

# VOTE 6

## Provincial Treasury

Operational budget	R 521 298 000
MEC remuneration	R 774 000
Total amount to be appropriated	R 522 072 000
Responsible MEC	Dr Z. L. Mkhize, MEC for Finance and Economic Development
Administrating department	Provincial Treasury
Accounting officer	Senior General Manager: Financial Management

### 1. Overview

#### Vision

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

#### Mission statement

The mission of the department is: *We, the Provincial Treasury will empower our people through:*

- *an equitable distribution of financial resource, and*
- *strategic leadership in the areas of financial and fiscal management and corporate governance.*

#### Strategic objectives

The strategic goals and objectives of the Provincial Treasury are as follows:

- To create a spatially based allocative framework for a balance between basic service delivery and growth of the provincial economy:
  - To stimulate economic growth and employment creation through funding of strategic investment initiatives; and
  - To fund social needs of the province in line with National norms and standards.
- To develop a framework that will create opportunities for the participation of Historically Disadvantaged Individuals (HDIs) in the economy:
  - To provide funding instruments that will broaden participation of HDIs in business and the economy; and
  - To create an enabling environment for government procurement to enhance opportunities for participation in the economy by HDIs.
- To ensure optimum financial and fiscal management in the province:
  - To provide appropriate financial management systems which impact on value for money and service delivery;
  - To implement the best Monitoring and Evaluation (M&E) system that will minimise roll-overs and eliminate over-expenditure; and
  - To maximise own revenue in the province.

- To promote good governance in the province:
  - To provide a credible risk profile for the province;
  - To audit service delivery performance of spending agencies;
  - To promote a culture of zero tolerance for fraud and corruption; and
  - To promote a culture of accountability and transparency.
- To maintain a culture of high performance within the department:
  - To optimise human resource development in the department;
  - To provide effective and integrated administrative support to the MEC and the HOD; and
  - To provide efficient and effective legal, financial, logistics and IT support services to the department.

### **Core functions**

The core functions of the department are listed below:

- The development, implementation and monitoring of fiscal and financial management and procurement policies for the KwaZulu-Natal Provincial Government;
- The allocation of provincial funds by means of budget preparation and implementation;
- 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 the 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 No. 1 of 1999, as amended) (PFMA) and Treasury Regulations
- Municipal Finance Management Act (Act No. 56 of 2003) (MFMA)
- Public Service Act and Regulations
- Constitution of South Africa Act (Act No. 108 of 1996)
- Labour Relation Act (Act No. 66 of 1995)
- KZN Provincial Supply Chain Management Policy Framework (2006)
- Preferential Procurement Policy Framework Act (Act No. 5 of 2000)
- Income Tax Act (Act No. 58 of 1962)
- Intergovernmental Fiscal Relations Act (Act No. 97 of 1997)
- Bill of Exchange Act (Act No. 34 of 1964, as amended)
- Banking Act (Act No. 94 of 1990, as amended)
- Annual Division of Revenue Act

## **2. Review of the 2007/08 financial year**

Section 2 provides a review of the 2007/08 financial year, outlining the main achievements and progress made by the department during the year, as well as providing a brief discussion on the challenges, and new developments.

### ***Administration***

The Office of the MEC maintained a positive image of the department through various communication strategies both internally and externally. Within the Intergovernmental Relations (IGR) component, a Special Projects unit was established to be responsible for managing provincial involvement in special projects such as the A1 Grand Prix, the 2007 Soccerex exhibitions and 2010 World Cup related projects.

The Legal Services unit improved its response times on contract drafting, due to the finalisation of its service charter. This unit was also instrumental in the drafting and finalisation of policies and practice notes for Supply Chain Management for all provincial departments.

### ***Fiscal Resource Management***

Research on enhancing municipal revenue was conducted by the Public Finance unit at the Umlalazi, Umvoti, Umtshezi, Jozini, uPhongola, Richmond and Hibiscus Coast Municipalities. The findings and recommendations will be presented to the respective municipal councils in the last municipal quarter of 2007/08.

The Provincial Budget Management unit continued to deliver accurate and timeous reports in terms of the PFMA. Quarterly reports were submitted to Cabinet and the Finance and Economic Development Portfolio Committees to provide a platform for healthy debate and engagement with departments on spending trends. The In-Year-Monitoring (IYM) system continued to provide a firm basis for identifying problem areas, and was one of the catalysts in a Section 18 (of the PFMA) intervention in one of the provincial departments. Furthermore, the implementation of the Performance Budgeting System (PBS) continued, and the consortium is currently rolling out the system in 11 provincial departments, although some delays have been experienced due to extensive customisation of the system.

All municipalities are expected to be fully compliant with the requirements of the MFMA. Based on the previous year's positive compliance trend, it is anticipated that 2007/08 will, once again, show similar upward trends in terms of compliance. The lack of financial management capacity at municipalities continued to adversely affect the budget preparation and evaluation processes, and the Municipal Finance unit provided training and guidance to municipalities in this regard. The unit also trained 13 municipalities on the completion of quarterly and annual returns. The draft budgets of 53 municipalities were evaluated, and feedback was provided to the municipalities for consideration, prior to the adoption of the final budgets.

The Infrastructure unit was actively involved with the pilot phase of the Infrastructure Delivery Improvement Programme (IDIP). The departments that participated in the pilot phase of the programme, which started in 2006/07, were Transport and Education. This programme has now moved into full roll-out in the major infrastructure delivery departments, such as Education, Works and Health.

### ***Financial Management***

The roll-out of the Asset Management Plan continued at a slower pace than planned. Two milestones, in particular, were delayed, namely the finalisation of the minimum requirements for an asset register (asset description, purchase price, location, allocated official, etc.) and the Asset Management Strategic Plans for acquisition, operation, maintenance and disposal.

The decentralisation of the Tax and Banking function to provincial departments was successfully undertaken and was finalised by 1 June 2007.

The Public Private Partnership (PPP) unit within the Provincial Treasury explored the feasibility of a Provincial Government Precinct for office accommodation requirements for provincial departments. The unit is also responsible for the feasibility study for a new Legislature complex, and a Transaction Advisor (TA) was appointed for this purpose. With regard to the Legislature complex, the feasibility study was submitted to National Treasury and a Treasury approval is awaited. The study for the Provincial Government Precinct is at an advanced stage, and should be completed in 2007/08. Both projects, if approved, will reach procurement stages during 2008/09.

The improvement in the management of suspense accounts by departments was a key focus area for the Financial Reporting component. Technical support was given to departments and public entities for the compilation of their Annual Financial Statements (AFS). A more thorough follow-up of departments' 2006/07 Auditor-General (AG) reports was undertaken, adding to their state of readiness for the 2007/08 audit.

The Norms and Standards unit developed a number of generic policies and submitted these to National Treasury for comments.

#### ***Internal Audit***

The Assurance Services unit within the Internal Audit component focussed on improving its effectiveness. Some of the major achievements for 2007/08 were:

- The implementation of an Accelerated Programme aimed at retaining current staff and promoting staff internally. The unit also successfully embarked on the Internal Audit Technician (IAT) learnership training programme, which has increased the number of permanent Internal Auditors;
- Service Level Agreements (SLAs) were submitted to Accounting Officers of departments to further enhance and strengthen the unit's relationship with clients; and
- Ensuring that the annual operational plans, as agreed to with the Accounting Officers, are executed in a timely manner.

The Risk Management unit made substantial progress in inculcating the culture of effective risk management in provincial departments:

- Departments' awareness, with regard to understanding the concepts of risk management and acknowledging their roles in achieving effective risk management, was enhanced;
- Operational Risk assessments were completed for all departments, and strategic risk assessments were conducted during the strategic planning session for some departments. Risk profiles were reported for each department, and a consolidated view was presented for the province as per the Treasury Regulations; and
- A Provincial Risk Management Forum was established to promote the culture of risk management in the public sector, and to share and develop knowledge on risk management.

### **3. Outlook for the 2008/09 financial year**

Section 3 looks at the key focus areas of 2008/09, outlining what the department is hoping to achieve, as well as briefly looking at the challenges facing the department, and proposed new developments.

The Provincial Treasury, like other departments in the province, has experienced a real challenge in sourcing office accommodation. The shortage of office accommodation continued to contribute to the slow progress in the filling of some vacant posts, which in turn has led to capacity problems.

#### ***Fiscal Resource Management***

The major constraint faced by the Public Finance unit continues to be the lack of financial management capacity in provincial departments, which impacts negatively on budget planning. The unit will continue the roll-out of PBS in the province, with the final five departments being planned for roll-out in 2008/09.

In terms of its revenue enhancing strategies, the revenue section under the Public Finance unit will focus on improving the revenue base collection by re-looking at revenue collection procedures and tariff rates in 2008/09, as well as looking at the options for new taxes to increase the total own revenue in the province.

Funding has also been set aside to be used to conduct a province-wide sector review of the education system in 2008/09. The findings of this research should help the province develop a set of targeted policy interventions that will enhance the performance of the Education sector.

A total of 58 municipalities have now been delegated to the Provincial Treasury for monitoring and support. This is a major challenge to the Municipal Finance unit, due to the scarce resources with the appropriate skills available on the market.

In the coming financial year, the Infrastructure unit will prepare the Provincial Infrastructure Statement of Needs (PISN), highlighting the long term needs within the province, as well as rolling out Infrastructure Delivery Improvement Programme (IDIP) technical assistance to departments.

### ***Financial Management***

Training will be provided, and guideline documents will be prepared, to improve Asset Management within departments.

Discussions involving all relevant stakeholders on a number of PPP projects are in progress. There are currently seven registered PPP projects in the province. A detailed list and discussion on each of these projects is provided in Section 7.6.3 of Budget Statement 1.

The lack of capacity in provincial departments and municipalities in identifying PPP projects remains a challenge, which will be addressed by means of an integrated human resource strategy aimed at:

- In-sourcing of additional specialist skills and resources in key posts; and
- Regular training and capacity building in identification and compliance with National Treasury requirements on PPP projects.

The Norms and Standards unit will carry out the implementation of monitoring/compliance procedures during the 2008/09 financial year to address non-compliance by departments and municipalities with minimum financial norms and standards.

### ***Internal Audit***

The existing internal Quality Improvement Programme (QIP) will be reviewed to include current developments in the internal audit profession. Emphasis will also be placed on peer reviews. Other matters of emphasis through the QIP include:

- Effectiveness of the Provincial Audit Committee; and
- Effectiveness of the functioning of Internal Audit unit and quality of audit reports.

The auditing of governance structures within the control environments of clients has become increasingly important, especially in terms of ensuring that government is made accountable. This necessitated the addition of performance auditing of departments.

## **4. Receipts and financing**

### **4.1 Summary of receipts and financing**

Table 6.1 below shows the sources of funding for Vote 6 over the seven-year period from 2004/05 to 2010/11. The table also compares actual and budgeted receipts against actual and budgeted payments.

Table 6.1: Summary of receipts and financing

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07				2008/09	2009/10	2010/11
Provincial allocation	591 983	791 581	627 687	649 493	518 279	518 279	522 072	495 266	362 721
Conditional grants	-	-	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>591 983</b>	<b>791 581</b>	<b>627 687</b>	<b>649 493</b>	<b>518 279</b>	<b>518 279</b>	<b>522 072</b>	<b>495 266</b>	<b>362 721</b>
<b>Total payments</b>	<b>204 786</b>	<b>630 979</b>	<b>506 002</b>	<b>649 493</b>	<b>578 664</b>	<b>372 858</b>	<b>522 072</b>	<b>495 266</b>	<b>362 721</b>
Surplus/(Deficit) before financing	387 197	160 602	121 685	-	(60 385)	145 421	-	-	-
Financing									
of which									
Provincial roll-overs	24 000	16 012	135 635	-	10 280	10 280	-	-	-
Provincial cash resources	78 038	79 500	-	-	50 105	50 105	-	-	-
<b>Surplus/(deficit) after financing</b>	<b>489 235</b>	<b>256 114</b>	<b>257 320</b>	<b>-</b>	<b>-</b>	<b>205 806</b>	<b>-</b>	<b>-</b>	<b>-</b>

The fluctuations noted in the department's total receipts over the seven-year period are mainly attributed to the fact that the provincial allocation included funding for the Growth and Development Fund until 2006/07, whereafter the allocations associated with the fund were moved to Vote 4: Economic Development. The 2007/08 financial year, on the other hand, includes provision for the Government Employees Medical Scheme (GEMS), which was distributed to all departments over the 2008/09 MTEF to cater for any future increase in the GEMS membership in departments. The decrease in the 2007/08 Adjusted Budget compared to the Main Budget relates to the suspension of funds following the decentralisation of the Tax and Banking function, as well as the surrendering of part of GEMS funds to the Provincial Revenue Fund. This reduction in the 2007/08 Adjusted Budget was partly offset by the additional funding allocated to the department for a number of projects during the 2007/08 Adjustments Estimate, as well as the roll-over from the previous financial year. The provincial allocation also includes R150 million per year in 2008/09 and 2009/10 in respect of the province's contribution towards the construction of the Moses Mabhida Soccer Stadium.

The surplus reflected in 2004/05 was mainly due to an unspent portion of the Growth and Development Fund, which was surrendered to the Provincial Revenue Fund. With regard to 2005/06, while some of the surplus was rolled over to the department for the SMMEs and other committed projects, an amount of R100 million was rolled over to the Department of Economic Development for the Dube TradePort, to where the function was shifted.

The surplus reflected under the 2006/07 financial year comprised mainly of unspent allocations for GEMS, the Performance Budgeting System (PBS) and the Growth and Development Fund. While an amount of R10.3 million was rolled over to 2007/08 for committed projects, the remaining unspent amounts for 2006/07 were surrendered to the Provincial Revenue Fund.

With regard to 2007/08, the department is projecting to end the year with an under-expenditure of R205.8 million, the bulk of which can be attributed to the funds earmarked for the GEMS, which will be surrendered to the Provincial Revenue Fund.

## 4.2 Departmental receipts collection

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

Table 6.2: Details of departmental receipts

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07				2008/09	2009/10	2010/11
Tax receipts	-	-	-	-	-	-	-	-	-
Non-tax receipts	119 052	90 384	169 579	138 297	138 297	173 836	139 521	149 466	164 764
Sale of goods and services other than capital assets	97	104	126	82	82	119	87	93	102
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-
Interest, dividends and rent on land	118 955	90 280	169 453	138 215	138 215	173 717	139 434	149 373	164 662
Transfers received	-	-	-	-	-	50	-	-	-
Sales of capital assets	35	1	-	-	-	-	-	-	-
Financial transactions	8 055	732	282	-	-	292	-	-	-
<b>Total</b>	<b>127 142</b>	<b>91 117</b>	<b>169 861</b>	<b>138 297</b>	<b>138 297</b>	<b>174 178</b>	<b>139 521</b>	<b>149 466</b>	<b>164 764</b>

The interest earned on the Inter-Governmental Cash Co-ordination (IGCC) account and the Pay Master-General account makes up the bulk of the department's own revenue. The fluctuations over the seven-year period under review are directly linked to the amount of cash on hand and changes in interest rates.

The department is projecting to end the 2007/08 financial year with a revenue collection of R174.2 million, which is far higher than the revenue budgeted for the year. This projected over-collection is mainly due to the provincial departments' initial slow pace in spending their allocated budget, thereby contributing to a higher balance in the IGCC account and the Pay Master-General account.

The budgeted revenue collection over the 2008/09 MTEF seems to be conservative, compared to the actual revenue collected in 2006/07 and projected revenue to be collected for 2007/08. According to the department, however, the rate of spending by the different departments is not easily pre-determined on a yearly basis, and thus the cumulative balances in the IGCC account are not certain enough to warrant any revision to the projections against the category *Interest, dividends and rent on land* for the MTEF.

## 5. Payment summary

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

### 5.1 Key assumptions

The budget for the 2008/09 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. Some of the main assumptions underpinning the MTEF budget are as follows:

- Inflation, as well as the associated costs with the filling of additional posts to support the service delivery requirements of the department, were taken into account in calculating personnel costs; and
- The bulk of the department's expenditure is incurred under *Goods and services*, and relate to consultancy fees for short and long term projects, as well as other current operational costs.

### 5.2 Additional allocation for the 2006/07 to 2008/09 MTEF

Table 6.3 shows additional funding received by the department over the three MTEF periods: 2006/07, 2007/08 and 2008/09. The purpose of such a table is two-fold. Firstly, it shows the quantum of additional funding allocated to the department in the past and current MTEF periods. Secondly, it indicates the policies and purposes for which the additional funding was allocated.

The carry-through allocations for the 2006/07 MTEF period (i.e. for the financial years 2009/10 and 2010/11) are based on the incremental percentage used in the 2007/08 MTEF and 2008/09 MTEF. A similar approach was used for the carry-through allocations for the 2007/08 MTEF period.

It is important to explain how this table should be read and interpreted. The total additional funding in any given year shows how much a department received in addition to the increases which already existed in its 2005/06 MTEF baseline. The sum of the total additional provincial allocations across the five years show cumulative amounts received over and above the cumulative baseline budget for that period.

The table reflects the significant additional funding the department received in terms of the Growth and Development Fund in the 2006/07 MTEF. For the 2006/07 MTEF, the entire budget for the Poverty Alleviation Fund funding was allocated to the relevant provincial departments for separate projects such as the Agrarian Revolution, primary and secondary co-operatives and the Incubator Programme. It is also evident that the Growth and SMME Funds were reduced to fund provincial priorities in the 2006/07 and 2007/08 MTEF periods, before the entire allocation for these funds were shifted to the Department of Economic Development for the 2007/08 MTEF.

Table 6.3: Summary of additional provincial allocations for 2006/07 to 2010/11

R000	2006/07	2007/08	2008/09	2009/10	2010/11
<b>2006/07 MTEF period</b>	<b>(721 375)</b>	<b>(252 300)</b>	<b>(163 217)</b>	<b>1 608 799</b>	<b>677 498</b>
Carry-through costs of 2005/06 Adjustments Estimate	79 048	77 414	77 532	83 347	88 348
SMMes Fund	200 000	220 000	242 000	260 150	-
Growth Fund	420 000	660 000	660 000	709 500	-
Provision for Government Employees Medical Scheme	169 977	342 786	518 426	555 802	589 150
Poverty Alleviation Fund	(800 000)	(1 000 000)	(1 070 000)	-	-
Provincial Growth Fund	(350 000)	(552 500)	(591 175)	-	-
2006/07 Adj. Estimate - Re-allocation of Growth Fund & GEMS and funding for A1 & Govt. Precinct	(440 400)	-	-	-	-
<b>2007/08 MTEF period<sup>1</sup></b>	<b>-</b>	<b>(939 459)</b>	<b>(896 000)</b>	<b>(969 650)</b>	<b>-</b>
Carry-through costs of 2006/07 Adjustments Estimate	-	18 500	6 000	-	-
Feasibility study of Provincial Government Precinct	-	6 000	6 000	-	-
A1 Grand Prix	-	12 500	-	-	-
Growth Fund (decrease)	-	(160 000)	(160 000)	-	-
SMMes Fund (decrease)	-	(20 000)	-	-	-
Growth Fund (Function shift to Economic Development)	-	(500 000)	(500 000)	(709 500)	-
SMMes Fund (Function shift to Economic Development)	-	(200 000)	(242 000)	(260 150)	-
2007/08 Adj. Estimates - Casino taxes, Ifihlile, Biometric Access, feasibility study, Internal Audit	-	50 105	-	-	-
2007/08 Adj. Estimates - Re-location of GEMS to other spending pressures.	-	(128 064)	-	-	-
<b>2008/09 MTEF period<sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>(301 047)</b>	<b>(383 296)</b>	<b>(568 662)</b>
Operational budget	-	-	45 702	10 988	14 729
Carry-through costs of 2007/08 Adjustments Estimate - Biometric Access	-	-	26 000	-	-
Personnel inflation adjustment	-	-	1 007	1 670	2 033
Government Employees Medical Scheme	-	-	695	818	1 696
Strengthen research capacity for policy development	-	-	2 000	2 500	3 000
Internal Audit Improvement Plan	-	-	6 000	-	-
Municipal Support	-	-	10 000	6 000	8 000
Growth & Development	-	-	(346 749)	(394 284)	(583 391)
Ifihlile Training Academy	-	-	14 977	11 518	5 759
Feasibility study of Provincial Government Precinct	-	-	6 700	-	-
Government Employees Medical Scheme	-	-	(518 426)	(555 802)	(589 150)
2010 Soccer Stadium (Provincial Contribution)	-	-	150 000	150 000	-
<b>Total</b>	<b>(721 375)</b>	<b>(1 191 759)</b>	<b>(1 360 264)</b>	<b>255 853</b>	<b>108 836</b>

1. Excludes function shift to other departments i.r.o banking and tax function

(3 150) (4 388) (4 558) (4 724)

Included in Table 6.3 above is the substantial additional funding allocated for GEMS in the 2006/07 MTEF for all provincial departments. The GEMS funding was reduced in the 2006/07 and 2007/08 financial years (R128.1 million), due to the take-up rate on GEMS being significantly lower than expected. These amounts were surrendered to the Provincial Revenue Fund. The remaining amounts of the GEMS allocation, over the 2008/09 MTEF, were distributed to all departments to cater for any increase in the GEMS membership in departments in the future.

The department was allocated additional funding for the A1 Grand Prix and for the feasibility study of the Provincial Government Precinct in the 2006/07 Adjustments Estimate, with carry-through costs in the 2007/08 MTEF for the A1 Grand Prix, and in 2007/08 and 2008/09 for the feasibility study. A further amount of R6.7 million was allocated in 2008/09 for the feasibility study.

During the 2007/08 Adjustments Estimate, additional funding amounting to R50.1 million was allocated to the department for a number of projects, as listed in Table 6.3 above. Some of these allocations had carry-through amounts allocated over the 2008/09 MTEF.

An amount of R300 million was also allocated to the department in the 2008/09 MTEF process for transfer to the eThekweni Municipality in 2008/09 and 2009/10, as part of the province's contribution towards the construction of the Moses Mabhida Soccer Stadium.

As reflected in the footnote of Table 6.3, an amount of R3.2 million with carry-through costs was suspended over the 2008/09 MTEF to various departments, following the decentralisation of the Tax and Banking function.

Finally, the department received additional allocations over the 2008/09 MTEF to strengthen research capacity for policy development, the personnel inflationary adjustment in respect of the annual salary increase, and the Provincial Treasury's portion of the government's contribution towards GEMS.



### 5.3 Summary by programme and economic classification

The services rendered by the department are grouped under five programmes, namely Administration, Fiscal Resource Management, Financial Management, Internal Audit and Growth and Development. The category Special Functions relates to amounts written off as losses. At this stage, the budget structure of the Provincial Treasury does not fully conform to the generic programme structure for the sector. However, the department is still engaging with National Treasury in this regard.

Tables 6.4 and 6.5 below provide a summary of the vote's expenditure and budgeted estimates over the seven-year period, by programme and by economic classification, respectively.

**Table 6.4: Summary of payments and estimates by programme**

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07				2007/08	2008/09	2009/10
1. Administration	84 048	163 000	139 748	146 161	163 612	162 026	178 146	175 285	187 818
2. Fiscal Resource Management	11 845	17 644	36 757	53 567	48 372	46 930	63 976	38 890	44 156
3. Financial Management	37 421	63 642	34 768	35 953	38 815	33 916	38 655	41 102	43 199
4. Internal Audit	61 336	63 423	33 851	42 526	49 780	48 354	53 018	62 371	64 701
5. Growth and Development	-	322 900	260 000	371 286	278 085	80 864	188 277	177 618	22 847
Special Functions	10 136	370	878	-	-	768	-	-	-
<b>Total</b>	<b>204 786</b>	<b>630 979</b>	<b>506 002</b>	<b>649 493</b>	<b>578 664</b>	<b>372 858</b>	<b>522 072</b>	<b>495 266</b>	<b>362 721</b>

Note: Programme 1 includes MEC remuneration payable R618,566 Car allowance: R154,641

**Table 6.5: Summary of payments and estimates by economic classification**

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07				2007/08	2008/09	2009/10
<b>Current payments</b>	<b>194 595</b>	<b>293 784</b>	<b>263 617</b>	<b>642 076</b>	<b>539 043</b>	<b>333 214</b>	<b>365 930</b>	<b>333 477</b>	<b>349 380</b>
Compensation of employees	46 635	57 081	69 368	110 343	95 001	86 562	119 207	126 698	134 937
Goods and services	137 820	235 639	193 369	531 733	444 042	245 884	246 723	206 779	214 443
Other	10 140	1 064	880	-	-	768	-	-	-
<b>Transfers and subsidies to:</b>	<b>965</b>	<b>323 396</b>	<b>235 312</b>	<b>133</b>	<b>21 957</b>	<b>21 993</b>	<b>150 102</b>	<b>150 108</b>	<b>115</b>
Local government	126	159	48	-	21 563	21 563	150 000	150 000	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	813	268	264	-	259	303	-	-	-
Other	26	322 969	235 000	133	135	127	102	108	115
<b>Payments for capital assets</b>	<b>9 226</b>	<b>13 799</b>	<b>7 073</b>	<b>7 284</b>	<b>17 664</b>	<b>17 651</b>	<b>6 040</b>	<b>11 681</b>	<b>13 226</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 833	1 689	5 820	4 612	8 692	8 678	3 636	4 033	4 275
Other	6 393	12 110	1 253	2 672	8 972	8 973	2 404	7 648	8 951
<b>Total</b>	<b>204 786</b>	<b>630 979</b>	<b>506 002</b>	<b>649 493</b>	<b>578 664</b>	<b>372 858</b>	<b>522 072</b>	<b>495 266</b>	<b>362 721</b>

The high expenditure noted in 2005/06 and 2006/07 against Programme 1: Administration was due to an additional allocation to the department for the KORA Music Awards, SITA costs, QPR maintenance fees, implementation of the Intenda System and administration costs of the Co-operatives programme while it was under Vote 6. The increase in the 2007/08 Adjusted Budget and in 2008/09 is due to an additional allocation for the Biometrics Access Solution in these two years. The decrease in the two outer years has been off-set by the expected increase in personnel under Programme 1.

With regard to Programme 2: Fiscal Resource Management, the increase in expenditure from 2006/07 onwards is largely due to the implementation of the Performance Budgeting System (PBS), which started in 2006/07 and is expected to be fully implemented by 2008/09. This, in turn, explains the decrease against Programme 2 in 2009/10. The department did not spend as per the original target in respect of the implementation of PBS in 2007/08, and savings identified during the 2007/08 Adjustments Estimate were moved to defray expenditure pressures in other areas. On the other hand, the substantial increase noted under this programme in 2008/09 is due to additional funding allocated to the department over the MTEF for municipal support related to the capacity building intervention at various municipalities.

The high expenditure reflected against Programme 3: Financial Management in 2005/06 was due to a number of projects that were undertaken in that year, such as the Asset Management Implementation, Supply Chain Management and Immovable Asset Tender. The increase in the 2007/08 Adjusted Budget

relates to additional funding shifted to Programme 3 for the Financial Management Improvement Plan for all departments, as well as the roll-over of funds for the completion of the implementation of the Supply Chain Management project for the whole province.

The substantially high expenditure in 2004/05 and 2005/06 under Programme 4 was in respect of the Social Welfare Forensic Audit project, which started in 2004/05 and was completed in 2005/06. The increase in the 2007/08 Adjusted Budget is mainly attributable to the additional funding allocated in the Adjustments Estimate for the *ad hoc* investigations such as the forensic investigation at the Department of Agriculture and Environmental Affairs and other new initiatives, highlighted under Programme 4.

The fluctuations noted against Programme 5: Growth and Development over the seven-year period can largely be ascribed to the fact that the 2005/06 and 2006/07 Audited amounts included expenditure in respect of the Growth and Development Fund, while the 2007/08 Main and Adjusted Budget included provision for GEMS. The decrease in the 2007/08 Adjusted Budget compared to the Main Budget relates to the surrendering of part of the GEMS allocation to the Provincial Revenue Fund. This reduction in the 2007/08 Adjusted Budget was partly offset by additional funding allocated to the department for the feasibility study for the establishment of a Provincial Government Precinct, pay-over of the prescribed local government levies derived from the casino taxes to a number of municipalities, and training and skills development of Historically Disadvantaged Individuals. As reflected in the 2007/08 Estimated Actual, the department is projecting to under-spend against Programme 5, associated with the GEMS allocation, which will be surrendered to the Provincial Revenue Fund. This projected under-spending is reflected against the category *Goods and services*. Programme 5 also includes an amount of R150 million in both 2008/09 and 2009/10 as part of the province's contribution towards the construction of the Moses Mabhida Soccer Stadium. These amounts are reflected against *Transfers and subsidies to: Local government*.

The increase in the category *Compensation of employees* over the 2008/09 MTEF is due to the fact that the department expects to fill additional posts in line with service delivery requirements.

*Goods and services* includes a final allocation as carry-through costs for the Biometrics Access Solution, the feasibility study of the Provincial Government Precinct and the Internal Audit Improvement plan, hence the high budget against this category in 2008/09 compared to the outer years of the MTEF.

The new transfers reflected against the category *Transfers and subsidies to: Local government* in the 2007/08 Adjusted Budget relate to the additional funding allocated to the department during the 2007/08 Adjustments Estimate to be paid over to a number of municipalities for the prescribed local government levy. This prescribed levy is included in casino taxes collected by the Gambling Board, and is paid over to the Provincial Revenue Fund.

The increase in the 2007/08 Adjusted Budget against *Machinery and equipment* and *Payments for capital assets: Other*, and the decrease in 2008/09 against these categories, are explained under Programme 1: Administration below.

## **5.4 Summary of infrastructure expenditure and estimates**

An amount of R150 million each in 2008/09 and 2009/10 was allocated to the department as an infrastructure transfer to be transferred to the eThekweni Municipality. As mentioned above, this forms part of the province's contribution towards the construction of the Moses Mabhida Soccer Stadium.

## **5.5 Summary of expenditure and estimates by district municipal area**

The Provincial Treasury's entire budget is currently recorded as spent within the uMgungundlovu region, where the Head Office is based. Although the department provides public finance management support to all provincial departments and municipalities, it is impractical to allocate its budget at this level.

## 5.6 Transfers to local government

Table 6.6 provides a summary of transfers to municipalities.

**Table 6.6: Summary of departmental transfers to local government by category**

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited	Audited	Audited				2008/09	2009/10	2010/11
	2004/05	2005/06	2006/07						
Category A	-	-	-	-	17 123	17 123	150 000	150 000	-
Category B	-	-	-	-	4 440	4 440	-	-	-
Category C	126	159	48	-	-	-	-	-	-
Unallocated/unclassified	-	-	-	-	-	-	-	-	-
Total	126	159	48	-	21 563	21 563	150 000	150 000	-

The transfers against the Category C over the period 2004/05 to 2006/07 were in respect of the Regional Service Council Levy, which was discontinued from 1 July 2006, as per new legislation.

The new transfers reflected under the 2007/08 Adjusted Budget against Category A and B municipalities relate to the prescribed local government levy. This prescribed levy, which is included in casino taxes collected by the Gambling Board and paid over to the Provincial Revenue Fund, will be paid over to different municipalities annually in arrears. Hence no estimates are reflected over the 2008/09 MTEF.

The transfer to Category A in the 2008/09 and 2009/10 financial years is the provincial contribution towards the construction of the Moses Mabhida Soccer Stadium, as mentioned previously.

## 6. Programme description

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

### 6.1 Programme 1: Administration

The purpose of this programme is to render support services to the department, provide human resource management, and provide financial systems management support to the department and the whole province.

This programme consists of six sub-programmes, namely Office of the MEC, Head of the Department, Chief Financial Office, Human Resource Management, Corporate Services and Supporting and Interlinked Financial Systems. The sub-programme: Supporting and Interlinked Financial Systems, which was part of Programme 3 prior to 2007/08, now falls under Programme 1, in line with the department's organisational structure.

The main services under this programme are as follows:

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

Tables 6.7 and 6.8 below provide a summary of payments and budgeted estimates pertaining to the programme over the seven-year period from 2004/05 to 2010/11.

**Table 6.7: Summary of payments and estimates - Programme 1: Administration**

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates			
	Audited	Audited	Audited				2007/08	2008/09	2009/10	2010/11
	2004/05	2005/06	2006/07							
Office of the MEC	5 450	32 187	28 523	32 378	31 384	32 095	31 021	32 887	34 818	
Head of the Department	5 389	28 697	6 209	5 362	7 365	7 013	5 816	6 229	6 626	
Chief Financial Office	6 178	6 026	6 992	14 351	11 188	10 411	12 244	12 976	14 455	
Human Resource Management	3 868	4 485	6 049	4 944	6 345	6 348	9 206	9 739	10 262	
Corporate Services	11 099	11 507	20 821	16 924	17 926	17 666	17 468	20 471	21 301	
Supporting & Interlinked Financial Systems	52 064	80 098	71 154	72 202	89 404	88 493	102 391	92 983	100 356	
Total	84 048	163 000	139 748	146 161	163 612	162 026	178 146	175 285	187 818	

**Table 6.8: Summary of payments and estimates by economic classification - Programme 1: Administration**

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates			
	Audited	Audited	Audited				2007/08	2008/09	2009/10	2010/11
	2004/05	2005/06	2006/07							
Current payments	81 275	158 388	133 734	140 022	146 880	145 323	173 726	165 165	176 247	
Compensation of employees	15 014	18 886	24 422	30 134	30 092	28 871	34 414	36 519	39 198	
Goods and services	66 261	139 502	109 310	109 888	116 788	116 452	139 312	128 646	137 049	
Other	-	-	2	-	-	-	-	-	-	
Transfers and subsidies to:	530	84	151	21	234	274	28	29	31	
Local government	42	54	18	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	488	8	133	-	202	246	-	-	-	
Other	-	22	-	21	32	28	28	29	31	
Payments for capital assets	2 243	4 528	5 863	6 118	16 498	16 429	4 392	10 091	11 540	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	2 163	1 055	4 610	3 446	7 526	7 456	1 992	2 447	2 593	
Other	80	3 473	1 253	2 672	8 972	8 973	2 400	7 644	8 947	
Total	84 048	163 000	139 748	146 161	163 612	162 026	178 146	175 285	187 818	

As reflected in Table 6.7 above, while some of the sub-programmes show a steady increase over the seven-year period, others have fluctuating expenditure and estimates. The substantial increases in the Office of the MEC in 2005/06 and onwards relate to communication costs in respect of the community outreach programmes.

With regard to the sub-programme: Head of the Department, the high expenditure reflected in 2005/06 is due to once-off projects, including the KORA Music Awards and the implementation costs of the Co-operative programme. This function has since been transferred to Department of Economic Development. The increase in the 2007/08 Adjusted Budget against this sub-programme is due to a reprioritisation of funds to cater for new posts, as well as for the Integrated Cluster Project launch.

The increase in the 2007/08 Main Budget compared to 2006/07 reflected against the sub-programme: Chief Financial Office relates to the expansion of the CFO structure to cater for the departmental Supply Chain Management system, the Strategic Management Services component, high audit fees, as well as the roll-out of the Financial Management Improvement Plan (FINMIP) to all provincial departments. The FINMIP function was shifted to Programme 3: Financial Management during the 2007/08 Adjustments Estimate, hence the decrease reflected against the sub-programme: Chief Financial Office in the 2007/08 Adjusted Budget and over the 2008/09 MTEF.

The sub-programme: Human Resource Management reflects an increase against both the 2007/08 Adjusted Budget and the 2008/09 financial year. This is mainly due to the reprioritisation of funds to this sub-programme for the implementation of the Employee Wellness Programme, added recruitment costs due to high labour turn-over and a restructuring undertaken in the sub-programme, which resulted in additional posts.

The high expenditure noted against the sub-programme: Corporate Services in 2006/07 and in the 2007/08 Adjusted Budget was due to a roll-over of funds for the purchase of departmental vehicles. The renovation costs associated with the relocation of the Ministry to the Natalia Building also contributed to the high expenditure in 2006/07.

The sub-programme: Supporting and Interlinked Financial Systems includes costs relating to all transversal systems such as BAS, PERSAL, HARDCAT, etc. for the entire province. The high 2005/06 Audited amount includes an additional allocation for SITA in respect of BAS implementation. Furthermore, the 2007/08 Adjusted Budget and 2008/09 Estimates were increased to cater for the Biometric Access Solution, which started in 2007/08 and is expected to be completed in 2008/09. This also explains the high amounts against *Goods and services* over the same period.

The additional allocations for SITA (as mentioned above), communication costs and for the KORA Music Award explain the high expenditure in 2005/06 against the category *Goods and services* in that year.

The increase in the 2007/08 Adjusted Budget against the categories *Machinery and equipment* and *Payments for capital assets: Other* relates mainly to the roll-over of funds for the purchase of departmental vehicles and computer equipment, as well as the additional funding allocated for the equipment and software required for the implementation of the Biometric Access Solution in 2007/08 and 2008/09, in all departments. As mentioned above, the final carry-through costs for the Biometric Access Solution have been allocated against the category *Goods and services* in 2008/09 for the implementation of this security system, hence the reduction in 2008/09 against the categories *Machinery and equipment* and *Payments for capital assets: Other*.

### Service delivery measures – Programme 1: Administration

Table 6.9 reflects the main service delivery measures pertaining to Programme 1 (Sub-programme: Supporting and Interlinked Financial Systems).

**Table 6.9: Service delivery measures – Programme 1: Administration (Supporting and Interlinked Financial Systems)**

Output type	Performance measures	Performance targets	
		2007/08 Est. Actual	2008/09 Estimate
1. Fully functional systems	<ul style="list-style-type: none"> <li>No. of depts. technically ready to go live (PBS)</li> <li>No. of depts. technically ready to go live (Intenda)</li> <li>Fully functional supplier database (Intenda)</li> </ul>	5 13 100% complete	6 2 -
2. Fully functional Biometrics on financial systems	<ul style="list-style-type: none"> <li>Logging-on using biometrics</li> </ul>	Infrastructure installed	Logon BAS/ Persal fully functional
3. Training and support on financial systems	<ul style="list-style-type: none"> <li>Queries received and attended to</li> <li>No. of officials trained (Intenda)</li> </ul>	All 400	All 400
4. Integrated financial systems	<ul style="list-style-type: none"> <li>No. of interfaces</li> </ul>	2	2
5. Business reports through a Business Intelligence tool (Cognos)	<ul style="list-style-type: none"> <li>Completed reports as per user requirement</li> </ul>	SCM Reports	Reports for 2 components
6. IT Policies	<ul style="list-style-type: none"> <li>No. of IT Policy sessions</li> <li>No. of reviewed or developed IT Policies</li> </ul>	8 6	8 6
7. Open Source strategy	<ul style="list-style-type: none"> <li>Readiness and compatibility assessment report</li> </ul>	100% complete	-
8. Systems Strategy Plan	<ul style="list-style-type: none"> <li>No of users migrated to Open Source</li> <li>Approved Systems Strategy Plan</li> </ul>	5% of total Treasury employees 100% complete	20% of total Treasury employees -
9. Document tracking system	<ul style="list-style-type: none"> <li>Fully functional document tracking</li> </ul>	100% implemented	-
10. E-mail archiving	<ul style="list-style-type: none"> <li>Fully functional e-mail archiving</li> </ul>	100% implemented	-

## 6.2 Programme 2: Fiscal Resource Management

This programme consists of four sub-programmes, namely Programme Support, Economic Analysis, Public Finance and Municipal Finance. The previous sub-programmes: Fiscal Policy and Budget Management are now incorporated under the sub-programme: Public Finance, as both sub-programmes share similar functions. Municipal Finance is a new sub-programme from 2008/09.

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 6.10 and 6.11 below provide a summary of payments and budgeted estimates pertaining to this programme for the period 2004/05 to 2010/11.

**Table 6.10: Summary of payments and estimates - Programme 2: Fiscal Resource Management**

Table 8.16: Summary of payments and estimates – Programme 2: Fiscal Resource Management									
R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07				2007/08	2008/09	2009/10
	Programme Support	-	741	1 432	1 350	1 788	1 853	3 362	3 930
Economic Analysis	-	1 133	1 182	2 538	2 659	2 283	4 524	4 844	5 147
Public Finance	11 845	15 770	34 143	49 679	43 925	42 794	31 092	8 127	8 651
Municipal Finance	-	-	-	-	-	-	24 998	21 989	25 844
Total	11 845	17 644	36 757	53 567	48 372	46 930	63 976	38 890	44 156

**Table 6.11: Summary of payments and estimates by economic classification - Programme 2: Fiscal Resource Management**

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates			
	Audited	Audited	Audited				2007/08	2008/09	2009/10	2010/11
	2004/05	2005/06	2006/07							
<b>Current payments</b>	<b>11 717</b>	<b>17 432</b>	<b>36 545</b>	<b>53 051</b>	<b>47 891</b>	<b>46 468</b>	<b>63 172</b>	<b>38 193</b>	<b>43 417</b>	
Compensation of employees	5 776	6 812	9 180	17 503	15 343	13 929	19 032	20 434	22 602	
Goods and services	5 941	10 620	27 365	35 548	32 548	32 539	44 140	17 759	20 815	
Other	-	-	-	-	-	-	-	-	-	
<b>Transfers and subsidies to:</b>	<b>43</b>	<b>28</b>	<b>6</b>	<b>65</b>	<b>30</b>	<b>33</b>	<b>16</b>	<b>18</b>	<b>19</b>	
Local government	16	20	6	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	27	-	-	-	-	-	-	-	-	
Other	-	8	-	65	30	33	16	18	19	
<b>Payments for capital assets</b>	<b>85</b>	<b>184</b>	<b>206</b>	<b>451</b>	<b>451</b>	<b>429</b>	<b>788</b>	<b>679</b>	<b>720</b>	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	85	184	206	451	451	429	788	679	720	
Other	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>11 845</b>	<b>17 644</b>	<b>36 757</b>	<b>53 567</b>	<b>48 372</b>	<b>46 930</b>	<b>63 976</b>	<b>38 890</b>	<b>44 156</b>	

The sub-programme: Programme Support reflects an increase in 2008/09, attributed to the additional funding allocated to the department for strengthening research capacity for policy development. This funding in 2008/09 will be used to conduct a province-wide sector review of the education system. The findings of this research will help the province develop a set of targeted policy interventions that will enhance the performance of the Education sector.

The high expenditure and estimates reflected against the sub-programme: Public Finance over the period 2006/07 to 2008/09 relate to the PBS implementation, which is housed under this sub-programme and against *Goods and services*, and is expected to be completed in 2008/09. The sub-programme: Public

Finance also included costs relating to Municipal Finance until 2007/08. According to the department, it was not possible to split the historical expenditure costs to the newly created sub-programme: Municipal Finance due to the sharing of responsibility and objective codes on the Basic Accounting System (BAS).

Additional amounts of R10 million in 2008/09 and R6 million each in 2009/10 and 2010/11 were allocated to the sub-programme: Municipal Finance for capacity building interventions at various municipalities. This explains the higher amount reflected in 2008/09 against this sub-programme, compared to 2009/10 and 2010/11. This also contributes to the high budgeted expenditure in 2008/09 against *Goods and services*.

The increase in *Compensation of employees* in the 2007/08 Main Budget, compared to 2006/07, was in line with the expansion of the Public Finance and Municipal Finance components. This expansion was necessitated by several new functions and initiatives. Although this expansion is occurring at a slower rate than anticipated, as reflected by the decrease against this category in the 2007/08 Adjusted Budget and Estimated Actual, it is expected that the Fiscal Resource Management unit will still expand over the 2008/09 MTEF, hence the increase in *Compensation of employees*.

### Service delivery measures – Programme 2: Fiscal Resource Management

Table 6.12 below illustrates the service delivery measures pertaining to Programme 2.

**Table 6.12: Service delivery measures – Programme 2: Fiscal Resource Management**

Output type	Performance measures	Performance targets	
		2007/08 Est. Actual	2008/09 Estimate
<b>1. Economic Analysis</b>			
1.1 Publication/Report	<ul style="list-style-type: none"> <li>Timeliness &amp; accuracy of reports as per feedback from peer review</li> </ul>	Report on service delivery at District Council levels	Regional economic review
1.2 Socio-Economic output chapter, budget supplement, and budget highlights	<ul style="list-style-type: none"> <li>Timeliness &amp; accuracy of reports are rated by supervisor</li> </ul>	Input submitted as per Budget Process timetable	Submit inputs timeously with a rating of >80%
1.3 Research papers	<ul style="list-style-type: none"> <li>Number and quality as requested by supervisors</li> </ul>	Publications at Natal Witness (local newspaper)	On going (As requested by HOD or MEC) with a rating of >85%
1.4 Updated database	<ul style="list-style-type: none"> <li>User-friendly based on users feedback and accuracy</li> </ul>	Data updated as new statistics become available	Ongoing, with a rating of >80%
1.5 Updated SUT and SAM developed	<ul style="list-style-type: none"> <li>Timely and accuracy</li> </ul>	Simulations with SAM	Compile KZN Satellites Accounts
<b>2. Public Finance</b>			
2.1 Treasury guidelines document on budget preparation	<ul style="list-style-type: none"> <li>Timeliness and quality of document as rated by supervisors</li> </ul>	Guidelines approved and circulated to all departments on time	To be completed by end July with less than 2 errors of substance
2.2 Medium Term Expenditure Committee reports / Annual MTEF budget proposals document / Allocation letters	<ul style="list-style-type: none"> <li>Timeliness and quality of reports</li> </ul>	MTEC reports, budget proposals and allocation letters were all compiled on time with 80% rating by supervisor	To be completed by end July with less than 2 errors of substance
2.3 Management of PBS implementation	<ul style="list-style-type: none"> <li>No. of departments where PBS system is implemented</li> </ul>	5 departments started with the implementation of PBS, these being Education, Housing, Arts & Culture, Community Safety and Local Government	5 departments
2.4 Inputs into the Division of Revenue (DOR) memoranda to the Technical Committee on Finance and Budget Council (BC)	<ul style="list-style-type: none"> <li>Acceptance of memoranda by the BC</li> </ul>	Achieved	Adoption of memoranda resolutions
2.5 Provincial fiscal framework document	<ul style="list-style-type: none"> <li>Quality rating by peers</li> </ul>	Achieved with a rating of > 75% by supervisor	Rating of > 80%
2.6 Main Budget Statement	<ul style="list-style-type: none"> <li>Timeliness of tabling &amp; accuracy of financial data</li> </ul>	Main Budget Statement on time with < 4 errors of substance	Main Budget Statement on time with < 4 errors of substance
2.7 Adjusted Budget Statement	<ul style="list-style-type: none"> <li>Timeliness of tabling &amp; accuracy of financial data</li> </ul>	Adjusted Budget on time with < 4 errors of substance	Adjusted Budget Statement on time with < 4 errors of substance
2.8 Main Budget Speeches	<ul style="list-style-type: none"> <li>Timeliness of tabling &amp; accuracy of financial data</li> </ul>	Main Budget Speech on time < 5 errors of substance	Main Budget Speech on time with < 4 errors of substance

Table 6.12: Service delivery measures – Programme 2: Fiscal Resource Management

Output type		Performance measures	Performance targets	
			2007/08 Est. Actual	2008/09 Estimate
2.9	Adjusted Budget Speeches	<ul style="list-style-type: none"> <li>Timeliness of tabling &amp; accuracy of financial data</li> </ul>	Adjusted Budget Speech on time with < 5 errors of substance	Adjusted Budget Speech on time with < 4 errors of substance
2.10	Main Appropriation Bills	<ul style="list-style-type: none"> <li>Timeliness of tabling &amp; accuracy of financial data</li> </ul>	On time and 100% correct	On time with < 2 errors of substance
2.11	Adjusted Appropriation Bills	<ul style="list-style-type: none"> <li>Timeliness of tabling &amp; accuracy of financial data</li> </ul>	On time and 100% correct	On time with < 2 errors of substance
2.12	Finance Bill (Unauthorised expenditure Bill)	<ul style="list-style-type: none"> <li>Timeliness of tabling &amp; accuracy of financial data</li> </ul>	On time and 100% correct	On time with < 2 errors of substance
2.13	Section 32 report (Monthly provincial IYM report)	<ul style="list-style-type: none"> <li>Timeliness &amp; accuracy of financial data</li> </ul>	Section 32 report by 22 <sup>nd</sup> of each month and with < 2 errors of substance	Section 32 report by 22 <sup>nd</sup> of each month & with < 2 errors of substance
2.14	Quarterly budget performance reports for provincial departments	<ul style="list-style-type: none"> <li>Quarterly budget performance reports for provincial departments</li> </ul>	1 month after end of quarter with < 2 errors of substance	4 weeks after end of quarter, with < 2 errors of substance
2.15	Cabinet memoranda on budget performance	<ul style="list-style-type: none"> <li>Cabinet memoranda on budget performance approved by the MEC</li> </ul>	2 months after end of quarter with < 2 errors of substance	6 weeks after end of quarter, with < 2 errors of substance
2.16	Revenue input for Budget Statements and supplements	<ul style="list-style-type: none"> <li>Timeliness &amp; accuracy of financial data</li> </ul>	Revenue inputs to Budget Statement 1 completed by 31/01/08	Submit input timeously with < 2 errors of substance
2.17	Revenue input into quarterly budget performance report and monthly IYM report and cabinet memo	<ul style="list-style-type: none"> <li>Timeliness &amp; accuracy of financial data</li> </ul>	Revenue inputs received timeously for IYM reports, quarterly reports and Cabinet memo	Submit input timeously with < 2 errors of substance
2.18	Advice on queries and Treasury approvals	<ul style="list-style-type: none"> <li>Quality of advice and approvals as per PFMA</li> </ul>	Achieved	All advices given must be in line with PFMA
2.19	A research paper on optimal motor-vehicle license fees	<ul style="list-style-type: none"> <li>Relevance of recommendations and practicality</li> </ul>	n/a	Submit application and motivate for provincial tax
<b>3. Municipal Finance</b>				
3.1	Section 71(6) report (Monthly municipal IYM report)	<ul style="list-style-type: none"> <li>Section 71 (6) report (Monthly municipal IYM report)</li> </ul>	Evaluate approximately 58 budget performance reports from municipalities every month	Section 71(6) report by 22 <sup>nd</sup> of each month & with < 2 errors for 58 municipalities
3.2	Section 71(7) quarterly budget performance reports for local government and Legislature	<ul style="list-style-type: none"> <li>Quarterly budget performance reports for local government and Legislature</li> </ul>	Anticipate to compile four high quality budget performance reports, one each quarter	30 days after end of quarter, with < 2 errors of substance
3.3	Ensure that municipalities provide for realistic sources of revenue	<ul style="list-style-type: none"> <li>Research the realistic sources of revenue that would contribute to credible budgets</li> </ul>	Undertake research on revenue enhancing strategies at 5 municipalities	Undertake research on revenue enhancing strategies at 10 municipalities
3.4	Internal capacity building	<ul style="list-style-type: none"> <li>Recruitment of personnel</li> </ul>	6 vacant posts advertised and filled	Monitor effectiveness of unit.
3.5	Timeous submission of all quarterly and annual MFMA returns	<ul style="list-style-type: none"> <li>Report from NT confirming the receipt of all returns</li> </ul>	1276 return forms to be successfully uploaded to NT Local Government database	1276 return forms to be successfully uploaded to NT Local Government database
3.6	Advice on queries	<ul style="list-style-type: none"> <li>Quality of advice as per MFMA</li> </ul>	All advice given is currently in line with MFMA	All advice given must be in line with MFMA
3.7	Training and capacity building initiatives at municipalities	<ul style="list-style-type: none"> <li>Quality of workshops</li> </ul>	Rating of >75%	Rating of >80%
3.8	Training and technical support to municipal officials	<ul style="list-style-type: none"> <li>Provide guidance to municipalities on reporting requirements in terms of MFMA</li> </ul>	At least 1 meeting / workshop with municipalities	At least 1 meeting/ workshop with municipalities
3.9	Facilitate co-operative governance	<ul style="list-style-type: none"> <li>Improvement of the efficiency of municipal financial management</li> </ul>	At least two meetings/workshops per district	At least two meetings/workshops per district
<b>4. Infrastructure</b>				
4.1	Provincial Infrastructure Plan (PIP)	<ul style="list-style-type: none"> <li>Timely completion of the plan &amp; accuracy of plan as per feedback from department &amp; National Treasury (NT)</li> </ul>	PIP submitted to NT by 1 April 2007	Submit PIP to NT by 1 April 2008
4.2	Provincial Infrastructure Statement of Needs (PISN) report	<ul style="list-style-type: none"> <li>No. of departmental PISN completed</li> </ul>	PISN will not be produced in Education	Preparation of PISN initiated in Education
4.3	Co-ordinated implementation of the Infrastructure Development Improvement Programme (IDIP) in the province	<ul style="list-style-type: none"> <li>No. of departments where IDIP is implemented</li> </ul>	IDIP Technical Assistant placed at Works, Education & Health	IDIP to continue in Education, Works and Health
4.4	Conduct quarterly assessments on infrastructure delivery in the province	<ul style="list-style-type: none"> <li>Quantity and quality of infrastructure delivered</li> </ul>	Received all reports due Conducted <i>ad hoc</i> site visits	Quarterly Reports Conduct 50 site visits



### 6.3 Programme 3: Financial Management

This programme consists of five sub-programmes, namely Financial Asset and Liability Management, Public Private Partnerships (PPPs), Supply Chain Management, 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 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 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 Pay Master-General account; and
- To develop and implement financial and associated governance norms and standards, in order to enhance performance orientated financial results and accountability in provincial departments and municipalities as prescribed.

Tables 6.13 and 6.14 provide a summary of payments and budgeted estimates pertaining to Programme 3.

**Table 6.13: Summary of payments and estimates - Programme 3: Financial Management**

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited	Audited	Audited				2008/09	2009/10	2010/11
	2004/05	2005/06	2006/07						
					2007/08				
Financial Asset and Liability Management	29 077	52 765	16 359	15 108	12 463	12 560	12 456	13 220	13 993
Public Private Partnerships (PPPs)	236	248	936	1 966	2 378	2 374	4 026	4 292	4 551
Supply Chain Management	8 108	8 757	14 086	11 275	14 279	10 445	12 984	13 826	14 348
Financial Reporting	-	1 755	2 283	4 902	7 404	6 950	6 321	6 720	7 099
Norms and Standards	-	117	1 104	2 702	2 291	1 587	2 868	3 044	3 208
<b>Total</b>	<b>37 421</b>	<b>63 642</b>	<b>34 768</b>	<b>35 953</b>	<b>38 815</b>	<b>33 916</b>	<b>38 655</b>	<b>41 102</b>	<b>43 199</b>

**Table 6.14: Summary of payments and estimates by economic classification - Programme 3: Financial Management**

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited	Audited	Audited				2008/09	2009/10	2010/11
	2004/05	2005/06	2006/07						
					2007/08				
<b>Current payments</b>	<b>30 777</b>	<b>54 632</b>	<b>34 179</b>	<b>35 787</b>	<b>38 580</b>	<b>33 568</b>	<b>38 326</b>	<b>40 755</b>	<b>42 830</b>
Compensation of employees	12 580	14 824	15 549	24 434	21 227	16 775	26 033	27 724	29 017
Goods and services	18 193	39 114	18 630	11 353	17 353	16 793	12 293	13 031	13 813
Other	4	694	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>31</b>	<b>253</b>	<b>141</b>	<b>15</b>	<b>84</b>	<b>79</b>	<b>25</b>	<b>26</b>	<b>28</b>
Local government	31	37	10	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	198	131	-	57	57	-	-	-
Other	-	18	-	15	27	22	25	26	28
<b>Payments for capital assets</b>	<b>6 613</b>	<b>8 757</b>	<b>448</b>	<b>151</b>	<b>151</b>	<b>269</b>	<b>304</b>	<b>321</b>	<b>341</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	300	120	448	151	151	269	300	317	337
Other	6 313	8 637	-	-	-	-	4	4	4
<b>Total</b>	<b>37 421</b>	<b>63 642</b>	<b>34 768</b>	<b>35 953</b>	<b>38 815</b>	<b>33 916</b>	<b>38 655</b>	<b>41 102</b>	<b>43 199</b>

The high expenditure incurred against the sub-programme: Financial Asset and Liability Management in 2004/05 and 2005/06 relates to the fact that the Asset Management Improvement Plan (AMIP) project, which started in 2004/05, was largely completed in 2005/06, with some payments made in 2006/07. The AMIP costs also explain the once-off high expenditure in 2004/05 and 2005/06 against *Goods and services* in terms of consultancy fees, as well as against *Payments for capital assets: Other* for the HARDCAT licenses. The decrease against the sub-programme: Financial Asset and Liability Management in the 2007/08 Adjusted Budget and over the 2008/09 MTEF is due to the decentralisation

of the Banking and Tax function to departments. This also explains the decrease against the category *Compensation of employees* in the 2007/08 Adjusted Budget.

The increase in *Compensation of employees* over the 2008/09 MTEF is in line with the department's intention to fill all vacant posts in order to capacitate the Supply Chain Management, Financial Reporting and Norms and Standards units.

With regard to the sub-programme: Supply Chain Management, both the 2006/07 Audited amount and 2007/08 Adjusted Budget included roll-overs from the previous financial years in respect of the SCM implementation in the province. The 2006/07 Audited amount also included a roll-over in respect of once-off payments for the Immovable Assets tender for the survey and conditions assessment of all assets in the Pietermaritzburg, Durban and Ulundi areas.

The increase in the 2007/08 Adjusted Budget with regard to the sub-programme: Financial Reporting was due to funding that was reprioritised to this sub-programme for consultant fees associated with the Financial Management Improvement Plan for all provincial departments. This also accounts for the high budget maintained over the 2008/09 MTEF against this sub-programme and *Goods and services*.

### Service delivery measures – Programme 3: Financial Management

Table 6.15 below illustrates the main service delivery measures for Programme 3.

**Table 6.15: Service delivery measures – Programme 3: Financial Management**

Output type	Performance measures	Performance targets	
		2007/08 Est. Actual	2008/09 Estimate
<b>1 Assets and Liability Management</b>			
1.1 Asset Management workshop/training sessions	• No. of workshops and training sessions	8	8
1.2 Monthly status reports	• Timely reports	12 reports	12 reports
1.3 Site visits	• No. of sites visited	16 depts. quarterly	16 depts. quarterly
1.4 Review and update information	• Annual review of documents	4 documents	4 documents
1.5 Funding of Provincial Banking Accounts	• No. overdraft due to cash shortages	Depts. not in overdraft	Depts. not in overdraft
1.6 Scrutinise information within the reports	• No. of quarterly reports scrutinised	244 reports	244 reports
1.7 Monitor early completion of bank reconciliation	• No. of depts. monitored and reconciled	16 depts. monthly	16 depts. monthly
1.8 Provide guidance / advisory services to depts. iro payroll tax processes	• No. of depts. visited	16 depts	16 depts
1.9 Inform departments on tax legislation and regulations iro payroll tax	• Conduct tax information seminar annually	4 sessions	4 sessions
1.10 Exception Reports: Identify areas of non-compliance iro tax legislation & processes	• No. of depts. assessed	16 depts. quarterly	16 depts. quarterly
<b>2. Public Private Partnerships (PPPs)</b>			
2.1 Fully functional PPP Unit	• Fully fledged PPP unit	All posts in unit to be filled. Managers to go through intensive training	-
2.2 Potential PPP project identified	• No. of potential PPP identified	5 potential projects identified	-
2.3 Appropriate advisors	• No. of advisors appointed	Within 2 months after the registration of project with NT	Within 2 months after the registration of project with NT
2.4 Attendance of project meetings	• No. of project team meetings attended	12 meetings per each PPP project	12 meetings per each PPP project
2.5 Quarterly review of project	• No. of visits to sites and monthly reports and recommendation sent to both HOD Treasury and National Treasury PPP unit	12 visit per each site	12 visit per each site
2.6 KZN contract management and project management framework	• KZN contract management and project management framework development	n/a	KZN contract management framework develop and implemented

Table 6.15: Service delivery measures – Programme 3: Financial Management

Output type	Performance measures	Performance targets	
		2007/08 Est. Actual	2008/09 Estimate
2.7	Recommendation on feasibility	• Turnaround time	Within two weeks of receiving the feasibility study
2.8	Understanding of PPP process by municipalities and ability in identification of PPP projects as an alternative service delivery programme	• No. of seminars conducted and awareness	At least 1 seminar per each district municipality
<b>3. Supply Chain Management</b>			
3.1	Establish a fully functional SCM Help desk for municipalities and departments	• Fully functional SCM Help desk	Produce a blue print for helpdesk
3.2	Training for SCM practitioners in provincial departments and municipalities	• No. of SCM training sessions arranged and conducted	Produce a statistical report quarterly and annually
3.3	Quarterly and annual reports on the status of SCM in provincial departments and municipalities	• Quarterly and annual reports produced	4 sessions per quarter
	Routine and <i>ad hoc</i> assessment reports	• Quarterly and annual reports produced	Arrange and conduct 12 training sessions for SCM Practitioners
3.4	Evaluate the validity and correctness of the information in the supplier database	• Quarterly and annual reports on the correctness of the supplier database	Arrange and conduct 8 SCM Information sessions for SMS members
3.5	Policies, and practice notes developed / reviewed and issued	• No. of policies and practice notes reviewed and issued	4 quarterly and 1 annual reports and submits to HOD & MEC
3.6	Issue quarterly and annual spend analysis reports	• Quarterly and annual spend analysis reports produced	12 monthly, 4 quarterly and 1 annual assessment reports on compliance and submit to HOD and MEC
<b>4. Financial Reporting</b>			
4.1	Consolidated Financial Statements	• Prescribed deadline	Quarterly report on status of SCM in municipalities and departments
4.2	Reports from departments on readiness and status in addressing audit findings	• Quarterly report to executive authority and SCOPA on departments status	Produce quarterly report on compliance
4.3	Detailed analysis and recommendations to municipalities	• Consolidated quarterly report to executive authority and SCOPA on municipal status	Quarterly report on status of supplier database
4.4	Consolidated Financial Statements	• Prescribed deadline	Review all issued practice notes and policies
4.5	Reports from public entities on their readiness and status in addressing audit findings	• Quarterly report to executive authority and SCOPA on public entity status	Review and update all issued SCM policies and practice notes
4.6	Detailed analysis and recommendations	• Credible public entity database	Compile priority list for the 2009/10 financial year
<b>5. Norms and Standards</b>			
5.1	New practice notes / regulatory documents	• Addressing of identified needs/ deficiencies	Issue annual spend analysis report for 05/06 and 3 quarterly reports for 06/07
5.2	Training material and trained personnel	• No. of departments trained on time	Request and analyse spending information for municipalities quarterly and annually
5.3	Reviewed practice notes for departments	• Practice notes reviewed	25% of existing practice notes as at 1 April 2007
5.4	Quarterly compliance assessment reports	• Receipt and analysis of compliance data	25% of existing practice notes as at 1 April 2008
5.5	Policies, practice notes, guidelines and circulars	• Degree of response to determinations of Technical Working Committee	100% response to determinations of Technical Working Committee

## 6.4 Programme 4: Internal Audit

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

The following services are rendered by the unit:

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

Tables 6.16 and 6.17 provide a summary of payments and budgeted estimates pertaining to Programme 4.

**Table 6.16: Summary of payments and estimates - Programme 4: Internal Audit**

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07				2008/09	2009/10	2010/11
Assurance Services	12 077	15 769	20 382	28 739	27 658	26 730	32 165	41 671	43 218
Risk Management	49 259	47 654	13 469	13 787	22 122	21 624	20 853	20 700	21 483
<b>Total</b>	<b>61 336</b>	<b>63 423</b>	<b>33 851</b>	<b>42 526</b>	<b>49 780</b>	<b>48 354</b>	<b>53 018</b>	<b>62 371</b>	<b>64 701</b>

**Table 6.17: Summary of payments and estimates by economic classification - Programme 4: Internal Audit**

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07				2008/09	2009/10	2010/11
<b>Current payments</b>	<b>60 690</b>	<b>62 962</b>	<b>33 281</b>	<b>41 930</b>	<b>49 170</b>	<b>47 786</b>	<b>52 429</b>	<b>61 746</b>	<b>64 039</b>
Compensation of employees	13 265	16 559	20 217	38 272	28 339	26 987	39 728	42 021	44 120
Goods and services	47 425	46 403	13 064	3 658	20 831	20 799	12 701	19 725	19 919
Other	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>361</b>	<b>131</b>	<b>14</b>	<b>32</b>	<b>46</b>	<b>44</b>	<b>33</b>	<b>35</b>	<b>37</b>
Local government	37	48	14	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	298	62	-	-	-	-	-	-	-
Other	26	21	-	32	46	44	33	35	37
<b>Payments for capital assets</b>	<b>285</b>	<b>330</b>	<b>556</b>	<b>564</b>	<b>564</b>	<b>524</b>	<b>556</b>	<b>590</b>	<b>625</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	285	330	556	564	564	524	556	590	625
Other	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>61 336</b>	<b>63 423</b>	<b>33 851</b>	<b>42 526</b>	<b>49 780</b>	<b>48 354</b>	<b>53 018</b>	<b>62 371</b>	<b>64 701</b>

The proposed new post structure caters for new audit services such as performance reviews on service delivery activities in provincial and local government, and audit reviews of Information Technology systems that complement business operations. The abovementioned audit services will be introduced with the assistance of consultants over the 2008/09 MTEF. This explains the major increase against both the sub-programmes: Assurance Services and Risk Management and against *Goods and services* over the 2008/09 MTEF, compared to the 2007/08 Main Budget.

The high expenditure reflected against the sub-programme: Risk Management and against the category *Goods and services* in 2004/05 and 2005/06 is related to the Social Welfare Forensic Audit project, which started in 2004/05 and was completed in 2005/06. The increase in the 2007/08 Adjusted Budget against the same sub-programme was due to the reprioritisation of funds as well as additional funding allocated to the department for forensic investigations and new initiatives, such as fraud risk assessment, municipal financial capability assessments, workshops and training on risk management and internal control and training and development programmes, including learnerships. This also partly explains the increase against *Goods and services* during the 2007/08 Adjustments Estimate.

The increase in *Compensation of employees* and the decrease in *Goods and services* in the 2007/08 Main Budget compared to 2006/07 were due to the shift in policy within the Internal Audit unit to use permanent employees on audit assignments, rather than consultants. However, the increase in *Goods and services* and decrease in *Compensation of employees* (savings as a result of unfilled vacant posts) during the 2007/08 Adjustments Estimate indicates that the department was not able to fully achieve this envisaged shift in policy.

### Service delivery measures – Programme 4: Internal Audit

Table 6.18 reflects the main service delivery measures pertaining to Programme 4.

**Table 6.18: Service delivery measures – Programme 4: Internal Audit**

Output type	Performance measures	Performance targets	
		2007/08 Est. Actual	2008/09 Estimate
<b>1. Assurance Services</b>			
1.1 Internal Audit reports, Audit Committee reports, Accounting Officers quarterly reports, Quarterly, midyear and annual management reports	<ul style="list-style-type: none"> <li>No. of audit assignments completed as per operational plan</li> <li>No. of dept. in which projects on the design, implementation, and effectiveness of business ethics related objectives, programs and activities are completed</li> </ul>	19 10	19 6
1.2 Audit Committee reports to the Cabinet	<ul style="list-style-type: none"> <li>Audit Committee quarterly reports on the clients' areas of risk management, governance and internal control submitted to Cabinet</li> </ul>	1	4
1.3 Internal Audit, Audit Committee reports, Accounting Officers quarterly reports, quarterly, midyear and annual management reports	<ul style="list-style-type: none"> <li>No. of audit assignments per operational plan (cyclical audits)</li> </ul>	247	142
1.4 Minutes of the meetings and road shows held	<ul style="list-style-type: none"> <li>No. of road shows at depts. and public entities on bridging the understanding gap between clients, Audit Committee and internal audit</li> <li>No. of meetings held between clients and Audit Committee and between the unit and the clients</li> </ul>	19 36	16 36
1.5 Completed client satisfaction survey	<ul style="list-style-type: none"> <li>No. of client satisfaction surveys completed</li> </ul>	257	142
1.6 Articles/brochures or magazine and web article	<ul style="list-style-type: none"> <li>No. of articles/brochures to all stakeholders circulated and published on web-site</li> </ul>	-	2
1.7 Internal Audit follow up reports, Audit Committees reports to Accounting Officers and Executing Authorities	<ul style="list-style-type: none"> <li>No. of follow up audits conducted</li> </ul>	66	76
1.8 Training and development programs	<ul style="list-style-type: none"> <li>No. of training and development programs attended</li> </ul>	22	11
1.9 An independent Internal and external Quality Assurance Review	<ul style="list-style-type: none"> <li>No. of independent internal and external quality assurance reviews conducted</li> </ul>	-	3
<b>2. Risk Management</b>			
2.1 Workshops conducted on the Implementation of Integrated Risk Management (IRM) framework and strategy in the province	<ul style="list-style-type: none"> <li>No. of institutions that implemented the IRM framework</li> </ul>	-	8
2.2 Risk management strategies	<ul style="list-style-type: none"> <li>No. of risk management strategic documents developed</li> </ul>	20	20

**Table 6.18: Service delivery measures – Programme 4: Internal Audit**

Output type		Performance measures	Performance targets	
			2007/08 Est. Actual	2008/09 Estimate
2.3	Risk assessment and Control Self Assessment (CAS) Reports	<ul style="list-style-type: none"><li>No. of departmental risk assessment and CSA conducted</li></ul>	20	20
2.4	Consolidated provincial risk profiles	<ul style="list-style-type: none"><li>No. of consolidated risk profiles developed</li></ul>	1	1
2.5	Risk Management Executive Sponsor, Provincial Risk Management Committee, Audit Committee and Cabinet reports	<ul style="list-style-type: none"><li>RM Executive Sponsor, Provincial Risk Management Committee, and Audit Committee quarterly reports on the clients' areas of risk management and risk governance</li></ul>	4	4
		<ul style="list-style-type: none"><li>Cabinet report on the clients' areas of risk management and risk governance</li></ul>	-	1
2.6	Internal Audit (IA) Annual operational plan and a rolling three year strategic plan	<ul style="list-style-type: none"><li>No. of IA Annual operational plan and a rolling three year strategic plan developed and approved</li></ul>	16	16
2.7	Internal Audit reports, Audit Committee reports and Accounting Officers' reports	<ul style="list-style-type: none"><li>No. of risk monitoring reports</li></ul>	1	4
2.8	Training material and sessions	<ul style="list-style-type: none"><li>No. of training sessions conducted</li></ul>	16	16
2.9	Minutes of the Risk Management Forum and feedback	<ul style="list-style-type: none"><li>No. of meetings held</li></ul>	3	4
2.10	Workshops conducted and feedback	<ul style="list-style-type: none"><li>No. of workshops on good governance conducted.</li></ul>	4	8
2.11	Training and development programme	<ul style="list-style-type: none"><li>No. of training and development programmes attended</li></ul>	4	4
3. Risk Management (Forensic Services)				
3.1	Internal Audit Reports and Audit Committee reports	<ul style="list-style-type: none"><li>No. of reviews on the status of fraud management in the departments</li></ul>	16	16
3.2	Fraud risk assessment reports and an updated fraud risk database	<ul style="list-style-type: none"><li>No. of fraud risk assessment conducted</li></ul>	6	16
3.3	Forensic Audit reports, Audit Committee reports and Accounting Officers' quarterly reports	<ul style="list-style-type: none"><li>% of forensic audits performed and investigations as per client's requests and referrals from the Assurance team</li></ul>	Ongoing	100%
3.4	Follow-up investigations reports	<ul style="list-style-type: none"><li>No. of follow up reports</li></ul>	26	14

## 6.5 Programme 5: Growth and Development

Programme 5: Growth and Development was created with the main purpose of providing the provincial government with the means and flexibility to deliver measurable and visible results in terms of employment creation, poverty alleviation, promotion of SMMEs and BEE. While the Growth and the SMME Funds were moved to Vote 4: Economic Development from April 2007, the entire budget for the Poverty Alleviation Fund was allocated to the relevant provincial departments in 2006/07.

This programme includes an additional sub-programme called 'Other Developmental Initiatives', to cater for special projects as approved by Cabinet. It currently makes provision for the A1 Grand Prix, Budget Road Shows, GEMS and the budget for the feasibility study for a Provincial Government Precinct. As mentioned above, the GEMS allocation was distributed to all departments over the 2008/09 MTEF.

Tables 6.19 and 6.20 illustrate the payments and budgeted estimates pertaining to Programme 5.

Table 6.19: Summary of payments and estimates: Programme 5 - Growth and Development

	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited	Audited	Audited						
	R000	2004/05	2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
Growth Fund	-	47 900	20 000	-	-	-	-	-	-
SMME Fund	-	100 000	215 000	-	-	-	-	-	-
Poverty Alleviation Fund	-	175 000	-	-	-	-	-	-	-
Other Developmental Initiatives	-	-	25 000	371 286	278 085	80 864	188 277	177 618	22 847
Total	-	322 900	260 000	371 286	278 085	80 864	188 277	177 618	22 847

Table 6.20: Summary of payments and estimates by economic classification: Programme 5 - Growth and Development

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited	Audited	Audited				2008/09	2009/10	2010/11
	2004/05	2005/06	2006/07						
Current payments	-	-	25 000	371 286	256 522	59 301	38 277	27 618	22 847
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	25 000	371 286	256 522	59 301	38 277	27 618	22 847
Other	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	-	322 900	235 000	-	21 563	21 563	150 000	150 000	-
Local government	-	-	-	-	21 563	21 563	150 000	150 000	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Other	-	322 900	235 000	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total	-	322 900	260 000	371 286	278 085	80 864	188 277	177 618	22 847

The high expenditure noted in 2005/06 and 2006/07 against the category *Transfer and subsidies to: Other* was in respect of the three Growth and Development Funds.

The 2007/08 Main and Adjusted Budget under the sub-programme: Other Development Initiatives and the category *Goods and services* include provision for GEMS. The decrease in the 2007/08 Adjusted Budget compared to the Main Budget relates to the surrendering of part of GEMS funds to the Provincial Revenue Fund. The reduction in the 2007/08 Adjusted Budget against this sub-programme was partly offset by the additional funding allocated to the department for a number of projects such as the feasibility study for the Provincial Government Precinct, Ifihlile Training Academy for the training and skills development of Historically Disadvantaged Individuals, etc., and funding to be paid over to a number of municipalities for the prescribed local government levy derived from casino taxes (reflected against the category *Transfers and subsidies to: Local government*).

The department is projecting to under-spend the remaining portion of the GEMS allocation in 2007/08, which will be surrendered to the Provincial Revenue Fund.

As mentioned previously, an amount of R150 million each in 2008/09 and 2009/10 was allocated to the department to be transferred to the eThekweni Municipality as part of the province's contribution towards the construction of the Moses Mabhida Soccer Stadium. These transfers are reflected against the category *Transfers and subsidies to: Local government*.

The expenditure for the A1 Grand Prix amounts to R12.5 million per year for three years, starting in 2005/06, and ending in 2007/08. Although the first event for the A1 Grand Prix was held in February 2006 (i.e. in 2005/06), payment was only effected in 2006/07, hence the roll-over of R12.5 million to 2006/07 and, thus a total of R25 million spent in 2006/07 (reflected against the sub-programme: Other Development Initiatives and the category *Goods and services*).

**Service delivery measures – Programme 5: Growth and Development**

Table 6.21 reflects the main service delivery measures pertaining to Programme 5.

**Table 6.21: Service delivery measures – Programme 5: Growth and Development**

Output type	Performance measures	Performance targets	
		2007/08 Est. Actual	2008/09 Estimate
1 Organisation of Treasury involvement in special projects, events & exhibitions	• Efficiency of arrangements	Achieved	Standards met
	• Degree of marketing and media exposure for department/province	Achieved	Standards met
2. Management of special projects (2010, A1, etc.)	• Number of events co-ordinated successfully	7	8
3. Payment of Transaction Advisor costs for Provincial Government Precinct	• Timely payment of Transaction Advisors per agreements	Achieved	Payment to Transaction Advisors as per project plan

**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 2005 to March 2011

**Table 6.22: Personnel numbers and costs per programme**

Personnel numbers	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	As at 31 March 2011
1. Administration	94	74	111	152	157	157	157
2. Fiscal Resource Management	19	24	36	41	55	55	55
3. Financial Management	152	85	85	57	82	82	82
4. Internal Audit	79	98	108	110	160	160	160
5. Growth and Development	-	-	-	-	-	-	-
<b>Total</b>	<b>344</b>	<b>281</b>	<b>340</b>	<b>360</b>	<b>454</b>	<b>454</b>	<b>454</b>
Total personnel cost (R000)	46 635	57 081	69 368	86 562	119 207	126 698	134 937
Unit cost (R000)	136	203	204	240	263	279	297

Although the total personnel number decreases from 344 as at 31 March 2005, to 281 as at 31 March 2006, the total personnel costs increase over the same period. This is explained by the fact that the personnel costs as at 31 March 2006 include items such as performance bonuses, which were accrued from previous years and paid out in that year.

The decrease in the number of posts expected to be filled under Programme 3: Financial Management in 2007/08 compared to 2006/07 is due to the decentralisation of the Banking and Tax function, with most of the staff transferred to different departments. The increase in 2008/09, on the other hand, is in line with the department's intention to fill a number of other posts in order to capacitate the Supply Chain Management, Financial Reporting and Norms and Standards components. The interns employed by the department are included under Programme 1: Administration.

Table 6.23 below provides details of personnel in terms of the human resources and finance components. It is noted that the department is anticipating to recruit more interns in 2007/08. The appointment of the additional interns, which are created as abnormal appointments on the PERSAL system will, according to the department, be funded from anticipated savings in *Compensation of employees* under the different programmes.



Table 6.23: Details of departmental personnel numbers and costs

	Audited 2004/05	Audited 2005/06	Audited 2006/07	Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
				2007/08			2008/09	2009/10	2010/11
<b>Total for department</b>									
Personnel numbers (head count)	344	281	340	475	403	360	454	454	454
Personnel cost (R000)	46 635	57 081	69 368	110 343	95 001	86 562	119 207	126 698	134 937
<b>Human resources component</b>									
Personnel numbers (head count)	15	17	21	23	22	22	22	22	22
Personnel cost (R000)	2 536	2 367	3 513	4 980	4 555	4 555	5 005	5 289	5 579
Head count as % of total for department	4.36	6.05	6.18	4.84	5.46	6.11	4.85	4.85	4.85
Personnel cost as % of total for department	5.44	4.15	5.06	4.51	4.79	5.26	4.20	4.17	4.13
<b>Finance component</b>									
Personnel numbers (head count)	15	14	16	18	20	20	21	21	21
Personnel cost (R000)	2 759	3 002	4 261	4 383	3 329	3 329	6 135	6 423	6 721
Head count as % of total for department	4.36	4.98	4.71	3.79	4.96	5.56	4.63	4.63	4.63
Personnel cost as % of total for department	5.92	5.26	6.14	3.97	3.50	3.85	5.15	5.07	4.98
<b>Full time workers</b>									
Personnel numbers (head count)	344	268	316	451	368	308	429	429	429
Personnel cost (R000)	46 635	56 649	67 749	109 239	93 401	84 126	117 941	125 432	133 671
Head count as % of total for department	100.00	95.37	92.94	94.95	91.32	85.56	94.49	94.49	94.49
Personnel cost as % of total for department	100.00	99.24	97.67	99.00	98.32	97.19	98.94	99.00	99.06
<b>Part-time workers</b>									
Personnel numbers (head count)	-	13	24	24	35	52	25	25	25
Personnel cost (R000)	-	432	1 619	1 104	1 600	2 436	1 266	1 266	1 266
Head count as % of total for department	-	4.63	7.06	5.05	8.68	14.44	5.51	5.51	5.51
Personnel cost as % of total for department	-	0.76	2.33	1.00	1.68	2.81	1.06	1.00	0.94
<b>Contract workers</b>									
Personnel numbers (head count)	-	-	-	-	-	-	-	-	-
Personnel cost (R000)	-	-	-	-	-	-	-	-	-
Head count as % of total for department	-	-	-	-	-	-	-	-	-
Personnel cost as % of total for department	-	-	-	-	-	-	-	-	-

## 7.2 Training

Table 6.24 shows the department's actual spending and estimates on training per programme.

Table 6.24: Expenditure on training

	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07	2007/08			2008/09	2009/10	2010/11
<b>R000</b>									
1. Administration	73	399	386	1 178	355	355	1 451	1 538	1 627
2. Fiscal Resource Management	63	11	618	242	223	223	183	193	205
3. Financial Management	19	48	123	228	248	248	206	219	232
4. Internal Audit	95	205	330	1 050	619	619	465	493	522
5. Growth and Development	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>250</b>	<b>663</b>	<b>1 457</b>	<b>2 698</b>	<b>1 445</b>	<b>1 445</b>	<b>2 305</b>	<b>2 443</b>	<b>2 586</b>

As reflected in the table above, the expenditure incurred for training (mainly financial and systems related) in 2006/07 is higher than 2005/06. This rising trend is also apparent in the 2007/08 Main Budget and over the 2008/09 MTEF period. The projected increases are based on the fact that the Human Resource Training component will ensure that greater emphasis is placed on training and that the training budget is fully spent.

The decrease in the training costs in the 2007/08 Adjusted Budget is due to the delays in the filling of vacant posts, whereas the initial budget was based on a full staff complement.



## ANNEXURE – VOTE 6: PROVINCIAL TREASURY

Table 6.A: Details of departmental receipts

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07				2008/09	2009/10	2010/11
<b>Tax receipts</b>	-	-	-	-	-	-	-	-	-
Casino taxes									
Motor vehicle licenses									
Horse racing									
Other taxes									
<b>Non-tax receipts</b>	<b>119 052</b>	<b>90 384</b>	<b>169 579</b>	<b>138 297</b>	<b>138 297</b>	<b>173 836</b>	<b>139 521</b>	<b>149 466</b>	<b>164 764</b>
Sale of goods & services other than capital assets	97	104	126	82	82	119	87	93	102
Sales of goods & services produced by depts.	97	104	126	82	82	119	87	93	102
Sales by market establishments									
Administrative fees									
Other sales	97	104	126	82	82	119	87	93	102
Of which									
Health patient fees									
Housing rent recoveries									
Other	97	104	126	82	82	119	87	93	102
Sales of scrap, waste, arms and other used current goods (excluding capital assets)									
Fines, penalties and forfeits									
Interest, dividends and rent on land	118 955	90 280	169 453	138 215	138 215	173 717	139 434	149 373	164 662
Interest	118 955	90 280	169 453	138 215	138 215	173 717	139 434	149 373	164 662
Dividends									
Rent on land									
<b>Transfers received from:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other governmental units									
Universities and technikons									
Foreign governments									
International organisations									
Public corporations and private enterprises	-	-	-	-	-	50	-	-	-
Households and non-profit institutions									
<b>Sales of capital assets</b>	<b>35</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Land and subsoil assets									
Other capital assets	35	1	-	-	-	-	-	-	-
<b>Financial transactions</b>	<b>8 055</b>	<b>732</b>	<b>282</b>	<b>-</b>	<b>-</b>	<b>292</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>127 142</b>	<b>91 117</b>	<b>169 861</b>	<b>138 297</b>	<b>138 297</b>	<b>174 178</b>	<b>139 521</b>	<b>149 466</b>	<b>164 764</b>

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

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07				2008/09	2009/10	2010/11
<b>Current payments</b>	<b>194 595</b>	<b>293 784</b>	<b>263 617</b>	<b>642 076</b>	<b>539 043</b>	<b>333 214</b>	<b>365 930</b>	<b>333 477</b>	<b>349 380</b>
Compensation of employees	46 635	57 081	69 368	110 343	95 001	86 562	119 207	126 698	134 937
Salaries and wages	39 640	48 972	59 580	93 960	80 004	75 024	100 618	107 363	114 097
Social contributions	6 995	8 109	9 788	16 383	14 997	11 538	18 589	19 335	20 840
Goods and services	137 820	235 639	193 369	531 733	444 042	245 884	246 723	206 779	214 443
of which									
Travel and Subsistence	3 319	5 278	7 193	9 973	10 902	10 902	16 503	17 615	12 639
Consultants	46 580	81 871	63 832	398 351	282 809	68 908	105 116	45 355	42 599
Computer Services	45 000	69 583	58 484	63 500	66 450	66 450	67 920	70 985	76 317
Other	42 921	78 907	63 860	59 909	83 881	99 624	57 184	72 824	82 888
Interest and rent on land	4	-	2	-	-	-	-	-	-
Interest	4	-	2	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	10 136	1 064	878	-	-	768	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>965</b>	<b>323 396</b>	<b>235 312</b>	<b>133</b>	<b>21 957</b>	<b>21 993</b>	<b>150 102</b>	<b>150 108</b>	<b>115</b>
Local government	126	159	48	-	21 563	21 563	150 000	150 000	-
Municipalities	126	159	48	-	21 563	21 563	150 000	150 000	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	26	69	-	133	133	112	102	108	115
Social security funds	-	-	-	-	-	-	-	-	-
Entities receiving funds	26	69	-	133	133	112	102	108	115
Public corporations and private enterprises	-	322 900	235 000	-	2	15	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Private enterprises	-	322 900	235 000	-	2	15	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	322 900	235 000	-	2	15	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	813	268	264	-	259	303	-	-	-
Social benefits	813	268	264	-	259	303	-	-	-
Other transfers to households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>9 226</b>	<b>13 799</b>	<b>7 073</b>	<b>7 284</b>	<b>17 664</b>	<b>17 651</b>	<b>6 040</b>	<b>11 681</b>	<b>13 226</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 833	1 689	5 820	4 612	8 692	8 678	3 636	4 033	4 275
Transport equipment	1 383	-	2 210	2 737	3 737	3 667	1 460	1 683	1 786
Other machinery and equipment	1 450	1 689	3 610	1 875	4 955	5 011	2 176	2 350	2 489
Cultivated assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	6 393	12 110	1 253	2 672	8 972	8 973	2 404	7 648	8 951
Land and subsoil assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>204 786</b>	<b>630 979</b>	<b>506 002</b>	<b>649 493</b>	<b>578 664</b>	<b>372 858</b>	<b>522 072</b>	<b>495 266</b>	<b>362 721</b>

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

R000	Outcome			Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
	Audited 2004/05	Audited 2005/06	Audited 2006/07				2008/09	2009/10	2010/11
<b>Current payments</b>	<b>81 275</b>	<b>158 388</b>	<b>133 734</b>	<b>140 022</b>	<b>146 880</b>	<b>145 323</b>	<b>173 726</b>	<b>165 165</b>	<b>176 247</b>
Compensation of employees	15 014	18 886	24 422	30 134	30 092	28 871	34 414	36 519	39 198
Salaries and wages	13 077	16 686	21 617	27 199	25 838	25 481	28 603	30 437	32 085
Social contributions	1 937	2 200	2 805	2 935	4 254	3 390	5 811	6 082	7 113
Goods and services	66 261	139 502	109 310	109 888	116 788	116 452	139 312	128 646	137 049
of which									
Venues and Facilities	56	4 624	6 805	5 347	6 347	6 347	3 456	3 783	4 048
Leases	5 010	5 888	6 192	6 892	6 892	6 806	8 208	8 700	8 744
Computer Services (SITA)	45 000	69 583	58 078	63 500	66 450	66 450	67 290	70 985	76 317
Other	16 195	59 407	38 235	34 149	37 099	36 849	60 358	45 178	47 940
Interest and rent on land	-	-	2	-	-	-	-	-	-
Interest	-	-	2	-	-	-	-	-	-
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
<b>Transfers and subsidies to:</b>	<b>530</b>	<b>84</b>	<b>151</b>	<b>21</b>	<b>234</b>	<b>274</b>	<b>28</b>	<b>29</b>	<b>31</b>
Local government	42	54	18	-	-	-	-	-	-
Municipalities	42	54	18	-	-	-	-	-	-
Municipal agencies and funds									
Departmental agencies and accounts	-	22	-	21	32	28	28	29	31
Social security funds									
Entities receiving funds	-	22	-	21	32	28	28	29	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	488	8	133	-	202	246	-	-	-
Social benefits	488	8	133	-	202	246	-	-	-
Other transfers to households									
<b>Payments for capital assets</b>	<b>2 243</b>	<b>4 528</b>	<b>5 863</b>	<b>6 118</b>	<b>16 498</b>	<b>16 429</b>	<b>4 392</b>	<b>10 091</b>	<b>11 540</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings									
Other fixed structures									
Machinery and equipment	2 163	1 055	4 610	3 446	7 526	7 456	1 992	2 447	2 593
Transport equipment	1 383	-	2 210	2 737	3 737	3 667	1 460	1 683	1 786
Other machinery and equipment	780	1 055	2 400	709	3 789	3 789	532	764	807
Cultivated assets									
Software and other intangible assets	80	3 473	1 253	2 672	8 972	8 973	2 400	7 644	8 947
Land and subsoil assets									
<b>Total</b>	<b>84 048</b>	<b>163 000</b>	<b>139 748</b>	<b>146 161</b>	<b>163 612</b>	<b>162 026</b>	<b>178 146</b>	<b>175 285</b>	<b>187 818</b>

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

Table 6.1: Details of payments and estimates by economic classification - Programme 2: Fiscal Resource Management									
R000	Audited 2004/05	Audited 2005/06	Audited 2006/07	Main Budget	Adjusted Budget 2007/08	Estimated actual	Medium-term estimates		
							2008/09	2009/10	2010/11
<b>Current payments</b>	<b>11 717</b>	<b>17 432</b>	<b>36 545</b>	<b>53 051</b>	<b>47 891</b>	<b>46 468</b>	<b>63 172</b>	<b>38 193</b>	<b>43 417</b>
Compensation of employees	5 776	6 812	9 180	17 503	15 343	13 929	19 032	20 434	22 602
Salaries and wages	4 910	5 762	8 113	14 780	13 596	12 426	17 035	18 329	20 465
Social contributions	866	1 050	1 067	2 723	1 747	1 503	1 997	2 105	2 137
Goods and services	5 941	10 620	27 365	35 548	32 548	32 539	44 140	17 759	20 815
of which									
Consultants	300	8 800	24 753	34 266	29 731	29 731	38 232	11 117	13 424
Travel & Subsistence	1 146	681	1 201	926	926	1 149	2 717	2 880	3 052
Other	4 495	1 139	1 411	356	1 891	1 659	3 191	3 762	4 339
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
<b>Transfers and subsidies to:</b>	<b>43</b>	<b>28</b>	<b>6</b>	<b>65</b>	<b>30</b>	<b>33</b>	<b>16</b>	<b>18</b>	<b>19</b>
Local government	16	20	6	-	-	-	-	-	-
Municipalities	16	20	6	-	-	-	-	-	-
Municipal agencies and funds									
Departmental agencies and accounts	-	8	-	65	30	20	16	18	19
Social security funds									
Entities receiving funds	-	8	-	65	30	20	16	18	19
Public corporations and private enterprises	-	-	-	-	-	13	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production									
Other transfers									
Private enterprises	-	-	-	-	-	13	-	-	-
Subsidies on production									
Other transfers	-	-	-	-	-	13	-	-	-
Foreign governments and international organisations									
Non-profit institutions									
Households	27	-	-	-	-	-	-	-	-
Social benefits	27	-	-	-	-	-	-	-	-
Other transfers to households									
<b>Payments for capital assets</b>	<b>85</b>	<b>184</b>	<b>206</b>	<b>451</b>	<b>451</b>	<b>429</b>	<b>788</b>	<b>679</b>	<b>720</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings									
Other fixed structures									
Machinery and equipment	85	184	206	451	451	429	788	679	720
Transport equipment									
Other machinery and equipment	85	184	206	451	451	429	788	679	720
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
<b>Total</b>	<b>11 845</b>	<b>17 644</b>	<b>36 757</b>	<b>53 567</b>	<b>48 372</b>	<b>46 930</b>	<b>63 976</b>	<b>38 890</b>	<b>44 156</b>

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

Table 6.12: Details of payments and estimates by economic classification - Programme of financial management									
R000	Audited 2004/05	Audited 2005/06	Audited 2006/07	Main Budget	Adjusted Budget 2007/08	Estimated actual	Medium-term estimates		
							2008/09	2009/10	2010/11
<b>Current payments</b>	<b>30 777</b>	<b>54 632</b>	<b>34 179</b>	<b>35 787</b>	<b>38 580</b>	<b>33 568</b>	<b>38 326</b>	<b>40 755</b>	<b>42 830</b>
Compensation of employees	12 580	14 824	15 549	24 434	21 227	16 775	26 033	27 724	29 017
Salaries and wages	10 378	12 524	12 258	18 816	16 261	13 801	20 962	22 482	23 523
Social contributions	2 202	2 300	3 291	5 618	4 966	2 974	5 071	5 242	5 494
Goods and services	18 193	39 114	18 630	11 353	17 353	16 793	12 293	13 031	13 813
of which									
Bank charges	7 900	6 821	5 961	6 600	7 112	7 841	7 200	7 632	8 090
Consultants	2 280	29 305	10 850	951	6 451	7 272	1 600	1 696	1 798
Travel & Subsistence	91	1 046	839	1 139	1 139	854	1 978	2 097	2 223
Other	7 922	1 942	980	2 663	2 651	826	1 515	1 606	1 702
Interest and rent on land	4	-	-	-	-	-	-	-	-
Interest	4	-	-	-	-	-	-	-	-
Rent on land									
Financial transactions in assets and liabilities	-	694	-	-	-	-	-	-	-
Unauthorised expenditure									
<b>Transfers and subsidies to:</b>	<b>31</b>	<b>253</b>	<b>141</b>	<b>15</b>	<b>84</b>	<b>79</b>	<b>25</b>	<b>26</b>	<b>28</b>
Local government	31	37	10	-	-	-	-	-	-
Municipalities	31	37	10	-	-	-	-	-	-
Municipal agencies and funds									
Departmental agencies and accounts	-	18	-	15	27	22	25	26	28
Social security funds									
Entities receiving funds	-	18	-	15	27	22	25	26	28
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	-	198	131	-	57	57	-	-	-
Social benefits	-	198	131	-	57	57	-	-	-
Other transfers to households									
<b>Payments for capital assets</b>	<b>6 613</b>	<b>8 757</b>	<b>448</b>	<b>151</b>	<b>151</b>	<b>269</b>	<b>304</b>	<b>321</b>	<b>341</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings									
Other fixed structures									
Machinery and equipment	300	120	448	151	151	269	300	317	337
Transport equipment									
Other machinery and equipment	300	120	448	151	151	269	300	317	337
Cultivated assets									
Software and other intangible assets	6 313	8 637	-	-	-	-	4	4	4
Land and subsoil assets									
<b>Total</b>	<b>37 421</b>	<b>63 642</b>	<b>34 768</b>	<b>35 953</b>	<b>38 815</b>	<b>33 916</b>	<b>38 655</b>	<b>41 102</b>	<b>43 199</b>

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

				Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates		
R000	Audited 2004/05	Audited 2005/06	Audited 2006/07	2007/08			2008/09	2009/10	2010/11
Current payments	60 690	62 962	33 281	41 930	49 170	47 786	52 429	61 746	64 039
Compensation of employees	13 265	16 559	20 217	38 272	28 339	26 987	39 728	42 021	44 120
Salaries and wages	11 275	14 000	17 592	33 165	24 309	23 316	34 018	36 115	38 024
Social contributions	1 990	2 559	2 625	5 107	4 030	3 671	5 710	5 906	6 096
Goods and services	47 425	46 403	13 064	3 658	20 831	20 799	12 701	19 725	19 919
of which									
Travel & Subsistence	700	1 408	1 563	1 999	988	988	2 834	3 086	3 279
Stationery	100	150	69	300	367	367	469	497	527
Consultants	44 000	43 766	9 740	499	18 127	18 127	7 572	14 288	14 157
Other	2 625	1 079	1 692	860	1 349	1 317	1 826	1 854	1 956
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies to:	361	131	14	32	46	44	33	35	37
Local government	37	48	14	-	-	-	-	-	-
Municipalities	37	48	14	-	-	-	-	-	-
Municipal agencies and funds									
Departmental agencies and accounts	26	21	-	32	44	42	33	35	37
Social security funds									
Entities receiving funds	26	21	-	32	44	42	33	35	37
Public corporations and private enterprises	-	-	-	-	2	2	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production									
Other transfers									
Private enterprises	-	-	-	-	2	2	-	-	-
Subsidies on production									
Other transfers	-	-	-	-	2	2	-	-	-
Foreign governments and international organisations									
Non-profit institutions									
Households	298	62	-	-	-	-	-	-	-
Social benefits	298	62	-	-	-	-	-	-	-
Other transfers to households									
Payments for capital assets	285	330	556	564	564	524	556	590	625
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings									
Other fixed structures									
Machinery and equipment	285	330	556	564	564	524	556	590	625
Transport equipment									
Other machinery and equipment	285	330	556	564	564	524	556	590	625
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total	61 336	63 423	33 851	42 526	49 780	48 354	53 018	62 371	64 701



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

R000	Audited 2004/05	Audited 2005/06	Audited 2006/07	Main Budget	Adjusted Budget 2007/08	Estimated actual	Medium-term estimates		
							2008/09	2009/10	2010/11
<b>Current payments</b>	-	-	25 000	371 286	256 522	59 301	38 277	27 618	22 847
Compensation of employees	-	-	-	-	-	-	-	-	-
Salaries and wages									
Social contributions									
Goods and services	-	-	25 000	371 286	256 522	59 301	38 277	27 618	22 847
of which									
Feasibility Study for the Provincial Govt. Precinct	-	-	-	6 000	12 500	12 500	12 700	-	-
GEMS	-	-	-	342 786	214 722	-	-	-	-
Other	-	-	25 000	22 500	29 300	46 801	25 577	27 618	22 847
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest									
Rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
<b>Transfers and subsidies to:</b>	-	322 900	235 000	-	21 563	21 563	150 000	150 000	-
Local government	-	-	-	-	21 563	21 563	150 000	150 000	-
Municipalities	-	-	-	-	21 563	21 563	150 000	150 000	-
Municipal agencies and funds									
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds									
Entities receiving funds									
Public corporations and private enterprises	-	322 900	235 000	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production									
Other transfers									
Private enterprises	-	322 900	235 000	-	-	-	-	-	-
Subsidies on production									
Other transfers	-	322 900	235 000	-	-	-	-	-	-
Foreign governments and international organisations									
Non-profit institutions									
Households	-	-	-	-	-	-	-	-	-
Social benefits									
Other transfers to households									
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-
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									
<b>Total</b>	-	322 900	260 000	371 286	278 085	80 864	188 277	177 618	22 847

**Table 6.H: Summary of transfers to municipalities (RSC Levy, Casino taxes pay-over & 2010 Soccer Stadium)**

Outcome				Main Budget	Adjusted Budget	Estimated actual	Medium-term estimates			
R000	Audited 2004/05	Audited 2005/06	Audited 2006/07				2007/08	2008/09	2009/10	2010/11
A	eThekweni	-	-	-	-	17 123	17 123	150 000	150 000	-
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		126	159	48	-	2 491	2 491	-	-	-
B	KZ221 uMshwathi	-	-	-	-	-	-	-	-	-
B	KZ222 uMngeni	-	-	-	-	-	-	-	-	-
B	KZ223 Mpofana	-	-	-	-	-	-	-	-	-
B	KZ224 Impendle	-	-	-	-	-	-	-	-	-
B	KZ225 Msunduzi	-	-	-	-	2 491	2 491	-	-	-
B	KZ226 Mkhambathini	-	-	-	-	-	-	-	-	-
B	KZ227 Richmond	-	-	-	-	-	-	-	-	-
C	DC22 uMgungundlovu District Municipality	126	159	48	-	-	-	-	-	-
Total: Uthukela Municipalities		-	-	-	-	-	-	-	-	-
B	KZ232 Emnambithi/Ladysmith	-	-	-	-	-	-	-	-	-
B	KZ233 Indaka	-	-	-	-	-	-	-	-	-
B	KZ234 Umtshezi	-	-	-	-	-	-	-	-	-
B	KZ235 Okhahlamba	-	-	-	-	-	-	-	-	-
B	KZ236 Imbabazane	-	-	-	-	-	-	-	-	-
C	DC23 Uthukela District Municipality	-	-	-	-	-	-	-	-	-
Total: Umzinyathi Municipalities		-	-	-	-	-	-	-	-	-
B	KZ241 Endumeni	-	-	-	-	-	-	-	-	-
B	KZ242 Nquthu	-	-	-	-	-	-	-	-	-
B	KZ244 Msinga	-	-	-	-	-	-	-	-	-
B	KZ245 Umvoti	-	-	-	-	-	-	-	-	-
C	DC24 Umzinyathi District Municipality	-	-	-	-	-	-	-	-	-
Total: Amajuba Municipalities		-	-	-	-	704	704	-	-	-
B	KZ252 Newcastle	-	-	-	-	704	704	-	-	-
B	KZ253 eMadlangeni	-	-	-	-	-	-	-	-	-
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 Umhlabyalingana	-	-	-	-	-	-	-	-	-
B	KZ272 Jozini	-	-	-	-	-	-	-	-	-
B	KZ273 The Big Five False Bay	-	-	-	-	-	-	-	-	-
B	KZ274 Hlabisa	-	-	-	-	-	-	-	-	-
B	KZ275 Mtubatuba	-	-	-	-	-	-	-	-	-
C	DC27 Umkhanyakude District Municipality	-	-	-	-	-	-	-	-	-
Total: uThungulu Municipalities		-	-	-	-	1 245	1 245	-	-	-
B	KZ281 Mbonambi	-	-	-	-	-	-	-	-	-
B	KZ282 uMhlathuze	-	-	-	-	1 245	1 245	-	-	-
B	KZ283 Ntambanana	-	-	-	-	-	-	-	-	-
B	KZ284 Umlalazi	-	-	-	-	-	-	-	-	-
B	KZ285 Mthonjaneni	-	-	-	-	-	-	-	-	-
B	KZ286 Nkandla	-	-	-	-	-	-	-	-	-
C	DC28 uThungulu District Municipality	-	-	-	-	-	-	-	-	-
Total: Ilembe Municipalities		-	-	-	-	-	-	-	-	-
B	KZ291 Mandeni	-	-	-	-	-	-	-	-	-
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	KZ5a4 Greater Kokstad	-	-	-	-	-	-	-	-	-
B	KZ5a5 Ubuhlebezwe	-	-	-	-	-	-	-	-	-
B	KZ5a6 Umzimkhulu	-	-	-	-	-	-	-	-	-
C	DC43 Sisonke District Municipality	-	-	-	-	-	-	-	-	-
Unallocated		-	-	-	-	-	-	-	-	-
Total		126	159	48	-	21 563	21 563	150 000	150 000	-