the strategic plan. The projected training costs are aimed at providing the necessary skills to empower departmental officials to implement the departmental strategy.

Table 4.26 Expenditure on training

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2005/06		
1. Corporate Services	83	613	179	75	189	189	175	182	206
2. Financial Administration	-	-	62	446	80	80	290	305	331
3. Trade & Sector Development	11	1,950	74	240	217	217	75	76	82
4. Integrated Business Services	18	1,350	18	18	35	35	42	44	47
5. Local Economic Development	-	341	78	-	27	27	70	74	80
Total	112	4,254	411	779	548	548	652	681	746

ANNEXURE TO VOTE 4 – ECONOMIC DEVELOPMENT

Table 4.A: Details of departmental receipts

R000	Outcome			Main Budget	Adjusted Budget 2005/06	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
Tax receipts	-	3,396	3,691	3,396	3,396	3,396	3,600	3,816	4,045
Casino taxes									
Motor vehicle licenses									
Horseracing									
Other taxes	-	3,396	3,691	3,396	3,396	3,396	3,600	3,816	4,045
Non-tax receipts	950	101	36	100	100	100	106	112	119
Sale of goods and services other than capital asset	950	101	36	100	100	100	106	112	119
Sales of goods and services produced by dept.	950	101	36	100	100	100	106	112	119
Sales by market establishments									
Administrative fees									
Other sales	950	101	36	100	100	100	106	112	119
Sales of scrap, waste, arms and other used current goods (excluding capital assets)									
Fines, penalties and forfeits									
Interest, dividends and rent on land	-	-	-	-	-	-	-	-	-
Interest									
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	4,184	-	-	-	-	-	-	-	-
Land and subsoil assets	4,184	-	-	-	-	-	-	-	-
Other capital assets									
Financial transactions	-	28	240	29	29	29	31	33	35
Total	5,134	3,525	3,967	3,525	3,525	3,525	3,737	3,961	4,199

Table 4.B: Details of payments and estimates by economic classification

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
Current payments	75,472	67,176	71,859	91,934	107,023	107,023	183,158	196,841	214,734
Compensation of employees	19,282	20,591	20,290	34,188	27,423	27,423	35,546	37,348	39,214
Salaries and wages	16,313	17,771	17,389	29,985	23,652	23,652	30,794	32,346	33,962
Social contributions	2,969	2,820	2,901	4,203	3,771	3,771	4,752	5,002	5,252
Goods and services	56,190	46,585	51,569	57,746	79,600	79,600	147,612	159,493	175,520
<i>of which</i>									
Consultant fees	42,640	31,116	25,794	33,086	56,172	56,172	38,445	40,891	45,347
Other Administrative Costs	13,550	15,469	25,775	24,660	23,428	23,428	109,167	118,602	130,173
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	32,733	40,169	63,218	46,068	47,641	47,641	205,227	524,106	1,865,384
Local government	62	56	57	90	90	90	23	-	-
Municipalities	62	56	57	90	90	90	23	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	14,671	24,046	16,425	30,344	30,344	30,344	30,355	31,873	33,466
Social security funds	-	-	-	-	-	-	-	-	-
Entities receiving funds	14,671	24,046	16,425	30,344	30,344	30,344	30,355	31,873	33,466
Public corporations and private enterprises	18,000	16,000	27,447	15,634	15,634	15,634	144,849	192,233	221,918
Public corporations	18,000	16,000	27,447	15,634	15,634	15,634	144,849	192,233	221,918
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	18,000	16,000	27,447	15,634	15,634	15,634	144,849	192,233	221,918
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Foreign governments and international organisation	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	19,000	-	1,500	1,500	30,000	300,000	1,610,000
Households	-	67	289	-	73	73	-	-	-
Social benefits	-	-	-	-	-	-	-	-	-
Other transfers to households	-	67	289	-	73	73	-	-	-
Payments for capital assets	1,031	1,211	1,795	2,588	2,926	2,926	1,667	1,750	1,838
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1,031	1,043	1,670	2,313	2,452	2,452	1,567	1,645	1,728
Transport equipment	138	-	-	-	-	-	-	-	-
Other machinery and equipment	893	1,043	1,670	2,313	2,452	2,452	1,567	1,645	1,728
Cultivated assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	168	125	275	474	474	100	105	110
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Total	109,236	108,556	136,872	140,590	157,590	157,590	390,052	722,697	2,081,956

Table 4.C: Details of payments and estimates by economic classification - Programme 1: Corporate Services

R000	Outcome			Main Budget	Adjusted Budget 2005/06	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
Current payments	19,525	17,875	16,961	24,196	22,988	22,988	27,881	29,232	31,296
Compensation of employees	8,260	8,015	6,212	13,049	8,499	8,499	10,957	11,512	12,088
Salaries and wages	6,990	6,890	5,278	11,462	7,265	7,265	9,469	9,950	10,448
Social contributions	1,270	1,125	934	1,587	1,234	1,234	1,488	1,562	1,640
Goods and services	11,265	9,860	10,749	11,147	14,489	14,489	16,924	17,720	19,208
of which									
Consultant fees	4,773	1,741	1,678	3,096	3,180	3,180	6,821	7,112	7,854
Other	6,492	8,119	9,071	8,051	11,309	11,309	10,103	10,608	11,354
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:	27	70	18	165	188	188	115	113	119
Local government	27	22	18	34	34	34	7	-	-
Municipalities	27	22	18	34	34	34	7	-	-
Municipal agencies and funds									
Departmental agencies and accounts	-	-	-	131	131	131	108	113	119
Social security funds									
Entities receiving funds				131	131	131	108	113	119
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production									
Other transfers									
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production									
Other transfers									
Foreign governments and international organisation									
Non-profit institutions									
Households	-	48	-	-	23	23	-	-	-
Social benefits									
Other transfers to households	-	48	-	-	23	23	-	-	-
Payments for capital assets	-	453	768	436	760	760	731	768	806
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings									
Other fixed structures									
Machinery and equipment	-	299	681	236	560	560	681	715	751
Transport equipment									
Other machinery and equipment	-	299	681	236	560	560	681	715	751
Cultivated assets									
Software and other intangible assets	-	154	87	200	200	200	50	53	55
Land and subsoil assets									
Total	19,552	18,398	17,747	24,797	23,936	23,936	28,727	30,113	32,221

Table 4.D: Details of payments and estimates by economic classification - Programme 2: Financial Administration

R000	Outcome			Main Budget	Adjusted Budget 2005/06	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
Current payments	7,491	8,073	9,013	13,197	12,983	12,983	14,473	15,200	16,270
Compensation of employees	3,169	3,128	3,121	4,177	4,002	4,002	5,117	5,377	5,646
Salaries and wages	2,682	2,681	2,644	3,599	3,501	3,501	4,359	4,568	4,796
Social contributions	487	447	477	578	501	501	758	809	850
Goods and services	4,322	4,945	5,892	9,020	8,981	8,981	9,356	9,823	10,624
of which									
Consultant fees	1,831	1,518	1,300	350	350	350	-	-	-
Other	2,491	3,427	4,592	8,670	8,631	8,631	9,356	9,823	10,624
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:	10	27	8	53	103	103	55	55	56
Local government	10	8	8	11	11	11	3	-	-
Municipalities	10	8	8	11	11	11	3	-	-
Municipal agencies and funds									
Departmental agencies and accounts	-	-	-	42	42	42	52	55	56
Social security funds									
Entities receiving funds	-	-	-	42	42	42	52	55	56
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	-	19	-	-	50	50	-	-	-
Social benefits									
Other transfers to households	-	19	-	-	50	50	-	-	-
Payments for capital assets	-	184	224	414	578	578	197	207	218
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings									
Other fixed structures									
Machinery and equipment	-	170	186	349	349	349	197	207	218
Transport equipment									
Other machinery and equipment	-	170	186	349	349	349	197	207	218
Cultivated assets									
Software and other intangible assets	-	14	38	65	229	229	-	-	-
Land and subsoil assets									
Total	7,501	8,284	9,245	13,664	13,664	13,664	14,725	15,462	16,544

Table 4.E: Details of payments and estimates by economic classification - Programme 3: Trade & Sector Development

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
				2005/06					
Current payments	27,142	22,647	27,735	30,461	29,774	29,774	33,216	35,434	39,360
Compensation of employees	3,741	5,772	6,828	8,754	8,391	8,391	9,745	10,238	10,748
Salaries and wages	3,163	5,023	5,886	7,634	7,283	7,283	8,465	8,894	9,337
Social contributions	578	749	942	1,120	1,108	1,108	1,280	1,344	1,411
Goods and services	23,401	16,875	20,907	21,707	21,383	21,383	23,471	25,196	28,612
<i>of which</i>									
Consultant fees	21,447	14,490	11,994	15,311	19,700	19,700	16,541	17,942	20,337
Other	1,954	2,385	8,913	6,396	1,683	1,683	6,930	7,254	8,275
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:	32,683	40,062	61,892	45,745	47,245	47,245	64,953	336,694	1,648,530
Local government	12	16	20	23	23	23	6	-	-
Municipalities	12	16	20	23	23	23	6	-	-
Municipal agencies and funds									
Departmental agencies and accounts	14,671	24,046	16,425	30,088	30,088	30,088	30,098	31,603	33,184
Social security funds									
Entities receiving funds	14,671	24,046	16,425	30,088	30,088	30,088	30,098	31,603	33,184
Public corporations and private enterprises	18,000	16,000	27,447	15,634	15,634	15,634	4,849	5,091	5,346
Public corporations	18,000	16,000	27,447	15,634	15,634	15,634	4,849	5,091	5,346
<i>Subsidies on production</i>									
<i>Other transfers</i>	18,000	16,000	27,447	15,634	15,634	15,634	4,849	5,091	5,346
Private enterprises	-	-	-	-	-	-	-	-	-
<i>Subsidies on production</i>									
<i>Other transfers</i>									
Foreign governments and international organisation	-	-	18,000	-	1,500	1,500	30,000	300,000	1,610,000
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Social benefits									
Other transfers to households									
Payments for capital assets	567	296	489	1,155	1,134	1,134	609	639	671
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings									
Other fixed structures									
Machinery and equipment	567	296	489	1,145	1,089	1,089	559	587	616
Transport equipment	138								
Other machinery and equipment	429	296	489	1,145	1,089	1,089	559	587	616
Cultivated assets									
Software and other intangible assets	-	-	-	10	45	45	50	52	55
Land and subsoil assets									
Total	60,392	63,005	90,116	77,361	78,153	78,153	98,778	372,767	1,688,561

Table 4.F: Details of payments and estimates by economic classification - Programme 4: Integrated Business Services

R000	Outcome			Main Budget	Adjusted Budget 2005/06	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
Current payments	10,677	13,133	12,250	15,559	35,149	35,149	96,825	105,670	115,709
Compensation of employees	3,073	1,691	1,592	4,154	3,442	3,442	3,812	4,006	4,206
Salaries and wages	2,599	1,463	1,383	3,684	2,975	2,975	3,366	3,538	3,715
Social contributions	474	228	209	470	467	467	446	468	491
Goods and services	7,604	11,442	10,658	11,405	31,707	31,707	93,013	101,664	111,503
<i>of which</i>									
Consultant Fees	6,169	10,342	8,412	10,915	30,572	30,572	11,899	12,494	13,445
Other	1,435	1,100	2,246	490	1,135	1,135	81,114	89,170	98,058
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:	10	5	4	53	53	53	140,041	187,182	216,614
Local government	10	5	4	11	11	11	3	-	-
Municipalities	10	5	4	11	11	11	3	-	-
Municipal agencies and funds									
Departmental agencies and accounts	-	-	-	42	42	42	38	40	42
Social security funds									
Entities receiving funds	-	-	-	42	42	42	38	40	42
Public corporations and private enterprises	-	-	-	-	-	-	140,000	187,142	216,572
Public corporations	-	-	-	-	-	-	140,000	187,142	216,572
<i>Subsidies on production</i>									
<i>Other transfers</i>							140,000	187,142	216,572
Private enterprises	-	-	-	-	-	-	-	-	-
<i>Subsidies on production</i>									
<i>Other transfers</i>									
Foreign governments and international organisations									
Non-profit institutions									
Households	-	-	-	-	-	-	-	-	-
Social benefits									
Other transfers to households									
Payments for capital assets	341	117	121	313	322	322	130	136	143
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings									
Other fixed structures									
Machinery and equipment	341	117	121	313	322	322	130	136	143
Transport equipment									
Other machinery and equipment	341	117	121	313	322	322	130	136	143
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total	11,028	13,255	12,375	15,925	35,524	35,524	236,996	292,988	332,466

Table 4.G: Details of payments and estimates by economic classification - Programme 5: Local Economic Development

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2002/03	Audited 2003/04	Audited 2004/05				2006/07	2007/08	2008/09
Current payments	10,637	5,448	5,900	8,521	6,129	6,129	10,763	11,305	12,099
Compensation of employees	1,039	1,985	2,537	4,054	3,089	3,089	5,915	6,215	6,526
Salaries and wages	879	1,714	2,198	3,606	2,628	2,628	5,135	5,396	5,666
Social contributions	160	271	339	448	461	461	780	819	860
Goods and services	9,598	3,463	3,363	4,467	3,040	3,040	4,848	5,090	5,573
of which									
Consultant fees	8,420	3,025	2,410	3,414	2,370	2,370	3,184	3,343	3,711
Other	1,178	438	953	1,053	670	670	1,664	1,747	1,862
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:	3	5	1,296	52	52	52	63	62	65
Local government	3	5	7	11	11	11	4	-	-
Municipalities	3	5	7	11	11	11	4	-	-
Municipal agencies and funds									
Departmental agencies and accounts	-	-	-	41	41	41	59	62	65
Social security funds									
Entitles receiving funds	-	-	-	41	41	41	59	62	65
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production									
Other transfers									
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production									
Other transfers									
Foreign governments and international organisation									
Non-profit institutions	-	-	1,000	-	-	-	-	-	-
Households	-	-	289	-	-	-	-	-	-
Social benefits									
Other transfers to households	-	-	289	-	-	-	-	-	-
Payments for capital assets	123	161	193	270	132	132	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings									
Other fixed structures									
Machinery and equipment	123	161	193	270	132	132	-	-	-
Transport equipment									
Other machinery and equipment	123	161	193	270	132	132	-	-	-
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total	10,763	5,614	7,389	8,843	6,313	6,313	10,826	11,367	12,164

Table 4.H: Details of expense on infrastructure

Type of Infrastructure	Programme	Number of projects	Total costs	Medium-term estimates		
				2006/07	2007/08	2008/09
Capital		2	-	20,000	290,000	1,600,000
New constructions		-	-	-	-	-
Rehabilitation		-	-	-	-	-
Other capital projects		-	-	-	-	-
Infrastructure transfers		2	-	20,000	290,000	1,600,000
Dube Trade Port	4	1	-	20,000	200,000	1,500,000
Richards Bay IDZ	4	1	-	-	90,000	100,000
Current		-	-	-	-	-
Total		2	-	20,000	290,000	1,600,000

Table 4.I: Summary of transfers to municipalities (Regional Service Council Levy)

R000		Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
		Audited	Audited	Audited				2006/07	2007/08	2008/09
		2002/03	2003/04	2004/05						
A	eThekweni	62	56	57	90	90	90	23	-	-
	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	-	-	-	-	-	-	-	-	-
B	KZ221 uMshwathi	-	-	-	-	-	-	-	-	-
B	KZ222 uMngeni	-	-	-	-	-	-	-	-	-
B	KZ223 Mpozana	-	-	-	-	-	-	-	-	-
B	KZ224 Impendle	-	-	-	-	-	-	-	-	-
B	KZ225 Msunduzi	-	-	-	-	-	-	-	-	-
B	KZ226 Mkhambathini	-	-	-	-	-	-	-	-	-
B	KZ227 Richmond	-	-	-	-	-	-	-	-	-
C	DC22 uMgungundlovu District Municipality	-	-	-	-	-	-	-	-	-
	Total: Uthukela Municipalities	-	-	-	-	-	-	-	-	-
B	KZ232 Emnambithi/Ladysmith	-	-	-	-	-	-	-	-	-
B	KZ233 Indaka	-	-	-	-	-	-	-	-	-
B	KZ234 Urmtshezi	-	-	-	-	-	-	-	-	-
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 uMhathuze	-	-	-	-	-	-	-	-	-
B	KZ283 Ntambanana	-	-	-	-	-	-	-	-	-
B	KZ284 Umlalazi	-	-	-	-	-	-	-	-	-
B	KZ285 Mthonjaneni	-	-	-	-	-	-	-	-	-
B	KZ286 Nkandla	-	-	-	-	-	-	-	-	-
C	DC28 uThungulu District Municipality	-	-	-	-	-	-	-	-	-
	Total: Ilembe Municipalities	-	-	-	-	-	-	-	-	-
B	KZ291 eNdongakusuka	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
Total		62	56	57	90	90	90	23	-	-

Table 4.J : Financial summary for Ithala Development Finance Corporation

R000	Outcome			Estimated outcome	Medium-term estimate		
	Audited 2002/03	Audited 2003/04	Audited 2004/05		2005/06	2006/07	2007/08
Revenue							
Tax revenue	-	-	-	-	-	-	-
Non-tax revenue	475,803	543,761	477,758	517,798	597,194	657,020	748,893
Sale of goods and services other than capital assets	53,759	65,522	82,801	101,141	144,257	174,772	208,158
Of which:							
Admin fees	30,780	47,348	60,414	80,635	125,950	156,364	188,829
Market establishments	-	-	-	-	-	-	-
Incidental Sales	22,979	18,174	22,387	20,506	18,307	18,408	19,329
Other non-tax revenue	422,044	478,239	394,957	416,657	452,937	482,248	540,735
Interest on investments	41,641	49,827	49,977	53,313	39,751	40,000	45,000
Interest on loans advanced	222,687	212,543	181,882	178,489	215,526	220,059	252,753
Domestic	222,687	212,543	181,882	178,489	215,526	220,059	252,753
Other	157,716	215,869	163,098	184,855	197,660	222,189	242,982
Transfers received	11,918	16,634	7,757	10,000	144,849	192,233	221,918
Total revenue	487,721	560,395	485,515	527,798	742,043	849,253	970,811
Expenses							
Current expense	463,073	529,868	456,083	486,861	547,830	590,665	653,264
Compensation of employees	157,223	181,248	187,993	200,571	217,787	236,168	250,803
Goods and services	136,958	188,310	136,797	166,003	201,593	218,762	240,390
Depreciation	30,622	29,464	31,214	35,859	38,644	49,104	52,925
Interest, dividends and rent on land	138,270	130,846	100,079	84,428	89,806	86,631	109,146
Interest	138,270	130,846	100,079	84,428	89,806	86,631	109,146
Dividends	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-
Transfers and subsidies	9,803	10,671	11,039	10,960	12,250	13,500	14,750
Total expenses	472,876	540,539	467,122	497,821	560,080	604,165	668,014
Surplus / (Deficit)	14,845	19,856	18,393	29,977	181,963	245,088	302,797
Tax payment	-	-	-	-	-	-	-
Outside shareholders interest	-	-	-	-	-	-	-
Cash flow summary							
Adjust surplus / (deficit) for accrual transactions	3,171	40,290	68,514	35,859	38,644	49,104	52,925
Adjustments for:							
Depreciation	30,622	29,464	31,214	35,859	38,644	49,104	52,925
Interest	1,421	(2,910)	(691)	-	-	-	-
Impairments	13,622	37,233	4,358	-	-	-	-
Net (profit) / loss on disposal of fixed assets	(4,038)	(33,695)	(1,197)	-	-	-	-
Other	(38,456)	10,198	34,830	-	-	-	-
Operating surplus / (deficit) before changes in working capital	18,016	60,146	86,907	65,836	220,607	294,192	355,722
Changes in working capital	(1,465)	(9,145)	16,545	7,001	15,156	13,915	14,008
(Decrease) / increase in accounts payable	9,240	10,190	(1,453)	(10,323)	9,818	10,000	10,000
Decrease / (increase) in accounts receivable	(11,175)	(19,991)	16,051	17,324	5,338	3,915	4,008
Decrease / (increase) in inventory	470	656	1,947	-	-	-	-
(Decrease) / increase in provisions	-	-	-	-	-	-	-
Cash flow from operating activities	16,551	51,001	103,452	72,837	235,763	308,107	369,730
Transfers from government	21,548	(3,721)	758	353,250	200,000	200,000	200,000
Of which: Capital	-	-	-	-	-	-	-
: Current	21,548	(3,721)	758	353,250	200,000	200,000	200,000
Cashflow from advancing activities	23,804	(26,692)	(122,961)	(338,918)	(430,194)	(443,462)	(394,690)
Cash flow from investing activities	(27,287)	(27,350)	(25,052)	(42,080)	(166,879)	(93,300)	(103,850)
Acquisition of Assets	(48,695)	(43,648)	(31,006)	(38,341)	(166,879)	(93,300)	(103,850)
Other flows from Investing Activities	21,408	16,298	5,954	(3,739)	-	-	-
Cash flow from financing activities	65,365	186,666	64,237		254,432	341,387	383,331
Net increase / (decrease) in cash and cash equivalents	78,433	183,625	19,676	(308,161)	(106,878)	112,732	254,521
Balance Sheet Data							
Carrying Value of Assets	854,568	860,583	852,918	855,249	983,485	1,027,681	1,078,607
Long Term Investments	11,638	12,118	16,140	27,916	27,916	27,916	27,916
Loans	1,351,582	1,315,980	1,410,590	1,482,498	1,633,013	1,877,656	2,072,985
Cash and Cash Equivalents	317,682	497,586	518,020	640,235	588,508	709,007	941,610
Receivables and Prepayments	50,797	55,999	36,041	47,462	42,124	38,209	34,201
Inventory	9,263	6,205	4,258	3,000	3,000	3,000	3,000
TOTAL ASSETS	2,595,530	2,748,471	2,837,967	3,056,360	3,278,046	3,683,469	4,158,319
Capital & Reserves	1,063,665	1,019,481	1,040,548	1,070,525	1,252,488	1,497,576	1,800,373
Borrowings	1,413,415	1,592,831	1,656,081	1,732,275	1,986,130	2,328,700	2,712,671
Post Retirement Benefits	23,211	32,755	41,404	43,000	45,000	48,000	49,000
Trade and Other Payables	83,265	88,089	86,073	198,560	126,777	133,275	141,775
Provisions	11,974	15,315	13,861	12,000	12,500	13,000	13,500
Managed Funds	-	-	-	-	-	-	-
TOTAL EQUITY & LIABILITIES	2,595,530	2,748,471	2,837,967	3,056,360	3,422,895	4,020,551	4,717,319
Contingent Liabilities	-	-	-	-	-	-	-

* The amounts reflected under transfers received exclude the portion of funding transferred to Dube TradePort as reflected in the Transfers to Public Entities table in the Budget Statement.