

VOTE 6

Provincial Treasury

Operational budget	R 1 069 099 000
MEC remuneration	R 681 000
Total amount to be appropriated	R 1 069 780 000
Responsible MEC	Dr Z. L. Mkhize, Minister of Finance and Economic Development
Administrating department	Provincial Treasury
Accounting officer	Senior General Manager: Financial Management

1. Overview

Vision

The vision of the department is: *By 2014, the province will be a hub of economic activity which empowers its people through sound financial and fiscal management.*

Mission

The Provincial Treasury will ensure a more equitable distribution of resources and provide strategic leadership in areas of financial and fiscal management and corporate governance.

Strategic objectives

The broad goals of the department are described as follows:

- To promote sound financial and fiscal management and good governance in provincial departments and municipalities;
- To place strong emphasis on fighting poverty and creating jobs in partnership with communities, through the mobilisation and funding of co-operatives and effective procurement targeting;
- The establishment of funds to develop and support SMMEs with sustainable opportunities through government contracts;
- The effective distribution of the Growth Fund to increase investment in the first economy;
- To focus on the enhancement of broad-based Black Economic Empowerment (BEE) through effective procurement policies;
- Good financial management with the elimination of over-expenditure and a reduction of roll-overs;
- Implementing a policy of zero tolerance on fraud and corruption; and
- Economic growth through integrated planning for efficient and targeted government investment in service delivery.

Core functions

The core functions of the department are listed below:

- The development, implementation and monitoring of fiscal, financial management and procurement policies for the KwaZulu-Natal Provincial Government;

- The allocation of provincial funds by means of budget preparation and implementation;
- Providing treasury services to the provincial government;
- Maintaining and supporting the provincial financial management systems;
- Provision of internal audit and risk management services to the provincial government;
- Funding and monitoring other structures responsible for the delivering of services in the province;
- Collecting and managing the provincial revenue fund;
- Managing and control of financial and procurement management in this province; and
- Monitoring of budget processes and provision of financial management support services to delegated municipalities.

Legislative mandate

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

- Public Finance Management Act (Act 1 of 1999, as amended)
- Municipal Finance Management Act (MFMA) (Act 56 of 2003)
- Treasury Regulations
- Public Service Act and Regulations
- Constitution of South Africa Act (Act 108 of 1996)
- Labour Relation Act (Act 66 of 1995)
- KwaZulu-Natal Procurement Act (Act 3 of 2001) and Regulations
- Income Tax Act (Act 58 of 1962)
- Intergovernmental Fiscal Relations Act (Act 97 of 1997)
- Bill of Exchange Act (Act 34 of 1964, as amended)
- Banking Act
- Division of Revenue Act

Challenges and developments

The KwaZulu-Natal Provincial Government is in the process of implementing Supply Chain Management (SCM) throughout the province, in accordance with Regulations issued by the National Treasury, and to ensure compliance with the PFMA and the Preferential Procurement Policy Framework Act (PPPFA). The implementation of SCM in the province presents a significant challenge to the department, as 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 will be necessary to restructure the traditional procurement and provisioning offices in all provincial departments, as well as retain and retrain procurement officials. This restructuring of the current system has given the Provincial Treasury the opportunity to improve the way in which it conducts business with its clients, and to work towards achieving of the BEE targets and objectives. The department will continue to ensure that it conducts business in a competitive, fair, transparent, cost-effective and equitable manner, and that the department maintains a high standard of service to its clients.

Practice notes on SCM were developed to guide practitioners and senior management on what is likely to minimise business risk and ensure compliance with the relevant legislation. The efforts to establish and sustain co-operatives resulted in the development of a specific procurement policy, enabling co-operatives to participate more easily in government contracts due to exemption of certain provisions of the tender procedures.

The implementation of SCM is also being phased in at municipal level, in accordance with the capacity level of the municipalities. Workshops were held with the municipalities to customise both the practice notes and the procedural manual according to their environmental conditions.

In 2005/06, the department awarded a contract for the provision of a Performance Based Budgeting System (PBS), designed to empower government managers to monitor and evaluate budgets, expenditure, outputs and measurable objectives. PBS brings together both financial and non-financial information to enable accountable reporting on the effectiveness and efficiency of service delivery. Though the implementation is progressing as expected, the PBS team is faced with several challenges, such as obtaining full awareness and buy-in from all stakeholders, ensuring system integration with the Balanced Scorecard (QPR), and acquiring training time that suits all parties and does not clash with other departmental priorities.

The contract for the survey and condition assessment of immovable assets in Pietermaritzburg, Ulundi and Durban was also awarded. After the assessment is complete, immovable assets, which cannot be effectively used by the state over the long term, will either be:

- Disposed of with preference being given to the previously disadvantaged groups to encourage black ownership of the assets and in line with government's preferential procurement objectives;
- Leased out to the private sector to promote investment in the province; or
- Donated to the private sector if they are found to be redundant, to prevent vandalism of those assets and to minimise the associated property costs.

Shortages of skills, expertise and experience in the market are still a major challenge in the risk management area. The demand of its clients and the environment in which the Provincial Treasury operates are such that skills are required in areas such as governance, strategy development and management, financial management and reporting, information technology, project management, etc. Training and development will continue to be a primary focus of the Internal Audit unit, but it is hoped that this challenge will be met with the harnessing of external resources coupled with intelligent recruitment.

A major challenge is to get buy-in and acceptance of the Provincial Risk Profile at Cabinet level, and, in this regard, a Provincial Risk Profile was tabled before the Cabinet for the first time. The commitment by the officials of provincial departments to internal control, risk management and governance is still a serious challenge facing the Internal Audit unit. It is clear that the unit will not be able to achieve its objectives or meet the challenges facing it with a management team and an Audit Committee that is not strong. To this end, initiatives have been identified that will ensure strong management of the unit, from both a technical and a leadership perspective.

From the beginning of the 2005/06 financial year, Standard Bank was contracted as the provincial banker. A changeover of this type is a significant challenge, given the number of bank accounts that are operated throughout the province, and the number of role-players that need to be informed to implement the necessary changes. However, the changeover was fairly smooth, with minimal impact on the employees and external service providers throughout the process, largely due to the efficiency of the banking team.

The KORA music awards project was hosted in the province in 2005/06. It was aimed at encouraging economic participation in terms of tourism in the province. As the main sponsor, the Provincial Treasury contributed R15 million and managed this project. The concerts and awards evening brought significant coverage for the province at both a national and international level, and will continue to attract foreign tourists to the province.

One of the major challenges facing the Municipal Finance unit is how 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 Provincial Treasury's responsibilities in forthcoming years.

Another important development in 2005/06 was the establishment of Centralised Provincial Funds (CPF) to be managed by the Provincial Treasury. Included in the CPF were the Provincial Growth Fund, the Small Medium Micro Enterprises (SMME) and the Poverty Alleviation Fund (PAF). It should be noted that the Centralised Provincial Fund has been renamed the Growth and Development Fund for the 2006/07 MTEF.

With regard to the Provincial Growth Fund, which is now known as the Growth Fund, the institutional structure has been finalised. A Board known as the KZN Growth Fund Managers (Pty) Ltd, a fully owned subsidiary of Ithala Development Finance Corporation (Ithala), was appointed to manage the Growth Fund. The establishment of this company as a separate independent legal entity in the form of a trust is aimed at attracting private sector investors and accommodating the legal requirements of financial institutions to facilitate their participation in the Growth Fund.

The Poverty Alleviation Fund (PAF) was established with the aim of addressing issues of income poverty, past racial discrimination and spatial disparities. In line with this objective, over the 2006/07 MTEF the funding identified for separate projects under the PAF has been allocated to the relevant provincial departments. These projects target critical areas such as the Agrarian Revolution, primary and secondary co-operatives and the Incubator Programme.

For its part, the SMME fund was introduced to promote SMME development in the province, as well as to ensure economic growth. During 2005/06, the Provincial Treasury provided an amount of R200 million to Ithala to drive the SMME programme for the province, pending the finalisation of a structured SMME fund. Ithala in turn augmented this allocation with its own funding.

Full utilisation of the Hardcat asset management system by all provincial departments is a major challenge facing the Systems directorate in the Provincial Treasury. Some departments have started using the Hardcat on all available modules, but the majority have indicated that they will only start using all Modules with effect from 1 April 2006. Departments have been very slow in adjusting to the use of Hardcat, partly because of problems being experienced with obtaining data.

In the forthcoming year, the Systems directorate will begin to consolidate all transversal systems, such as the Basic Accounting System (BAS), Hardcat, Intenda, Loss Control, QPR and PBS, to ensure that they interface with one another.

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

The Provincial Treasury is currently providing support to provincial departments in respect of the SCM implementation strategy. The SCM legislation has had a significant impact on provincial departments, and meant that the Provincial Treasury's role had to change significantly from one of reviewing tenders to one of monitoring and providing expertise and advice. Senior officials in departments were trained in all aspects of SCM, to ensure that departments are appropriately equipped for this task. With the implementation of SCM, the suppliers' database software had to be updated and approximately 15,000 suppliers had to be re-registered. In terms of the KwaZulu-Natal Procurement Act, which was repealed and replaced by the SCM Policy Framework, the province will not conduct business with any supplier who is not registered on the provincial database.

The Systems directorate continued with the implementation of the Hardcat system across all provincial departments. Most departments received training on the Hardcat system's modules, such as Core-asset details updating, Bar-coding and Purchasing.

Provincial departments set up project plans aimed at achieving the minimum requirements of an Asset Register, as stipulated by the National Treasury. The main task of each project plan includes a physical verification of all assets in each department, the loading of the values for all assets from 1 April 2004 to date, and a reconciliation between BAS and Hardcat for the same period. Asset managers from each department are required to submit progress reports on the achievement of the activities in terms of their plans, in order that the Provincial Treasury can provide the necessary support where required.

The Provincial Treasury is in the process of developing a generic asset policy for Asset Management Planning, Acquisition, Operation & Maintenance and Disposal that will be communicated to all provincial departments during 2005/06, with the effective date being 1 April 2006.

The department has finalised the Events and Communication management tender to support the MEC's community outreach programme in the form of *Izimbizo*, aimed at consulting the general public on financial management issues, such as the budget process. The MEC aims to establish strong relationships between government and business, non-governmental organisations and special interest groups. This will enable the public to participate in debates regarding financial management of the province, and be part of the budget planning and allocation process, in line with the Batho Pele principles of service delivery.

The infrastructure plans produced by the three major infrastructure spending departments in the province (Health, Transport and Education) were of high quality, and were closely aligned to the strategic plans of the departments. There was an improvement in infrastructure spending in the first two quarters of 2005/06, when compared to the same period last year. This improvement is directly linked to the quality and effort put in by departments to produce their departmental infrastructure plan. Based on the current expenditure trends, the infrastructure budget will be fully utilised by the end of the financial year.

The Plant Hire Private-Public Partnership (PPP) project is under review by the Department of Transport, while the Dube Trade Port will no longer be procured as a PPP, but rather as a State Owned Entity (SOE). The Department of Social Welfare and Population Development is investigating the possibility of procuring a Secure Care Centre for the under-aged convicted and waiting trial offenders as a PPP, and this project is in the process of being registered with the National Treasury PPP Unit. The PPP section is also investigating the possibility of building a Government Precinct that will accommodate all provincial departments, and is exploring the possibility of a PPP in that procurement.

The Internal Audit unit revised its three year rolling audit plan and submitted the 2005/06 audit plan for approval by the Audit Committee. During the first three quarters of the 2005/06 financial year, the unit performed 64 per cent of the planned audit assignments, and 36 per cent of the planned assignments were either at planning stage or postponed due to the urgent requests by clients for audits on certain areas, which had to be given priority. Some of the planned audit assignments were also postponed due to restructuring taking place in a few departments.

The Internal Audit unit conducted and completed six high profile investigations amounting to millions of Rands, including fraud, corruption, theft, mismanagement, maladministration and other irregularities, from a number of provincial departments, public entities and municipalities. These cases emanate from requests by client departments, the Head of Treasury, whistle-blowers, Heads of Departments and internal audit reviews. Some of the cases are before the courts of law and misconduct enquiries are also being handled by respective departments. A further five high profile cases of fraud and corruption involving syndicates are under investigation, and the unit has joined forces with the Directorate of Special Operations (Scorpions) and Asset Forfeiture Unit in order to prepare for successful prosecution.

The implementation of PBS commenced in the Departments of Health and Transport in July 2005. Prior to the official start, PBS (Pty) Ltd, who were awarded the contract, engaged with the Provincial Treasury over several months, starting in 2004, in order to familiarise Treasury officials with the system, obtain customisation feedback and install a PBS demo on the department's network. Much progress has been made in this regard in the Departments of Health and Transport, including a systems audit, workshops, PBS demo and PBS manual. With regard to system development, PBS is being developed on a completely new platform for the provincial government. Version 3, which is being developed for a Local Area Network (LAN), includes a several enhancements and improvements, specifically developed in response to the needs of the Provincial Treasury, Transport and Health, and in line with PFMA and provincial reporting needs.

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

It is envisaged that significant improvements will be made in 2006/07 to the financial management systems with regard to the availability of information. This will provide useful tools for undertaking various reforms, while facilitating departments' implementation of Asset and Supply Chain Management. The focus will be on consolidating the various systems, to ensure optimal support and utilisation by departments.

With regard to the changes in Asset and Supply Chain Management, the Provincial Treasury must continue to provide constant guidance and support to the respective client base, to maintain the speed of change. Also, an assessment of the impact of the various policies around SMME and BEE procurement will be undertaken in order to ascertain whether appropriate policies are in place.

Asset management must become embedded in SCM, given the intrinsic connectivity of buying, maintaining and disposing of assets. The link is currently not well understood and, in certain instances, activities are located in separate business units. This will be a priority area to ensure that the connectivity is achieved.

The audit reports of departments have been analysed to determine the areas where common problems exist. This will assist in formulating the development of training, systems enhancement, and policy development to address the shortcomings identified.

One of the main focus areas of the Intergovernmental Fiscal Relations Act of 1997 as well as the MFMA is the full integration of municipalities and public entities under the supervision and monitoring of the Provincial Treasury. This has led to the establishment of various fora to access and build relationships with these entities. It is anticipated that this will give the department an opportunity to indirectly support these organisations, to ensure an improvement in the way they deliver their services and to effectively manage funds allocated to them.

The continued phased roll-out of the MFMA will, among others, require that the Provincial Treasury monitors, evaluates and reports on the state of finances within delegated municipalities in the province. This means that the size of the Budget Management Office is likely to increase substantially in the coming years, due to the need to capacitate the Municipal Finance unit.

One of the main focus areas of the Internal Audit unit in 2006/07 will be the fostering of good client relations, with the aim of enhancing the unit's ability to perform meaningful audits and increase the ability and the chances of its clients to implement recommendations.

The Internal Audit unit and the services that it provides will be marketed to all stakeholders including the Audit Committee, Cabinet, Cabinet clusters, and provincial departments, in an attempt to enhance the standing of the unit and increase its visibility in the provincial government. It is hoped that this will improve the unit's relationships with clients and enforce a culture of discipline as far as implementation of the unit's recommendations is concerned.

In the new financial year, the focus of the Internal Audit unit will be on Self-Control Assessments. The unit will co-ordinate and facilitate workshops with all provincial departments, aimed at the entire senior and middle manager cadres of departments. Another focus area of the unit in 2006/07 will be the auditing of service delivery and performance areas. It follows that, along with the implementation of the Performance Budgeting System and Balanced Scorecard concepts to manage the performance of provincial departments, performance auditing is likely to gain momentum. The true value of this approach is that the actual delivery of services by departments must be audited against strategic objectives, rather than mere processes.

In 2006/07, the Systems directorate will concentrate on ensuring that provincial departments use all modules of Hardcat, including the stock module. The implementation of the Intenda procurement system is scheduled for completion in all departments in 2006/07.

4. Receipts and financing

4.1 Summary of receipts and financing

The budget allocation of the Provincial Treasury comprises two distinct elements, firstly the operational budget for the Treasury functions, and secondly the budget allocation for the Growth and Development Fund. These two elements are clearly illustrated in Table 6.1 below, and further details of the growth funds are given under Programme 5: Growth and Development Fund.

Table 6.1: Breakdown of Budget

R'000	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Operational budget	144,033	147,667	262,021	345,093	449,780	630,993	821,507
Growth and Development Fund	273,598	-	432,000	1,017,000	620,000	880,000	902,000
Total: Provincial Treasury	417,631	147,667	694,021	1,362,093	1,069,780	1,510,993	1,723,507

Table 6.2 below shows the sources of funding used for Vote 6 over the seven-year period from 2002/03 to 2008/09. The table also compares actual and budgeted receipts against actual and budgeted payments. As the table shows, the department has consistently recorded a surplus in the past years, leading to a roll-over of funds to ensuing financial years.

Of the amount of R491 million that was rolled over from 2004/05 for projects that continued in the 2005/06 financial year, R432 million was in respect of the Growth and Development Fund. Also, additional funding of R79,5 million was allocated to the department for projects undertaken in 2005/06, including the KORA Music Awards, A1 Motor Racing, Communication costs, the Supply Chain Management Tender, the Immovable Asset Tender and SITA costs.

Table 6.2: 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	417,631	147,667	591,983	1,089,581	791,581	791,581	1,069,780	1,510,993	1,723,507
Conditional grants	-	-	-	-	-	-	-	-	-
Total	417,631	147,667	591,983	1,089,581	791,581	791,581	1,069,780	1,510,993	1,723,507
Total payments	118,581	145,970	204,786	1,089,581	1,362,093	1,362,093	1,069,780	1,510,993	1,723,507
Surplus/(Deficit) before financing	299,050	1,697	387,197	-	(570,512)	(570,512)	-	-	-
Financing									
of which									
Provincial roll-overs	5,473	42,782	24,000	-	491,012	491,012	-	-	-
Provincial cash resources	1,000	-	78,038	-	79,500	79,500	-	-	-
Surplus/(deficit) after financing	305,523	44,479	489,235	-	-	-	-	-	-

4.2 Departmental receipts collection

Table 6.3 below gives a summary of the receipts the department is responsible for collecting. The details are presented in the *Annexure to Vote 6 – Provincial Treasury*.

As illustrated in the table, the interest received by the department shows a substantial decrease from 2002/03 to 2006/07. This decrease is due to the fact that the Social Security funding, amounting to approximately R1,2 billion per month, is paid directly to the Department of Social Welfare and Population Development, and is therefore not available for investment, as was the case prior to 2005/06. The interest reflected from 2005/06 to 2008/09 only comprises interest on the Provincial Treasury bank account and interest earned on the Inter-governmental Cash Co-ordination (IGCC) account. The slight fluctuation from 2007/08 to 2008/09 is directly linked to the amount of cash on hand for investment purposes, and changes in interest rates. Since the activities which the department performs are not revenue generating in nature, it relies entirely on the interest and dividends from investment to make up its own revenue.

Table 6.3: 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	-	-	-	-	-	-	-	-	-
Non-tax receipts	330,066	234,864	119,052	120,073	120,073	90,816	83,336	90,874	94,184
Sale of goods and services other than capital assets	28,268	20,438	97	73	73	81	77	82	87
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-
Interest, dividends and rent on land	301,798	214,426	118,955	120,000	120,000	90,735	83,259	90,792	94,097
Transfers received	-	-	-	-	-	-	-	-	-
Sales of capital assets	-	-	35	-	-	-	-	-	-
Financial transactions	-	19,387	8,055	-	-	59	-	-	-
Total	330,066	254,251	127,142	120,073	120,073	90,875	83,336	90,874	94,184

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 6 – Provincial Treasury*.

5.1 Key assumptions

The budget allocation for 2005/06 and throughout the MTEF period is based on the department's approved strategic and annual performance plan in line with the service delivery requirements and improvements of the department. The MTEF budget focuses on certain activities which will enable the department to achieve its objectives, as well as realise its vision and mission. Some of the main assumptions underpinning the MTEF budget are as follows:

- *Compensation of employees*: Inflation, as well as the associated costs with the filling of additional posts to support service delivery requirements of the department, have been taken into account in calculating personnel costs.
- *Goods and services*: In prior years, the bulk of the department's expenditure was incurred under *Goods and services*, relating to consultancy fees for short and long term projects, as well as other current operational costs of the department. This principle was then applied in the 2005/06 adjusted budget as well as over the MTEF period, by reprioritising funds from savings in other areas.

5.2 Additional allocation for the 2006/07 MTEF

Table 6.4 illustrates additional allocations made to the department over the MTEF. Additional funding was made available to fund certain critical areas, including SITA costs, Communication costs, and cost relating to the Performance Based Budgeting System. These activities were identified as critical in terms of service delivery requirements, hence the allocation of carry-through costs over the MTEF period.

Included in the additional allocations for the 2006/07 MTEF are provisions made for the Government Employee Medical Scheme (GEMS), which is aimed at allowing low-income public servants (approximately 40 per cent of the workforce) to have access to medical coverage at affordable cost.

Furthermore, additional funding was allocated under the Growth and Development Fund for the SMME and the Growth Fund.

As reflected in Table 6.4 below, the decrease in the baseline allocation is due to the distribution of the entire Poverty Alleviation Fund budget to specific departments over the MTEF period, for implementing projects such as the Agrarian Revolution, the establishment of primary and secondary co-operatives, and the Incubator Programme.

Table 6.4 : Summary of additional allocation for the 2006/07 MTEF

R000	2006/07	2007/08	2008/09
Increase/(decrease) in baseline allocation	(280,975)	(252,300)	(163,217)
Carry-through costs of 2005/06 Adjustments Estimate	79,048	77,414	77,532
of which			
<i>Communication</i>	25,000	27,000	29,000
<i>Performance Based Budgeting</i>	37,000	32,000	31,000
<i>Sita Computer Services</i>	17,048	18,414	17,532
Provision for Government Employee Medical Scheme	169,977	342,786	518,426
Growth Fund	70,000	107,500	68,825
SMME Fund	200,000	220,000	242,000
Poverty Alleviation Fund	(800,000)	(1,000,000)	(1,070,000)

5.3 Programme Summary

Table 6.5 provides a summary of payments and estimates by programme.

The services rendered by the department are grouped under five programmes, namely Administration, Resource Management, Financial Management, Internal Audit and Growth and Development Fund.

The category Special Functions relates to amounts written off as losses against the department.

Table 6.5: Summary of payments and estimates by programme

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
1. Administration	28,377	32,220	31,984	37,429	101,929	101,929	77,200	81,694	87,507
2. Resource Management	5,310	11,428	11,845	23,454	18,654	18,654	227,369	396,353	571,605
3. Financial Management	46,958	71,700	89,485	91,511	157,118	156,787	104,429	110,049	116,532
4. Internal Audit	25,145	24,963	61,336	37,187	67,392	67,392	40,782	42,897	45,863
5. Growth and Development Fund	-	-	-	900,000	1,017,000	1,017,000	620,000	880,000	902,000
Special Function	12,791	5,659	10,136	-	-	331	-	-	-
Total	118,581	145,970	204,786	1,089,581	1,362,093	1,362,093	1,069,780	1,510,993	1,723,507

Note: Programme 1 includes MEC remuneration payable as from 1 April 2005 Salary: R544,123. Car allowance: R136,030

As reflected in the table, the overall decrease in the 2006/07 budget compared to the 2005/06 main and adjusted budget relates to Programme 5: Growth and Development Fund. The entire budget for the Poverty Alleviation Fund, which formed part of the Programme 5 budget in 2005/06, has been distributed to the relevant departments over the MTEF period. The operational budget for Vote 6, however, increases substantially over the MTEF period, mainly as a result of the provision for the Government Medical Aid Scheme under Programme 2: Resource Management.

The increase in the 2005/06 adjusted budget in Programme 1: Administration is due to the allocation of additional funds to off-set budget pressures caused by the high costs of projects such as the implementation of co-operative structures, A1 Motor Racing, KORA Awards and Communication costs, most of which were once-off projects. The increase in the budget for Programme 1 over the MTEF period relates to the carry-through costs in respect of Communication.

As far as Programme 3: Financial Management is concerned, the 2005/06 adjusted budget increases because of the roll-over of funds for the completion of the Asset Management implementation project, and additional funding to supplement unforeseen high expenditure with regard to the Supply Chain Management Tender, Immoveable Asset Tender and SITA. The carry-through costs relating to SITA account for the increase in the MTEF budget, compared to the 2005/06 main budget.

The increase in the 2005/06 adjusted budget for Programme 4: Internal Audit can be ascribed to the roll-over of funds relating to the Social Welfare Forensic Audit Project, which commenced in 2004/05, but was only completed in 2005/06. This also explains the high expenditure incurred against Programme 4 in 2004/05, as well as the increase in the overall budget from 2003/04 to 2004/05.

The increase in Programme 5: Growth and Development Fund in the 2005/06 adjusted budget relates to the roll-over of funds from 2004/05. As mentioned above, the decrease in Programme 5 from 2005/06 to 2006/07 is due to the distribution of the entire budget of the PAF to the relevant provincial departments.

The overall increase over the MTEF period across all programmes is linked to the inflation, as well as the funding of the current and additional projects.

5.4 Summary of economic classification

A summary of expenditure and budgeted estimates per economic classification is given in Table 6.6 below.

Table 6.6: 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				2005/06	2006/07	2007/08
Current payments	114,456	141,707	194,595	1,084,433	338,603	338,603	441,998	626,406	816,339
Compensation of employees	37,558	44,000	46,635	80,551	60,372	60,372	96,272	101,943	107,036
Goods and services	64,107	92,048	137,820	1,003,882	278,231	277,657	345,726	524,463	709,303
Other	12,791	5,659	10,140	-	-	574	-	-	-
Transfers and subsidies to:	72	118	965	113	1,017,409	1,017,409	620,177	880,136	902,142
Local government	68	118	126	83	136	136	55	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	813	-	219	219	-	-	-
Other	4	-	26	30	1,017,054	1,017,054	620,122	880,136	902,142
Payments for capital assets	4,053	4,145	9,226	5,035	6,081	6,081	7,605	4,451	5,026
Buildings and other fixed structures	-	88	-	-	-	-	-	-	-
Machinery and equipment	3,622	3,488	2,833	3,851	4,897	4,897	5,060	1,728	2,112
Other	431	569	6,393	1,184	1,184	1,184	2,545	2,723	2,914
Total	118,581	145,970	204,786	1,089,581	1,362,093	1,362,093	1,069,780	1,510,993	1,723,507

The category *Compensation of employees* shows a consistent increase over the seven-year period, apart from a decrease in the 2005/06 adjusted budget, which was due to the revision of the post filling plan from 412 to 320. The appointment of specialised additional staff members from 2002/03 onwards at management level, and increases in salary to compensate for inflation, had a direct impact on the increase in personnel costs. Furthermore, the increase over the MTEF period is due to additional posts to be filled in line with the departmental service delivery requirements.

The category *Goods and services* is basically made up of costs associated with projects such as the Asset Management Improvement Plan, Supply Chain Management Implementation, Performance Budgeting System, Communication costs and SITA. The Centralised Provincial Fund is included in the 2005/06 main budget reflected against *Goods and services*. Thereafter, in the 2005/06 adjusted budget and over the MTEF period, the budget associated with the Growth and Development Fund was allocated against *Transfers and subsidies to: Other*. The projects mentioned above, together with the KORA Awards, A1 Motor Racing and the implementation of co-operative structures, account for the high 2005/06 adjusted budget against *Goods and services*. The carry-through costs of the big projects, as well as the provision made for the Government Medical Aid Scheme, explain the high *Goods and services* allocations over the MTEF period.

Included in *Transfers and subsidies to: Other* in the 2005/06 adjusted budget is an amount of R375 million, earmarked for Ithala for projects, including the Incubator Programme, Co-operative, BEE Risk and SMME projects.

The increase in *Machinery and equipment* in the 2005/06 adjusted budget relates to the roll-over of funds in respect of the Asset Management project, which was still in progress. The high allocation against *Machinery and equipment* in 2006/07 is for funding the purchase of computers, furniture and other capital related costs to cater for new posts to be filled in line with the organisational structure.

5.5 Summary of expenditure and estimates by district municipal area

Table 6.7 below shows the expenditure to be incurred by the department within each district municipal area. As reflected in the table, the Provincial Treasury's entire budget will be spent within the uMgungundlovu region, where the Head Office is based. Although the department provides public-finance management support to all provincial departments across the province, it is impractical to allocate its budget to this level.

Table 6.7: 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				
Ugu				
uMgungundlovu	1,362,093	1,069,780	1,510,993	1,723,507
Uthukela				
Umzinyathi				
Amajuba				
Zululand				
Umkhanyakude				
uThungulu				
Ilembe				
Sisonke				
Total	1,362,093	1,069,780	1,510,993	1,723,507

5.6 Transfers to local government

Table 6.8 indicates transfers to local government per category. The only transfer that the department makes is in respect of the Regional Service Council Levy, which is to be discontinued as from 1 July 2006 as per new legislation. Details of these amounts are given in *Annexure to Vote 6 – Provincial Treasury*.

Table 6.8: 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									
Category B									
Category C	68	118	126	83	136	136	55	-	-
Unallocated/unclassified									
Total	68	118	126	83	136	136	55	-	-

6. Programme description

The services rendered by the department are categorised under five programmes, which are discussed below. The expenditure and budgeted estimates for each programme are summarised in terms of sub-programmes and economic classification. Details are given in *Annexure 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 department, provide human resource management to ensure maximum compliance with all applicable personnel prescripts, and provide financial management support.

The main services are as follows:

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

Tables 6.9 and 6.10 below provide a summary of payments and budgeted estimates pertaining to the programme over the seven year from 2002/03 to 2008/09.

Table 6.9: Summary of payments and estimates - Programme 1: 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
Office of the MEC	2,230	2,222	5,450	8,741	31,415	31,415	39,063	42,378	45,879
Head of the Department	1,911	8,549	5,389	4,192	46,692	46,692	5,261	5,362	5,464
Chief Financial Office	16,924	6,431	6,178	7,477	8,126	8,126	12,405	14,351	15,360
Human Resource Management	3,878	4,074	3,868	4,928	3,605	3,605	4,644	4,944	5,293
Corporate Services	3,434	10,944	11,099	12,091	12,091	12,091	15,827	14,659	15,511
Total	28,377	32,220	31,984	37,429	101,929	101,929	77,200	81,694	87,507

Table 6.10: Summary of payments and estimates by economic classification - Programme 1: 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	27,032	30,949	29,457	35,411	99,901	99,901	74,692	81,141	86,765
Compensation of employees	10,590	10,767	12,916	20,224	15,264	15,264	19,077	20,042	21,044
Goods and services	16,442	20,182	16,541	15,187	84,637	84,637	55,615	61,099	65,721
Other	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	10	35	524	32	42	42	27	15	15
Local government	10	35	36	30	36	36	12	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	488	-	-	-	-	-	-
Other	-	-	-	2	6	6	15	15	15
Payments for capital assets	1,335	1,236	2,003	1,986	1,986	1,986	2,481	538	727
Buildings and other fixed structures	-	88	-	-	-	-	-	-	-
Machinery and equipment	1,335	1,148	2,003	1,976	1,976	1,976	2,481	538	727
Other	-	-	-	10	10	10	-	-	-
Total	28,377	32,220	31,984	37,429	101,929	101,929	77,200	81,694	87,507

The major increase against the sub-programme: Office of the MEC in the 2005/06 adjusted budget relates to the outreach programme that the Ministry embarked on to consult the general public on budget issues. Similar increases have been incorporated over the MTEF period, as the outreach programme has been identified as one of the major priorities of the department, in line with the service delivery requirements.

The high expenditure incurred in 2003/04 in respect of the sub-programme: Head of the Department can be ascribed to the payment of outsourced research studies, while the 2004/05 amount includes expenditure in respect of the implementation of the provincial Balanced Scorecard system. The increase in the 2005/06 allocation to this component comprises additional funds for the implementation of the co-operative structure, A1 Motor Racing and the KORA Music Awards.

The sub-programme: Chief Financial Office (CFO) was re-aligned to the core functions of the department. As a result, specific functions, including transport and stationery, were transferred to the sub-programme: Corporate Services in 2002/03. This accounts for the reduction in expenditure from 2002/03 to 2003/04. The expansion of the CFO structure, expensive audit fees and the implementation of the Supply Chain Management system necessitated the increase in the 2005/06 budget and over the MTEF. The latter is also due to the project plan to roll-out financial management training to all provincial departments.

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

With regard to the sub-programme: Corporate Services, 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, and hence the associated high expenditure in 2003/04 and 2004/05. These improvements will continue over the MTEF, especially in 2006/07 when there is an increase in capital assets due to the plan to purchase vehicles.

The increase in *Goods and services* in the 2005/06 adjusted budget as well as over the MTEF period is due to the funding of a number of projects such as KORA awards, A1 motor racing, implementation of the co-operatives structure, Communication costs, and implementation of Supply Chain Management in the CFO's office. A decrease in the 2005/06 adjusted budget in respect of the category *Compensation of employees* relates to the revision of the post filling plan in this financial year.

The high allocation for *Machinery and equipment* in 2006/07 is for the purchase of vehicles, as mentioned.

6.2 Programme 2: Resource Management

This programme consists of five sub-programmes, namely Programme Support, Macro Economic Analysis, Fiscal Policy, Public Finance (Resource Acquisition) and Budget Management. The main purpose of the programme is to effectively manage and monitor the provincial and local government fiscal resources.

The objectives and services of this programme are as follows:

- To determine and evaluate economic parameters and socio-economic imperatives within 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.

Tables 6.11 and 6.12 below provide a summary of payments and budgeted estimates pertaining this programme for the period 2002/03 to 2008/09.

Table 6.11: Summary of payments and estimates - Programme 2: Resource Management

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
Programme Support	-	-	-	1,683	806	806	171,275	344,136	519,798
Macro-economic Analysis	-	-	-	1,834	1,172	1,172	1,922	2,538	2,614
Fiscal Policy	-	-	-	2,727	1,223	1,223	2,782	2,717	2,789
Budget Management	5,310	11,428	11,845	13,794	14,309	14,309	48,032	42,953	42,324
Public Finance (Resource Acquisition)	-	-	-	3,416	1,144	1,144	3,358	4,009	4,080
Total	5,310	11,428	11,845	23,454	18,654	18,654	227,369	396,353	571,605

Table 6.12: Summary of payments and estimates by economic classification - Programme 2: Resource Management

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	5,068	11,084	11,717	22,244	17,423	17,423	226,846	396,159	571,528
Compensation of employees	3,956	6,087	5,776	15,676	7,059	7,059	16,841	18,425	19,342
Goods and services	1,112	4,997	5,941	6,568	10,364	10,364	210,005	377,734	552,186
Other	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	8	13	43	41	42	42	72	72	77
Local government	8	13	16	41	42	42	7	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	27	-	-	-	-	-	-
Other	-	-	-	-	-	-	65	72	77
Payments for capital assets	234	331	85	1,169	1,189	1,189	451	122	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	234	331	85	1,169	1,189	1,189	451	122	-
Other	-	-	-	-	-	-	-	-	-
Total	5,310	11,428	11,845	23,454	18,654	18,654	227,369	396,353	571,605

The high allocation in respect of the sub-programme: Programme Support over the MTEF period is mainly due to the provision for the new Government Medical Aid Scheme, which also explains the high allocation

under *Goods and services*, as mentioned before. As far as the sub-programme: Budget Management is concerned, the increase over the MTEF relates to the Performance Based Budgeting System costs.

The increase in the category *Compensation of employees* over the MTEF is in line with the envisaged expansion in the size of the Budget Management Office in 2005/06. The aim is to acquire sufficient expertise in order to render professional advice to client departments. However, due to delays in filling the vacant posts, the budget for *Compensation of employees* was reduced in the 2005/06 adjusted budget.

Service delivery measures

Table 6.13 below illustrates the service delivery measures pertaining to Programme 2.

Table 6.13: Service delivery measures – Programme 2: Resource Management

Output type	Performance measures	Performance targets	
		2005/06 Est. Actual	2006/07 Estimate
1. Build provincial Economic Model.	<ul style="list-style-type: none"> The KZN SUT maintained The KZN SAM developed 	On target On target	On target Developed
2. Develop and provide quality inputs for policy documents.	To produce relevant input on time for policy documents e.g. <ul style="list-style-type: none"> Co-operatives, BEE and SMMEs Poverty Alleviation PGDS 	On target On target On target	On target On target On target
3. Compile guidelines for the provincial fiscal framework and MTEF for consideration by Cabinet.	On time with acceptable quality rating	On target	Approved by Cabinet; >75% quality rating
4. Compile the annual Treasury Budget Preparation guideline circular.	On time with acceptable quality rating	On target	Approved by Cabinet; >75% quality rating
5. Manage Performance Budgeting System (PBS) implementation	Number of departments implemented	2 departments	5 departments
6. Co-ordinate the preparation and publication of Provincial budget documentation	<ul style="list-style-type: none"> Complete Budget Statements on time, with acceptable quality rating Complete inputs into budget speech on time and error free Complete Appropriation Bill on time and error free 	On target On target On target	>75% quality rating <5 fin data errors On time, error free On time, error free
7. Compile quarterly Provincial budget performance and service delivery report.	Compile quarterly provincial budget performance report in time with acceptable quality rating	On target	>75% quality rating <5 fin data errors
8. Co-ordinate the preparation and printing of Adjustments Estimate within a of tabling of the National Adjustments Estimate	<ul style="list-style-type: none"> Complete Adjustments Estimate on time with acceptable quality rating Complete Adjustments Estimate Bill on time and error free Complete Adjustments Estimate speech Bill on time, error free 	On target On target On target	>75% quality rating <5 fin data errors On time, error free On time, error free
9. Compile monthly IYM report and submit to National Treasury	Prepare monthly budget variance analysis reports and consolidate departmental data into IYM report on time and error free	On target	Submit by 22nd of each month, financial data 100% accurate
10. Receive analyse and comment on municipal budgets in the province within the budget process time frame	<ul style="list-style-type: none"> Number of budgets processed and analysed Acceptable turnaround time to complete analysis and report 	53 per month N/A	53 per month 5 days per municipality
11. Compile monthly consolidated reports on municipal budgets for forwarding to National Treasury in prescribed format	To provide consolidated reports in prescribed format, error free and on time	6 reports	12 reports
12. Compile quarterly consolidated reports on state of municipal budgets in the Province for publication and tabling in the Legislature by MEC	To produce complete reports error free and on time	2 reports	4 reports
13. Compilation of the Provincial Infrastructure Statement of Needs (PISN) i.e. backlogs in infrastructure	Complete PISN	1 department	3 departments

6.3 Programme 3: Financial Management

This programme consists of four sub-programmes, namely Supporting and Interlinked Financial Systems, Asset and Liability Management and Supply Chain Management, Accounting Services (Financial Reporting) and Norms and Standards (Normative Financial and Information Management).

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

- To ensure the effective and efficient management of assets and to elicit the effective and efficient implementation of PPP projects;
- To realise the effective and efficient acquisition of goods and services for provincial government and to secure sound Supply Chain Management for local government;
- To manage 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 provides a full and true reflection of the financial position of the province and municipalities as prescribed, inclusive of the accounting responsibilities related to the 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 in provincial departments and municipalities as prescribed.

Tables 6.14 and 6.15 provide a summary of payments and budgeted estimates pertaining to Programme 3.

Table 6.14: Summary of payments and estimates - Programme 3: Financial Management

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
Supporting & Interlinked Financial Systems	28,610	49,834	52,064	48,981	80,861	80,861	67,589	72,202	77,113
Asset & Liability Management and SCM	18,348	21,866	37,421	39,530	74,296	73,965	29,609	30,243	31,544
Accounting Services	-	-	-	1,500	1,581	1,581	4,880	4,902	5,064
Norms and Standards	-	-	-	1,500	380	380	2,351	2,702	2,811
Total	46,958	71,700	89,485	91,511	157,118	156,787	104,429	110,049	116,532

Table 6.15: Summary of payments and estimates by economic classification - Programme 3: Financial Management

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	45,794	69,755	82,595	90,188	155,604	155,273	100,538	106,791	112,984
Compensation of employees	13,809	14,867	14,678	25,673	19,528	19,528	26,787	28,522	29,948
Goods and services	31,985	54,888	67,913	64,515	136,076	135,502	73,751	78,269	83,036
Other	-	-	4	-	-	243	-	-	-
Transfers and subsidies to:	24	35	37	22	213	213	29	19	19
Local government	24	35	37	7	31	31	15	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	157	157	-	-	-
Other	-	-	-	15	25	25	14	19	19
Payments for capital assets	1,140	1,910	6,853	1,301	1,301	1,301	3,862	3,239	3,529
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1,140	1,341	460	676	676	676	1,317	516	615
Other	-	569	6,393	625	625	625	2,545	2,723	2,914
Total	46,958	71,700	89,485	91,511	157,118	156,787	104,429	110,049	116,532

The increase in the 2005/06 adjusted budget and the high amounts allocated over the MTEF against the sub-programme: Supporting & Interlinked Financial Systems, compared to the 2005/06 main budget, is largely due to additional funding of R25 million for SITA costs in the 2005/06 Adjustments Estimate, with carry-through costs over the MTEF. The decrease in the MTEF allocations of the sub-programme: Assets & Liability Management and SCM, when compared to the 2005/06 main budget, relates to the fact that the Asset Management Improvement Plan project, which started in the 2004/05, will be completed in 2005/06.

On the other hand, the increase in the 2005/06 adjusted budget against the sub-programme: Assets & Liability Management and SCM comprises additional funding in respect of the Immovable Assets tender for the survey and conditions assessment of all assets in the Pietermaritzburg, Durban and Ulundi areas, the implementation of Supply Chain Management in the province, and the roll-over of funds from 2004/05 for the completion of the Asset Management Implementation project. This additional funding and the roll-over also accounts for the increase in *Goods and services* in the 2005/06 adjusted budget in Table 6.15 above.

Recent procurement reforms and legislation, especially in 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. This explains the increase in *Compensation of employees* in the 2005/06 main budget and over the MTEF period, compared to the 2004/05 financial year. However, because of delays in the filling of these vacant posts, the budget for *Compensation of employees* was reduced in the 2005/06 adjusted budget. With regard to *Payment for capital assets: Other*, the increase from 2003/04 to 2004/05 is for the purchase of an assets management software system, while the increase over the MTEF relates to the capital maintenance costs of the system. The increase from 2005/06 to 2006/07 against *Machinery and equipment* is for the purchases of computers, furniture as well as other capital related items.

Service delivery measures

Table 6.16 below illustrates the main service delivery measures for Programme 3.

Table 6.16: Service delivery measures – Programme 3: Financial Management

Output type	Performance measures	Performance targets	
		2005/06 Est. Actual	2006/07 Estimate
1. Implementation of Asset Management Philosophy in the Province	<ul style="list-style-type: none"> No of staff trained No of registers populated 	100 7 departments	50 Review of policy, assist where required (all departments)
2. Provide support through policy development and training to facilitate the implementation of SCM	Quality research papers undertaken within specified timelines	<ul style="list-style-type: none"> 4 research papers per year SCM policies developed and implemented Quarterly review of Practice Notes Response time of 48 hours 	<ul style="list-style-type: none"> 5 research papers per year Annual review of SCM policies Quarterly review of Practice Notes Response time of 24 hours
3. Provide support and guidance to departments on all matters pertinent to SCM	<ul style="list-style-type: none"> Timeliness Quality 	48 hours response 80 % satisfaction	<ul style="list-style-type: none"> 30 hours response 85 % satisfaction 1 Monthly visit per department following-up the report
4. Monitor the implementation of SCM to provide the basis for continuous improvement and good governance in SCM	<ul style="list-style-type: none"> Develop annual compliance monitoring plan Prepare reports on all assessments Monitoring compliance 	Complete annual plan by 15 March 7 day response to departments Monthly inspections – minimum of 25 suppliers	Complete annual plan by 15 March 7 day response to departments Monthly inspections – minimum of 25 suppliers
5. Analytical Review of SCM data to determine the impact of policies and contribution towards provincial objectives	<ul style="list-style-type: none"> Component establishment Analysis of policies impact 	- Monthly (15 th of every month), quarterly (15 th of after the end of the quarter) and annual report (15 th May each year) on impact made by policies	31/03/2006 (Established component) Monthly (15 th of every month), quarterly (15 th of after the end of the quarter) and annual report (15 th May) on impact made by policies
6. To provide a professional SCM support structure	<ul style="list-style-type: none"> Reduction in skills gap No. of staff that have completed SCM courses No of vacancies 	- 80% -	<ul style="list-style-type: none"> 15/03/2006 20 % 80 % of vacant posts to be filled by 31/07/2006
7. Compile Circulars Policies/Practice Notes to address shortcomings in financial management practices	<ul style="list-style-type: none"> Time/Relevant Time/Relevant 	Within 2 weeks of need identification Within 2 months of need identification	Within 1 week of need identification Within 1 mth of need identification
8. Develop Strategy and Training plan from AG Report, Financial Viability (EMMA); Ad hoc reports; Internal Audit reports	Identification and resolution of problem areas	Within 2 months of receiving information or report	Within 2 months of receiving information or report
9. Proqure Implementation	Departments Live	Transport	All departments

6.4 Programme 4: Internal Audit

This programme consists of two sub-programmes, namely Assurance Services, which is solely focused on providing assurance and advice to management, and Advisory Services (formerly Risk Management), which is a consulting function in the area of management of risks and governance, focusing primarily on areas of strategy development and management, organisational design, project management, information technology, financial management and reporting, forensic investigations, fraud prevention, etc.

The main purpose of the programme is to develop effective risk management strategies and governance, to build and maintain successful client relationships, to develop knowledge by creating a learning culture, and to build foundations for excellence to support the KwaZulu-Natal Provincial Government in achieving its objectives. The following services are rendered by the unit:

- To conduct Risk Assessments on behalf of the Accounting Officers and Chief Executive Officers of provincial departments and public entities, develop comprehensive risk profiles and recommend improvements on significant risk exposures for each client;
- To review accounting and management processes and systems of internal control for efficiency and effectiveness in terms of their design and operation and provide recommendations for improvement;
- To develop, facilitate implementation and monitor integrated risk management strategies;
- To conduct forensic investigations and facilitate prosecution, misconduct enquiries, and recovery in liaison with other state law enforcement agencies;
- To develop, facilitate implementation and monitor fraud prevention strategies;
- To provide training and development programmes in 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 MECs and Heads of Departments; and
- To prepare special reviews on computerised systems and performance.

Table 6.17 and 6.18 below provide a summary of payments and estimates by programme and by economic classification.

Table 6.17: Summary of payments and estimates - Programme 4: Internal Audit

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
Assurance Services	18,555	15,518	12,077	24,647	17,595	17,595	27,686	29,110	31,113
Advisory Services	6,590	9,445	49,259	12,540	49,797	49,797	13,096	13,787	14,750
Total	25,145	24,963	61,336	37,187	67,392	67,392	40,782	42,897	45,863

Table 6.18: Summary of payments and estimates by economic classification - Programme 4: Internal Audit

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	23,771	24,260	60,690	36,590	65,675	65,675	39,922	42,315	45,062
Compensation of employees	9,203	12,279	13,265	18,978	18,521	18,521	33,567	34,954	36,702
Goods and services	14,568	11,981	47,425	17,612	47,154	47,154	6,355	7,361	8,360
Other	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	30	35	361	18	112	112	49	30	31
Local government	26	35	37	5	27	27	21	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	298	-	62	62	-	-	-
Other	4	-	26	13	23	23	28	30	31
Payments for capital assets	1,344	668	285	579	1,605	1,605	811	552	770
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	913	668	285	30	1,056	1,056	811	552	770
Other	431	-	-	549	549	549	-	-	-
Total	25,145	24,963	61,336	37,187	67,392	67,392	40,782	42,897	45,863

The substantial increase in the 2005/06 adjusted budget against the sub-programme: Advisory Services is due to the roll-over of funds in respect of the Social Welfare Forensic Audit project, which started in 2004/05, hence the high expenditure in that year. This also explains the high expenditure against the category *Goods and services* in 2004/05, and the increase in the 2005/06 adjusted budget. Thereafter, the *Goods and services* allocation follows a consistent trend in line with inflation.

The amount allocated to *Machinery and equipment* in the 2005/06 adjusted budget and over the MTEF period relates to the purchase of furniture and computers for new employees, which also explains the high budget allocated against *Compensation of employees*.

Service delivery measures

Table 6.19 reflects the main service delivery measures pertaining to Programme 4.

Table 6.19: Service delivery measures – Programme 4: Internal Audit

Output type	Performance measures	Performance targets	
		2005/06 Est. Actual	2006/07 Estimate
1. Reports to Cabinet	<ul style="list-style-type: none"> Quarterly Summary of Risk Profile reports to Cabinet as per set target dates 	4 reports	4 reports
	<ul style="list-style-type: none"> Quarterly status reports on matters requiring Cabinet intervention emanating from audits as per set target dates 	4 reports	4 reports
2. Three year & annual audit plans	Three year & annual plans & submitted & discussed with the Accounting Officers before 31 March each year	Revised 3 year & annual audit plans submitted & discussed with Accounting Officers by 31 March each year	Revised 3 year & annual audit plans submitted & discussed with Accounting Officers by 31 March each year
3. Audit reports completed	Number audit reports completed & issued against planned audits	126 Audit Reports	140 Audit Reports
4. High quality audit reports	Audit reports must meet 80% quality rating	80% quality rating	90% quality rating
5. Effective Audit Committee	<ul style="list-style-type: none"> Number of resolutions taken in each audit committee meeting 	As per annual audit plan	As per annual audit plan
	<ul style="list-style-type: none"> Number of audit committee meetings per annum 	4 meetings	4 meetings
6. Forensic Investigations completed	Number forensic investigations completed against requests by all stakeholders	Based on the requests	Based on the requests
7. Meetings with Accounting Officers and General Managers	Frequency of meetings	quarterly	quarterly
8. Implementation of Recommendations	Rate of implementation of recommendations	80% implementation of agreed management action plan	85% implementation of agreed management action plan
9. Client Satisfaction Index	A rating of 80% by client	80% rating	90% rating

6.5 Programme 5: Growth and Development Fund

The Centralised Provincial Fund, which has been renamed the Growth and Development Fund, was created to draw a clear distinction from the department's operational budget. Its main purpose is to give the provincial government the means and flexibility to deliver measurable and visible results in terms of employment creation, poverty alleviation, promotion of SMMEs and BEE.

In the previous financial year, Programme 5 consisted of three sub-programmes, namely the SMME Fund, the Poverty Alleviation Fund and the Provincial Growth Fund, (subsequently renamed the Growth Fund). However, from 2006/07 onwards, the Poverty Alleviation Fund will cease to exist and its entire funding

over the MTEF period has been allocated to the relevant provincial departments for specific projects, including the following:

- The Agrarian Revolution which focuses on improving food security and creating economic opportunities in communities across the province;
- The Co-operatives Programme(both primary and secondary); and
- The Incubator Programme.

Tables 6.20 and 6.21 illustrate the payments and estimates relating to the Growth and Development Fund.

Table 6.20: Summary of payments and estimates: Programme 5 - Growth and Development Fund

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
Growth Fund	-	-	-	200,000	632,000	632,000	420,000	660,000	660,000
SMME Fund	-	-	-	200,000	200,000	200,000	200,000	220,000	242,000
Poverty Alleviation Fund	-	-	-	500,000	185,000	185,000	-	-	-
Total	-	-	-	900,000	1,017,000	1,017,000	620,000	880,000	902,000

Table 6.21: Summary of payments and estimates by economic classification: Programme 5 - Growth and Development Fund

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	-	-	-	900,000	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	900,000	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	-	-	-	-	1,017,000	1,017,000	620,000	880,000	902,000
Local government	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	1,017,000	1,017,000	620,000	880,000	902,000
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	-	-	-	900,000	1,017,000	1,017,000	620,000	880,000	902,000

The increase in the 2005/06 adjusted budget is due to a roll-over of R432 million from 2004/05. This was off-set by various suspensions to other departments, as discussed below.

Of the total Growth and Development Funds allocated in 2005/06, an amount of R315 million was suspended to other departments in the 2005/06 Adjustments Estimate for various projects, such as the National School Nutrition Programme, improvement of sanitation in schools, water purification plant, pedestrian bridges and roads leading to schools and clinics, the implementation of the Co-operative Programme and the KZN Bee Foundation project. Furthermore, an amount of R275 million was transferred to Ithala from the Poverty Alleviation Fund and the SMME Fund for various projects.

With regard to the Growth Fund, the decrease in the 2006/07 baseline, compared to the 2005/06 adjusted budget and estimated actual, is due to the following allocations to other departments from the fund:

- The provision of soccer stadia in various regions across the province as well as for soccer development in collaboration with SAFA;
- Community Development Workers; and
- Dube Trade Port and the Industrial Development Zone (IDZ – Richards Bay) as provincial strategic investments.

Amounts of R420 million, R660 million and R660 million have been allocated to the Provincial Treasury for the Growth Fund in 2006/07, 2007/08 and 2008/09, respectively. The aim of this fund is to provide for an intervention strategy to enhance growth and development in the province.

The Provincial Treasury will make use of the Growth Fund to:

- Target productive infrastructure to crowd-in private sector investment into the province;
- Enhance the existing comparative advantages of the province by focusing on tourism-based development projects, the provision of bulk water supply, transportation and logistics for well defined economic and industrial zones, and sector specific infrastructure projects.

The allocation of the entire budget of the Poverty Alleviation Fund, together with the part allocation of the Growth Fund to other departments, account for the overall decrease in the total budget for Programme 5 over the MTEF period.

7. Other programme information

7.1 Personnel numbers and costs

Table 6.22 below reflects personnel information per programme for the Provincial Treasury, for the period March 2002 to March 2009.

Table 6.22: 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. Administration	81	77	61	94	103	114	114
2. Resource Management	17	25	25	19	32	55	55
3. Financial Management	95	111	122	152	99	136	136
4. Internal Audit	60	59	75	79	86	107	107
5. Growth and Development Fund	-	-	-	-	-	-	-
Total	253	272	283	344	320	412	412
Total personnel cost (R000)	32,971	37,558	44,000	46,635	60,372	96,272	101,943
Unit cost (R000)	130	138	155	136	189	234	247

Table 6.23 below provides the detail number of personnel and the respective costs implication.

The post filling plan has been revised in 2005/06 from 412 to 320, due to the decentralisation of posts in the Assets Management component of Programme 3 to other departments. This resulted in a decrease in total personnel costs.

The department anticipates filling all 412 posts in line with the approved structure over the MTEF period, to support the service delivery requirements of the department. The increase in personnel costs in the MTEF period is also linked to inflation.

Table 6.23: Details of departmental personnel numbers and costs

	Audited 2002/03	Audited 2003/04	Audited 2004/05	Main Budget	Adjusted Budget 2005/06	Estimated actual	Medium-term estimates		
							2006/07	2007/08	2008/09
Total for department									
Personnel numbers (head count)	272	283	344	412	320	320	412	412	412
Personnel cost (R'000)	37,558	44,000	46,635	80,551	60,372	60,372	96,272	101,943	107,036
Human resources component									
Personnel numbers (head count)	25	25	15	17	14	14	17	17	17
Personnel cost (R'000)	3,894	4,326	2,536	4,395	2,438	2,438	3,670	3,924	4,069
Head count as % of total for department	9.19	8.83	4.36	4.13	4.38	4.38	4.13	4.13	4.13
Personnel cost as % of total for department	10.37	9.83	5.44	5.46	4.04	4.04	3.81	3.85	3.80
Finance component									
Personnel numbers (head count)	111	122	136	136	103	103	136	136	136
Personnel cost (R'000)	13,809	14,867	14,678	25,673	19,528	20,592	26,787	28,522	29,948
Head count as % of total for department	40.81	43.11	39.53	33.01	32.19	32.19	33.01	33.01	33.01
Personnel cost as % of total for department	36.77	33.79	31.47	31.87	32.35	34.11	27.82	27.98	27.98
Full time workers									
Personnel numbers (head count)	272	283	344	398	306	306	412	412	412
Personnel cost (R'000)	37,558	44,118	46,635	80,551	60,372	60,372	96,105	101,708	106,794
Head count as % of total for department	100.00	100.00	100.00	96.60	95.63	95.63	100.00	100.00	100.00
Personnel cost as % of total for department	100.00	100.27	100.00	100.00	100.00	100.00	99.83	99.77	99.77
Part-time workers									
Personnel numbers (head count)	-	-	-	14	14	14	-	-	-
Personnel cost (R'000)	-	-	-	756	756	756	-	-	-
Head count as % of total for department	-	-	-	3.40	4.38	4.38	-	-	-
Personnel cost as % of total for department	-	-	-	0.94	1.25	1.25	-	-	-
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 6.24 below illustrates the department's actual expenditure and budgeted estimates on training per programme.

Table 6.24: Expenditure on training

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
1. Administration	283	111	73	414	414	125	293	320	340
2. Resource Management	107	102	63	241	241	136	241	167	219
3. Financial Management	141	126	19	126	126	98	396	421	439
4. Internal Audit	738	82	95	1,141	1,141	609	597	679	778
5. Growth and Development Fund	-	-	-	-	-	-	-	-	-
Total	1,269	421	250	1,922	1,922	968	1,527	1,587	1,776

ANNEXURE TO VOTE 6 – PROVINCIAL TREASURY

Table 6.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	-	-	-	-	-	-	-	-	-
Casino taxes									
Motor vehicle licenses									
Horseracing									
Other taxes									
Non-tax receipts	330,066	234,864	119,052	120,073	120,073	90,816	83,336	90,874	94,184
Sale of goods & services other than capital assets	28,268	20,438	97	73	73	81	77	82	87
Sales of goods & services produced by depts.	28,268	20,438	97	73	73	81	77	82	87
Sales by market establishments									
Administrative fees									
Other sales	28,268	20,438	97	73	73	81	77	82	87
<i>Of which</i>									
Health patient fees									
Housing rent recoveries									
Other	28,268	20,438	97	73	73	81	77	82	87
Sales of scrap, waste, arms and other used current goods (excluding capital assets)									
Fines, penalties and forfeits									
Interest, dividends and rent on land	301,798	214,426	118,955	120,000	120,000	90,735	83,259	90,792	94,097
Interest	301,798	214,426	118,955	120,000	120,000	90,735	83,259	90,792	94,097
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	-	-	35	-	-	-	-	-	-
Land and subsoil assets									
Other capital assets			35						
Financial transactions	-	19,387	8,055	-	-	59	-	-	-
Total	330,066	254,251	127,142	120,073	120,073	90,875	83,336	90,874	94,184

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

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	114,456	141,707	194,595	1,084,433	338,603	338,603	441,998	626,406	816,339
Compensation of employees	37,558	44,000	46,635	80,551	60,372	60,372	96,272	101,943	107,036
Salaries and wages	31,174	37,437	39,640	67,344	47,165	47,165	80,732	85,560	90,016
Social contributions	6,384	6,563	6,995	13,207	13,207	13,207	15,540	16,383	17,020
Goods and services	64,107	92,048	137,820	1,003,882	278,231	277,657	345,726	524,463	709,303
<i>of which</i>									
Bank Charges	5,472	7,337	7,900	7,500	7,500	7,500	8,200	8,610	9,100
Consultants	12,532	14,944	51,300	925,780	96,679	95,670	40,373	35,674	35,824
Computer Services	24,401	46,854	45,000	44,736	78,736	68,026	44,025	46,863	52,244
Other	21,702	22,913	33,620	25,866	80,316	106,792	253,128	433,316	612,135
Interest and rent on land	-	-	4	-	-	243	-	-	-
Interest	-	-	4	-	-	243	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	12,791	5,659	10,136	-	-	331	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	72	118	965	113	1,017,409	1,017,409	620,177	880,136	902,142
Local government	68	118	126	83	136	136	55	-	-
Municipalities	68	118	126	83	136	136	55	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	4	-	26	30	54	54	122	136	142
Social security funds	-	-	-	-	-	-	-	-	-
Entities receiving funds	4	-	26	30	54	54	122	136	142
Public corporations and private enterprises	-	-	-	-	1,017,000	1,017,000	620,000	880,000	902,000
Public corporations	-	-	-	-	1,017,000	1,017,000	620,000	880,000	902,000
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	1,017,000	1,017,000	620,000	880,000	902,000
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	813	-	219	219	-	-	-
Social benefits	-	-	-	-	157	157	-	-	-
Other transfers to households	-	-	813	-	62	62	-	-	-
Payments for capital assets	4,053	4,145	9,226	5,035	6,081	6,081	7,605	4,451	5,026
Buildings and other fixed structures	-	88	-	-	-	-	-	-	-
Buildings	-	88	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3,622	3,488	2,833	3,851	4,897	4,897	5,060	1,728	2,112
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	3,622	3,488	2,833	3,851	4,897	4,897	5,060	1,728	2,112
Cultivated assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	431	569	6,393	1,184	1,184	1,184	2,545	2,723	2,914
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Total	118,581	145,970	204,786	1,089,581	1,362,093	1,362,093	1,069,780	1,510,993	1,723,507

Table 6.C: Details of payments and estimates by economic classification - Programme 1: 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	27,032	30,949	29,457	35,411	99,901	99,901	74,692	81,141	86,765
Compensation of employees	10,590	10,767	12,916	20,224	15,264	15,264	19,077	20,042	21,044
Salaries and wages	9,000	9,162	10,979	17,079	12,119	12,119	16,253	17,107	17,993
Social contributions	1,590	1,605	1,937	3,145	3,145	3,145	2,824	2,935	3,051
Goods and services	16,442	20,182	16,541	15,187	84,637	84,637	55,615	61,099	65,721
<i>of which</i>									
State attorney costs	-	-	-	50	50	50	28	34	36
Advertising	-	-	-	150	150	150	900	755	961
Printing Departmental	-	-	-	-	-	24	836	896	961
Other	16,442	20,182	16,541	14,987	84,437	84,413	53,851	59,414	63,763
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:	10	35	524	32	42	42	27	15	15
Local government	10	35	36	30	36	36	12	-	-
Municipalities	10	35	36	30	36	36	12	-	-
Municipal agencies and funds									
Departmental agencies and accounts	-	-	-	2	6	6	15	15	15
Social security funds									
Entities receiving funds	-	-	-	2	6	6	15	15	15
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	-	-	488	-	-	-	-	-	-
Social benefits									
Other transfers to households	-	-	488	-	-	-	-	-	-
Payments for capital assets	1,335	1,236	2,003	1,986	1,986	1,986	2,481	538	727
Buildings and other fixed structures	-	88	-	-	-	-	-	-	-
Buildings	-	88	-	-	-	-	-	-	-
Other fixed structures									
Machinery and equipment	1,335	1,148	2,003	1,976	1,976	1,976	2,481	538	727
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	1,335	1,148	2,003	1,976	1,976	1,976	2,481	538	727
Cultivated assets									
Software and other intangible assets	-	-	-	10	10	10	-	-	-
Land and subsoil assets									
Total	28,377	32,220	31,984	37,429	101,929	101,929	77,200	81,694	87,507

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

R000	Audited	Audited	Audited	Main	Adjusted	Estimated	Medium-term estimates		
	2003/04	2004/05	2004/05	Budget	Budget	actual	2006/07	2007/08	2008/09
					2005/06				
Current payments	5,068	11,084	11,717	22,244	17,423	17,423	226,846	396,159	571,528
Compensation of employees	3,956	6,087	5,776	15,676	7,059	7,059	16,841	18,425	19,342
Salaries and wages	3,363	5,172	4,910	13,325	4,708	4,708	14,347	15,702	16,539
Social contributions	593	915	866	2,351	2,351	2,351	2,494	2,723	2,803
Goods and services	1,112	4,997	5,941	6,568	10,364	10,364	210,005	377,734	552,186
<i>of which</i>									
Advertising									
Professional consultant	170	4,997	300	5,328	9,124	9,124	37,656	32,521	31,532
Other advisory services	-	-	-	-	-	-	95	109	115
Other	942	-	5,641	1,240	1,240	1,240	172,254	345,104	520,539
Interest and rent on land									
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:	8	13	43	41	42	42	72	72	77
Local government	8	13	16	41	42	42	7	-	-
Municipalities	8	13	16	41	42	42	7	-	-
Municipal agencies and funds									
Departmental agencies and accounts	-	-	-	-	-	-	65	72	77
Social security funds									
Entities receiving funds	-	-	-	-	-	-	65	72	77
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	-	-	27	-	-	-	-	-	-
Social benefits									
Other transfers to households	-	-	27	-	-	-	-	-	-
Payments for capital assets	234	331	85	1,169	1,189	1,189	451	122	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings									
Other fixed structures									
Machinery and equipment	234	331	85	1,169	1,189	1,189	451	122	-
Transport equipment									
Other machinery and equipment	234	331	85	1,169	1,189	1,189	451	122	-
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total	5,310	11,428	11,845	23,454	18,654	18,654	227,369	396,353	571,605

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

R000	Audited	Audited	Audited	Main	Adjusted	Estimated	Medium-term estimates		
	2003/04	2004/05	2004/05	Budget	Budget	actual	2006/07	2007/08	2008/09
Current payments	45,794	69,755	82,595	90,188	155,604	155,273	100,538	106,791	112,984
Compensation of employees	13,809	14,867	14,678	25,673	19,528	19,528	26,787	28,522	29,948
Salaries and wages	10,976	12,632	12,476	20,809	14,664	14,664	21,680	22,904	24,089
Social contributions	2,833	2,235	2,202	4,864	4,864	4,864	5,107	5,618	5,859
Goods and services	31,985	54,888	67,913	64,515	136,076	135,502	73,751	78,269	83,036
<i>of which</i>									
Bank charges	5,472	7,337	7,900	7,500	7,500	7,500	8,200	8,610	9,100
Professional consultant	746	123	7,000	7,394	44,955	44,712	736	769	852
Computer services	24,401	34,504	45,000	44,736	78,736	78,736	59,722	63,902	68,375
Other	1,366	12,924	8,013	4,885	4,885	4,554	5,093	4,988	4,709
Interest and rent on land	-	-	4	-	-	243	-	-	-
Interest	-	-	4	-	-	243	-	-	-
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:	24	35	37	22	213	213	29	19	19
Local government	24	35	37	7	31	31	15	-	-
Municipalities	24	35	37	7	31	31	15	-	-
Municipal agencies and funds									
Departmental agencies and accounts	-	-	-	15	25	25	14	19	19
Social security funds									
Entities receiving funds	-	-	-	15	25	25	14	19	19
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	-	-	-	-	157	157	-	-	-
Social benefits	-	-	-	-	157	157	-	-	-
Other transfers to households									
Payments for capital assets	1,140	1,910	6,853	1,301	1,301	1,301	3,862	3,239	3,529
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings									
Other fixed structures									
Machinery and equipment	1,140	1,341	460	676	676	676	1,317	516	615
Transport equipment									
Other machinery and equipment	1,140	1,341	460	676	676	676	1,317	516	615
Cultivated assets									
Software and other intangible assets	-	569	6,393	625	625	625	2,545	2,723	2,914
Land and subsoil assets									
Total	46,958	71,700	89,485	91,511	157,118	156,787	104,429	110,049	116,532

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

R000	Audited	Audited	Audited	Main	Adjusted	Estimated	Medium-term estimates		
	2003/04	2004/05	2004/05	Budget	Budget	actual	2006/07	2007/08	2008/09
					2005/06				
Current payments	23,771	24,260	60,690	36,590	65,675	65,675	39,922	42,315	45,062
Compensation of employees	9,203	12,279	13,265	18,978	18,521	18,521	33,567	34,954	36,702
Salaries and wages	7,835	10,471	11,275	16,131	15,674	15,674	28,452	29,847	31,395
Social contributions	1,368	1,808	1,990	2,847	2,847	2,847	5,115	5,107	5,307
Goods and services	14,568	11,981	47,425	17,612	47,154	47,154	6,355	7,361	8,360
<i>of which</i>									
Subsistence allowance	190	824	700	2,710	2,710	2,710	2,608	3,018	3,183
Stationery	118	168	100	355	355	355	300	300	300
Consultant	11,616	9,839	44,000	13,058	42,600	42,600	1,981	2,384	3,440
Other	2,644	1,150	2,625	1,489	1,489	1,489	1,466	1,659	1,437
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:	30	35	361	18	112	112	49	30	31
Local government	26	35	37	5	27	27	21	-	-
Municipalities	26	35	37	5	27	27	21	-	-
Municipal agencies and funds									
Departmental agencies and accounts	4	-	26	13	23	23	28	30	31
Social security funds	-	-	-	-	-	-	-	-	-
Entities receiving funds	4	-	26	13	23	23	28	30	31
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	-	-	298	-	62	62	-	-	-
Social benefits									
Other transfers to households	-	-	298	-	62	62	-	-	-
Payments for capital assets	1,344	668	285	579	1,605	1,605	811	552	770
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings									
Other fixed structures									
Machinery and equipment	913	668	285	30	1,056	1,056	811	552	770
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	913	668	285	30	1,056	1,056	811	552	770
Cultivated assets									
Software and other intangible assets	431	-	-	549	549	549	-	-	-
Land and subsoil assets									
Total	25,145	24,963	61,336	37,187	67,392	67,392	40,782	42,897	45,863

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

R000	Audited 2003/04	Audited 2004/05	Audited 2004/05	Main Budget	Adjusted Budget 2005/06	Estimated actual	Medium-term estimates		
							2006/07	2007/08	2008/09
Current payments	-	-	-	900,000	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Salaries and wages									
Social contributions									
Goods and services	-	-	-	900,000	-	-	-	-	-
<i>of which</i>									
Professional Consultant	-	-	-	900,000	-	-	-	-	-
Other									
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:	-	-	-	-	1,017,000	1,017,000	620,000	880,000	902,000
Local government	-	-	-	-	-	-	-	-	-
Municipalities									
Municipal agencies and funds									
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds									
Entities receiving funds									
Public corporations and private enterprises	-	-	-	-	1,017,000	1,017,000	620,000	880,000	902,000
Public corporations	-	-	-	-	1,017,000	1,017,000	620,000	880,000	902,000
<i>Subsidies on production</i>									
<i>Other transfers</i>	-	-	-	-	1,017,000	1,017,000	620,000	880,000	902,000
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	-	-	-	-	-	-	-	-	-
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	-	-	-	900,000	1,017,000	1,017,000	620,000	880,000	902,000

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

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
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	68	118	126	83	136	136	55	-	-
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	68	118	126	83	136	136	55	-	-
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									
Unallocated/unclassified	-	-	-	-	-	-	-	-	-
Total	68	118	126	83	136	136	55	-	-

