

Vote 12

Provincial Treasury

	2007/08	2008/09	2009/10
R thousand	To be appropriated		
MTEF allocations	243 859	246 849	253 037
of which			
<i>Current payments</i>	233 083	235 588	241 269
<i>Transfers and subsidies</i>	5 000	5 225	5 460
<i>Payments for capital assets</i>	5 776	6 036	6 308
Statutory Amount	701	750	803
Political office bearer	MEC for Finance		
Administering Department	Provincial Treasury		
Accounting Officer	Superintendent General		

1. Overview

Core functions and responsibilities

Traditionally, government treasury management has been defined as a set of rules, practices, and procedures for making financial resources of the government more productive and borrowing of funds less expensive. The Provincial Treasury therefore is the institution responsible for the financial management of all government operations in the Eastern Cape. This involves, amongst others, the preparation and planning of the provincial budget, monitoring the implementation of the budget to ensure that the budget intent is congruent with the outcome, controlling expenditure, and generally ensuring sound financial governance in the province.

It is the primary responsibility of the Treasury to ensure effective and efficient cash management. This involves (i) the need to ensure that cash is available for payment of expenditures in order to allow an orderly implementation of the government budget; and (ii) managing revenue (cash collection) and expenditure payment processes in such a manner that cash becomes available for short-term investment purposes.

It is also the responsibility of the Treasury to implement effective and transparent financial management systems in the province, maintain and control accounting systems in use by line departments, manage transversal supply chain management systems, manage transversal financial information systems, and assisting in building financial management capacity in line departments.

The Treasury is also responsible for the management of the government debt. The stock of the government debt at a given period of time is the result of the financing of the borrowing requirements of the government sector during previous years. Financing these requirements may be met through different methods, each having different impact on the provincial fiscus, and thus on the growth and development of the province in

general. Debt repayment also has significant incidence on the province's finances. The government must pay interest, and over time, repay the principal. In order to do so, resources in a specific amount must be made available at some given time. It is the function of the Treasury to identify loans, survey debt instruments, and manage the government debt repayment process.

The Provincial Treasury also has a responsibility in managing the physical assets of the government. Although the Treasury may not be responsible for the day-to-day management and maintenance of the physical assets of the province, its primary responsibility in this respect lies in keeping records of the variation in the value of the assets since the sale of these assets might raise revenues needed for cash and debt management.

The Treasury also has significant role to play as far as the management of municipal finances are concerned. The Treasury is responsible for the sound financial management of 39 municipalities in the province. Amongst other, this involves the following:

- Monitor the planning and preparation of budgets
- Monitor the in-year monitoring implementation of the budgets
- Ensure timely submission of Annual Financial Statements and Audit Reports
- Institute financial interventions, whenever necessary
- Ensure the implementation of a Supply Chain Management Framework
- Assist in the establishment of such structures as internal audit and budget offices
- Assist in building financial management capacity
- Offer training in financial management
- Ensure harmonization of Provincial Ordinances (if any) with the MFMA

Vision

The vision of the department is to be “a quality Treasury, leading in service excellence by serving with honesty, humility and integrity”.

Mission

The mission of the department is “to provide strategic and technical leadership in the allocation and utilization of financial resources in order to improve the quality of life in the province”.

Main Services

The department provides four key services that underpin the four programs it runs. The services include the following:

- Managing strategic initiatives of the department and the province
- Managing provincial resources in a sustainable manner
- Managing the assets and liabilities of the province
- Ensuring sound financial governance in the province

Acts, Rules and Regulations

The mandate, responsibilities and services provided by the department are determined and governed by a number of Acts, rules and regulations, including the following:

- Public Finance Management Act and the accompanying Treasury Regulations
- Municipal Finance Management Act
- Appropriations Acts
- Division of Revenue Act
- Public Service Act and the accompanying Public Service Regulations
- Labor Relations Act
- Employment Equity Act
- Skills Development Act
- Skills Development Levies and the South African Qualifications Act
- Basic Conditions of Employment Act
- Occupational Health and Safety Act
- Supply Chain Management Framework
- Preferential Procurement Policy Framework Act
- Promotion of Access to Information Act

Other important documents that shape and guide the activities of the department include the following:

- Provincial Growth and Development Plan
- Medium Term Budget Policy Statement (issued by the National Treasury)
- Intergovernmental Fiscal Review (issued by the National Treasury)
- Report of the Auditor General on the Accounts of the Government
- Budget Review documents
- FFC Recommendations on the annual budget
- Circulars, practice notes, policy statements, etc. issued by the National Treasury

Budget Decisions

The budget has been compiled under the assumption that the department will receive in full its allocation for the financial year and will also build the capacity to spend it in full.

2. Review of Current Financial Year, 2006/2007 financial year

The 2006/2007 financial year was an exciting one for the department in the sense that there were both significant achievements and challenges.

The department was originally allocated a budget of R196,7 million for the financial year 2006/2007. This budget was distributed among the four programs implemented by the department as follows:

Program 1: Strategic Management Services	R103, 7 million
Program 2: Sustainable Resource Management	R20, 0 million
Program 3: Assets and Liability Management	R57, 9 million
Program 5: Financial Governance	R15, 1 million

At the end of the second quarter of the financial year, it became obvious that the department would not be able to spend all the R196,7 million budget. Actual expenditure of the department at the end of the second quarter stood at R42 million, or 21,4% of the total budget. Although it was expected that most of the expenditures will come through during the second half of the year when many of the advertised posts will be filled, the department felt that R53 million of its budget needed to be surrendered to the Revenue Fund. Accordingly, this was done during the Adjustments Estimated Budget process, bringing the adjusted budget of the department to R143, 7 million.

The major cause of the under-spending during the first half of the year was attributed to the slow recruitment of staff to the department. This led to the surrender of R20, 9 million of compensation of employees' budget during the Adjustments Estimates Budget process. Spending during the first 6 months of the year was also very slow because certain projects that were planned to be implemented during the year could not take place because the Legislature had some concerns with the projects. As a result, R31 million that was budgeted for the projects, viz. Financial Management Improvement Plan, Provincial Electronic Suppliers Database, Own-Revenue Enhancement Studies, Infrastructure Planning and Performance Survey, could not be spent and had to be returned to the Revenue Fund.

The position as at end of January 2007 indicates that, the department will under-spent by the end of the year on its adjusted budget by some R18,1 million. The bulk of this under-expenditure will be in Program 2: Sustainable Resource Management, where some R15,4 million is projected to be under-spent. This is attributable to the slow process of recruiting staff to the upgraded Municipal Finance Management unit of the department. Program 1: Strategic Management Services is also projected to under-spent on its adjusted Budget by some R8 million and Program 4: Financial Governance, by R1,1 million. Program 3: Assets and Liability Management, however, is projecting to over-spent its adjusted budget by some R6,3 million.

Achievements

In the area of financial management, the Treasury, with the assistance of the Swedish Internal Development Agency, put together a comprehensive "Financial Management Improvement Plan which sought to:

- Implement a short to medium term high impact financial management interventions in the provincial administration to consolidate the gains of the Financial Recovery Plan;
- Identify and formulate practical and effective processes for continued capacity and skills development, training, and mentorship in the area of financial management
- Implement long term interventions to ensure financial stability and sustainability in the provincial administration.

Phase 1 of the Financial Management Improvement Plan which sought to identify and assess the impact of all previous financial management interventions in the provincial administration during the last five years was fully implemented.

Significant successes were also achieved on the budget management and control. The revitalization of the expenditure management and control processes that commenced in the last quarter of the 2005/2006 financial year gathered momentum during the 2006/2007 financial year. The search for economies in expenditure was pursued relentlessly during the period under review. While there was always the need for more resources, this was tempered by the recognition that resources were limited and had alternative uses. This search for economies in expenditure was made an important part of the Treasury's fiscal management.

Through this, the Treasury was able to intensify the budget implementation and expenditure control mechanisms, thereby making departments not only to remain within their budget allocations but also to fully comply with all the relevant legislation and regulations. As a result, the province was able to wipe off its potential financial exposure of R426 million at the close of the 2005/2006 financial year. This was made possible by a combination of factors, including the meticulous in-year monitoring of expenditure and the enhancement of own revenue mobilization that has led to a potential over-collection of some R235 million or 50% of the original budget.

The mobilization of additional resources through a more organized form of cash management received serious attention of the department during the period under review. During the period, the Treasury developed and implemented a comprehensive cash management plan that enabled it, through systematic and regular forecasting of revenue and expenditures, to develop a firm link between cash requisitions by departments and inflows from the national government. The strategy also involved daily monitoring of developments in the money market. Through this process, the Treasury was able to determine cash surpluses which it invested on short term basis on behalf of the province. Despite the fact that the PMG accounts of some five departments remained overdrawn for most part of the year, some R231 million is projected to be generated for the province as interest income through short term investment of unutilized funds.

During the year, the consolidated Annual Financial Statement for the province for financial years 2003/2004, 2004/2005, and 2005/2006 were completed and submitted to the Auditor General for auditing. The Treasury also prepared the Annual Financial Statements for the Transkei Development Reserve Fund (TDRF) for financial years 2003/2004, 2004/2005, and 2005/2006, and the Revenue Fund for the same period.

A Finance Bill amounting to R68 million was tabled to the Legislature with the prime purpose of regularizing unauthorized expenditures incurred by provincial departments for the period prior 1998 to March 2000 and its approval will improve financial reporting.

Supply chain management in the province also witnessed some changes during the year. Training on the Supply Chain Management (SCM) Framework for line departments' officials continued throughout the period

under review. The Treasury approved for a number of staff from various departments to attend the Supply Chain Management Course offered by the Public Finance Services Agency (PFSA). The period also saw the successful completion of the SCM Training Manuals for use by departments. Staff from the Treasury also assisted some departments to clear the backlog of tenders requiring evaluation and award.

The Treasury also formulated a proposal for the development of a Provincial Electronic Suppliers Database which will assist in resolving the problems of supplier registration, verification, and categorization; updating of suppliers records, proliferation of databases and systems; monitoring and recording of suppliers performance; linkage of spatial distribution of suppliers with the volume, value and nature of transactions, etc. As part of the budget management process, the 2006/2007 Adjustments Estimates Budget and the accompanying documents and Adjustments Appropriation Bill were prepared and tabled in the Provincial Legislature on 4 December 2006.

During the review period, the Treasury sought to address the issue of under-spending, particularly of the infrastructure budget, in the province through a number of interventions:

- Implementation in the province of a monitoring tool designed along the lines of the National Treasury Infrastructure Development Improvement Program (IDIP).
- A Infrastructure Monitoring Task Team, comprising of representatives from the Department of Public Works, Health, Roads and Transport, ECSSEC and COEGA was put in place in the province
- Facilitation of the appointment of two Technical Assistants by the National Treasury who were seconded to the province (Department of Education and Public Works) to facilitate the implementation of the Infrastructure Delivery Improvement Plan
- The Treasury also facilitated several interactions between the Provincial Infrastructure Task Team and the National Treasury IDIP Team, resulting in the completion and submission of the Provincial Infrastructure Plan for financial year 2006/2007 to the National Treasury. The process also saw the completion of about 75% of the Infrastructure Plans for the 2007/2008 financial year.

Financial management capacity building and skills development in both the provincial administration and municipalities also received significant attention during the review period. In terms of section 18 (2) (e) of the PFMA, a Provincial treasury may assist provincial departments and provincial public entities in building their capacity for efficient, effective and transparent financial management. During the review period, the following were achieved in the financial management capacity building process in the province:

- The Treasury approved for a number of finance officials from various departments to be enrolled in various Financial Management Courses run the Public Finance Services Agency (PFSA).
- The Treasury also assisted the PFSA in getting the AFREC Institute in the University of Cape Town to run courses on Performance Budgeting for a number of officials in the province
- The Treasury facilitated discussions between the South African Institute of Public Finance and Auditing (IPFA) and PFSA, leading to the conclusion of a twinning arrangement under which IPFA will run some of their courses under the banner of PFSA in the Eastern Cape province.
- The Treasury had numerous discussions with the Management and the Board of the PFSA around the courses being offered by the Agency, with the view to reviewing the courses to make them respond to the needs of the provincial administration. In particular, the Treasury informed the PFSA to consider including the following courses in the program they run for the provincial administration: strategic planning and performance budgeting; policy analysis; project management; fiscal/financial forecasting; and economic intelligence.

Reporting on provincial finances and tracking of performance (service delivery) was also another key area that received the attention of the department. During the year, the Treasury formulated and implemented a number of policies for monitoring and control of the budget. The department also provided fair, reliable and relevant information on financial management in the province on a monthly basis to the MEC of Finance, the EXCO and the Legislature.

As part of the strategy to achieve its mission and vision, the department embarked on the task of developing a dynamic and knowledge-based institution. To this end, the Treasury formulated and implemented policies, procedures and processes to support effective management of its resources; held numerous team building workshops and meetings and revised many of its internal policies all in an attempt to create and maintain conducive working environment; developed and implemented strategies to recruit and retain skilled and competent staff; intensified its effort in creating a culture of discipline; and implemented strategies to enhance its agility and efficiency. As part of the restructuring and rationalization process, the Strategic Plan and Annual Performance Plan of the department were subjected to intense review to achieve policy harmonization, establish internal coherence and consistency, ensure proper alignment of the budget and the Strategic Plan.

The organogram of the department also saw a significant review during the period. The new organogram provided for the Office of Strategy Management (OSM) in the Office of the Head of Department; up-graded the Municipal Finance Unit to enhance its readiness to implement the functions assigned to it under the Municipal Finance Management Act (MFMA); restructured the Assets and Liabilities branch; and streamlined the key functions of the Financial Governance branch. The new structure also provided for a clear line of responsibility, reporting and accountability. It also removed duplication of functions across branches by establishing synergies between the core functions of the branches.

As part of its skills development and capacity building, the department advertised over 80 positions at both middle and senior management levels for filling during the period. This resulted in the increase of the number of General Managers in the department from 4 in 2005/2006 to 9 during the 2006/2007 financial year.

During the first half of the year, eight senior managers attended various courses – Revenue Analysis and Fiscal Forecasting, Fiscal Decentralization, Performance Budgeting and Costing, Advanced Budgeting, Supply Chain Management – organized by the South African Taxation Institute (SATI), AFREC and PFSA. The department also approved bursaries for 34 staff members (both management and operational) to study various courses in Financial Management, and 30 other bursaries for external students to study financial management and related courses in universities in the country.

During the period under review, the department's CFO Support and Mentorship Program were given a new face and focus. The program was re-organized and made an integral part of the Budget Management and Financial Governance programs. To ensure sustainability of the program, six qualified chartered accountants were recruited to join the program. Plans are also in place to expand the staff complement of the program as the need for financial management support in line departments continue to increase.

The Employees Wellness Program of the department received a significant boost during the year. The program aims at improving the quality of life of all employees by providing support and assistance to alleviate and/or moderate the impact of work pressures and personal problems. The new impetus given to the program paved the way for 17 employee wellness peer educators and 10 Occupational Health Safety (OHS) representatives to be trained, and safety and health hazards inspections to take place. An OHS Awareness Day was also organized for employees in the district offices of the department. Further, a Condom Awareness Day, an alcohol and Drug Awareness Days and Skills Development and Training Workshops were organized during the review period.

Two foreign technical assistance programs have been implemented by the department since the 2004/2005 financial year, viz. the European Union (EU) Local Economic Development (LED) Program and the Swedish International Development Agency (SIDA) Technical Assistance Program. The EU LED program got fully underway in October 2005 with the appointment of a contractor who brought to the province a Technical Assistance Team of six professionals. As the Contracting Authority of the EU LED program on behalf of the Government of the Eastern Cape, the Treasury considered, reviewed and gave approvals to nearly 30 submissions covering budgets, cash requests, Annual Work Plans, staff appointments, Operational Manuals, Quarterly Reports, Guidelines for Financial Support, etc.

During the year, the Treasury resuscitated the activities of the SIDA Program which had almost become moribund. As a result, the Technical Advisors managed to complete a comprehensive Accounting Handbook and Budget Manual for the province. These documents will be distributed to all provincial departments and accredited institutions providing training in financial management in the country for use. The Technical Advisors also assisted the department in undertaking a comprehensive diagnostic analysis of all financial management interventions implemented in the provincial administration during the past five years.

Challenges

Despite the numerous achievements made by the department during the year, there were also a number of challenges. The major challenge that confronted the department was how to improve its relationship with the line departments. Anyone engaged in expenditure management in government is only too well aware of the crucial role line departments play in effective expenditure management. Without their response and cooperation, any reform or strategic thinking by the Treasury would be rendered ineffective. Until recently, the relationship that existed between the Treasury and line departments was a command-and-control type relationship.

The governance structure concentrated the control of resources in the Treasury and operational responsibility for delivery services in the line departments. The PFMA, however, introduced a new relationship between treasuries and line departments. The Act emphasizes the empowerment of executing authorities and accounting officers to manage their business without too many prescripts. A major challenge emanating from

this arrangement is how the Treasury should go about to balance the expectation of line departments and their agencies that they are free to spend their budget as they wish and operate their businesses without any interference with Treasury's responsibility for legality, compliance, efficiency and effectiveness in the use of public resources. The problem of resolving disputes between the

Treasury and line departments when a department feels, for instance, that Treasury's intervention infringes on its managerial discretion, and Treasury feels that failure to intervene would weaken financial governance or increase risks continued to confront the Treasury. During the year, the Treasury was also confronted with some challenges relating to the management culture introduced by the PFMA, viz. getting line departments to manage for results and transforming state agencies into performance-driven producers of public services. In preparing, planning, monitoring the implementation of the budget, the Treasury requires both performance and non-performance information. The Treasury also wants to assert its role of prodding departments and agencies to improve performance and to implement new accountability methods.

There is, however, a belief among some line departments that if resources were allocated on the basis of performance, then they need to hold back information because producing them would jeopardize their chances of getting bigger allocation during budget time. Hence, many of the information and reports submitted by some departments are grossly inadequate and sometimes meaningless, making it extremely difficult for the Treasury to produce a sound budget and control expenditure effectively.

Another important factor that made the task of the Treasury very daunting during the year relates to the lack of skilled and competent manpower. This factor also seemed to have undermined efficient financial management in the province. There is acute shortage of skilled manpower at all levels of financial management in the province. In part, this is due to the changing context of the fiscal realities that forced many departments to reduce personnel costs, and in part to the social and economic conditions of the province. In part, the manpower problem is due to the socio-economic conditions and politics of the province. Newly appointed staff sometimes finds it very difficult to find suitable and affordable accommodation, schools for children and work for their spouses. As a result, these people assume duty and in a very short space of time they go back. The Treasury was a victim to this unfortunate development during the year.

A cursory look at the internal organization of some departments of the provincial administration shows that they are weak in policy formulation and analysis, budget planning and execution, forecasting, monitoring and reporting, etc. Even with the introduction of the new management philosophies and the need to prepare strategic plans, annual financial statements and annual reports on commercial lines, the evidence shows the departments have not become more corporate in outlook than they have been. The challenge is how to attract and retain innovative workforce with high professional competence to undertake the manifold of tasks that accompany the new financial reforms. Not only that, but also how departments should go about to reinforce the commitment of their employees and forge their cooperation to become the dominant feature of work.

One other factor posing serious challenge to effective financial management in the absence of a uniform and integrated financial management information system that will enable the Treasury to monitor financial performance effectively, provide accurate and reliable information to assist in making informed decisions and meeting reporting requirements. Currently, there are many areas where the financial management systems in use, i.e., BAS, PERSAL and LOGIS, do not interface. The deficiencies of the BAS and LOGIS are well documented in various reports and require not elaboration.

3. Outlook for 2007/2008

The Strategic Plan of the Treasury supports the implementation of the six pillars of the Provincial Growth and Development Plan, namely:

- Poverty eradication
- Agrarian transformation and household food security
- Diversification of manufacturing and tourism development
- Infrastructure development
- Public sector transformation
- Human resource development.

To this end, the Treasury carefully and meticulously scrutinizes departments' budget bids and allocates funds in a manner that ensures the achievement of economies in expenditure, develop output-orientation, explicitly recognize revenue constraints, enforce fiscal discipline, and secure performance.

In the coming financial year, the department has been allocated a total budget of R214,7 million, 9,1% more than the original budget or 49,3% of the adjusted budget for 2006/2007 financial year. The additional amount of some R71 million has been distributed as follows:

Program 1: Strategic Management Services	R39,1 million
Program 2: Sustainable Resource Management	R12,2 million
Program 3: Assets and Liability Management	R17,9 million
Program 4: Financial Governance	R1,7 million.

A number of factors have contributed to the increase in the budget for the department for the 2007/2008 financial year. They include the following projects and interventions that the Treasury will undertake during the year:

- Infrastructure and conditional grants performance audit
- Support to the PFSA
- Financial Management Improvement Plan (Phase 2)
- Skills Development, including bursaries to students
- Counterpart fund for the EU LED program
- Provincial own-revenue studies
- Integrated system for budget planning and reporting
- Study on financial viability of 22 municipalities
- Centralized Electronic Suppliers Database
- Physical asset management
- Integrated transversal financial systems
- Additional funding to support internal audit

Admittedly, there is a need for improving financial management in the province and this responsibility rests first and foremost with the Treasury. The need for sound financial management is existential both in the

systemic factors and the fiscal realities of the province. The principles of performance and accountability, transparency, application of market tests, and the experiences of provinces that have achieved significant improvement in financial management offer a vast agenda and immense potential for transforming our systems into effective ones that reflect the needs of the province. The uncomfortable reality, however, is that there are several institutional, political and procedural issues that need to be tackled in the province.

The first is for the province to engage in a critical review of the adequacy of its existing financial management capacity and systems. For many, an internal examination and admission of failure or inadequacy carry with it a political risk that is partly compensated by the vision that goes with it. The province is best equipped to know its problems, and this will be addressed in the light of its own administrative capacity and lessons learned from the experiences of others. The Treasury will assume a leadership role in the coming financial year in addressing the lack of capacity problem. This, we will do by reviewing the programs and training courses offered by the PFSA to make them respond more directly to the critical skills development challenges facing the administration. The department's Skills Development Program will also expand and more resources will be made available to support the initiative.

Second, is the urgent need to address the problem of skills shortage in the province. It is widely accepted that the financial branches of many departments cannot on their own improve financial management. This is so because many aspects of general management impact on financial management. Therefore financial management has no hope of succeeding if general management is lacking. Good general management is thus critical to effective financial management. The successful improvement in financial management is thus predicated on the ability of the province to attract and retain skilled and competent workforce. This will require action at a number of fronts.

The Treasury will place more focus on building capacity in both areas of financial and general management by expanding its Chief Financial Officer (CFO) Support Program so that changes in the organizational structures and utilization of skilled manpower can move together. As already begun this year, the Treasury will expand and also target its bursary scheme to students who will study financial management and related courses in tertiary institutions and are willing to join the department or the provincial administration after graduation.

Third, it is imperative that the province has a strong and efficient Treasury. As outlined earlier, the Treasury has several administrative, regulatory and policy roles. In the performance of the immense and diverse tasks inherent in these roles, the core functions may not have been performed well as they need to be. The Treasury realizes that to be the leader in financial management requires a culture of discipline. This implies having disciplined employees, disciplined thought and disciplined action. The department will work relentlessly to build a culture of discipline by ensuring that the right people are hired and placed in the right jobs. We will also enforce individual and the organization's performance through better management of performance contracts and the performance management development system (PMDS).

The department has undergone a restructuring process, culminating in the development of new strategic plans and organizational structure to support the implementation of the plans. Recruitment of skilled, competent and experienced personnel to the department commenced seriously during the year. The department has also taken a conscious decision to understand the nature of its business and implications of its mandates as well the challenges confronting it. The department understands that it is the fulcrum upon which the wheels of the government finances rotate. It has also taken a personal reconstruction of its understanding of what it means to be the custodian of government finances and leader of service excellence.

In the coming year, the Treasury will strongly assert its responsibilities, define and shape the trajectory of financial management through the building of strong and efficient capacity in financial management. The approach will focus on the need for organizational strengthening and effective expenditure management. The new core will consist of policy analysis for the medium term, reorganizing work structures, re-orientating the organizational culture, overhauling the budget process to make it output and performance based, gearing the province towards the movement from cash to accrual-based accounting systems, and improving the financial management information system.

Fourth, the Treasury will continue to assist departments to become stronger in financial management. Financial management capacity in line departments needs to be strengthened to enable them to provide for the continued maintenance of their own core functions. Policy analysis and planning starts with line departments and that core function needs to be strengthened. Similarly, performance orientation is of primary importance to line departments as they represent the cutting edge in the delivery of services. The Treasury will assist departments in realizing these objectives through the implementation of Phase 2 of the Financial Management Improvement Plan that was developed in the current financial year, and support to improve spending of infrastructure budget and conditional grants.

Finally, there is the need to entrench transparency and accountability in financial management in the province. Accountability is the fundamental prerequisite for preventing abuse of delegated power and for ensuring instead that power is directed towards the achievement of broadly accepted goals with the greatest degree of efficiency, effectiveness, probity and practice. The repertoire of mechanisms for enforcing performance and managerial accountability is long and includes the following: preparation of strategic and operational plans with clear goals, objectives, performance measures and targets, budgets that are aligned to the strategic plans, agreements for personal and organizational performance, in-year monitoring systems, new accounting rules and reporting requirements, preparation of annual reports and financial statements, more active use of evaluating and auditing, and financial inducements and sanctions. The enforcements of these mechanisms are the responsibility of the Treasury. The Treasury will pursue these initiatives and interventions relentlessly in the coming year.

4 Receipts and financing

4.1 Summary of Receipts

Table 12.1 Summary of total receipts										
Provincial Treasury										
Receipts R'000	Outcome						Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06	Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07				% Change from Revised estimate 2006/07
							2007/08	2008/09	2009/10	
Treasury funding										
Equitable share	(786)	129 715	13 377	113 336	(36 422)	(47 507)	50 443	53 428	59 611	(206.18)
Conditional grants										
Financing										
Total Treasury funding	(786)	129 715	13 377	113 336	(36 422)	(47 507)	50 443	53 428	59 611	(206.18)
Departmental receipts										
Tax receipts										
Sales of goods and services other than capital assets	1 182	1 102	232	100	100	99	100	105	110	1.01
Interest, dividends and rent on land	172 970	16 425	105 195	100 000	195 567	195 567	193 316	193 316	193 316	(1.15)
Sales of capital assets										
Financial transactions in assets and liabilities	644	508	188							
Total departmental receipts	174 796	18 035	105 615	100 100	195 667	195 666	193 416	193 421	193 426	(1.15)
Total receipts	174 010	147 750	118 992	213 436	159 245	148 159	243 859	246 849	253 037	64.59

5. Payment summary

Programme summary

Table 5.1 below indicates the budget or estimated expenditure per programme and Table 5.2 per economic classification (in summary). Details of the Government Financial Statistics (GFS) economic classifications are attached as an annexure to this vote. Table 5.1 Summary of payments and estimates.

Table 12.2 **Summary of payments and estimates:**
Provincial Treasury

Outcome							Medium-term estimate			
							% Change from Revised estimate			
Programme R'000	Audited	Audited	Audited	Main appropriation	Adjusted appropriation	Revised estimate				
	2003/04	2004/05	2005/06	2006/07	2006/07	2006/07	2007/08	2008/09	2009/10	2006/07
1. Administration	73 806	40 541	35 997	103 727	59 084	55 394	108 169	109 902	114 682	95.27
2. Sustainable Resouce Management	12 620	10 541	9 840	20 038	28 234	14 122	53 797	56 585	59 518	280.94
3. Asset & Liability Management	51 733	78 501	54 127	57 898	45 809	52 988	48 020	46 398	43 087	(9.38)
4. Financial Governance	35 851	18 167	19 028	31 773	26 118	25 655	33 873	33 964	35 749	32.03
Total payments and estimates				213 436	159 245	148 159	243 859	246 849	253 037	64.59

Summary by economic classification**Table 12.3 Summary of provincial payments and estimates by economic classification**

Table 12.3 Summary of provincial payments and estimates by economic classification:										
Provincial Treasury										
Economic classification R'000	Outcome						Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				2007/08	2008/09	2009/10	% Change from Revised estimate 2006/07
Current payments	164 016	144 031	107 467	202 597	146 998	136 044	233 083	235 588	241 269	71.33
Compensation of employees	58 213	66 957	69 509	106 855	84 472	78 515	128 242	133 602	140 952	63.33
Goods and services	105 803	57 590	37 143	94 742	62 526	57 529	104 841	101 986	100 317	82.24
Interest and rent on land		19 484	815	1 000						
Financial transactions in assets and liabilities										
Unauthorised expenditure										
Transfers and subsidies to	5 400	520	8 220	7 284	7 092	6 954	5 000	5 225	5 460	(28.10)
Provinces and municipalities		202	207	233	60	58				(100.00)
Departmental agencies and accounts										
Universities and technikons										
Public corporations and private enterprises	5 400		7 668	7 051	6 532	6 532	5 000	5 225	5 460	(23.45)
Foreign governments and international organisations										
Non-profit institutions										
Households		318	345		500	364				(100.00)
Payments for capital assets	4 594	3 199	3 305	3 555	5 155	5 161	5 776	6 036	6 308	11.92
Buildings and other fixed structures										
Machinery and equipment	4 594	3 199	3 214	3 555	5 155	5 161	5 776	6 036	6 308	11.92
Cultivated assets										
Software and other intangible assets			91							
Land and subsoil assets										
Total economic classification	174 010	147 750	118 992	213 436	159 245	148 159	243 859	246 849	253 037	64.59

Programme Description

Programme 1: Administration

Purpose: To provide leadership, strategic management in accordance with legislation, regulations, and policies and ensure appropriate support service to all other programs.

Analysis per sub-programme:

Sub-programme 1.1: Office of the MEC: To set priorities and political directives in order to meet the objectives of the department.

Sub-programme 1.2: Management Services: To translate policies and priorities into strategies for effective service delivery and to manage, monitor and control performance and to provide Strategic Direction, Legal Customer Care, Total Quality Management and Communication Service.

Sub-programme 1.3: Corporate Services: To provide an internal enabling function and support service to the other programs with regard to Human Resource Management and Development and Information Technology.

Sub-programme 1.4: Financial Management: To provide chief Financial Officer service to the Accounting Officer including Financial Management, Supply Chain Management and Internal Control Services.

Programme 1: Administration

Service delivery measures:

Output type	Performance measures	Performance targets	
		2006/07 (Est. Actual)	2007/08 (Estimate)
Coordinate the requirements of the national and provincial Legislature to ensure that the department complies with its legislative obligations	% adherence to Legislative requirements	100%	100%
Manage the office and activities of the MEC for Finance in an efficient and effective manner	% improvement of the effectiveness of the MEC's office	70%	80%
Ensure sound financial management and internal control in the department	Received unqualified audit for the department	Unqualified Audit	Unqualified Audit
Ensure that all departmental strategic and operational activities are resourced	Sound annual departmental budget and expenditure	100% compliant	100% compliant
Implement integrated HR strategy to improve human resource management in the department	% Reduction in turnover and vacancy rate	90%	95%
facilitate the formulation and implementation/ execution of the department's strategy	% Implementation of Annual Performance Plans	100%	100%
To review and improve the business processes in the department to address client needs	% implement operational manuals and service standards	100%	100%

Table 12.4

**Summary of payments and estimates -
Programme 1: Administration
by Vote**

Sub-programme R'000	Outcome						Medium-term estimate			
	Audited	Audited	Audited	Main	Adjusted	Revised	% Change			
	2003/04	2004/05	2005/06	appropriation	appropriation	estimate	2007/08	2008/09	2009/10	from Revised estimate 2006/07
1. Office of the MEC	2 206	1 517	3 394	5 483	4 920	4 844	3 993	4 201	4 421	(17.57)
2. Management Services	2 905	2 877	5 447	35 401	9 291	9 209	34 181	32 268	33 219	271.17
3. Corporate Services	48 828	8 459	5 965	16 817	13 325	11 572	28 590	29 986	31 450	147.06
4. Financial Management	19 867	27 688	21 191	46 026	31 548	29 769	41 405	43 448	45 592	39.09
Total payments and estimates	73 806	40 541	35 997	103 727	59 084	55 394	108 169	109 902	114 682	95.27

Table 12.5 **Summary of provincial payments and estimates by economic classification -**
Programme 1: Administration
by Vote

Economic classification R'000	Outcome			Main appro- piation Adjusted appro- piation Revised estimate			Medium-term estimate			
	Audited	Audited	Audited							% Change from Revised estimate
	2003/04	2004/05	2005/06	2006/07	2006/07	2006/07	2007/08	2008/09	2009/10	2006/07
Current payments	71 270	39 390	35 726	102 106	56 105	52 406	102 679	104 165	108 687	95.93
Compensation of employees	10 345	19 744	21 816	38 989	27 642	27 443	38 563	40 684	42 922	40.52
Goods and services	60 925	19 646	13 910	63 117	28 463	24 963	64 116	63 481	65 765	156.84
Transfers and subsidies to		191	199	65	23	17				(100.00)
Provinces and municipalities		57	67	65	23	17				(100.00)
Non-profit institutions										
Households		134	132							
Payments for capital assets	2 536	960	72	1 556	2 956	2 971	5 490	5 737	5 995	84.79
Buildings and other fixed structures										
Machinery and equipment	2 536	960	72	1 556	2 956	2 971	5 490	5 737	5 995	84.79
Cultivated assets										
Software and other intangible assets										
Land and subsoil assets										
Total economic classification	73 806	40 541	35 997	103 727	59 084	55 394	108 169	109 902	114 682	95.27

Programme 2: Sustainable Resource Management

Purpose: To provide professional advice and support on Provincial economic analysis, fiscal policy, public finance development and management of the annual Provincial budget process and co-ordinate the implementation of the Municipal Finance Management Act (Act 56 of 2003) (MFAM) and ensure that municipalities develop skills to comply with the Act

Analysis per sub-programme:

Sub-programme 2.1: Program Support :Provide for the administrative cost, capacity development and salary of the program manager.

Sub-program 2.2: Economic Analysis: To provide for provincial economic and social research and analysis, that informs the fiscal policy development and annual budget process, thereby contributing to the provincial growth and development plan.

Sub-program 2.3: Fiscal Policy: To provide fiscal policy advice, determine the Medium Term Fiscal Framework, develop and optimize the provincial revenue base and develop a provincial borrowing framework. To determine the overall financing envelope for the MTEF including the administering the medium term revenue planning process, assessing and optimizing national revenue, ensure effective and efficient development of provincial revenue including the assessments of revenue trends and compilation and submission of revenue reports.

Sub-program 2.4: Budget Management: To oversee the departmental allocation process aligned with provincial policies/growth and development plan.

To provide advice, drive the MTEF and annual budget process and determine annual budget allocations per department including resource shifts between departments.

Sub-program 2.5: Public Finance: To drive and coordinate the Provincial Treasury responsibilities in terms of the Municipal Finance Management Act, 2003 (MFMA).

Service delivery measures:

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

SERVICE DELIVERY MEASURES-PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT			
Output type	Performance measures	Performance targets	
		2006/07 (Est. Actual)	2007/08 (Estimate)
Implement the provincial budget to ensure that the programme outlays fully match the available resources	Ratio of actual to budgeted provincial expenditure	95	98
Ensure congruence of budget intents and outcomes	% Number of PGDP priorities budgeted for	75	80
Ensure that the budget process promotes output orientation	The number of departments that have operationalised their priorities in terms of their budget	11	13
Ensure that municipal budget outlays fully match the resources	Ratio of actual to budgeted municipal expenditure	95	99
Ensure that budget planning and expenditures is reflective of all provincial activities	Approved provincial budget	100	100
Ensure that the budget complies with national prescripts, norms, and standards	Increased % number of compliant departments	75	78
Build capacity to enhance expenditure management in the province	Appropriate Capacity building programmes in Expenditure management	5	5

Table 12.6

**Summary of payments and estimates -
Programme 2: Sustainable Resource Management
by Vote**

Sub-programme R'000	Outcome						Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06	Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	2007/08	2008/09	2009/10	% Change from Revised estimate 2006/07
1. Programme Support	1 476	2 223	2 139	2 183	1 514	1 044	1 956	2 060	2 170	87.36
2. Economic Analysis				704	410	183	1 766	1 858	1 955	865.03
3. Fiscal Policy	985	1 511	1 083	2 108	2 303	1 848	5 700	5 984	6 281	208.44
4. Budget Management	7 162	1 661	936	2 623	1 960	1 015	13 684	14 392	15 136	1248.18
5. Public Finance	2 997	5 146	5 682	12 420	22 047	10 032	30 691	32 291	33 975	205.93
Total payments and estimates	12 620	10 541	9 840	20 038	28 234	14 122	53 797	56 585	59 518	280.94

Table 12.7 Summary of provincial payments and estimates by economic classification -
Programme 2: Sustainable Resource Management
 by Vote

Economic classification R'000	Outcome						Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06	Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	2007/08	2008/09	2009/10	% Change from Revised estimate 2006/07
Current payments	12 620	10 511	9 609	19 995	28 027	14 108	53 797	56 585	59 518	281.32
Compensation of employees	5 331	9 510	8 452	14 577	23 974	12 110	36 669	38 686	40 814	202.80
Goods and services	7 289	1 001	1 157	5 418	4 053	1 998	17 128	17 899	18 704	757.26
Transfers and subsidies to		30	231	43	207	14				(100.00)
Provinces and municipalities		30	23	43	7	14				(100.00)
Households			208		200					
Payments for capital assets										
Land and subsoil assets										
Total economic classification	12 620	10 541	9 840	20 038	28 234	14 122	53 797	56 585	59 518	280.94

Program 3: Asset and Liability Management

Purpose: To render effective, efficient and transparent accounting services to provincial departments.

Analysis per sub-programme:

Sub-program 3.1: Program Support: To provide for the cost related to efficient running of the program.

Sub-program 3.2: Asset Management: To facilitate the effective and efficient management of physical and financial assets. Management and oversight over government procurement to ensure fair, equitable and transparent acquisition and disposal of assets. Economic development through infrastructure and targeted government procurement. Stewardship over financial and physical assets.

Sub-program 3.3: Liability Management: To facilitate the effective and efficient management of liabilities

Sub-program 3.4: Supporting and Interlinked Financial Systems: To provide for the oversight and management of existing financial systems and the transition to the Integrated Financial Management System enhancing compliance with the PFMA and other relevant legislation. Provision, support and enhancement of systems to support the Business processes of government. Capacity building in financial skills aimed at better Provincial financial management.

Service delivery measures:

SERVICE DELIVERY MEASURES-PROGRAMME 3: ASSETS AND LIABILITIES MANAGEMENT			
Output type	Performance measures	Performance targets	
		2006/07 (Est. Actual)	2007/08 (Estimate)
Develop, implement and monitor policies and procedures to ensure the efficient, effective and responsible use of physical assets in the province	No. of departments that show an improvement on Asset Management in their Audit Report	4	6
Facilitate the provision of infrastructure facilities and services to ensure all financial resources available are utilised	No. of departments that spend their infrastructure budget within 5%	5	6
Facilitate the provision of infrastructure facilities and services to support infrastructure development in the province	No. of PGDP infrastructure priorities completed	2	2
Facilitate private sector contribution to government projects to increase the funds base for mega projects and infrastructure in the province	R value of infrastructure spending in the new PPPs signed	R 300 million	R 550 million

Table 12.8

**Summary of payments and estimates -
Programme 3: Asset & Liability Management
by Vote**

Sub-programme R'000	Outcome						Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	
				2007/08	2008/09	2009/10				
1. Programme Support	803	435	1 411	939	638	551	940	990	1 043	70.60
2. Asset Management	12 419	28 160	17 811	17 637	14 205	14 263	36 125	33 879	29 912	153.28
3. Liability Management	13 877	12 783	13 532	16 796	4 461	10 551	3 418	3 605	3 803	(67.60)
4. Supporting and Interlinked Financial Systems	24 634	37 123	21 373	22 526	26 505	27 623	7 537	7 924	8 331	(72.71)
Total payments and estimates	51 733	78 501	54 127	57 898	45 809	52 988	48 020	46 398	43 087	(9.38)

Table 12.9 **Summary of provincial payments and estimates by economic classification -**
Programme 3: Asset & Liability Management
by Vote

Economic classification R'000	Outcome						Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06	Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07				% Change from Revised estimate 2006/07
							2007/08	2008/09	2009/10	
Current payments	46 302	76 791	43 344	49 020	37 226	44 342	43 020	41 173	37 627	(2.98)
Compensation of employees	26 053	23 020	23 465	29 770	12 692	19 406	27 025	28 511	30 080	39.26
Goods and services	20 249	34 287	19 064	18 250	24 534	24 936	15 995	12 662	7 547	(35.86)
Interest and rent on land		19 484	815	1 000						
Unauthorised expenditure										
Transfers and subsidies to	5 400	68	7 738	7 143	6 848	6 911	5 000	5 225	5 460	(27.65)
Provinces and municipalities		68	70	92	16	15				(100.00)
Public corporations and private enterprises	5 400		7 668	7 051	6 532	6 532	5 000	5 225	5 460	(23.45)
Non-profit institutions										
Households					300	364				(100.00)
Payments for capital assets	31	1 642	3 045	1 735	1 735	1 735				(100.00)
Machinery and equipment	31	1 642	3 045	1 735	1 735	1 735				(100.00)
Total economic classification	51 733	78 501	54 127	57 898	45 809	52 988	48 020	46 398	43 087	(9.38)

Program 4: Financial Governance

Purpose: Promote accountability through substantive reflection of financial activities of the province as well as compliance with financial norms and standards.

Analysis per sub-programme:

Sub-programme 4.1: Program Support: Provide planning, wherewithal, motivation, leadership and guidance in accordance with law to the other programs and be the program's window to the rest of the Province. The office of the Provincial Accountant-General is located in this program.

Sub-programme 4.2: Accounting Services: To ensure the effective implementation of accounting practices in line with Generally Recognized Accounting Practice (GRAP), Generally Accepted Accounting Practice (GAAP) and applicable laws, prepare consolidated financial statements that reflect the financial position of the province and interpret the same to the general public.

Sub-programme 4.3: Norms and Standards: To develop and implement financial and associated governance norms and standards to enhance performance orientated financial results and accountability within provincial departments as prescribed.

Sub-programme 4.4: Risk Management: To promote effective optimal financial resource utilization through analysis identification and minimization of risks and attendant imponderables.

Changes: policy, structure, service establishment, etc. Geographic distribution of services:

Relocation of the Shared Internal Audit function from the Office of the Premier to Provincial Treasury in order to increase the capacity of Treasury in supporting departments in areas such as Risk Management, fraud prevention, norms and standards financial reporting and internal control.

SERVICE DELIVERY MEASURES-PROGRAMME 4: FINANCIAL GOVERNANCE			
Output type	Performance measures	Performance targets	
		2006/07 (Est. Actual)	2007/08 (Estimate)
Monitor and evaluate the adherence of departments to financial laws and regulations	% number of departments that complied fully with the legislation	70%	80%
Encourage the regularization of irregular, wasteful and unauthorized expenditure by departments	Number of departments that report timeously irregular, wasteful and unauthorized expenditure	9	13
Assist departments in implementation of accounting practices to ensure compliance with GRAP standards	Number of departments with 100% compliance with GRAP statements	13	13
Ensure improvement in financial reporting	Number of departments with unqualified audit reports	9	13
Implement accounting policy, guidelines and practices in line with National Framework	Number of departments with 100% compliance with National Framework	9	13

Table 12.10 Summary of payments and estimates -
Programme 4: Financial Governance
by Vote

Sub-programme R'000	Outcome						Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06	Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	2007/08	2008/09	2009/10	% Change from Revised estimate 2006/07
1. Program Support	281	648	930	1 417	970	970	1 565	1 644	1 726	61.34
2. Accounting Services	5 616	4 626	4 209	6 852	5 598	5 473	7 385	7 776	8 187	34.94
3. Risk Management				1 483	1 220	848	1 048	1 103	1 161	23.58
4. Norms and Standards	17 187	3 661	3 668	5 347	2 885	2 942	4 188	4 417	4 659	42.35
5. Internal Audit Services	12 767	9 232	10 221	16 674	15 445	15 422	19 687	19 024	20 016	27.66
Total payments and estimates	35 851	18 167	19 028	31 773	26 118	25 655	33 873	33 964	35 749	32.03

Table 12.11 **Summary of provincial payments and estimates by economic classification -
Programme 4: Financial Governance
by Vote**

Economic classification R'000	Outcome						Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	2007/08
	Current payments	33 824	17 339	18 788	31 476	25 640	25 188	33 587	33 665	35 437
Compensation of employees	16 484	14 683	15 776	23 519	20 164	19 556	25 985	25 721	27 136	32.87
Goods and services	17 340	2 656	3 012	7 957	5 476	5 632	7 602	7 944	8 301	34.98
Unauthorised expenditure										
Transfers and subsidies to		231	52	33	14	12				(100.00)
Provinces and municipalities		47	47	33	14	12				(100.00)
Households		184	5							
Payments for capital assets	2 027	597	188	264	464	455	286	299	312	(37.14)
Machinery and equipment	2 027	597	97	264	464	455	286	299	312	(37.14)
Software and other intangible assets			91							
Total economic classification	35 851	18 167	19 028	31 773	26 118	25 655	33 873	33 964	35 749	32.03

Other programme information

Personnel numbers and costs

Table 12.12 **Personnel numbers and costs:
Provincial Treasury**

Programme R'000	As at 31 March 2004	As at 31 March 2005	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 March 2010
1. Administration	115	115	115	204	204	204	204
2. Sustainable Resource Management	58	70	70	176	176	176	176
3. Asset & Liability Management	141	138	138	97	97	97	97
4. Financial Governance	20	21	21	45	45	45	45
Total personnel numbers	334	344	344	522	522	522	522
Total personnel cost (R'000)	58 213	66 957	69 509	78 515	128 242	133 602	140 952
Unit cost (R'000)	174	195	202	150	246	256	270

Table 12.13 Departmental personnel numbers and costs

Provincial Treasury										
Description	Outcome						Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06	Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	2007/08	2008/09	2009/10	% Change from Revised estimate 2006/07
Total for department										
Personnel numbers (head count)	334	344	344	522	522	522	522	522	522	
Personnel cost (R'000)	58 213	66 957	69 509	106 855	84 472	78 515	128 242	133 602	140 952	63.33
Human resources component										
Personnel numbers (head count)	24	17	23	34	34	34	34	34	34	
Personnel cost (R'000)	1 919	7 203	3 995	9 596	7 586	7 051	11 744	12 235	12 908	66.56
Head count as % of total for department	7.19	4.94	6.69	6.51	6.51	6.51	6.51	6.51	6.51	
Personnel cost as % of total for department	3.30	10.76	5.75	8.98	8.98	8.98	9.16	9.16	9.16	
Finance component										
Personnel numbers (head count)	310	327	321	488	488	488	488	488	488	
Personnel cost (R'000)	56 294	59 754	65 514	97 259	76 886	71 464	116 498	121 367	128 044	63.02
Head count as % of total for department	92.81	95.06	93.31	93.49	93.49	93.49	93.49	93.49	93.49	
Personnel cost as % of total for department	96.70	89.24	94.25	91.02	91.02	91.02	90.84	90.84	90.84	
Full time workers										
Personnel numbers (head count)	334	344	341	512	512	512	512	512	512	
Personnel cost (R'000)	58 213	66 957	68 067	105 058	82 675	76 718	126 445	131 805	139 155	64.82
Head count as % of total for department	100.00	100.00	99.13	98.08	98.08	98.08	98.08	98.08	98.08	
Personnel cost as % of total for department	100.00	100.00	97.93	98.32	97.87	97.71	98.60	98.65	98.73	
Part-time workers										
Personnel numbers (head count)										
Personnel cost (R'000)										
Head count as % of total for department										
Personnel cost as % of total for department										
Contract workers										
Personnel numbers (head count)			3	10	10	10	10	10	10	
Personnel cost (R'000)			1 442	1 797	1 797	1 797	1 797	1 797	1 797	
Head count as % of total for department			0.87	1.92	1.92	1.92	1.92	1.92	1.92	
Personnel cost as % of total for department			2.07	1.68	2.13	2.29	1.40	1.35	1.27	

Table 12.14

**Payments on training:
Provincial Treasury**

Programme R'000	Outcome						Medium-term estimate			
	Audited	Audited	Audited	Main appro- priation	Adjusted appro- priation	Revised estimate	% Change from Revised estimate			
	2003/04	2004/05	2005/06	2006/07	2006/07	2006/07	2007/08	2008/09	2009/10	2006/07
1. Administration	719	586	1 245	1 800	1 800	1 800	1 500	1 583	1 670	(16.67)
<i>of which</i>										
Subsistence and travel	719	586	1 245	1 800	1 800	1 800	1 500	1 583	1 670	(16.67)
Payments on tuition										
Other										
Other										
Total payments on training	719	586	1 245	1 800	1 800	1 800	1 500	1 583	1 670	(16.67)

Table 12.15

**Information on training
Provincial Treasury**

Description	Outcome						Medium-term estimate			
	2003/04	2004/05	2005/06				Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	% Change from Revised estimate 2006/07
				2007/08	2008/09	2009/10				2006/07
Number of staff										
Number of personnel trained	78	36	40	50	50	50	60	60	60	20.00
<i>of which</i>										
Male	32	11	13	18	18	18	23	23	23	27.78
Female	46	25	27	32	32	32	37	37	37	15.63
Number of training opportunities	78	36	40	50	50	50	60	60	60	20.00
<i>of which</i>										
Tertiary	10									
Workshops	68	36	40	50	50	50	60	60	60	20.00
Seminars										
Other										
Number of bursaries offered	51	57	60	70	70	70	80	80	80	14.29
Number of interns appointed										
Number of learnerships appointed										
Number of days spent on training	20	20	30	40	40	40	50	50	50	25.00

Note: Numbers could not be supplied due to structural changes.

Table B1

Specification of receipts:
by Vote

Receipts R'000	Outcome						Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				2007/08	2008/09	2009/10	% Change from Revised estimate 2006/07
				Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07				
Tax receipts										
Sales of goods and services other than capital assets	1 182	1 102	232	100	100	99	100	105	110	1.01
Sales of goods and services produced by department (excluding capital assets)	1 182	1 102	232	100	100	99	100	105	110	1.01
Administrative fees										
Other sales	1 182	1 102	232	100	100	99	100	105	110	1.01
Of which										
Boarding & Lodging										
Commission on insurance	591	551	116	100	100	99	100	105	110	1.01
Other	591	551	116							
Fines, penalties and forfeits										
Interest, dividends and rent on land	172 970	16 425	105 195	100 100	100 100	100 100	193 316	193 316	193 316	93.12
Interest	172 970	16 425	105 195	100 100	100 100	100 100	193 316	193 316	193 316	93.12
Dividends										
Financial transactions in assets and liabilities	644	508	188							
Total departmental receipts	174 796	18 035	105 615	100 200	100 200	100 199	193 416	193 421	193 426	93.03

Table B2 **Summary of payments and estimates by economic classification by Vote**

Economic classification R'000	Outcome						Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06	Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07				% Change from Revised estimate 2006/07
							2007/08	2008/09	2009/10	
Current payments	164 016	144 031	107 467	202 597	146 998	136 044	233 083	235 588	241 269	71.33
Compensation of employees	58 213	66 957	69 509	106 855	84 472	78 515	128 242	133 602	140 952	63.33
Salaries and wages	58 213	66 957	69 509	106 855	84 472	78 515	128 242	133 602	140 952	63.33
Social contributions										
Goods and services	105 803	57 590	37 143	94 742	62 526	57 529	104 841	101 986	100 317	82.24
Of which										
Audit fees	3 225	5 145	2 636	3 635	3 636	3 635	5 550	5 801	6 060	52.68
Communication	38 547	8 400	3 386	3 499	3 500	3 499	3 999	4 181	4 367	14.30
Computer equipment										
Consultants and specialised services	51 293	33 225	18 629	19 000	19 000	19 000	56 874	51 870	49 860	199.34
Inventory	1 254	927	2 147	2 500	2 500	2 500	1 852	1 920	2 031	(25.91)
Printing and publications		744	738	901	904	901	1 299	1 358	1 420	44.12
Training	748	688	78	741	738	742	1 475	1 541	1 613	98.72
Other	10 736	8 461	9 529	64 466	32 248	27 252	33 792	35 315	34 966	24.00
Interest and rent on land		19 484	815	1 000						
Interest		19 484	815	1 000						
Rent on land										
Transfers and subsidies to (Current)	5 400	520	8 220	7 284	6 892	6 954	5 000	5 225	5 460	(28.10)
Provinces and municipalities		202	207	233	60	58				(100.00)
Provinces										
Municipalities		202	207	233	60	58				(100.00)
Municipalities		202	207	233	60	58				(100.00)
of which										
Public corporations and private enterprises	5 400		7 668	7 051	6 532	6 532	5 000	5 225	5 460	(23.45)
Public corporations	5 400		7 668	7 051	6 532	6 532	5 000	5 225	5 460	(23.45)
Subsidies on production										
Other transfers	5 400		7 668	7 051	6 532	6 532	5 000	5 225	5 460	(23.45)
Households		318	345		300	364				(100.00)
Social benefits		184	5							
Other transfers to households		134	340		300	364				(100.00)
Transfers and subsidies to (Total)	5 400	520	8 220	7 284	7 092	6 954	5 000	5 225	5 460	(28.10)
Provinces and municipalities		202	207	233	60	58				(100.00)
Municipalities		202	207	233	60	58				(100.00)
Municipalities		202	207	233	60	58				(100.00)
Public corporations and private enterprises	5 400		7 668	7 051	6 532	6 532	5 000	5 225	5 460	(23.45)
Public corporations	5 400		7 668	7 051	6 532	6 532	5 000	5 225	5 460	(23.45)
Subsidies on production										
Other transfers	5 400		7 668	7 051	6 532	6 532	5 000	5 225	5 460	(23.45)
Households		318	345		500	364				(100.00)
Social benefits		184	5		200					
Other transfers to households		134	340		300	364				(100.00)
Payments for capital assets	4 594	3 199	3 305	3 555	5 155	5 161	5 776	6 036	6 308	11.92
Machinery and equipment	4 594	3 199	3 214	3 555	5 155	5 161	5 776	6 036	6 308	11.92
Transport equipment										
Other machinery and equipment	4 594	3 199	3 214	3 555	5 155	5 161	5 776	6 036	6 308	11.92
Software and other intangible assets			91							
Total economic classification	174 010	147 750	118 992	213 436	159 245	148 159	243 859	246 849	253 036	64.59

Table B2.2	Payments and estimates by economic classification
	Programme 1: Administration
	Provincial Treasury

Economic classification R'000	Outcome						Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	% Change from Revised estimate 2006/07
				2007/08	2008/09	2009/10				2006/07
Current payments	71 270	39 390	35 726	102 106	56 105	52 406	102 679	104 165	108 687	95.93
Compensation of employees	10 345	19 744	21 816	38 989	27 642	27 443	38 563	40 684	42 922	40.52
Salaries and wages	10 345	19 744	21 816	38 989	27 642	27 443	38 563	40 684	42 922	40.52
Social contributions										
Goods and services	60 925	19 646	13 910	63 117	28 463	24 963	64 116	63 481	65 765	156.84
Of which										
Audit fees	1 857	1 755	987	2 422	1 655	1 577	3 394	3 547	3 706	115.22
Communication	22 198	2 867	1 269	2 331	1 593	1 518	2 446	2 556	2 671	61.13
Consultants and specialised services	29 535	11 334	6 978	12 657	8 649	8 244	34 782	32 833	33 733	321.91
Inventory	722	314	804	1 665	1 138	1 084	1 132	1 175	1 242	4.43
Printing and publications		255	276	600	413	391	795	830	868	103.32
Training	431	235	29	495	335	324	902	942	987	178.40
Other	6 182	2 886	3 567	42 947	14 680	11 825	20 665	21 598	22 558	74.76
Transfers and subsidies to (Current)		191	199	65	23	17				(100.00)
Provinces and municipalities		57	67	65	23	17				(100.00)
Provinces										
Municipalities		57	67	65	23	17				(100.00)
Municipalities		57	67	65	23	17				(100.00)
Households		134	132							
Social benefits										
Other transfers to households		134	132							
Transfers and subsidies to (Total)		191	199	65	23	17				(100.00)
Provinces and municipalities		57	67	65	23	17				(100.00)
Provinces										
Provincial Revenue Funds										
Provincial agencies and funds										
Municipalities		57	67	65	23	17				(100.00)
Municipalities		57	67	65	23	17				(100.00)
of which										
Households		134	132							
Social benefits										
Other transfers to households		134	132							
Payments for capital assets	2 536	960	72	1 556	2 956	2 971	5 490	5 737	5 995	84.79
Machinery and equipment	2 536	960	72	1 556	2 956	2 971	5 490	5 737	5 995	84.79
Transport equipment										
Other machinery and equipment	2 536	960	72	1 556	2 956	2 971	5 490	5 737	5 995	84.79
Total economic classification	73 806	40 541	35 997	103 727	59 084	55 394	108 169	109 902	114 682	95.27

Table B2.3 **Payments and estimates by economic classification**
Programme 2: Sustainable Resource Management
Provincial Treasury

Economic classification R'000	Outcome						Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	% Change from Revised estimate 2006/07
				2007/08	2008/09	2009/10				
Current payments	12 620	10 511	9 609	19 995	28 027	14 108	53 797	56 585	59 518	281.32
Compensation of employees	5 331	9 510	8 452	14 577	23 974	12 110	36 669	38 686	40 814	202.80
Salaries and wages	5 331	9 510	8 452	14 577	23 974	12 110	36 669	38 686	40 814	202.80
Social contributions										
Goods and services	7 289	1 001	1 157	5 418	4 053	1 998	17 128	17 899	18 704	757.26
Of which										
Audit fees	222	89	82	208	236	126	907	948	990	619.84
Communication	2 655	145	106	200	227	121	653	684	714	439.67
Consultants and specialised services	3 536	577	580	1 087	1 232	660	9 291	9 711	10 147	1307.73
Inventory	86	20	67	143	162	87	303	313	332	248.28
Printing and publications		12	23	51	58	31	212	222	232	583.87
Training	51	11	2	42	48	26	241	252	263	826.92
Other	739	147	297	3 687	2 090	947	5 521	5 769	6 026	483.00
Interest and rent on land										
Transfers and subsidies to (Current)		30	231	43	7	14				(100.00)
Provinces and municipalities		30	23	43	7	14				(100.00)
Provinces										
Municipalities		30	23	43	7	14				(100.00)
Municipalities		30	23	43	7	14				(100.00)
Households			208							
Social benefits										
Other transfers to households			208							
Transfers and subsidies to (Total)		30	231	43	207	14				(100.00)
Provinces and municipalities		30	23	43	7	14				(100.00)
Provinces										
Provincial Revenue Funds										
Provincial agencies and funds										
Municipalities		30	23	43	7	14				(100.00)
Municipalities		30	23	43	7	14				(100.00)
of which										
RSC levies										
Households			208		200					
Social benefits					200					
Other transfers to households			208							
Payments for capital assets										
Total economic classification	12 620	10 541	9 840	20 038	28 234	14 122	53 797	56 585	59 518	280.94

Table B2.4 **Payments and estimates by economic classification**
Programme 3: Asset & Liability Management
Provincial Treasury

Economic classification R'000	Outcome			Main appro- priation Adjusted appro- priation Revised estimate			Medium-term estimate					
	Audited 2003/04	Audited 2004/05	Audited 2005/06							% Change from Revised estimate		
										2007/08	2008/09	2009/10
Current payments	46 302	76 791	43 344	49 020	37 226	44 342	43 020	41 173	37 627	(2.98)		
Compensation of employees	26 053	23 020	23 465	29 770	12 692	19 406	27 025	28 511	30 080	39.26		
Salaries and wages	26 053	23 020	23 465	29 770	12 692	19 406	27 025	28 511	30 080	39.26		
Social contributions												
Goods and services	20 249	34 287	19 064	18 250	24 534	24 936	15 995	12 662	7 547	(35.86)		
Audit fees	617	3 064	1 353	700	1 427	1 576	847	885	925	(46.26)		
Communication	7 378	5 000	1 740	674	1 373	1 517	610	638	665	(59.79)		
Consultants and specialised services	9 816	19 782	9 560	3 660	7 455	8 236	8 677	5 016	1 476	5.35		
Inventory	240	550	1 102	482	981	1 084	283	293	310	(73.89)		
Printing and publications		443	379	174	354	391	198	207	217	(49.36)		
Training	143	410	41	142	290	320	225	235	246	(29.69)		
Other	2 055	5 038	4 889	12 418	12 654	11 812	5 155	5 388	3 708	(56.36)		
Interest and rent on land		19 484	815	1 000								
Interest		19 484	815	1 000								
Transfers and subsidies to (Current)	5 400	68	7 738	7 143	6 848	6 911	5 000	5 225	5 460	(27.65)		
Provinces and municipalities		68	70	92	16	15				(100.00)		
Municipalities		68	70	92	16	15				(100.00)		
Municipalities		68	70	92	16	15				(100.00)		
Universities and technikons												
Public corporations and private enterprises	5 400		7 668	7 051	6 532	6 532	5 000	5 225	5 460	(23.45)		
Public corporations	5 400		7 668	7 051	6 532	6 532	5 000	5 225	5 460	(23.45)		
Subsidies on production												
Other transfers	5 400		7 668	7 051	6 532	6 532	5 000	5 225	5 460	(23.45)		
Private enterprises												
Households					300	364				(100.00)		
Social benefits												
Other transfers to households					300	364				(100.00)		
Transfers and subsidies to (Total)	5 400	68	7 738	7 143	6 848	6 911	5 000	5 225	5 460	(27.65)		
Provinces and municipalities		68	70	92	16	15				(100.00)		
Provinces												
Municipalities		68	70	92	16	15				(100.00)		
Municipalities		68	70	92	16	15				(100.00)		
Public corporations and private enterprises	5 400		7 668	7 051	6 532	6 532	5 000	5 225	5 460	(23.45)		
Public corporations	5 400		7 668	7 051	6 532	6 532	5 000	5 225	5 460	(23.45)		
Subsidies on production												
Other transfers	5 400		7 668	7 051	6 532	6 532	5 000	5 225	5 460	(23.45)		
Private enterprises												
Households					300	364				(100.00)		
Social benefits												
Other transfers to households					300	364				(100.00)		
Payments for capital assets	31	1 642	3 045	1 735	1 735	1 735				(100.00)		
Machinery and equipment	31	1 642	3 045	1 735	1 735	1 735				(100.00)		
Transport equipment												
Other machinery and equipment	31	1 642	3 045	1 735	1 735	1 735				(100.00)		
Total economic classification	51 733	78 501	54 127	57 898	45 809	52 988	48 020	46 398	43 087	(9.38)		

Annexure B to Vote 12 (continued)

Table B.2.5 **Payments and estimates by economic classification**
Programme 4: Financial Governance
Provincial Treasury

Economic classification R'000	Outcome						Medium-term estimate			
	Audited 2003/04	Audited 2004/05	Audited 2005/06				Main appro- priation 2006/07	Adjusted appro- priation 2006/07	Revised estimate 2006/07	% Change from Revised estimate 2006/07
				2007/08	2008/09	2009/10				2006/07
Current payments	33 824	17 339	18 788	31 476	25 640	25 188	33 587	33 665	35 437	33.35
Compensation of employees	16 484	14 683	15 776	23 519	20 164	19 556	25 985	25 721	27 136	32.87
Salaries and wages	16 484	14 683	15 776	23 519	20 164	19 556	25 985	25 721	27 136	32.87
Social contributions										
Goods and services	17 340	2 656	3 012	7 957	5 476	5 632	7 602	7 944	8 301	34.98
Of which										
Audit fees	529	237	214	305	318	356	402	421	439	12.93
Communication	6 316	388	271	294	307	343	290	303	317	(15.36)
Consultants and specialised services	8 406	1 532	1 511	1 596	1 664	1 860	4 124	4 310	4 504	121.71
Inventory	206	43	174	210	219	245	134	139	147	(45.25)
Printing and publications		34	60	76	79	88	94	99	103	6.45
Training	123	32	6	62	65	72	107	112	117	48.10
Other	1 760	390	776	5 414	2 824	2 668	2 451	2 560	2 674	(8.13)
Transfers and subsidies to (Current)		231	52	33	14	12				(100.00)
Provinces and municipalities		47	47	33	14	12				(100.00)
Provinces										
Municipalities		47	47	33	14	12				(100.00)
Municipalities		47	47	33	14	12				(100.00)
Households		184	5							
Social benefits		184	5							
Other transfers to households										
Transfers and subsidies to (Total)		231	52	33	14	12				(100.00)
Provinces and municipalities		47	47	33	14	12				(100.00)
Provinces										
Provincial Revenue Funds										
Provincial agencies and funds										
Municipalities		47	47	33	14	12				(100.00)
Municipalities		47	47	33	14	12				(100.00)
Households		184	5							
Social benefits		184	5							
Other transfers to households										
Payments for capital assets	2 027	597	188	264	464	455	286	299	312	(37.14)
Machinery and equipment	2 027	597	97	264	464	455	286	299	312	(37.14)
Transport equipment										
Other machinery and equipment	2 027	597	97	264	464	455	286	299	312	(37.14)
Software and other intangible assets			91							
Total economic classification	35 851	18 167	19 028	31 773	26 118	25 655	33 873	33 964	35 749	32.03

