

# VOTE 6

## Provincial Treasury

Operational budget	R716 785 205
Remuneration of the MEC	R 1 977 795
Total amount to be appropriated	R718 763 000
Responsible Executive Authority	MEC for Finance
Administering department	Provincial Treasury
Accounting officer	Accountant-General

### 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 department's mission is: *To enhance the KZN Provincial Government's service delivery by responding to the expectations of all stakeholders in the value chain as a key driver through:*

- Optimum and transparent allocation of financial resources while enhancing revenue generation and financial management practices in compliance with applicable legislation and corporate governance principles.
- Competent and dedicated employees who are at the centre of ensuring best value to their stakeholders.

#### Strategic outcomes

The new framework for SPs and APPs has shifted from a goal-focused approach to an impact-focused approach. As such, the implementation of the new framework resulted in the phasing out of strategic objectives and the introduction of outcomes. Thus, the outcomes of the department are as follows:

- To promote sound financial management practices and fiscal management to achieve good governance.
- To ensure targeted financial resource allocation and promote utilisation that contributes to improved service delivery.
- To promote sound processes, controls and improved capabilities in departments, municipalities and public entities in order to reduce unauthorised, irregular, fruitless and wasteful expenditure thereby improving audit outcomes.
- To facilitate and monitor infrastructure delivery in the province thereby contributing towards inclusive economic growth.

#### Core functions

The core functions of the department include the following:

- Mobilisation of funds for the provincial government.
- Allocation of fiscal resources to provincial departments.
- Preparation of annual and MTEF budgets.
- Province-wide cash management.
- Internal audit.

- Provincial financial management in terms of the PFMA and MFMA through:
  - Budget monitoring and reporting.
  - Financial accounting.
  - Financial systems maintenance.
- Provision of advice on procurement policies and procedures in provincial government.

### **Legislative mandate**

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

- The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- Public Finance Management Act (PFMA) (Act No. 1 of 1999, as amended) and Treasury Regulations
- Annual Division of Revenue Act (Act No. 10 of 2014)
- Borrowing Powers of Provincial Governments Act (Act No. 48 of 1996)
- Government Immovable Asset Management Act (Act No. 19 of 2007)
- Intergovernmental Relations Framework Act (Act No. 13 of 2005)
- Municipal Finance Management Act (MFMA) (Act No. 56 of 2003)
- Preferential Procurement Policy Framework Act (PPPFA) (Act No. 5 of 2000)
- Provincial Internal Audit Act (Act No. 2 of 2001)
- Provincial Tax Regulation Process Act (Act No. 53 of 2001)
- Promotion of Access to Information Act (Act No. 2 of 2000)
- Provincial Appropriation Acts
- KwaZulu-Natal Direct Charges Act, 2002 (Act No. 4 of 2002)

## **2. Review of the 2019/20 financial year**

Section 2 provides a review of 2019/20, outlining the main achievements and progress made by the department, as well as providing a brief discussion on challenges and new developments.

### ***Sustainable Resource Management***

*Infrastructure:* In line with National Treasury guidelines for planning, budgeting and delivery of infrastructure, the unit published the 2020/21 *Estimates of Capital Expenditure (ECE)* in March 2020, which provides a list of all infrastructure projects over the MTEF. Support was provided on infrastructure reporting using the Infrastructure Reporting Model (IRM), Infrastructure Delivery Management System (IDMS) and the KZN Infrastructure Master Plan (KZN-IMP) for all provincial infrastructure projects. A Human Resource Capacitation programme aligned to the IDMS was facilitated. The deployment of the Infrastructure Crack Team continued to be a priority, with projects still continuing to assist with storm damage repairs at the DOH which left some hospitals damaged. Also included were various repairs and renovations to Murchison Hospital, Nkonjeni Hospital and Madadeni Hospital.

*Economic Analysis:* Economic and public policy research was produced, and various academic conferences and workshops were participated in. District municipality profiling was undertaken and economic presentations were delivered throughout the province. Informative analysis of the provincial *Socio-economic Review and Outlook (SERO)* was provided and municipalities' Integrated Development Plans (IDPs) and Local Economic Development (LED) forums were contributed to.

*Public Finance:* The 2020/21 main budget was finalised and tabled on time as stipulated by the PFMA. The main budget was accompanied by the tabling of the 2020/21 *EPRE*, which provides provincial spending plans for the next three years. The department continued to monitor and report on the performance of the budget and service delivery achievements for all 14 departments, the Provincial Legislature and 16 public entities to National Treasury, the Provincial Executive Council, as well as the

Finance Portfolio Committee (FPC). The Standing Committee on Oversight (STACOV) was also updated on the budget performance of the Provincial Legislature. The *2019/20 Adjustments Estimate of Provincial Revenue and Expenditure (AEPRE)* was prepared and tabled in the Legislature as stipulated by the PFMA. The implementation of cost-cutting measures by departments and public entities continued to be overseen.

#### ***Financial Governance***

***Asset and Liabilities Management:*** Funds were made available to provincial departments as required, in line with their cash flow forecasts and as per the equitable share and conditional grants received from National Treasury. The cash blocking system continued to ensure effective cash management by departments, as they are unable to disburse payments to suppliers unless they have cash available. These controls ensured that the province continued to remain cash positive.

***Public Private Partnerships (PPP):*** Technical and legal advice in support of all provincial PPPs continued to be provided as regulated by National Treasury guidelines. This was achieved through PPP workshops and seminars.

***Supply Chain Management:*** Support was provided to departments, municipalities and public entities with regard to SCM policies and procedures. Compliance assessments were conducted to determine necessary support interventions, and training was provided. The roll-out of the Contract Management Project (CMP) continued in municipalities, which included the deployment of Provincial Treasury resources to various municipalities. Moreover, support was given in respect of the Treasury/Health assistance plan as per a Cabinet Resolution, with the project scheduled to end by 31 March 2020. The process of implementing transversal contracts for all departments and public entities commenced, with a focus on event management and cleaning materials.

The I-Develop project, the Provincial Bid Appeals Tribunal matters and Municipal Bids Appeal Tribunal (MBAT) training in municipalities continued, including the provision of active support in the hearing and facilitation of MBAT matters. Continued support was provided to departments, municipalities and public entities to ensure effective use of the Central Supplier Database (CSD).

***Accounting Services:*** Financial management support was provided to provincial departments and public entities in respect of asset management, preparation of financial statements, and compilation of disclosure notes with working papers and training on updates to the accounting frameworks. The support was instrumental in sustaining and improving the 2018/19 audit outcomes. Significant support was provided to municipalities and their entities in the implementation of the mSCOA Regulation, by means of training, onsite support and the review of system implementation in the province. Provincial Treasury obtained the eleventh consecutive clean audit report for the Provincial Revenue Fund for 2018/19. The Operation Clean Audit campaign continued.

The department runs a five-year South African Institute of Chartered Accountants (SAICA) programme, funded through the Thuthuka Bursary Fund, with the aim of producing qualified Chartered Accountants. The programme consists of three years of articles and two years whereby the trainees enter into the Management Development Programme (MDP). Since its inception, the programme benefited 14 trainees as follows: three intake in 2016, all of which have now qualified and were retained on the MDP, two intake in 2017, three intake in 2018 who are at third-year level, three intake in 2019 who are currently at second-year level and three intake in 2020 who are currently at first-year level.

***Norms and Standards:*** Policy assistance to municipalities, departments and public entities was provided by focusing on the review and development of critical finance related policies and the review of instruction notes and standard operating procedures for departments. A consolidated report on the review of provincial departments' Financial Management Delegations in terms of the PFMA was compiled.

***Support and Interlinked Financial Systems:*** The tender for the appointment of an Online Travel Management System (TMS) was advertised, with consideration given to the online TMS that National Treasury is in the process of procuring which will be compulsory for all departments to utilise, at a date set by National Treasury. The contract with the current TMS service provider was extended for a period of six months effective from 1 November 2019.

### ***Internal Audit***

*Assurance Services:* A shared internal audit service was provided to all 14 provincial departments. Internal audit reviews were conducted to review the adequacy and effectiveness of internal controls to enhance overall good governance. The adequacy of departments' audit improvement strategies to address previous A-G findings was assessed.

*Risk and Advisory Services:* Advisory service projects were embarked on that were designed to capacitate departments on topical issues such as Occupational Health and Safety (OHS), business continuity plans, and fraud prevention plans, while following up on progress made by those departments that are at an advanced stage in the implementation of those business processes. One of the focus areas was on assisting with internal control improvements and, in particular, the DOH was prioritised. Other critical frameworks designed to improve good governance, including the combined assurance model and reviewed risk management framework, were prioritised for development and will be finalised by March 2020, for implementation during 2020/21.

*Forensic Audit Services:* A total of 54 investigations were completed, and 65 follow-ups were conducted to track the status of implementation of recommendations arising from forensic investigation reports. The Anti-Corruption Task Team (ACTT) was resuscitated and the Fraud Case Management system was developed, which will be used to record, consolidate and track all forensic investigations conducted within all spheres of government, among other initiatives.

### ***Municipal Finance Management***

*Municipal Budget:* Technical support was provided to delegated municipalities and the preparation of both the tabled and approved budgets was monitored, as well as the performance of municipal budgets, which included evaluating mid-year budget and performance assessment reports. The monitoring aspect included compliance with the MFMA and the Municipal Budget and Reporting Regulations (MBRR). The key activities included monitoring of the implementation of the budgeting framework by municipalities, providing guidance on budget planning and implementation, monitoring, evaluating and reporting on budget implementation, as well as the monitoring and reporting on compliance by municipalities.

*Municipal Accounting and Reporting:* Thirteen municipalities were provided with financial management support and technical reviews of their AFS in 2019/20.

*Municipal Support Programme:* The Municipal Support Programme (MSP) supported its clients by identifying methods to improve service delivery, as well as ensuring compliance with the MFMA and other relevant legislation. In this regard, 11 projects were undertaken in 2019/20 which included tax related support, grant management support, as well as specialised technical support, among others.

## **3. Outlook for the 2020/21 financial year**

Section 3 looks at the key focus areas of 2020/21, outlining what the department is hoping to achieve, as well as briefly looking at the challenges facing the department, and proposed new developments.

The bulk of the department's budget allocation over the 2020/21 MTEF is for financial governance (for general oversight of all departments, municipalities' and public entities' budget processes), internal audit, SCM, as well as support for transversal and interlinked financial systems.

### ***Sustainable Resource Management***

*Economic Analysis:* Economic and public policy research will be undertaken and there will be participation in various academic conferences and workshops. District municipality profiling will be undertaken and the *SERO* for 2021/22 will be prepared. Different technical committees will be served on to discuss and debate provincial economic policy, fiscal models, catalytic infrastructure projects and the development of strategic partnerships with other non-governmental institutions.

*Infrastructure:* Infrastructure planning and delivery performance will continue to be monitored. The IRM will be used to track infrastructure progress and expenditure, while institutionalising the IDMS and the Standard for Infrastructure Procurement and Delivery Management (SIPDM), a component of IDMS that covers the supply chain management system for infrastructure delivery, will continue to be focus areas for

all provincial departments to institutionalise. The 2021/22 *ECE* will be prepared to provide project lists that complement the *EPRE* for tabling in the Legislature. The deployment of the Infrastructure Crack Team will continue to be a priority.

**Public Finance:** Monitoring the spending and revenue collection of departments and public entities against budget will continue in 2020/21, with the aim of keeping provincial spending within budget. The Provincial Executive Council will continue to be kept regularly informed of the province's budget performance. The 2020/21 *AEPRE* and 2021/22 *EPRE* will be prepared. The enhancement of Provincial Own Revenue will remain a focus area in view of the fiscal consolidation and PES data updates budget cuts that continue to reduce the province's equitable share and conditional grant allocations. Departments' and public entities' adherence to the cost-cutting measures will continue to be monitored.

### **Financial Governance**

**Asset and Liabilities Management:** A support service will continue to be offered to departments in respect of payroll tax and banking functions. Current practices of monitoring all departmental bank balances on a daily basis will be maintained to ensure effective cash flow management. Excess funds will be invested with the South African Reserve Bank (SARB) to ensure maximum interest is earned.

**Public Private Partnerships:** The unit will continue to oversee and provide support at a provincial and municipal level in line with the PPP project cycle. This will be achieved by ensuring that transaction support is provided to departments, public entities, municipalities and their municipal entities to ensure compliance with the PPP legislative processes. Technical support in respect of the commercialisation strategy of Ezemvelo KZN Wildlife (EKZNW) will continue to be provided.

**Supply Chain Management:** Compliance with all SCM prescripts in provincial departments, municipalities and public entities will continue to be enforced and a strategic link between financial management reforms and procurement processes will be established and maintained. Important SCM reforms will be implemented in the outer years of the MTEF, such as SCM training sessions and contract management reviews. Operational support will be provided, SCM policies will be reviewed, and training will be provided to departments, municipalities and public entities. Administration of the CSD, support on the e-Tender portal and comprehensive compliance assessments will be undertaken to ensure that incidents of irregular expenditure relating to SCM processes are reduced. The I-Develop project, Provincial Bid Appeals Tribunal matters and MBAT training in municipalities will continue, including the provision of active support in the hearing and facilitation of MBAT matters.

**Accounting Services:** Continued focus will be on hands-on engagement and support to departments and public entities to enhance their financial accounting and reporting performance, as well as continued staff development and training programmes to develop and retain the requisite financial management skills and expertise. A significant role in the Operation Clean Audit campaign will be played, ensuring enhanced financial management by departments and public entities. Support to suppliers to resolve payment disputes with organs of state will continue. The condonation of Irregular Expenditure project will continue to be a priority.

**Norms and Standards:** Continued focus will be on compliance monitoring and evaluation within departments, municipalities and entities to assess financial management compliance and provide the necessary remedial assistance to address identified deviations to ensure improved financial management.

**Support and Interlinked Financial Systems:** The current Biometrics Access Control System servers will be upgraded as these are older than five years. The feasibility study on the use of LOGIS will be finalised by June 2020 in order to commence with the roll-out of the system to all departments in the province. Continued support will be provided to all departments on functional and technical aspects of transversal systems.

### **Internal Audit**

There is a likelihood that the Internal Audit function, which is centralised within this province, will be decentralised to departments in a hybrid model. Further detail in relation to this will be included in the next budget process.

**Assurance Services:** Risk-based audits with specific focus on overall good governance will be performed.

Areas that require internal audit process enhancements will be identified. Departments will be assisted in redesigning these processes to ensure all risks are well controlled. There will be continued focus on IT audit reviews, transversal reviews of SCM, transfer payments, asset management, as well as performance information.

*Risk and Advisory Services:* The implementation plan of the recommendations of the risk management maturity gap analysis findings will be a major focus area to ensure these are on track, and to provide the necessary interventions as and when required. The risk management tool (CURA) will be rolled out to all departments and selected public entities and municipalities, to strengthen awareness of risk management.

*Forensic Audit Services:* The envisaged Fraud Case Management System will be made accessible to OTP for provincial reporting purposes during 2020/21, and will be used to assist with monitoring and addressing delays in forensic investigations. More detailed follow-up audits will be conducted to assess the extent to which investigated public entities and departments are implementing forensic investigation recommendations. The fraud prevention plan strategies of all departments and public entities will be reviewed.

#### ***Municipal Finance Management***

*Municipal Budget:* There will be continued focus on improving technical support to delegated municipalities on the preparation of multi-year budgets, as well as the monthly outcomes of those budgets. More focus will be placed on in-year monitoring including statutory returns, as well as the preparation of monthly, quarterly, mid-year and annual consolidated reports on the state of financial performance.

*Municipal Accounting and Reporting:* The focus will be on assisting, supporting and monitoring municipalities with financial management and compliance with the annual reporting framework. This will be achieved by promoting an understanding of GRAP, monitoring compliance with reporting requirements, providing accounting services and support, implementing systems and processes to improve sound financial management and audit outcomes, reviewing the quality of AFS, as well as monitoring, evaluating and reporting on compliance with the Municipal Asset Management Regulations.

*Municipal Support Programme:* Support will continue to be provided to clients by identifying methods to improve service delivery, as well as ensuring compliance with the MFMA and other relevant legislation. Continued focus will be placed on capacity building in respect of projects undertaken. Municipalities will continue to be supported and innovative solutions to municipal finance challenges will be provided, with the focus area for 2020/21 being grant management.

*Municipal Revenue and Debt Management:* Technical support will be provided to identified municipalities on revenue and debt management.

## **4. Reprioritisation**

In 2020/21, the department undertook reprioritisation totalling R16.141 million from Programme 3: Financial Governance and Programme 4: Internal Audit. These funds were reprioritised from *Goods and services* across the two programmes due to a decreased reliance on consultants, and allocated to Programme 1: Administration, mainly against *Goods and services* to cater for special projects such as financial management assistance to departments and the Irregular Expenditure project, special interventions in departments, as well as the MEC's Operation Sukuma Sakhe (OSS) events. The department undertook further reprioritisation of R16.095 million from *Compensation of employees* to *Goods and services* within Programme 5: Municipal Finance Management to provide for the appointment of consultants in respect of financial management support to municipalities.

In 2021/22, the department undertook reprioritisation totalling R20.432 million from Programmes 3 and 4, mainly against *Goods and services* due to reduced reliance on consultants. These funds were allocated to Programme 1 to cater for special projects, as mentioned.

## **5. Procurement**

The department will continue to maintain a fair, equitable, transparent, competitive and cost effective procurement system that will enable economic transformation.

The department will further strengthen the wider participation by all targeted groups in the various categories of procurement. This will be attained through the implementation of effective and efficient procurement and demand plans that will create an enabling environment for better planning and spend analysis, thus ensuring value for money objectives and client satisfaction.

## 6. Receipts and financing

### 6.1 Summary of receipts and financing

Table 6.1 shows the sources of funding for Vote 6 over the seven-year period from 2016/17 to 2022/23. The table also compares actual and budgeted receipts against actual and budgeted payments.

**Table 6.1 : Summary of receipts and financing**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
Equitable share	586 154	606 344	635 400	681 629	681 629	681 629	718 763	749 437	785 279
Conditional grants	-	-	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>586 154</b>	<b>606 344</b>	<b>635 400</b>	<b>681 629</b>	<b>681 629</b>	<b>681 629</b>	<b>718 763</b>	<b>749 437</b>	<b>785 279</b>
<b>Total payments</b>	<b>596 115</b>	<b>588 876</b>	<b>656 170</b>	<b>721 629</b>	<b>727 654</b>	<b>699 621</b>	<b>718 763</b>	<b>749 437</b>	<b>785 279</b>
Surplus/(Deficit) before financing	(9 961)	17 468	(20 770)	(40 000)	(46 025)	(17 992)	-	-	-
Financing									
of which									
Provincial roll-overs	-	10 525	11 000	-	4 000	4 000	-	-	-
Provincial cash resources	42 000	14 500	35 500	40 000	42 025	42 025	-	-	-
<b>Surplus/(Deficit) after financing</b>	<b>32 039</b>	<b>42 493</b>	<b>25 730</b>	<b>-</b>	<b>-</b>	<b>28 033</b>	<b>-</b>	<b>-</b>	<b>-</b>

In 2016/17, the provincial cash resources of R42 million comprised once-off additional funding for the Infrastructure Delivery Improvement Programme (IDIP) Technical Advisors (TAs), Operation Pay-on-Time, e-Procurement tool, Operation Clean Audit, CMP, as well as funding for the replacement of biometric scanners and the Inkosi Albert Luthuli Central Hospital (IALCH) floor repairs.

The under-spending of R32.039 million in 2016/17 was mainly in respect of the non-filling of various vacant posts, such as those of Directors: SCM (Asset Management and Loss Control) and Financial Management, as well as two Deputy Directors in IT Management and various Budget Analyst posts.

In 2017/18, approval was granted for a roll-over of R10.525 million from 2016/17, mainly relating to performance audits and forensic investigations taking longer than anticipated. The amount of R14.500 million against provincial cash resources in comprised additional funding allocated for the Treasury/Health assistance plan.

The 2017/18 budget was under-spent by R42.493 million mainly in respect of the non-filling of vacant posts, due to lengthy internal recruitment processes, as well as delays in receiving invoices.

In 2018/19, approval was granted for a roll-over of R11 million from 2017/18 relating to the Treasury/Health assistance plan due to the project taking longer than anticipated. Additional funding of R35.500 million was allocated in 2018/19 for the Treasury/Health assistance plan, with a further R40 million allocated in 2019/20, from provincial cash resources.

The 2018/19 budget was under-spent by R25.730 million, due to internal delays in filling critical vacant posts because of lengthy recruitment processes, slow spending on the Infrastructure Support project, as well as cost-cutting.

In 2019/20, the department received additional funding of R40 million in respect to the Treasury/Health assistance plan as mentioned, in line with project requirements. In the 2019/20 Adjusted Appropriation, the department received a roll-over of R4 million from 2018/19, mainly relating to commitments in respect of Assurance Services projects, such as performance audits that were not completed but were carried over into 2019/20. The department also received R2.025 million in respect of the former MEC's exit package, following the 2019 general elections.

Based on the December IYM, the 2019/20 Revised Estimate shows that the department is anticipating to under-spend by R28.033 million, due to delays in the appointment of consultants in respect of the Irregular

Expenditure project, a reduction in the planned MEC's outreach programmes, as well as delays in the filling of critical vacant posts because of lengthy recruitment processes.

Over the 2020/21 MTEF, the department's budget was reduced by R6.963 million in 2020/21, R15.956 million in 2021/22 and R18.384 million in 2022/23, as a result of the fiscal consolidation, PES formula updates and CPI inflation projections revision budget cuts. No additional funding is allocated to the department over the 2020/21 MTEF from provincial cash resources.

## 6.2 Departmental receipts collection

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

**Table 6.2 : Summary of departmental receipts collection**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
Tax receipts	-	-	-	-	-	-	-	-	-
Casino taxes	-	-	-	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-	-	-	-
Sale of goods and services other than capital assets	352	446	286	228	228	245	232	259	287
Transfers received	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	1	-	-	-	-	-	-	-	-
Interest, dividends and rent on land	284 822	338 296	440 971	365 000	365 000	522 874	387 998	413 345	433 186
Sale of capital assets	119	356	-	204	204	1 435	210	222	233
Transactions in financial assets and liabilities	3 594	715	466	410	410	2 155	422	445	466
<b>Total</b>	<b>288 888</b>	<b>339 813</b>	<b>441 723</b>	<b>365 842</b>	<b>365 842</b>	<b>526 709</b>	<b>388 862</b>	<b>414 271</b>	<b>434 172</b>

*Sale of goods and services other than capital assets* is derived from parking fees, game licences, and commission on PERSAL deductions such as insurance premiums and garnishees, tender fees, etc. The revenue growth is conservative over the MTEF due to its unpredictable nature.

*Interest, dividends and rent on land* mainly relates to interest earned on the Paymaster General (PMG) and Inter-Governmental Cash Co-ordination (IGCC) accounts. The significant revenue collection against this category in prior years was due to the collective implementation of cost-cutting measures by provincial departments and prudent cash management by Provincial Treasury, as well as the prevailing interest rate charged on the available balance in the bank account. The high collection in the 2019/20 Revised Estimate is a result of fairly high levels of cash in the bank due to the fact that the province recorded a significant under-spending of R1.612 billion at the end of 2018/19, a portion of which was re-allocated to departments during the 2019/20 Adjustments Estimate. The 2020/21 MTEF caters for interest earned on the PMG and IGCC accounts.

*Sale of capital assets* relates to the disposal of redundant assets, such as vehicles, office equipment, etc. The high 2019/20 Revised Estimate relates to the sale of higher than budgeted numbers of redundant motor vehicles and office equipment. The department is expected to dispose vehicles and office equipment over the 2020/21 MTEF in line with its asset disposal policy.

*Transactions in financial assets and liabilities* comprises recoveries from staff debts such as breached bursary contracts. The high collection in 2016/17 was mainly due to reversed salary over-payments and inter-departmental claims in respect of consultants deployed to prepare Interim Financial Statements, as well as movable and immovable asset registers for some departments. Revenue growth is conservative over the MTEF due to the unpredictable nature of this revenue source.

## 6.3 Donor and agency funding

Tables 6.3 and 6.4 provide information on donor funding received and expenditure by the department from 2016/17 to 2018/19.



Table 6.3 : Details of donor funding and agency receipts

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
<b>Donor funding</b>	<b>57 227</b>	<b>116 185</b>	<b>205 660</b>	-	-	-	-	-	-
Development of KwaZulu-Natal Science Parks	34 527	78 633	-	-	-	-	-	-	-
EU Global Fund: Fight against HIV/AIDS, TB & Malaria	22 700	37 552	205 660	-	-	-	-	-	-
<b>Agency receipt</b>	<b>131</b>	<b>240</b>	-	-	-	-	-	-	-
PSETA	131	240	-	-	-	-	-	-	-
<b>Total</b>	<b>57 358</b>	<b>116 425</b>	<b>205 660</b>	-	-	-	-	-	-

Table 6.4 : Details of payments and estimates of donor funding and agency receipts

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
<b>Donor funding</b>	<b>45 685</b>	<b>116 185</b>	<b>219 055</b>	-	-	-	-	-	-
Development of KwaZulu-Natal Science Parks	34 291	78 633	-	-	-	-	-	-	-
EU Global Fund: Fight against HIV/AIDS, TB & Malaria	11 394	37 552	219 055	-	-	-	-	-	-
<b>Agency receipt</b>	<b>131</b>	<b>240</b>	-	-	-	-	-	-	-
PSETA	131	240	-	-	-	-	-	-	-
<b>Total</b>	<b>45 816</b>	<b>116 425</b>	<b>219 055</b>	-	-	-	-	-	-

In total, KZN received a R120.233 million grant from the EU related to the development of KZN Science Parks and the project was supposed to run from 2014/15 to 2016/17, however, the three-year term was extended to 2017/18, and the funding was spent in full as at 31 March 2018. Three Technology Hubs (Newcastle, Port Shepstone and Richards Bay) reached the practical completion phase by 28 March 2018 and have been commissioned and occupied. The Richards Bay Technology Hub entered into a three-year contract with an FET college to occupy the facility. The three hubs that were completed have been handed over to their respective municipalities and EDTEA monitors the utilisation of these hubs.

Provincial Treasury was one of the eight recipients of the EU Global Fund programme for the period 1 April 2016 to 31 March 2019 (three years). The main objective of the grant was to address the social and structural drivers of HIV and TB prevention, care and impact, preventing new HIV, STI and TB infections, sustaining health and wellness, as well as ensuring protection of human rights and improving access to justice. The project came to an end on 31 December 2019.

In respect of the Public Sector Education and Training Authority (PSETA), the department was allocated R240 000 in 2017/18 for work integrated learning, with the aim of supporting 20 students from TVET colleges with a stipend of R2 000 per student per month for a period of 18 months, which ended in June 2017. This allocation gave learners the opportunity to do in-service training in the department in their area of study. Note that no allocation is made from 2018/19 onward.

## 7. 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 8 below, as well as in the *Annexure – Vote 6: Provincial Treasury*.

### 7.1 Key assumptions

The department applied the following broad assumptions when compiling the budget:

- All inflation related increases are based on CPI projections.
- In terms of National Treasury's guidelines, the cost of living adjustment is 7.3 per cent in 2020/21, 7.3 per cent in 2021/22 and 7.2 per cent in 2022/23, including the 1.5 per cent pay progression. However, the department provided for a growth in *Compensation of employees* of 11.3 per cent in 2020/21, 4.3 per cent in 2021/22 and 3.8 per cent in 2022/23. The substantial growth in 2020/21 caters for the filling of 63 critical vacant posts. The growth in the outer years, which is below National Treasury's guidelines, will be reviewed by the department in the next budget process.

- The expanded cost-cutting measures, as reissued by Provincial Treasury in 2019/20, will continue to be adhered to over the 2020/21 MTEF, in conjunction with National Treasury Instruction Note 03 of 2017/18: Cost-containment measures.

## 7.2 Amendments to provincial and equitable share allocations: 2018/19 to 2020/21 MTEF

Table 6.5 shows amendments to provincial and equitable share funding received by the department over the 2018/19, 2019/20 and 2020/21 MTEF periods, and excludes conditional grant funding. The carry-through allocations for the outer year (i.e. 2022/23) are based on the incremental percentage used in the 2020/21 MTEF.

**Table 6.5 : Summary of amendments to provincial allocations for the 2018/19 to 2020/21 MTEF**

R thousand	2018/19	2019/20	2020/21	2021/22	2022/23
<b>2018/19 MTEF period</b>	<b>14 000</b>	<b>-</b>	<b>6 886</b>	<b>7 265</b>	<b>7 628</b>
Suspension of Mandela Day Marathon to Vote 11	(1 500)	-	-	-	-
Treasury/Health assistance plan	15 500	-	-	-	-
Above-budget wage agreement	-	-	6 886	7 265	7 628
<b>2019/20 MTEF period</b>		<b>44 357</b>	<b>4 318</b>	<b>4 308</b>	<b>4 523</b>
Treasury/Health assistance plan		40 000	-	-	-
Infrastructure development improvement shift		5 000	5 000	5 000	5 250
Budget cuts for remuneration of public officer bearers		(643)	(682)	(692)	(727)
<b>2020/21 MTEF period</b>			<b>(6 963)</b>	<b>(15 956)</b>	<b>(18 384)</b>
Fiscal consolidation and PES formula updates budget cut			(2 285)	(11 189)	(16 109)
Budget cut due to low COE spending			(2 275)	(2 275)	(2 275)
Adjustment to COE (due to revised CPI inflation projections)			(2 403)	(2 492)	-
<b>Total</b>	<b>14 000</b>	<b>44 357</b>	<b>4 241</b>	<b>(4 383)</b>	<b>(6 232)</b>

With regard to the 2018/19 MTEF:

- R1.500 million was removed from the department's budget due to the suspension of funds for the Mandela Day Marathon to COGTA, in line with a commitment made by the MEC for Finance.
- Offsetting this suspension was an allocation of R15.500 million for the Treasury/Health assistance plan. The Executive Statement presented by the MEC for Finance in the Provincial Legislature on 22 June 2017 indicated that Provincial Treasury would provide support to DOH. Part of this assistance required the allocation of resources in areas such as Internal Control and Accounting Services. This is additional to an amount of R14.500 million that was allocated in the 2017/18 Adjustments Estimate.
- There was an additional amount of R6.886 million with carry-through allocated by National Treasury in the outer year (2020/21) to cater for the above-budget wage agreement.

With regard to the 2019/20 MTEF:

- An additional R40 million was allocated for the Treasury/Health assistance plan, in line with project requirements.
- National Treasury allocated R5 million per annum in support of ongoing efforts to increase technical capacity within Provincial Treasuries' infrastructure units to assist in making infrastructure delivery more effective in provinces.
- The department's budget was cut by R643 000 with carry-through, in respect of the remuneration of public office bearers in line with a determination made by the Honourable President. In this regard, the President announced that there would be minimal or no annual salary increases in 2018/19 for public office bearers. In the case of provincial executives, Premiers, MECs and Speakers did not receive salary increases, while MPLs received a 2.5 per cent increase. The savings realised from this announcement were cut from provinces in line with fiscal consolidation efforts.

With regard to the 2020/21 MTEF:

- The budget was reduced by R2.285 million, R11.189 million and R16.109 million over the 2020/21 MTEF as a result of fiscal consolidation and PES formula updates budget cuts, aimed at reducing spending levels across all three spheres of government. The department effected these budget cuts

against *Goods and services* in Programme 1, in respect of consultants' costs in relation to the special projects budget.

- The department's budget was further reduced by R2.275 million annually over the 2020/21 MTEF due to low expenditure on *Compensation of employees*. These cuts were effected against *Goods and services* in Programme 1, in respect of consultants' costs relating to the special projects budget.
- The department's *Compensation of employees* budget was reduced by R2.403 million and R2.492 million in 2020/21 and 2021/22, respectively, due to the CPI inflation projections being revised downward from 5.5 to 4.8 per cent. The reduction was effected against *Compensation of employees* in Programme 1.

In 2012/13, additional funds were allocated for improving infrastructure support. Although no longer visible in Table 6.5, this funding was specifically and exclusively appropriated and the department utilises this funding for the Infrastructure Crack Team, which provides infrastructure support in the province. Thus amounts of R10.060 million, R10.613 million and R11.144 million remain ring-fenced for this purpose over the 2020/21 MTEF.

### 7.3 Summary by programme and economic classification

Tables 6.6 and 6.7 provide a summary of the Vote's payments and budgeted estimates by programme and by economic classification, respectively, for the seven-year period. The services rendered by the department are categorised under five programmes, which are largely aligned to the generic programme structure of the sector.

**Table 6.6 : Summary of payments and estimates by programme: Provincial Treasury**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
1. Administration	159 101	162 962	234 049	220 209	241 112	223 772	215 771	222 191	245 835
2. Sustainable Resource Management	43 866	39 099	38 344	47 641	44 641	44 078	49 984	52 732	55 263
3. Financial Governance	207 210	199 954	194 227	223 541	207 441	205 297	219 783	230 203	236 453
4. Internal Audit	132 745	133 643	130 111	166 345	174 595	167 354	156 495	163 365	168 835
5. Municipal Finance Management	53 193	53 218	59 439	63 893	59 865	59 120	76 730	80 946	78 893
<b>Total</b>	<b>596 115</b>	<b>588 876</b>	<b>656 170</b>	<b>721 629</b>	<b>727 654</b>	<b>699 621</b>	<b>718 763</b>	<b>749 437</b>	<b>785 279</b>

**Table 6.7 : Summary of payments and estimates by economic classification: Provincial Treasury**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
<b>Current payments</b>	<b>583 277</b>	<b>571 510</b>	<b>630 035</b>	<b>700 363</b>	<b>706 789</b>	<b>682 705</b>	<b>699 517</b>	<b>732 252</b>	<b>767 580</b>
Compensation of employees	252 383	270 780	299 646	360 012	347 820	339 174	383 914	393 782	408 866
Goods and services	330 300	300 730	330 375	338 851	358 969	343 531	314 794	337 783	357 994
Interest and rent on land	594	-	14	1 500	-	-	809	687	720
<b>Transfers and subsidies to:</b>	<b>8 077</b>	<b>5 419</b>	<b>7 293</b>	<b>2 201</b>	<b>5 572</b>	<b>6 230</b>	<b>1 652</b>	<b>1 756</b>	<b>1 840</b>
Provinces and municipalities	24	26	54	26	26	35	27	28	29
Departmental agencies and accounts	-	1 025	2	3	3	3	3	3	3
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	7	-	5	-	-	-	-	-	-
Non-profit institutions	3 857	3 264	205	213	537	115	279	294	308
Households	4 189	1 104	7 027	1 959	5 006	6 077	1 343	1 431	1 500
<b>Payments for capital assets</b>	<b>4 740</b>	<b>11 941</b>	<b>18 842</b>	<b>19 065</b>	<b>15 293</b>	<b>10 686</b>	<b>17 594</b>	<b>15 429</b>	<b>15 859</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	4 740	11 941	18 842	18 807	13 933	9 326	17 322	15 142	15 558
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	258	1 360	1 360	272	287	301
<b>Payments for financial assets</b>	<b>21</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>596 115</b>	<b>588 876</b>	<b>656 170</b>	<b>721 629</b>	<b>727 654</b>	<b>699 621</b>	<b>718 763</b>	<b>749 437</b>	<b>785 279</b>

Programme 1 shows an increase from 2016/17 to 2017/18 due to the filling of vacant posts. The significant increase from 2017/18 to 2018/19 can be attributed to reprioritisation of funds from Programme 2 as a result of lower than anticipated expenditure in respect of the Infrastructure Crack Team,

to offset over-spending resulting from computer services attributable to payments of invoices pertaining to BAS and PERSAL mainframes, computer licences and SITA data lines, following the function split between transversal IT and the IT Management functions. In addition, the increase relates to a transfer to the Thuthuka Bursary Fund that could not be processed in 2017/18 as a result of tax certificate related challenges. The increase from the 2019/20 Main to Adjusted Appropriation is mainly due to reprioritisation of funds from Programmes 2 and 3 to provide for special projects such as financial management assistance to departments and the Irregular Expenditure project, the Treasury/Health assistance plan, as well as an increase in the outreach programmes for the MEC in respect of OSS. The decrease in the 2019/20 Revised Estimate is due to the delays in the appointment of consultants in respect of the Irregular Expenditure project, as well as delays in filling vacant posts including Chief Director: Corporate Services. The decrease in 2020/21 is mainly due to no additional allocation being made for the Treasury/Health assistance plan as this is set to be finalised by 31 March 2020. In addition, the department's budget was reduced by R6.963 million in 2020/21, R15.956 million in 2021/22 and R18.384 million in 2022/23, as a result of budget cuts, as mentioned. These cuts were effected against *Compensation of employees* and *Goods and services* in this programme, as discussed in Section 8.1. The growth in the outer years is inflationary.

Programme 2 shows a decrease from 2016/17 to 2017/18 due to a once-off payment of a salary backpay in 2016/17. The decrease in 2018/19 is attributable to a reprioritisation of funds in respect of the Infrastructure Crack Team to Programme 1, as discussed. The decrease was also attributable to delays in the finalisation of the rehabilitation of a road at Dannhauser Local Municipality. The decrease from the 2019/20 Main to Adjusted Appropriation was due to reprioritisation of funds from *Goods and services* as a result of items such as consultants' costs being over-budgeted for, to cater for the MEC's OSS events in Programme 1. The increase in 2020/21 makes provision for salaries for the TAs in relation to the Infrastructure Crack Team responsible for infrastructure support delivery in the province, as well as costs relating to the preparation of the *EPRE* and the *AEPRE*. The increase in the outer years is inflationary.

Programme 3 reflects a decrease from 2016/17 to 2017/18 due to the function shift of IT Management from this sub-programme to Programme 1, as well as the relocation of the PERSAL Mainframe time server from Pietermaritzburg SITA to Centurion. The decrease in 2018/19 was due to vacant posts. The decrease from the 2019/20 Main to Adjusted Appropriation was mainly as a result of internal delays in filling vacant posts such as Director: Financial Reporting, SCM Clerk, among others, as well as reduced reliance on consultants in respect of the preparation of the consolidated AFS. The increase in 2020/21 provides mainly for CMP, MBAT, support to departments in respect of consolidating and reviewing the AFS, preparation of the AFS for the Provincial Revenue Fund, Operation Clean Audit, as well as training of and support to departments and municipalities. The increase is despite the reprioritisation of R7.904 million mainly against *Goods and services* to Programme 1, as discussed in Section 8.3. The increase in the outer years is inflationary.

Programme 4 shows an increase from the 2019/20 Main to Adjusted Appropriation to cater for spending pressures against *Compensation of employees*, staff exit costs, as well as in respect of new and replacement laptops. The decrease from the 2019/20 Adjusted Appropriation and further decrease in the Revised Estimate is due to reduced reliance on consultants as work was performed through internal capacity. The low allocation in 2020/21 is due to a reprioritisation of funds from *Goods and services* due to a decreased reliance on consultants, to Programme 1. The growth in the outer year is inflationary.

Programme 5 shows an increase from 2017/18 to 2018/19 as a result of the implementation of the MSP sub-programme. The decrease from the 2019/20 Main to Adjusted Appropriation was mainly due to savings realised against *Compensation of employees* as a result of internal delays in filling vacant posts. In 2020/21, the department undertook reprioritisation of R16.095 million from *Compensation of employees* to *Goods and services* within Programme 5 to provide for the appointment of consultants in respect of financial management support to municipalities. The increase in 2020/21 is due to the implementation of the Municipal Revenue and Debt Management sub-programme and caters for the appointment of nine additional contract employees. The increase over the MTEF is inflationary.

The increase against *Compensation of employees* from 2016/17 to 2018/19 was due to the filling of vacant posts, as well as annual wage adjustments. The decrease from the 2019/20 Main to Adjusted Appropriation and further decrease in the Revised Estimate is due to internal delays in filling vacant posts.

*Compensation of employees* grows by 11.3 per cent in 2020/21, 4.3 per cent in 2021/22 and 3.8 per cent in 2022/23. National Treasury's recommended wage adjustment rates are 7.3 per cent in 2020/21, 7.3 per cent in 2021/22 and 7.2 per cent in 2022/23, including the 1.5 per cent pay progression, which implies the affordability of filling vacant posts in the first year of the MTEF. The department plans to fill 63 posts in 2020/21 despite the budget cuts against *Compensation of employees*. These posts include Chief Director: Corporate Services, Director: Financial Reporting, Director: Forensic Investigations, Provincial Budget Co-ordinator, Cash Management Specialist, Human Resource Development Co-ordinator, and various contract posts. Budget cuts of R2.403 million and R2.492 million, were effected against this category in 2020/21 and 2021/22, respectively. The budget cuts will have an impact on the filling of the Chief Director: IGR post, which was an additional to the establishment post, and will no longer be filled. The department continues with the drive to use contract employees at DPSA salary levels and scales instead of using consultants, with the aim of realising savings from this approach in the next few years, as the proposed organisational structure is not yet approved. Provision has not been adequately made for the carry-through costs of the inflationary wage adjustment in the outer year of the MTEF, as well as the 1.5 per cent pay progression, and this will be reviewed in-year. Note that this also depends on whether all the 63 posts are filled in 2020/21, which seems highly unlikely considering the lengthy recruitment processes.

The decrease in *Goods and services* from 2016/17 to 2017/18 was mainly due to additional funding in 2016/17 for consultants in the Internal Audit unit. The increase from 2017/18 to 2018/19 was due to the additional funding in respect of the Treasury/Health assistance plan. The substantial increase from the 2019/20 Main to Adjusted Appropriation relates to the roll-over in respect of commitments on projects that were not completed in 2018/19 but were carried over into 2019/20. The substantial decrease in 2020/21 is due to no additional allocation being made for the Treasury/Health assistance plan, as discussed, as well as a result of the fiscal consolidation, PES formula updates and CPI inflation projections revision budget cuts of R4.560 million in 2020/21, R13.464 million in 2021/22 and R18.384 million in 2022/23 being effected against this category. The increase over the MTEF is inflationary and provides for expenditure relating to the Infrastructure Crack Team, Operation Clean Audit, as well as special projects such as the Irregular Expenditure project, among others.

The decrease against *Interest and rent on land* from the 2019/20 Main to Adjusted Appropriation is mainly as a result of a positive bank balance. This resulted in a lower interest provision over the 2020/21 MTEF. The MTEF makes provision for this item in the event that the province incurs interest charges.

*Transfers and subsidies to: Provinces and municipalities* caters for motor vehicle licence fees.

*Transfers and subsidies to: Departmental agencies and accounts* in 2017/18 relates to a transfer made to the Kwa Zulu-Natal Gaming and Betting Board (KZNGBB) in respect of the legal fees that were withheld after the function was moved to Vote 1. The allocations from 2018/19 and over the MTEF cater for the payment of TV licences.

*Transfers and subsidies to: Public corporations and private enterprises* relates to payments to third parties in respect of claims made against the state as a result of car accidents involving officials.

*Transfers and subsidies to: Non-profit institutions* from 2016/17 to 2017/18 catered for the transfer payments made to NPOs such as the Coastal Horse Care Unit and the Financial Literacy Association (FLA). The decrease in 2018/19 was mainly due to the reclassification of non-cash donations from this category to *Goods and services*, in line with the SCOA reclassification. The increase from the 2019/20 Main to Adjusted Appropriation is in respect of a donation for the burial of a person who lost her life following the collapse of a church wall in Richards Bay. The decrease in the 2019/20 Revised Estimate is mainly due to cash donations made being lower than budgeted for. The allocations over the 2020/21 MTEF include provision for cash donations in respect of OSS, which will be made as and when required.

*Transfers and subsidies to: Households* caters for staff exit costs, injury on duty, as well as bursaries for non-employees. The decrease from 2016/17 to 2017/18 was due to the fact that the transfer to the Thuthuka Bursary Fund could not be processed as a result of tax certificate related challenges. The increase in 2018/19 was mainly because the payment to the Thuthuka Bursary Fund was in line with a prior year commitment. The substantial increase from the 2019/20 Main to Adjusted Appropriation is mainly due to the payment to the Thuthuka Bursary Fund and external bursaries, which were under-budgeted for, as well as an allocation in respect of the former MEC's exit package, following the 2019

general elections. The low allocations over the 2020/21 MTEF are mainly due to a decrease in the Thuthuka Bursary Fund as a result of the reprioritisation from this fund to accommodate salaries and other related costs to take into account the intake of the SAICA trainees within the organisation.

Spending against *Machinery and equipment* occurs on a cyclical basis, hence the fluctuating trend against this category. The amount in 2017/18 was for the purchase of departmental vehicles, as well as the replacement of computers and furniture in line with the replacement policy. The increase in 2018/19 was due to higher than anticipated costs associated with the purchase of desktops and laptops. The decrease from the 2019/20 Main to Adjusted Appropriation and further decrease in the Revised Estimate is due to reprioritisation of funds from this category to *Goods and services* and *Software and other intangible assets*, as a result of internal delays in filling vacant posts, as well as delays in finalising the new finance lease contract for the photocopier machines. The significant increase in 2020/21 is due to the anticipated finalisation of the finance leases. The increase over the MTEF is inflationary and caters for the purchase of new and replacement laptops in line with the planned filling of vacant posts.

*Software and other intangible assets* relates to purchase of computer software. The increase from the 2019/20 Main to Adjusted Appropriation caters for software licences that were not budgeted for, including the upgrade of Microsoft licences. The 2020/21 MTEF makes provision for inflationary increases.

*Payments for financial assets* relates to the write-off of staff debts, such as breached bursary contracts and lost and stolen computers.

#### 7.4 Summary of conditional grant payments and estimates – Nil

#### 7.5 Summary of infrastructure payments and estimates

Table 6.8 summarises the infrastructure payments and estimates relating to the department. The infrastructure budget of the department is placed solely against *Infrastructure: Leases*.

**Table 6.8 : Summary of infrastructure payments and estimates by category**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
<b>Existing infrastructure assets</b>	-	-	-	-	-	-	-	-	-
Maintenance and repair: Current	-	-	-	-	-	-	-	-	-
Upgrades and additions: Capital	-	-	-	-	-	-	-	-	-
Refurbishment and rehabilitation: Capital	-	-	-	-	-	-	-	-	-
<b>New infrastructure assets: Capital</b>	-	-	-	-	-	-	-	-	-
<b>Infrastructure transfers</b>	-	-	-	-	-	-	-	-	-
Infrastructure transfers: Current	-	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital	-	-	-	-	-	-	-	-	-
<b>Infrastructure: Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
Infrastructure: Leases	14 170	16 570	19 323	17 223	18 952	19 158	18 775	19 805	20 755
<b>Non infrastructure<sup>1</sup></b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14 170</b>	<b>16 570</b>	<b>19 323</b>	<b>17 223</b>	<b>18 952</b>	<b>19 158</b>	<b>18 775</b>	<b>19 805</b>	<b>20 755</b>
Capital infrastructure	-	-	-	-	-	-	-	-	-
Current infrastructure	14 170	16 570	19 323	17 223	18 952	19 158	18 775	19 805	20 755

1. Non infrastructure is a stand-alone item, and is therefore excluded from Capital infrastructure and Current infrastructure, but it is included in the overall total

For the first time in the 2020/21 MTEF, the department included the leases it pays for its office accommodation under *Infrastructure: Leases*. As such, the department restated the figures from 2016/17 to 2019/20 to ensure comparability. The allocation over the MTEF provides for building leases such as Treasury House and Nomalanga Building. The increases over the MTEF are inflationary.

#### 7.6 Summary of Public Private Partnerships – Nil

#### 7.7 Transfers to public entities (listed i.t.o Schedule 3 of the PFMA) and other entities

Table 6.9 gives a summary of departmental transfers to other entities, details of which are given below.

Table 6.9 : Summary of departmental transfers to public entities (listed i.t.o Schedule 3 of the PFMA and other transfers)

Table 6.9 : Summary of departmental transfers to public entities (listed in Schedule 3 of the FMA and other transfers)										
R thousand	Sub-programme	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
		2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
Transfer to public entities		-	1 025	-	-	-	-	-	-	-
KZN Gaming and Betting Board	1.1 Office of the MEC	-	1 025	-	-	-	-	-	-	-
Transfers to other entities		7 190	3 264	3 801	880	1 737	1 165	596	628	658
Coastal Horse Care Unit	1.1 Office of the MEC	269	-	-	-	-	-	-	-	-
Donations	1.1 Office of the MEC	438	114	205	213	525	103	279	294	308
Donations - SAICA	3.6 Accounting Services	-	-	-	-	12	12	-	-	-
Financial Literacy Association	1.1 Office of the MEC	3 150	3 150	-	-	-	-	-	-	-
Thuthuka Bursary Fund	1.4 Corporate Services	3 333	-	3 596	667	1 200	1 050	317	334	350
Total		7 190	4 289	3 801	880	1 737	1 165	596	628	658

The amount of R1.025 million in 2017/18 relates to a transfer made to KZNGBB in respect of the legal fees that were withheld after the Gaming and Betting function was moved to Vote 1. A donation of R269 000 in 2016/17 was made towards the Coastal Horse Care Unit to cater for the education and rehabilitation relating to horses. There is no provision made for further donations in this regard.

Various donations were made in terms of the department's community outreach responsibility, with these made to co-operatives, old age homes, schools and NPOs. It is noted that donations include those made by the HOD in line with his OSS responsibilities. These donations are categorised into two types i.e. cash donations and tangible inventory items. Non-cash donations (tangible inventory items) are classified under *Goods and services*. The donation of R12 000 in the 2019/20 Adjusted Appropriation and Revised Estimate related to an annual gala dinner for the recognition of SAICA trainees.

From 2016/17 to 2017/18, funds were allocated by the department for transfer to the FLA. This project was initiated by the former MEC for Finance with the aim of educating the citizens of KZN about using their money wisely and also on various aspects such as encouraging savings and financial discipline. There was no budget in 2018/19 as the MOU was for three years, starting from 2015/16 and ending in 2017/18. There are no further provisions for this transfer over the MTEF.

Transfers to the Thuthuka Bursary Fund amounted to R3.333 million in 2016/17. No allocation was made in 2017/18 due to the fact that the transfers to the Thuthuka Bursary Fund could not be processed as a result of tax certificate related challenges. The increase from the 2019/20 Main to Adjusted Appropriation is mainly due to the payment to the Thuthuka Bursary Fund in line with a prior year commitment. The decrease in the transfer to the Thuthuka Bursary Fund over the MTEF is as a result of reprioritisation undertaken to accommodate salaries and other related costs of the SAICA trainees within the organisation, as explained in Section 7.3.

## 7.8 Transfers to local government – Nil

## 7.9 Transfers and subsidies

Table 6.10 is a summary of spending on *Transfers and subsidies* by programme and main category. *Transfers and subsidies* fluctuates and reduces significantly over the MTEF as explained before and after Table 6.10.

- *Provinces and municipalities* in Programme 1 relates to motor vehicle licence fees.
- *Departmental agencies and accounts* against Programme 1 relates to the payment of TV licences. The amount reflected against Programme 3 in 2017/18 relates to a transfer to the KZNGBB in respect of the legal fees that were withheld after the Gaming and Betting function was moved to Vote 1.
- Transfers to *Non-profit institutions* in respect of both Programmes 1 and 3 were explained in Section 7.7 above. The amount reflected in Programme 4 in 2018/19 relates to an unexpected donation made in relation to the burial of a trainee.
- *Public corporations and private enterprises* against Programme 1 in 2016/17 relates to a third party claiming excess against the state for a motor vehicle accident.

**Table 6.10 : Summary of transfers and subsidies by programme and main category**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
<b>1. Administration</b>	<b>7 484</b>	<b>3 940</b>	<b>5 125</b>	<b>1 891</b>	<b>4 779</b>	<b>5 437</b>	<b>1 274</b>	<b>1 370</b>	<b>1 435</b>
Provinces and municipalities	24	26	54	26	26	35	27	28	29
Motor vehicle licences	24	26	54	26	26	35	27	28	29
Departmental agencies and accounts	-	-	2	3	3	3	3	3	3
SABC TV Licences	-	-	2	3	3	3	3	3	3
Public corporations and private enterprises	7	-	5	-	-	-	-	-	-
Claims against the state	7	-	5	-	-	-	-	-	-
Non-profit institutions	3 857	3 264	205	213	525	103	279	294	308
Financial Literacy Association	3 150	3 150	-	-	-	-	-	-	-
Donations	438	114	205	213	525	103	279	294	308
Coastal Horse Care Unit	269	-	-	-	-	-	-	-	-
Households	3 596	650	4 859	1 649	4 225	5 296	965	1 045	1 095
Staff exit costs	263	277	506	106	2 131	3 140	112	118	124
Thuthuka Bursary Fund	3 333	-	3 596	667	1 200	1 050	317	334	350
Injury on duty	-	-	46	-	-	-	-	-	-
Financial Literacy Association	-	-	229	-	-	-	-	-	-
External bursary	-	373	482	876	894	794	536	593	621
Other donations: Funeral	-	-	-	-	-	312	-	-	-
<b>2. Sustainable Resource Management</b>	<b>-</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>105</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>-</b>
Households	-	67	-	-	105	105	-	-	-
Staff exit costs	-	67	-	-	105	105	-	-	-
<b>3. Financial Governance</b>	<b>492</b>	<b>1 204</b>	<b>1 108</b>	<b>198</b>	<b>324</b>	<b>269</b>	<b>260</b>	<b>262</b>	<b>275</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	1 025	-	-	-	-	-	-	-
KZN Gaming and Betting Board	-	1 025	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	12	12	-	-	-
Donations: SAICA	-	-	-	-	12	12	-	-	-
Households	492	179	1 108	198	312	257	260	262	275
Staff exit costs	492	179	807	198	312	257	260	262	275
Injury on duty	-	-	301	-	-	-	-	-	-
<b>4. Internal Audit</b>	<b>101</b>	<b>180</b>	<b>1 055</b>	<b>112</b>	<b>338</b>	<b>384</b>	<b>118</b>	<b>124</b>	<b>130</b>
Households	101	180	1 055	112	338	384	118	124	130
Staff exit costs	101	180	1 038	112	338	384	118	124	130
Other donations: Funeral	-	-	17	-	-	-	-	-	-
<b>5. Municipal Finance Management</b>	<b>-</b>	<b>28</b>	<b>5</b>	<b>-</b>	<b>26</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>
Households	-	28	5	-	26	35	-	-	-
Staff exit costs	-	28	5	-	26	35	-	-	-
<b>Total</b>	<b>8 077</b>	<b>5 419</b>	<b>7 293</b>	<b>2 201</b>	<b>5 572</b>	<b>6 230</b>	<b>1 652</b>	<b>1 756</b>	<b>1 840</b>

- *Households* across all programmes caters for staff exit costs, with a significant amount in Programme 1 in 2016/17 being a transfer to the Thuthuka Bursary Fund, as mentioned. The decrease from 2016/17 to 2017/18 was due to the fact that the transfer to the Thuthuka Bursary Fund could not be processed as a result of tax certificate related challenges, as mentioned. The increase from the 2019/20 Main to Adjusted Appropriation is mainly due to the payment to the Thuthuka Bursary Fund and external bursaries, which were under-budgeted for. The increase also caters for an allocation in respect of the former MEC's exit package, following the 2019 general elections. The department will continue to provide external bursaries to needy and deserving students. The decrease in the Thuthuka Bursary Fund over the MTEF is as a result of reprioritisation undertaken to provide for salaries and other related costs of the SAICA trainees currently working at Provincial Treasury, as explained in Section 7.3. Also contributing to the decrease is staff exit costs, which are difficult to predict.

## 8. 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*.

### 8.1 Programme 1: Administration

The purpose of this programme is to provide strategic support services in terms of financial management, human resources, auxiliary services, information communication and technology, and legal services. The programme is largely in line with the generic structure apart from the exclusion of the Internal Audit sub-programme which is a stand-alone programme in this province. The main services are as follows:



- To support the Executive Authority in providing strategic and political direction to provincial departments, public entities, as well as municipalities.
- To provide the MEC with technical 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 provide human resource management functions to the department.
- To render legal professional guidance in operational matters of the department.
- To deliver auxiliary services to the department, such as the telecom system, transport fleet management and control of registry.
- To provide IT services to Provincial Treasury.
- To provide funding for special projects and interventions.

Tables 6.11 and 6.12 provide a summary of payments and budgeted estimates pertaining to the programme over the seven-year period from 2016/17 to 2022/23. As mentioned, Programme 1's budget was reduced by R6.963 million, R15.956 million and R18.384 million in aggregate over the MTEF, as a result of the fiscal consolidation and PES formula updates budget cuts, the CPI inflation projections being revised downward, as well as due to low spending against *Compensation of employees*. The cuts were effected against the Management Services (HOD) sub-programme, and the impact is discussed at economic classification level. In 2020/21, the department undertook reprioritisation of R16.141 million from Programmes 3 and 4 and this was allocated to *Goods and services* in this programme.

Table 6.11 : Summary of payments and estimates by sub-programme: Administration

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
1. Office of the MEC	29 124	32 823	32 521	30 951	36 576	34 136	35 651	37 675	39 482
2. Management Services (HOD)	27 580	10 542	58 267	51 963	66 208	56 216	36 158	34 585	49 225
3. Financial Management (CFO)	21 830	32 832	31 390	34 337	34 337	34 913	36 226	38 217	40 050
4. Corporate Services	80 567	86 765	111 871	102 958	103 991	98 507	107 736	111 714	117 078
<b>Total</b>	<b>159 101</b>	<b>162 962</b>	<b>234 049</b>	<b>220 209</b>	<b>241 112</b>	<b>223 772</b>	<b>215 771</b>	<b>222 191</b>	<b>245 835</b>

Table 6.12 : Summary of payments and estimates by economic classification: Administration

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
<b>Current payments</b>	<b>148 999</b>	<b>150 022</b>	<b>217 157</b>	<b>202 456</b>	<b>225 943</b>	<b>211 789</b>	<b>200 821</b>	<b>208 429</b>	<b>231 413</b>
Compensation of employees	67 170	74 943	85 853	96 062	94 598	90 260	99 946	104 581	109 598
Goods and services	81 829	75 079	131 290	106 394	131 345	121 529	100 875	103 848	121 815
Interest and rent on land	-	-	14	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>7 484</b>	<b>3 940</b>	<b>5 125</b>	<b>1 891</b>	<b>4 779</b>	<b>5 437</b>	<b>1 274</b>	<b>1 370</b>	<b>1 435</b>
Provinces and municipalities	24	26	54	26	26	35	27	28	29
Departmental agencies and accounts	-	-	2	3	3	3	3	3	3
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	7	-	5	-	-	-	-	-	-
Non-profit institutions	3 857	3 264	205	213	525	103	279	294	308
Households	3 596	650	4 859	1 649	4 225	5 296	965	1 045	1 095
<b>Payments for capital assets</b>	<b>2 598</b>	<b>8 997</b>	<b>11 767</b>	<b>15 862</b>	<b>10 390</b>	<b>6 546</b>	<b>13 676</b>	<b>12 392</b>	<b>12 987</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 598	8 997	11 767	15 604	9 030	5 186	13 404	12 105	12 686
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	258	1 360	1 360	272	287	301
<b>Payments for financial assets</b>	<b>20</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>159 101</b>	<b>162 962</b>	<b>234 049</b>	<b>220 209</b>	<b>241 112</b>	<b>223 772</b>	<b>215 771</b>	<b>222 191</b>	<b>245 835</b>

The sub-programme: Office of the MEC, which includes security and communications, as well as parliamentary liaison, shows a steady increase throughout the seven-year period. The increase from the 2019/20 Main to Adjusted Appropriation mainly caters for MEC's OSS events, as well as an allocation in respect of the former MEC's exit package. The growth over the MTEF is inflationary.

The sub-programme: Management Services (HOD) shows a significant decrease from 2016/17 to 2017/18 due to vacant posts, under-spending on special projects, as well as funds set aside for the tender process/procurement for the PPP Government Precinct and Legislature Complex. The increase in 2018/19 was mainly due to the roll-over of R11 million for the Treasury/Health assistance plan, as well as an additional allocation of R35.500 million, in line with the project requirements of the Treasury/Health assistance plan. The increase from the 2019/20 Main to Adjusted Appropriation is mainly due to reprioritisation made for special projects such as financial management assistance to departments, the Irregular Expenditure project, as well as special interventions such as the Treasury/Health assistance plan, as explained. The decrease in the Revised Estimate is mainly due to delays in the appointment of consultants in respect of financial management assistance to departments, as well as the Irregular Expenditure project. The significant decrease in 2020/21 is mainly due to no additional allocation being made for the Treasury/Health assistance plan which is set to be finalised by 31 March 2020, as well as the budget cuts of R6.963 million being effected against this sub-programme. The decrease is despite the reprioritisation of R16.141 million from Programmes 3 and 4, to cater for special projects such as the Irregular Expenditure project, as discussed. The growth over the MTEF is inflationary and provides for operational costs of running the HOD's office, as well as for special projects.

The sub-programme: Financial Management (CFO), which is responsible for various functions such as budget control, internal SCM, asset management, loss control, etc., reflects a steady increase from 2016/17 to 2018/19, due to the filling of posts. The growth over the 2020/21 MTEF is inflationary and provides for *Compensation of employees*, operational costs for the running of the Office of the CFO, and audit fees.

The sub-programme: Corporate Services reflects an increase from 2017/18 to 2018/19 due to a transfer to the Thuthuka Bursary Fund that could not be processed in 2017/18, as mentioned, as well as higher than expected staff exit costs. The decrease from the 2019/20 Adjusted Appropriation to Revised Estimate is due to delays in filling vacant posts including Chief Director: Corporate Services, Human Resources Development Co-ordinator, among others. The allocations over the MTEF are inflationary and provide for HR, legal services, strategic management and auxiliary services. This includes provision for centralised costs such as operating leases for office accommodation, fleet services, fuel price escalations, bursaries for employees and non-employees, legal fees, etc., as well as salaries for the SAICA trainees.

*Compensation of employees* shows an increasing trend over the seven-year period. The decrease in the 2019/20 Revised Estimate is due to delays in filling vacant posts. This category increases by 10.7 per cent in 2020/21, 4.6 per cent in 2021/22 and 4.8 per cent in 2022/23. The increase in 2020/21 is higher than National Treasury's recommended wage adjustment rate and caters for the filling of 19 vacant posts within the programme. These posts include Chief Director: Corporate Services, Human Resources Development Co-ordinator, Telecom Operator, Assistant Director: Human Resource Admin Systems and Control, among others. The low growth in the two outer years, which is a result of budget cuts, falls short of National Treasury's recommended wage adjustment rate of 7.3 per cent in 2021/22 and 7.2 per cent in 2022/23, including the 1.5 per cent pay progression. The low growth over the MTEF is not sufficient to provide for filling all critical vacant posts, as well as the carry-through of previous wage agreements, contract employees, interns, learners, and in-service trainees. As mentioned, *Compensation of employees* under Programme 1 was cut by R2.403 million and R2.492 million in 2020/21 and 2021/22, respectively, due to the CPI inflation projections being revised downward. The budget cuts will have an impact on the filling of the Chief Director: IGR post, which was an addition to the post establishment of the department, as discussed. The *Compensation of employees*' budget will need to be reviewed over the MTEF to ensure that the growth is sufficient for existing posts, as well as the filling of critical new posts, taking into account the progress made in filling the 19 vacant posts.

*Goods and services* fluctuates throughout the seven-year period. The increase from 2017/18 to 2018/19 is due to payments pertaining to BAS and PERSAL mainframes, computer software licences and SITA data lines. The increase from the 2019/20 Main to Adjusted Appropriation is due to reprioritisation from *Compensation of employees* in Programmes 2 and 3 for special projects such as financial management assistance to departments, the Irregular Expenditure project, special interventions in terms of the Treasury/Health assistance plan, as well as an increase in outreach programmes for the MEC. The decrease in the 2019/20 Revised Estimate is mainly due to delays in the appointment of consultants for the Irregular Expenditure project and a reduction in the planned MEC outreach programmes. The decrease in 2020/21

is mainly due to no additional allocation made for the Treasury/ Health assistance plan. The decrease is further due to fiscal consolidation and PES formula updates, as well as low *Compensation of employees* budget cuts of R4.560 million effected against this category. The budget cuts will have an impact on the special projects undertaken, which will result in a reduced level of financial management assistance given to departments. The MTEF caters for special projects, including the Irregular Expenditure project.

*Transfers and subsidies to: Provinces and municipalities* caters for motor vehicle licence fees.

*Departmental agencies and accounts* provides for the payment of SABC TV licences.

*Transfers and subsidies to: Non-profit institutions* mainly relates to transfers to the FLA and Coastal Horse Care Unit, as well as donations for the OSS outreach programme, as mentioned. The decrease from 2017/18 to 2018/19 is due to a once-off transfer to the FLA in 2018/19. The increase from the 2019/20 Main to Adjusted Appropriation relates to a donation in respect of the burial of a person who lost her life due to the collapse of a church wall in Richards Bay. The increase over the MTEF is inflationary.

*Transfers and subsidies to: Households* caters for staff exit costs, external bursaries and the Thuthuka Bursary Fund. The significant decrease in 2017/18 is as a result of no transfers being made to the Thuthuka Bursary Fund as a result of tax certificate challenges affecting the entity, as mentioned. The increase from the 2019/20 Main to Adjusted Appropriation was as a result of the once-off pay out of the previous MEC's exit package following the 2019 general elections and the payment to the Thuthuka Bursary Fund being higher than anticipated. The significant decrease in 2020/21 is as a result of reprioritisation undertaken to provide for the salaries and other related costs of SAICA trainees. The increase over the MTEF is inflationary and provides for the Thuthuka Bursary Fund, for bursaries awarded to non-employees and for staff exit costs.

*Machinery and equipment* shows a decrease from the 2019/20 Main to Adjusted Appropriation and Revised Estimate due to delays in filling vacant posts. The significant increase in 2020/21 is due to a provision made for replacement of motor vehicles and computers as per the asset replacement policy. The increase over the MTEF is inflationary.

*Software and other intangible assets* relates to the purchase of computer licences.

*Payments for financial assets* was in respect of the write-off of staff debts.

## 8.2 Programme 2: Sustainable Resource Management

The programme is largely in line with the generic structure with the exception that the Fiscal Policy sub-programme is not being utilised in this province. The main purpose of the programme is to effectively manage and monitor the provincial and fiscal resources. The objectives and services are as follows:

- To ensure targeted financial resource allocation and utilisation that contributes to improved service delivery.
- To ensure efficient budget and expenditure management and accurate financial reporting by provincial departments and public entities.
- To co-ordinate and enhance revenue collection for sustainable service delivery to the citizens.
- To provide a platform to enhance regional economic growth and development through quality research.
- To ensure efficient planning and management of infrastructure in the province.

Tables 6.13 and 6.14 provide a summary of payments and budgeted estimates pertaining to this programme for the period 2016/17 to 2022/23.

**Table 6.13 : Summary of payments and estimates by sub-programme: Sustainable Resource Management**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
1. Programme Support	7 824	4 361	3 749	3 413	4 125	4 012	4 248	4 470	4 685
2. Economic Analysis	22 244	20 214	17 730	26 685	22 500	22 212	25 948	27 363	28 676
3. Public Finance	13 798	14 524	16 865	17 543	18 016	17 854	19 788	20 899	21 902
<b>Total</b>	<b>43 866</b>	<b>39 099</b>	<b>38 344</b>	<b>47 641</b>	<b>44 641</b>	<b>44 078</b>	<b>49 984</b>	<b>52 732</b>	<b>55 263</b>

**Table 6.14 : Summary of payments and estimates by economic classification: Sustainable Resource Management**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
<b>Current payments</b>	<b>43 567</b>	<b>38 794</b>	<b>38 005</b>	<b>47 325</b>	<b>44 133</b>	<b>43 669</b>	<b>49 775</b>	<b>52 513</b>	<b>55 033</b>
Compensation of employees	34 957	32 667	34 778	41 022	36 717	36 338	41 620	43 721	45 821
Goods and services	8 016	6 127	3 227	6 303	7 416	7 331	8 155	8 792	9 212
Interest and rent on land	594	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>-</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>105</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	67	-	-	105	105	-	-	-
<b>Payments for capital assets</b>	<b>299</b>	<b>238</b>	<b>339</b>	<b>316</b>	<b>403</b>	<b>304</b>	<b>209</b>	<b>219</b>	<b>230</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	299	238	339	316	403	304	209	219	230
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>43 866</b>	<b>39 099</b>	<b>38 344</b>	<b>47 641</b>	<b>44 641</b>	<b>44 078</b>	<b>49 984</b>	<b>52 732</b>	<b>55 263</b>

The sub-programme: Programme Support reflects a fluctuating trend over the seven-year period. The high amount in 2016/17 relates to backpay paid to an ex-employee. The increase from the 2019/20 Main to Adjusted Appropriation was to cater for costs related to the above-budget wage adjustment. The growth over the MTEF is inflationary and provides for the operational costs for the office of the DDG: Sustainable Resource Management, as well as the office support team who provide administration and financial support to the programme as a whole.

The sub-programme: Economic Analysis includes funding for the Infrastructure Crack Team to assist departments, public entities and municipalities in the delivery of infrastructure projects, as well as additional funding for IDIP TAs, which is mainly allocated against *Compensation of employees*. The decreasing trend from 2016/17 to 2018/19 is attributable to under-spending in relation to the Infrastructure Crack Team, as well as delays in the reconfiguration of an office within the unit and overseeing the rehabilitation of a road at Dannhauser Local Municipality by consultants. The decrease from the 2019/20 Main to Adjusted Appropriation was in respect of delays in filling funded vacant posts such as Provincial Infrastructure Specialist. The budget in 2020/21 provides for the specifically and exclusively allocated funding made by National Treasury in support of ongoing efforts to increase technical capacity within the Provincial Treasury infrastructure units, as well as to assist in making infrastructure delivery more effective in the province. The 2020/21 MTEF also provides for infrastructure site visits, as well as the publication of the *ECE*, among others. The growth in the outer year is inflationary.

The sub-programme: Public Finance shows a steady growth over the seven-year period. The increase from the 2019/20 Main to Adjusted Appropriation relates to the above-budget wage adjustment. The increase in 2020/21 is due to the filling of vacant posts, such as Provincial Budget Co-ordinator. The growth over the MTEF is inflationary and provides for costs relating to the preparation of the *EPRE* and the *AEPRE*, as well as oversight over the provincial budget.

*Compensation of employees* shows a decrease in 2017/18 as a result of vacant posts. The decrease from the 2019/20 Main to Adjusted Appropriation and Revised Estimate was due to delays in filling vacant posts. In 2020/21, this category grows by 14.5 per cent, which is higher than the National Treasury recommended rate of 7.3 per cent. The growth in 2020/21 is due to the allocation made by National Treasury to increase the technical capacity of the Infrastructure unit in order to increase support in infrastructure delivery within the province, as explained and provides for the salaries of three TAs. National Treasury allocated R5 million in 2020/21 with carry-through, for the appointment of resources. The 5 per cent and 4.8 per cent growth rate in 2021/22 and 2022/23, respectively, is not sufficient to provide for the wage rate adjustment of 7.3 per cent in 2021/22 and 7.2 per cent in 2022/23 and will be reviewed in the next budget process. There are three posts to be filled under this programme, namely the Provincial Budget Co-ordinator, Director: Provincial Revenue and Provincial Infrastructure Specialist.

*Goods and services* shows a decrease from 2016/17 to 2018/19 due to under-spending largely attributed to the Infrastructure Crack Team, as well as delays in the reconfiguration of an office within the Economic Analysis unit and delays in overseeing of the rehabilitation of a road at Dannhauser Local Municipality, as discussed. The increase from the 2019/20 Main to Adjusted Appropriation is due to shifts undertaken from *Compensation of employees* to correct a misallocation of funds. The allocation over the MTEF includes funding for IDIP TAs, the Infrastructure Crack Team, as well as provision for the printing of the *EPRE*, *AEPRE*, *ECE* and *SERO*, etc.

*Transfers and subsidies to: Households* caters for staff exit costs.

*Machinery and equipment* provides mainly for the purchase of laptops and desktops.

## Service delivery measures: Sustainable Resource Management

Table 6.15 illustrates the service delivery measures pertaining to Programme 2. The department largely follows the measures used in previous years, with some of the outputs and performance indicator descriptions having changed to ensure alignment with the department's 2020/21 APP.

**Table 6.15 : Service delivery measures: Sustainable Resource Management**

Outputs	Performance indicators	Estimated performance		Medium-term targets	
		2019/20	2020/21	2021/22	2022/23
<b>1.1 Economic Analysis</b>					
1.1.1 Credible research to inform efficient provincial resource allocation	<ul style="list-style-type: none"> <li>No. of socio-economic review and outlook reports of the province</li> <li>No. of value for money assessment reports for efficient resource allocation</li> </ul>	Produce 9 districts socio-economic reports Produce 1 <i>SERO</i> Produce 4 provincial department economic reports	Produce 9 districts socio-economic reports Produce 1 <i>SERO</i> Produce 4 provincial department economic reports	Produce 9 districts socio-economic reports Produce 1 <i>SERO</i> Produce 4 provincial department economic reports	Produce 9 districts socio-economic reports Produce 1 <i>SERO</i> Produce 4 provincial department economic reports
<b>1.2 Infrastructure</b>					
1.2.1	<ul style="list-style-type: none"> <li>No. of provincial departments signing the approved provincial IDMS framework</li> </ul>	2	3	2	2
Capacitated departments	<ul style="list-style-type: none"> <li>No. of departments capacitated in the implementation of IDM processes</li> <li>No. of monitoring and evaluation reports focusing on IDM compliance</li> </ul>	- 4	- 4	2 4	2 4
<b>2. Public Finance</b>					
<b>2.1 Provincial Budget Management</b>					
2.1.1 Provide leadership in optimal and effective resource allocation	<ul style="list-style-type: none"> <li>No. of MTEC reports on budget and expenditure management for provincial departments and public entities</li> <li>No. of early warning system report to identify variances between actual expenditure and budget</li> </ul>	15 16	15 16	15 16	15 16
<b>2.2 Provincial Own Revenue</b>					
2.2.1 Provincial fiscal sustainability	<ul style="list-style-type: none"> <li>No. of revenue collection and <i>Overview of Provincial Revenue and Expenditure (OPRE)</i> and <i>Estimates of Provincial Revenue and Expenditure (EPRE)</i> reports</li> </ul>	4	4	4	4
<b>2.3 Special Advisory Support Services</b>					
2.3.1 Institutionalising framework for the monitoring of provincial public entities	<ul style="list-style-type: none"> <li>No. of reports on the institutionalisation of the framework for provincial public entities</li> </ul>	3	3	3	3

### 8.3 Programme 3: Financial Governance

This programme consists of seven sub-programmes, namely Programme Support, Asset and Liabilities Management, Support and Interlinked Financial Systems, Supply Chain Management, Public, Private Partnerships, Accounting Services and Norms and Standards. 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 SCM 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 PMG and IGCC account.
- 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.
- To implement and support transversal financial systems across the province.

Tables 6.16 and 6.17 provide a summary of payments and budgeted estimates pertaining to Programme 3. The programme as a whole reflects a steady trend over the period despite the reprioritisation of R7.904 million from this programme to Programme 1, as explained in detail below.

**Table 6.16 : Summary of payments and estimates by sub-programme: Financial Governance**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
1. Programme Support	-	-	4 459	4 235	4 235	4 215	4 468	4 712	4 938
2. Asset and Liabilities Management	14 101	16 325	14 975	14 969	12 569	11 483	15 018	15 677	15 205
3. Support and Interlinked Financial Systems	107 833	97 313	98 119	100 198	101 198	101 539	100 581	104 997	108 865
4. Supply Chain Management	39 769	39 930	38 552	45 735	36 735	35 004	48 360	51 019	53 468
5. Public, Private Partnerships	5 493	6 336	5 800	8 785	7 085	6 670	9 268	9 779	10 248
6. Accounting Services	35 087	34 441	26 101	42 497	38 497	39 415	34 563	36 081	35 410
7. Norms and Standards	4 927	5 609	6 221	7 122	7 122	6 971	7 525	7 938	8 319
<b>Total</b>	<b>207 210</b>	<b>199 954</b>	<b>194 227</b>	<b>223 541</b>	<b>207 441</b>	<b>205 297</b>	<b>219 783</b>	<b>230 203</b>	<b>236 453</b>

**Table 6.17 : Summary of payments and estimates by economic classification: Financial Governance**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
<b>Current payments</b>	<b>206 011</b>	<b>198 008</b>	<b>187 258</b>	<b>222 493</b>	<b>205 876</b>	<b>203 823</b>	<b>218 617</b>	<b>228 622</b>	<b>234 795</b>
Compensation of employees	56 955	60 455	66 065	84 792	75 795	72 188	89 615	95 267	99 839
Goods and services	149 056	137 553	121 193	136 201	130 081	131 635	128 193	132 668	134 236
Interest and rent on land	-	-	-	1 500	-	-	809	687	720
<b>Transfers and subsidies to:</b>	<b>492</b>	<b>1 204</b>	<b>1 108</b>	<b>198</b>	<b>324</b>	<b>269</b>	<b>260</b>	<b>262</b>	<b>275</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	1 025	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	12	12	-	-	-
Households	492	179	1 108	198	312	257	260	262	275
<b>Payments for capital assets</b>	<b>707</b>	<b>742</b>	<b>5 861</b>	<b>850</b>	<b>1 241</b>	<b>1 205</b>	<b>906</b>	<b>1 319</b>	<b>1 383</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	707	742	5 861	850	1 241	1 205	906	1 319	1 383
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>207 210</b>	<b>199 954</b>	<b>194 227</b>	<b>223 541</b>	<b>207 441</b>	<b>205 297</b>	<b>219 783</b>	<b>230 203</b>	<b>236 453</b>

The sub-programme: Programme Support was a newly created sub-programme in 2018/19 hence there is no historical information. This sub-programme is responsible for providing strategic leadership support to the Financial Governance programme. The historic figures of this sub-programme were not restated because this sub-programme was not included in the previous financial year's structure and thus financial records were not kept at this level. The increase over the 2020/21 MTEF is inflationary and provides for the operational costs for the office of the Accountant-General, as well as the office support team who provide administration and financial support to the programme as a whole.

The sub-programme: Asset and Liabilities Management shows a fluctuating trend over the seven-year period. The sub-programme shows a decrease from the 2019/20 Main to the Adjusted Appropriation as a result of reprioritisation of funds to special projects in Programme 1, to cater for the Irregular Expenditure project. The growth over the 2020/21 MTEF is inflationary and caters for various operational costs of the unit, including bank charges for the IGCC account, provision for interest should the IGCC account go into overdraft, conducting an annual tax information seminar with all departments and entities, as well as ensuring compliance to tax legislation, among others.

The sub-programme: Support and Interlinked Financial Systems included costs relating to all transversal systems, such as BAS, PERSAL and HARDCAT for the entire province. The increase from the 2019/20 Main to the Adjusted Appropriation was mainly to cater for computer services related costs that were higher than budgeted. The allocation over the MTEF is to cater for personnel costs, as well as toward the upgrade of the biometric servers, the Hardware Refresher Servers and the biometric access control system.

The sub-programme: Supply Chain Management shows a decrease from the 2019/20 Main to the Adjusted Appropriation due to the reprioritisation of funds from *Compensation of employees* as a result of internal delays in filling vacant posts, to special projects in Programme 1, as mentioned. The significant increase in 2020/21 caters for operational costs of the unit, as well as CMP, MBAT and SCM support and interventions in departments and municipalities. The increase in the outer years is inflationary.

The sub-programme: Public, Private Partnerships shows inflationary growth over the 2020/21 MTEF, and provides for support to departments, municipalities and public entities.

The sub-programme: Accounting Services reflects a decrease from 2016/17 to 2018/19 as a result of cost-cutting against various non-core items such as communication, catering, contractors, among others. The decrease from the 2019/20 Main to Adjusted Appropriation is due to reduced reliance on consultants, relating to preparing the consolidated AFS, as this was done internally through hired contract staff. The significant decrease in 2020/21 is mainly due to the reprioritisation of funds to special projects in Programme 1, as mentioned. The MTEF caters for various projects including the support of departments in respect of preparation, consolidation and reviewing of the AFS, preparation of the AFS for the Provincial Revenue Fund, providing required training to departments and Operation Clean Audit, among others.

The sub-programme: Norms and Standards shows a steady increase over the seven-year period. The increase over the MTEF is inflationary and mainly provides for personnel costs, various operational costs of the unit, as well as preparation of instruction notes and standard operating procedures for departments, public entities and municipalities, among others.

*Compensation of employees* shows an increasing trend from 2016/17 to 2022/23. The category grows by 24.1 per cent in 2020/21, 6.3 per cent in 2021/22 and 4.8 per cent in 2022/23. The growth in 2020/21 is higher than the National Treasury recommended rate of 7.3 per cent, and caters for the filling of 11 vacant posts within the programme. These posts include Director: Financial Reporting, Norms and Standards Specialist and SCM Clerk, among others. The low growth of 4.8 per cent in *Compensation of employees* in the outer year will be reviewed in the next budget process.

*Goods and services* reflects a decreasing trend from 2016/17 to 2018/19 due to cost-cutting against non-core items such as communication, catering and contractors, as mentioned. The decrease from the 2019/20 Main to Adjusted Appropriation relates to reprioritisation undertaken to Programme 1 for special projects such as financial management assistance to departments and special interventions such as the Treasury/Health assistance plan, as previously mentioned, as a result of reduced reliance on consultants. The significant decrease in 2020/21 can be ascribed to reprioritisation to *Goods and services* in Programme 1, to cater for the special projects under Management Services (HOD), as discussed. The

increase over the MTEF caters for CMP, MBAT, support to departments in respect of consolidating and reviewing of AFS, preparation of the AFS for the Provincial Revenue Fund, Operation Clean Audit, as well as training of and support to departments and municipalities.

*Interest and rent on land* reflects a decrease from the 2019/20 Main to Adjusted Appropriation mainly as a result of the positive bank balance as it is expected that the province will not go into overdraft and will therefore not incur any interest charges, as mentioned. Provision is, however, made over the MTEF in the event the province goes into overdraft.

*Departmental agencies and accounts* reflected in 2017/18 is in respect of the transfer to the KZNGBB that relates to legal fees that were held back by the department in 2016/17 pending the outcome of the discussions in respect of the movement of the KZNGBB to OTP.

*Transfers and subsidies to: Non-profit institutions* reflects an amount of R12 000 in the 2019/20 Adjusted Appropriation and Revised Estimate which was made as a donation to SAICA for an annual gala dinner.

*Transfers and subsidies to: Households* provides for staff exit costs.

*Machinery and equipment* is purchased on a cyclical basis, hence the fluctuating trend against this category. The significant increase in 2018/19 can be ascribed to the upgrade of the biometric servers, the hardware refresher server, as well as the biometric access control system. The increase from the 2019/20 Main to the Adjusted Appropriation is due to higher than anticipated costs to purchase desktops and laptops. The 2020/21 MTEF caters for the purchase of new and replacement desktops and laptops.

### Service delivery measures: Financial Governance

Table 6.18 show the main service delivery measures for Programme 3. Note that there are no sector measures for this sector. The department largely follows measures used in previous years, and some of the outputs and performance indicators have changed to ensure alignment with the 2020/21 APP.

Note that there are new measures under the Supply Chain Management, Accounting Services, as well as the Support and Interlinked Services sub-programmes and this is labelled “New” in the 2019/20 Estimated performance column.

**Table 6.18 : Service delivery measures: Financial Governance**

Outputs	Performance indicators	Estimated performance		Medium-term targets	
		2019/20	2020/21	2021/22	2022/23
<b>1. Asset and Liabilities Management</b>					
1.1. Improved compliance to Tax and Banking legislation and effective cash management	<ul style="list-style-type: none"> <li>No. of risk analysis reports per dept. compiled to ensure compliance with tax legislation</li> <li>No. of quarterly assessment reports to depts. on status of bank related suspense accounts compiled</li> <li>No. of quarterly reports on withdrawals from municipal bank accounts</li> </ul>	56 risk analysis reports  56 compliance assessment reports  4 reports on withdrawals from municipal bank accounts	56 risk analysis reports  56 compliance assessment reports  4 reports on withdrawals from municipal bank accounts	56 risk analysis reports  56 compliance assessment reports  4 reports on withdrawals from municipal bank accounts	56 risk analysis reports  56 compliance assessment reports  4 reports on withdrawals from municipal bank accounts
<b>2. Provincial Supply Chain Management</b>					
2.1. Reduced no. of SCM related irregular expenditure for depts.	<ul style="list-style-type: none"> <li>Reduction in SCM related audit findings resulting in irregular expenditure for departments</li> </ul>	New	Reduction of 5%	Reduction of 5%	Reduction of 5%
2.2. Compliance by depts. on the PPPFA Regulations inclusive of targets per targeted group	<ul style="list-style-type: none"> <li>No. of reports on the implementation of PPPFA regulations in the number of bids advertised inclusive of targets per targeted group, in terms of the Procurement Plan</li> </ul>	New	4 reports	4 reports	4 reports
<b>3. Accounting Services</b>					
3.1. 90% unqualified audit reports in provincial depts. and public entities	<ul style="list-style-type: none"> <li>No. of departments supported on audit readiness</li> <li>No. of public entities supported on financial management</li> </ul>	New  New	12  2	12  2	12  2



Table 6.18 : Service delivery measures: Financial Governance

Outputs	Performance indicators	Estimated performance	Medium-term targets			
		2019/20	2020/21	2021/22	2022/23	
<b>4. Norms and Standards</b>						
4.1. Improved compliance with legislation by depts. and entities	<ul style="list-style-type: none"> <li>No. of depts. and entities assessed for compliance</li> </ul>	8 financial norms & standards policies reviewed for depts. 20 policies reviewed and/or developed for entities 8 financial norms & standards reviewed and/or developed for depts. 14 departments assessed for compliance with legislation 8 entities assessed for compliance with legislation	8 financial norms & standards policies reviewed for depts. 20 policies reviewed and/or developed for entities 8 financial norms & standards reviewed and/or developed for depts. 14 departments assessed for compliance with legislation 8 entities assessed for compliance with legislation	8 financial norms & standards policies reviewed for depts. 20 policies reviewed and/or developed for entities 8 financial norms & standards reviewed and/or developed for depts. 14 departments assessed for compliance with legislation 8 entities assessed for compliance with legislation	8 financial norms & standards policies reviewed for depts. 20 policies reviewed and/or developed for entities 8 financial norms & standards reviewed and/or developed for depts. 14 departments assessed for compliance with legislation 8 entities assessed for compliance with legislation	
<b>5. Support and Interlinked Financial Systems</b>						
5.1 To provide reliable, efficient and effective financial systems in the province	<ul style="list-style-type: none"> <li>Manage and maintain existing financial transversal systems</li> </ul>	New	100%	100%	100%	

#### 8.4 Programme 4: Internal Audit

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. This programme is not as per sector structure as it is a sub-programme of Programme 1 in the generic structure of Treasuries. 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 control, financial management and reporting, leadership, forensic investigations, governance, etc.
- To provide a consulting function as per requests by relevant MECs and Heads of Departments.
- To prepare special reviews on computerised systems and performance.

Tables 6.19 and 6.20 provide a summary of payments and budgeted estimates pertaining to Programme 4. The programme as a whole reflects a steady growth over the period, with the low allocation in 2020/21 due to reprioritisation of R8.237 million from this programme to Programme 1, as explained in detail below.

**Table 6.19 : Summary of payments and estimates by sub-programme: Internal Audit**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
1. Programme Support	-	-	3 964	3 729	4 979	4 502	3 934	4 150	4 350
2. Assurance Services	78 037	72 920	74 289	94 583	104 583	102 371	85 392	88 476	92 723
3. Risk Management	24 441	27 486	20 751	28 555	28 555	26 170	28 436	29 685	31 110
4. Forensic Services	30 267	33 237	31 107	39 478	36 478	34 311	38 733	41 054	40 652
<b>Total</b>	<b>132 745</b>	<b>133 643</b>	<b>130 111</b>	<b>166 345</b>	<b>174 595</b>	<b>167 354</b>	<b>156 495</b>	<b>163 365</b>	<b>168 835</b>

**Table 6.20 : Summary of payments and estimates by economic classification: Internal Audit**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
<b>Current payments</b>	<b>131 683</b>	<b>131 826</b>	<b>128 534</b>	<b>164 915</b>	<b>171 801</b>	<b>165 108</b>	<b>154 992</b>	<b>162 264</b>	<b>167 681</b>
Compensation of employees	67 544	73 099	78 719	93 841	99 727	100 036	105 939	106 760	111 883
Goods and services	64 139	58 727	49 815	71 074	72 074	65 072	49 053	55 504	55 798
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>101</b>	<b>180</b>	<b>1 055</b>	<b>112</b>	<b>338</b>	<b>384</b>	<b>118</b>	<b>124</b>	<b>130</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	101	180	1 055	112	338	384	118	124	130
<b>Payments for capital assets</b>	<b>960</b>	<b>1 637</b>	<b>522</b>	<b>1 318</b>	<b>2 456</b>	<b>1 862</b>	<b>1 385</b>	<b>977</b>	<b>1 024</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	960	1 637	522	1 318	2 456	1 862	1 385	977	1 024
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>132 745</b>	<b>133 643</b>	<b>130 111</b>	<b>166 345</b>	<b>174 595</b>	<b>167 354</b>	<b>156 495</b>	<b>163 365</b>	<b>168 835</b>

The sub-programme: Programme Support is responsible for providing strategic leadership support to the Internal Audit unit. The steady increase over the 2020/21 MTEF provides for the running costs of the office of the DDG: Internal Audit, Secretary and the Office Manager.

The sub-programme: Assurance Services shows a fluctuating trend over the seven-year period. The decrease in 2017/18 was mainly due to late filling of vacant posts while the increase in 2018/19 can be ascribed to payments relating to 2017/18 performance audits. The increase from the 2019/20 Main to Adjusted Appropriation is due to a roll-over relating to commitments on projects that were not completed in 2018/19 and were carried over from 2018/19 to 2019/20, as well as reprioritisation from Programme 5 to cater for spending pressures against *Compensation of employees*. The significant decrease in 2020/21 is mainly due to a once-off allocation of R10 million in respect of finalising performance audits that was received in 2019/20, as well as a reprioritisation of R3.825 million from *Goods and services* in relation to consultant costs, to Programme 1, to cater for special projects, as mentioned. The growth in 2021/22 and 2022/23 is inflationary and provides for various operational costs of the unit, provision for learners towards the CIA qualification, ongoing audits such as IT, financial and governance audits, provision for the Cluster Audit and Risk Committee (CARC) members, as well as the audit of predetermined objectives of departments and some municipalities.

The sub-programme: Risk Management decreases from 2017/18 to 2018/19 mainly due to late issue of purchase orders for projects such as internal OHS risk assessments. The growth over the 2020/21 MTEF is inflationary and makes provision for assessments, workshops and training on risk/governance management and internal audit capacity building within departments and municipalities.

The sub-programme: Forensic Services shows a fluctuating trend over the seven-year period. The decrease from the 2019/20 Main to Adjusted Appropriation and the further decrease in the Revised Estimate is due to reduced reliance on consultants as work was performed through internal capacity. The increase in 2020/21 is despite reprioritisation of R2.915 million to Programme 1, as mentioned. The 2020/21 MTEF provides for various operational costs, as well as forensic audits and investigations. This function is demand-driven, either through requests from clients or through referrals from Assurance Services.

*Compensation of employees* increases by 5.9 per cent in 2020/21, 0.8 per cent in 2021/22 and 4.8 per cent in 2022/23. The increase over the 2020/21 MTEF is not sufficient to provide for existing staff salaries and the wage rate adjustment of 7.3 per cent in 2020/21 and 2021/22, as well as 7.2 per cent in 2022/23, including 1.5 per cent pay progression, as per National Treasury's recommended guidelines. The 2020/21 budget will have to be reviewed in-year.

*Goods and services* shows a fluctuating trend over the seven-year period and relates to performance audits, fraud risk assessments, municipal financial capability assessments, capacity building workshops/training on risk management and internal control, training and development programmes including learnerships, forensic investigations, IT risk assessments on the BAS application system and the development of general forensic guidelines. The decrease from 2016/17 to 2018/19 was mainly due to the late commencement of risk-based audits, as well as the delayed issue of orders for projects such as OHS risk assessment, as mentioned. The increase from the 2019/20 Main to Adjusted Appropriation is due to a roll-over relating to commitments on projects that were not completed in 2018/19, as explained. The decrease in the 2019/20 Revised Estimate relates mainly to slow spending on professional services in respect of performance audits and forensics investigations. The decrease in 2020/21 is due to reprioritisation undertaken, as a result of continuous under-spending, to Programme 1 to cater for special projects.

*Transfers and subsidies to: Households* caters for staff exit costs. The substantial increase in 2018/19 relates to higher than budgeted staff exit costs, as well as cash donation made for the burial of a trainee.

*Machinery and equipment* is for the purchase of equipment and the replacement and upgrading of equipment. The increase from the 2019/20 Main to Adjusted Appropriation was to cater for costs in respect of new and replacement laptops. The 2020/21 MTEF mainly caters for new staff appointments.

*Payments for financial assets* pertains to the write-off of irrecoverable staff debts.

### Service delivery measures: Internal Audit

Table 6.21 illustrates the main service delivery measures for Programme 4. The department largely follows the measures used in previous years, with some of the outputs and performance indicator descriptions having changed to ensure alignment with the department's 2020/21 APP. Note that there are new measures under the Risk Management and Forensic Services sub-programmes and these are labelled "New" in the 2019/20 Estimated performance column.

**Table 6.21 : Service delivery measures: Internal Audit**

Outputs		Performance indicators	Estimated performance	Medium-term targets		
			2019/20	2020/21	2021/22	2022/23
1. Assurance Services						
1.1.	Improved governance of assurance and internal control in the depts.	• No. of Internal Audit (IA) reviews conducted	112	112	112	112
		• No. of follow-up reviews on resolved audit findings conducted	56	42	65	70
1.2.	Strengthened oversight and accountability	• No. of reports issued to the Accounting Officers and Members of the Executive	20	20	20	20
		• No. of reports issued to the Audit Committee and IA (CARC), and Standing Committee on Public Accounts (SCOPA)	1	2	2	2
2. Risk Management						
	Strengthened oversight and accountability	• No. of risk and advisory reviews and assessments conducted	78	84	84	84
		• No. of reports issued to CARC and SCOPA	New	20	20	20
3. Forensic Services						
3.1	Strengthened oversight and accountability	• No. of updated registers of Forensic Investigations issued to the MEC	4	4	4	4
		• No. of reports issued to CARC and SCOPA	New	16	16	16

## 8.5 Programme 5: Municipal Finance Management

Programme 5 was established in 2018/19 in line with the new generic structure for all Treasuries which makes provision for an integrated structure in respect of the Municipal Finance Management unit.

The Municipal Accounting and Reporting sub-programme was phased in from 2019/20 to assist, support and monitor municipalities with financial management and compliance with the annual reporting framework. The sub-programme also monitors and supports effective fixed asset management, efficient financial assets and liabilities management, as well as compliance with relevant legislation.

The generic structure includes the Municipal Revenue and Debt Management sub-programme, which is phased in from 2020/21 onward. The overall purpose of this sub-programme is to establish and formulate support strategies to address weaknesses within the revenue and debt management processes of delegated municipalities.

Tables 6.22 and 6.23 illustrate the payments and budgeted estimates pertaining to Programme 5.

**Table 6.22 : Summary of payments and estimates by sub-programme: Municipal Finance Management**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
1. Programme Support	-	-	2 292	3 287	2 587	2 585	3 363	3 440	3 608
2. Municipal Budget	53 193	53 218	24 661	27 714	26 974	26 539	29 589	29 530	30 949
3. Municipal Accounting and Reporting	-	-	-	14 919	14 503	14 472	20 349	23 170	18 618
4. Municipal Support Programme	-	-	32 486	17 973	15 801	15 524	16 269	14 659	15 210
5. Municipal Revenue and Debt Management	-	-	-	-	-	-	7 160	10 147	10 508
<b>Total</b>	<b>53 193</b>	<b>53 218</b>	<b>59 439</b>	<b>63 893</b>	<b>59 865</b>	<b>59 120</b>	<b>76 730</b>	<b>80 946</b>	<b>78 893</b>

**Table 6.23 : Summary of payments and estimates by economic classification: Municipal Finance Management**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
<b>Current payments</b>	<b>53 017</b>	<b>52 860</b>	<b>59 081</b>	<b>63 174</b>	<b>59 036</b>	<b>58 316</b>	<b>75 312</b>	<b>80 424</b>	<b>78 658</b>
Compensation of employees	25 757	29 616	34 231	44 295	40 983	40 352	46 794	43 453	41 725
Goods and services	27 260	23 244	24 850	18 879	18 053	17 964	28 518	36 971	36 933
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>-</b>	<b>28</b>	<b>5</b>	<b>-</b>	<b>26</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	28	5	-	26	35	-	-	-
<b>Payments for capital assets</b>	<b>176</b>	<b>327</b>	<b>353</b>	<b>719</b>	<b>803</b>	<b>769</b>	<b>1 418</b>	<b>522</b>	<b>235</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	176	327	353	719	803	769	1 418	522	235
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>53 193</b>	<b>53 218</b>	<b>59 439</b>	<b>63 893</b>	<b>59 865</b>	<b>59 120</b>	<b>76 730</b>	<b>80 946</b>	<b>78 893</b>

The sub-programme: Programme Support is responsible for providing strategic leadership support to the Municipal Finance Management unit. The Programme Manager, the Secretary and the Office Manager are provided for under this sub-programme, as well as their running costs. The sub-programme shows a decrease from the 2019/20 Main to the Adjusted Appropriation as a result of savings on personnel costs which were higher than budgeted for. The increase from 2019/20 to the 2020/21 MTEF is inflationary.

The sub-programme: Municipal Budget reflects a significant decrease in 2018/19 mainly due to late submissions of invoices by service providers in respect of the MSP, as well as savings from cost-cutting measures. The decrease from the 2019/20 Main to Adjusted Appropriation was due to savings on *Compensation of employees* as a result of internal delays in filling vacant posts, as well as delays in the appointment of consultants. The increase from 2019/20 to the 2020/21 MTEF is inflationary.

The sub-programme: Municipal Accounting and Reporting was fully functional from 2019/20. The significant increase in 2020/21 is as a result of internal reprioritisation from *Compensation of employees* within the programme to cater for consultant costs under *Goods and services*, as well as increased allocations for filling vacant posts, travel and subsistence and tools of trade for new employees. The growth over the 2020/21 MTEF is inflationary and makes provision for assisting, supporting and monitoring municipalities with financial management and compliance with the annual reporting framework. This will be achieved by promoting an understanding of accounting standards, monitoring compliance with reporting requirements, providing accounting services and support, implementing systems and processes to improve sound financial management and audit outcomes, reviewing the quality of AFS, as well as monitoring, evaluating and reporting on compliance with the municipal asset management regulations.

The sub-programme: Municipal Support Programme decreased in 2019/20 due to a once-off reprioritisation to address a shortfall in Programme 3, to assist municipalities and municipal entities to transact in compliance with mSCOA regulations. The further decrease from the 2019/20 Main to Adjusted Appropriation relates to delays in filling vacant posts. This sub-programme will continue to assist and provide technical support to delegated municipalities. The 2020/21 MTEF indicates a fluctuating trend due to reprioritisation of funds to the sub-programme: Municipal Revenue and Debt Management.

The sub-programme: Municipal Revenue and Debt Management is a new sub-programme which will be fully functional from the 2020/21 MTEF onward. The allocation makes provision for establishing and formulating support strategies to address weaknesses within the revenue and debt management processes of delegated municipalities. The growth over the 2020/21 MTEF is inflationary.

*Compensation of employees* reflects an increasing trend from 2016/17 to 2019/20 in line with the implementation of the new programme structure. The decrease from the 2019/20 Main to the Adjusted Appropriation is due to delays in the filling of vacant posts such as Municipal Budget Analysts. This category grows by 16 per cent in 2020/21 and decreases by 7.1 per cent and 4 per cent in 2021/22 and 2022/23, respectively. Sufficient provision was made for the inflationary wage adjustment of 7.3 per cent in 2020/21 including the 1.5 per cent pay progression. The budget for the two outer years shows negative growth and does not sufficiently cater for National Treasury's recommended wage adjustment rate of 7.3 per cent in 2021/22 and 7.2 per cent in 2022/23. The high growth in 2020/21 is due to the implementation of the Municipal Revenue and Debt Management sub-programme, which will result in nine additional contract employees being hired. These posts are part of the 31 posts planned to be filled. The reduction in respect of *Compensation of employees* in 2021/22 is a result of the reduction in the use of five contract employees due to their contracts expiring in the middle of 2021/22. The negative growth in the outer years is after reprioritisation of funds from *Compensation of employees* to *Goods and services* and will be reviewed in the next budget process.

*Goods and services* reflects a fluctuating trend over the seven-year period. The decrease from the 2019/20 Main to Adjusted Appropriation is due to a reprioritisation of funds to Programme 4 as a result of a reduced reliance on consultants, as explained. The significant increase in 2020/21 is due to the implementation of the Municipal Revenue and Debt Management sub-programme.

*Transfers and subsidies to: Households* relates to staff exit costs.

*Machinery and equipment* is for the purchase of equipment to provide for the filling of posts and the replacement and upgrading of equipment.

### **Service delivery measures: Municipal Finance Management**

Table 6.24 reflects the main service delivery measures pertaining to Programme 5. The department largely follows the measures used in previous years, with some of the outputs and performance indicator descriptions having changed to ensure alignment with the department's 2020/21 APP.

Note that there are new measures under the Municipal Revenue and Debt Management sub-programme and this is labelled "New" in the 2019/20 Estimated performance column.

Table 6.24 : Service delivery measures: Municipal Finance Management

Outputs		Performance indicators	Estimated performance	Medium-term targets		
			2019/20	2020/21	2021/22	2022/23
<b>1. Municipal Budget</b>						
1.1	To ensure that Provincial Treasury recommendations are implemented by municipalities	<ul style="list-style-type: none"><li>No. of tabled budgets evaluated and feedback provided to delegated municipalities</li><li>No. of approved budgets evaluated and feedback provided to delegated municipalities</li></ul>	51 municipal tabled budgets evaluated and feedback provided 51 municipal approved budgets evaluated	51 municipal tabled budgets evaluated and feedback provided 51 municipal approved budgets evaluated	51 municipal tabled budgets evaluated and feedback provided 51 municipal approved budgets evaluated	51 municipal tabled budgets evaluated and feedback provided 51 municipal approved budgets evaluated
<b>2. Municipal Accounting and Reporting</b>						
2.1	Provincial Treasury recommendations implemented by municipalities	<ul style="list-style-type: none"><li>No of pre-audit assessment projects conducted at targeted municipalities by 31 August annually</li><li>No. of Financial Management Support projects implemented at targeted municipalities</li></ul>	1 Pre-audit assessment report in 4 municipalities by 31 August 2019  Progress reports on intensive on-site financial management support to 6 municipalities	16 projects  Progress reports on intensive on-site financial management support to 6 municipalities	16 projects  Progress reports on intensive on-site financial management support to 6 municipalities	16 projects  Progress reports on intensive on-site financial management support to 6 municipalities
2.2	Full implementation of mSCOA by municipalities	<ul style="list-style-type: none"><li>No. of municipalities supported with implementation of mSCOA</li></ul>	4 Progress reports on the implementation of mSCOA in municipalities	Monitor implementation of mSCOA by municipalities and provide progress reports within 30 days of every quarter end	n/a	n/a
<b>3. Municipal Support Programme</b>						
3.1	Provincial Treasury recommendations implemented by municipalities	<ul style="list-style-type: none"><li>No. of MSP projects implemented at target municipalities</li></ul>	10 projects to be implemented	10 projects to be implemented	10 projects to be implemented	10 projects to be implemented
<b>4. Municipal Revenue and Debt Management</b>						
4.1	Provincial Treasury recommendations implemented by municipalities	<ul style="list-style-type: none"><li>No. of revenue and debt projects implemented at target municipalities</li></ul>	New	2 projects to be implemented	2 projects to be implemented	2 projects to be implemented

## 9. Other programme information

### 9.1 Personnel numbers and costs

Table 6.25 provides detail of the department's approved establishment and personnel numbers, per level and programme.

The table also gives a breakdown of employee's dispensation classification. The total personnel number for the department is 536 employees in 2019/20, and the total personnel increases to 599 in 2020/21. The increase in personnel numbers from 2019/20 and over the 2020/21 MTEF relates to a reduction in the use of consultants and an increase in the number of general contract employees. The increase is despite the budget cuts of R2.403 million in 2020/21 and R2.492 million in 2021/22. The allocations include provision for salaries for contract personnel that will be working on certain departmental projects, such as TAs working on IDIP, CMP, etc.

It is noted that National Treasury has changed the groupings of the salary levels 1 – 6 to 1 – 7 and 7 – 10 to 8 – 10, but has not amended the formula in the *EPRE* tables. The department was able to change the costs of the levels but not the number of personnel. As such, the number of personnel remains unchanged for previous years as in the 2019/20 *EPRE*, while the costs have changed taking into account the change in the grouping levels.

Table 6.25 : Summary of departmental personnel numbers and costs by component

R thousands	Audited Outcome						Revised Estimate		Medium-term Estimates						Average annual growth over MTEF		
	2016/17		2017/18		2018/19		2019/20		2020/21		2021/22		2022/23		2019/20 - 2022/23		
	Pers. Nos.1	Costs	Pers. Nos.1	Costs	Pers. Nos.1	Costs	Filled posts	Addit. posts	Pers. Nos.1	Costs	Pers. Nos.1	Costs	Pers. Nos.1	Costs	Pers. growth rate	Costs growth rate	% Costs of Total
<b>Salary level</b>																	
1 – 7	181	22 895	144	24 308	152	27 888	89	41	130	27 444	157	40 900	179	43 151	11.5%	17.9%	10.1%
8 – 10	194	63 095	155	67 274	177	75 335	116	82	198	113 492	218	124 830	250	126 271	8.1%	5.0%	32.5%
11 – 12	141	90 343	139	98 179	146	106 150	110	23	133	112 029	153	129 458	164	131 361	8.3%	6.7%	33.2%
13 – 16	59	74 981	55	79 897	63	89 090	59	15	74	84 697	70	87 131	73	91 316	3.1%	3.7%	23.7%
Other	1	1 069	1	1 122	1	1 183	1	-	1	1 512	1	1 595	1	1 683	-	5.3%	0.4%
<b>Total</b>	<b>576</b>	<b>252 383</b>	<b>494</b>	<b>270 780</b>	<b>539</b>	<b>299 646</b>	<b>375</b>	<b>161</b>	<b>536</b>	<b>339 174</b>	<b>599</b>	<b>383 914</b>	<b>667</b>	<b>393 782</b>	<b>8.3%</b>	<b>6.4%</b>	<b>100.0%</b>
<b>Programme</b>																	
1. Administration	179	67 170	166	74 943	175	85 853	127	53	180	90 260	199	99 946	204	104 581	4.3%	6.7%	26.7%
2. Sustainable Resource Management	47	34 957	38	32 667	39	34 778	33	6	39	36 338	42	41 620	41	43 721	0.8%	8.0%	11.0%
3. Financial Governance	142	56 955	118	60 455	135	66 065	90	29	119	72 188	130	89 615	144	95 267	6.8%	11.4%	23.4%
4. Internal Audit	163	67 544	130	73 099	146	78 719	89	64	153	100 036	152	105 939	204	106 760	10.1%	3.8%	27.9%
5. Municipal Finance Management	45	25 757	42	29 616	44	34 231	36	9	45	40 352	76	46 794	74	43 453	25.1%	1.1%	11.0%
<b>Total</b>	<b>576</b>	<b>252 383</b>	<b>494</b>	<b>270 780</b>	<b>539</b>	<b>299 646</b>	<b>375</b>	<b>161</b>	<b>536</b>	<b>339 174</b>	<b>599</b>	<b>383 914</b>	<b>667</b>	<b>393 782</b>	<b>8.3%</b>	<b>6.4%</b>	<b>100.0%</b>
<b>Employee dispensation classification</b>																	
PSA appointees not covered by OSDs	575	251 314	493	269 658	538	298 463	374	161	535	337 662	598	382 319	666	392 099	8.3%	6.4%	99.6%
Legal Professionals	1	1 069	1	1 122	1	1 183	1	-	1	1 512	1	1 595	1	1 683	-	5.3%	0.4%
<b>Total</b>	<b>576</b>	<b>252 383</b>	<b>494</b>	<b>270 780</b>	<b>539</b>	<b>299 646</b>	<b>375</b>	<b>161</b>	<b>536</b>	<b>339 174</b>	<b>599</b>	<b>383 914</b>	<b>667</b>	<b>393 782</b>	<b>8.3%</b>	<b>6.4%</b>	<b>100.0%</b>

1. Personnel numbers includes all filled posts together with those posts additional to the approved establishment

Employees such as interns, in-service trainees and SAICA trainees employed by the department are provided for under Programme 1. The number of personnel reflects a steady increase, and the budget shows steady growth from 2016/17 to 2022/23 despite the budget cuts. The year-on-year growth of 13.2 per cent in 2020/21 is above the National Treasury guidelines while the growth of 2.6 per cent in 2021/22 and 3.8 per cent in 2022/23 is below the guidelines and does not make adequate provision for the carry-through costs of the above-budget wage agreement and the inflationary wage adjustment, as well as the 1.5 per cent pay progression. This will be reviewed by the department in the next budget process, and is dependent on whether or not the department is able to fill the 63 vacant posts in 2020/21 as anticipated. The department plans to fill 68 posts in 2021/22, and this will be reviewed in the next budget process.

## 9.2 Training

Table 6.26 shows the department's actual spending and estimates on training per programme. The department complies largely with the Skills Development Act – i.e. it budgets for approximately 1 per cent of its salary expense going toward staff training. The allocation toward training aligns with the allocation under the *Training and development* item under *Goods and services* in Annexure 6.B.

Table 6.26 : Information on training: Provincial Treasury

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19				2020/21	2021/22	2022/23
<b>Number of staff</b>	576	494	539	536	536	536	599	667	681
<b>Number of personnel trained</b>	373	385	385	385	385	377	421	421	421
<i>of which</i>									
Male	150	160	160	160	160	168	176	176	176
Female	223	225	225	225	225	209	245	245	245
<b>Number of training opportunities</b>	615	621	621	621	621	790	790	790	790
<i>of which</i>									
Tertiary	5	6	6	6	6	6	6	6	6
Workshops	160	165	165	165	165	548	548	548	548
Seminars	100	100	100	100	100	79	79	79	79
Other	350	350	350	350	350	157	157	157	157
Number of bursaries offered	11	30	12	12	12	8	6	6	6
Number of interns appointed	14	25	14	14	14	-	25	-	25
Number of learnerships appointed	-	20	-	-	-	50	-	25	25
Number of days spent on training	120	120	120	120	120	263	263	263	263
<b>Payments on training by programme</b>									
1. Administration	642	534	634	1 007	930	816	1 072	1 138	1 193
2. Sustainable Resource Management	55	96	60	308	141	61	234	250	262
3. Financial Governance	362	517	1 115	669	914	803	942	1 015	1 063
4. Internal Audit	815	903	496	1 079	1 109	1 031	1 067	1 044	1 094
5. Municipal Finance Management	150	112	67	143	167	120	171	185	201
<b>Total</b>	<b>2 024</b>	<b>2 162</b>	<b>2 372</b>	<b>3 206</b>	<b>3 261</b>	<b>2 831</b>	<b>3 486</b>	<b>3 632</b>	<b>3 813</b>





## ANNEXURE – VOTE 6: PROVINCIAL TREASURY

Table 6.A : Details of departmental of receipts: Provincial Treasury

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
<b>Tax receipts</b>	-	-	-	-	-	-	-	-	-
Casino taxes	-	-	-	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-	-	-	-
<b>Sale of goods and services other than capital assets</b>	<b>352</b>	<b>446</b>	<b>286</b>	<b>228</b>	<b>228</b>	<b>245</b>	<b>232</b>	<b>259</b>	<b>287</b>
Sale of goods and services produced by department (excluding capital assets)	352	427	283	223	223	240	227	254	282
Sale by market establishments	106	105	117	109	109	126	109	130	152
Administrative fees	41	34	71	23	23	23	24	25	26
Other sales	205	288	95	91	91	91	94	99	104
Of which									
Commission	69	68	48	48	48	48	51	54	57
Tender documents	134	198	39	39	39	39	41	43	45
Sale of scrap, waste, arms and other used current goods (excluding capital assets)	-	19	3	5	5	5	5	5	5
<b>Transfers received from:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other governmental units	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Households and non-profit institutions	-	-	-	-	-	-	-	-	-
<b>Fines, penalties and forfeits</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Interest, dividends and rent on land</b>	<b>284 822</b>	<b>338 296</b>	<b>440 971</b>	<b>365 000</b>	<b>365 000</b>	<b>522 874</b>	<b>387 998</b>	<b>413 345</b>	<b>433 186</b>
Interest	284 822	338 296	440 971	365 000	365 000	522 874	387 998	413 345	433 186
Dividends	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
<b>Sale of capital assets</b>	<b>119</b>	<b>356</b>	<b>-</b>	<b>204</b>	<b>204</b>	<b>1 435</b>	<b>210</b>	<b>222</b>	<b>233</b>
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Other capital assets	119	356	-	204	204	1 435	210	222	233
<b>Transactions in financial assets and liabilities</b>	<b>3 594</b>	<b>715</b>	<b>466</b>	<b>410</b>	<b>410</b>	<b>2 155</b>	<b>422</b>	<b>445</b>	<b>466</b>
<b>Total</b>	<b>288 888</b>	<b>339 813</b>	<b>441 723</b>	<b>365 842</b>	<b>365 842</b>	<b>526 709</b>	<b>388 862</b>	<b>414 271</b>	<b>434 172</b>

Table 6.B: Payments and estimates by economic classification: Provincial Treasury

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
<b>Current payments</b>	<b>583 277</b>	<b>571 510</b>	<b>630 035</b>	<b>700 363</b>	<b>706 789</b>	<b>682 705</b>	<b>699 517</b>	<b>732 252</b>	<b>767 580</b>
Compensation of employees	252 383	270 780	299 646	360 012	347 820	339 174	383 914	393 782	408 866
Salaries and wages	227 157	242 945	269 216	322 422	314 796	304 947	344 419	350 673	363 674
Social contributions	25 226	27 835	30 430	37 590	33 024	34 227	39 495	43 109	45 192
Goods and services	330 300	300 730	330 375	338 851	358 969	343 531	314 794	337 783	357 994
Administrative fees	10 175	11 964	10 419	8 075	7 007	6 356	8 835	9 327	8 550
Advertising	3 186	4 273	3 207	3 593	3 700	3 325	4 497	4 790	5 019
Minor assets	7 511	241	399	738	1 102	891	881	875	917
Audit cost: External	4 448	5 225	4 602	5 826	5 660	5 234	6 147	6 485	6 796
Bursaries: Employees	582	839	937	614	614	570	1 006	1 012	1 061
Catering: Departmental activities	1 690	1 763	2 307	1 451	2 091	1 266	1 563	1 616	1 693
Communication (G&S)	2 791	2 046	2 903	2 859	2 248	1 823	2 702	3 150	3 307
Computer services	115 405	108 611	104 937	98 238	93 877	106 140	101 908	105 829	109 735
Cons. & prof serv: Business and advisory services	124 868	22 485	14 264	50 273	42 844	14 519	29 171	27 228	41 516
Infrastructure and planning	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	3 150	2 166	3 722	2 603	2 104	2 708	3 009	3 263	3 419
Contractors	10 123	940	1 850	1 178	2 904	4 694	4 416	4 797	5 027
Agency and support / outsourced services	81	89 142	123 230	101 540	131 013	135 856	85 765	100 879	99 016
Entertainment	-	-	-	5	5	5	-	-	-
Fleet services (including govt motor transport)	1 632	1 740	1 992	2 027	2 005	1 864	2 094	2 209	2 315
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	3	-	238	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	165	111	10	30	70	10	27	29
Inventory: Chemicals, fuel, oil, gas, wood and coal	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	3	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	3	147	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	581	847	1 338	1 570	1 429	1 476	1 520	1 593
Consumable supplies	524	612	1 962	2 540	2 943	2 152	627	1 199	1 256
Consumable: Stationery, printing and office supplies	1 830	1 812	1 505	2 845	2 489	2 178	2 993	3 160	3 319
Operating leases	14 170	16 570	19 323	17 223	18 952	19 158	18 775	19 805	20 755
Property payments	8 852	9 335	11 757	10 123	10 697	11 408	10 567	11 148	11 683
Transport provided: Departmental activity	115	199	306	166	710	250	203	214	225
Travel and subsistence	13 707	14 065	14 008	18 519	16 553	15 225	20 889	21 467	22 595
Training and development	2 024	2 162	2 372	3 206	3 261	2 831	3 486	3 632	3 813
Operating payments	2 579	3 163	2 832	3 129	3 388	2 925	3 081	3 384	3 551
Venues and facilities	85	628	583	729	1 199	269	693	767	804
Rental and hiring	772	-	-	-	-	-	-	-	-
Interest and rent on land	594	-	14	1 500	-	-	809	687	720
Interest	594	-	14	1 500	-	-	809	687	720
Rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>8 077</b>	<b>5 419</b>	<b>7 293</b>	<b>2 201</b>	<b>5 572</b>	<b>6 230</b>	<b>1 652</b>	<b>1 756</b>	<b>1 840</b>
Provinces and municipalities	24	26	54	26	26	35	27	28	29
Provinces	24	26	54	26	26	35	27	28	29
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	24	26	54	26	26	35	27	28	29
Municipalities	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	1 025	2	3	3	3	3	3	3
Social security funds	-	-	-	-	-	-	-	-	-
Entities receiving transfers	-	1 025	2	3	3	3	3	3	3
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	7	-	5	-	-	-	-	-	-
Public corporations	7	-	5	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	7	-	5	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Non-profit institutions	3 857	3 264	205	213	537	115	279	294	308
Households	4 189	1 104	7 027	1 959	5 006	6 077	1 343	1 431	1 500
Social benefits	856	731	2 356	416	3 172	3 921	490	504	529
Other transfers to households	3 333	373	4 671	1 543	1 834	2 156	853	927	971
<b>Payments for capital assets</b>	<b>4 740</b>	<b>11 941</b>	<b>18 842</b>	<b>19 065</b>	<b>15 293</b>	<b>10 686</b>	<b>17 594</b>	<b>15 429</b>	<b>15 859</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	4 740	11 941	18 842	18 807	13 933	9 326	17 322	15 142	15 558
Transport equipment	1 379	4 642	7 073	7 262	7 262	750	6 782	5 211	5 462
Other machinery and equipment	3 361	7 299	11 769	11 545	6 671	8 576	10 540	9 931	10 096
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	258	1 360	1 360	272	287	301
<b>Payments for financial assets</b>	<b>21</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>596 115</b>	<b>588 876</b>	<b>656 170</b>	<b>721 629</b>	<b>727 654</b>	<b>699 621</b>	<b>718 763</b>	<b>749 437</b>	<b>785 279</b>

Table 6.C : Payments and estimates by economic classification: Administration

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
<b>Current payments</b>	<b>148 999</b>	<b>150 022</b>	<b>217 157</b>	<b>202 456</b>	<b>225 943</b>	<b>211 789</b>	<b>200 821</b>	<b>208 429</b>	<b>231 413</b>
Compensation of employees	67 170	74 943	85 853	96 062	94 598	90 260	99 946	104 581	109 598
Salaries and wages	59 506	66 352	76 309	85 030	83 566	80 283	88 563	92 793	97 244
Social contributions	7 664	8 591	9 544	11 032	11 032	9 977	11 383	11 788	12 354
Goods and services	81 829	75 079	131 290	106 394	131 345	121 529	100 875	103 848	121 815
Administrative fees	427	369	350	498	334	255	503	528	553
Advertising	2 002	2 276	3 188	2 753	3 048	2 856	4 085	4 300	4 506
Minor assets	326	144	220	328	279	268	343	370	388
Audit cost: External	4 448	5 225	4 579	5 826	5 660	5 234	6 147	6 485	6 796
Bursaries: Employees	582	839	937	614	614	570	1 006	1 012	1 061
Catering: Departmental activities	1 235	1 220	2 056	1 003	1 514	752	1 066	1 155	1 211
Communication (G&S)	1 392	1 165	2 523	1 536	1 417	1 345	1 475	1 585	1 662
Computer services	16 228	15 067	18 836	9 913	10 021	12 163	13 295	14 090	14 766
Cons. & prof serv: Business and advisory services	10 300	7 889	3 910	40 242	40 299	3 596	23 088	21 378	35 385
Infrastructure and planning	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	3 150	2 025	3 376	2 403	2 104	1 792	2 724	2 962	3 104
Contractors	10 036	778	1 785	1 122	2 832	4 622	4 330	4 715	4 941
Agency and support / outsourced services	81	2 009	46 956	-	20 340	46 764	-	-	-
Entertainment	-	-	-	5	5	5	-	-	-
Fleet services (including govt motor transport)	1 632	1 740	1 992	2 027	2 005	1 864	2 094	2 209	2 315
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	3	-	238	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	165	111	10	30	70	10	27	29
Inventory: Chemicals, fuel, oil, gas, wood and coal	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	3	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	3	147	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	581	847	1 338	1 570	1 429	1 476	1 520	1 593
Consumable supplies	364	435	1 738	341	685	816	427	463	485
Consumable: Stationery, printing and office supplies	936	958	740	1 531	1 325	1 243	1 538	1 624	1 701
Operating leases	14 151	16 518	19 262	17 207	18 936	19 118	18 708	19 737	20 684
Property payments	8 852	9 332	11 757	10 123	10 697	11 408	10 567	11 148	11 683
Transport provided: Departmental activity	115	199	306	166	710	250	203	214	225
Travel and subsistence	3 459	3 946	3 997	4 637	3 966	3 134	5 042	5 323	5 579
Training and development	642	534	634	1 007	930	816	1 072	1 138	1 193
Operating payments	683	1 038	646	1 053	874	558	1 005	1 121	1 175
Venues and facilities	16	624	544	708	1 147	216	671	744	780
Rental and hiring	772	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	14	-	-	-	-	-	-
Interest	-	-	14	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>7 484</b>	<b>3 940</b>	<b>5 125</b>	<b>1 891</b>	<b>4 779</b>	<b>5 437</b>	<b>1 274</b>	<b>1 370</b>	<b>1 435</b>
Provinces and municipalities	24	26	54	26	26	35	27	28	29
Provinces	24	26	54	26	26	35	27	28	29
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	24	26	54	26	26	35	27	28	29
Municipalities	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	2	3	3	3	3	3	3
Social security funds	-	-	-	-	-	-	-	-	-
Entities receiving transfers	-	-	2	3	3	3	3	3	3
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	7	-	5	-	-	-	-	-	-
Public corporations	7	-	5	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	7	-	5	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Non-profit institutions	3 857	3 264	205	213	525	103	279	294	308
Households	3 596	650	4 859	1 649	4 225	5 296	965	1 045	1 095
Social benefits	263	277	506	106	2 391	3 140	112	118	124
Other transfers to households	3 333	373	4 353	1 543	1 834	2 156	853	927	971
<b>Payments for capital assets</b>	<b>2 598</b>	<b>8 997</b>	<b>11 767</b>	<b>15 862</b>	<b>10 390</b>	<b>6 546</b>	<b>13 676</b>	<b>12 392</b>	<b>12 987</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 598	8 997	11 767	15 604	9 030	5 186	13 404	12 105	12 686
Transport equipment	1 379	4 642	7 073	7 262	7 262	750	6 782	5 211	5 462
Other machinery and equipment	1 219	4 355	4 694	8 342	1 768	4 436	6 622	6 894	7 224
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	258	1 360	1 360	272	287	301
<b>Payments for financial assets</b>	<b>20</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>159 101</b>	<b>162 962</b>	<b>234 049</b>	<b>220 209</b>	<b>241 112</b>	<b>223 772</b>	<b>215 771</b>	<b>222 191</b>	<b>245 835</b>

Table 6.D : Payments and estimates by economic classification: Sustainable Resource Management

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
<b>Current payments</b>	<b>43 567</b>	<b>38 794</b>	<b>38 005</b>	<b>47 325</b>	<b>44 133</b>	<b>43 669</b>	<b>49 775</b>	<b>52 513</b>	<b>55 033</b>
Compensation of employees	34 957	32 667	34 778	41 022	36 717	36 338	41 620	43 721	45 821
Salaries and wages	32 232	29 744	31 716	37 967	33 504	33 106	38 272	40 185	42 115
Social contributions	2 725	2 923	3 062	3 055	3 213	3 232	3 348	3 536	3 706
Goods and services	8 016	6 127	3 227	6 303	7 416	7 331	8 155	8 792	9 212
Administrative fees	67	49	64	58	36	36	61	64	67
Advertising	-	11	14	98	85	75	103	109	114
Minor assets	59	9	15	73	77	82	24	25	26
Audit cost: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	84	50	75	114	116	93	88	93	97
Communication (G&S)	214	99	75	195	137	101	136	140	147
Computer services	98	181	-	100	100	-	-	-	-
Cons. & prof serv: Business and advisory services	5 191	3 422	315	10	10	4 557	-	-	-
Infrastructure and planning	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-
Contractors	17	26	7	5	9	9	5	5	5
Agency and support / outsourced services	-	-	-	2 933	4 359	-	5 161	5 635	5 905
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services (including govt motor transport)	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-
Inventory: Chemicals, fuel, oil, gas, wood and coal	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	15	28	28	34	22	15	24	25	26
Consumable: Stationery, printing and office supplies	133	141	80	212	143	128	228	239	251
Operating leases	-	-	-	-	-	-	-	-	-
Property payments	-	-	-	-	-	-	-	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	1 303	1 341	1 492	1 361	1 117	985	1 454	1 534	1 607
Training and development	55	96	60	308	141	61	234	250	262
Operating payments	780	674	1 002	802	1 064	1 189	637	673	705
Venues and facilities	-	-	-	-	-	-	-	-	-
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	594	-	-	-	-	-	-	-	-
Interest	594	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>-</b>	<b>67</b>	<b>-</b>	<b>-</b>	<b>105</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-
Entities receiving transfers	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	67	-	-	105	105	-	-	-
Social benefits	-	67	-	-	105	105	-	-	-
Other transfers to households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>299</b>	<b>238</b>	<b>339</b>	<b>316</b>	<b>403</b>	<b>304</b>	<b>209</b>	<b>219</b>	<b>230</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	299	238	339	316	403	304	209	219	230
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	299	238	339	316	403	304	209	219	230
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>43 866</b>	<b>39 099</b>	<b>38 344</b>	<b>47 641</b>	<b>44 641</b>	<b>44 078</b>	<b>49 984</b>	<b>52 732</b>	<b>55 263</b>

Table 6.E : Payments and estimates by economic classification: Financial Governance

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
<b>Current payments</b>	<b>206 011</b>	<b>198 008</b>	<b>187 258</b>	<b>222 493</b>	<b>205 876</b>	<b>203 823</b>	<b>218 617</b>	<b>228 622</b>	<b>234 795</b>
Compensation of employees	56 955	60 455	66 065	84 792	75 795	72 188	89 615	95 267	99 839
Salaries and wages	51 053	54 108	58 999	75 537	70 557	64 212	79 419	84 214	88 256
Social contributions	5 902	6 347	7 066	9 255	5 238	7 976	10 196	11 053	11 583
Goods and services	149 056	137 553	121 193	136 201	130 081	131 635	128 193	132 668	134 236
Administrative fees	9 436	11 306	9 736	7 236	6 331	5 722	7 849	8 290	7 463
Advertising	1 145	1 986	5	742	567	380	309	381	399
Minor assets	7 009	60	65	173	290	189	171	195	204
Audit cost: External	-	-	23	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	281	372	46	137	163	171	156	154	161
Communication (G&S)	722	435	143	597	303	167	670	715	750
Computer services	98 324	92 446	85 842	86 993	82 522	92 740	87 742	90 397	93 563
Cons. & prof serv: Business and advisory services	26 748	8 603	6 226	2 226	2 324	2 834	2 754	2 850	2 987
Infrastructure and planning	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	-	141	346	200	-	916	285	301	315
Contractors	50	105	18	20	30	39	46	48	51
Agency and support / outsourced services	-	16 832	13 810	31 672	31 249	21 658	21 252	21 501	20 131
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services (including govt motor transport)	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-
Inventory: Chemicals, fuel, oil, gas, wood and coal	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	124	97	147	123	153	1 219	130	668	700
Consumable: Stationery, printing and office supplies	297	324	274	419	376	344	510	537	565
Operating leases	9	52	61	16	16	40	67	68	71
Property payments	-	3	-	-	-	-	-	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	4 225	3 941	3 070	4 633	4 379	3 982	4 943	5 163	5 409
Training and development	362	517	1 115	669	914	803	942	1 015	1 063
Operating payments	255	329	256	324	412	378	345	362	380
Venues and facilities	69	4	10	21	52	53	22	23	24
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	1 500	-	-	809	687	720
Interest	-	-	-	1 500	-	-	809	687	720
Rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>492</b>	<b>1 204</b>	<b>1 108</b>	<b>198</b>	<b>324</b>	<b>269</b>	<b>260</b>	<b>262</b>	<b>275</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	1 025	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-
Entities receiving transfers	-	1 025	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	12	12	-	-	-
Households	492	179	1 108	198	312	257	260	262	275
Social benefits	492	179	807	198	312	257	260	262	275
Other transfers to households	-	-	301	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>707</b>	<b>742</b>	<b>5 861</b>	<b>850</b>	<b>1 241</b>	<b>1 205</b>	<b>906</b>	<b>1 319</b>	<b>1 383</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	707	742	5 861	850	1 241	1 205	906	1 319	1 383
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	707	742	5 861	850	1 241	1 205	906	1 319	1 383
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>207 210</b>	<b>199 954</b>	<b>194 227</b>	<b>223 541</b>	<b>207 441</b>	<b>205 297</b>	<b>219 783</b>	<b>230 203</b>	<b>236 453</b>

Table 6.F : Payments and estimates by economic classification: Internal Audit

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
<b>Current payments</b>	<b>131 683</b>	<b>131 826</b>	<b>128 534</b>	<b>164 915</b>	<b>171 801</b>	<b>165 108</b>	<b>154 992</b>	<b>162 264</b>	<b>167 681</b>
Compensation of employees	67 544	73 099	78 719	93 841	99 727	100 036	105 939	106 760	111 883
Salaries and wages	61 020	65 921	70 951	83 070	89 668	90 215	94 956	93 809	98 311
Social contributions	6 524	7 178	7 768	10 771	10 059	9 821	10 983	12 951	13 572
Goods and services	64 139	58 727	49 815	71 074	72 074	65 072	49 053	55 504	55 798
Administrative fees	217	214	222	233	235	257	247	261	274
Advertising	-	-	-	-	-	-	-	-	-
Minor assets	77	8	75	84	371	336	136	141	148
Audit cost: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	64	71	92	91	196	147	141	95	99
Communication (G&S)	373	240	99	435	310	148	300	579	608
Computer services	755	917	181	1 150	1 152	1 151	784	1 250	1 310
Cons. & prof serv: Business and advisory services	57 089	2 571	3 813	7 795	211	3 532	3 329	3 000	3 144
Infrastructure and planning	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-
Contractors	8	-	7	-	2	2	-	-	-
Agency and support / outsourced services	-	49 056	39 510	53 896	62 383	52 511	35 945	41 956	41 597
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services (including govt motor transport)	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-
Inventory: Chemicals, fuel, oil, gas, wood and coal	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	18	45	25	31	48	71	34	36	38
Consumable: Stationery, printing and office supplies	265	212	259	268	351	261	299	317	332
Operating leases	-	-	-	-	-	-	-	-	-
Property payments	-	-	-	-	-	-	-	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	3 903	3 947	4 367	5 454	5 010	5 125	6 109	6 054	6 345
Training and development	815	903	496	1 079	1 109	1 031	1 067	1 044	1 094
Operating payments	555	543	669	558	696	500	662	771	809
Venues and facilities	-	-	-	-	-	-	-	-	-
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>101</b>	<b>180</b>	<b>1 055</b>	<b>112</b>	<b>338</b>	<b>384</b>	<b>118</b>	<b>124</b>	<b>130</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-
Entities receiving transfers	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	101	180	1 055	112	338	384	118	124	130
Social benefits	101	180	1 038	112	338	384	118	124	130
Other transfers to households	-	-	17	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>960</b>	<b>1 637</b>	<b>522</b>	<b>1 318</b>	<b>2 456</b>	<b>1 862</b>	<b>1 385</b>	<b>977</b>	<b>1 024</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	960	1 637	522	1 318	2 456	1 862	1 385	977	1 024
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	960	1 637	522	1 318	2 456	1 862	1 385	977	1 024
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>132 745</b>	<b>133 643</b>	<b>130 111</b>	<b>166 345</b>	<b>174 595</b>	<b>167 354</b>	<b>156 495</b>	<b>163 365</b>	<b>168 835</b>

Table 6.G : Payments and estimates by economic classification: Municipal Finance Management

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2016/17	2017/18	2018/19	2019/20			2020/21	2021/22	2022/23
<b>Current payments</b>	<b>53 017</b>	<b>52 860</b>	<b>59 081</b>	<b>63 174</b>	<b>59 036</b>	<b>58 316</b>	<b>75 312</b>	<b>80 424</b>	<b>78 658</b>
Compensation of employees	25 757	29 616	34 231	44 295	40 983	40 352	46 794	43 453	41 725
Salaries and wages	23 346	26 820	31 241	40 818	37 501	37 131	43 209	39 672	37 748
Social contributions	2 411	2 796	2 990	3 477	3 482	3 221	3 585	3 781	3 977
Goods and services	27 260	23 244	24 850	18 879	18 053	17 964	28 518	36 971	36 933
Administrative fees	28	26	47	50	71	86	175	184	193
Advertising	39	-	-	-	-	14	-	-	-
Minor assets	40	20	24	80	85	16	207	144	151
Audit cost: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	26	50	38	106	102	103	112	119	125
Communication (G&S)	90	107	63	96	81	62	121	131	140
Computer services	-	-	78	82	82	86	87	92	96
Cons. & prof serv: Business and advisory services	25 540	-	-	-	-	-	-	-	-
Infrastructure and planning	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-
Contractors	12	31	33	31	31	22	35	29	30
Agency and support / outsourced services	-	21 245	22 954	13 039	12 682	14 923	23 407	31 787	31 383
Entertainment	-	-	-	-	-	-	-	-	-
Fleet services (including govt motor transport)	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-	-
Inventory: Chemicals, fuel, oil, gas, wood and coal	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	3	7	24	2 011	2 035	31	12	7	7
Consumable: Stationery, printing and office supplies	199	177	152	415	294	202	418	443	470
Operating leases	10	-	-	-	-	-	-	-	-
Property payments	-	-	-	-	-	-	-	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	817	890	1 082	2 434	2 081	1 999	3 341	3 393	3 655
Training and development	150	112	67	143	167	120	171	185	201
Operating payments	306	579	259	392	342	300	432	457	482
Venues and facilities	-	-	29	-	-	-	-	-	-
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>-</b>	<b>28</b>	<b>5</b>	<b>-</b>	<b>26</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-
Entities receiving transfers	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	28	5	-	26	35	-	-	-
Social benefits	-	28	5	-	26	35	-	-	-
Other transfers to households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>176</b>	<b>327</b>	<b>353</b>	<b>719</b>	<b>803</b>	<b>769</b>	<b>1 418</b>	<b>522</b>	<b>235</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	176	327	353	719	803	769	1 418	522	235
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	176	327	353	719	803	769	1 418	522	235
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>53 193</b>	<b>53 218</b>	<b>59 439</b>	<b>63 893</b>	<b>59 865</b>	<b>59 120</b>	<b>76 730</b>	<b>80 946</b>	<b>78 893</b>