

**KWAZULU-NATAL PROVINCIAL LEGISLATURE  
FINANCE AND ECONOMIC DEVELOPMENT PORTFOLIO  
COMMITTEE RESOLUTIONS ON THE 2006/2007 BUDGET  
STATEMENTS  
FOR THE PROVINCE OF KWAZULU-NATAL**

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Acknowledgements:

- Vote 1 - Prof. MA Mchunu Sizani and his delegation
- Vote 2 - Deputy Speaker, Mrs L Johnson  
Ms Nerusha Naidoo and her delegation
- Vote 3 - Dr Jabulani Mjwara and his delegation
- Vote 4 - MEC for Finance & Economic Development, Dr Z L Mkhize  
Ms Fikiswa Phuphuma and her delegation
- Vote 5 - MEC for Education, Mrs CM Cronje  
Dr C Lubisi 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  
Dr B Nyembezi and her delegation
- Vote 8 - MEC for Local Government, Housing and Traditional Affairs, Mr M  
Mabuyakhulu  
Ms Z Nyandu and her 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 Local Government and Traditional Affairs, Mr M  
Mabuyakhulu  
Mrs G 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  
Mr W Magwaza and his delegation
- Vote 14 - Dr F B Madlopha and her delegation
- Vote 15 - MEC for Arts, Culture & Tourism, Mrs W Thusi  
Mr Bonga Ntanzu 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, 10 March to Friday, 12<sup>th</sup> April 2006. The purpose of these hearings was for the consideration of the Province of KwaZulu-Natal Budget Statements, 2006-2007, and the KwaZulu-Natal Appropriation Bill, 2006. The Committee expresses its appreciation to the Departments involved in the Budget Hearing process.

## PART II – RESOLUTIONS PER VOTE

### 2. VOTE 1 - PREMIER

The Committee noting:

That the soccer budget had been channelled into the Office of the Premier and not the Department of Sport and Recreation and that this funding is used to assist the KZN clubs who are competing in the Mvela League and the PSL.

*The committee hereby resolves:*

*To call upon the Department to provide a report on the identity of the clubs assisted, the amount with which each club is being assisted as well as the criteria on how that funding should be utilised by the club.*

The Committee noting:

That the Youth Commission Act is not yet implemented in the Province and that the registration of the Commission as a public entity is not yet finalised.

*The Committee Resolves:*

*To call upon the Department to submit a written report to the Committee on the measures that are being taken to correct this anomaly.*

The Committee noting:

That there is still no legislation regulating the term of office of the members of the Amafa AkwaZulu-Natali,

*Therefore resolves:*

*To call upon the Department to submit the Legislation to the Speaker by July 2006.*

The Committee noting:

That the dispute with regards to the sale of the helicopter has not finalised and it is before the court.

*The Committee resolves:*

*That the department updates the committee on the process and see to the finalisation of the legal case.*

3. VOTE 2 – PROVINCIAL LEGISLATURE

The Committee noting:

The resolution of the House relating to the inadequacy of the Legislature facilities

*Resolves:*

*To call upon the Office of the Speaker to indicate the budget over the MTEF period as well as the proposed plans for the construction of the new chamber. The Executive Board to report back to the House on progress.*

4. VOTE 3 - AGRICULTURE AND ENVIRONMENTAL AFFAIRS

The Committee noting:

- i) That there were irregular spending patterns in the Department and that as at January 06, Programme 1 was overspent by 115% whereas Programme 6 was spent only at 48.1%;
- ii) That there was a projection of a 28% over expenditure by the end of 2005/06 financial year.

*Therefore resolved:*

*That the department should establish measures to minimize the projected over expenditure and the report on measures to be put in place be submitted to the Committee.*

The Committee noting:

That a decision to close down the operations of Mjindi was taken and an MTEF budget allocated to cater for the process and that the winding down process had not been discussed with the Portfolio committee on Agriculture

*Resolves:*

*To call upon the department to finalize the compilation of the inventory of the assets of uMjindi as well as finalise the discussions on the implications of the process to the current personnel of the farm and to hold a briefing meeting with the Committee on the process. The Portfolio Committee on Agriculture is called upon to closely monitor the process and report to the House.*

The committee noting:

That the budget for Intingwe Project has been discontinued.

*The Committee resolves:*

*That the Agriculture Portfolio Committee closely monitors the sustainability of this project and due diligence report be submitted to the Committee.*

The Committee notes with concern:

- i) That the operations of the game reserves do not as yet raise adequate revenue and therefore the Entity might not become self sustainable. (only a third of what was projected, was actually raised by Ezemvelo)
- ii) That Ezemvelo seems to be spending too much on the salary bill (R306m)

*The Committee therefore resolves:*

*That the Portfolio Committee on Conservation and Environmental Affairs prioritises this issue in their operational plan for 2006/2007 and report progress to the House.*

5. VOTE 4 – ECONOMIC DEVELOPMENT

concern that there is no financial recognition hence it is a national project. MEC to take it up with the National Budget Council.

6. VOTE 5 - EDUCATION

The Committee noting:

That there is a huge backlog of unpaid invoices from the 2004/05 financial year which the department intended to pay within the 2005/06 financial year.

*The Committee resolves:*

*For the department to report on progress made in paying those invoices.*

The Committee Notes with concern:

That the Department had a negative carry over from the 2004/05 financial year of R356 million which is largely contributed by unquantified salary payments, costs of relocating from Ulundi to Pietermaritzburg which were not budgeted for.

*And therefore resolves:*

*To call upon the Portfolio Committee on Education to closely monitor the impact of this situation on the current budget and report back to the House.*

The Committee noting:

That of the R676 million budgeted for Learner Teacher Support Material (LTSM), R546 million has been spent to date.

*The Committee resolves:*

*To call upon the Department to provide a report on this under-spending.*

The Committee noting:

The under-spending on Early Childhood Development.

*Resolves:*

*To call upon the Department to report on measures that has been taken to rectify this situation.*

7. VOTE 6 - PROVINCIAL TREASURY

The committee noting:

That the Audit committee does not adequately report to the Finance Committee with regards to Internal Audits being performed in key departments

*The Committee resolves:*

*The Internal Audit department reports to the Finance Committee every month to identify key issues.*

The Committee noting:

That Growth Fund is managed by the KZN Growth Managers Fund (Pty) Ltd

*The Committee resolves:*

*That the department furnish to the committee the copy of the company's registration form and a copy of the audited financials.*

The Committee noting:

That the department assisted KORA in paying their suppliers because KORA was unable to secure a sponsorship

*The Committee resolves:*

*That the department furnish to the committee a copy of the agreement with KORA and a risk assessment should be performed and to clarify whether this is a transfer payment.*

8. VOTE 7 – HEALTH

9. VOTE 8 – HOUSING

The Committee noting:

The persisting problems of people erecting shacks thereby making it difficult to the Department to deal with the slum clearance systematically, and that this has a negative effect to the budget prioritization,

*The Committee resolves:*

*To call upon the Department to expedite the introduction of the bill dealing with this issue.*

10. VOTE 9 – COMMUNITY SAFETY AND LIAISON

The Committee noting:

That there is no clarity on the powers of other security agencies to apprehend perpetrators (e.g. City Police, RTI, etc)

*The Committee resolves:*

*To request the MEC to follow up on this matter with the National Minister and ensure that there is legislation that empowers these agencies to apprehend the perpetrators of crime.*

11. VOTE 10 - ROYAL HOUSEHOLD

The Committee noted:

- i) that the Department of Royal Household was still stuck with the issue of excess employees that could not be retrenched. It was also noted that Resolution 5 of 1999 introducing a retrenchment tool could not be applied in this case. However, the department has been able to reduce personnel to 41%.
- ii) The department still has many unfilled professional positions.
- iii) The Department of Local Government & Traditional Affairs had not reversed the amount of R3.7m used for the installation of Amakhosi by this department and that as a result the department will overspend by R1 million at the end of March 06.

*Therefore Resolves that:*

- i) The Department together with the Department of Local Government and Traditional Affairs must quantify the costs associated with the KZN Traditional Leadership and Governance Act.*
- ii) Both departments draw up policy guidelines for functions associated with the Act delimiting which aspect will be paid by each department.*
- iii) Treasury report to the Committee on whether any financial provision has been made in the 2006/07 financial year for these departments to comply with the Act.*
- iv) These documents and budget estimates be presented to Treasury for consideration in the Adjustment Estimates.*

The Committee noting:

That as a result of the Department transforming from being a Department to being a Trust, as per the bill still to be passed, substantial amount of costs will be incurred.

*The Committee resolves:*

- i) That the department provides the Committee with the costing of this new legislation.*
- ii) The Provincial Treasury indicates the availability of the budget to enable the Department(s) to implement the Legislation.*

The Committee noting:

The additional budget required for the maintenance of the palaces and for the purchase of new vehicles. (letter to the department requesting this) 04-08

*The Committee resolves that:*

*The Department provides the Committee with a list of how much has been spent to date over the last 5 years on the maintenance of palaces and the analysis on the state of the vehicles.*

The Committee noting:

A report by the Department that the King's Farms would require an amount of R20 million to be self sustaining as they are said to be moribund. (resolution to the Premier that the sustainability of the farms has come up in more portfolios and nothing has been forthcoming.)

*Therefore resolves that:*

*The Department provides the Committee with a plan that is in place to make the farms self sustaining.*

12. VOTE 11 - TRADITIONAL AND LOCAL GOVERNMENT AFFAIRS

13. VOTE 12 - TRANSPORT

14. VOTE 13 - SOCIAL WELFARE AND POPULATION DEVELOPMENT

15. VOTE 14 - WORKS

The Department will close the 2005/06 financial year with an under expenditure of R4.3 million due to unfilled positions.

The Committee notes that the old Legislative Assembly flats in Ulundi have been handed over to Department of Works.

The Committee resolves that:-

*The Department of Works provides a progress report on:*

- i) evictions of unauthorized occupants.*
- ii) Rental collection per flat on all occupants including back rentals from departmental officials.*

The Committee noting:

That the Department of Works is unsure whether old Urban Representative properties are still owned by the province and who the current occupant may be and that the department is in the process of completing the Assets Register

*The committee resolves that the department provide a report including:*

- i) the list if any of old Urban Representatives properties;*

- ii) *the current occupants;*
- iii) *status of rentals, arrear rentals, and collection thereof; and*
- iv) *maintenance, rates, electricity and water costs.*
- v) *a copy of the completed Assets Register be forwarded to the Committee.*

16. VOTE 15 – ARTS, CULTURE AND TOURISM

The Committee noting with concern the over expenditure and spending of unfunded mandates and that Treasury did not approve this spending

*Resolves:*

*That the Chief Financial Officer should be held liable for unauthorised expenditure.*

The Committee noting that the budget for the Playhouse Company had been reduced from R5 million to R3 million without notifying the Playhouse Company Management

*The Committee resolves:*

*That the department should request additional funding through the Adjustments Estimates and the department to consult with the Portfolio Committee before reducing the budget for public entities.*

The Committee noting that the Playhouse Company had been paid R500 000 less during the 2005/06 financial year

*The Committee resolves:*

*That the full report together with the identity of the company that was paid the R500 000 be forwarded to the Committee.*

The Committee noting that the department was funding additional Arts Centres

*Therefore resolves:*

*That business plans for all the funded Arts Centres be submitted to the Committee.*

17. VOTE 16 – SPORTS AND RECREATION

The Committee noting that the department transferred an amount of R3 million to various soccer clubs in the Mvela League and PSL

*Resolves:*

*That the department furnish the committee with the business plans and monitoring strategy for the sponsored clubs.*

PART III - TRANSVERSAL RESOLUTIONS

18. *Resolution - Performance Measures:*

The Committee noting that the following resolution was taken last year and that it has not been fully complied with, resolves to reiterate the resolution for implementation by all departments.

*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 2006.*
- c) That the process of performance auditing and the Budget Score Card be monitored by the respective Portfolio Committees.*

19. *Resolution – Implications of incorporation of uMzimkhulu to KZN*

The Committee noting:

That the incorporation of uMzimkhulu to KwaZulu-Natal has financial implications for the province:

*Resolves:*

*To call upon the office of the Premier to coordinate the assessment of service delivery needs in the Mzimkhulu area so that there is proper budgeting for service delivery and further that in the meantime all the government departments must submit reports on the plans that they have put in place to ensure a smooth incorporation and the continuance of services to the Director-General for consolidation and submission to the House*

The Finance Committee noted during its hearings with the Department of Works that most departments do not involve the Department of Works when planning Capital and Infrastructure Expenditure at an early stage.

*The Committee therefore resolves:-*

- i) that the Departments should involve the Department of Works at the planning stage in order to facilitate timeous execution of capital works. Orders to execute on behalf of departments should be set up involving all departments in order to properly plan provincial infrastructure and capital spending and development.*

The Finance Committee noted that the appeals process on disputed tenders is a lengthy one.

*The committee resolves that:-*

- i) Treasury report to the Committee on the numbers of tender appeals for the 2005/06 financial year.*
- ii) The dates the appeals tribunal met during that financial year.*
- iii) The time from 1<sup>st</sup> tender to appeal finalization.*
- iv) Steps taken to expedite the process.*

The Committee notes that Ministerial houses in ulundi are allocated to each department. The Department of Works has paid telephone, maintenance, rates, electricity and sewage.

*The committee resolves that:*

*A progress report be provided from each department including details on:*

- i) collection of all monies owed to the department for rentals, arrear rentals, electricity, telephone and maintenance.*

ii) *The current occupant per department.*

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Chairperson: Finance & Economic Development  
Portfolio Committee

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Date