KWAZULU-NATAL PROVINCIAL LEGISLATURE
FINANCE AND ECONOMIC DEVELOPMENT PORTFOLIO COMMITTEE
RESOLUTIONS ON THE 2005/2006 BUDGET STATEMENTS
FOR THE PROVINCE OF KWAZULU-NATAL

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Vote 3	-	MEC for Agriculture & Environmental Affairs, Professor LGB Ndabandaba Dr Jabulani Mjwara and his delegation
Vote 4	-	MEC for Finance & Economic Development, Dr Z L Mkhize Mr Mel Clarke and his delegation
Vote 5	-	MEC for Education, Mrs CM Cronje Mr D T Ndhlovu and his delegation
Vote 6	-	MEC for Finance & Economic Development, Dr Z L Mkhize Mr Sipho Shabalala,Mrs Carol Coetzee and their delegation
Vote 7	-	MEC for Health, Mrs N P Nkonyeni Professor Ronald Green-Thompson and his delegation
Vote 8	-	MEC for Local Government, Housing and Traditional Affairs, Mr M Mabuyakhulu Mr Chris Ntsele and his delegation
Vote 9	-	MEC for Community Safety & Liaison, Mr BH Cele Mrs Yasmin Bacus and her delegation
Vote 10	-	Dr Vusi Shongwe and his delegation
Vote 11	-	MEC for Housing, Local Government and Traditional Affairs, Mr M Mabuyakhulu Mrs Masilela-Gumbi and her delegation
Vote 12	-	MEC for Community Safety and Liaison and Transport, Mr BH Cele Dr Kwazi Mbanjwa and his delegation
Vote 13	-	MEC for Social Welfare & Population Development, Inkosi NJ Ngubane Ms NGM Mbanjwa and her delegation
Vote 14	-	MEC for Works, Mr MB Gwala
Vote 15	-	MEC for Arts, Culture & Tourism, Mr N Singh Mr Bonga Ntanzi and his delegation
Vote 16	-	MEC for Sports & Recreation, Mr A Rajbansi Mrs Sumeya Khan and her delegation

PART 1

1. INTRODUCTION

The Finance and Economic Development Portfolio Committee conducted Budget Hearings for all provincial Votes from Friday, 04th March to Friday, 08th April 2005. The purpose of these hearings was for the consideration of the Province of KwaZulu-Natal Budget Statements, 2005-2006, and the KwaZulu-Natal Appropriation Bill, 2005. The Committee expresses its appreciation to the Departments involved in the Budget Hearing process.

PART II – RESOLUTIONS PER VOTE

2. VOTE 1 - PREMIER

Resolution 1/2005 – Gambling

The Committee noting:

That casino levies and taxes have been higher than anticipated.

The committee hereby resolves:

That the department report to the Committee by 30 June 2005 on the manner in which income is maximised by:

1) *Giving attention to stamping out illegal gambling*
2) *Setting accurate increasing targets for collection and monitoring the efficacy of the gambling board.*

3. VOTE 2 – PROVINCIAL LEGISLATURE

Resolution 2/2005 – Appointment of Secretary and Legislature needs analysis

The Committee noting:

The change management process in the Provincial Legislature and the comments by the Provincial Treasury on the lack of forward financial planning in the Legislature.

The committee hereby resolves that

1) *A CEO be appointed as soon as possible and the Legislature to report progress monthly until an appointment is made.*
2) *That the Legislature embark on an extensive needs analysis taking on board inputs from Members and then prioritise and plan implementation along with proposed budgets over the MTEF period. The reports to be handed to the Committee by 30th August 2005.*

Resolution 3/2005 – Expenditure on venues for Workshops

The Committee noting:

That the Legislature spends significant resources on external venues,

The Committee hereby resolves:

That the Legislature fully justifies all future expenditure on external venues ensuring that the Legislature receives value for money, and that the use of external venues is necessary to achieve the objectives of the workshops concerned.

4. VOTE 3 - AGRICULTURE AND ENVIRONMENTAL AFFAIRS

Resolution 4/2005 - Mjindi Farming:

The Committee noting:

That despite been given a further budget allocation to continue its operation, Mjindi Farming (Pty) Ltd has not yet produced a business plan for the Committee.

The Committee hereby resolves:

That the Department of Agriculture and Environment Affairs table a business plan with the Committee for Mjindi Farming (Pty) Ltd by 30 June 2005.

Resolution 5/2005 - INtingwe Tea

The Committee noting:

(a) That in the 2005/2006 financial year the Department of Agriculture and Environment Affairs is utilising part of the transfer payment to Ntingwe Tea for the purchase of share capital on behalf of communities.

(b) That the beneficiary communities are not defined.

The Committee hereby resolves:

That the Department of Agriculture and Environment Affairs provide the Committee with a report by 30 June 2005 on all the details of this share capital payment.

<u>Resolution 6/2005 – Foreign Donor Funding</u>

The Committee hereby resolves:

That the Department of Agriculture and Environment Affairs provide the Committee with a report by 30 June 2005 detailing:

a) *All foreign donor funding, what it is to be spent on and the obligation of the government thereto;*
b) *The amount of the budget allocated to the "cleanest town projects" be identified*
c) *A breakdown of the amount allocated to air pollution management indicating how the department intends to meet its performance indicators given the decrease to this budget.*

<u>Resolution 7/2005 – Allocation to the Office of the MEC</u>

The Committee noting:

That the Department of Agriculture and Environmental Affairs has allocated an amount of R30,903 million to the Office of the MEC.

The Committee hereby resolves:

That the Department provides a report to the Committee by 30 June 2005 detailing this expenditure, and the reasons why this expenditure is significantly higher than the budget allocations for other votes.

<u>Resolution 8/2005 – Performance Outputs</u>

The Committee noting with concern:

The reductions in some performance outputs in the Department of Agriculture and Environmental Affairs.

The Committee hereby resolves:

That this matter be referred to the Portfolio Committee on Agriculture to obtain a full explanation and details on how the outputs were obtained and compare this

with the previous year's outputs.

5. VOTE 4 – ECONOMIC DEVELOPMENT

Resolution 9/2005 – Business Plans for SMME's and Co-operatives

The Committee noting:

That the Department of Economic Development has not provided the business plans for SMME's and Co-operatives,

The Committee hereby resolves:

That the Department provide the business plans for SMME's and co-operatives to the Committee by 30 June 2005.

6. VOTE 5 - EDUCATION

Resolution 10 - Early Childhood Development:

The Committee noting:

That the proportion of funding for Grade R in Community Centres has increased significantly, and has overtaken the Grade R funding in Public Schools.

The Committee hereby resolves:

That the Department of Education provide a report to the Committee by 30 June 2005 detailing:

(a) How the expenditure in Community Centres is monitored to ensure that it achieves comparable results to that of Grade R in Public Schools,

(b) Provide assurances that government responsibility for the provision of early childhood education in Grade R has not been shifted to communities.

7. VOTE 6 - PROVINCIAL TREASURY

Resolution 11 /2005 - Internal Audit Investigations:

The Committee noting:

That there is an apparent failing by Provincial Treasury to ensure the follow through and implementation of Internal Audit Committees findings and recommendations to Departments.

The Committee hereby resolves:

(a) That all finalised Internal Audit reports are immediately tabled in the Legislature, for onward transmission to the Finance Portfolio Committee, Public Accounts Standing Committee and relevant Portfolio Committee;

(b) That Provincial Treasury provide a report to the Committee on what action has been taken by Departments to meet the recommendations of the Internal Audit Committee, and failing recommendations carried out, what action Provincial Treasury has taken against erring Departments. This report is to be tabled with the Committee by 30 June 2005.

8. VOTE 7 – HEALTH

Resolution 12/2005 – Roll out of the Anti Retro Virals

The Committee noting:

That the budget allocated to combating HIV and AIDS, particularly to ARV rollout, is not sufficient

The Committee hereby resolves:

That the Provincial Treasury consider the spending pressures in the Department of Health with respect to combating HIV and AIDS during the Adjustments Budget.

9. VOTE 10 - ROYAL HOUSEHOLD

Resolution 13/2005 – Production of the Operational Plan

The Committee noting:

That the Department of the Royal Household is undergoing a transformation, and as a result could not produce a Strategic or Business Plan for the 2005/2006 financial year.

The Committee hereby resolves:

That the Premier and Royal Household Portfolio Committee monitors the progress of transformation of the Department of the Royal Household, and the financial expenditure of its budget.

Resolution 14/2005 – Utilisation Of Funds Set Aside For Retrenchment Packages

The Committee noting:

That the amount of R3.179 million ring-fenced for retrenchment packages in the Department of the Royal Household was not utilized for what it was budgeted for.

The Committee hereby resolves:

For the Department of the Royal Household to provide a report to the Committee by 30 June 2005 detailing what the R 3,179 million was spent on, and the authority for such expenditure.

10. VOTE 11 - TRADITIONAL AND LOCAL GOVERNMENT AFFAIRS

Resolution 15/2005 - Umsekeli:

The Committee noting with concern:

That the resolution of the Committee on uMsekeli passed in June 2004 has still not been implemented by the Department of Traditional and Local Government Affairs.

The Committee hereby resolves:

That the Department report to the Committee on this matter by 30 June 2005.

11. VOTE 12 - TRANSPORT

Resolution 16/2005 - Storm Damage To Roads:

The Committee noting:

(a) That the Department of Transport incurred significant off-budget expenditure as a result of storm damage to roads.
(b) It is difficult to accurately budget for natural disasters.

The Committee hereby resolves:

That the storm damage expenditure incurred by the Department of Transport that they are unable to fund is referred to Provincial Treasury for consideration in the Adjustments Budget.

Resolution 17/2005 - Over-Expenditure:

The Committee noting with concern:

A summary of the Department's 2004/2005 Close-Out Report reflects an over-expenditure of R44 million, and it was reported that this was due to the IEC-related infrastructure requirements. This is despite the fact that additional funds were provided to the Department during the 2004/2005 Adjustments Budget for this expenditure.

The Committee hereby resolves:

That the financial situation of the Department needs to be closely monitored by the Portfolio Committee of Transport.

Resolution 18/2005 – Budget for the P700 and P577 Roads

The Committee noting:

That the Department of Transport has been allocated a multi-year budget for the P700 and P577 roads.

The Committee hereby resolves:

For the Department of Transport to provide a report to the Committee by 30 June 2005 detailing the amount spent on the P700 and P577 roads to date, and the amount budgeted for these roads for the 2005/2006 financial year and outer MTEF years.

Resolution 19/2005 – Road Infrastructure Maintenance Backlogs

The Committee noting:

That the Department of Transport reported that R 1.1 billion per annum for the next 10 years was required to maintain road infrastructure in KwaZulu-Natal.

The Committee resolves:

For the Department of Transport to provide a report to the Committee by 30 June 2005 on how the Department intends to address this road backlog.

12. VOTE 13 - SOCIAL WELFARE AND POPULATION DEVELOPMENT

Resolution 20/2005 - 2004/2005 Over-Expenditure

The Committee noting with concern:

A summary of the Department's 2004/2005 Close-Out Report reflects an over-expenditure of R922 million. This is despite the additional allocation of R760 906 million during the 2004/2005 Adjustments. Whilst National and Provincial Treasury are fully aware of this over-expenditure, no commitment for additional funds has yet been received to offset this over-expenditure.

The Committee hereby resolves:

That this dire financial situation of the Department needs to be closely monitored by the Portfolio Committee of Social Welfare and Population Development.

Resolution 21/2005 - Social Security Grant expenditure

The Committee noting with concern:

(a) That the anticipated increase of 30% in the intake of Disability Grants compares unfavourably to the national norm increase of 7%. If the Disability Grant intake is not kept within the national norm, it will result in an over-expenditure for the 2005/2006 financial year.

(b) Similarly that the intake of Child Support Grants is anticipated to increase by 3.5%, which compares unfavourably with the national norm. National government believes that the ceiling level for grant beneficiaries for this grant type should have been reached.

The Committee hereby resolves:

That the financial situation of the Department needs to be closely monitored by the Portfolio Committee of Social Welfare and Population Development.

Resolution 22/2005 - Payments to Social Welfare Workers, NGOs and NPOs

The Committee noting:

(a) That the Department has allocated an additional R24.4 million as part of a comprehensive retention strategy to improve the salaries and retain the services of social workers employed by the Department.

(b) That the Department has proposed increases in the subsidy allocation to NGOs , including a direct increase to the salaries of administrative and social workers, bringing the salaries of social workers employed by NGOs on par with that of the Department.

The Committee hereby resolves:

That the Committee strongly supports these proposed increases by the Department.

13. VOTE 14 - WORKS

Resolution 23/2005 - Delivery Targets:

The Committee noting:

That the Department of Works has provided a turn-around strategy with delivery targets that appear difficult to meet with their current personnel resources.

The Committee hereby resolves:

That the Department produces a report to the Committee by 30 June 2005 indicating how their delivery targets are going to be met, and whether Departments have timeously advised Works on all their infrastructure requirements for the 2005/2006 financial year.

14. VOTE 15 – ARTS, CULTURE AND TOURISM

Resolution 24/2005 – Budget Allocation

The Committee noting:

That the Department of Arts, Culture and Tourism reported that it was unable to meet its spending pressures with the budget allocated for the 2005/2006 financial year.

The Committee hereby resolves:

That the Provincial Treasury consider the spending pressures in the Department of Arts, Culture and Tourism during the Adjustments Budget.

PART III - TRANSVERSAL RESOLUTIONS

15. *Resolution 25/2005 - Performance Budgeting:*

The Committee noting:

That during the budget hearings very few Departments appeared to have given serious attention to performance budgeting. Most performance measures in budget statements were difficult if not impossible to measure and their links to Departmental mission statements were often not clear or non-existent.

The Committee hereby resolves:

a) *That all Portfolio Committees should meet with their respective Departments and decide on a series of performance measures for the Department that are measurable and accurately reflect the Department's Mission Statement.*

b) *That this process must be driven by the Chairperson of Committees, and that Portfolio Committees must report progress in writing to the Chairperson of Committees by 30 August 2005.*

c) *That the process of performance auditing and the Budget Score Card be monitored by the respective Portfolio Committees.*

17. *Resolution 26/2005 - Budget hearings:*

The Committee noting:

That during the course of the budget hearings it became increasingly clear to the Committee that the current system of holding budget hearings could be

improved. The process whereby meetings with Departments are held after budget statements have been printed and tabled leaves virtually no space for them to be altered.

The Committee hereby resolves;

(a) That the Portfolios Committee interact with Departments in August and September of the previous year, when there is an opportunity to influence what goes into budgets and ensure that they reflect Government policy.

(b) That this process be implemented with effect from August 2005, and referred to the Chairperson of Committees for action.

18. *Resolution 27/2005 - Provincial policy targets:*

The Committee noting:

That budget presentations largely do not reflect how key provincial policy targets are to be met.

The Committee hereby resolves;

That Departments should as part of their budget presentation flag new, specifically targeted programs reflecting changing policy and key priorities along with their budget.

19. *Resolution 28/2005 – Overspending by Departments*

The Committee noting with concern:

That certain Departments overspent their 2004/2005 budgets.

The Committee hereby resolves:

That in instances where Departments have overspent their 2004/2005 budgets, that the financial expenditure of these Departments is closely monitored by their respective Portfolio Committees.

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Chairperson: Finance & Economic Development Portfolio Committee **Date**