PROVINCE OF KWAZULU-NATAL

ESTIMATES OF PROVINCIAL REVENUE AND EXPENDITURE

2011/12

for the Financial Year ending 31 March 2012

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FOREWORD

Updates to the data that informs the equitable share formula, together with changes in the equitable share formula itself for the 2011/12 MTEF, have resulted in a reduction in the equitable share of KwaZulu-Natal. The formula has been updated with data from the 2010 Mid-year Population Estimates, 2010 Education Snap Survey, the 2008 GDP-R, District Health Information Services patient day data for 2008 and 2009 and the Risk Equalisation Fund, and the 2005 Income and Expenditure Survey. In line with these data updates, downward equitable share adjustments have been made and will be phased in over three years. These data updates result in the province losing R115.333 million, R242.282 million and R43.958 million over the 2011/12 MTEF on the one hand.

On the other hand, the Technical Committee for Finance and Budget Council endorsed a new equitable share formula for Health and a new change of weights to the Health, Education and Basic components. In terms of the weights, the Health and Education component weights change to 27 per cent (from 26 per cent) and 48 per cent (from 51 per cent), respectively. The Basic Component increases to 16 per cent (from 14 per cent). The formula previously took into account the number of people not on medical aid. In terms of the Health portion of the formula, this now takes into account estimated demand for health services according to age and gender, as well as data obtained from the District Health Information System. These updates result in a further decrease in the equitable share of the province of R17.384 million, R34.986 million and R52.869 million over the 2011/12 MTEF.

As late as December 2010, provinces were alerted to a decision taken by National Cabinet to reduce national and provincial government departments' MTEF allocations by 0.3 per cent. For KwaZulu-Natal, this means a further reduction of R183.678 million in 2011/12, R193.858 million in 2012/13 and R205.438 million in 2013/14. These reductions present serious fiscal constraints.

Accordingly it has been necessary for the province to take a closer look at its current baseline and reprioritise in order to release funding to finance these reductions. A portion of the current budget surplus has therefore been utilised for this purpose, to minimise the impact of these reductions on service delivery. In times like these, it becomes necessary to maintain fiscal prudence and eliminate wastage in government expenditure. I therefore appeal to all Accounting Officers to continue with the implementation of fiscal austerity measures as approved by Cabinet in October 2009.

It is my honour to present to the people of KwaZulu-Natal and South Africa the 2011/12 Estimates of Provincial Revenue and Expenditure (EPRE) which are in two parts. The first part deals mainly with the budget strategy, overview of the fiscal framework and aggregates of revenue and expenditure. The second part provides a detailed account of all additional allocations received by government departments and programmes and projects that will be implemented over the MTEF. This document provides an opportunity to members of the Executive Council and the Legislature to monitor implementation of government programmes and the associated spending.

S'miso Les Magagula
Head: KwaZulu-Natal Provincial Treasury

CONTENTS

LIST OF ANNEXURES

LIST OF ABBREVIATIONS

Abbreviation	Full description
AA	Alcoholics Anonymous
ABET	Adult Basic Education and Training
ADA	Agri-business Development Agency
AFS	Annual Financial Statements
AG	Auditor-General
AMIP	Asset Management Improvement Plan
APAC	Association of Public Accounts Committees of South Africa
APP	Annual Performance Plan
APRM	African Peer Review Mechanism
ARRUP	African Renaissance Roads Upgrading Programme
ART	Anti-retroviral Therapy
ARV	Anti-retroviral
AZT	Azidothymidine
BAS	Basic Accounting System
BBBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
BIS	Business Intelligence System
BPO	Business Process Outsourcing
BUFAC	Building a United Front Against Crime
C-AMP	Custodian – Asset Management Plan
CARA	Conservation of Agricultural Resources Act
CASP	Comprehensive Agricultural Support Programme
CBD	Central Business District
CBO	Community-based Organisation
CCMA	Commission for Conciliation, Mediation and Arbitration
CDG	Care Dependency grant
CDW	Community Development Worker
CETA	Construction Education Training Authority
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHC	Community Health Centre
CIDB	Construction Industry Development Board
CiDP	Communities-in Dialogue Programme
CMP	Community Mass Participation
CoGTA	Co-operative Governance and Traditional Affairs
COHOD	Committee of Head of Department
COP	Conference of Parties
CPA	Commonwealth Parliamentary Association
CPF	Community Policing Forum
CPI	Consumer Price Index
CRU	Community Residential Unit
CSF	Community Safety Forum
CSG	Child Support Grant
CSI	Corporate Social Investment
CTA	Common Task for Assessment
CYCC	Child and Youth Care Centres
DAC	District AIDS Council
DAEARD	Department of Agriculture, Environmental Affairs and Rural Development
DBSA	Development Bank of South Africa
DEDT	Department of Economic Development and Tourism
DFA	Development Facilitation Act
DG	Director-General
DM	District Municipality
DORA	Division of Revenue Act
DOTS	Directly Observed Treatment Short-course
DPSA	Department of Public Service and Administration

Abbreviation	Full description
DPSS	Development Planning Shared Services
DTI	Department of Trade and Industry
DTP	Dube TradePort
ECD	Early Childhood Development
ECDP	Emerging Contractor Development Programme
ECM	Enterprise Content Management
EEDBS	Extended Enhanced Discount Benefit Scheme
EIA	Environmental Impact Assessment
EIP	Environmental Implementation Plan
EKZNW	*Ezemvelo* KZN Wildlife
ELRC	Education Labour Relations Council
EMF	Environmental Management Framework
EMIS	Education Management Information System
EMS	Emergency Medical Service
EPRE	Estimates of Provincial Revenue and Expenditure
EPWP	Expanded Public Works Programme
ETDP	Education, Training and Development Practice
EU	European Union
EXCO	Executive Committee
FAL	First Additional Language
FASSET	Financial and Accounting Services Sector Education and Training
FBO	Faith Based Organisation
FBS	Free Basic Services
FCG	Foster care grant
FET	Further Education and Training
FETC	Further Education and Training College
FFC	Financial and Fiscal Commission
FIFA	Federation of International Football Association
FINA	*Federation Internationale de Natation Amateur*
FINMIP	Financial Management Improvement Plan
FMG	Financial Management Grant
G&A	Governance and Administration
GDCSC	Gender, Disability, Children and Senior Citizens
GDP	Gross Domestic Product
GDP-R	Gross Domestic Product by Region
GEMS	Government Employees Medical Scheme
GIA	Grant-in-aid
GIAMA	Government Immoveable Asset Management Act
GOS	Gross Operating Surplus
GRAP	Generally Recognised Accounting Practice
HAART	Highly Active Anti-Retroviral Therapy
HCBC	Home/Community Based Care
HCT	HIV and AIDS Counselling and Testing
HDI	Human Development Index
HIV and AIDS	Human Immune Virus/Acquired Immune Deficiency Syndrome
HOD	Head of Department
HR	Human Resource
HRD	Human Resource Development
HRM	Human Resource Management
HWSETA	Health and Welfare Sector Education Training Authority
IA	Implementing Agent
IALCH	*Inkosi* Albert Luthuli Central Hospital
IASP	Invasive Alien Species Programme
ICD	Independent Complaints Directorate
ICT	Information Communication Technology
ICTe	Information and Communication Technology-electronics
IDIP	Infrastructure Delivery Improvement Programme
IDP	Integrated Development Plan
IDZ	Industrial Development Zone
IGCC	Inter-Governmental Cash Co-ordination

Abbreviation	Full description
IGP	Infrastructure Grant to Provinces
IGR	Inter-governmental Relations
IMDP	Integrated Master Development Plan
IMFO	Institute of Municipal Finance Officers
IPIP	Infrastructure Project Implementation Plan
IPTN	Integrated Public Transport Network
IT	Information Technology
ITHALA	Ithala Development Finance Corporation
IWMP	Integrated Waste Management Plan
IYDS	Integrated Youth and Development Strategy
IYM	In-Year Monitoring
JCC	Joint Co-ordinating Committee
JCPS	Justice Crime Prevention and Security
JE	Job Evaluation
KSIA	King Shaka International Airport
KWANALU	KwaZulu-Natal Agricultural Union
KZN	KwaZulu-Natal
KZNSB	KwaZulu-Natal Sharks Board
L:E	Learner: Educator
LAC	Local AIDS Council
LAN	Local Area Network
LED	Local Economic Development
LG	Local Government
LGTS	Local Government Turnaround Strategy
LTSM	Learner Teacher Support Materials
LUMS	Land Use Management System
M&E	Monitoring and Evaluation
MANCO	Management Committee
MAP	Management Assistance Programme
MDG	Millennium Development Goal
MDR	Multi-Drug Resistant
MDR/XDR	Multi-Drug Resistant/Extra Drug Resistant
MEXCO	Members of Executive Committee
MEC	Member of Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MinComBud	Ministers' Committee on the Budget
MNC&WH	Maternal, Neo-natal Child, and Women's Health
MOU	Memorandum of Understanding
MPCC	Multi-purpose Community Centre
MPL	Member of Provincial Legislature
MPRA	Municipal Property Rates Act
MRM	Moral Regeneration Movement
MS	Master System
MSP	Municipal Support Programme
MSRPP	Mass Sport and Recreation Participation Programme
MST	Mathematics, Science and Technology
MTEC	Medium-term Expenditure Committee
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
MTSF	Medium-term Strategic Framework
MTTR	Mean-time to resolve
MYHDP	Multi-year Housing Development Plan
NAAIRS	National Automated Archive Information Retrieval System
NACCW	National Association for Child Care Workers
NATED	National Education
NC(V)	National Curriculum Vocational
NCNC	Non-compensation, Non-capital
NCOP	National Council of Provinces
NCS	National Curriculum Statement

Abbreviation	Full description
NDHS	National Department of Human Settlements
NDoSR	National Department of Sport and Recreation
NDoT	National Department of Transport
NEPA	National Education Policy Act
NGO	Non-government Organisation
NHBRC	National Home Builders Registration Council
NHLS	National Health Laboratory Service
NHS	National Health System
NIP	National Integrated Plan
NISIS	National Integrated Social Information System
NPO	Non-profit Organisation
NQF	National Qualifications Framework
NSF	National Skills Fund
NSC	National Senior Certificate
NSLA	National Strategy for Learner Attainment
NSNP	National School Nutrition Programme
NSP	National Strategic Plan
NUFFIC	Netherlands Organisation for International Co-operation in Higher Education
NVC	New Venture Creation
NYDA	National Youth Development Agency
NYS	National Youth Service
OAG	Old Age grant
OPAC	Online Public Access System
OPD	Out-patients department
OPRE	Overview of Provincial Revenue and Expenditure
OPMS	Organisational Performance Management System
ORC	Office on the Rights of the Child
OROP	Office on the Rights of Older Persons
ORPD	Office on the Rights of Persons with Disabilities
OSD	Occupational Specific Dispensation
OSW	Office on the Status of Women
OTP	Office of the Premier
OVC	Orphans and Vulnerable Children
OVOP	One Village One Product
PAHC	Primary Animal Health Care
PALC	Public Adult Learning Centre
PARMED	Parliamentary Medical Aid
PBS	Performance Budgeting System
PCF	Provincial Co-ordinating Forum
PCV	Pneumococcal
PDA	Planning Development Act
PDE	Patient-day Equivalent
PDMC	Provincial Disaster Management Centre
PERSAL	Personnel and Salary System
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Strategy
PHC	Primary Health Care
PIA	Programme Implementation Agent
PILIR	Policy on Incapacity Leave and Ill Health Retirement
PIP	Provincial Infrastructure Plan
PISN	Provincial Infrastructure Statement of Needs
PMG	Pay Master-General
PMS	Project Management System
PMTCT	Prevention of mother-to-child transmission
POA	Programme of Action
PPC	Provincial Planning Commission
PPDC	Provincial Planning and Development Commission
PPP	Public Private Partnership
PPPFA	Preferential Procurement Policy Framework Act
PSCBC	Public Service Co-ordinating Bargaining Council

Abbreviation	Full description
PSEDF	Provincial Spatial Economic Development Framework
PSEDS	Provincial Spatial Economic Development Strategy
PSETA	Public Sector Education and Training Authority
PT	Provincial Treasury
PTB	Pulmonary Tuberculosis
PVA	Public Viewing Area
QIDS-UP	Quality Improvement Development System and Upliftment Programme
QPR	Quarterly Performance Report
RBIDZ	Richards Bay Industrial Development Zone
RNCS	Revised National Curriculum Statement
RRTF	Rural Road Transport Forum
RV	Rota Virus
SAAMBR	SA Association for Marine Biological Research
SACCO	Savings and Credit Co-operatives
SACE	South African Council for Educators
SADT	South African Development Trust
SAFA	South African Football Association
SANLITPPS	South African National Liberation Institute of Technology, Philosophy and Political Science
SANRAL	South African National Roads Agency Limited
SAP	Systems, Applications and Products
SAPS	South African Police Services
SAQA	South African Qualifications Authority
SAS	Statistical Analysis Software
SASA	South African Schools Act
SA-SAMS	South African Schools Administration and Management System
SASSA	South African Social Security Agency
SCM	Supply Chain Management
SCOA	Standard Chart of Accounts
SCOPA	Standing Committee on Public Accounts
SDF	Spatial Development Framework
SEA	Strategic Environment Assessment
SEDA	Small Enterprise Development Agency
SETA	Sector Education Training Authority
SG	Surveyor-General
SITA	State Information Technology Agency
SLA	Service Level Agreement
SLIMS	SITA Library and Information Management System
SMME	Small Medium and Micro Enterprise
SP	Strategic Plan
STI	Sexually Transmitted Infection
STP	Service Transformation Plan
TA	Technical Assistant
TAC	Traditional Administrative Centre
TB	Tuberculosis
TC	Traditional Council
TDTC	Technology Demonstration cum Training Centre
THETA	Tourism, Hospitality, Sport, Education and Training Authority
TIMSS	Third International Mathematics and Science Study
TIK	Trade and Investment KwaZulu-Natal
TKZN	KwaZulu-Natal Tourism Authority
TLTP	Taking Legislature to the People
TPCF	Technical Provincial Co-ordinating Forum
TSCs	*Thusong* Service Centres
U-AMPS	User-Asset Management Plans
UEAB	Unauthorised Expenditure Authorisation Bill
UK	United Kingdom
UKZN	University of KwaZulu-Natal
UPFS	Uniform Patient Fee Structure
USA	United States of America
USDG	Urban Settlement Development Grant
VAT	Value Added Tax

Abbreviation	Full description
VEP	Victim Empowerment Programme
VSCPP	Volunteer Social Crime Prevention Programme
VSP	Voluntary Severance Package
WESSA	Wildlife and Environment Society of South Africa
WHO	World Health Organisation
XDR	Extreme Drug Resistance

Zulu words translation

Isigodi	A village within a tribal authority
I(zi)mbizo	Public meeting(s) called by government involving a large number of people
Umbimbi	A coalition of people working towards the same goal
Amabutho (pl.)	A group of traditional warriors (a regiment)
Amakhosi (pl.)	Traditional leaders or chiefs

OVERVIEW
OF
PROVINCIAL REVENUE
AND
EXPENDITURE

1. BUDGET STRATEGY: AN OVERVIEW

The 2011/12 budget strategy is characterised by a significant amount of budget reprioritisation. This has been necessitated by significant reductions in the provincial equitable share, both as a result of data updates and changes in the actual configuration of the equitable share formula, especially the Health component. Over and above these reductions, National Cabinet also took a decision to cut all national and provincial departments' allocations by 0.3 per cent in order to provide more funding for the Health sector. While the province receives some funding back, this funding is, however, earmarked for Health and cannot be used for anything else. In total, the province loses R316.845 million in 2011/12, R471.126 million in 2012/13 and R302.265 million in 2013/14. Compounding these resource constraints, is the persistent shortfall on the carry-through costs of the above-budget wage agreements for public servants since 2007/08.

In order to deal with the reductions in the provincial equitable share, the province has utilised a portion of the budgeted surplus and a portion of the provision for the overdraft payment. This has ensured that key service delivery programmes of the provincial government are not severely affected by the equitable share reductions. More details are contained in the fiscal framework section of the Overview of Provincial Revenue and Expenditure.

Despite having had to finance the budget reductions from the budget surplus, the province is still budgeting for a surplus in the 2011/12 MTEF. The budget surplus is, however, slightly less than that of 2010/11. The surplus is now capped at R948 million over the three years, from R1.211 billion in 2010/11. The province has also reduced the allocation for overdraft service charges from R235 million to R100 million per year over the three years of the MTEF. Given the easing of the pressure on the budget in 2010/11 and the positive cash position that has prevailed since May 2010 as a result of fiscal austerity measures, it is believed that the reduced surplus will still be sufficient to cushion the province should there be unforeseeable expenditure pressures going forward.

The strategy of utilising the budget surplus has allowed the province to finance several non-discretionary and discretionary expenditure responsibilities. On non-discretionary responsibilities, the province has been able to fund the shortfall on the carry-through costs of the Occupation Specific Dispensation for educators, doctors and therapists, as well as the shortfall on the 2010 wage agreement for civil servants. KZN has also been able to fund the carry-through costs of various adjustments made in the 2010/11 Adjustments Budget, such as statutory salary increases of Members of the Legislature.

On discretionary responsibilities, several service delivery programmes have also been financed. These include, but are not limited to, the following:

(i) **Youth Ambassador programme**. Apart from providing the much needed employment opportunities to the unemployed youth in the province, the programme will also assist in extending the reach of government to underserved communities. Its main focus is the provision of basic health services, such as HIV and AIDS and tuberculosis (TB) awareness campaigns, and ensuring that those patients infected by these diseases do take their medication.

(ii) **Agricultural extension services**. This allocation will go towards increasing the number of extension officers in the province, as a means of improving agricultural production.

(iii) **Expansion of examination services**. With the introduction of several examinations in the Education sector, funding is required to accommodate the expenditure associated with the increase in the number of examinations in the schooling system, such as increased numbers of markers and venues for marking.

(iv) **Maintenance of the road network**. The backlog in road maintenance in the province is quite high and continues to increase. Additional allocations have therefore been made to the Department of Transport for road maintenance.

(v) **Government Immovable Asset Management Act (GIAMA)**. The promulgation of GIAMA has created a financial liability for government as a whole, hence the need to provide funding for the implementation of this Act, the requirements of which are the creation of a provincial Fixed Asset Register, among others.

(vi) **Provincialisation of libraries and museums**. Most libraries and museums are run by local authorities, when in fact this is a provincial function in terms of Section 5 of the Constitution. Additional allocations are therefore made to the Department of Arts and Culture to enable the province to take over this function.

As mentioned earlier, the cornerstone of the 2011/12 budget strategy continues to be reprioritisation of the existing provincial budget and maintaining a healthy budget surplus to provide a sufficient cushion in cases of fiscal shocks in the system. KZN also continues with the implementation of fiscal austerity measures to ensure that the fiscal framework remains stable in the years ahead. To this end, several projects are already underway to ensure that the way we do business yields value for money. KZN is also reviewing SCM practices to eliminate collusion between service providers and government officials. This collusion results in government paying more than it should for goods and services. Jointly with the eThekwini Metro, a strategic sourcing system is being explored, that creates a platform for competitive bidding to minimise the extent to which government becomes a price taker.

Given the resource constraints as a result of equitable share reductions, ways of increasing provincial-own revenue generation are being explored, especially in the Health sector. The collection rate of health-patient fees (for paying patients) is far too low and there is room for the province to substantially improve its collection. Treasury has employed four interns and seconded them to the Department of Health, to facilitate the speedy processing of invoices and recover fees from government institutions that utilise public health services, such as the South African Police Services, Correctional Services, the Road Accident Fund, and so on. These interns will also process invoices destined for medical aid schemes for those patients who are medically insured, but use public health services. The aim is to double the collection rate of health patient fees in 2011/12 and beyond.

In summary, the 2011/12 budget strategy is underpinned by four elements, namely:

- Reprioritisation of the current budget.
- Fiscal austerity.
- Sound cash-flow management and increasing provincial own revenue. With this strategy in place, KZN is confident that the budget will remain stable in the 2011/12 MTEF period and beyond.
- A stable fiscal framework will ensure that the province has adequate resources to continue delivering the much needed services to the people of KZN.

2. SOCIO-ECONOMIC OUTLOOK

2.1 Introduction

The word or term "recovery" was used very often during 2010. The free dictionary defines recovery as "the act, process, duration, or an instance of recovering", "a return to a normal condition" and "the regaining of something lost". Investor Words defines recovery as "a period in a business cycle following a recession, during which the GDP rises". It is also interesting to note that The Recovery was a ship that was wrecked near Port Stephens, New South Wales, Australia, in 1816. Recovery is also the first e-book and seventh instalment of The New Jedi Order series set in the Star Wars galaxy.

The word or term recovery therefore seems to refer to a specific process, act or period of time. It is not a static period, but a dynamic period which is characterised by a movement or return from abnormal to normal, whatever is considered or assumed to be normal. It is also a finite period that has a beginning and an end, i.e., it starts at a very specific period and it ends at a very specific period. It is interesting that no definition makes reference to the negative when defining recovery. A recovery is therefore not necessarily a change from bad to good. In fact, in economics there seems to be bad in the good and good in the bad, i.e., nothing is just bad or just good.

The national economic recession that started during the first quarter of 2009, formally ended during the third quarter of 2009. It was, in hindsight, a very quick but dramatic period. The end of the recession culminated in the beginning of the recovery. Initially, a quick and dramatic scenario was also envisaged for the recovery because of the massive international fiscal and monetary responses to the recession. The responses on most levels were unprecedented, creating the impression of a quick and dramatic recovery. This has proven not to be the case.

The recovery of the national economy was primarily because of the recovery of the international trade system, the maintenance of the fiscal stance and the lowering of interest rates. The three stimuli were expected to boost private investment and private consumption expenditure in the economy, thereby increasing demand and output. The recovery unfortunately stagnated during the latter part of 2010, primarily because the increase in international demand was always dependant on the growth and health of the international economy, and because the expansionary fiscal and monetary policy intuitively would always have been very hard to maintain indefinitely.

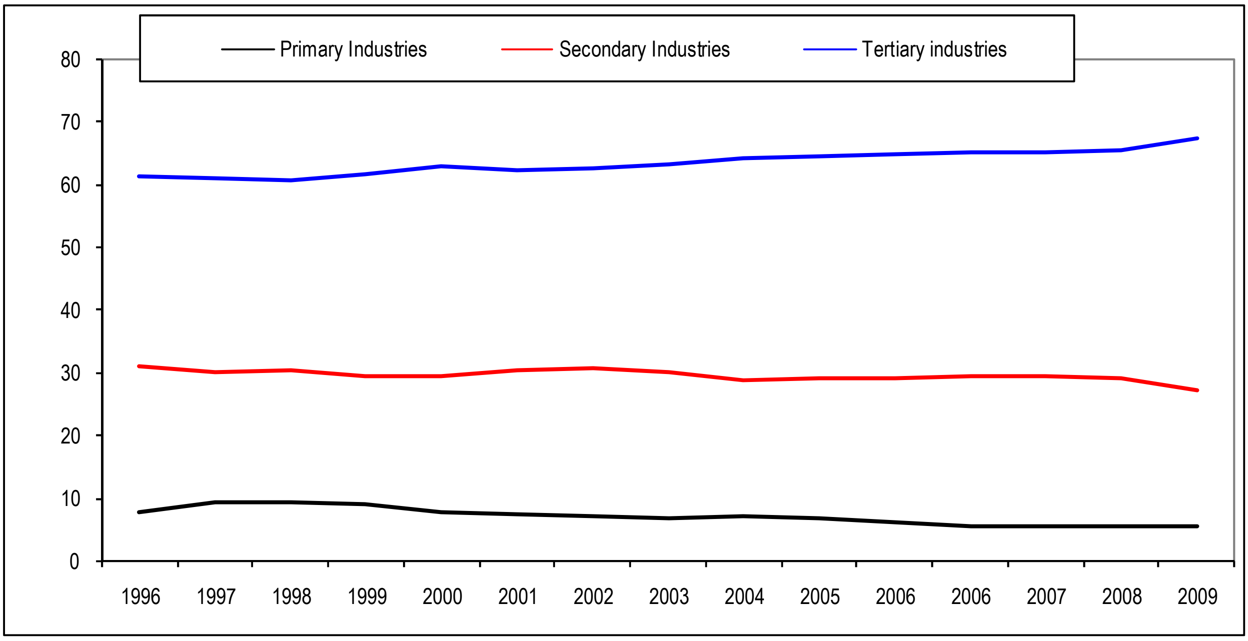
The national economy recorded a negative economic growth rate of 1.68 per cent during 2009. This is a swing of 5.28 percentage points from 2008. The estimates are that the national economy recorded a growth rate of about 3.3 per cent during 2010, signalling a 4.98 percentage point swing during 2010 which, if assumed that 2008 was normal, suggests that the recovery phase is still in process. Thus 2010 was a period of economic recovery which started during the latter part of 2009, but the recovery has not yet ended. In fact, it seems that the recovery itself has run into serious difficulties. This is evident in the decrease in the quarterly seasonal adjusted growth rates recorded during the first three quarters of 2010.

The slowdown in the recovery suggests that 2011 will also be a very frustrating and difficult year, not that dissimilar to 2010. The issue or probability of a double dip recession is still lingering, although it is more and more unlikely because of the time that has passed since the start of the recovery. However, what also seems very evident is that the quick and dramatic scenario has not and will not occur, because of the unwinding of the international expansionary policies. The extreme voices (on both sides of the equation) are getting softer, while the moderate voices are getting louder. The ever increasing consensus view seems to suggest a fairly moderate but lengthy recovery, lasting well into 2011 and even into 2012. 2011 will most likely be characterised by moderate economic growth and the recovery of most macroeconomic indicators, but the stagnation of employment, income and most social indicators. This will most likely also be the scenario for the province during 2011. Economic growth for the province is estimated to be in the 3 to 3.5 per cent range during 2011.

2.2 Structure of the KwaZulu-Natal economy

Graph 2.1 suggests that the contribution of both the primary and secondary sectors to the provincial Gross Domestic Product (GDP) decreased, while the contribution of the tertiary sector to the provincial GDP increased since 1996. The contribution of the primary and secondary sectors to the provincial GDP decreased from 7.77 per cent and 30.91 per cent to 5.59 per cent and 27.19 per cent, respectively, while the contribution of the tertiary sector to the provincial GDP increased from 61.31 per cent to 67.21 per cent since 1996. It also seems that the structural changes intensified during the recession, suggesting that the primary and especially the secondary sectors were relatively worse affected by the recession than the tertiary sector. It must also be emphasised that a decrease in contribution by no means implies a decrease in absolute terms, but only a decrease in relative terms.

Graph 2.1: Primary, secondary and tertiary sector contributions to provincial GDP (%)



Source: Stats. SA (2009), Own calculations

Table 2.1 below indicates the location quotients for the provincial economy. The benchmark economy is taken to be the national economy as the closest available approximation to a self-sufficient economy. Assuming the national economy is self-sufficient, then a location quotient greater than 1 means that the provincial economy has more than enough employment in industry “i” to supply the provincial economy with its product. A location quotient less than 1 suggest that the provincial economy is deficient in industry “i”, and must import its product if the province is to maintain normal consumption patterns. The table below clearly indicates the surplus and deficit industries in the provincial economy.

Table 2.1: Provincial location quotients

Industry	1996	1999	2002	2003	2006	2008	2009
Primary							
Agriculture, forestry and fishing	0.97	0.99	1.00	1.02	1.02	1.01	0.99
Mining and quarrying	0.16	0.12	0.10	0.11	0.17	0.16	0.16
Secondary							
Manufacturing	1.47	1.47	1.50	1.52	1.48	1.45	1.47
Electricity, gas and water	0.88	0.88	0.89	0.89	0.87	0.86	0.85
Construction	0.77	0.76	0.77	0.77	0.78	0.78	0.78
Tertiary							
Wholesale and retail trade; hotels and restaurants	0.73	0.72	0.73	0.74	0.75	0.75	0.74
Transport, storage and communication	1.11	1.11	1.08	1.10	1.12	1.12	1.09
Finance, real estate and business services	0.94	0.92	0.91	0.91	0.91	0.91	0.90
Personal and general government services	1.05	1.08	1.08	1.07	1.12	1.13	1.12

Source: Global Insight (2010), Own calculations

Surplus or export (deficit or shortage) employment in industry "i" for the provincial economy is calculated and indicated in Table 2.2 below. The values are simply the difference between the actual industry employment and the necessary employment.

Table 2.2: Provincial minimum requirements

Industry	1996	1999	2002	2003	2006	2008	2009
Primary							
Agriculture, forestry and fishing	(3 381)	(965)	492	2 461	2 308	1 476	(1 006)
Mining and quarrying	(66 218)	(52 216)	(49 877)	(50 924)	(49 420)	(56 702)	(55 495)
Secondary							
Manufacturing	96 017	85 270	84 924	84 736	84 727	86 594	91 160
Electricity, gas and water	(1 245)	(1 228)	(1 085)	(1 073)	(1 269)	(1 352)	(1 431)
Construction	(10 975)	(10 807)	(10 345)	(11 160)	(15 199)	(16 650)	(16 848)
Tertiary							
Wholesale and retail trade; hotels and restaurants	(39 997)	(49 122)	(47 812)	(49 566)	(59 152)	(61 537)	(57 408)
Transport, storage and communication	7 637	6 952	4 587	5 390	6 809	7 673	5 356
Finance, real estate and business services	(6 187)	(9 166)	(12 479)	(12 418)	(15 383)	(18 518)	(21 041)
Personal and general government services	11 492	19 138	20 389	20 173	31 281	39 522	38 753

Source: Global Insight (2010), Own calculations

In order to calculate the average multiplier for the province, the total number of people employed is divided by the sum of the export employment. The average multiplier for the period is calculated to be about 10.4. A more acceptable marginal multiplier can be estimated by simple regression if sufficient values are available which is, unfortunately, not the case in this instance.

Measuring the provincial economic structure requires the use of employment based indices, such as the concentration index, the diversity index and a sector competition index. The concentration index is similar to the location quotients as calculated earlier, i.e., the same formula is used in both calculations. The concentration index measures how specialised a province is in an industry, relative to what one would expect if employment in that industry was scattered randomly across the country. A value greater than 1 indicates that the particular industry is over represented in the provincial economy, whereas a value less than 1 indicates under representation of the particular industry (Table 2.1).

The measure used to analyse the industry diversity in the provincial economy is the fraction of the province's employment in the largest five industries, other than the industry in question accounted for in 1996. The values of this ratio per industry for the provincial economy are indicated in Table 2.3 below. The lower this ratio, the more diversified the province is. The Manufacturing and Personal and general government services industries have fairly high values suggesting some concentration of activity towards the industry. However, in general, if the mentioned sectors are excluded, the provincial economy is fairly well diversified.

Table 2.3: Provincial diversity

Industry	1996	1999	2002	2003	2006	2008	2009
Primary							
Agriculture, forestry and fishing	0.12	0.11	0.12	0.12	0.09	0.08	0.07
Mining and quarrying	0.01	0.01	0.00	0.01	0.01	0.01	0.01
Secondary							
Manufacturing	0.35	0.30	0.28	0.27	0.26	0.25	0.25
Electricity, gas and water	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Construction	0.03	0.03	0.03	0.03	0.04	0.04	0.04
Tertiary							
Wholesale and retail trade; hotels and restaurants	0.11	0.13	0.12	0.13	0.16	0.15	0.13
Transport, storage and communication	0.07	0.07	0.06	0.06	0.05	0.05	0.05
Finance, real estate and business services	0.09	0.10	0.12	0.12	0.14	0.15	0.16
Personal and general government services	0.25	0.31	0.32	0.33	0.31	0.32	0.33

Source: Global Insight (2010), Own calculations

The measure of local competition of an industry in a province is the number of firms per worker in the industry in KZN relative to the number of firms per worker in the industry in the country. Unfortunately the number of firms in the province-industries and country-industries is not available. Because of the availability of only a limited number of variables, the "best" alternative to the number of firms, with regard to the measuring of competition, is gross operating surplus (GOS).

GOS represents, to an extent, economic or abnormal profit, and thus the level of competition within the particular industry. The measure of the degree of competition in the province-industry is therefore the GOS per employee in the province, relative to the GOS per employee nationally. A value greater than 1 means that this province-industry generates more GOS per employee relative to its size in this province than it does in the country. One interpretation of the value greater than 1 is that the industry in the province is locally less competitive than it is elsewhere in the country.

The values per industry for the provincial economy are indicated in Table 2.4 below.

Table 2.4: Provincial competition

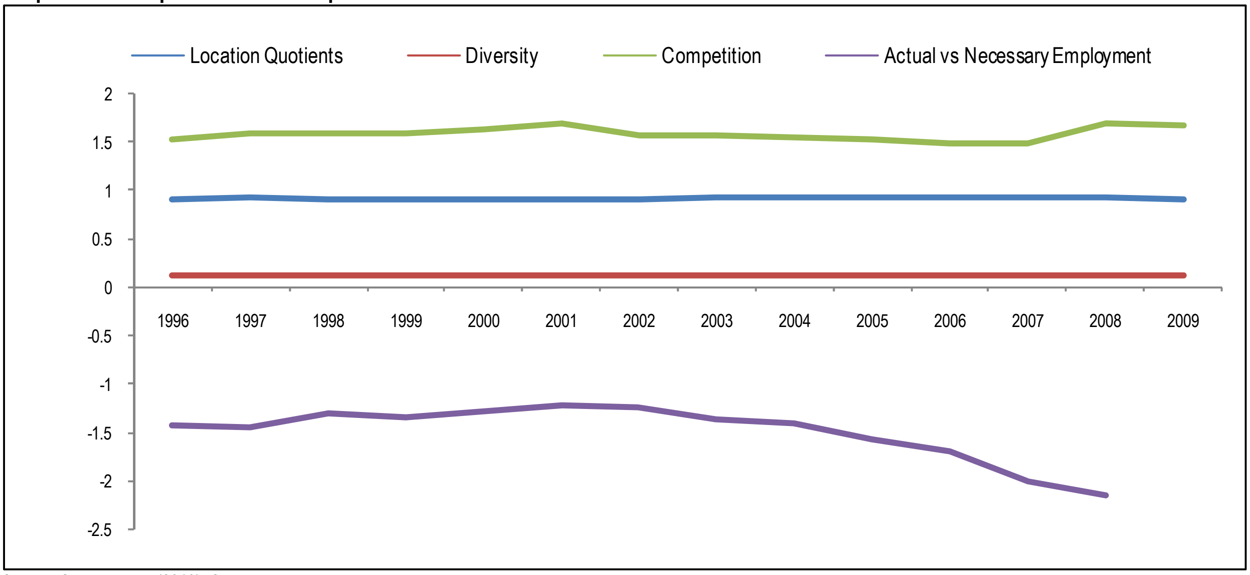
Industry	1996	1999	2002	2003	2006	2008	2009
Primary							
Agriculture, forestry and fishing	1.79	1.81	1.67	1.73	1.80	1.91	1.89
Mining and quarrying	2.59	3.08	2.80	2.84	1.90	3.79	3.72
Secondary							
Manufacturing	1.13	1.16	1.14	1.13	1.20	1.21	1.20
Electricity, gas and water	1.36	1.42	1.61	1.40	1.50	1.47	1.45
Construction	1.64	1.55	1.45	1.44	1.46	1.43	1.40
Tertiary							
Wholesale and retail trade; hotels and restaurants	1.59	1.62	1.75	1.74	1.75	1.69	1.67
Transport, storage and communication	1.54	1.49	1.54	1.51	1.51	1.51	1.50
Finance, real estate and business services	1.11	1.15	1.17	1.22	1.26	1.22	1.18
Personal and general government services	0.99	0.96	1.00	1.02	1.03	1.01	0.99

Source: Global Insight (2010), Own calculations

Graph 2.2 below indicates the following:

- The average location quotient in the provincial economy is smaller than 1 and has remained fairly constant over the period.
- The provincial economy has a shortage of labour and produces, on average, insufficient levels for its own consumption.
- The provincial economy, on average, is a fairly diverse economy and the levels of diversity have remained fairly constant over the period.
- The provincial economy is a moderately uncompetitive economy, while the levels of competitiveness have worsened over the period.

Graph 2.2: Comparative location quotients



Source: Global Insight (2010), Own calculations

2.2.1 Methodology of the model

A structural model has been developed in an attempt to model the provincial economy. This model will allow Provincial Treasury to model the quarterly and annual performance of the different economic sectors in the province, and to forecast the real GDP of the province, based on national GDP estimates. The stability and relevance of the structural model is dependent on the degree of the stability of the structural relationship between national GDP and provincial GDP since 1995. Table 2.5 indicates the yearly structural relationship between national GDP and provincial GDP per sector from 1995 to 2009.

Table 2.5: Structural GDP relationship - Provincial sector GDP as a % of national sector GDP per annum

Industry	1995	1998	2001	2004	2005	2007	2009
Primary	**9.94**	**11.86**	**10.41**	**10.38**	**9.62**	**10.07**	**11.01**
Agriculture, forestry and fishing	31.22	30.82	28.86	29.46	26.98	29.01	28.78
Mining and quarrying	4.37	6.02	4.14	3.77	3.50	3.49	3.45
Secondary	**20.26**	**20.14**	**20.84**	**20.09**	**20.09**	**19.91**	**19.68**
Manufacturing	20.92	20.93	21.19	21.24	21.24	21.17	21.15
Electricity, gas and water	17.39	17.40	18.62	17.05	17.24	17.19	17.16
Construction	18.02	16.73	20.11	14.64	14.86	14.40	14.41
Tertiary	**15.68**	**15.64**	**15.65**	**15.69**	**15.89**	**15.83**	**15.77**
Wholesale and retail trade; hotels and restaurants	16.22	15.95	16.83	16.99	16.90	17.02	16.99
Transport, storage and communication	23.30	22.30	21.25	21.37	21.49	21.62	21.67
Finance, real estate and business services	13.96	13.93	13.47	13.44	14.06	13.79	13.79
Personal services	16.39	16.37	16.34	16.34	16.27	16.28	16.23
General government services	13.66	13.82	13.80	13.61	13.63	13.65	13.67

Source: StatsSA (2009), Own calculations

Some provincial sectors have experienced a steady increase in their contribution to national sector GDP, while others have experienced a steady decrease in their contribution to national sector GDP. However, no dramatic and significant structural changes have occurred over the period, therefore the structural relationship seems to display a high degree of stability.

2.3 Provincial quarterly economic performance

Table 2.6 indicates the 2009 and 2010 quarter-on-quarter growth rates in Gross Domestic Product by Region (GDP-R) per economic sector. It is estimated that provincial GDP increased by 0.90 per cent during the third quarter of 2010 compared to an increase of 4.95 per cent during the second quarter of 2010 on a non-seasonal adjusted basis (highlighted in grey in the table). On a seasonal adjusted basis, the provincial economy experienced an increase of 0.39 per cent during the third quarter of 2010 compared to an increase of 1.04 per cent during the second quarter of 2010 (highlighted in grey in the table). The third quarter economic performance of the province is disappointing, given the momentum of the second quarter. The provincial economy lost significant impetus which, if the trend continues, will result in the provincial economy significantly underperforming the forecast. The slowdown in economic activity and output is not good news for job creation, etc.

Table 2.6: Provincial GDP and economic growth rate - Quarter-on-Quarter

Industry	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3
Primary	**(10.39)**	**(34.97)**	**16.02**	**49.74**	**(12.08)**
Agriculture, forestry and fishing	(12.38)	(43.74)	22.81	68.43	(15.92)
Mining and quarrying	(1.02)	1.60	0.33	(3.10)	6.81
Secondary	**5.92**	**1.66**	**(6.11)**	**5.36**	**3.04**
Manufacturing	6.57	1.55	(6.49)	6.64	2.98
Electricity, gas and water	5.41	(0.77)	(5.59)	2.48	4.41
Construction	1.91	4.17	(3.86)	(1.26)	2.48
Tertiary	**1.92**	**4.68**	**(5.41)**	**1.59**	**1.51**
Wholesale and retail trade; hotels and restaurants	3.39	15.63	(16.17)	1.95	4.27
Transport, storage and communication	4.07	1.58	(4.51)	2.31	4.50
Finance, real estate and business services	0.88	3.53	(2.60)	0.54	(1.13)
Personal services	0.10	(1.21)	0.40	1.29	0.18
General government services	0.71	1.11	(0.61)	2.27	0.28
GDPR at constant 2005 prices	1.81	1.38	(4.50)	4.95	0.90
GDPR at constant 2000 prices (seasonal adjusted)	0.30	0.73	1.04	1.04	0.39

Source: StatsSA (2009), Own calculations

Table 2.7 shows that the provincial economy recorded, on a seasonal adjusted and annualised basis, an increase of 3.24 per cent during the third quarter of 2010 compared to an increase of 3.14 per cent during the second quarter of 2010. The annual growth rates, both on a seasonal and non-seasonal adjusted basis, indicate that economic activity is at much better levels than experienced a year ago. The annualised growth rates also indicate that the majority of economic sectors continue to record positive growth rates.

Table 2.7: Provincial GDP and economic growth rate - Year-on-Year

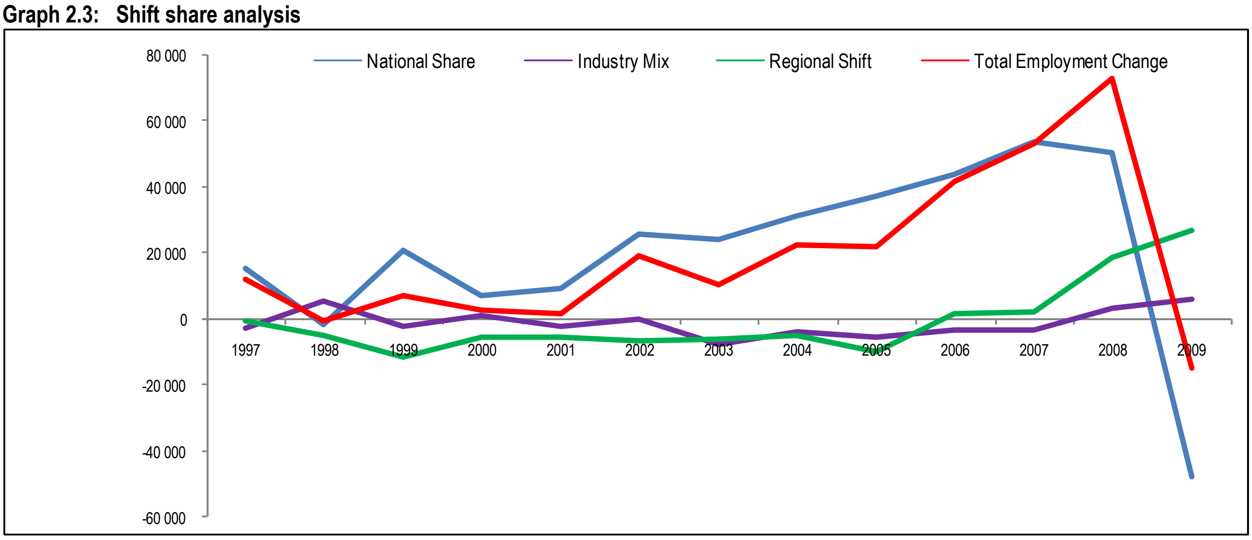
Industry	2009 Q4 Annualised	2010 Q1 Annualised	2010 Q2 Annualised	2010 Q3 Annualised
Primary	**0.87**	**1.43**	**1.25**	**(0.66)**
Agriculture, forestry and fishing	2.69	(0.63)	1.98	(2.14)
Mining and quarrying	(3.10)	7.76	(2.23)	5.50
Secondary	**(3.49)**	**3.00**	**6.51**	**3.61**
Manufacturing	(5.06)	3.01	7.91	4.28
Electricity, gas and water	0.55	2.86	1.21	0.25
Construction	5.54	3.02	0.78	1.34
Tertiary	**0.50**	**1.03**	**2.53**	**2.11**
Wholesale and retail trade; hotels and restaurants	(2.63)	(0.52)	2.17	3.03
Transport, storage and communication	0.15	1.51	3.27	3.69
Finance, real estate and business services	0.63	0.71	2.27	0.23
Personal services	2.62	0.08	0.56	0.63
General government services	3.70	3.17	3.50	3.06
GDPR at constant 2005 prices (seasonal adjusted annualised)	(1.71)	0.95	3.14	3.24
GDPR at constant 2005 prices (non-seasonal adjusted annualised)	(0.81)	1.44	3.46	2.53

Source: StatsSA (2009), Own calculations

2.3.1 Shift share analysis of the provincial economy

Graph 2.3 below indicates the results of the various shift share calculations for the provincial economy. The national share component indicates the number of jobs created or lost provincially due to national economic trends. The national share component shows that, if the provincial economy was identical to the national economy, then the provincial economy should have grown by the indicated number of jobs per indicated year. The industry mix component allows one to determine if the local industry is weighted towards industries that are growing faster or slower than the national average. The overall industrial growth component suggests that the structure of the provincial economy is not favourable for growth. The local share component determines whether the local industries are growing faster or slower than similar industries at the national level. According to the graph, the local share component is also not favourable for growth. However, during the recession both the industry mix component and the local share component were favourable for growth. It is also evident that approximately 90 per cent of the provincial growth is because of national factors.

Graph 2.3: Shift share analysis



Source: Global Insight (2010), Own calculations

2.4 Provincial macro-economic indicators in the recession and subsequent recovery

Table 2.8 below indicates the average monthly year-on-year percentage change in the selected macroeconomic indicators for the province. It shows the behaviour of each indicator during the recession and the subsequent recovery. The table also very clearly shows that the majority of indicators performed worse during the recovery than during the recession, suggesting that the period after the recession was in fact worse than the period during recession. This can partly be explained by the assumption that, during a recession, there is in most cases a higher degree of certainty, whereas during a recovery there are much higher levels of uncertainty. This can be compared to the saying "better the devil you know than the devil you don't know".

Table 2.8: Provincial Macroeconomic Indicators - average monthly Year-on-Year

Macroeconomic Indicator	2009 (%)	2010 (%)
GDP Growth Rate	(2.24)	3.4*
Population Growth Rate	3.40	1.88
Employment Rate	(3.99)	(2.28)
Unemployment Rate (Expanded definition)	21.23	10.87
Consumer Price Index (All items)	7.18	3.35
Civil Cases for Debt Rate	14.43	6.14
Electricity Usage Rate	2.04	0.39
Cement Sales Rate	(2.57)	(2.57)
House Prices Rate	(1.00)	14.77
Vehicle Sales Rate	(34.00)	(2.35)
Building Plans for Residential Properties Rate	(29.24)	(9.50)
Building Plans for Non-residential Properties Rate	21.85	(37.75)
Number of New Patents Rate	24.92	22.20
Unemployment Insurance Applications Rate	39.30	(27.01)
Number of Active CO and CC Entities Rate	(3.09)	(39.16)

* Author's estimate
Source: various sources including StatsSA (2009), Own calculations

The macroeconomic indicators, particularly for 2010, suggest that 2011 will also be a difficult year characterised by significant levels of frustration, because the economy is growing but the growth is too little to support job creation and private capital formation. The economic growth is not accompanied by real welfare and social improvements.

Table 2.9 shows the average and median contribution of each of the selected provincial macroeconomics to its corresponding national macroeconomic indicator. It also shows the stability in each relationship via the various measures of deviation. It is very interesting to note that the 16 per cent level seems to repeat itself in each of the indicators. The 16 per cent seems to be a fairly good provincial estimate, and the level of stability at 16 per cent is very high, making these relationships seemingly very meaningful and significant.

The stability of the relationships also suggests that the provincial economy was neither far worse affected by the recession, nor far better affected by the recovery, than the national economy. Therefore, the performance of the provincial economy during 2011 will largely be dependent on the performance of the national economy.

Table 2.9: The 16% phenomenon - various periods

Statistic	GDP	Fuel Consumption	Buildings reported as completed, constant	Cement sales, tons	Electricity Usage	Total Employment	Number of Taxpayers	R&D Spend
Average (%)	16.23	16.65	15.37	15.58	19.81	18.68	15.15	10.80
Median (%)	16.23	16.64	14.33	15.33	19.62	18.65	15.46	10.89
Std dev	0.12	0.35	3.27	1.09	0.85	0.26	0.77	0.36
CV	0.01	0.02	0.21	0.07	0.04	0.01	0.05	0.03
Range	0.46	1.71	15.03	4.65	3.29	0.66	1.86	0.94
Kurtosis	(0.80)	2.19	0.23	1.49	(0.74)	(1.88)	(0.81)	(0.81)
Skewness	(0.26)	0.70	0.69	1.18	0.05	0.16	(0.97)	(0.79)

Source: Various sources including StatsSA (2009), Own calculations

2.5 Unemployment and the provincial labour market

Table 2.10 provides information regarding the KZN labour market over the stated period, and it is evident that the total labour force contracted considerably over the period. It is also evident that the number of people employed and unemployed decreased. However, the number of people not economically active and discouraged work seekers increased substantially over the period, suggesting a loss of confidence in a larger part of the provincial labour market in finding employment. This has serious implications for current and future government expenditure, because of the increase in social welfare and security demands.

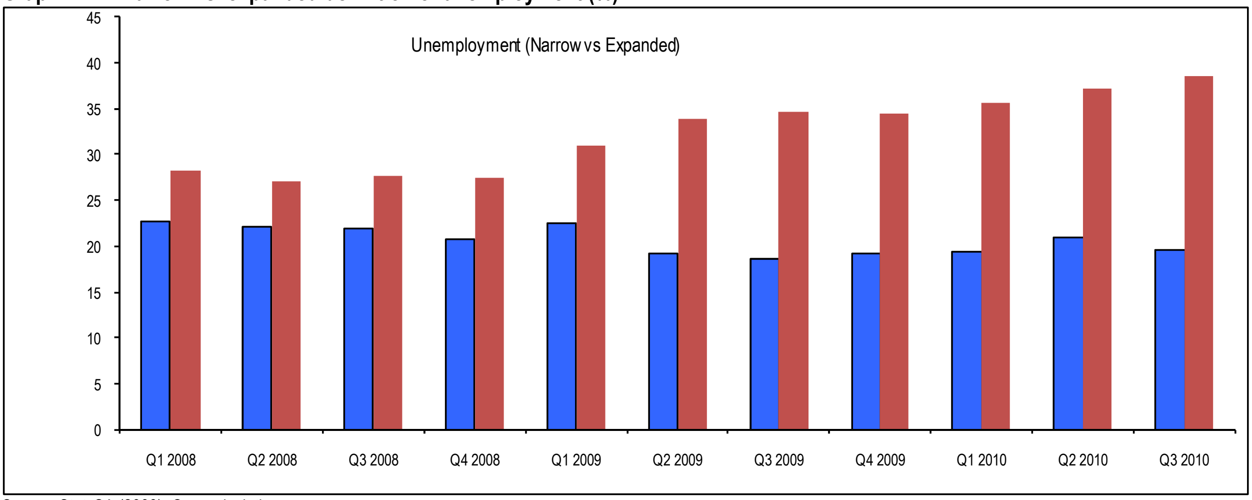
Table 2.10: Provincial labour market dynamics - Total per period

	Population of working age (15–64 years)	Labour Force	Employed	Unemployed	Not Economically Active	Discouraged Work Seekers
Q1 2008	6 250 000	3 315 000	2 562 000	753 000	2 935 000	183 000
Q2 2008	6 273 000	3 359 000	2 614 000	745 000	2 914 000	167 000
Q3 2008	6 295 000	3 312 000	2 583 000	729 000	2 983 000	186 000
Q4 2008	6 318 000	3 321 000	2 631 000	690 000	2 997 000	224 000
Q1 2009	6 340 000	3 248 000	2 514 000	733 000	3 093 000	271 000
Q2 2009	6 362 000	3 043 000	2 457 000	586 000	3 319 000	448 000
Q3 2009	6 544 000	3 105 000	2 526 000	579 000	3 439 000	495 000
Q4 2009	6 574 000	3 068 000	2 476 000	592 000	3 506 000	467 000
Q1 2010	6 604 000	3 084 000	2 488 000	596 000	3 520 000	503 000
Q2 2010	6 635 000	3 081 000	2 436 000	645 000	3 554 000	504 000
Q3 2010	6 664 000	2 990 000	2 401 000	588 000	3 675 000	563 000

Source: StatsSA (2009), Own calculations

Graph 2.4 shows that, although unemployment according to the narrow definition has decreased since the beginning of 2008, unemployment according to the expanded definition has actually increased. The narrow definition, therefore, is significantly misleading in describing the unemployment situation in the province.

Graph 2.4: Narrow vs. expanded definition of unemployment (%)



Source: StatsSA (2009), Own calculations

A breakdown of the different economic sectors (Table 2.11) indicates that all the sectors decreased their employment numbers since the beginning of 2008, particularly the private households sector and the manufacturing sector. Very surprisingly, the informal sector also lost a significant number of jobs. The provincial economy lost about 161 000 jobs since the onslaught of the economic crises, and up to the third quarter of 2010. Further job loss, although not to the same extent, is expected during most of 2011, because of the lagging nature of unemployment. At best, the labour market will stabilise at these levels, but the creation of significant numbers of jobs seems highly unlikely especially given the growth prospect for the national and provincial economies.

Table 2.11: Provincial sector labour market dynamics - Total per period

	Formal sector (Non-agricultural)	Informal sector (Non-agricultural)	Agriculture	Private households	Total
Q1 2008	1 708 000	497 000	129 000	229 000	2 563 000
Q2 2008	1 688 000	531 000	165 000	230 000	2 614 000
Q3 2008	1 674 000	493 000	151 000	265 000	2 583 000
Q4 2008	1 695 000	490 000	163 000	283 000	2 631 000
Q1 2009	1 627 000	471 000	134 000	283 000	2 515 000
Q2 2009	1 662 000	447 000	103 000	245 000	2 457 000
Q3 2009	1 703 000	471 000	116 000	236 000	2 526 000
Q4 2009	1 695 000	443 000	111 000	227 000	2 476 000
Q1 2010	1 722 000	417 000	120 000	228 000	2 487 000
Q2 2010	1 675 000	421 000	114 000	226 000	2 436 000
Q3 2010	1 651 000	419 000	119 000	213 000	2 402 000

Source: StatsSA (2009), Own calculations

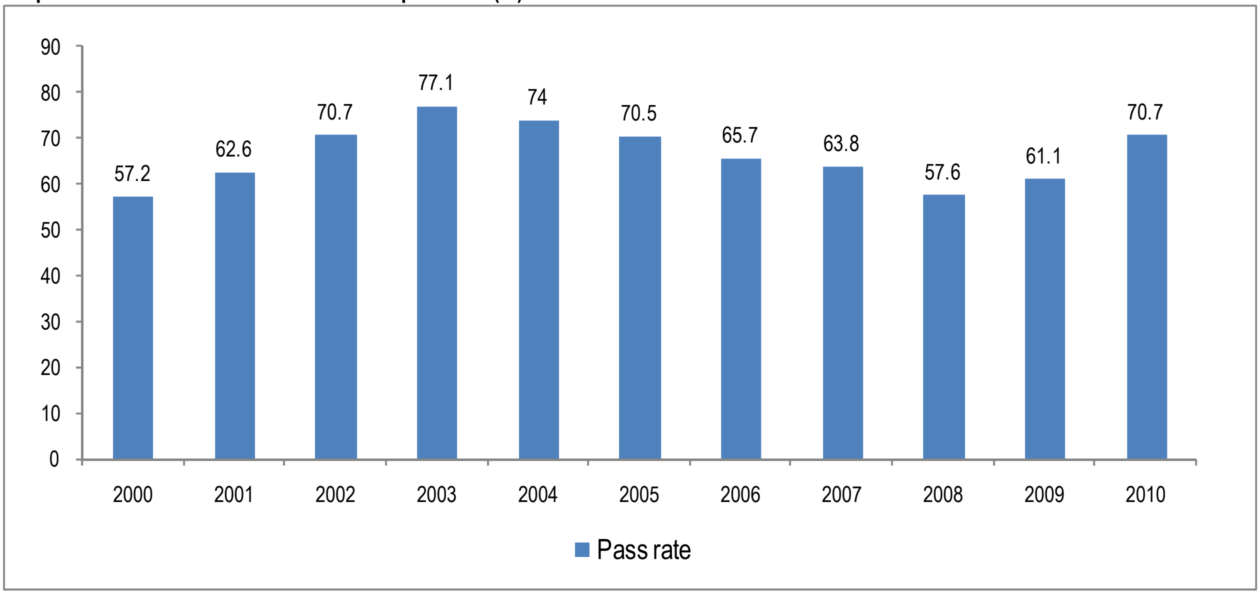
2.6 Education

2.6.1 Literacy and skills development

Graph 2.5 shows that the matric pass rate has been improving since 2008. However, the pass rate is still much lower than the pass rate achieved during 2003.

The 2010 results show a vast improvement of 9.7 per cent from 2009 to 2010.

Graph 2.5: Senior certificate examination pass rate (%) 2000-2010

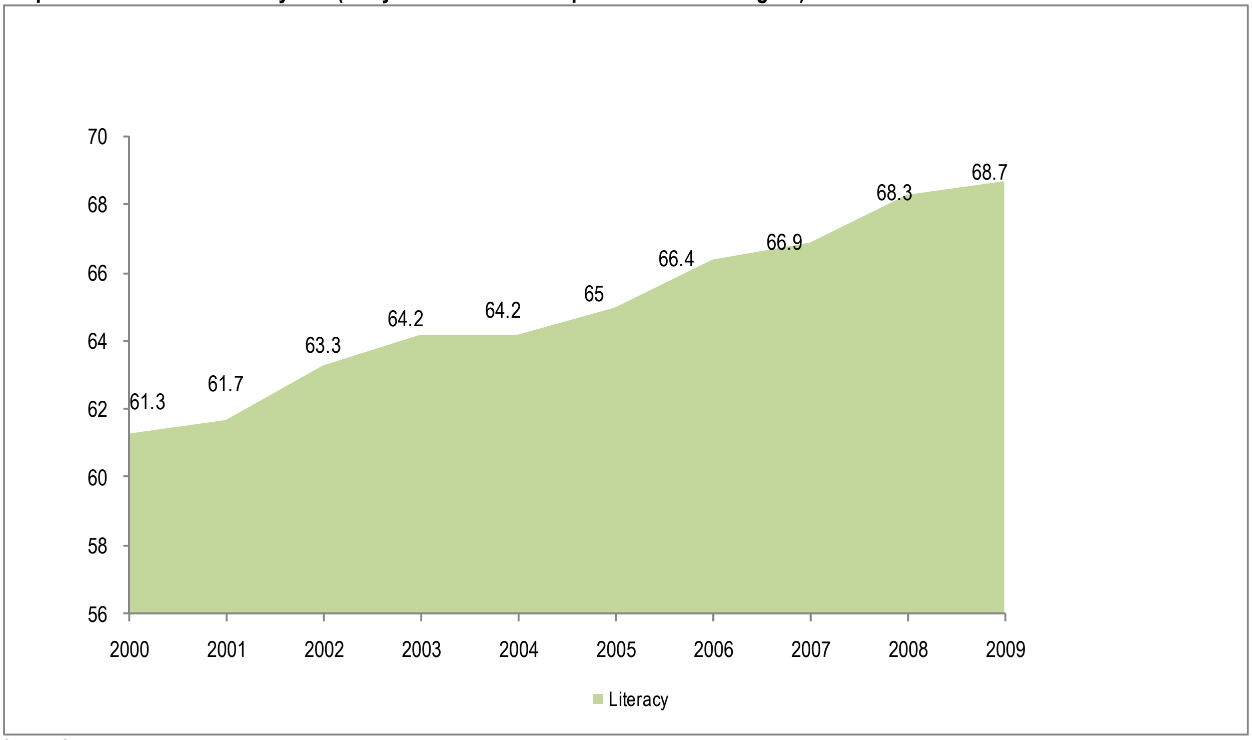


Source: Department of Education

Graph 2.6 below shows the functional literacy rate of the province.

As can be seen from the graph, there is an improvement in the functional literacy rate, where the population aged 20 years and above that has completed grade 7 or higher has increased from 68.3 per cent in 2008 to 68.7 per cent in 2009.

Graph 2.6: Functional literacy rate (20+ years that have completed Grade 7 or higher)

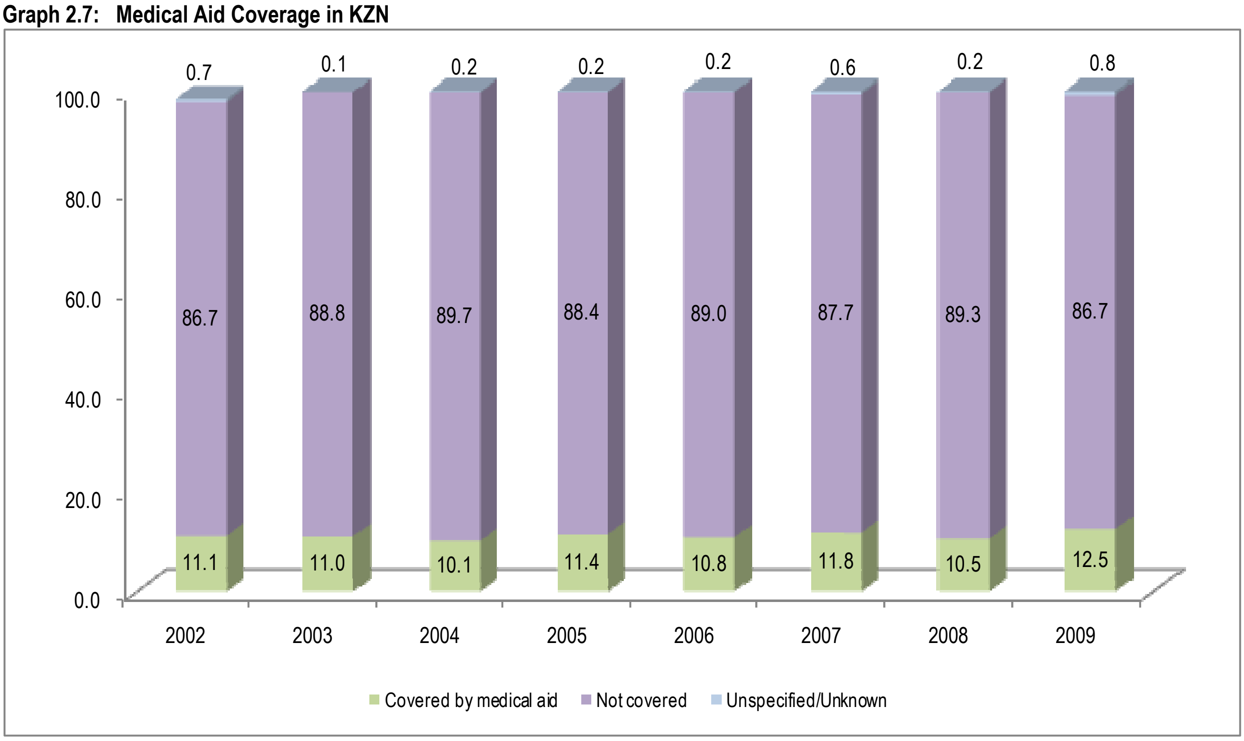


Source: Global Insight

2.7 Health

Graph 2.7 shows the medical aid coverage in KZN.

Graph 2.7: Medical Aid Coverage in KZN



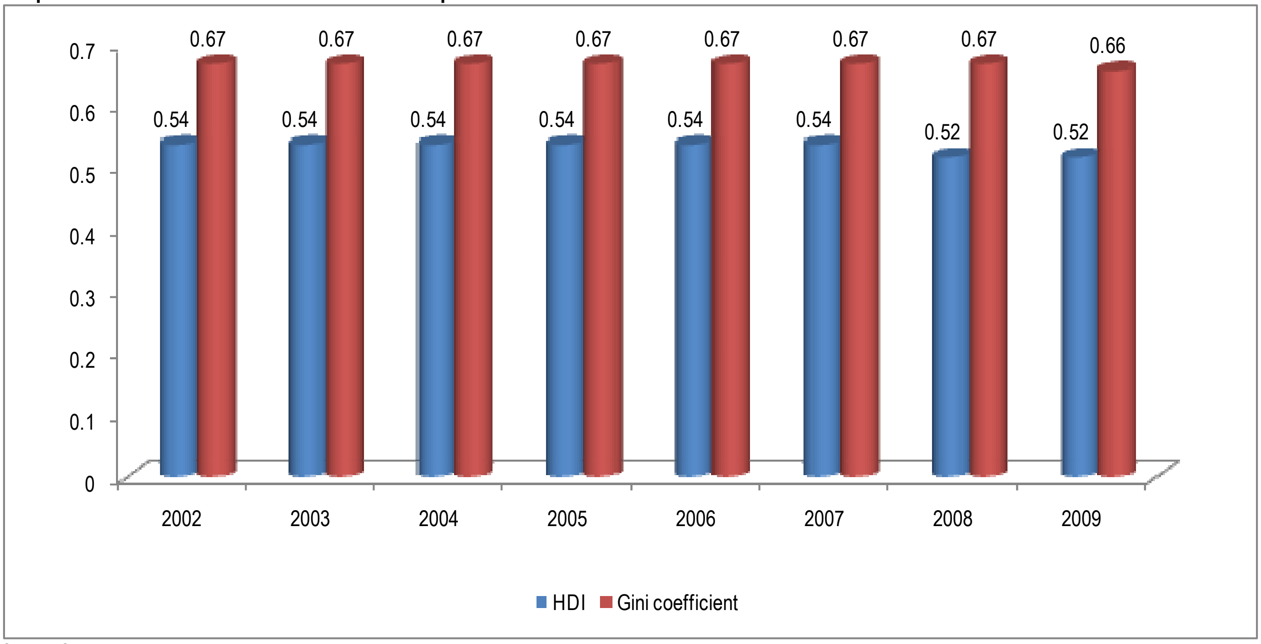
Source: StatsSA Household Survey 2002 – 2009

Health has always been one of the main priorities of the province. It is important for the province to improve the participation rate in terms of the number of people that utilise the public health care system. The number of people on medical schemes has been dwindling between 10 and 12 per cent since 2002. Approximately 88 per cent of the population of KZN do not have medical aid.

2.8 Gini coefficient and human development index (HDI)

Graph 2.8 below illustrates KZN's Gini coefficient and human development index.

Graph 2.8: Gini coefficient and Human Development Index 2002 - 2009



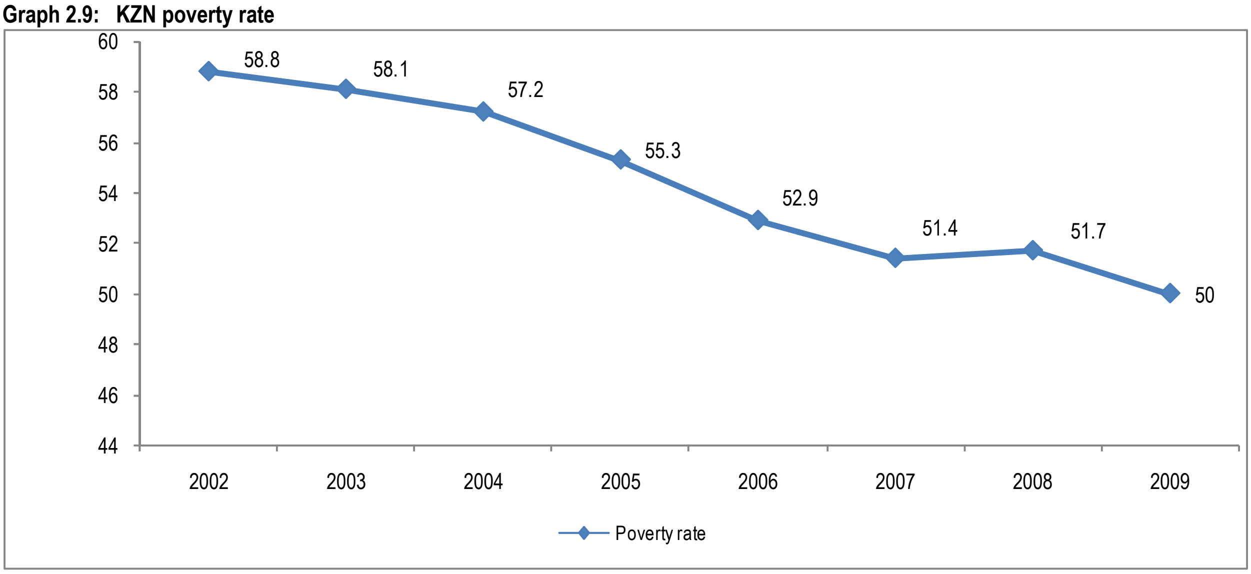
Source: Global Insight

Graph 2.8 shows that KZN's HDI declined from 0.54 in 2007 to 0.52 in 2008 and 2009. This decline is an indication that the province is regressing in terms of human development. KZN's Gini coefficient is also high at 0.67, but 2009 is showing a slight decrease to 0.66, even though it is still higher than national average of 0.65. This is an indication that the province needs to address the problem of inequality in the distribution of wealth.

2.9 KwaZulu-Natal Poverty rate 2002 – 2009

Graph 2.9 shows that KZN is faced with a very high level of poverty, with more than half of the population in the province living in poverty prior to 2009. As the graph shows, though, the situation is improving. In 2002, the level was high at 58.8 per cent and it continued to decline until it reached 50 per cent in 2009. It is hoped that, as the level of the Gini coefficient keeps on improving, poverty levels will also improve.

Graph 2.9: KZN poverty rate

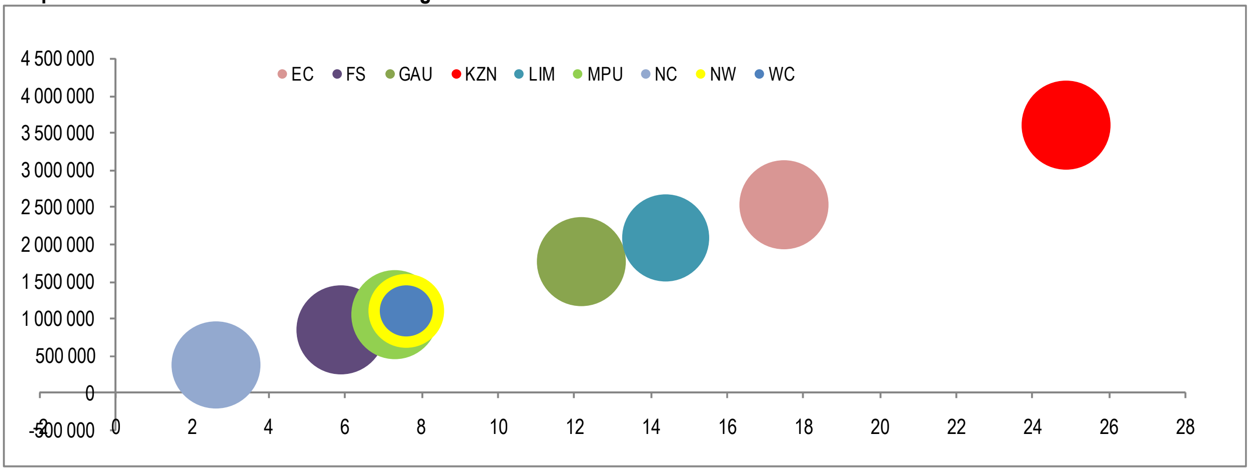


Source: Global Insight

2.10 Grant beneficiaries

Graph 2.10 below shows the participation of the KZN province in grant beneficiaries.

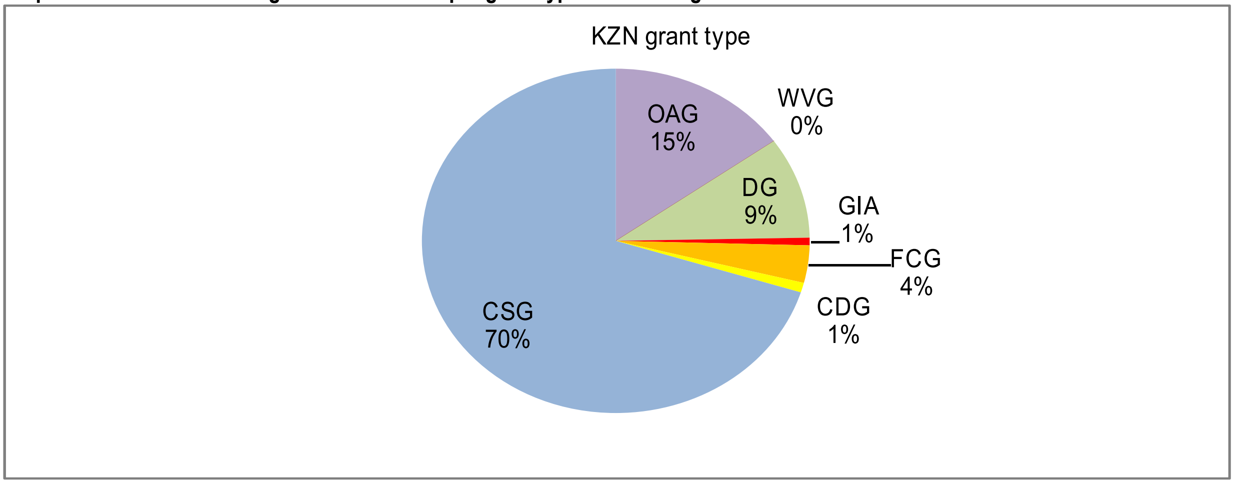
Graph 2.10: Grant beneficiaries as at 31 August 2010



Source: SOCPEN system and own calculations

The graph reveals that KZN has the highest beneficiary rate at 24.6 per cent and the Northern Cape has the lowest at 2.6 per cent. The above imposes a challenge to the province, because almost a quarter of the population of the province depends on grant benefits. The province needs to improve skills development and encourage small business participation to reduce the dependence on grants.

Graph 2.11: KwaZulu-Natal grant beneficiaries per grant type as at 31 August 2010



Source: SOCPEN system and own calculations

Graph 2.11 shows the percentage of grant beneficiaries per grant type. According to the type of grant, the Child Support grant (CSG) is the highest beneficiary at 70 per cent, followed by the Old Age grant (OAG) at 15 per cent, Disability grant (DG) at 9 per cent, Foster Child grant (FCG) at 4 per cent, Grant in Aid (GIA) and Child Dependency grant (CDG) both at 1 per cent. The War Veteran's grant has the lowest significance in KZN, at 0 per cent.

2.11 Access to dwellings and services

This section provides the total number of households in KZN with access to: dwellings by type of dwelling, water, energy and sanitation from 2002 to 2009. Table 2.12 below shows an improvement in the provision of decent housing to the people of KZN. Informal dwellings decreased in 2009 compared to 2002, where informal dwellings or shacks not in the backyard were 184 000 in 2002, decreasing to 176 000 in 2009. This decrease has taken place irrespective of the increase in households from 2 287 000 to 2 615 000 in 2002 and 2009, respectively. In 2002, 8 per cent of households were living in informal housing but, in 2009, this decreased to 6.7 per cent.

Table 2.12: KwaZulu-Natal households by type of dwelling 2002 - 2009

	2002	2003	2004	2005	2006	2007	2008	2009
Type of dwelling (000)								
Dwelling /house or brick structure on a separate stand or yard or on a farm	1 122	1 218	1 098	1 135	1 289	1 307	1 361	1 443
Traditiona dwelling/hut/structure made of traditional material	453	556	566	569	589	588	658	588
Flat or apartment in a block of flats	187	199	191	177	254	190	189	205
Town/cluster/semi-detatched house (simplex,duplex or triplex)	37	95	78	50	30	25	-	45
Unit in retirement village	4	-	-	-	-	-	-	-
Dwelling/house/flat/room in backyard	84	57	59	58	78	102	40	31
Informal dwelling/shack in backyard	77	32	52	48	93	34	51	47
Informal dwelling/shack not in backyard e.g. in an informal/squatter settlement or on farm	184	190	166	315	135	177	147	176
Room/flatlet	126	122	164	96	91	83	33	59
Caravan/tent	3	-	-	-	-	-	-	-
Other	8	-	-	-	19	12	-	16
Unspecified	2	9	6	9	11	19	18	5
Total	**2287**	**2478**	**2380**	**2457**	**2589**	**2537**	**2497**	**2615**
Type of dwelling (%)								
Dwelling /house or brick structure on a separate stand or yard or on a farm	49.1	49.2	46.1	46.2	49.8	51.5	54.5	55.2
Traditiona dwelling/hut/structure made of traditional material	19.8	22.4	23.8	23.2	22.8	23.2	26.4	22.5
Flat or apartment in a block of flats	8.2	8.0	8.0	7.2	9.8	7.5	7.6	7.8
Town/cluster/semi-detatched house (simplex,duplex or triplex)	1.6	3.8	3.3	2.0	1.2	1.0	-	1.7
Unit in retirement village	0.2	-	-	-	-	-	-	-
Dwelling/house/flat/room in backyard	3.7	2.3	2.5	2.4	3.0	4.0	1.6	1.2
Informal dwelling/shack in a backyard	3.4	1.3	2.2	2.0	3.6	1.3	2.0	1.8
Informal dwelling/shack not in backyard e.g. in an informal/squatter settlement or on farm	8.0	7.7	7.0	12.8	5.2	7.0	5.9	6.7
Room/flatlet	5.5	4.9	6.9	3.9	3.5	3.3	1.3	2.3
Caravan/tent	0.1	-	-	-	-	-	-	-
Other	0.3	-	-	-	0.7	0.5	-	0.6
Unspecified	0.1	0.4	0.3	0.4	0.4	0.7	0.7	0.2
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Statistics South Africa Household survey 2002 – 2009 & own calculations

Table 2.13: KwaZulu-Natal access to water source 2002 - 2009

	2002	2003	2004	2005	2006	2007	2008	2009
Households by water source (000)								
Piped water in dwelling	841	872	830	935	914	966	879	919
Piped water on site/neighbour's tap	461	578	565	591	674	624	607	677
Borehole in the yard	88	84	-	-	17	-	-	14
Rainwater tank in yard	13	-	13	-	-	-	-	-
Neighbour's tap	5	-	49	63	58	48	81	89
Public tap/rain water tap	338	385	412	424	466	478	464	519
Water-carrier/tanker	16	27	24	28	29	32	38	55
Borehole outside yard	141	135	164	130	143	105	119	66
Flowing water/stream/river	250	224	201	212	182	183	170	180
Dam/pool/stagnant water	30	22	21	12	10	28	18	20
Well	65	78	58	24	40	20	25	11
Spring	33	54	35	26	40	23	71	56
Other	4	19	8	12	16	30	25	9
Unspecified	2	-	-	-	-	-	-	-
Total	**2 287**	**2 478**	**2 380**	**2 457**	**2 589**	**2 537**	**2 497**	**2 615**
	2002	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Water source (%)								
Piped water in dwelling	36.8	35.2	34.9	38.1	35.3	38.1	35.2	35.1
Piped water on site/neighbour's tap	20.2	23.3	23.7	24.1	26.0	24.6	24.3	25.9
Borehole in the yard	3.8	3.4	-	-	0.7	-	-	0.5
Rainwater tank in yard	0.6	-	0.5	-	-	-	-	-
Neighbour's tap	0.2	-	2.1	2.6	2.2	1.9	3.2	3.4
Public tap/rain water tap	14.8	15.5	17.3	17.3	18.0	18.8	18.6	19.8
Water-carrier/tanker	0.7	1.1	1.0	1.1	1.1	1.3	1.5	2.1
Borehole outside yard	6.2	5.4	6.9	5.3	5.5	4.1	4.8	2.5
Flowing water/stream/river	10.9	9.0	8.4	8.6	7.0	7.2	6.8	6.9
Dam/pool/stagnant water	1.3	0.9	0.9	0.5	0.4	1.1	0.7	0.8
Well	2.8	3.1	2.4	1.0	1.5	0.8	1.0	0.4
Spring	1.4	2.2	1.5	1.1	1.5	0.9	2.8	2.1
Other	0.2	0.8	0.3	0.5	0.6	1.2	1.0	0.3
Unspecified	0.1	-	-	-	-	-	-	-
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Stats SA Household survey 2002 – 2009 & own calculations

Table 2.13 above reveals that there is still more to be done in terms of KZN's water infrastructure. Piped water in dwellings does not show any improvement since 2002. There were some improvements in 2005 to 2007 but a decline is shown from 2008, from 38.1 per cent in 2007 to 35.1 per cent in 2009.

Table 2.14 below shows that households using electricity from mains in KZN has improved from 2002 to 2009. In 2002, 56.4 per cent of households had access to electricity from mains for cooking, but in 2009 this has increased to 68.5 per cent. However, the province needs to address the number of households using wood because the rate is still high, at 23.4 per cent in 2002 and 23.5 per cent and 21.9 per cent in 2008 and 2009, respectively.

Table 2.14: KZN household access to energy for cooking 2002 - 2009

	2002	2003	2004	2005	2006	2007	2008	2009
Source of energy (000)								
Electricity from mains	1 290	1 410	1 412	1 519	1 697	1 693	1 589	1 792
Electricity from generator	1	-	-	-	-	-	-	-
Gas	44	42	47	52	42	51	64	49
Paraffin	365	363	326	337	308	243	199	171
Wood	536	614	546	506	505	491	586	572
Coal	43	35	33	32	26	38	38	17
Animal dung	5	14	16	11	11	21	21	14
None	3	-	-	-	-	-	-	-
Total	**2 287**	**2 478**	**2 380**	**2 457**	**2 589**	**2 537**	**2 497**	**2 615**
Source of energy (%)								
Electricity from mains	56.4	56.9	59.3	61.8	65.5	66.7	63.6	68.5
Electricity from generator	0.0	-	-	-	-	-	-	-
Gas	1.9	1.7	2.0	2.1	1.6	2.0	2.6	1.9
Paraffin	16.0	14.6	13.7	13.7	11.9	9.6	8.0	6.5
Wood	23.4	24.8	22.9	20.6	19.5	19.4	23.5	21.9
Coal	1.9	1.4	1.4	1.3	1.0	1.5	1.5	0.7
Animal dung	0.2	0.6	0.7	0.4	0.4	0.8	0.8	0.5
None	0.1	-	-	-	-	-	-	-
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Statistics South Africa Household survey 2002 – 2009 & own calculations

Using electricity as a source of heating has declined from 2002 to 2009. Table 2.15 shows that, even though usage increased to 60.8 per cent in 2006, there is a steady decline from 2007 to 2009. 2009 showed a substantial decrease to 44.6 per cent from 60.8 per cent in 2006. One of the reasons for the decline might be a response to Eskom's call for energy conservation. There is a steady increase in using wood as a source of heating increasing from 26.1 per cent of households in 2002 to 27.9 per cent in 2008.

Table 2.15: KZN household access to energy for heating 2002 - 2009

	2002	2003	2004	2005	2006	2007	2008	2009
Source of energy (000)								
Electricity from mains	1 151	1 267	1 218	1 432	1 575	1 480	1 358	1 166
Electricity from generator	1	-	-	-	-	-	-	-
Gas	17	20	21	14	20	26	15	-
Paraffin	210	186	129	192	183	125	95	51
Wood	598	663	648	596	595	603	696	649
Coal	59	44	47	52	57	54	68	47
Animal dung	5	-		-	-	-	14	15
Other	4	-		-	-	-	-	-
None	231	284	301	159	129	213	223	675
Unspecified	11	14	16	12	30	36	28	12
Total	**2 287**	**2 478**	**2 380**	**2 457**	**2 589**	**2 537**	**2 497**	**2 615**
Source of energy (%)								
Electricity from mains	50.3	51.1	51.2	58.3	60.8	58.3	54.4	44.6
Electricity from generator	0.0	-	-	-	-	-	-	-
Gas	0.7	0.8	0.9	0.6	0.8	1.0	0.6	-
Paraffin	9.2	7.5	5.4	7.8	7.1	4.9	3.8	2.0
Wood	26.1	26.8	27.2	24.3	23.0	23.8	27.9	24.8
Coal	2.6	1.8	2.0	2.1	2.2	2.1	2.7	1.8
Animal dung	0.2	-	-	-	-	-	0.6	0.6
Other	0.2	-	-	-	-	-	-	-
None	10.1	11.5	12.6	6.5	5.0	8.4	8.9	25.8
Unspecified	0.5	0.6	0.7	0.5	1.2	1.4	1.1	0.5
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Statistics South Africa Household survey 2002 – 2009 & own calculations

Access to energy for lighting in the province is a huge challenge. Table 2.16 above shows that the second largest source of lighting, is candles, at 22.8 per cent in 2009. It is highest source of lighting after lighting from electricity from mains at 76.4 per cent in 2009. This poses a great challenge to the safety of the citizens in KZN as this is often the cause of fires starting and shacks being burned down.

Table 2.16: KZN household access to energy for lighting 2002 - 2009

	2002	2003	2004	2005	2006	2007	2008	2009
Source of energy (000)								
Electricity from mains	1 567	1 752	1 714	1 769	1 934	1 943	1 839	1 999
Electricity from generator	1	-	-	-	-	-	-	-
Gas	4	-	-	-	-	-	-	-
Paraffin	42	37	20	43	27	18	15	12
Candles	668	678	629	634	604	555	623	596
Solar	1	-	-	-	11	-	-	-
Other	1	-	-	-	-	-	-	-
None	-	-	-	-	-	-	-	-
Unspecified	3	11	17	11	13	21	20	8
Total	**2 287**	**2 478**	**2 380**	**2 457**	**2 589**	**2 537**	**2 497**	**2 615**
Source of energy (%)								
Electricity from mains	68.5	70.7	72.0	72.0	74.7	76.6	73.6	76.4
Electricity from generator	0.0	-	-	-	-	-	-	-
Gas	0.2	-	-	-	-	-	-	-
Paraffin	1.8	1.5	0.8	1.8	1.0	0.7	0.6	0.5
Candles	29.2	27.4	26.4	25.8	23.3	21.9	24.9	22.8
Solar	0.0	-	-	-	0.4	-	-	-
Other	0.0	-	-	-	-	-	-	-
None	-	-	-	-	-	-	-	-
Unspecified	0.1	0.4	0.7	0.4	0.5	0.8	0.8	0.3
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Statistics South Africa Household survey 2002 – 2009 & own calculations

Table 2.17 shows that there has been a great improvement in sanitation as far as the bucket system is concerned. In fact, since 2002, the bucket system has been eradicated completely. Although the bucket system has been stopped, KZN is facing huge challenges of service delivery in this category. The percentage of households with flushing toilets has not improved since 2002, instead it decreased to 40.2 per cent in 2009 compared to 2002 at 44.0 per cent. There is an increase in the number of households using septic tanks. The table below shows that only 1.6 per cent of households used flush toilets connected to septic tanks in 2002, but this rate has increased to 4.5 per cent in 2009.

Table 2.17: KZN household access to sanitation 2002 - 2009

	2002	2003	2004	2005	2006	2007	2008	2009
Type of sanitation facility (000)								
Flush toilet connected to a public sewage system	1 006	1 091	973	1 028	1 151	1 114	967	1 052
Flush toilet connected to a septic tank	37	64	98	90	113	103	103	118
Chemical toilet	12	18	21	97	18	38	34	-
Pit latrine with ventilation pipe	105	228	269	347	360	403	450	649
Pit latrine without ventilation	857	850	798	689	715	686	739	620
Bucket toilet	8	-	-	-	22	-	-	-
None	245	217	201	190	199	147	170	163
Unspecified	17	10	20	16	11	46	34	13
Total	**2 287**	**2 478**	**2 380**	**2 457**	**2 589**	**2 537**	**2 497**	**2 615**
Type of sanitation facility (%)								
Flush toilet connected to a public sewage system	44.0	44.0	40.9	41.8	44.5	43.9	38.7	40.2
Flush toilet connected to a septic tank	1.6	2.6	4.1	3.7	4.4	4.1	4.1	4.5
Chemical toilet	0.5	0.7	0.9	3.9	0.7	1.5	1.4	-
Pit latrine with ventilation pipe	4.6	9.2	11.3	14.1	13.9	15.9	18.0	24.8
Pit latrine without ventilation	37.5	34.3	33.5	28.0	27.6	27.0	29.6	23.7
Bucket toilet	0.3	-	-	-	0.8	-	-	-
None	10.7	8.8	8.4	7.7	7.7	5.8	6.8	6.2
Unspecified	0.7	0.4	0.8	0.7	0.4	1.8	1.4	0.5
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Statistics South Africa Household survey 2002 – 2009 & own calculations

2.12 The weak currency economic growth fallacy and failure of the high wage doctrine[1]

There are very often articles in newspapers or comments made by various people that the current level of the South African currency is a constraint for economic growth and employment creation. This line of thought is based on the idea or theory that a depreciating or weak currency will stimulate foreign demand and exports, thereby increasing aggregate demand and output in the economy. This line of thought is very similar to the high wage doctrine that states that paying high wages (wages above efficiency wages) will stimulate domestic demand and thus increase aggregate demand and output in the economy.

The weak currency argument and the high wage doctrine seem plausible, and intuitively can increase aggregate demand and output in the economy. Economic policy, therefore, should be to weaken the currency or to ensure a weak currency and to support high wage demands in the economy. A weak currency and high wages, therefore, will significantly boost aggregate demand in the economy and this will be conducive for economic growth and employment creation.

The weak currency argument and high wage doctrine, however, are based on two very important assumptions. The first assumption is that the aggregate supply curve in the economy is perfectly elastic (horizontal), i.e., there are no scarcity or supply constraints in the economy. The second assumption is that the marginal propensity to import is zero, i.e., any increase in demand is fully met by domestic supply. It should, however, be fairly obvious that both these assumptions are neither realistic nor sustainable, especially over the medium to long term.

This assessment is not an academic article nor has a comprehensive literature review occurred. However, previous studies have been reviewed in order to get a sense of the general thinking and empirical results of the weak currency argument and high wage doctrine. In general, the results seem fairly varied with some studies in support of the argument and doctrine and *vice versa*. The literature, however, overwhelmingly suggests that both the argument and doctrine have their origins from before the great depression.

2.12.1 Provisional empirical evidence

Comparing the economic performance and behaviour of a number of economic indicators of South Africa with a sample of emerging economies shows some very interesting results. It must, however, be noted that the sample of countries might not be fully representative of all emerging economies as per the DOW Jones classification because of data constraints. It must also be stated that the study only includes three years, i.e., 2008, 2009 and 2010. Again, this is because of data constraints. It should also be made clear that the results are only provisional at this stage, and further tests, for example, to test for the robustness of the results, are still required.

The first step was to identify the comparative emerging market economies to be included in the analysis and, secondly, to ensure the data availability of the indentified economies. The data itself was then interrogated to ensure consistency in the data across the included economies. An excel spreadsheet based database was thereafter constructed, in which the statistical analysis was performed. It must be stated that the statistical analysis was fairly elementary, only incorporating basic descriptive and correlation statistics. Detailed panel data analysis was not performed, although it is recommended.

Table 2.18 below supplies the three-year average value for each economic indicator per emerging economy.

[1] The views expressed in this working paper are the views of the author and might not necessarily reflect the views of the PT.

Table 2.18: Three year average, 2008 to 2010

	GDP per Capita, US$	GDP Growth	Interest Rate	Inflation Rate	Jobless Rate	Industrial Production	Current Account % of GDP US$	Exchange Rate
South Africa	5 820	1.21	8.80	7.67	24.53	-2.90	-6.70	8.58
Brazil	8 148	4.39	10.77	5.20	7.48	2.66	-0.22	2.03
India	1 108	6.89	4.51	10.63	8.75	7.59	-0.66	47.70
Turkey	8 796	4.36	10.57	8.43	13.08	1.30	-0.45	1.54
Poland	12 156	3.48	4.32	3.40	11.47	3.78	-0.14	2.85
Mexico	8 662	0.22	5.97	4.86	5.49	-0.40	-0.24	12.43
Czech Republic	19 505	0.02	1.97	2.94	8.57	-1.47	-0.31	18.40
Malaysia	7 031	0.38	2.67	2.59	3.56	0.54	4.19	3.35
Peru	4 579	6.55	3.74	3.43	8.18	5.03	-0.43	3.06
Hungary	14 620	-0.48	7.59	5.06	10.49	-2.57	-0.43	204.67
China	3 575	9.40	5.94	2.81	4.23	13.23	4.39	6.85
Russia	9 959	0.52	10.07	10.84	7.99	0.05	1.37	29.95

Source, Tradingeconomics.com, own calculations

Table 2.19: Descriptive statistics and SA comparative performance

	GDP per Capita	GDP Growth	Interest Rate	Inflation Rate	Jobless Rate	Industrial Production	Current Account % of GDP US$	Exchange Rate
Average	8 663.00	3.08	6.41	5.66	9.48	2.24	0.03	28.45
Median	8 405.00	2.34	5.96	4.96	8.38	0.92	(0.28)	7.72
Std Dev	5 024.00	3.27	3.10	3.01	5.49	4.66	2.78	57.21
Upper Limit	13 687.00	6.35	9.51	8.66	14.98	6.90	2.81	85.66
Lower Limit	3 640.00	(0.19)	3.30	2.65	3.99	(2.42)	(2.75)	(28.76)
SA	5 820.00	1.21	8.80	7.67	24.53	(2.90)	(6.70)	8.58
Yes/No	Yes	Yes	Yes	Yes	No	No	No	Yes

Source, Tradingeconomics.com, own calculations
Upper Limit = Average + 1 Standard Deviation
Lower Limit = Average - 1 Standard Deviation
Yes/No indicates whether or not the SA is lying within one standard deviation of the average

Tables 2.18 and 2.19 above indicate that SA's macroeconomic behaviour and performance are largely on par with the other economies. However, the table very clearly indicates that the unemployment situation in SA is significantly different to the other economies, thereby suggesting that the unemployment situation in SA is not just a function of the economic fundamentals of SA, i.e., there seems to be some other explanation for the high unemployment situation in SA. SA's current account deficit also seems to be unsynchronised suggesting that our marginal propensity to import is significantly high. The high joblessness and high current account deficit in SA definitely seems unique to SA. The tables also seem to indicate that industrial production in SA is below its potential and that of its peers.

The correlation matrix in Table 2.20 below indicates that there is a weak to moderate negative correlation (-0.330) or relationship between the value of the exchange rate and the economic growth rate, while there is a fairly weak positive relationship (0.039) between unemployment and the value of the exchange rate. The results also indicate that there is a positive, although very weak, relationship (0.099) between the value of the exchange rate and the inflation rate indicative of a currency inflation relationship. The weak to moderate exchange rate industrial production relationship (-0.292) is also significant, supporting a stronger rather than a weaker currency.

The results seem to suggest that, for this sample of emerging economies, a strong currency is supportive of economic growth, high industrial production, low inflation and low joblessness, rather than a weak currency.

Table 2.20: Correlation matrix

r value	GDP Growth	Interest Rate	Inflation Rate	Jobless Rate	Industrial Production	Current Account % of GDP US$	Exchange Rate
GDP Growth	1.000	(0.021)	(0.007)	(0.179)	0.927	0.237	(0.330)
Interest Rate	(0.021)	1.000	0.575	0.368	(0.189)	(0.294)	0.092
Inflation Rate	(0.007)	0.575	1.000	0.366	(0.121)	(0.367)	0.099
Jobless Rate	(0.179)	0.368	0.366	1.000	(0.431)	(0.896)	0.039
Industrial Production	0.927	(0.189)	(0.121)	(0.431)	1.000	0.505	(0.292)
Current Account, % of GDP US$	0.237	(0.294)	(0.367)	(0.896)	0.505	1.000	(0.065)
Exchange Rate	(0.330)	0.092	0.099	0.039	(0.292)	(0.065)	1.000

Source: Tradingeconomics.com, own calculations

The data was also analysed in ranked format in order to eliminate the size effects of some of the currencies included in the sample. Table 2.21 shows the ranked performance of the selected economies in each of the economic indicators. For example, SA recorded the largest jobless number (12) and lowest industrial production number (1). SA also recorded the largest current account deficit (1).

The results in Table 2.22 are similar to the results in Table 2.19 suggesting that SA's joblessness, industrial production and current account deficit falls outside one standard deviation of the sample average, i.e., SA performed relatively worse than the selected emerging market economies.

Table 2.21: Ranked data

Ranking	GDP Growth	Interest Rate	Inflation Rate	Jobless Rate	Industrial Production	Current Account % of GDP US$	Exchange Rate
Turkey	8.00	11.00	10.00	11.00	7.00	3.00	1.00
Brazil	9.00	12.00	8.00	4.00	8.00	8.00	2.00
Poland	7.00	4.00	4.00	10.00	9.00	9.00	3.00
Peru	10.00	3.00	5.00	6.00	10.00	5.00	4.00
Malaysia	4.00	2.00	1.00	1.00	6.00	11.00	5.00
China	12.00	6.00	2.00	2.00	12.00	12.00	6.00
South Africa	6.00	9.00	9.00	12.00	1.00	1.00	7.00
Mexico	3.00	7.00	6.00	3.00	4.00	7.00	8.00
Czech Republic	2.00	1.00	3.00	7.00	3.00	6.00	9.00
Russia	5.00	10.00	12.00	5.00	5.00	10.00	10.00
India	11.00	5.00	11.00	8.00	11.00	2.00	11.00
Hungary	1.00	8.00	7.00	9.00	2.00	4.00	12.00

Source: Tradingeconomics.com, own calculations Smallest value = 1 Largest value = 12

Table 2.22: Descriptive statistics and SA comparative performance in ranked format

Ranking	GDP per Capita	GDP Growth	Interest Rate	Inflation Rate	Jobless Rate	Industrial Production	Current Account % of GDP US$	Exchange Rate
Average	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Median	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Std Dev	3.61	3.61	3.61	3.61	3.61	3.61	3.61	3.61
Upper Limit	10.11	10.11	10.11	10.11	10.11	10.11	10.11	10.11
Lower Limit	2.89	2.89	2.89	2.89	2.89	2.89	2.89	2.89
SA	4.00	6.00	9.00	9.00	12.00	1.00	1.00	7.00
Yes/No	Yes	Yes	Yes	Yes	No	No	No	Yes

Source, Tradingeconomics.com, own calculations
Upper Limit = Average + 1 Standard Deviation
Lower Limit = Average - 1 Standard Deviation
Yes/No indicates whether or not the SA is lying within one standard deviation of the average

The correlation matrix in Table 2.23 below indicates that there is a moderate negative correlation (-0.427) or relationship between the value of the exchange rate and the economic growth rate, while there is a neutral relationship (0.000) between unemployment and the value of the exchange rate. The results also indicate that there is a positive, although weak, relationship (0.217) between the value of the exchange rate and the inflation rate. The moderate exchange rate industrial production relationship (-0.378) is also significant, supporting a stronger rather than a weaker currency.

The results of the ranked correlation (Table 2.23) are very similar to the results of the level data correlation (Table 2.20) supporting the argument that, for this sample of emerging economies, a strong currency is supportive of economic growth, high industrial production, low inflation and low joblessness rather than a weak currency.

Table 2.23: Correlation matrix in ranked format

r value	GDP Growth	Interest Rate	Inflation Rate	Jobless Rate	Industrial Production	Current Account % of GDP US$	Exchange Rate
GDP Growth	1.00	0.12	0.12	(0.056)	0.87	0.04	(0.427)
Interest Rate	0.12	1.00	0.71	0.22	(0.161)	(0.189)	(0.161)
Inflation Rate	0.12	0.71	1.00	0.48	(0.140)	(0.545)	0.22
Jobless Rate	(0.056)	0.22	0.48	1.00	(0.294)	(0.769)	-
Industrial Production	0.87	(0.161)	(0.140)	(0.294)	1.00	0.32	(0.378)
Current Account, % of GDP US$	0.04	(0.189)	(0.545)	(0.769)	0.32	1.00	(0.189)
Exchange Rate	(0.427)	(0.161)	0.22	-	(0.378)	(0.189)	1.00

Source: Tradingeconomics.com, own calculations

The results seem to contradict the weak currency economic growth argument, instead suggesting that a stronger or appreciating currency is, in fact, conducive for economic growth and job creation. The results suggest that a stronger or appreciating currency supports a low interest rate, low inflation, high industrial production environment which seems to be the economic growth and job creation transmission mechanism. Economic policy, therefore, should be focused to maintain a relatively strong or appreciating currency with a low inflation and high industrial production environment.

There is, unfortunately, no data available for wage rate increases or wage levels, thus it is difficult to empirically investigate the high wage doctrine. However, an appreciating or strong currency, coupled with a low inflation high industrial production environment, intuitively is not synonymous or cannot be associated with wages above the efficiency wage, i.e., the high wage doctrine. High wage increases (increases significantly above productivity) in general can be associated with a decrease in international competitiveness which, in turn, requires the currency to compensate for the loss of international competitiveness, i.e., to maintain competitiveness the local currency needs to depreciate. This is demonstrated by the purchase power parity (PPP) formula.

$$p = p^* / e$$

Where p represents the domestic prices, p^* represents the foreign prices and e represents the exchange rate. The depreciation of the currency, in turn, is inflationary *via* its effect on imported prices and ultimately negative for economic growth and employment creation, as indicated earlier (via the higher interest rate transmission mechanism). Thus, in order to maintain its international competitiveness in a high wage doctrine policy, the currency has to continuously weaken.

The alternative to the above scenario, i.e., where high wages decrease the international competitiveness, is for the shareholders to absorb the high wage increases. Thus, the high wage increases are not passed on to the consumers, but rather profit margins are lowered. With the shareholders absorbing the high wage increases, there ostensibly seems to be no need for the currency to depreciate, etc. However, the lowering of the rate of return to shareholders will significantly negatively affect investment and thus capital formation. The lowering of the rate of return will significantly alter the risk return dynamics of investing, thereby increasing the riskiness of investing in share capital. The loss or decrease in capital investment or formation will also significantly be negative for economic growth and employment creation.

The high wage doctrine, therefore, seems fundamentally flawed because of the above, and is even more flawed in the SA case because of the high marginal propensity to import of the SA consumer, i.e., the additional aggregate demand created by the high wages will significantly increase imports and therefore the deficit on the current account of the balance of payments. This seems to explain why SA has such a large deficit on its current account compared to the other emerging market economies included in the study. The large deficit on the current account is not necessarily a problem, especially if capital goods or the factors of production are primarily the items being imported. However, if consumer goods are what is primarily being imported, then domestic production is being substituted by foreign production.

The issue of scarcity and supply constraints cannot be ignored either, thus aggregate demand cannot indefinitely increase faster than aggregate supply. This has been clearly demonstrated by the Eskom debacle in SA. If demand increases faster than supply, then, at some stage, scarcity will become a factor raising the costs of production, and ultimately inflation will become a problem. Unfortunately, whether or not one likes it, scarcity and the existence of constraints are real, thus actual demand or output cannot indefinitely increase at a rate higher than what the economy can “afford”, so to speak.

2.12.2 Conclusion

The results of this assessment seem to indicate that SA’s unemployment, industrial production and current account deficit situation is unique to South Africa, compared to the emerging market economies included in the study.

The results suggest that the low economic growth and industrial production and high unemployment rate in SA cannot solely be explained by the strong exchange rate or other economic fundamentals. Emerging market economies with much stronger exchange rates have much lower unemployment than is the case in SA, for example. The unemployment situation in SA, therefore, cannot solely be explained by the economic fundamentals of the SA economy. This suggests, for example, that there is something fundamentally inefficient with the SA labour market.

The results of the study suggest that a low or depreciating currency is not the answer to the economic growth, industrial production and unemployment situation in SA. The opposite, in fact, seems to be true. Pursuing a weak or depreciating exchange rate policy is therefore extremely counterproductive, especially if the intention is to use the currency to compensate for the loss of international competitiveness and the inefficiencies that exists in the SA economy.

The high income doctrine also seems fundamentally flawed. In fact, much of the high current account deficit potentially can be explained by the fact that the unions in SA have been actively pursuing and advocating the high wage doctrine. The active pursuing of the high wage doctrine in SA has not delivered or achieved the economic performance and outcomes, as suggested by its advocates. The fact of the matter is that most of the increase in aggregate demand has not increased industrial production and therefore aggregate demand. It seems that, given SA’s very high marginal propensity to import, most of the additional aggregate demand has been satisfied by imports, thus the very high current account deficit.

Economic policy in SA should rather focus on maintaining a relatively strong currency that supports a low inflation and interest rate environment and on improving the industrial performance and output of the SA economy. Following the weak currency argument and the high wage doctrine seems fundamentally flawed and will not achieve high economic growth and low unemployment in the SA economy over the medium and long term.

3. THE FISCAL FRAMEWORK AND DIVISION OF REVENUE FOR THE 2011/12 MTEF PERIOD

3.1 Background

Section 214(1) of the Constitution of South Africa requires that, annually, a *Division of Revenue Act* determines the equitable division of nationally raised revenue between the three spheres of government. This section of the Constitution is supported by Section 9 of the *Intergovernmental Fiscal Relations Act (Act No. 97 of 1997)*, which promotes co-operative governance of fiscal, budgetary and financial matters, by prescribing the process for determining the equitable allocation of revenue raised nationally.

In terms of Section 214, an equitable system of vertical and horizontal division of centrally collected revenue is essential for the creation of a balance between the 3 spheres of government. The mechanism that has been developed to achieve this is dependent on functions, social and economic developmental needs and spatial and age distribution of the population in the provinces, and the country as a whole.

The vertical division of revenue among the three spheres of government – national, provincial and local – is based on value judgement and not on any predetermined formula. This division of revenue is determined through annual consultative processes involving the Budget Council, the Financial and Fiscal Commission (FFC) and National Treasury. However, the horizontal division of revenue among provinces, as well as municipalities, is formula-based, and this is further explained in Sections 3.3 and 3.4 below.

3.2 Division of revenue and fiscal framework

3.2.1 Fiscal policy and trends

South Africa's countercyclical fiscal policy is designed to steady the economy and to protect core social and economic programmes from undue volatility, enabling SA to adjust to the ups and downs of the business cycle. Sound fiscal policy has supported investment in social and capital infrastructure programmes during the economic downturn of 2008-2009. Doing this, at a time when revenue was falling, required a significant increase in borrowing and led to a higher budget deficit. Government spending supported the economy through the recession, and continues to do so into the recovery.

However, as the economy moves into a new growth cycle, borrowing will stabilise in line with counter-cyclical policy, and the pace of growth in government spending will moderate. This countercyclical approach moderates the impact on the business cycles and raises long term growth. In a nutshell, fiscal consolidation over the MTEF will be phased in, without curtailment of core public services in support of sustainable growth.

In line with the fiscal policy, government will balance the short-term need for fiscal stimulus with the medium-term need to consolidate the fiscal position as economic growth recovers. Over the longer term, higher economic growth will support debt reduction, enabling government to rebuild fiscal space. Creating fiscal space during the upward phase of the economic cycle is necessary to ensure that public finances are well positioned to respond when the cycle turns negative. Aligning government borrowing to economic growth supports the economy by contributing to lower interest rates, limiting inflationary pressures arising from government consumption expenditure and reducing SA's reliance on overseas savings to finance borrowing. In addition to financing current expenditure, government is obliged to ensure that the fiscus can sustainably finance future priorities. Counter-cyclical fiscal policy assists in defining a sustainable fiscal path by ensuring that expenditure that seems affordable when the economy is over-performing remains affordable during a recession, and by encouraging a growth-friendly environment with low inflation, low cost of capital and a competitive real exchange rate.

3.2.2 Value for money in public expenditure – Budgeting for outcomes

Government's outcomes approach provides a framework for enhanced monitoring of service delivery, including guidelines for results-driven performance that form the basis of ministerial performance agreements and the related delivery agreements. In making strategic choices, government will focus on those outcomes with the greatest potential impact on economic growth and development:

- Enhancing the quality of basic education and skills development.
- Improving the quality of health care and health infrastructure.
- Investing in new infrastructure and proper maintenance of economic infrastructure networks.
- Accelerating the creation of jobs.

Significant reforms are also envisaged to support the proposed growth path, including increased support for land and agrarian reform to reduce inequality, boost food production and provide assistance to newly settled farmers. The fight against crime will continue to be prioritised, as will the criminal justice system. Support for industrial development gives effect to the revised industrial policy action plan. Housing delivery will be better co-ordinated and synchronised, with the delivery of related community services.

Government will assess the trade-off between consumption expenditure and investments that support higher growth and improved service delivery. Expenditure on *Compensation* absorbs approximately 40 per cent of tax revenue. Should wage growth continue to accelerate in excess of revenue growth, the sustainability of government employment, investment and other goods and services will be undermined.

3.2.3 Division of revenue

The 2011/12 MTEF division of revenue was done in the context of government's priorities and the revenue raising capacity and functional responsibilities of each sphere of government. The budget policy framework continues to seek enhanced economic growth and people-centred development through strategic economic investment, progressive realisation of basic social rights, and improving public sector governance and service delivery.

The goals of government's development strategy are organised around 12 outcomes and elaborated in delivery agreements, with the baseline estimates reflecting priorities in education, health, infrastructure development, job creation, social protection, transport and health services, and providing for strong growth over the MTEF in housing, water infrastructure, police services and administration of justice.

The proposed framework for the 2011/12 budget gives effect to these priorities, and reflects government's determination to achieve better value for money and improved service delivery. Some additions to departmental baseline allocations are made, but growth in expenditure remains moderate. Initiatives to improve spending discipline, and to reorganise public administration to reduce management deficiencies, are central to the transformation challenge. Several areas of reform are proposed, including:

- Improvements to the public service administrative capacity.
- Strengthening of training programmes across the public service.
- Improvements to planning, budgeting and management of capital projects.
- Reviewing of non-departmental agencies and entities, with particular focus on governance, remuneration and mandates.
- Strengthening capacity to deal with fraud, collusion and corruption in procurement processes.
- Evaluation and review of IT systems and consulting services will be conducted to ensure compliance with the supply chain regulatory framework.

Table 3.1 sets out the division of nationally collected revenue between the three spheres of government for the 2011/12 MTEF. Substantial growth in transfers to provinces and local government is proposed over the MTEF. The national share sustains real growth in social grant provisions and public employment programmes.

The fiscal framework makes R808.254 billion available for spending in 2011/12, growing substantially to R925.617 billion by 2013/14. This represents a doubling of the resources available to the fiscus over the seven years from 2007/08 to 2013/14.

Table 3.1: Division of revenue between spheres of government, 2007/08 – 2013/14

	Audited Outcome			Revised Estimate	Medium-term estimates		
R million	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**
National departments	239 796	286 356	345 366	359 120	380 154	408 439	439 049
Provinces	210 288	249 710	293 164	323 080	357 929	380 450	404 251
Equitable share	*171 054*	*201 796*	*236 891*	*265 139*	*288 493*	*305 725*	*323 604*
Conditional grants	*39 234*	*47 914*	*56 273*	*57 941*	*69 436*	*74 724*	*80 647*
Local government	38 482	45 487	51 537	61 152	70 171	77 029	82 317
Equitable share	*20 676*	*25 560*	*23 906*	*30 559*	*34 108*	*37 573*	*39 960*
Conditional grants	*17 806*	*19 928*	*20 831*	*23 051*	*27 490*	*30 416*	*32 743*
General fuel levy sharing with metropolitan municipalities	–	–	*6 800*	*7 542*	*8 573*	*9 040*	*9 613*
Total	**488 566**	**581 553**	**690 068**	**743 353**	**808 254**	**865 919**	**925 617**
Percentage shares							
National departments	*49.1%*	*49.2%*	*50.0%*	*48.3%*	*47.0%*	*47.2%*	*47.4%*
Provinces	*43.0%*	*42.9%*	*42.5%*	*43.5%*	*44.3%*	*43.9%*	*43.7%*
Local government	*7.9%*	*7.8%*	*7.5%*	*8.2%*	*8.7%*	*8.9%*	*8.9%*

The percentage share of the total revenue allocated to national departments decreases from 48.3 per cent in 2010/11 to 47.0 per cent in 2011/12, after which there is a moderate increase over the MTEF period to 47.4 per cent in 2013/14. The provincial share increases from 43.5 per cent in 2010/11 and peaks at 43.9 per cent in 2012/13, after which there is a slight decrease to 43.7 per cent in 2013/14. The local government share shows substantial growth from 8.2 per cent in 2010/11 to 8.9 per cent in 2013/14.

At R359.120 billion in 2010/11, and increasing to R439.049 billion in 2013/14, national departments continue to receive the largest share of funding, followed by provinces at R323.080 billion in 2010/11, increasing to R404.251 billion in 2013/14. At R61.152 billion in 2010/11, local government still receives the smallest portion of the revenue collected nationally, growing to R82.317 billion in 2013/14.

Table 3.2 below summarises the additional funding allocated to the three spheres of government against the 2010/11 MTEF baseline allocations.

Table 3.2: Changes over baseline, 2011/12 – 2013/14

R million	**2011/12**	**2012/13**	**2013/14**
National departments	9 947	14 682	24 188
Provinces	9 507	13 385	17 280
Local government	1 288	1 506	2 329
Allocated expenditure	**20 741**	**29 573**	**43 796**

The fiscal framework adds R20.741 billion to expenditure in 2011/12, R29.573 billion in 2012/13 and R43.796 billion in 2013/14, translating into annual growth in government spending of 8.7 per cent, 7.1 per cent and 6.9 per cent over the next three years.

Of the additions to the baseline over the MTEF, 42.7 per cent goes to provinces, mainly to accommodate higher staff costs and infrastructure backlogs in education and health. Municipalities receive 5.4 per cent of the additions to the baseline, mainly for sustainable provision of basic services and bulk infrastructure.

3.3 Provincial equitable share

Provinces' revenue is made up of national transfers and own receipts. The bulk of national transfers come in the form of an equitable share allocation, and the balance comes from conditional grants (see Table 3.1). Unlike the division of revenue between the spheres of government (vertical split) which is based on value judgement, the provincial equitable share allocation of the nationally raised revenue is formula driven.

The formula used to divide the equitable share between provinces is objective-based and redistributive by design. The formula is reviewed and updated annually, based on the latest available data. For the 2011/12 MTEF, the Health portion of the formula changes. The formula previously took into account the number of people not on medical aid. This now takes into account estimated demand for health services according to age and gender, as well as data obtained from the District Health Information System. The distribution of weights by components also changes slightly, with the Education share dropping from 51 per cent to 48 per cent, the Health share increasing from 26 to 27 per cent and the Basic share component increasing from 14 to 16 per cent. The definitions of the various components are outlined below:

Component	Share (weighting) %
Education share – based on the size of the school-age population (ages 5 – 17) and the number of learners (Grade R to 12) enrolled in public ordinary schools	**48**
Health share – based on the estimated demand for health services according to age and gender, as well as data obtained from the District Health Information System	**27**
Basic share – derived from each province's share of the total population of the country	**16**
Institutional component – divided equally among the provinces	**5**
Poverty component – used to reinforce the redistributive bias of the formula	**3**
Economic activity component – based on the final Gross Domestic Product by Region (province) data	**1**

It must be noted that, in terms of Section 214 of the Constitution, the equitable division of revenue raised nationally among the national, provincial and local spheres of government, is unconditional. By implication this means that, although the division is based on the shares as outlined above, provinces have a prerogative to allocate provincial equitable share funds in line with their specific provincial priorities.

As mentioned above, changes have been made to the Health formula, where specific provision is made for subcomponents to cater for primary health care and hospitals. In preparation for National Health Insurance reforms proposed, several preparatory steps are proposed, including amendments to improve the fairness of the tax treatment of medical scheme contributions. These proposals are currently under discussion and will be introduced at a later stage.

Table 3.3 details the impact of the phased revisions to the provincial equitable share as a result of:

- ***Data updates:*** Revisions to the equitable share are informed by data from the 2010 Mid-year Population Estimates, 2010 Education Snap Survey, the 2008 GDP-R, District Health Information Services patient day data for 2008 and 2009 and the Risk Equalisation Fund, and the 2005 Income and Expenditure Survey. The adjustments will be phased in over three years.
- ***New formula for health and the amended weights for the health, education and basic components:*** The review of the provincial equitable share was undertaken in 2010/11 and the Technical Committee for Finance (TCF) and Budget Council endorsed a new formula for Health and a change of weights to the Health, Education and Basic components.
- ***Additions to baseline:*** The baseline adjustments were based on revised inflation projections (headline CPI) published in the 2010 Medium Term Budget Policy Statement, which are estimated at 4.8 per cent in 2011/12, 5.1 per cent in 2012/13 and 5.2 per cent in 2013/14. This MTEF's proposed adjustments are mainly to accommodate increased personnel costs, including a provision for increased employment, improved conditions of service and housing allowance, OSD, pay progression in terms of the 2010 wage agreement and to address infrastructure backlogs.

In order to ensure both the sustainability of SA's public finances and to address pressing budget issues, Cabinet approved that a 0.3 per cent cut to baselines be effected across all national departments and the provincial equitable share. This adjustment generated additional resources amounting to R6 billion, of which R2.700 billion is returned to the provincial sphere specifically to fund priorities in Health. The net-effect resulted in KZN's equitable share being reduced by R183.678 million in 2011/12, R193.858 million in 2012/13 and R205.438 million in 2013/14. These savings are to be effected on administrative spending and overhead costs, such that spending on core frontline services is protected.

The changes to the formula on the provinces' shares of the nationally raised revenue, and the implications thereof across the various components, are shown in Table 3.3 below.

Table 3.3: Components and shares of equitable share formula by province, 2011/12

	Education	Health	Basic share	Poverty	Economic activity	Institutional	Weighted average
	48%	27%	16%	3%	1%	5%	100%
Eastern Cape	16.7%	14.1%	13.5%	16.7%	7.5%	11.1%	15.1%
Free State	5.6%	5.9%	5.7%	5.9%	5.2%	11.1%	6.0%
Gauteng	15.5%	20.2%	22.4%	15.7%	33.1%	11.1%	17.8%
KwaZulu-Natal	23.1%	22.4%	21.3%	22.9%	16.4%	11.1%	21.9%
Limpopo	13.9%	10.6%	10.9%	14.3%	7.2%	11.1%	12.3%
Mpumalanga	8.4%	7.0%	7.2%	8.6%	7.6%	11.1%	8.0%
Northern Cape	2.2%	2.3%	2.2%	2.5%	2.3%	11.1%	2.7%
North West	6.3%	7.0%	6.4%	7.5%	6.5%	11.1%	6.8%
Western Cape	8.3%	10.5%	10.4%	6.0%	14.3%	11.1%	9.4%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The largest portion of the provincial equitable share is allocated to KZN, at 21.9 per cent of the total provincial equitable share allocated to provinces.

The financial implications of the abovementioned changes are reflected in Table 3.4, which gives the shares of the horizontal division of revenue among provinces, in rand terms.

Table 3.4: Provincial equitable shares allocations, 2011/12 - 2013/14

R million	2011/12	2012/13	2013/14
Eastern Cape	44 120	46 495	48 932
Free State	17 521	18 431	19 363
Gauteng	50 428	53 973	57 699
KwaZulu-Natal	62 928	66 878	70 993
Limpopo	36 349	38 104	39 885
Mpumalanga	23 379	24 570	25 786
Northern Cape	7 743	8 207	8 688
North West	19 271	20 562	21 913
Western Cape	26 754	28 505	30 345
Total	**288 493**	**305 725**	**323 604**

3.4 Conditional grants to provinces

Conditional grants to provinces are classified into two types, namely Schedule 4 and 5 grants, which have different governance arrangements. Schedule 4 grants are more general grants that supplement various programmes already funded by provinces, and include the Education Infrastructure grant, Health Infrastructure grant and the Provincial Roads Maintenance grant which are aimed at addressing backlogs in provincial infrastructure. Transfer and spending accountability arrangements differ in each case. More than one national or provincial department may be responsible for different outputs expected from the grant, so accountability is broader and more comprehensive, and related to entire programmes rather than specific projects. Schedule 5 grants are specific purpose conditional grants, with specific responsibilities for both the transferring and receiving accounting officers.

Table 3.5 below reflects the revisions to the conditional grant allocations for 2011/12 to 2013/14.

Table 3.5: Revision to provincial conditional grants baseline allocations, 2011/12 – 2013/14

R million	2011/12	2012/13	2013/14	Total
Technical revisions	**(2 787)**	**(3 449)**	**(4 049)**	**(10 285)**
Health	**-**	**(620)**	**(1 154)**	**(1 774)**
Forensic pathology services grant	-	(620)	(654)	(1 274)
Hospital revitalisation grant	-	-	(500)	(500)
National Treasury	**-**	**-**	**-**	**-**
Infrastructure grant to provinces	(13 091)	(14 008)	(14 778)	(41 877)
Revised to:	**13 091**	**14 008**	**14 778**	**41 877**
Education infrastructure grant	5 498	5 883	6 207	17 588
Health infrastructure grant	1 702	1 821	1 921	5 444
Provincial roads maintenance grant	5 891	6 303	6 650	18 845
Human Settlements	**(2 454)**	**(2 556)**	**(2 697)**	**(7 707)**
Human settlements development grant	(2 454)	(2 556)	(2 697)	(7 707)
Public Works	**(332)**	**(273)**	**(199)**	**(804)**
EPWP incentive grant	(533)	(515)	(485)	(1 532)
EPWP incentive grant for social sector	200	242	286	728
Savings effected on conditional grants	**(71)**	**(45)**	**(54)**	**(170)**
Human Settlements	***(35)***	**-**	**-**	***(35)***
Human settlements development grant	(35)	-	-	(35)
Health	**(36)**	**(45)**	**(54)**	**(135)**
Hospital revitalisation grant	(36)	(45)	(54)	(135)
New grants	**1 005**	**2 495**	**5 379**	**8 879**
Co-operative Governance and Traditional Affairs	**305**	**180**	**190**	**675**
Provincial disaster grant	305	180	190	675
Basic Education	**700**	**2 315**	**5 189**	**8 204**
School infrastructure backlogs grant	700	2 315	5 189	8 204
Addition to baselines	**1 922**	**3 253**	**4 362**	**9 537**
Agriculture, Forestry and Fisheries	**50**	**175**	**275**	**500**
Comprehensive agricultural support programme	50	120	230	400
Land care programme	-	55	45	100
Higher Education and Training	**354**	**536**	**864**	**1 754**
Further education and training colleges	354	536	864	1 754
Health	**310**	**560**	**810**	**1 680**
Comprehensive HIV and AIDS	60	60	60	180
National tertiary services grant	250	500	750	1 500
Public Works	**641**	**718**	**804**	**2 163**
Devolution of property rates fund	641	718	804	2 163
Transport	**566**	**1 264**	**1 609**	**3 440**
Provincial roads maintenance grant	566	1 264	1 609	3 440
Total additions/(deductions) to baseline	**69**	**2 254**	**5 637**	**7 960**

Forensic Pathology Services grant

The Forensic Pathology Services grant will be phased into the provincial equitable share from 2012/13. Provinces must continue to budget for these services, in terms of which an amount of R161.055 million is provided in 2011/12. The phasing in of this grant into the provincial equitable share results in a reduction of this grant by R34.033 million in 2012/13 and R26.146 million in 2013/14.

Hospital Revitalisation grant

The National Department of Health effected savings on the baseline of this grant of R36 million in 2011/12, R45 million in 2012/13 and R54 million in 2013/14. The reduction of R500 million in 2013/14 represents the shift from this grant to the provincial equitable share, as this grant begins to be phased into the provincial equitable share. The revised provincial baseline of this grant is R547.698 million, R566.605 million and R533.432 million in 2011/12, 2012/13 and 2013/14, respectively.

Infrastructure Grant to Provinces (IGP)

The IGP has been restructured into separate infrastructure grants for Education, Health and Transport. This is to ensure that infrastructure funding is appropriate to the needs of each sector. The existing IGP baselines have been split and 42, 13 and 45 per cent assigned to Education, Health and Transport, respectively. A new grant to deal with the infrastructure backlogs in education is also introduced from 2011/12. The new structure of infrastructure grants to provinces is as follows:

- ***Education infrastructure funding to provinces***
  Amounts of R1.158 billion in 2011/12, R1.1271 billion in 2012/13 and R1.341 billion in 2013/14 are taken from the IGP to form the new Education Infrastructure grant. This grant will supplement existing infrastructure budgets in education. An additional R700 million, R2.315 billion and R5.189 billion is introduced from 2011/12 onward through the Schools Infrastructure Backlogs grant. This is a specific purpose grant to deal with inappropriate school structures and is currently unallocated.

- ***Health infrastructure funding***
  Infrastructure funding in the Health sector was previously supported by the IGP and Hospital Revitalisation Grant. Amounts of R358.471 million in 2011/12, R393.367 million in 2012/13 and R415.002 million in 2013/14 are taken from the IGP and allocated to the Health Infrastructure grant.

- ***Provincial Roads Maintenance grant***
  Amounts of R1.237 billion, R1.454 billion and R1.569 billion are allocated to the Provincial Roads Maintenance grant in 2011/12, 2012/13 and 2013/14, respectively. This funding is made up of funds from the IGP. Key performance indicators and incentives will be introduced that reward provinces that manage the needs of their road infrastructure network in an optimally productive manner.

- ***Human Settlements Development grant***
  This grant has been revised downwards and funding added to the MIG Cities (to form a new Urban Settlements Development grant), to enable a more co-ordinated approach to addressing priorities for informal settlements and informal dwelling upgrading. This grant was further reduced to accommodate savings effected by a Cabinet decision. The provincial grant allocation stands at R2.770 billion, R2.892 billion and R3.050 billion over the 2011/12 MTEF.

- ***EPWP Incentive Grant to Provinces***
  In order to bring allocations for this grant in line with provinces' capacity to absorb these funds, the baseline amounts have been revised down from 2011/12 and the grant has been revised into an incentive grant to support the expansion of social sector EPWP employment in various social services programmes. Should there be significant improvements in spending, the Department of Public Works may apply for additional funding from the Jobs Fund through the 2011 Adjusted Estimates process. The province can therefore improve its job creation initiatives to exceed thresholds, thereby accessing additional funds.

- ***Social Sector EPWP Incentive Grant for Provinces***
  The EPWP grant for the Social Sector was introduced in 2010/11 as a Schedule 5 grant to support job creation in the Social sector. The KZN portion of the grant is R30.269 million, R32.485 million and R34.354 million over the 2011/12 MTEF.

New conditional grants

Two new grants are introduced in 2011/12. These are:

- Provincial Disaster grant (not allocated to any province at this stage).
- School Infrastructure Backlogs grant (to address inappropriate school structures).

Comprehensive Agricultural Support Programme (CASP)

R164.691 million in 2011/12, R183.726 million in 2012/13 and R210.375 million in 2013/14 is the new baseline for CASP in KZN, after taking into account the additions listed in Table 3.5. This money must be used to build capacity so that newly settled and emerging farmers can receive quality extension services.

Land Care Programme grant

Additions to the baseline of the Land Care Programme grant in the province bring the allocation for fencing projects to R9.244 million, R20.304 million and R18.746 million over the MTEF.

FET Colleges grant

R754.793 million in 2011/12, R828.470 million in 2012/13 and R939.709 million in 2013/14 is allocated to the FET Colleges grant in KZN to cover, among others, the cost of the wage agreements and provide for increased demand in student enrolment numbers.

Comprehensive HIV and AIDS grant

R60 million in 2011/12, R60 million in 2012/13 and R1.400 billion in 2013/14 is added to the Comprehensive HIV and AIDS grant nationally to meet increased demand for prevention and treatment, which is largely driven by the lowering of the CD4 count threshold for treatment.

National Tertiary Services grant

The additions are aimed at addressing norms and standards for public hospitals. The province receives an allocation of R1.202 billion for 2011/12, R1.304 billion in 2012/13 and R1.408 billion in 2013/14.

Devolution of Property Rates Fund Grant to Provinces

The baseline of this grant increases to R518.585 million in 2011/12, R556.669 million in 2012/13 and R599.319 million in 2013/14 to enable provinces to cover the cost of municipal property rates.

Total revised conditional grant allocations by transferring national departments to provinces are listed in Table 3.6 below. Taking into account the various additions made to the baseline, the total conditional grant allocations for KZN amount to R13.314 billion in 2011/12, R14.286 billion in 2012/13 and R15.480 billion in 2013/14.

Table 3.6: Revised conditional grants allocations to provinces, 2011/12 – 2013/14

R million	2011/12	2012/13	2013/14	Total
Agriculture, Forestry and Fisheries	**1 487**	**1 684**	**1 867**	**5 038**
Comprehensive agricultural support programme	1 029	1 148	1 315	3 492
Ilima/Letsema projects	400	420	443	1 263
Land care programme	58	116	109	282
Arts and Culture	**543**	**571**	**602**	**1 716**
Community library services	543	571	602	1 716
Basic Education	**10 546**	**11 331**	**11 954**	**33 831**
Dinaledi schools	70	100	106	276
HIV and AIDS (Life skills education)	199	209	221	629
National school nutrition programme	4 579	4 928	5 199	14 706
Technical secondary schools recapitalisation	200	210	222	632
Education infrastructure grant	5 498	5 883	6 207	17 588
Co-operative Governance	**305**	**180**	**190**	**675**
Provincial infrastructure disaster relief	305	180	190	675
Higher Education and Training	**4 326**	**4 705**	**5 262**	**14 293**
Further education and training colleges	4 326	4 705	5 262	14 293
Health	**23 948**	**25 746**	**28 175**	**77 869**
Comprehensive HIV and AIDS	7 493	8 825	10 607	26 924
Forensic pathology services	590	–	–	590
Health professions training and development	1 977	2 076	2 190	6 244
Health infrastructure grant	1 702	1 821	1 921	5 444
Hospital revitalisation	4 136	4 336	4 068	12 540
National tertiary services	8 049	8 689	9 389	26 127
Human Settlements	**14 733**	**15 382**	**16 228**	**46 344**
Human settlements development	14 733	15 382	16 228	46 344
Public Works	**2 337**	**2 505**	**2 778**	**7 620**
Devolution of property rates fund	1 803	1 938	2 091	5 832
EPWP incentive grant	333	325	402	1 060
EPWP Incentive grant for the Social Sector	200	242	286	728
Sport and Recreation South Africa	**452**	**475**	**501**	**1 427**
Mass sport and recreation participation programme	452	475	501	1 427
Transport	**10 616**	**11 929**	**12 860**	**35 404**
Gautrain rapid rail link	5	–	–	5
Public transport operations	4 153	4 361	4 601	13 115
Provincial roads maintenance grant	6 457	7 568	8 259	22 284
Indirect transfers	**700**	**2 315**	**5 189**	**8 204**
School infrastructure backlogs grant	700	2 315	5 189	8 204
Total	**69 994**	**76 822**	**85 607**	**232 423**

3.5 The local government equitable share (LES) and grants

Municipalities play a critical role in furthering government's objective of providing services to all, while facilitating local economic development within their jurisdiction. Over the next three years, national transfers to local government grow to accelerate the delivery of basic services to households that cannot afford them. The tighter economic environment of the current budget cycle has focussed increased attention on concerns about the institutional and operational efficiencies of several of the fiscal and revenue instruments of sub-national governments, and the local government sphere in particular. The performance and efficiencies of these instruments of local government, which include intergovernmental transfers and own revenue sources, are pivotal to cushioning the effects of the recession on communities and providing a solid platform for buoyant and equitable growth as well as sustained service delivery in the long-term as South Africa emerges from the recession.

Local government is entitled to an equitable share of nationally raised revenue to enable them to fulfil their constitutional mandates. The equitable share plays an important role in the finances of municipalities, topping up municipal own revenues where required and, in some cases, even accounting for most of the operating revenues of certain municipalities. The LES also plays an equalisation role in that it accounts for the imbalances between revenue and expenditure of local government in general (known as vertical fiscal imbalances) and between the different types of municipalities (known as horizontal fiscal imbalances), to ensure that municipalities are appropriately funded to fulfil their service delivery mandates.

Sections 227 and 214 of the Constitution provide the legal basis for the LES. Although the Constitution does not prescribe a methodology for the horizontal division of revenue between the 283 municipalities, each of the five components attempts to capture the basic provisions in Section 214(2):

- Basic Service Component – To assist municipalities to provide basic services such as water, sanitation, electricity, refuse and environmental health and perform the functions allocated to them.
- Revenue Raising Component – Takes into account the fiscal capacity and income from property rates, the general fuel levy for metropolitan municipalities and the RSC/fuel levy for metropolitan municipalities and the RSC/JSB levy replacement grant for district municipalities.
- Institutional Component – To fund some of the administrative and governance costs of municipalities. It is a supplement designed to augment, but not fully cover, institutional costs.
- Development Component – Aimed at addressing the developmental and other needs of local government/municipalities. This component has been set at zero since the inception of the current formula and will remain inactivated until a suitable factor can be found that adequately captures the development needs of local government.
- Correction Component – Aimed at the desirability of stable and predictable allocations of revenue shares.

As with the provincial equitable share, the LES is unconditional.

There is currently a process underway to look into the reform of the LES formula, to address inefficiencies in the allocations across municipalities and to address past imbalances. Currently, the Revenue Raising Component provides a potential disincentive, as poor fiscal effort of municipalities is used as a measure for additional funding. This also applies to poor reporting by municipalities, as it creates an incentive for municipalities to under-report on collection rates, as this would result in a lower Revenue Raising Component calculation and more revenue from the LES. These reforms are envisaged to be finalised for implementation over the 2012/13 MTEF.

Table 3.7 below reflects the national allocations to local government, which grow from a Revised Estimate of R64.550 billion in 2010/11 to R74.164 billion, R81.474 billion and R87.051 billion in 2011/12, 2012/13, and 2013/14, respectively.

Table 3.7: National transfers to local government, 2007/08 – 2013/14

	Audited Outcome			Revised Estimate	Medium-term estimates		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Direct transfers to local government							
Equitable share	**20 676**	**25 560**	**23 845**	**30 559**	**34 108**	**37 573**	**39 960**
General fuel levy sharing with metros	**–**	**–**	**6 800**	**7 542**	**8 573**	**9 040**	**9 613**
Conditional grants	**17 805**	**20 316**	**21 434**	**23 355**	**27 490**	**30 416**	**32 743**
Infrastructure	16 288	18 951	19 353	21 275	25 596	28 642	30 774
Capacity building and other	1 517	1 365	2 081	2 080	1 894	1 774	1 969
Sub total direct transfers	**38 481**	**45 876**	**52 079**	**61 455**	**70 171**	**77 029**	**82 317**
Indirect transfers to local government							
Infrastructure	1 334	1 928	2 754	2 947	3 892	4 445	4 734
Capacity building and other	550	379	243	148	100	–	–
Sub total indirect transfers	**1 884**	**2 307**	**2 997**	**3 095**	**3 992**	**4 445**	**4 734**
Total	**40 365**	**48 183**	**55 076**	**64 550**	**74 164**	**81 474**	**87 051**

The national allocations to local government are made up of direct and indirect transfers. The direct transfers are appropriated in the Division of Revenue Act, while the indirect transfers relate to in-kind transfers. Direct transfers to local government are made up of discretionary equitable share allocations, the general fuel level sharing with metros and conditional grants.

The equitable share allocation increases significantly from R30.559 billion in 2010/11 to R39.960 billion in 2013/14. This increased allocation recognises the inadequacy of fiscal capacity in a significant number of municipalities which do not have a sizeable ratepayers' base from which to generate sufficient revenue. These municipalities often have the greatest development needs.

In line with the fiscal policy, municipalities are expected to invest in improved basic and economic infrastructure. Addressing the capacity to better plan and implement infrastructure projects will receive priority. The emphasis on infrastructure investment is supported by significant increases in infrastructure conditional grants from R21.275 billion in 2010/11 to R30.774 billion in 2013/14.

4. PROVINCIAL BUDGET PROCESS AND THE MEDIUM-TERM EXPENDITURE FRAMEWORK (MTEF)

4.1 The 2011/12 MTEF budget process in brief

4.1.1 Treasury Guidelines circular

The preparation and distribution of the *Treasury Guidelines* document marked the start of the 2011/12 MTEF budget process. This document explains the policy framework and format which departments must use to prepare the 2011/12 MTEF budget submissions.

The 2011/12 budget process continued to focus on the compilation of reprioritised budgets and service delivery that are aligned with the Provincial Spatial Economic Development Strategy (PSEDS). As in the previous MTEF cycle, departments were asked to continue implementing the stringent cost-cutting measures first introduced as part of the Provincial Recovery Plan, and to try and fund any new priorities through reprioritisation. As in previous budget processes, departments were requested to provide the spatial spending and service delivery within district municipal areas, and to consider the budget proposals received from public entities. This approach was building on previous years' budget reforms. The social sector departments, being Health, Education and Social Development, were requested to cost the agreed to national priorities which require additional funding, as well as to cost a maximum of two provincial 'initiatives'. The other departments were requested to identify and cost a maximum of two 'initiatives'. The public entities were also given the opportunity to cost two 'initiatives'.

4.1.2 Initiative measurement criteria

The measurement tool used in prior budget processes was again used to assess requests for additional funding, and this was used as an indication of whether requests for additional funding should be supported in principle, or not. Each initiative was therefore rated against the following eight criteria:

- Evidence that the initiative contributes to government policy priorities.
- Credible service delivery information.
- Alignment of the initiative to the core functions of the department.
- Evidence of cost-cutting without affecting service delivery.
- Evidence that the department underwent thorough reprioritisation with a view to fund part of the initiative from within budget.
- Is the costing / initiative realistic?
- Has there been consistent under-spending (by a margin of more than 3 per cent) over the last 2-3 years?
- Was there adequate political involvement in the budget formulation process?

Of the eight criteria, the first four were considered as mandatory and had to be complied with if an initiative was to be considered. In addition to this, an initiative had to satisfy at least three of the last four criteria. In terms of the rating exercise, each of the first three criteria translated to '2' points if complied with, and a '0' if not. The cost-cutting criterion received a rating of '2' if the department portrayed that they were able to show conclusively that they were implementing the cost-cutting measures across the department. One way to provide such evidence is to compare spending against certain items (such as *Venues and facilities* or *Catering*) prior to the implementation of the cost-cutting measures versus spending against those items after the cost-cutting measures were implemented by departments. A higher score was accorded to the first four criteria, simply because they were seen as being essential. An initiative therefore could score a maximum of 12 points or 100 per cent. An initiative was only supported in principle if it scored 90 per cent or more. The Medium-Term Expenditure Committee (MTEC) then reviewed each and every funding request and made proposals to the Ministers' Committee on the Budget (MinComBud) and Cabinet.

4.1.3 Allocation process

MTEC met with all sixteen provincial departments in September 2010, as well as their related public entities. The MTEC for this 2011/12 MTEF cycle indicated quite clearly to the departments that, while their funding requests would be considered, the reality was simply that the province was not in a position yet to finance every funding request. While the province's cash position has improved remarkably, the province must be prudent in allocating its resources. It is also advisable to first see whether the province ends the 2010/11 financial year under-spending its budget allocation, as it is only when this happens, that the provincial budget overdraft begins to be repaid.

Further, when MTEC met, National Treasury indicated that there would be very little additional funding being allocated to provinces, and that any additional allocation would be ear-marked for the 2010 wage agreement, the OSD in Education, as well as various priorities in Health. As such, provinces should not expect to receive any "un-earmarked" funding. Also important to note is that the province's equitable share is being reduced by National Treasury due to various data updates that inform the equitable share formula, as well as revisions to the structure of the equitable share formula (as discussed in Chapter 3). As such, the province loses funds which it has to find from within its provincial baseline.

MTEC therefore looked quite critically at departments' existing baselines with the view to reprioritising some funding. In this case, the decision was taken to cap the interest on the overdraft provision at R100 million (whereas it was at R235 million before being capped) and to cap the budgeted surplus at R1 billion. In addition, it was agreed to cap the Political Parties Fund (held under Vote 2: Provincial Legislature) at R30 million per year of the 2011/12 MTEF. All these decisions released some funding back into the fiscus, to fund a number of provincial priorities.

Table 4.1 below indicates the departments' requests for additional funding for the 2011/12 MTEF. As mentioned, these had to be very critically assessed in view of the demands that the provincial overdraft was placing on the province's fiscal resources.

It is worthwhile noting that, in spite of sizeable growth rates already in most departments' baseline budgets, averaging 6.1 per cent (see Table 4.3), departments requested, in total, R6.005 billion, R7.573 billion and R7.786 billion over the 2011/12 MTEF (a total of R21.364 billion over the three years of the MTEF). Although most of the requests for additional funding were based on sound principles and fared well when assessed in terms of the criteria mentioned above, the provincial overdraft and the interest it incurs (as discussed above) only allowed for some funding to be allocated to departments for their provincially identified priorities. It should be noted that the three social sector departments did not request funds for nationally agreed-to priorities, as these were being dealt with at a national level in various collective forums.

Table 4.1: Summary of additional funding requested by departments

R thousand	Amounts requested			
	2011/12	2012/13	2013/14	Total
1. Office of the Premier	79 005	67 130	82 398	**228 533**
2. Provincial Legislature	31 096	37 444	39 369	**107 909**
3. Agriculture, Environmental Affairs and Rural Development	108 634	104 958	119 719	**333 311**
4. Economic Development and Tourism	61 217	14 134	16 588	**91 939**
5. Education	130 000	150 000	170 000	**450 000**
6. Provincial Treasury	15 448	21 940	39 577	**76 965**
7. Health	-	-	-	**-**
8. Human Settlements	56 947	33 396	35 597	**125 940**
9. Community Safetyand Liaison	15 000	14 883	15 700	**45 583**
10. The Royal Household	8 000	10 000	12 000	**30 000**
11. Co-operative Governance and Traditional Affairs	2 540 083	3 678 776	3 196 204	**9 415 063**
12. Transport	2 778 745	3 159 164	3 665 921	**9 603 830**
13. Social Development	57 950	60 086	57 605	**175 641**
14. Public Works	60 584	65 375	69 185	**195 144**
15. Arts and Culture	43 259	136 148	245 227	**424 634**
16. Sport and Recreation	18 942	19 906	20 957	**59 805**
Total	**6 004 910**	**7 573 340**	**7 786 047**	**21 364 297**

With the exception of the Department of Health, all departments submitted requests for additional funding, with the largest by far coming from the Departments of Transport and Co-operative Governance and Traditional Affairs (CoGTA). These departments requested additional amounts of R9.604 billion and R9.415 billion, respectively over the 2011/12 MTEF. CoGTA requested the additional funds for infrastructure provision for the eradication of backlogs in water, sanitation and electrification. Transport requested additional funding for the maintenance of the provincial road network, as well as the integrated rapid public transport networks.

The next largest request was R450 million by the Department of Education for the Provincial Examination Administration. Arts and Culture's request for additional funding closely followed the Department of Education, with R424.634 million being requested, largely for the provincialisation of public libraries and museums.

The Department of Health did not submit a request for additional funding. As was the case in the last two years, the department chose rather to commit itself to identifying initiatives that will cut costs and, undertook to channel any savings realised from this exercise into service delivery spending.

In October and November 2010, the MinComBud meetings were convened to consider the 2011/12 provincial fiscal framework. As mentioned, although additional funding was allocated to the province by National Treasury, the bulk of this was to fund the carry-through of the 2010 wage agreement, and some funding was allocated to specific priorities in Education and Health.

MinComBud reviewed the MTEC recommendations and agreed that the interest on the overdraft provision, held under Vote 6: Provincial Treasury, be capped at R100 million (whereas it was previously at R235 million). MinComBud also agreed that the amount allocated for transfer to the Political Parties Fund under Vote 2: Provincial Legislature be capped at its current funding level of R30 million. It was also agreed that, due to the improvement in the province's cash position, the budgeted surplus be capped at some R948 million per annum. These decisions released some funding from within the provincial fiscus to fund some of the provincial priorities for which departments had requested additional funding. It was felt that the budgeted surplus of some R948 million was still sufficient to repay the provincial overdraft and to protect the province from any fiscal shocks that may occur in-year.

The province lost some funding due to data updates of the equitable share formula, as well as a revision to the equitable share formula, as discussed in Chapter 3 of this Overview of Provincial Revenue and Expenditure. National Cabinet also took a decision to cut all national departments and provincial equitable shares by 0.3 per cent to address new and outstanding budget issues.

The province received additional funding from National Treasury for the 2010 wage agreement, OSD for educators, OSD for doctors and therapists, as well as various other Health priorities.

All of these factors were considered by MinComBud, who then agreed to the following:

- Capping the budgeted surplus at approximately R950 million per year over the MTEF.
- Capping the transfer to the Political Parties Fund at R30 million per annum.
- Capping the interest on the overdraft provision at R100 million.
- Funding all national priorities affecting Education and Health at the required levels, as specified in National Treasury's allocation letter.
- Allocating the wage agreement costs proportionately to all sixteen provincial departments, in accordance with the amount provided for this by National Treasury.
- Fund the carry-through costs of the 2010/11 Adjustments Estimate (e.g. statutory increases for Members).
- Make provision to fund a number of provincial priorities, such as the provision for the maintenance of the provincial road network, provincial examination administration, provincialisation of public

libraries and museums, Provincial Planning Commission, additional capacity for extension officers, among others.

The recommendations were endorsed by MinComBud and were approved by Cabinet. This process resulted in in-depth discussions by these two forums, with the initial submission being made on 22 October 2010, and the final approval granted in January 2011. The details of the additional allocations over the 2011/12 MTEF, per department, are provided in Table 4.4.

4.2. Provincial fiscal framework

Table 4.2 shows a summary of the provincial fiscal framework for the 2011/12 MTEF budget. The difference (section 1 of the table) between the baseline allocations and the revised allocations yields the additional resource made available to the province.

The provincial equitable share allocation increases over the 2011/12 MTEF, by R1.569 billion in 2011/12, R2.117 billion in 2012/13 and R2.670 billion in 2013/14.

A number of conditional grants receive increases over the 2011/12 MTEF, with some also being decreased. In terms of the decreased allocations, the Forensic Pathology Services grant and the Hospital Revitalisation grant are reduced over the MTEF as they are being phased into the Department of Health's equitable share. Through this process, however, the province loses some R30 million in 2012/13 and R26 million in 2013/14 from the Forensic Pathology Services grant, which National Treasury explains as being linked to the equitable share formula. The Human Settlements Development grant decreases substantially over the MTEF (R379.629 million in 2011/12, R435.816 million in 2012/13 and R277.453 million in 2013/14) due to a decision taken to enable a more co-ordinated approach to addressing priorities for informal settlements and informal dwelling upgrading. As such, a portion of the Human Settlements Development grant has been taken out of this grant and added to the Municipal Infrastructure Grant (MIG) Cities to form a new Urban Settlements Development grant (USDG). The Infrastructure Grant to Provinces is now divided into three separate stand-alone grants called the Education Infrastructure grant, Health Infrastructure grant and the Provincial Roads Maintenance grant. While the total grant funding to the province does not change, the manner in which the funds are allocated to the three departments has changed from a guideline split of 40 (Education): 40 (Transport): 20 (Health) to a strict split of 38 (Education): 45 (Transport): 13 (Health). This has resulted in the Education and Health shares decreasing, while the transport share of this grant has increased quite substantially. The Mass Sport and Recreation Participation Programme grant reduces marginally over the 2011/12 MTEF.

A few conditional grant allocations increase over the MTEF, with the most substantial additions being to the Devolution of Property Rate Fund Grant to Provinces which receives increases of R243.100 million in 2011/12, R267.410 million in 2012/13 and R310.060 million in 2013/14. The Comprehensive HIV and AIDS grant receives a substantial increase, but largely in 2013/14. The MTEF also sees the introduction of a new conditional grant in Education, being the Dinaledi Schools grant. In this regard, R12.320 million, R17.600 million and R18.568 million are allocated over the MTEF. The FET College Sector grant receives a substantial increase over the 2011/12 MTEF, being a provision for the carry-through of the 2010 wage agreement. The National Tertiary Services grant and the EPWP grant for the Social Sector also receive noteworthy increases over the MTEF. The EPWP Incentive grant sees funding being allocated in 2011/12 only, being for the continuation of this grant which commenced in 2009/10. Most grants receive an inflationary increase in the outer year of the 2011/12 MTEF.

The provincial own receipts increase marginally in 2011/12, whereafter they reduce in 2012/13 and 2013/14. This is due to departments reviewing their revenue projections for the MTEF, and amending them according to more realistic collection levels. Having said this, some of the departments' revenue projections seem a bit conservative, and it is therefore quite likely that there could be revenue over-collections over the MTEF.

Table 4.2: Summary of provincial fiscal framework

R thousand	2011/12	2012/13	2013/14
1. Receipts			
Baseline allocation	**76 466 310**	**81 097 579**	**84 773 168**
Transfer receipts from national	74 523 599	79 029 770	82 591 630
Equitable share	*61 358 875*	*64 761 099*	*68 322 959*
Conditional grants	*13 164 724*	*14 268 671*	*14 268 671*
Provincial own receipts	1 942 711	2 067 809	2 181 538
Increase / (Decrease) in allocation	**1 781 709**	**2 133 354**	**3 858 312**
Transfer receipts from national	1 781 455	2 133 959	3 881 773
Equitable share	*1 568 681*	*2 116 513*	*2 670 007*
Conditional grants	*212 774*	*17 446*	*1 211 766*
Provincial own receipts	254	(605)	(23 461)
Revised allocation	**78 248 019**	**83 230 933**	**88 631 480**
Transfer receipts from national	76 305 054	81 163 729	86 473 403
Equitable share	*62 927 556*	*66 877 612*	*70 992 966*
Conditional grants	*13 377 498*	*14 286 117*	*15 480 437*
Provincial own receipts	1 942 965	2 067 204	2 158 077
2. Planned spending by departments (2010/11 baseline)	**74 724 837**	**78 877 814**	**82 431 319**
3. Budgeted surplus before funding national priorities & cond. grant additions	**3 523 182**	**4 353 119**	**6 200 161**
4. New money allocated to national priorities:	**1 890 260**	**2 430 880**	**2 649 554**
Higher than anticipated 2010 wage agreement (carry through costs)	1 167 454	1 213 351	1 262 585
Education - OSD for educators	348 819	393 661	438 778
Health - OSD for doctors and therapists, other health priorities	373 987	823 868	948 191
5. Conditional grant additions	148 821	153 040	1 464 942
6. Budgeted surplus before funding provincial priorities	**1 484 101**	**1 769 199**	**2 085 665**
7. Less Non-discretionary expenditure responsibilities	**34 853**	**37 553**	**40 473**
Carry-through costs of 2010/11 Adjustments Estimate	34 853	37 553	40 473
8. Budgeted surplus after 2010/11 Adjustments Estimate	**1 449 248**	**1 731 646**	**2 045 192**
9. Provincial priorities funded	674 918	969 212	1 294 912
10. Capping of interest overdraft provision and Political Parties Fund	140 000	141 750	142 670
11. Reduction in KZN's equitable share by 0.3% (National Cabinet decision)	33 678	43 858	55 438
12. Budgeted surplus after funding national and provincial commitments	**948 008**	**948 042**	**948 388**

Section 2 of Table 4.2 gives the planned spending of departments, based largely on their 2010/11 MTEF allocations. After deducting this from the province's updated national and provincial own receipts, the province is left with a budgeted surplus of R3.523 billion, R4.353 billion and R6.200 billion over the MTEF, before funding national and provincial priorities (see line 3 in Table 4.2). Line 4 then indicates the allocations to various national priorities such as OSD for educators, doctors and therapists, among others. Line 5 indicates the allocation of the additional conditional grant funding received by the province. Once these have been dealt with, the budgeted surplus of the province reduces to R1.484 billion, R1.769 billion and R2.086 billion over the MTEF (see line 6).

As a next step, the province had to provide for the carry-through costs of additional funding provided during the 2010/11 Adjustments Estimate, and this is indicated in line 7 of Table 4.2. Line 9 then indicates, in aggregate, the provincial priorities funded over the 2011/12 MTEF. Lines 10 and 11 indicate the effect of the decision to cap the interest on the overdraft provision at R100 million and the Political Parties Fund at R30 million, resulting in an amount of approximately R140 million per annum being returned to the provincial fiscus, through this decision, for re-allocation to various provincial priorities.

As can be seen from Line 12 of Table 4.2, after taking into account the above national and provincial priorities, the province has not allocated all the funding received from National Treasury and the funding reprioritised from within the provincial *fiscus,* resulting in a budgeted surplus of R948.008 million, R948.042 million and R948.388 million over the 2011/12 MTEF.

The reader is reminded that the province commenced budgeting for a surplus during 2009/10, and this budgeted surplus was published in the Explanatory Memorandum to the 2009/10 Budget Statements. The province decided to budget for a surplus from 2009/10 in an attempt to start repaying the provincial overdraft which came about due to some departments over-spending their 2007/08 and 2008/09 budget allocations, with this trend continuing in 2009/10. As the provincial overdraft has not yet been re-paid, Cabinet decided that it would be prudent to yet again budget for a surplus, with the view that this MTEF would see the province repaying its bank overdraft. It also serves to protect the province from any in-year fiscal shocks (such as above budget wage agreements). Indications at this stage are that the province will end 2010/11 under-spending its budget allocation, which will be a milestone in terms of repaying the provincial overdraft.

Table 4.4 in Section 4.3.2 below then indicates the amounts that were allocated to departments in addition to their baseline allocations, as well as the reductions to departments resulting from the National Cabinet decision to cut all national departments and the provincial equitable share by 0.3 per cent. It also indicates the capping of the interest on the overdraft provision and the Political Parties Fund.

4.3 Summary of additional allocation for the 2011/12 MTEF

4.3.1 Existing growth in the 2010/11 MTEF baseline allocation

Table 4.3 shows the departmental baseline budgets for the 2010/11 MTEF period, before any additional allocations were made. This serves as an important reminder that most departments' baseline budgets for the 2010/11 MTEF already include positive rates of growth, although this may differ in terms of the levels.

Table 4.3: Existing growth rates in 2010/11 MTEF baseline budgets

R thousand	Main Appropriation 2010/11	Medium-Term Baseline Budgets 2011/12	2012/13	2013/14	Ann. % growth 10/11-13/14
1. Office of the Premier	419 284	405 145	425 306	448 698	2.3
2. Provincial Legislature	322 193	353 132	380 684	401 622	7.6
3. Agriculture, Environmental Affairs and Rural Development	2 188 337	2 361 767	2 481 127	2 604 340	6.0
4. Economic Development and Tourism	1 624 798	1 473 278	1 547 147	1 632 240	0.2
5. Education	29 034 762	31 600 250	33 292 209	34 937 255	6.4
6. Provincial Treasury	640 637	666 077	686 857	724 634	4.2
7. Health	21 657 681	23 628 833	25 106 593	26 215 399	6.6
8. Human Settlements	3 111 613	3 429 147	3 621 603	3 637 772	5.3
9. Community Safetyand Liaison	140 744	149 207	156 740	165 361	5.5
10. The Royal Household	43 845	46 214	48 560	51 231	5.3
11. Co-operative Governance and Traditional Affairs	1 061 903	1 129 745	1 186 801	1 252 075	5.6
12. Transport	5 631 057	5 930 515	6 267 113	6 505 487	4.9
13. Social Development	1 668 170	1 873 676	1 968 432	2 076 696	7.6
14. Public Works	868 214	920 437	967 154	1 004 438	5.0
15. Arts and Culture	357 018	328 491	358 124	375 147	1.7
16. Sport and Recreation	307 107	364 970	383 364	398 924	9.1
Total	**69 077 363**	**74 660 884**	**78 877 814**	**82 431 319**	**6.1**

4.3.2 Summary of additional allocations

The additional allocations to departments and their respective purposes are summarised in Table 4.4 below. Note that Table 4.4 reflects only the provincial additional allocations, and excludes the additional allocations in respect of national conditional grants.

As can be seen in Table 4.4, most departments receive an additional allocation for the carry-through costs of the higher than anticipated 2010 wage agreement. While funding was received from National Treasury for this, the amount received was insufficient to cover the entire shortfall. As such, departments were told to find the difference from within their baselines in order to top-up the funding for this, to the required level. The departments were also all affected by National Cabinet's decision to cut all national departments and the provincial equitable share by 0.3 per cent.

Some departments received carry-through costs relating to allocations that were made during the 2010/11 Adjustments Estimate, such as the carry-through costs for the 2010 increase in MPLs' salaries and the youth ambassadors programme.

National Treasury provided additional funding for nationally identified priorities, apart from the allocation provided for the higher than anticipated 2010 wage agreement. The additional funding was provided for the OSD for doctors, therapists and educators, as well as a further allocation to Health to fund various priorities such as maternal and child health and the ARV 350 threshold.

A short description of the purpose of the main reductions or additional allocations made to departments, over and above the carry-through costs of the 2010/11 Adjustments Estimate, the 2010 wage agreement and the 0.3 per cent reduction in the provincial equitable share is provided below.

The Office of the Premier sees an increase in its baseline, being funding provided for the Provincial Planning Commission, the provincial nerve centre, bursaries to disadvantaged students who have excelled in matric and funding for transfer to *Amafa* for various projects, including the running costs of the *Emakhosini* multi-media centre.

The Provincial Legislature was allocated additional funding for the implementation of the Financial Management Bill. The decision to cap the Political Parties Fund at R30 million per annum means that the Legislature's budget allocation over the MTEF decreases by R5 million, R6.750 million and R7.670 million when compared to the 2010/11 MTEF.

Table 4.4: Summary of additional allocations, 2011/12 MTEF

	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
	R thousand			Percentage share		
Vote 1: Office of the Premier	**65 960**	**65 463**	**76 129**	**2.7**	**1.9**	**1.9**
Provincial Planning Commission	9 000	10 000	11 000	0.4	0.3	0.3
Carry-through of 2010/1 Adjustments Estimate:	22 702	25 449	27 833	0.0	0.0	0.0
2010 wage agreement	*702*	*1 249*	*1 213*	*0.0*	*0.0*	*0.0*
Youth ambassadors	*22 000*	*24 200*	*26 620*	*0.9*	*0.7*	*0.7*
Provincial Nerve Centre	30 000	24 500	31 700	1.2	0.7	0.8
Amafa - Heritage projects	2 505	3 830	3 998	0.1	0.1	0.1
Bursaries to disadvantaged students	2 000	2 000	2 000	0.1	0.1	0.0
National Cabinet decision to cut provinces by 0.3%	(247)	(316)	(402)	(0.0)	(0.0)	(0.0)
Vote 2: Provincial Legislature	**21 570**	**20 147**	**19 625**	**0.9**	**0.6**	**0.5**
Implementation of Financial Management Bill	11 445	11 891	12 466	0.5	0.4	0.3
Capping of Political Parties Fund at R30 million	(5 000)	(6 750)	(7 670)	(0.2)	(0.2)	(0.2)
Carry-through of 2010/11 Adjustments Estimate:	15 322	15 265	15 153	0.6	0.5	0.4
2010 increase in salaries of Members	*11 353*	*11 353*	*11 353*	*0.5*	*0.3*	*0.3*
2010 wage agreement	*3 969*	*3 912*	*3 800*	*0.2*	*0.1*	*0.1*
National Cabinet decision to cut provinces by 0.3%	(197)	(259)	(324)	(0.0)	(0.0)	(0.0)
Vote 3: Agriculture, Environmental Affairs and Rural Development	**94 303**	**89 899**	**106 156**	**3.9**	**2.7**	**2.6**
Carry-through of 2010/11 Adjustments Estimate:	24 122	26 451	30 955	1.0	0.8	0.8
2010 wage agreement	*13 712*	*13 761*	*13 367*	0.6	0.4	0.3
Ezemvelo KZN Wildlife - 2010 wage agreement	*8 910*	*10 690*	*15 088*	0.4	0.3	0.4
SAAMBR	*1 500*	*2 000*	*2 500*	0.1	0.1	0.1
Occupation Specific Dispensation	16 926	18 348	19 633	0.7	0.5	0.5
Additional capacity for extension officers	20 880	29 589	39 261	0.9	0.9	1.0
EKZNW - Leave Liability	17 850	-	-	0.7	-	-
EKZNW - Cost of improved terms and conditions	15 698	17 016	18 208	0.6	0.5	0.5
National Cabinet decision to cut provinces by 0.3%	(1 173)	(1 505)	(1 901)	(0.0)	(0.0)	(0.0)
Vote 4: Economic Development and Tourism	**13 672**	**14 372**	**18 566**	**0.6**	**0.4**	**0.5**
Carry-through of 2010/11 Adj. Est. - 2010 wage agreement	2 955	3 681	5 937	0.1	0.1	0.1
Implementation of Consumer Act	4 000	3 400	3 400	0.2	0.1	0.1
KZN Sharks Board - Research on non-lethal shark deterring	2 000	2 500	4 500	0.1	0.1	0.1
TKZN - Tourism Indaba	5 500	5 800	6 000	0.2	0.2	0.1
National Cabinet decision to cut provinces by 0.3%	(783)	(1 009)	(1 271)	(0.0)	(0.0)	(0.0)
Vote 5: Education	**1 063 048**	**1 200 771**	**1 331 060**	**43.8**	**35.4**	**32.9**
Carry-through of 2010/11 Adj. Est. - 2010 wage agreement	603 008	679 775	749 990	24.9	20.1	18.6
Provincial Priorities - Expansion of prov. examination administration	126 778	147 430	167 602	5.2	4.4	4.1
National Cabinet decision to cut provinces by 0.3%	*(15 557)*	*(20 095)*	*(25 310)*	*(0.6)*	*(0.6)*	*(0.6)*
National Priorities - OSD for educators	348 819	393 661	438 778	14.4	11.6	10.9
Vote 6: Provincial Treasury	**(129 591)**	**(133 699)**	**(133 870)**	**(5.3)**	**(3.9)**	**(3.3)**
Carry-through of 2010/1 Adj. Est. - 2010 wage agreement	1 744	1 723	1 662	0.1	0.1	0.0
Capping of overdraft interest charges at R100 million	(135 000)	(135 000)	(135 000)	(5.6)	(4.0)	(3.3)
National Cabinet decision to cut provinces by 0.3%	(335)	(422)	(532)	(0.0)	(0.0)	(0.0)
Performance Audits	4 000	-	-	0.2	-	-
Vote 7: Health	**797 971**	**1 365 598**	**1 583 426**	**32.9**	**40.3**	**39.2**
Carry-through of 2010/11 Adj. Est. - 2010 wage agreement	434 471	419 915	399 439	17.9	12.4	9.9
National Cabinet decision to cut provinces by 0.3%	(10 487)	(13 779)	(17 380)	(0.4)	(0.4)	(0.4)
National Priorities:	373 987	823 868	948 191	15.4	24.3	23.5
Various priorities eg OSD for doctors, maternal & child health	*373 987*	*823 868*	*948 191*	*15.4*	*24.3*	*23.5*
Phasing in of Forensic Pathology Services grant into ES	-	135 594	143 481	-	4.0	3.6
Phasing in of Hospital Revitalisation grant into ES	-	-	109 695	-	-	2.7
Vote 8: Human Settlements	**3 797**	**3 716**	**3 555**	**0.2**	**0.1**	**0.1**
Carry-through of 2010/11 Adj. Est. - 2010 wage agreement	3 946	3 908	3 796	0.2	0.1	0.1
National Cabinet decision to cut provinces by 0.3%	(149)	(192)	(241)	(0.0)	(0.0)	(0.0)
Vote 9: Community Safety and Liaison	**932**	**308**	**276**	**0.0**	**0.0**	**0.0**
Carry-through of 2010/11 Adj. Est. - 2010 wage agreement	1 011	409	403	0.0	0.0	0.0
National Cabinet decision to cut provinces by 0.3%	(79)	(101)	(127)	(0.0)	(0.0)	(0.0)

Table 4.4: Summary of additional allocations, 2011/12 MTEF (cont.)

	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
	R thousand			Percentage share		
Vote 10: The Royal Household	**8 814**	**10 874**	**12 834**	**0.4**	**0.3**	**0.3**
Carry-through of 2010/11 Adj. Est. - 2010 wage agreement	844	911	884	0.0	0.0	0.0
Provincial Priorities - Upgrading, refurbishing of the Royal Palaces	8 000	10 000	12 000	0.3	0.3	0.3
National Cabinet decision to cut provinces by 0.3%	(30)	(37)	(50)	(0.0)	(0.0)	(0.0)
Vote 11: Co-operative Governance & Traditional Affairs	**8 544**	**3 246**	**1 138**	**0.4**	**0.1**	**0.0**
Carry-through of 2010/11 Adj. Est. - 2010 wage agreement	9 143	4 015	2 103	0.4	0.1	0.1
National Cabinet decision to cut provinces by 0.3%	(599)	(769)	(965)	(0.0)	(0.0)	(0.0)
Vote 12: Transport	**307 972**	**505 522**	**672 959**	**12.7**	**14.9**	**16.7**
Carry-through of 2010/11 Adj. Est. - 2010 wage agreement	41 057	29 196	23 974	1.7	0.9	0.6
National Cabinet decision to cut provinces by 0.3%	(2 335)	(3 126)	(4 037)	(0.1)	(0.1)	(0.1)
Provincial Priorities - Maintenance of the provincial road network	269 250	479 452	653 022	11.1	14.2	16.2
Vote 13: Social Development	**74 786**	**72 142**	**58 091**	**3.1**	**2.1**	**1.4**
Carry-through of 2010/11 Adj. Est. - 2010 wage agreement	27 099	25 978	27 620	1.1	0.8	0.7
National Cabinet decision to cut provinces by 0.3%	(1 026)	(1 318)	(1 643)	(0.0)	(0.0)	(0.0)
Provincial Priorities - Existing infrastructure assets and maintenance	48 713	47 482	32 114	2.0	1.4	0.8
Vote 14: Public Works	**56 870**	**58 880**	**60 937**	**2.3**	**1.7**	**1.5**
Carry-through of 2010/11 Adj. Est. - 2010 wage agreement	10 126	9 530	8 753	0.4	0.3	0.2
National Cabinet decision to cut provinces by 0.3%	(370)	(476)	(597)	(0.0)	(0.0)	(0.0)
Provincial Priorities:	47 114	49 826	52 781	*1.9*	*1.5*	*1.3*
Government Immoveable Asset Management Act (GIAMA)	44 795	46 961	49 542	1.8	1.4	1.2
Fixed Asset Register	2 319	2 865	3 239	0.1	0.1	0.1
Vote 15: Arts and Culture	**36 365**	**109 106**	**227 935**	**1.5**	**3.2**	**5.6**
Carry-through of 2010/11 Adj. Est. - 2010 wage agreement	3 274	3 228	3 135	0.1	0.1	0.1
National Cabinet decision to cut provinces by 0.3%	(168)	(270)	(427)	(0.0)	(0.0)	(0.0)
Provincial Priorities - Provincialisation of libraries and museums	33 259	106 148	225 227	1.4	3.1	5.6
Vote 16: Sport and Recreation	**1 340**	**1 286**	**1 190**	**0.1**	**0.0**	**0.0**
Carry-through of 2010/11 Adj. Est. - 2010 wage agreement	1 483	1 470	1 421	0.1	0.0	0.0
National Cabinet decision to cut provinces by 0.3%	(143)	(184)	(231)	**(0.0)**	**(0.0)**	**(0.0)**
Total	**2 426 353**	**3 387 631**	**4 040 007**	**100.0**	**100.0**	**100.0**

The Department of Agriculture, Environmental Affairs and Rural Development (DAEARD) receives additional funding for the implementation of the OSD for artisans, engineers, engineering technicians, environmental officers, agricultural scientists, researchers and research technicians, as well as additional capacity for extension officers. The department also receives funding, ear-marked for transfer to its public entity *Ezemvelo* KZN Wildlife for the cost of improved terms of conditions, as well as funding to deal with a long-standing leave liability.

The Department of Economic Development and Tourism receives additional funding for the implementation of the Consumer Act. It also receives additional allocations for transfer to its public entities. In this regard, funding is allocated to the KZN Sharks Board for research into non-lethal shark deterring, while funding is allocated to the Tourism Authority for the Tourism Indaba.

The Department of Education receives funding for the OSD for educators (national priority funding), as well as the expansion of the provincial examination administration (provincial priority funding).

Provincial Treasury sees a reduction in its budget allocation, due to the decision to cap the interest on the overdraft provision at R100 million. Treasury also receives an allocation, in 2011/12 only, for performance audits.

As mentioned above, the Department of Health received funding for the OSD for doctors and therapists, as well as various other health priorities such as maternal and child health and the ARV 350 threshold. Portion of the Hospital Revitalisation and Forensic Pathology Services grants are phased into the department's equitable share from the 2011/12 MTEF.

The Royal Household receives additional funding for the upgrading and refurbishing of the Royal Palaces.

The Department of Transport receives additional funding for the maintenance of the provincial road network.

The Department of Social Development receives additional funding for the maintenance of existing infrastructure such as the maintenance of secure care centres, old age homes, etc.

The Department of Public Works receives additional funding for the implementation of GIAMA and its associated Fixed Asset Register.

The Department of Arts and Culture sees an increase in its baseline, being a provision for the provincialisation of public libraries and museums.

Table 4.5 shows the revised budgets of departments for the 2011/12 MTEF, after taking into account all of the adjustments to the baseline allocations mentioned above, as well as the additional allocations received in respect of national conditional grants.

Table 4.5: Summary of revised budgets by departments, 2011/12 MTEF

	Main Appropriation	Medium-term Estimates (R thousand)			Annual Percentage Growth		
	2010/11	2011/12	2012/13	2013/14	2011/12	2012/13	2013/14
1. Office of the Premier	419 284	471 105	490 769	524 827	12.4	4.2	6.9
2. Provincial Legislature	322 193	374 702	400 831	421 247	16.3	7.0	5.1
3. Agriculture, Environmental Affairs & Rural Development	2 188 337	2 460 585	2 597 165	2 765 191	12.4	5.6	6.5
4. Economic Development and Tourism	1 624 798	1 486 950	1 561 519	1 650 806	(8.5)	5.0	5.7
5. Education	29 034 762	32 618 276	34 466 649	36 492 227	12.3	5.7	5.9
6. Provincial Treasury	640 637	536 486	553 158	590 764	(16.3)	3.1	6.8
7. Health	21 657 681	24 484 855	26 325 124	28 189 424	13.1	7.5	7.1
8. Human Settlements	3 111 613	3 053 315	3 189 503	3 363 874	(1.9)	4.5	5.5
9. Community Safety and Liaison	140 744	150 139	157 048	165 637	6.7	4.6	5.5
10. The Royal Household	43 845	55 028	59 434	64 065	25.5	8.0	7.8
11. Co-operative Governance and Traditional Affairs	1 061 903	1 138 289	1 190 047	1 253 213	7.2	4.5	5.3
12. Transport	5 631 057	6 573 729	7 109 300	7 678 933	16.7	8.1	8.0
13. Social Development	1 668 170	1 952 956	2 045 397	2 139 888	17.1	4.7	4.6
14. Public Works	868 214	1 220 407	1 293 444	1 375 435	40.6	6.0	6.3
15. Arts and Culture	357 018	364 856	467 230	610 760	2.2	28.1	30.7
16. Sport and Recreation	307 107	358 333	376 273	396 801	16.7	5.0	5.5
Total	**69 077 363**	**77 300 011**	**82 282 891**	**87 683 092**	**11.9**	**6.4**	**6.6**

The provincial budget grows by 11.9 per cent in 2011/12 over the 2010/11 Main Appropriation.

The negative growth in the Department of Economic Development and Tourism results from the reduction in the funding allocated to the Dube TradePort, as this project is nearing completion.

The negative growth in Provincial Treasury results from the decision to cap the interest on the overdraft provision at R100 million, whereas it was previously provided for at R235 million.

The negative growth in Human Settlements results from the 2010 funding allocated for the construction of soccer stadia being recalled post-2010.

The high growth in some departments is due to the additional funding provided to them over the MTEF. This can clearly be seen against Vote 10: The Royal Household and Vote 14: Publics Works. The Royal Household received a substantial additional allocation for the maintenance and refurbishment of the Royal Palaces and Public Works receives additional funding for the Devolution of Property Rates Fund Grant to Provinces.

5. SUMMARY OF BUDGET AGGREGATES AND FINANCING

5.1 Summary of budget aggregates

Table 5.1 provides an analysis of the overall provincial budget performance by comparing total receipts against total payments, resulting in a surplus or deficit before financing over the seven-year period under review. The table also provides the details of the financing items and amounts to provide the net position after financing for each financial year. The data for 2007/08 to 2009/10 is based on audited receipts and payments, while the 2010/11 figures provide a revised estimate position as at the end of December 2010. The 2011/12 to 2013/14 data reflects the budgeted receipts and payments for the MTEF period.

The detailed analysis of the provincial total receipts and payments is provided under Sections 6 and 7 of the Overview of Provincial Revenue and Expenditure.

Table 5.1: Provincial budget summary

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Provincial receipts									
Transfer receipts from national	42 545 514	51 490 462	60 826 209	68 485 087	70 065 468	70 065 468	76 241 101	81 163 729	86 473 403
Equitable share	*37 427 646*	*44 223 509*	*51 972 804*	*56 742 834*	*57 632 201*	*57 632 201*	*62 927 556*	*66 877 612*	*70 992 966*
Conditional grants	*5 117 868*	*7 266 953*	*8 853 405*	*11 742 253*	*12 433 267*	*12 433 267*	*13 313 545*	*14 286 117*	*15 480 437*
Provincial own receipts	1 557 284	1 698 357	1 857 195	1 803 568	1 803 568	1 889 007	1 942 965	2 067 204	2 158 077
Total provincial receipts	**44 102 798**	**53 188 819**	**62 683 404**	**70 288 655**	**71 869 036**	**71 954 475**	**78 184 066**	**83 230 933**	**88 631 480**
Provincial payment*									
Current payments	35 336 298	43 137 555	48 502 474	53 730 174	54 716 641	54 380 427	60 813 457	64 850 325	69 280 873
Transfers and subsidies	5 414 523	6 875 909	8 724 406	8 407 250	9 630 002	9 484 229	9 262 713	9 851 956	10 793 223
Payments for capital assets	3 654 231	5 500 427	5 417 997	6 607 601	6 525 591	6 330 881	7 210 771	7 576 843	7 608 996
Payments for financial assets	78 028	14 801	1 164 407	332 338	333 428	335 676	13 070	3 767	-
Unallocated contingency reserve									
Total provincial payments	**44 483 080**	**55 528 692**	**63 809 284**	**69 077 363**	**71 205 662**	**70 531 213**	**77 300 011**	**82 282 891**	**87 683 092**
Lending									
Surplus/(deficit) before financing	**(380 282)**	**(2 339 873)**	**(1 125 880)**	**1 211 292**	**663 374**	**1 423 262**	**884 055**	**948 042**	**948 388**
Financing	**435 198**	**119 860**	**(24 928)**	**-**	**201 709**	**201 709**	**63 953**	**-**	**-**
Provincial roll-overs	117 399	241 055	65 617	-	101 709	101 709	63 953	-	-
Provincial cash resources	259 870	(335 638)	(92 254)	-	100 000	100 000	-	-	-
Suspension to ensuing year	57 000	215 455	-	-	-	-	-	-	-
Surplus Own Revenue surrendered	929	(1 012)	1 709	-	-	-	-	-	-
Surplus/(deficit) after financing	**54 916**	**(2 220 013)**	**(1 150 808)**	**1 211 292**	**865 083**	**1 624 971**	**948 008**	**948 042**	**948 388**

In aggregate, the province recorded deficits before financing in 2007/08, 2008/09 and 2009/10. The over-expenditure of these years resulted in the province's bank account going into overdraft, and also prompted Cabinet to approve the Provincial Recovery Plan and the associated cost-cutting measures. This Recovery Plan was approved in 2009/10, and the fruits thereof could already be seen at the end of 2009/10, with the over-spending of that year being substantially lower than in 2008/09. The Revised Estimate for 2010/11 shows further improvement. The province budgeted for a surplus of R1.211 billion in 2010/11. The Revised Estimate in Table 5.1 above indicates that the budgeted surplus will be closer to R1.625 billion, if the current spending patterns and projections of departments are taken into account. This is a substantial improvement from the previous year, and is also the first step in financing the provincial overdraft.

The province continues to budget for a surplus over the 2011/12 MTEF, but at a reduced level when compared to the 2010/11 MTEF. In fact, a decision has been taken to cap the budgeted surplus at some R948 million per year. This decision was informed by the fact that the bank balance has been cash positive since May 2010, largely due to the implementation of cost-cutting measures by the province. The budget surplus of R948 million per year is provided for to continue to repay the provincial overdraft, and to protect the province from any fiscal shocks that may occur.

The surplus budgeted for in the 2010/11 Main and Adjusted Appropriation, as well as over the MTEF, relates predominantly to the decision taken by Cabinet during the preparation of the 2009/10 MTEF budget, that the value of all the departments' *Goods and services* budgets be reduced by 7.5 per cent. The surplus has been capped at some R948 million per annum (whereas it was set to grow to some

R2.250 billion in the outer year) over the 2011/12 MTEF, in accordance with a decision taken by Cabinet where it was agreed that, due to the improvement of the provincial cash position (with the province being cash positive since May 2010), it would be prudent to release some funding from the budgeted surplus to fund various provincial priorities.

The reduction in the province's budgeted surplus was also used to absorb the impact of the revisions in the data that informs the equitable share formula and the revisions to the structure of the formula, both of which had a negative impact on the province's equitable share funding (see Chapter 3 of this OPRE). National Cabinet also took a decision to cut all national departments and provincial equitable shares by 0.3 per cent to address new and outstanding budget issues. This resulted in a decrease in KZN's equitable share of R183.678 million, R193.858 million and R205.438 million over the 2011/12 MTEF. A portion of this 0.3 per cent reduction was absorbed by a reduction in the budgeted surplus (i.e. R50 million per year), R100 million per annum was sourced by capping the interest on the overdraft provision at R100 million, and the balance was sourced proportionately from the 16 provincial departments. Further detail regarding the budgeted surplus is given in Section 5.2 below.

It should be noted that any surplus or deficit that may arise in 2010/11 will be taken into account when the province prepares its Adjustments Estimate for 2011/12.

5.2 Financing

Budgeted surplus

The total provincial receipts exceed the total provincial payments over the 2011/12 MTEF period, thereby reflecting a surplus budget before and after financing. This indicates that not all financial resources available to the province have been allocated to the 16 provincial departments for spending over the three-year MTEF period. This is purposefully done, and is a continuation of the approach which commenced in 2009/10 whereby all provincial departments' budget allocations were reduced by 7.5 per cent of the value of their *Goods and services* budgets. This was done in accordance with a Cabinet decision in this regard, and was tabled in the *Explanatory Memorandum to the 2009/10 Budget Statements.* The motivation for this approach, at the time, was that the over-expenditure of prior years of some departments had resulted in the provincial bank account being in overdraft. The province has chosen to continue to budget for a surplus, partly to repay the provincial overdraft arising from prior years, and partly to protect the province against any fiscal shocks (such as unfunded mandates). It is emphasised, though, that the success of this plan is entirely dependent on departments adhering to their reduced budget allocations.

The provincial overdraft in March 2008 was at such a level, that it was very close to the approved overdraft limit of the province. This required a review of the entire cash management system in the province. The province required the combined effort of all departments in order to restore the health of the provincial balance sheet. On the cash management side, the payment system from the Provincial Treasury to the departments changed from a "funding as you spend" mechanism, to funding departments according to the original balanced cashflow projections of departments. This resulted in immediate detection of negative movements in the departmental bank balances. Along with daily monitoring of the various bank balances by Provincial Treasury, Cabinet continues to be informed of departmental bank balances on a monthly basis. As a result of the 7.5 per cent reduction in departments' *Goods and services* budgets, the cash management reforms and the cost-cutting measures introduced by Cabinet, the province has had positive end-of-month cash balances since May 2010 and positive daily balances since 29 June 2010.

Implementation of Section 34(2) of the PFMA (First charge rule)

In addition to the 7.5 per cent reduction mentioned above, the province implemented the first charge rule (in terms of Section 34(2) of the PFMA) for the first time during the 2009/10 Adjustments Estimate. This was done as some departments' over-expenditure in prior years was of such a level that the 7.5 per cent reduction was insufficient for them to repay their over-expenditure amounts. This meant that the affected departments saw a further reduction in their budget available for spending, in order to fully pay back the over-expenditure they had incurred in 2008/09. Important to note and understand, though, is that these amounts were not removed from their budgets as such, but were allocated to *Unauthorised Expenditure* to allow the necessary accounting treatment of these amounts by Provincial Treasury. These amounts were then the first instalment of the first charge rule.

The Standing Committee on Public Accounts (SCOPA) has not, as yet, indicated which unauthorised expenditure relating to the 2009/10 Audited Outcome will be approved for authorisation and which will become first charges against the respective votes. Once these resolutions have been passed, the appropriate approved amounts will be contained in the Authorisation of Unauthorised Expenditure Bill, while the unapproved unauthorised expenditure will be included as first charges against the respective votes during the 2011/12 Adjustments Estimate process.

Cost-cutting measures

Besides the above-mentioned measures taken by the province to start financing the provincial overdraft, Cabinet also approved a list of cost-cutting measures which were implemented from October 2009.

The aim of these cost-cutting measures is to reduce expenditure on "frills" and "nice to haves" and rather redirect these funds into core service delivery areas.

These cost-cutting measures, which are listed below, will remain in place for the foreseeable future as they are really elements of good governance, rather than a once-off initiative to contain costs:

- Freezing of all posts (the Executive Authority can approve the filling of essential/critical posts);
- No furniture or equipment to be bought, unless it is a critical requirement for service delivery;
- Essential training be done in-house (exceptions to be approved by the HOD);
- Overseas trips be rationalised;
- Business class travel only for MECs and HODs (and MPLs, where applicable);
- Car hire bookings – class of vehicle to be lowered;
- Catering for meetings be stopped;
- Kilometre controls be implemented on travelling (1 750 kilometres per month per official unless there are exceptional circumstances – the exceptions should be approved by the HOD);
- Officials to travel together unless absolutely unavoidable;
- Only essential trips be undertaken;
- Meetings, strategic planning sessions and workshops to be held in departments' offices instead of private venues;
- Air travel be limited to important meetings with only one representative to attend on behalf of the department, unless otherwise required;
- No team building exercises or year-end/Christmas functions (only permitted if paid for by the staff themselves);
- Cut down on unnecessary overnight accommodation. Staff to sleep over only if the total distance to and from the destination is more than 500 kilometres;
- Where there are one-day meetings in other provinces, officials must travel there and back on the same day (where possible);
- No promotional items to be purchased (t-shirts, caps, bags, etc.);
- No leave conversion payments (leave to be taken);
- Strict control of overtime;

- Re-evaluate the hosting of provincial events;
- Re-evaluate cell phone spending (including capping monthly spending per phone).

It should be noted that the “No performance bonuses from 2010/11” cost-cutting measure falls away from 2011/12, and that departments may therefore again reward staff for exceptional performance.

Sources of financing

The paragraphs below simply aim to provide an explanation of some of the terms contained in Table 5.1 above. In essence, the province has three sources of financing available, namely provincial roll-overs, provincial cash resources, and suspensions to the ensuing financial year.

Provincial roll-overs refer to funds that were appropriated and committed but not spent in that financial year. These commitments are in respect of once-off expenditure such as acquisition of machinery and equipment, completion of infrastructure projects, etc., as well as unspent conditional grants. These unspent funds are then re-allocated to the relevant department during the Adjustments Estimate in the following year.

Provincial cash resources refer to surplus funds in the provincial revenue fund, after taking into account all commitments and subsequent roll-overs. This includes unspent appropriated funds in departments that were not rolled over to the ensuing financial year, as well as the surplus provincial own revenue that was collected in prior financial years. This source of financing also relates to any internal provincial reprioritisation that is undertaken to finance provincial commitments.

Suspensions to ensuing years occur when departments intentionally apply to the Provincial Treasury to have a portion of their budget suspended during the course of the year, and re-allocated in the next or later financial years, because of unforeseen delays in spending the funds, or slower than anticipated progress. This process will ensure that the department will have the funding available to complete the project during subsequent financial years.

6. RECEIPTS

6.1 Overall position

Table 6.1 below shows the actual and projected total revenue for the seven-year period, 2007/08 to 2013/14. National transfers to the province, which comprise equitable share funding and conditional grants, make up 97.5 per cent of provincial revenue in 2011/12. Provincial own revenue makes up the balance of the total provincial funding, of 2.5 per cent.

Table 6.1: Analysis of total receipts

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2007/08-2010/11	2010/11 - 2013/14
R thousand									
Transfers from national	42 545 514	51 490 462	60 826 209	70 065 468	76 241 101	81 163 729	86 473 403		
Equitable share	*37 427 646*	*44 223 509*	*51 972 804*	*57 632 201*	*62 927 556*	*66 877 612*	*70 992 966*		
Conditional grants	*5 117 868*	*7 266 953*	*8 853 405*	*12 433 267*	*13 313 545*	*14 286 117*	*15 480 437*		
Own revenue	1 557 284	1 698 357	1 857 195	1 803 568	1 942 965	2 067 204	2 158 077		
Total	**44 102 798**	**53 188 819**	**62 683 404**	**71 869 036**	**78 184 066**	**83 230 933**	**88 631 480**		
% of total revenue									
Transfers from national	96.5	96.8	97.0	97.5	97.5	97.5	97.6		
Equitable share	*84.9*	*83.1*	*82.9*	*80.2*	*80.5*	*80.4*	*80.1*		
Conditional grants	*11.6*	*13.7*	*14.1*	*17.3*	*17.0*	*17.2*	*17.5*		
Own revenue	3.5	3.2	3.0	2.5	2.5	2.5	2.4		
Nominal growth (%)									
Transfers from national		21.0	18.1	15.2	8.8	6.5	6.5	18.1	7.3
Equitable share		*18.2*	*17.5*	*10.9*	*9.2*	*6.3*	*6.2*	*15.5*	*7.2*
Conditional grants		*42.0*	*21.8*	*40.4*	*7.1*	*7.3*	*8.4*	*34.4*	*7.6*
Own revenue		9.1	9.4	(2.9)	7.7	6.4	4.4	5.0	6.2
Total		**20.6**	**17.9**	**14.7**	**8.8**	**6.5**	**6.5**	**17.7**	**7.2**
Real growth (%)									
Transfers from national		10.1	10.7	9.0	2.5	0.6	1.0	10.0	1.4
Equitable share		*7.5*	*10.2*	*4.9*	*2.9*	*0.4*	*0.6*	*7.5*	*1.3*
Conditional grants		*29.2*	*14.2*	*32.9*	*0.9*	*1.4*	*2.7*	*25.2*	*1.6*
Own revenue		(0.8)	2.5	(8.1)	1.5	0.5	(1.0)	(2.2)	0.3
Total		**9.7**	**10.5**	**8.5**	**2.5**	**0.6**	**0.9**	**9.6**	**1.3**

In the 2011/12 MTEF, the total provincial revenue is R78.184 billion, R83.231 billion and R88.631 billion, respectively. The largest share of national transfers to KZN is the equitable share of R62.928 billion in 2011/12, R66.878 billion in 2012/13 and R70.993 billion in 2013/14. Conditional grant funding provides a further R13.314 billion, R14.286 billion and R15.480 billion over the MTEF.

The balance of the revenue comes from provincial own revenue, which forms a small proportion of total provincial revenue. There is a gradual decline in the share of total own revenue from 2007/08 to 2013/14, due to national transfers increasing at a faster rate than own revenue. Despite this, own revenue is showing a steady increase in nominal terms.

Table 6.1 also shows the analysis of total provincial receipts in terms of percentage shares, as well as nominal and real average annual growth rates from 2007/08 to 2013/14. In real terms, total provincial revenue is set to increase over the 2011/12 MTEF by 1.3 per cent on average, which is lower than that of prior years, which was 9.6 per cent. The share of national transfers increases from 96.5 per cent in 2007/08 to 97.5 per cent in 2010/11, rising to 97.6 per cent in 2013/14. Provincial own revenue illustrates the opposite trend, decreasing from 3.5 per cent in 2007/08 to 2.4 per cent in 2013/14.

In 2011/12, provincial own revenue is projected to yield R1.943 billion, rising to R2.158 billion in 2013/14. In nominal terms, own revenue increased by an annual average of 5.0 per cent from 2007/08 to 2010/11. Over the 2011/12 MTEF, this annual average nominal growth is 6.2 per cent. This is largely due to lower revenue being collected in 2009/10 and 2010/11 from interest due to the provincial bank overdraft. Also, Health collected substantially less in 2010/11 on Health patient fees when compared to 2009/10. In real terms, own revenue decreased at an annual average rate of 2.2 per cent between the period 2007/08 to 2010/11 and then increases by 0.3 per cent over the 2011/12 MTEF. Provincial Treasury previously generated a significant portion of own revenue through the interest earned on positive cash balances in the Inter-Governmental Cash Co-ordination (IGCC) and the Paymaster-General (PMG) accounts. The drastic decrease in the 2007/08 to 2010/11 period is mainly due to the provincial over-spending in 2007/08 to 2009/10, resulting in a negative effect on the provincial cash balances.

6.2 Provincial equitable share

The equitable share formula has evolved since its inception in 1998/99. The weighting of the various components is a policy decision that takes a number of factors into account, including the historical expenditure patterns and relative demand for particular services. The six components are updated annually with the release of official data, as discussed in Chapter 3 of the OPRE.

The equitable share received by KZN is based on demographic and economic statistics that attempt to capture the relative demand for public services. The largest portion of funds available to provinces is aimed at meeting Constitutional mandates, and at delivering a wide variety of public services.

The provincial equitable share is formula-based, and is the main source of revenue that enables the province to deliver on its statutory obligations. Table 6.1 above shows that the total equitable share allocation to the province for the 2011/12 MTEF will grow by an annual average of 1.3 per cent in real terms. This is a decrease from the annual average of 7.5 per cent between 2007/08 to 2010/11. For the period under review, the equitable share allocation to the province decreases from 84.9 per cent of total provincial revenue in 2007/08, to 80.5 per cent in 2011/12. Its share of total provincial revenue continues to decrease over the 2011/12 MTEF, to 80.1 per cent in 2013/14. Even though the provincial equitable share increases in nominal terms, the proportional decrease in the provincial equitable share remains a major concern for the province, as this restricts the boundaries of the fiscal envelope available for distribution in the province. In nominal terms, equitable share increases at an annual average rate of 15.5 per cent between the period 2007/08 to 2010/11 and then increases by only 7.2 per cent over the 2011/12 MTEF. This nominal growth will continue to provide for improved levels of service in KZN.

6.3 Conditional grants

When national conditional grants were introduced in 1998/99, their objective was to promote national priorities and to compensate provinces for the provision of specialised services across provincial boundaries. In Health, for example, those objectives were to fund the academic hospitals, training and research, redistribution of health services and hospital revitalisation.

Subsequent to this phase, several conditional grants were introduced with varying purposes, conditions and outcomes. A number of changes were made to the conditional grant framework over time and included the merging of some grants.

The total number of conditional grants transferred to the province amounted to 32 for the period under review (although not all grants receive funding every year from 2007/08). Conditional grants are used for more specific purposes than the equitable share, and include infrastructure provision, institutional capacity building, and the implementation of special initiatives of national priority (e.g., HIV and AIDS and school nutrition programmes). The design of conditional grants has been somewhat variable and *ad hoc*, which has given rise to certain problems and gaps in the implementation and monitoring thereof.

As can be noted from Table 6.1 above, the conditional grant allocation to the province has grown steadily since 2007/08. Over the period 2007/08 to 2010/11, the conditional grant allocation to the province comprised between 11.6 per cent and 17.3 per cent of total provincial revenue, increasing to 17.5 per cent of total provincial revenue in 2013/14. Nominally, the conditional grant allocation grew at an average annual rate of 34.4 per cent from 2007/08 to 2010/11. Over the 2011/12 MTEF, it is projected to grow at an average annual rate of 7.6 per cent.

The sizeable increases in conditional grant allocations are of concern to Provincial Treasury. As the fiscal arrangement in SA has stabilised and matured, the roles and uses of conditional grants as funding mechanisms to provinces should diminish. Having said this, some grants begin to be phased into the equitable share from the 2011/12 MTEF though, the examples being the Forensic Pathology Services and Hospital Revitalisation grants. The Hospital Revitalisation grant is partially phased into the equitable share from 2013/14, whereas the Forensic Pathology Services grant is phased in from 2012/13 onward.

Table 6.2 below reflects a summary of conditional grant transfers per vote.

Table 6.2: Summary of national conditional grant transfers by vote

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Vote 3 - Agriculture, Enviro. Affairs and Rural Dev.	**115 311**	**123 890**	**138 489**	**174 525**	**174 525**	**174 525**	**233 935**	**267 030**	**295 586**
Land Care Programme grant	7 010	7 345	8 227	8 721	8 721	8 721	9 244	20 304	18 746
Comprehensive Agricultural Support Programme	68 301	100 545	117 762	135 804	135 804	135 804	164 691	183 726	210 375
Agricultural Disaster Management grant	40 000	5 000	5 000	-	-	-	-	-	-
Ilima/Letsema Projects grant	-	11 000	7 500	30 000	30 000	30 000	60 000	63 000	66 465
Vote 5 - Education	**876 773**	**1 280 569**	**1 341 818**	**2 592 124**	**2 598 423**	**2 598 423**	**3 078 939**	**3 355 958**	**3 606 201**
Educaton Infrastructure grant (previously IGP)	466 022	602 756	746 136	1 036 318	1 035 501	1 035 501	1 158 136	1 270 878	1 340 777
HIV and AIDS (Life-Skills Education) grant	35 292	39 910	39 765	42 686	42 686	42 686	45 114	46 876	49 445
National School Nutrition Programme (NSNP) grant	260 006	458 233	555 917	855 285	855 285	855 285	1 070 013	1 151 644	1 214 985
FET College Sector Recapitalisation grant	115 453	162 974	-	-	-	-	-	-	-
FET College Sector grant	-	-	-	642 561	649 177	649 177	754 793	828 470	939 709
Education Disaster Management grant	-	16 696	-	-	-	-	-	-	-
Technical Secondary Schools Recapitalisation grant	-	-	-	15 274	15 274	15 274	38 563	40 490	42 717
EPWP Incentive grant	-	-	-	-	500	500	-	-	-
Dinaledi Schools grant	-	-	-	-	-	-	12 320	17 600	18 568
Vote 6 - Provincial Treasury	**-**	**-**	**-**	**-**	**1 634**	**1 634**	**-**	**-**	**-**
Education and Health Infrastructure grants	-	-	-	-	1 634	1 634	-	-	-
Vote 7 - Health	**2 190 991**	**2 634 190**	**3 114 646**	**3 894 131**	**3 924 609**	**3 924 609**	**4 434 669**	**4 799 417**	**5 337 083**
Health Professionals Training & Development grant	201 992	212 092	222 425	235 771	235 771	235 771	249 917	261 860	276 262
Hospital Revitalisation grant	315 456	330 404	288 862	500 815	500 815	500 815	547 698	566 605	533 432
National Tertiary Services grant	789 578	911 892	983 948	1 102 585	1 102 585	1 102 585	1 201 831	1 303 824	1 408 053
Comprehensive HIV and AIDS grant	466 922	757 213	1 121 575	1 498 811	1 518 811	1 518 811	1 889 427	2 246 099	2 675 081
Health Infrastructure grant (was IGP)	259 758	294 832	359 717	401 055	400 238	400 238	358 471	393 367	415 002
Forensic Pathology Services grant	157 285	127 757	134 538	152 406	152 406	152 406	161 550	-	-
2010 World Cup Health Preparation Strategy grant	-	-	3 581	-	-	-	-	-	-
EPWP Grant for the Social Sector grant	-	-	-	2 688	2 676	2 676	25 775	27 662	29 253
EPWP Incentive grant	-	-	-	-	11 307	11 307	-	-	-
Vote 8 - Human Settlements	**1 310 555**	**1 622 053**	**2 330 448**	**2 847 909**	**2 848 502**	**2 848 502**	**2 769 871**	**2 891 813**	**3 050 176**
Human Settlements Development grant	1 310 555	1 622 053	2 180 448	2 714 109	2 714 109	2 714 109	2 769 871	2 891 813	3 050 176
Housing Disaster Relief grant	-	-	150 000	133 800	133 800	133 800	-	-	-
EPWP Incentive grant for the Infrastructure Sector	-	-	-	-	593	593	-	-	-
Vote 12 - Transport	**573 012**	**1 309 475**	**1 570 723**	**1 842 447**	**2 040 505**	**2 040 505**	**2 139 957**	**2 269 710**	**2 433 532**
Sani Pass Road grant	-	30 000	34 347	-	-	-	-	-	-
Transport Disaster Management grant	-	616 773	-	-	-	-	-	-	-
Public Transport Operations grant	-	-	587 396	714 587	714 587	714 587	773 473	815 611	864 281
EPWP Incentive grant	-	-	83 900	169 470	153 130	153 130	129 836	-	-
Provincial Roads Maintenance grant (was IGP)	573 012	662 702	865 080	958 390	958 390	958 390	1 236 648	1 454 099	1 569 251
Provincial Disaster Relief grant	-	-	-	-	214 398	214 398	-	-	-
Vote 13 - Social Development	**-**	**-**	**-**	**2 688**	**2 700**	**2 700**	**4 494**	**4 823**	**5 101**
EPWP grant for the Social Sector	-	-	-	2 688	2 700	2 700	4 494	4 823	5 101
Vote 14 - Public Works	**-**	**210 846**	**236 544**	**259 891**	**713 331**	**713 331**	**518 585**	**556 669**	**599 319**
Dev. of Property Rates Fund Grant to Provinces	-	210 846	236 264	259 891	709 891	709 891	518 585	556 669	599 319
EPWP Incentive grant	-	-	280	-	3 440	3 440	-	-	-
Vote 15 - Arts and Culture	**13 950**	**26 195**	**35 589**	**38 282**	**38 282**	**38 282**	**45 401**	**48 619**	**56 297**
Community Library Services grant	13 950	26 195	35 589	38 282	38 282	38 282	45 401	48 619	56 297
Vote 16 - Sport and Recreation	**37 276**	**59 735**	**85 148**	**90 256**	**90 756**	**90 756**	**87 694**	**92 078**	**97 142**
Mass Sport and Recreation Participation Prog.	37 276	59 735	85 148	90 256	90 256	90 256	87 694	92 078	97 142
EPWP Incentive grant	-	-	-	-	500	500	-	-	-
Total	**5 117 868**	**7 266 953**	**8 853 405**	**11 742 253**	**12 433 267**	**12 433 267**	**13 313 545**	**14 286 117**	**15 480 437**

In terms of allocation per department, the Department of Health is the largest recipient of grant allocation, receiving 33.3 per cent of total grants in 2011/12. This is a higher share when compared to 31.6 per cent in 2010/11. Important to note is that the Comprehensive HIV and AIDS grant was increased substantially over the 2011/12 MTEF, in keeping with government's commitment to funding HIV and AIDS in the country. This includes the lowering of the CD4 threshold for TB sufferers and pregnant women, and providing triple therapy to all children born with HIV and AIDS.

The Department of Education receives the second largest share of grant allocation over the entire period under review. The department's share of grant funding increases considerably over the entire period, increasing from an Adjusted Appropriation of R2.598 billion in 2010/11 to R3.079 billion in 2011/12. It is important to note that, since 2010/11, the FET College Sector Recapitalisation grant has been incorporated into the equitable share of the department. The FET College Sector grant is a fairly new grant, with this function previously being funded through the equitable share. Education also received a new grant from 2010/11, being the Technical Secondary Schools Recapitalisation grant, and a new grant in 2011/12 being the Dinaledi Schools grant.

The Department of Human Settlements is the third largest recipient of grant allocation. This allocation shows a strong average annual nominal growth over the 2011/12 MTEF, rising from R2.770 billion in 2011/12 to R3.050 billion in 2013/14. This grant allocation relates mainly to the Human Settlements Development grant. The Housing Disaster Relief grant allocation in 2010/11 was to repair houses damaged by storms and floods in November and December 2009.

The Department of Transport receives funding for the Provincial Roads Maintenance grant, Public Transport Operations grant and the EPWP incentive grant. Conditional grant funding increases from R2.140 billion in 2011/12 to R2.434 billion in 2013/14. The Provincial Roads Maintenance grant (previously the Infrastructure Grant to Provinces or IGP) is aimed at accelerating the construction, maintenance, upgrading and rehabilitation of new and existing transport infrastructure. National Treasury is discontinuing the IGP in its current form from 2011/12, and replacing it with a specific grant for Education, Health and Transport. The increase in this grant results from a decision taken at a national level to change the way the grant is allocated between the three sectors.

The Devolution of Property Rate Funds Grant to Provinces commenced in 2008/09 within the Department of Public Works. This grant commenced at R210.846 million in 2008/09 and grows to R599.319 million in 2013/14. The aim of the grant is to manage the payment of property rates for provincially owned land and buildings to the various municipalities, a function which was previously administered by the national Department of Public Works. In previous years, the province was under-funded, however in the 2010/11 Adjustments Estimate, substantial funding was received for this grant to cover this shortfall.

In 2009/10, the province received the EPWP Incentive grant for the first time. The amount allocated in 2009/10 was R84.180 million, which was allocated against Public Works. However, as the provincial Department of Transport (DoT) is the provincial EPWP co-ordinator, and implements a number of its projects through labour-intensive methods, it was decided to move the bulk of this funding to DoT during the 2009/10 Adjustments Estimate. The 2010/11 allocation of R169.470 million was also allocated against DoT, with some re-allocation occurring during the 2010/11 Adjustments Estimate in line with Schedule 8 of DORA. In 2011/12, R129.836 million is allocated to DoT.

6.4 Total provincial own receipts (own revenue)

Tables 6.3 and 6.4 below reflect a summary of provincial own revenue by economic classification, as well as by vote, respectively.

The bulk of provincial own revenue is collected against *Tax receipts* which comprises of *Motor vehicle licences, Casino* and *Horse racing taxes* and *Liquor Licences.* The next largest revenue collected is against *Sale of goods and services other than capital assets,* particularly health patient fees, followed by *Fines, penalties and forfeits,* and *Transactions in financial assets and liabilities*. Other sources of provincial own revenue include *Interest, dividends and rent on land* and the *Sale of capital assets*.

Table 6.3: Summary of provincial own receipts

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2007/08	2008/09	2009/10		2010/11		2011/12	2012/13	2013/14
Tax receipts	1 037 169	1 207 899	1 327 599	1 382 528	1 382 528	1 370 826	1 492 700	1 593 335	1 657 168
Casino taxes	*239 866*	*267 943*	*283 970*	*297 026*	*297 026*	*297 026*	*320 788*	*336 827*	*355 352*
Horse racing taxes	*43 655*	*65 070*	*41 571*	*43 597*	*43 597*	*43 597*	*45 817*	*48 108*	*50 754*
Liquor licences	*4 017*	*4 282*	*4 831*	*41 905*	*41 905*	*4 349*	*46 095*	*48 400*	*51 062*
Motor vehicle licences	*749 631*	*870 604*	*997 227*	*1 000 000*	*1 000 000*	*1 025 854*	*1 080 000*	*1 160 000*	*1 200 000*
Sale of goods and services other than capital assets	247 127	302 546	345 775	333 301	333 301	283 338	353 354	371 505	392 126
Transfers received	300	921	-	-	-	101 254	-	-	-
Fines, penalties and forfeits	36 536	40 413	43 259	36 058	36 058	41 313	38 210	40 121	42 882
Interest, dividends and rent on land	159 599	43 448	32 384	6 168	6 168	26 499	8 398	9 186	10 032
Sale of capital assets	11 564	7 857	32 462	6 820	6 820	11 385	7 211	7 609	7 780
Transactions in financial assets and liabilities	64 989	95 273	75 716	38 693	38 693	54 392	43 092	45 448	48 088
Total	**1 557 284**	**1 698 357**	**1 857 195**	**1 803 568**	**1 803 568**	**1 889 007**	**1 942 965**	**2 067 204**	**2 158 077**

Table 6.4: Summary of provincial own receipts by vote

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2007/08	2008/09	2009/10		2010/11		2011/12	2012/13	2013/14
1. Office of the Premier	284 035	333 420	326 483	341 566	341 566	341 121	366 761	385 121	406 302
2. Provincial Legislature	2 678	3 828	594	567	567	3 926	601	629	663
3. Agriculture, Environmental Affairs and Rural Dev.	16 274	45 100	29 220	16 450	16 450	17 137	17 273	18 136	19 134
4. Economic Development and Tourism	4 489	4 787	5 556	42 081	42 081	105 520	46 281	48 595	51 268
5. Education	53 055	96 596	88 128	48 457	48 457	54 331	54 835	57 819	60 999
6. Provincial Treasury	156 921	15 557	9 881	6 968	6 968	24 564	8 848	9 733	10 707
7. Health	148 544	168 049	232 877	214 904	214 904	162 489	227 798	239 189	252 344
8. Human Settlements	19 253	1 405	6 555	1 033	1 033	1 938	1 136	1 250	1 318
9. Community Safety and Liaison	91	46	60	53	53	56	53	56	57
10. The Royal Household	67	87	89	89	89	627	93	98	103
11. Co-operative Governance and Traditional Affairs	2 038	10 870	5 490	1 970	1 970	4 934	2 083	2 350	2 690
12. Transport	861 293	1 008 826	1 139 462	1 120 697	1 120 697	1 160 448	1 207 948	1 294 383	1 341 890
13. Social Development	4 160	4 562	6 995	4 549	4 549	6 989	4 720	4 875	5 152
14. Public Works	3 852	4 573	4 982	3 792	3 792	4 189	4 120	4 531	4 985
15. Arts and Culture	447	522	470	342	342	622	360	379	400
16. Sport and Recreation	87	129	353	50	50	116	55	60	65
Sub-total	**1 557 284**	**1 698 357**	**1 857 195**	**1 803 568**	**1 803 568**	**1 889 007**	**1 942 965**	**2 067 204**	**2 158 077**
Provincial Legislature receipts not to be surrendered to the Provincial Revenue Fund	2 678	3 828	594	567	567	3 926	601	629	663
Total adjusted provincial own receipts	**1 554 606**	**1 694 529**	**1 856 601**	**1 803 001**	**1 803 001**	**1 885 081**	**1 942 364**	**2 066 575**	**2 157 414**

As can be seen in Table 6.3 above, *Tax receipts*, the most significant category by value, exhibits fairly constant growth, from R1.037 billion in 2007/08 to R1.657 billion in 2013/14. *Tax receipts* reached R1.328 billion in 2009/10. This is 9.9 per cent more than the R1.208 billion collected in 2008/09, and relates mainly to increased collections against the category *Motor vehicle licences*. *Tax receipts* increase annually and are projected to increase at a nominal annual average rate of 3.5 per cent over the MTEF.

Tax receipts, as a percentage of total provincial own revenue, increased from 71.1 per cent in 2008/09 to 71.5 per cent in 2009/10, and are further projected to stabilise at an average of 76.8 per cent of provincial own-sourced revenue over the medium term. The increase over the 2011/12 MTEF is mainly due to the estimated increase in motor vehicle licence fees, liquor licence fees (with the revised KZN Liquor Act), as well as gaming revenues from casino and limited payout machines, coupled with the implementation of the new KZN Gaming and Betting Tax Bill and the KZN Gaming and Betting Bill.

The balance of provincial own revenue decreases from R520.115 million in 2007/08 to R490.458 million in 2008/09, and then increases to R500.909 million in 2013/14 (mainly due to the decrease in interest revenue as a result of low cash balances in the IGCC and the PMG accounts). The increase over the 2011/12 MTEF is as a result of positive cash balances since May 2010. *Sale of goods and services other than capital assets*, which consists largely of health patient fees, is projected to reach R392.126 million in 2013/14, at an annual average rate of 3.5 per cent over the 2011/12 MTEF. *Sale of goods and services other than capital assets*, as a percentage of total provincial own-source revenue, increases from 17.8 per cent in 2008/09 to 18.6 per cent in 2009/10 and is projected to stabilise at 18.2 per cent of provincial own-source revenue over the medium term. As mentioned above, the other main category is reflected under Vote 6: Provincial Treasury, namely interest revenue, reflected against *Interest, dividends and rent on land*. The revenue accrued from this source depends on cash balances and the prevailing interest rates, hence the fluctuating trend. The provincial *fiscus* has been under severe strain from 2007/08 to 2009/10, resulting in the province going into overdraft. The interest revenue has thus decreased significantly in 2008/09, 2009/10 and 2010/11. It appears that the interest revenue estimates over the 2011/12 MTEF seem conservative, especially as the province has been cash positive since May 2010.

Fines, penalties and forfeits increases from R36.536 million in 2007/08 to R41.313 million in the 2010/11 Revised Estimate. Thereafter, it stays at fairly consistent levels, ranging between R38.210 million and R42.882 million over the 2011/12 MTEF. This category consists mainly of traffic fines resulting from road traffic infringements. The fluctuations in the trend can be attributed to the difficulty in projecting with certainty the collection of these receipts.

The two lowest categories by value are *Sale of capital assets* and *Transactions in financial assets and liabilities*. *Sale of capital assets* shows a growth trend of 6.6 per cent from 2008/09 to the 2010/11 Adjusted Appropriation. It is expected to decrease to an average growth rate of 2.6 per cent between the 2010/11 Adjusted Appropriation and the outer year of the MTEF.

Transactions in financial assets and liabilities reflects a negative annual average growth rate of 22.8 per cent from 2008/09 to 2010/11, and then it increases over the 2011/12 MTEF to reach R48.088 million in 2013/14, with an annual average growth rate of 3.7 per cent. Trends in these categories have always been difficult to project, due to the unpredictability of these sources of own-source revenue.

Transport

As shown in Table 6.4 above, the DoT continues to be the main contributor to total provincial own revenue, accounting for an average of almost 62.2 per cent of total provincial own revenue over the 2011/12 MTEF. The department's revenue has shown strong growth rising from R861.293 million in 2007/08 to R1.160 billion in the 2010/11 Revised Estimate. This increase is set to continue over the 2011/12 MTEF to R1.342 billion in 2013/14, growing at an annual average rate of 3.6 per cent.

Revenue generated from *Motor vehicle licences* increased from R749.631 million in 2007/08 to R997.227 million in 2009/10, and is projected to increase to R1.200 billion in 2013/14. These increases are linked to the net growth of the motor vehicle population, coupled with the annual increase in motor vehicle licence fees. The growth in projected revenue can also be attributed to the initiatives of the DoT to improve service delivery at the various registering authorities, for the registration and licensing of motor vehicles. The current initiative to address arrear licence fees will continue, with the aim of maintaining the arrears at less than 2 per cent of the total motor vehicle population.

Presently, the variances between motor vehicle licence fees charged across all provinces in the various fee categories are significant. This has been discussed at national and provincial levels for quite some time with the view of equalising the fee variances across provinces (as is the case with the health patient fee structure). At present, the provinces with higher motor vehicle licence fees, namely KZN and Western Cape, face the dilemma of people migrating to register their motor vehicles in provinces where the motor vehicle licence fees are lower. The main idea behind 'fee equalisation' is that there will be a unified motor vehicle licence fee structure that will be determined at a national level.

A further complication is the proposed implementation of all the Road Traffic Management Corporation (RTMC) mandates. Section 18 of the Road Traffic Management Corporation Act, 1999 (Act No. 20 of 1999) provides for the establishment of the following functions:

- Road traffic law enforcement;
- Training of traffic personnel;
- Road traffic information;
- Registration and licensing;
- Testing and licensing of drivers;
- Accident investigation and recording vehicle;
- Communication and education;
- Infrastructure safety audits; and
- Establishment of the Administrative Adjudication of Road Traffic Offences.

To date, only the first five functions mentioned in the list above have been established.

The remaining functions will only be transferred to the RTMC after a decision has been taken in terms of the powers listed in Schedules 4 and 5 of the Constitution. Also, the remaining functions will only be transferred to the RTMC once it has submitted a report on the functions already allocated to them.

The provincial DoT contributed R1.139 billion or 62.2 per cent of provincial own revenue at an operational cost of R440.249 million (for the specific sub-programmes within Vote 12) in 2009/10. This revenue consists of motor vehicle licence fees, road traffic inspectorate fees, traffic fines and abnormal load fees.

With the possible transfer of all the mandated functions to the RTMC, various areas of concern arise:

- This mandate will have a drastic impact on the discretionary funding of provinces.
- Funds should follow function, hence if the RTMC is going to take over the functions, then provinces should be adequately reimbursed for all functions that will still be performed by them.
- How will the transfer of these functions affect the efficiency of the present arrangement?
- If the revenue collected is going to a central account, what mechanism is in place to return these funds to provinces (if they are to return)?
- The e-NATIS system was transferred to RTMC in 2009. It is however, still controlled by Tasima (agency that manages and monitors the e-NATIS system).
- Presently a RTMC levy is levied on every motor vehicle license transaction (currently R42, but it is revised annually), which was intended to be used for the functioning of the RTMC. What then are the funds from provincial motor vehicle licence fees going to be used for?
- If the mandated functions are transferred to the RTMC, KZN will forgo all traffic fine revenue (if paid after 30 days) from April 2011. All systems are however, not in place and the funding loss for both the province and the 61 municipalities will be considerable.

The impact of the RTMC mandate roll-out has a negative effect on the province and its fiscal envelope. This would result in the reduction of provincial own revenue of 62.2 per cent or R1.208 billion in 2011/12. Whatever final decisions are made by the Executive regarding the function, funds and revenue flows, the bottom line is that provinces should be adequately reimbursed for losses incurred.

Office of the Premier

Another major contributor to provincial own revenue is the Office of the Premier, yielding more than 18.9 per cent of total own revenue over the 2011/12 MTEF. The department is projecting reasonable growth over the 2011/12 MTEF, and this is in line with the expected growth in the gambling industry, which is the department's main source of revenue. *Casino taxes* include tax revenue from Limited Payout Machines (LPMs).

Revenue generated from *Casino taxes* increased from R239.866 million in 2007/08 to R283.970 million in 2009/10. It is further projected that tax revenue from casinos will increase by 4.4 per cent to R297.026 million in the 2010/11 Revised Estimate. This increase is set to continue over the 2011/12 MTEF to R355.352 million in 2013/14 at an annual average rate of 3.5 per cent. The growth rate is lower than in previous years due to the fact that the gaming taxes and fees have not been reviewed (it was felt that the rates should remain constant until the enactment of the new legislation) and because of the economic situation (i.e. the public in general have less disposable income available for gaming activities). Revenue generated from *Horse racing taxes* increased from R43.655 million in 2007/08 to R65.070 million in 2008/09, and then decreases to R41.571 million in 2009/10, as 2008/09 includes a once-off amount of R22 million received from the Bookmakers' Control Committee (previous years' surplus income). It is projected that horse racing revenue will increase to R43.597 million in the 2010/11 Revised Estimate. *Horse racing taxes* continues to show good growth over the 2011/12 MTEF, growing to R50.754 million in 2013/14, at an annual average rate of 3.5 per cent. Revenue generated from gambling is unpredictable, and it largely depends on the changes in people's disposable income.

The KZN Gaming and Betting Tax Bill and the KZN Gaming and Betting Bill have been tabled in 2010/11. In essence, these Bills aim to create a single entity to regulate gaming, as well as to facilitate increased financial control and planning, which has the potential to increase revenue. Both these Bills were enacted in November 2010 and will become operational before the end of 2010/11.

Provincial Treasury, in conjunction with the Office of the Premier, will now commence with a detailed review of both the tax structure, as well as the fee structure applicable to gaming in the province. The ideal tax regime to impose on the gaming industry must be optimal and designed to leverage the maximum benefit from the gambling industry, while business and economic realities are acknowledged.

The ideal tax structure must have the possibility of increasing receipts from this source by simply tightening the tax band/levels. This method must also be very effective in dealing with fiscal drag, as tax bands can be lowered just as easily as they can be raised. The present tax and fee structures were last reviewed in the late 1990s, and a minimum adjustment for inflation only would lead to a considerable improvement in revenue collection. Also, the uncertainty of licensing Bingo terminals has been clarified and the roll-out thereof will see significant improvements in both gaming tax and gaming fee revenue. This review should be completed in 2011/12, hence it is not currently included in the revenue estimates.

Economic Development and Tourism

Revenue generated from liquor licence fees is estimated to reach R46.095 million in 2011/12, and is then anticipated to grow at an average rate of 3.5 per cent over the MTEF, to R51.062 million in 2013/14. Revenue increased substantially from R4.831 million in 2009/10 to R46.095 million in 2011/12. This is due to the enactment of the new KZN Liquor Act in 2010/11. This Act aims to bring unlicensed traders from historically disadvantaged communities into the tax net, enabling them to do business in a free and conducive environment, without barriers to entry. The Act also provides for the determination of application fees, annual licence renewals and penalties. The income generated will accrue to the Provincial Revenue Fund. In terms of this Act, the KZN Liquor Entity and the responsible municipalities, chosen as agents, will administer licensing of premises, collect liquor licence revenue and ensure the reconciliation of revenue collected.

Health

The Department of Health is expected to collect 11.7 per cent of provincial own revenue over the 2011/12 MTEF. The department is projecting a 3.5 per cent growth over the 2011/12 MTEF, from R227.798 million in 2011/12 to R252.344 million in 2013/14. Health revenue increased from R148.544 million in 2007/08 to R232.877 million in 2009/10, and is projected to decrease to R162.489 million in the 2010/11 Revised Estimate. According to the department, this decrease is the result of optimistic projections for usage of the various health facilities during the 2010 World Cup, which did not materialise. However, this explanation is not convincing as these revenue levels are below those collected in 2009/10. Health's largest proportion of revenue is from patient fees and board for accommodation paid by staff at the department's institutions.

The Department of Health is also focusing on patient billing and revenue collection. One of the major objectives is to eliminate leakages in the system, and to shorten patient payment intervals. The department is also continuing with staff training at the various institutions. More attention is being paid to the assessment of patients' ability to pay, the correct billing of patients and the timeous recovery of debts from patients and other third parties, such as medical aids. Revenue collection processes are also affected by the use of manual billing systems, with only six hospitals currently operating a computerised patient billing system. The system will be implemented in the remaining hospitals as part of the plan of the Hospital Revitalisation grant.

The National Health Chief Financial Officer Forum (NHCFOF) has reiterated the need for revenue officials to be employed at provincial, district and site levels. Improving revenue generation is now a key output of all provincial health CFOs. Another concerted drive will be to fully roll-out a computerised billing system across all provinces.

Provincial Treasury, in conjunction with the provincial Department of Health, embarked on a plan in November 2010, where each department employs four interns to maximise revenue collection. The idea was to deploy them to the various sites to clear, among others, all medical aid and road accident fund invoices that are accumulating in the back rooms of these institutions (due to insufficient staff to process these claims). In 2009/10, Provincial Treasury in conjunction with the Department of Health undertook something similar with positive results, hence the renewed focus in this area.

Provincial Treasury

Provincial Treasury also generates a significant portion of own revenue through interest earned on positive cash balances in the IGCC and the PMG accounts. Revenue generated by Provincial Treasury decreased from R156.921 million in 2007/08 to R9.881 million in 2009/10. This decrease is set to continue over the first year of the 2011/12 MTEF, and then gradually increase (as cash balances improve) to R10.707 million in 2013/14. The drastic decrease in 2007/08, 2008/09 and 2009/10 is mainly due to its dependence on available cash balances and the prevailing interest rates. The provincial fiscus has been under severe strain over the last few financial years, resulting in the province having to utilise a bank overdraft facility. The resultant interest revenue has thus decreased significantly. It appears that the interest revenue collections seem conservative, especially when taking into consideration that the province has been cash positive since May 2010.

As part of the provincial revenue enhancement strategy, Provincial Treasury has initiated and launched the Provincial Revenue Forum (PRF). The forum meets once every quarter and deals with all revenue related matters, where departments benefit from each other's successes and learn from each other's failures. The main purpose of the PRF is to improve revenue estimation and the ability to detect and manage deviations early before they create budget instability, maximise the effectiveness of revenue collection and o look for new revenue streams.

The Revenue In-year Monitoring (RIYM) report was initiated in 2009/10 to improve monitoring of revenue streams and to assist the departments with identification, collection, recording, safeguarding of revenue and information about revenue.

Another initiative is the Provincial Tariff Register (PTR) which was initiated in the latter part of 2010/11. The comprehensive PTR will be finalised and established in 2011/12. The main objective of the PTR is to monitor and evaluate the various provincial own revenue sources.

6.5 Donor funding and agency receipts

Table 6.5 below shows information on donor funding and agency receipts, per department, for the period under review.

Table 1.F in the *Annexure – Overview of Provincial Revenue and Expenditure (OPRE)* provides the same information, together with details of the donors and agencies.

Table 6.5 Donor funding and agency receipt

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Donor Funding	**204 637**	**148 800**	**64 225**	**46 089**	**49 727**	**51 042**	**39 190**	**22 984**	**22 984**
Office of the Premier	-	-	-	19 841	19 841	19 841	19 841	19 766	19 766
Provincial Legislature	198	1 003	-	-	-	-	-	-	-
Agriculture, Enviro Affairs and Rural Development	307	11 509	19 474	22 276	22 276	22 276	19 349	3 218	3 218
Education	52 537	29 999	-	-	5 172	5 172	-	-	-
Health	140 895	91 985	36 072	2 636	1 102	1 102	-	-	-
Human Settlements	4 158	604	-	1 336	1 336	-	-	-	-
Co-operative Governance and Traditional Affairs	6 542	13 700	8 679	-	-	2 651	-	-	-
Agency Receipt	**523 135**	**776 514**	**44 835**	**7 420**	**17 454**	**17 454**	**7 420**	**7 420**	**7 420**
Office of the Premier	22 147	34 541	38 639	-	10 034	10 034	-	-	-
Transport	500 988	741 973	6 196	7 420	7 420	7 420	7 420	7 420	7 420
Total	**727 772**	**925 314**	**109 060**	**53 509**	**67 181**	**68 496**	**46 610**	**30 404**	**30 404**

This funding is not voted for, and is relatively small in value. The funding gives an indication of additional local and international resources available to the province. Each department receiving donor funding and/or agency receipts has a table in the departmental chapter in the *Estimates of Provincial Revenue and Expenditure (EPRE),* which indicates how the donor funding and agency receipts have been spent over the seven-year period.

It has become crucial to monitor the quality and quantity of services being provided with regard to donor funding and agency receipts. To this extent, with effect from 2007/08, Provincial Treasury required departments to report on donor funding and agency receipts on a quarterly basis. This was done mainly because departments commit themselves to projects and, when the donor funding ceases, these commitments continue and have to be funded through voted funds in order to reach completion.

6.5.1 Donor funding

The recipients of donor funding over the 2011/12 MTEF are the Office of the Premier and the DAEARD.

The Office of the Premier receives funding from the National Skills Fund and PSETA. The department receives R19.841 million in 2011/12 and it decreases to R19.766 million in 2012/13 and 2013/14.

The Office of the Premier, through the KZN Provincial Public Service Training Academy, will fund the following learning programmes:

- Learnerships in the construction sector;
- Automotive apprenticeships;
- Manufacturing and engineering apprenticeships and learnerships;
- National Youth Services Skills Programmes – Department of Public Works; and
- EPWP learnerships.

In addition, the department will also receive donor funding of R75 000 from PSETA for the development of a policy on accreditation, in 2011/12.

DAEARD receives funding from the Flemish government who co-fund the Empowerment for Food Security programme, which is a five-year programme scheduled to end in 2011/12, and the World Health Organisation who provided donor funding to the department to assist with the control of rabies in the province. The department receives R19.349 million in 2011/12 and it decreases to R3.218 million in 2012/13 and 2013/14.

6.5.2 Agency receipts

The DoT is the only recipient of agency receipts over the 2011/12 MTEF. These agency receipts increase from R500.988 million in 2007/08 to R741.973 million in 2008/09 and then reduces to R6.196 million in 2009/10, it then increases slightly to R7.420 million in the 2010/11 Revised Estimate. Over the 2011/12 MTEF, it remains constant at R7.420 million.

The DoT receives funding from the South African National Roads Agency Limited (SANRAL), to cater for an extended overload control function on the national road network in the province. The 2011/12 MTEF allocation in respect of overload control remains constant at R7.420 million, due to conservative budgeting, as a result of the uncertainty over the amount that will be transferred to the department. This also explains the fluctuations over the seven-year period under review.

With the introduction of the Public Transport Operations grant in the 2009/10 MTEF, the agency receipts for the bus subsidies was incorporated into the equitable share as from 2009/10, explaining the decrease in that year.

7. PAYMENTS

7.1 Overall position

Total provincial payments increased from R44.483 billion in 2007/08 to an estimated R70.531 billion in 2010/11. This positive growth is set to continue over the 2011/12 MTEF, with aggregated estimates rising to R87.683 billion in 2013/14. The additional allocation, over and above the existing (2010/11 MTEF) growth within the various departments' baselines caters for:

- Carry-through costs of the 2010/11 Adjustments Estimate (e.g. statutory increases for MPLs).
- Funding received for the 2010 wage agreement and the various OSDs affecting Education and Health.
- Growth in some conditional grants, as well as the introduction of a new conditional grant in 2011/12, being Dinaledi Schools grant. The Infrastructure Grant to Provinces (IGP) has been split into the three sectors that previously received the IGP, to cater for the specific needs of the Education, Health and Transport sectors.
- The EPWP grants were first introduced in 2010/11. The EPWP grant for the Social Sector continues over the MTEF and the Incentive grant has only been allocated funding in 2011/12 at this stage, with the amount allocated against Transport.
- Funding for the interest costs incurred on the provincial overdraft (now capped at R100 million).
- The slight reduction of all departments' baselines due to the National Cabinet decision to cut all national votes and the provincial equitable share by 0.3 per cent.
- Funding allocated to various provincial priorities such as the Provincial Planning Commission, provincial road maintenance, GIAMA, among others.

7.2 Payments by vote

Table 7.1 below illustrates the summary of provincial payments and estimates by vote. The trend analysis reveals that most departments' budgets are set to increase from the 2010/11 Main Appropriation to 2011/12 and over the ensuing financial years. Greater detail of the payments and estimates is given under each vote's chapter in the Estimates of Provincial Revenue and Expenditure.

Table 7.1: Summary of provincial payments and estimates by vote

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
1. Office of the Premier	395 396	463 842	429 103	419 284	451 361	451 361	471 105	490 769	524 827
2. Provincial Legislature	209 999	247 649	288 238	322 193	345 161	344 621	374 702	400 831	421 247
3. Agriculture, Environmental Affairs and Rural Develop	1 252 713	1 752 824	1 970 012	2 188 337	2 228 840	2 228 840	2 460 585	2 597 165	2 765 191
4. Economic Development and Tourism	1 511 081	1 766 565	2 425 317	1 624 798	1 724 798	1 680 868	1 486 950	1 561 519	1 650 807
5. Education	18 406 747	22 991 742	26 230 746	29 034 762	29 570 060	29 760 314	32 618 276	34 466 649	36 492 227
6. Provincial Treasury	379 645	693 565	613 902	640 637	692 500	443 371	536 486	553 158	590 764
Operational budget	*306 722*	*492 298*	*434 989*	*626 988*	*624 369*	*375 240*	*523 962*	*540 776*	*564 423*
Growth and Development	*72 923*	*201 267*	*178 913*	*13 649*	*68 131*	*68 131*	*12 524*	*12 382*	*26 341*
7. Health	14 959 441	17 103 101	20 349 276	21 657 681	22 120 186	21 638 144	24 484 855	26 325 124	28 189 424
8. Human Settlements	1 522 181	1 876 146	2 492 647	3 111 613	3 192 556	3 112 556	3 053 315	3 189 503	3 363 874
9. Community Safety and Liaison	78 797	109 287	125 272	140 744	140 744	136 744	150 139	157 048	165 637
10. The Royal Household	39 114	47 853	40 407	43 845	47 149	47 149	55 028	59 434	64 065
11. Co-operative Governance and Traditional Affairs	744 650	1 020 672	1 023 420	1 061 903	1 061 903	1 061 903	1 138 289	1 190 047	1 253 213
12. Transport	3 121 798	5 025 223	5 164 996	5 631 057	5 952 652	5 952 652	6 573 729	7 109 300	7 678 933
13. Social Development	1 015 188	1 232 408	1 361 280	1 668 170	1 668 182	1 668 182	1 952 956	2 045 397	2 139 888
14. Public Works	479 297	731 259	796 169	868 214	1 333 583	1 329 021	1 220 407	1 293 444	1 375 435
15. Arts and Culture	206 435	253 289	259 157	357 018	364 922	364 922	364 856	467 230	610 760
16. Sport and Recreation	160 598	213 267	239 342	307 107	311 065	310 565	358 333	376 273	396 801
Total	**44 483 080**	**55 528 692**	**63 809 284**	**69 077 363**	**71 205 662**	**70 531 213**	**77 300 011**	**82 282 891**	**87 683 093**

The increase in the Office of the Premier over the 2011/12 MTEF relates to additional funding allocated for the Provincial Planning Commission, the Provincial Nerve Centre, and an increase in funding to *Amafa aKwaZulu-Natali* for projects such as the operating costs of the *Emakhosini* Multi-Media Centre.

Economic Development and Tourism sees a reduction in 2010/11 compared to 2009/10, due to the completion of the airport portion of DTP in time for the 2010 World Cup.

The 2010/11 Revised Estimate of Provincial Treasury decreases substantially from the Adjusted Appropriation, mainly due to lower interest in respect of the provincial overdraft. This is due to the improvement in the funds available in the IGCC account due to the effective implementation of cost-cutting by provincial departments.

CoGTA sees a reduction in its baseline from 2009/10 to 2010/11, however, the 2011/12 MTEF still grows at a modest rate. The decrease results from the decision taken by the province to recall all 2010 World Cup funding post-2010. CoGTA was affected by this decision, as it had a substantial allocation in its baseline for the upgrading of stadia infrastructure.

The Social Sector, comprising Education, Health and Social Development, reflect positive growth over the MTEF, mainly due to allocations for various national sector priorities which were allocated to the province in previous MTEF periods, but with considerably higher allocations being provided from 2010/11 onward. Also affecting the growth in the baselines is funding received for various OSDs and the higher than anticipated wage agreements. Various provincial priorities were also financed, including the expansion of provincial examination administration in Education, and existing infrastructure assets and maintenance in Social Development (including the renovation of secure care centres, old age homes, etc.).

Table 7.2 below shows the analysis of payments and estimates by major vote.

Table 7.2: Analysis of payments and estimates by major vote

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2007/08-2010/11	2010/11 - 2013/14
R thousand									
Education	18 406 747	22 991 742	26 230 746	29 570 060	32 618 276	34 466 649	36 492 227		
Health	14 959 441	17 103 101	20 349 276	22 120 186	24 484 855	26 325 124	28 189 424		
Social Development	1 015 188	1 232 408	1 361 280	1 668 182	1 952 956	2 045 397	2 139 888		
Other Functions	10 101 704	14 201 441	15 867 982	17 847 234	18 243 924	19 445 721	20 861 554		
Total expenditure	**44 483 080**	**55 528 692**	**63 809 284**	**71 205 662**	**77 300 011**	**82 282 891**	**87 683 093**		
% of total expenditure									
Education	41.4	41.4	41.1	41.5	42.2	41.9	41.6		
Health	33.6	30.8	31.9	31.1	31.7	32.0	32.1		
Social Development	2.3	2.2	2.1	2.3	2.5	2.5	2.4		
Other Functions	22.7	25.6	24.9	25.1	23.6	23.6	23.8		
Nominal growth (%)									
Education		24.9	14.1	12.7	10.3	5.7	5.9	17.1	7.3
Health		14.3	19.0	8.7	10.7	7.5	7.1	13.9	8.4
Social Development		21.4	10.5	22.5	17.1	4.7	4.6	18.0	8.7
Other Functions		40.6	11.7	12.5	2.2	6.6	7.3	20.9	5.3
Total expenditure		**24.8**	**14.9**	**11.6**	**8.6**	**6.4**	**6.6**	**17.0**	**7.2**
Real growth (%)									
Education		13.7	6.9	6.7	3.9	(0.2)	0.4	9.0	1.3
Health		4.0	11.5	2.9	4.3	1.6	1.5	6.1	2.4
Social Development		10.5	3.5	16.0	10.3	(1.1)	(0.8)	9.9	2.7
Other Functions		27.9	4.7	6.4	(3.7)	0.7	1.7	12.6	(0.5)
Total expenditure		**13.6**	**7.7**	**5.6**	**2.3**	**0.6**	**1.0**	**8.9**	**1.3**

As mentioned above, Social Sector spending is set to increase substantially in both nominal and real terms over the 2011/12 MTEF. The share of the Social Sector budget decreases from 77.3 per cent in 2007/08 to 74.9 per cent in 2010/11. However, over the 2011/12 MTEF, this share remains at 76.4 per cent in 2011/12 and 2012/13, and decreases marginally to 76.1 per cent in 2013/14. This means that spending on *Other Functions* is decreasing, and that the focus is being shifted to the Social Sector again. It is noted that *Other Functions* includes the cost of the construction of DTP, which has previously shifted funding away from investment in the Social Sector. The level of funding required by DTP is lower from 2010/11 onward, as mentioned above, therefore resulting in the change in trend.

It should be noted though, that the interest on the overdraft allocation resides under *Other Functions,* and that this still diverts some funding away from the Social Sector. Also, the Department of Transport received additional funding for the maintenance of the provincial road network and this also diverts some funding away from the Social Sector.

The Department of Education remains the highest spending provincial department, at 41.5 per cent in 2010/11 and increasing to 41.6 per cent in 2013/14. The Education budget is set to increase by an average annual nominal (real) growth rate of 7.3 (1.3) per cent between 2010/11 and 2013/14. This positive growth over the 2011/12 MTEF is largely in respect of the wage agreements, the OSD for educators and a substantial allocation relating to the expansion of the provincial examination administration.

The budget for Health shows the same trend as Education, with good average annual nominal (real) growth of 8.4 (2.4) per cent. The growth in Health over the 2011/12 MTEF results from increased allocations relating to the various OSDs and the wage settlements, as well as increases to the baseline resulting from a general baseline adjustment which was funded from the 2008/09 MTEF, but with substantial increases in funding occurring from 2010/11 onward. The increase in funding is also in respect of various health priorities, such as emergency medical services, modernisation of tertiary services, infrastructure development, and the implementation of primary health care structures. Health's percentage share of the total budget declines between 2007/08 and 2010/11 from 33.6 per cent to 31.1 per cent, but then increases to 32.1 per cent in 2013/14. The high share in 2007/08 results from the over-expenditure that occurred in that year.

Social Development's budget remains fairly steady at some 2.3 per cent over the period 2007/08 to 2010/11. Social Development enjoys the largest growth among the Social Sector departments, with an annual average nominal (real) growth of 8.7 (2.7) per cent between 2010/11 and 2013/14. The strong growth over the 2011/12 MTEF caters for, among others, expansion of home/community based care, early childhood development and services for children in conflict with the law. In the 2011/12 MTEF, funding was provided for the carry-through of the 2010 wage agreement, as well as for the maintenance of state-owned facilities which are in need of upgrading and renovation to bring them to the acceptable norms and standards as prescribed by the relevant legislation.

The growth in *Other Functions* between 2007/08 and 2010/11 is substantially higher when compared to the growth between 2010/11 and 2013/14. This relates mainly to the Department of Economic Development and Tourism with regard to DTP. The airport portion of this project was completed early in 2010/11 in time for the 2010 World Cup. The low 2011/12 MTEF allocation provides for the further development of the multi-nodal logistics hub at the airport site. The decreases in the allocation to DTP largely explain the decrease in the percentage share for *Other Functions* from 25.1 per cent in 2010/11 to 23.8 per cent in 2013/14, and a similar increase in the Social Services sector.

7.3 Payments by economic classification

7.3.1 Provincial summary of payments and estimates by economic classification

Table 7.3 below, which presents a summary of payments and estimates by economic classification, is broken down into four main categories, namely *Current payments, Transfers and subsidies, Payments for capital assets* and *Payments for financial assets,* for the period 2007/08 to 2013/14.

Current payments consume the bulk of total provincial spending, and is set to rise from R54.306 billion in the 2010/11 Revised Estimate to R69.198 billion in 2013/14. The largest proportion of this category relates to *Compensation of employees*, which is set to increase from the Revised Estimate of R40.664 billion in 2010/11, to R49.676 billion in 2013/14.

Transfers and subsidies show a steady increase between 2007/08 and 2013/14. The decline in 2011/12 when compared to 2010/11 is due to mainly to the reduction in transfers by the Department of Economic Development and Tourism to DTP, as the airport portion of the project was completed in 2010/11, therefore requiring a lower allocation. This reduction counter-acted somewhat by the increase in the transfers relating to the Human Settlements Development grant. The Department of Education shows an increase in *Transfers and subsidies* over the 2011/12 MTEF due to norms and standards payments allocated to various schools, as well as transfers to schools in respect of the Orphaned and Vulnerable Children (OVC) that will benefit from a R12 000 allocation per school.

Table 7.3: Summary of payments and estimates by economic classification

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Current payments	**35 297 043**	**43 088 796**	**48 436 039**	**53 668 683**	**54 642 239**	**54 306 025**	**60 737 820**	**64 771 924**	**69 198 160**
Compensation of employees	25 794 246	31 062 640	35 608 907	38 857 418	40 062 271	40 663 756	44 039 402	46 720 757	49 675 668
Goods and services	9 502 790	11 887 145	12 721 630	14 576 265	14 356 668	13 626 075	16 598 418	17 951 167	19 422 492
Interest and rent on land	7	139 011	105 502	235 000	223 300	16 194	100 000	100 000	100 000
Transfers and subsidies to:	**5 414 523**	**6 875 909**	**8 724 406**	**8 407 250**	**9 630 002**	**9 484 229**	**9 262 713**	**9 851 956**	**10 793 223**
Provinces and municipalities	782 828	1 114 021	1 177 731	726 733	1 873 288	1 878 045	1 296 108	1 318 311	1 515 030
Departmental agencies and accounts	491 883	628 164	666 078	655 222	753 491	744 439	845 039	873 956	927 541
Universities and technikons	1 274	831	-	-	-	-	2 000	2 000	2 000
Foreign governments and international organisations	162	1 081	226	1 124	354	354	591	626	664
Public corporations and private enterprises	774 841	54 582	731 286	1 050 068	1 059 506	1 059 506	1 132 033	1 183 222	1 250 744
Non-profit institutions	2 311 345	3 586 799	4 001 645	3 387 026	3 474 039	3 385 628	3 795 814	4 003 362	4 490 917
Households	1 052 190	1 490 431	2 147 440	2 587 077	2 469 324	2 416 257	2 191 128	2 470 479	2 606 327
Payments for capital assets	**3 654 231**	**5 500 427**	**5 417 997**	**6 607 601**	**6 525 591**	**6 330 881**	**7 210 771**	**7 576 843**	**7 608 996**
Buildings and other fixed structures	2 970 286	4 661 497	4 604 839	5 529 515	5 464 478	5 294 487	5 832 022	6 045 646	6 348 903
Machinery and equipment	646 537	831 911	797 665	1 072 059	1 053 852	1 029 014	1 368 530	1 520 875	1 249 956
Heritage assets	-	262	-	-	-	130	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	99	-	360	336	420	420	354	371	389
Land and sub-soil assets	1 714	900	450	-	-	-	-	-	-
Software and other intangible assets	35 595	5 857	14 683	5 691	6 841	6 830	9 865	9 951	9 748
Payments for financial assets	**78 028**	**14 801**	**1 164 407**	**332 338**	**333 428**	**335 676**	**13 070**	**3 767**	**-**
Total	**44 443 825**	**55 479 933**	**63 742 849**	**69 015 872**	**71 131 260**	**70 456 811**	**77 224 374**	**82 204 490**	**87 600 379**
Statutory payments	39 255	48 759	66 435	61 491	74 402	74 402	75 637	78 401	82 713
Total economic classification (incl. stat. pay.)	**44 483 080**	**55 528 692**	**63 809 284**	**69 077 363**	**71 205 662**	**70 531 213**	**77 300 011**	**82 282 891**	**87 683 092**

The trend in *Payments for capital assets* also shows good growth over the seven-year period, increasing from R3.654 billion in 2007/08 to R7.609 billion in 2013/14. A significant share of this is spent on physical infrastructure, through *Buildings and other fixed structures*. Greater spending on capital emphasises government's determination to boost its capital stock and, subsequently, job creation and economic growth. A substantial portion of *Buildings and other fixed structures* relates to Education (inclusive of the Education Infrastructure grant) for the upgrading and major repairs to school infrastructure, as well as provision for pressing infrastructural needs, such as the building of special schools and non-school buildings. The infrastructure expenditure and budget of Transport increases substantially over the seven-year period (inclusive of the Provincial Roads Maintenance grant), due to the increase in construction activities in respect of infrastructure investment in the province, such as the DTP and KSIA projects and additional funding for the maintenance of the provincial road network. Health shows steady growth over the seven-year period due to the ongoing focus on improving physical facilities. There has been a significant increase in the Hospital Revitalisation and Health Infrastructure grants over time, as well as for the development of forensic pathology services in the province.

The category *Payments for financial assets* shows the write-off of thefts and losses from 2007/08 onward. From 2009/10 onward, this category also accounts for the implementation of the first charge rule (in terms of Section 34(2) of the PFMA). Various departments such as Education, Health, Transport and Human Settlements are affected by the first charge rule, in that their over-spending of prior years is being charged against their votes in 2009/10, 2010/11 and 2011/12.

Table 7.4 provides an analysis of payments by economic classification, looking at nominal and real growth, average annual growth and percentage share of various categories when compared to total expenditure.

As a percentage of total expenditure, *Current* is the largest but it is declining over time, from 79.4 per cent in 2007/08 to 76.8 per cent in 2010/11, before increasing to 79.0 per cent in 2013/14. Within this category, *Compensation of employees'* share of total expenditure also shows a decrease from 58.1 per cent in 2007/08 to 56.7 per cent in 2013/14. Although the percentage share is declining, there is still real average annual growth of 1.5 per cent between 2010/11 and 2013/14. However, *Non-compensation* increases at a slower rate than *Compensation*, with an annual average real growth of 1.0 per cent for the same period. The higher growth for *Compensation* shows that the annual higher than budgeted wage increases are crowding out the allocation of resources towards service delivery spending.

Table 7.4: Analysis of payments and estimates by economic classification

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2007/08-2010/11	2010/11 - 2013/14
R thousand									
Current	35 336 298	43 137 555	48 502 474	54 716 641	60 813 457	64 850 325	69 280 873		
Transfers	5 414 523	6 875 909	8 724 406	9 630 002	9 262 713	9 851 956	10 793 224		
Capital	3 654 231	5 500 427	5 417 997	6 525 591	7 210 771	7 576 843	7 608 996		
Financial assets	78 028	14 801	1 164 407	333 428	13 070	3 767	-		
Compensation	25 833 501	31 111 399	35 675 342	40 136 673	44 115 039	46 799 158	49 758 381		
Non-compensation	18 649 579	24 417 293	28 133 942	31 068 989	33 184 972	35 483 733	37 924 712		
Non-compensation (excl. transfers)	13 235 056	17 541 384	19 409 536	21 438 987	23 922 259	25 631 777	27 131 488		
Non-compensation non-capital (NCNC)	14 995 348	18 916 866	22 715 945	24 543 398	25 974 201	27 906 890	30 315 716		
NCNC (excl. transfers)	9 580 825	12 040 957	13 991 539	14 913 396	16 711 488	18 054 934	19 522 492		
Total expenditure	**44 483 080**	**55 528 692**	**63 809 284**	**71 205 662**	**77 300 011**	**82 282 891**	**87 683 093**		
% of total expenditure									
Current	79.4	77.7	76.0	76.8	78.7	78.8	79.0		
Transfers	12.2	12.4	13.7	13.5	12.0	12.0	12.3		
Capital	8.2	9.9	8.5	9.2	9.3	9.2	8.7		
Financial assets	0.2	0.0	1.8	0.5	0.0	0.0	-		
Compensation	58.1	56.0	55.9	56.4	57.1	56.9	56.7		
Non-compensation	41.9	44.0	44.1	43.6	42.9	43.1	43.3		
Non-compensation (excl. transfers)	29.8	31.6	30.4	30.1	30.9	31.2	30.9		
Non-compensation non-capital (NCNC)	33.7	34.1	35.6	34.5	33.6	33.9	34.6		
NCNC (excl. transfers)	21.5	21.7	21.9	20.9	21.6	21.9	22.3		
Nominal growth (%)									
Current		22.1	12.4	12.8	11.1	6.6	6.8	15.7	8.2
Transfers		27.0	26.9	10.4	(3.8)	6.4	9.6	21.2	3.9
Capital		50.5	(1.5)	20.4	10.5	5.1	0.4	21.3	5.3
Financial assets		(81.0)	7 767.1	(71.4)	(96.1)	(71.2)	(100.0)	62.3	(100.0)
Compensation		20.4	14.7	12.5	9.9	6.1	6.3	15.8	7.4
Non-compensation		30.9	15.2	10.4	6.8	6.9	6.9	18.5	6.9
Non-compensation (excl. transfers)		32.5	10.6	10.5	11.6	7.1	5.9	17.4	8.2
Non-compensation non-capital (NCNC)		26.2	20.1	8.0	5.8	7.4	8.6	17.8	7.3
NCNC (excl. transfers)		25.7	16.2	6.6	12.1	8.0	8.1	15.9	9.4
Real growth (%)									
Current		11.1	5.4	6.8	4.7	0.7	1.3	7.7	2.2
Transfers		15.5	18.9	4.5	(9.4)	0.5	3.8	12.8	(1.9)
Capital		37.0	(7.7)	14.0	4.1	(0.7)	(4.8)	13.0	(0.6)
Financial assets		(82.7)	7 274.2	(72.9)	(96.3)	(72.8)	(100.0)	51.1	(100.0)
Compensation		9.6	7.5	6.5	3.5	0.2	0.8	7.8	1.5
Non-compensation		19.1	8.0	4.5	0.6	1.0	1.3	10.4	1.0
Non-compensation (excl. transfers)		20.6	3.7	4.5	5.1	1.2	0.3	9.3	2.2
Non-compensation non-capital (NCNC)		14.8	12.6	2.3	(0.3)	1.5	3.0	9.7	1.4
NCNC (excl. transfers)		14.4	8.9	0.9	5.6	2.1	2.5	7.9	3.4

The percentage share of *Non-compensation* increases from 41.9 per cent to 43.3 per cent over the seven-year period under review, while the category *Non-compensation (excluding transfers)* is expected to increase from 29.8 per cent in 2007/08 to 30.9 per cent in 2011/12, peaking in 2012/13 at 31.2 per cent and levelling off at 30.9 per cent in 2013/14. This confirms government's commitment to increasing output of non-personnel service delivery to match the increasing demand.

Expenditure on *Transfers* claims an increasing share of total expenditure up to 2009/10, where it reaches 13.7 per cent compared to 12.2 per cent in 2007/08. The declining share to 12.3 per cent in 2013/14 is mainly attributed to the reduction in the funding for DTP and the completion of the construction and upgrading of soccer stadia ending in 2009/10. This decline has a positive influence on the *Current* share.

The share of *Capital* relative to the total provincial budget increases from 8.2 per cent in 2007/08 to 8.7 per cent in 2013/14. The nominal increase in capital spending of 5.3 per cent supports government's efforts to reduce backlogs in social and economic infrastructure, while at the same time addressing unemployment through the labour intensive EPWP. In addition, increased spending on capital shows the government's commitment towards strengthening investment in its capital stock, and hence stimulating economic growth in the province.

7.3.2 Analysis of payments and estimates by economic classification – Education

Table 7.5 shows the Department of Education's summary of payments and estimates by economic classification.

Table 7.5: Analysis of payments and estimates summary by economic classification - Education

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2007/08-2010/11	2010/11 - 2013/14
R thousand									
Current	16 177 244	20 137 630	23 109 695	25 517 966	27 851 325	29 312 730	30 969 220		
Transfers	1 207 902	1 625 785	1 602 484	1 813 188	2 305 757	2 448 053	2 850 444		
Capital	945 043	1 228 327	1 407 097	2 105 304	2 461 194	2 705 866	2 672 563		
Financial assets	76 558	-	111 470	133 602	-	-	-		
Compensation	14 654 402	18 038 091	20 864 307	22 769 852	24 585 670	25 909 878	27 283 870		
Non-compensation	3 752 345	4 953 651	5 366 439	6 800 208	8 032 606	8 556 771	9 208 357		
Non-compensation (excl. transfers)	2 544 443	3 327 866	3 763 955	4 987 020	5 726 849	6 108 718	6 357 913		
Non-compensation non-capital (NCNC)	2 807 302	3 725 324	3 959 342	4 694 904	5 571 412	5 850 905	6 535 794		
NCNC (excl. transfers)	1 599 400	2 099 539	2 356 858	2 881 716	3 265 655	3 402 852	3 685 350		
Total expenditure	**18 406 747**	**22 991 742**	**26 230 746**	**29 570 060**	**32 618 276**	**34 466 649**	**36 492 227**		
% of total expenditure									
Current	87.9	87.6	88.1	86.3	85.4	85.0	84.9		
Transfers	6.6	7.1	6.1	6.1	7.1	7.1	7.8		
Capital	5.1	5.3	5.4	7.1	7.5	7.9	7.3		
Financial assets	0.4	-	0.4	0.5	-	-	-		
Compensation	79.6	78.5	79.5	77.0	75.4	75.2	74.8		
Non-compensation	20.4	21.5	20.5	23.0	24.6	24.8	25.2		
Non-compensation (excl. transfers)	13.8	14.5	14.3	16.9	17.6	17.7	17.4		
Non-compensation non-capital (NCNC)	15.3	16.2	15.1	15.9	17.1	17.0	17.9		
NCNC (excl. transfers)	8.7	9.1	9.0	9.7	10.0	9.9	10.1		
Nominal growth (%)									
Current		24.5	14.8	10.4	9.1	5.2	5.7	16.4	6.7
Transfers		34.6	(1.4)	13.1	27.2	6.2	16.4	14.5	16.3
Capital		30.0	14.6	49.6	16.9	9.9	(1.2)	30.6	8.3
Financial assets		(100.0)	-	19.9	(100.0)	-	-	20.4	(100.0)
Compensation		23.1	15.7	9.1	8.0	5.4	5.3	15.8	6.2
Non-compensation		32.0	8.3	26.7	18.1	6.5	7.6	21.9	10.6
Non-compensation (excl. transfers)		30.8	13.1	32.5	14.8	6.7	4.1	25.1	8.4
Non-compensation non-capital (NCNC)		32.7	6.3	18.6	18.7	5.0	11.7	18.7	11.7
NCNC (excl. transfers)		31.3	12.3	22.3	13.3	4.2	8.3	21.7	8.5
Real growth (%)									
Current		13.3	7.6	4.5	2.8	(0.6)	0.1	8.4	0.8
Transfers		22.5	(7.6)	7.1	19.8	0.3	10.4	6.6	9.9
Capital		18.3	7.4	41.6	10.1	3.9	(6.4)	21.6	2.3
Financial assets		(100.0)	-	13.4	(100.0)	-	-	12.1	(100.0)
Compensation		12.0	8.4	3.3	1.7	(0.4)	(0.2)	7.8	0.4
Non-compensation		20.1	1.5	19.9	11.3	0.6	2.0	13.5	4.5
Non-compensation (excl. transfers)		19.0	6.0	25.4	8.2	0.8	(1.3)	16.5	2.5
Non-compensation non-capital (NCNC)		20.7	(0.4)	12.2	11.8	(0.8)	5.9	10.5	5.5
NCNC (excl. transfers)		19.4	5.2	15.7	6.8	(1.6)	2.7	13.3	2.6

Current expenditure comprises the highest proportion of the department's budget. However, as a share of total expenditure, *Current* expenditure decreases from 87.9 per cent in 2007/08 to 84.9 per cent in 2013/14, mainly as a result of the increase in *Capital* relating to additional funding for infrastructure. Despite this reduction in share of total expenditure, *Current* expenditure reflects real growth over the seven-year period.

Transfers, expressed as a share of total expenditure, increases from 6.6 per cent to 7.1 per cent between 2007/08 and 2008/09 as a result of the introduction of the FET College Sector Recapitalisation grant, which was phased into the equitable share with effect from 2009/10. *Transfers* reflects a decrease in the share of total expenditure, from 7.1 per cent to 6.1 per cent between 2008/09 and 2009/10, as a result of once-off funding allocated for the phasing in of the National Certificate (Vocational) [NC(V)] in terms of the FET Act, 2006. The share of total expenditure remains the same in 2010/11 as in 2009/10. The increase between 2010/11 and 2011/12 is attributable to the conversion of all S20 schools into S21 schools which will now attain functions similar to S21 schools, such as the purchasing of textbooks, educational materials or equipment for the school and paying for services to the school, among others.

Capital, expressed as a share of total expenditure, increases from 5.1 per cent in 2007/08 to 7.9 per cent in 2012/13, and decreases to 7.3 per cent in 2013/14. The increase over the seven-year period can mainly be ascribed to the increase in the Education Infrastructure grant. A significant increase in *Capital* is reflected from 2010/11 to 2012/13, due to a further increase in the Education Infrastructure grant, specifically for Grade R infrastructure and Special Schools' infrastructure. The reduction in 2013/14 is due to a decision by National Treasury to amend the ratio in terms of which the Infrastructure grant is allocated between Health, Education and Transport. This amended ratio results in the Provincial Roads Maintenance grant increasing and the allocation to the Education Infrastructure grant reducing. The Education Infrastructure grant is utilised by the department for infrastructure needs, addressing backlogs in infrastructure provision and prioritising the eradication of unsafe facilities in schools. Also included is funding for the equipping and furnishing of boarding schools, new FET sites, and IT infrastructure for office accommodation.

Financial assets fluctuates over the seven-year period, with the share of total expenditure of 0.4 per cent in 2007/08, relating to the write-off of staff debts. The expenditure reflected in 2009/10 and 2010/11 relates to the first and second instalments of the first charge (in terms of Section 34 (2) of the PFMA) relating to the over-expenditure of 2008/09 and the write-off of thefts and losses in 2007/08 which was not approved by SCOPA.

Compensation's share of total expenditure shows a decrease from 79.6 per cent to 74.8 per cent between 2007/08 and 2013/14. While the percentage share is decreasing, the expenditure is still increasing in real terms, with an annual average real growth rate of 7.8 per cent between 2007/08 and 2010/11, and 0.4 per cent between 2010/11 and 2013/14. This increase caters for the various wage agreements, including the OSD for educators, which was implemented in 2008/09 and 2009/10, as well as funds for teacher assistants and additional support staff and the annual personnel inflationary adjustment over the MTEF. The decrease in the share of total expenditure from 2010/11 onward is an indication that other spending categories are increasing at a faster rate, indicative of increased focus on service delivery, especially infrastructure spending and transfers to schools. The decrease in the average annual nominal growth rate is an indication that the department anticipates to have all OSD agreements in place, and the increase over the MTEF will normalise.

Current reflects a higher annual real growth rate of 13.3 per cent in 2008/09 from 2007/08, due to increased spending as a result of the implementation of OSD for educators. The average annual real growth rate decreases from 8.4 per cent between 2007/08 and 2010/11 to 0.8 per cent between 2010/11 and 2013/14 as a result of the decline in additional funding over the 2011/12 MTEF compared to the previous MTEF periods.

The significant real growth of 22.5 per cent against *Transfers* in 2008/09 is attributable to the transfer of stationery funds to non Section 21 schools, to allow them to procure their own stationery. The department also received an additional allocation in 2008/09 for the phasing in of the NC(V) in terms of the FET Act, 2006, while concurrently phasing out the old curriculum. The negative real growth of 7.6 per cent in 2009/10 is attributable to the once-off additional allocation in 2008/09 for the implementation of the NC(V). The average annual real growth between 2007/08 and 2010/11 is moderate at 6.6 per cent, and increases to 9.9 per cent between 2010/11 and 2013/14, which is mainly attributable to the significant increase in 2013/14 in respect of the FET College Sector grant.

The significant real growth of 41.6 per cent against *Capital* in 2010/11 relates to the reduction of the infrastructure budget during the 2009/10 Adjustments Estimate, to cover shortfalls in *Compensation*.

Compensation reflects a higher annual real growth rate of 12 per cent in 2008/09 due to the implementation of the OSD for educators. The average annual real growth decreases from 7.8 per cent between 2007/08 and 2010/11 to 0.4 per cent between 2010/11 and 2013/14.

The significant real growth of 20.1 per cent in 2008/09 against *Non-compensation* is attributable to the once-off additional funds allocated to the FET colleges for the phasing in of the NC(V). This once-off allocation resulted in a reduced real growth of 1.5 per cent in 2009/10. There is also significant real growth of 19.9 per cent in 2010/11, which is attributable to additional funds allocated in the 2009/10 MTEF for the extension of the No Fee schools policy and support to inclusive education. The average annual real growth decreases from 13.5 per cent between 2007/08 and 2010/11 to 4.5 per cent between 2010/11 and 2013/14.

The average annual real growth decreases from 10.5 per cent between 2007/08 and 2010/11 to 5.5 per cent between 2010/11 and 2013/14 for *Non-compensation non-capital* due to higher additional funding allocated in the previous MTEF periods for various education initiatives, such as the National School Nutrition Programme. The high annual real growth of 20.7 per cent in 2008/09 relates to once-off additional funds allocated to the FET colleges in respect of phasing in of the NC(V).

7.3.3 Analysis of payments and estimates by economic classification – Health

Table 7.6 below shows the Department of Health's expenditure by economic classification.

Table 7.6: Analysis of payments and estimates summary by economic classification - Health

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2007/08-2010/11	2010/11 - 2013/14
R thousand									
Current	13 543 139	15 467 893	17 550 235	19 895 546	21 844 207	23 590 845	25 479 507		
Transfers	345 325	446 661	495 327	565 661	522 821	549 953	576 116		
Capital	1 070 936	1 188 449	1 545 699	1 658 217	2 117 827	2 184 326	2 133 801		
Financial assets	41	98	758 015	762	-	-	-		
Compensation	8 643 767	10 077 044	11 367 849	13 231 652	14 837 633	15 854 113	17 097 169		
Non-compensation	6 315 674	7 026 057	8 981 427	8 888 534	9 647 222	10 471 011	11 092 255		
Non-compensation (excl. transfers)	5 970 349	6 579 396	8 486 100	8 322 873	9 124 401	9 921 058	10 516 139		
Non-compensation non-capital (NCNC)	5 244 738	5 837 608	7 435 728	7 230 317	7 529 395	8 286 685	8 958 454		
NCNC (excl. transfers)	4 899 413	5 390 947	6 940 401	6 664 656	7 006 574	7 736 732	8 382 338		
Total expenditure	**14 959 441**	**17 103 101**	**20 349 276**	**22 120 186**	**24 484 855**	**26 325 124**	**28 189 424**		
% of total expenditure									
Current	90.5	90.4	86.2	89.9	89.2	89.6	90.4		
Transfers	2.3	2.6	2.4	2.6	2.1	2.1	2.0		
Capital	7.2	6.9	7.6	7.5	8.6	8.3	7.6		
Financial assets	0.0	0.0	3.7	0.0	-	-	-		
Compensation	57.8	58.9	55.9	59.8	60.6	60.2	60.7		
Non-compensation	42.2	41.1	44.1	40.2	39.4	39.8	39.3		
Non-compensation (excl. transfers)	39.9	38.5	41.7	37.6	37.3	37.7	37.3		
Non-compensation non-capital (NCNC)	35.1	34.1	36.5	32.7	30.8	31.5	31.8		
NCNC (excl. transfers)	32.8	31.5	34.1	30.1	28.6	29.4	29.7		
Nominal growth (%)									
Current		14.2	13.5	13.4	9.8	8.0	8.0	13.7	8.6
Transfers		29.3	10.9	14.2	(7.6)	5.2	4.8	17.9	0.6
Capital		11.0	30.1	7.3	27.7	3.1	(2.3)	15.7	8.8
Financial assets		139.0	773 384.7	(99.9)	(100.0)	-	-	164.9	(100.0)
Compensation		16.6	12.8	16.4	12.1	6.9	7.8	15.2	8.9
Non-compensation		11.2	27.8	(1.0)	8.5	8.5	5.9	12.1	7.7
Non-compensation (excl. transfers)		10.2	29.0	(1.9)	9.6	8.7	6.0	11.7	8.1
Non-compensation non-capital (NCNC)		11.3	27.4	(2.8)	4.1	10.1	8.1	11.3	7.4
NCNC (excl. transfers)		10.0	28.7	(4.0)	5.1	10.4	8.3	10.8	7.9
Real growth (%)									
Current		3.9	6.4	7.3	3.4	2.0	2.4	5.8	2.6
Transfers		17.7	3.9	8.1	(12.9)	(0.6)	(0.7)	9.8	(4.9)
Capital		1.0	21.9	1.5	20.3	(2.6)	(7.4)	7.7	2.8
Financial assets		117.5	724 922.9	(99.9)	(100.0)	-	-	146.6	(100.0)
Compensation		6.1	5.7	10.2	5.6	0.9	2.2	7.3	2.9
Non-compensation		1.2	19.8	(6.3)	2.2	2.5	0.4	4.3	1.7
Non-compensation (excl. transfers)		0.3	20.9	(7.2)	3.3	2.7	0.5	4.0	2.1
Non-compensation non-capital (NCNC)		1.3	19.4	(8.0)	(1.9)	4.0	2.5	3.6	1.5
NCNC (excl. transfers)		0.1	20.7	(9.1)	(1.0)	4.3	2.7	3.2	2.0

As was the case in previous years, the largest share of total expenditure is in respect of *Current* payments, where the percentage drops marginally from 90.5 per cent to 90.4 per cent (2007/08 to 2008/09), before reducing to 86.2 per cent in 2009/10. The expenditure level climbs to 89.9 per cent in 2010/11 and drops to 89.2 per cent in 2011/12, finally climbing to 90.4 per cent in 2013/14. The high of 90.5 per cent in 2007/08 is as a result of the implementation of the OSD for nurses, the filling of unbudgeted posts, as well as the higher than anticipated 2007 wage agreement. The increasing share from 2010/11 to 2013/14 relates to carry-through costs of the 2009 and 2010 wage agreements and the OSD for doctors, dentists, pharmacists and emergency care workers. The largest component of *Current* payments is *Compensation,* which reflects a steady proportion of total expenditure from 2011/12, at an average of 60.5 per cent.

Compensation also shows a positive trend from 2010/11 to 2013/14, with an average annual real growth of 2.9 per cent. This will allow the department to continue the implementation of the OSDs begun in 2007/08. This has been under-funded, particularly with regard to the OSD for nurses and doctors, where additional funding was received in the 2008/09, 2009/10 and 2010/11 Adjustments Estimates, and over the 2011/12 MTEF.

The share of *Transfers* grew from 2.3 per cent in 2007/08 to 2.6 per cent in 2010/11, with a fluctuating trend over the period, largely due to delays with regard to transfers to municipal clinics. There were problems in finalising service level agreements with municipalities, and the department has anticipated that these will be finalised in 2010/11, hence the peak of 2.6 per cent in that year. Thereafter, the share reduces to an average of 2.1 per cent over the 2011/12 MTEF, mainly as a result of municipal clinics and other institutions being transferred to the department, resulting in these costs now being catered for under *Current* rather than as a subsidy transfer.

The share of *Capital* expenditure increases from 7.2 per cent in 2007/08 to 7.6 per cent in 2009/10, and decreases marginally to 7.5 per cent in 2010/11. The increasing share is largely attributable to an increase in the equitable share portion of *Capital* from 2007/08 to 2009/10. The marginal decrease in share in 2010/11 is as a result of anticipated under-spending on the Hospital Revitalisation conditional grant. A strong increase in the Hospital Revitalisation grant, coupled with a roll-over of unspent grant funding in 2009/10 to 2011/12, accounts for the growth in share to 8.6 per cent in 2011/12. The declining share thereafter is due to the once-off effect of the afore-mentioned roll-over, as well as relatively slow growth in the Health Infrastructure grant.

In both nominal and real terms, the department is showing average annual growth from 2010/11 to 2013/14 in all categories except *Transfers*. The growth rate is lower than it was for 2007/08 to 2010/11, due to the various spending pressures incurred by the department since 2007/08. Significant increased allocations to the department in 2010/11 and, to a lesser extent in 2011/12, have ensured that real growth has been maintained.

The negative real average annual growth in *Transfers* from 2010/11 to 2013/14 is attributable to the take-over of municipal institutions by the province, as was mentioned above. This process also contributes to the higher growth rate in *Current*.

Capital payments show an average annual real growth of only 2.8 per cent from 2010/11 to 2013/14. This is significantly lower than the 7.7 per cent average annual real growth from 2007/08 to 2010/11. This results from faster growth in *Current* over the period due to increased allocations for various health priorities such as primary health care, OSDs, MDR/XDR TB, medical goods and services, among others.

7.3.4 Analysis of payments and estimates by economic classification – Social Development

Table 7.7 below shows Social Development's expenditure by economic classification. As a share of the department's total expenditure, *Current* rises from 55.7 per cent in 2007/08 to 63.2 per cent in 2009/10. The trend then declines sharply in 2010/11 to 57.5 per cent, dropping further to 54.9 per cent in 2011/12 and 54.6 per cent in 2013/14. Despite this sharp decline in the share of total expenditure, *Current* payments show an average annual real growth of 0.9 per cent between 2010/11 and 2013/14.

The rising trend in the first three years of the period is due largely to growing pressures in *Current (Goods and services)*, as well as a declining trend in *Transfers*, the latter being mainly attributable to the low spending in the former Integrated Social Development Services grant (Food Relief) due to various problems, including a number of tender appeals. Spending pressures in *Current* in 2008/09 and 2009/10 required some reprioritisation from other categories in the Adjustments Estimate for both years, and this caused the share of *Transfers* to drop to a low of 29.7 per cent in 2009/10. Furthermore, a forensic investigation into entities receiving transfers added to this drop. The investigation was in terms of Section 38(1)(j) of the PFMA, which requires that, before receiving transferred funds, entities must have effective, efficient and transparent financial and internal control systems. The strong growth in national priority funding in 2010/11 and 2011/12 (in respect of early childhood development, home/community based care and children in conflict with the law) sees the share of *Transfers* reaching 34.2 per cent in 2010/11 and 36.6 per cent in 2011/12. *Transfers* experience real average growth from 2010/11 to 2013/14 of 5.5 per cent, compared to a growth from 2007/08 to 2010/11 of 3.9 per cent.

For its part, *Capital* spending as a percentage of total expenditure increased from 2007/08 to 2008/09, due to late processing of claims in 2007/08 which resulted in expenditure being deferred to the subsequent year. The category shows a marked growth in share, particularly over the 2011/12 MTEF, due to additional funding allocated to the department to renovate existing state fixed assets, such as homes, reform schools, secure-care centres, places of safety, an old age home, protective workshops and substance dependency centres, which have not had adequate attention in the past few years.

Table 7.7: Analysis of payments and estimates summary by economic classification - Social Development

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2007/08-2010/11	2010/11 - 2013/14
R thousand									
Current	565 597	744 721	860 049	959 798	1 071 938	1 120 300	1 167 833		
Transfers	410 486	391 853	403 965	570 421	713 972	750 799	793 564		
Capital	39 105	95 834	83 602	137 963	167 046	174 298	178 491		
Financial assets	-	-	13 664	-	-	-	-		
Compensation	346 767	413 540	510 860	662 314	725 440	758 802	799 565		
Non-compensation	668 421	818 868	850 420	1 005 868	1 227 516	1 286 595	1 340 323		
Non-compensation (excl. transfers)	257 935	427 015	446 455	435 447	513 544	535 796	546 759		
Non-compensation non-capital (NCNC)	668 421	818 868	836 756	1 005 868	1 227 516	1 286 595	1 340 323		
NCNC (excl. transfers)	257 935	427 015	432 791	435 447	513 544	535 796	546 759		
Total expenditure	**1 015 188**	**1 232 408**	**1 361 280**	**1 668 182**	**1 952 956**	**2 045 397**	**2 139 888**		
% of total expenditure									
Current	55.7	60.4	63.2	57.5	54.9	54.8	54.6		
Transfers	40.4	31.8	29.7	34.2	36.6	36.7	37.1		
Capital	3.9	7.8	6.1	8.3	8.6	8.5	8.3		
Financial assets	-	-	1.0	-	-	-	-		
Compensation	34.2	33.6	37.5	39.7	37.1	37.1	37.4		
Non-compensation	65.8	66.4	62.5	60.3	62.9	62.9	62.6		
Non-compensation (excl. transfers)	25.4	34.6	32.8	26.1	26.3	26.2	25.6		
Non-compensation non-capital (NCNC)	65.8	66.4	61.5	60.3	62.9	62.9	62.6		
NCNC (excl. transfers)	25.4	34.6	31.8	26.1	26.3	26.2	25.6		
Nominal growth (%)									
Current		31.7	15.5	11.6	11.7	4.5	4.2	19.3	6.8
Transfers		(4.5)	3.1	41.2	25.2	5.2	5.7	11.6	11.6
Capital		145.1	(12.8)	65.0	21.1	4.3	2.4	52.2	9.0
Financial assets		-	-	(100.0)	-	-	-	-	-
Compensation		19.3	23.5	29.6	9.5	4.6	5.4	24.1	6.5
Non-compensation		22.5	3.9	18.3	22.0	4.8	4.2	14.6	10.0
Non-compensation (excl. transfers)		65.6	4.6	(2.5)	17.9	4.3	2.0	19.1	7.9
Non-compensation non-capital (NCNC)		22.5	2.2	20.2	22.0	4.8	4.2	14.6	10.0
NCNC (excl. transfers)		65.6	1.4	0.6	17.9	4.3	2.0	19.1	7.9
Real growth (%)									
Current		19.8	8.3	5.6	5.2	(1.3)	(1.2)	11.1	0.9
Transfers		(13.1)	(3.4)	33.6	17.9	(0.7)	0.2	3.9	5.5
Capital		123.0	(18.2)	56.2	14.1	(1.4)	(2.9)	41.7	3.0
Financial assets		-	-	(100.0)	-	-	-	-	-
Compensation		8.5	15.8	22.7	3.2	(1.2)	(0.1)	15.5	0.6
Non-compensation		11.5	(2.7)	11.9	15.0	(1.0)	(1.3)	6.7	4.0
Non-compensation (excl. transfers)		50.6	(2.0)	(7.7)	11.1	(1.4)	(3.3)	10.9	1.9
Non-compensation non-capital (NCNC)		11.5	(4.2)	13.8	15.0	(1.0)	(1.3)	6.7	4.0
NCNC (excl. transfers)		50.6	(5.0)	(4.8)	11.1	(1.4)	(3.3)	10.9	1.9

In 2009/10, *Compensation* accounted for 37.5 per cent of budget, which was significantly higher than in previous years. The main reason for this was the OSD for social workers as well as the wage agreement. Thereafter, *Compensation's* share increases to 39.7 per cent in 2010/11, again due to the effects of the wage agreement in that year. Over the 2011/12 MTEF, the share declines to an average of just over 37.2 per cent. The average annual real growth from 2010/11 to 2013/14 is at 0.6 per cent. The department has budgeted for the filling of its critical vacant posts in 2010/11, which accounts for the year-on-year real increase of 22.7 per cent, and the low growth over the MTEF period.

Transfers account for the second largest share of total expenditure over the entire period, after *Current*. Over the 2011/12 MTEF, the *Transfers* share is at a higher level than was the case before 2010/11, indicating the strong role of the private sector in providing social welfare services to the province. Real growth in expenditure on *Transfers* is set to increase by 5.5 per cent between 2010/11 and 2013/14. This is due to the effect of the growth in the various national priorities funded in the 2008/09 MTEF, with carry-through costs. As was mentioned earlier, the funding for a number of these priorities grows strongly in 2010/11 and 2011/12.

The positive real average annual growth in *Non-compensation (excluding transfers)* over the MTEF indicates a turnaround from the pressures in *Goods and services* in 2009/10 which included costs for SITA data lines, audit fees, lease payments, maintenance and repairs and shared facilities with SASSA. In 2009/10, the department projected that these costs will be curtailed over the MTEF, in keeping with the Provincial Recovery Plan, and this does appear to be materialising. In addition, a Provincial Treasury intervention into SCM occurred in 2010/11, in terms of Section 18(2)(e) of the PFMA, and it is anticipated that this will further reduce pressure in this area.

7.3.5 Analysis of payments and estimates by economic classification – Other departments

Table 7.8 below shows the remaining departments' payments and estimates by economic classification (i.e. all departments excluding Education, Health and Social Development).

Table 7.8: Analysis of expenditure summary by classification - Other

	Audited Outcome			Adjusted Appropriation	Medium-term Estimates			Average Annual Growth	
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2007/08-2010/11	2010/11 - 2013/14
R thousand									
Current	5 050 318	6 787 311	6 982 495	8 343 331	10 045 987	10 826 450	11 664 313		
Transfers	3 450 810	4 411 610	6 222 630	6 680 732	5 720 163	6 103 151	6 573 100		
Capital	1 599 147	2 987 817	2 381 599	2 624 107	2 464 704	2 512 353	2 624 141		
Financial assets	1 429	14 703	281 258	199 064	13 070	3 767	-		
Compensation	2 188 565	2 582 724	2 932 326	3 472 855	3 966 296	4 276 365	4 577 777		
Non-compensation	7 913 139	11 618 717	12 935 656	14 374 379	14 277 628	15 169 356	16 283 777		
Non-compensation (excl. transfers)	4 462 329	7 207 107	6 713 026	7 693 647	8 557 465	9 066 205	9 710 677		
Non-compensation non-capital (NCNC)	7 911 710	11 604 014	12 654 398	14 175 315	14 264 558	15 165 589	16 283 777		
NCNC (excl. transfers)	4 460 900	7 192 404	6 431 768	7 494 583	8 544 395	9 062 438	9 710 677		
Total expenditure	**10 101 704**	**14 201 441**	**15 867 982**	**17 847 234**	**18 243 924**	**19 445 721**	**20 861 554**		
% of total expenditure									
Current	50.0	47.8	44.0	46.7	55.1	55.7	55.9		
Transfers	34.2	31.1	39.2	37.4	31.4	31.4	31.5		
Capital	15.8	21.0	15.0	14.7	13.5	12.9	12.6		
Financial assets	0.0	0.1	1.8	1.1	0.1	0.0	-		
Compensation	21.7	18.2	18.5	19.5	21.7	22.0	21.9		
Non-compensation	78.3	81.8	81.5	80.5	78.3	78.0	78.1		
Non-compensation (excl. transfers)	44.2	50.7	42.3	43.1	46.9	46.6	46.5		
Non-compensation non-capital (NCNC)	78.3	81.7	79.7	79.4	78.2	78.0	78.1		
NCNC (excl. transfers)	44.2	50.6	40.5	42.0	46.8	46.6	46.5		
Nominal growth (%)									
Current		34.4	2.9	19.5	20.4	7.8	7.7	18.2	11.8
Transfers		27.8	41.1	7.4	(14.4)	6.7	7.7	24.6	(0.5)
Capital		86.8	(20.3)	10.2	(6.1)	1.9	4.4	17.9	0.0
Financial assets		928.9	1 812.9	(29.2)	(93.4)	(71.2)	(100.0)	418.4	(100.0)
Compensation		18.0	13.5	18.4	14.2	7.8	7.0	16.6	9.6
Non-compensation		46.8	11.3	11.1	(0.7)	6.2	7.3	22.0	4.2
Non-compensation (excl. transfers)		61.5	(6.9)	14.6	11.2	5.9	7.1	19.9	8.1
Non-compensation non-capital (NCNC)		46.7	9.1	12.0	0.6	6.3	7.4	21.5	4.7
NCNC (excl. transfers)		61.2	(10.6)	16.5	14.0	6.1	7.2	18.9	9.0
Real growth (%)									
Current		22.3	(3.6)	13.1	13.4	1.8	2.1	10.1	5.7
Transfers		16.3	32.2	1.6	(19.3)	0.8	2.1	16.0	(6.0)
Capital		70.0	(25.3)	4.3	(11.5)	(3.7)	(1.0)	9.8	(5.5)
Financial assets		836.2	1 693.1	(33.0)	(93.8)	(72.8)	(100.0)	382.7	(100.0)
Compensation		7.4	6.4	12.1	7.6	1.9	1.5	8.6	3.6
Non-compensation		33.6	4.4	5.2	(6.4)	0.4	1.8	13.6	(1.5)
Non-compensation (excl. transfers)		47.0	(12.7)	8.5	4.8	0.1	1.5	11.6	2.1
Non-compensation non-capital (NCNC)		33.5	2.2	6.0	(5.2)	0.4	1.8	13.1	(1.0)
NCNC (excl. transfers)		46.7	(16.2)	10.3	7.4	0.2	1.6	10.7	3.0

The share of *Current* payments to total budget is set to increase from 50 per cent in 2007/08, to 55.9 per cent in 2013/14. This is mainly reflected through an increase in the percentage share of total expenditure on *Non-compensation (excl. transfers)* and is partially due to the additional funding provided to Transport over the 2011/12 MTEF for road maintenance. This category is also impacted on by the annual wage agreements and the various OSDs.

Compensation reflects an average annual real growth rate of 3.6 per cent for the period 2010/11 to 2013/14. A number of departments are budgeting to fill various vacant posts, but this is subject to the lifting of the moratorium on the filling of non-critical posts. This category is also impacted on by the various OSDs affecting departments. *Non-compensation* is expected to decrease its share of total expenditure, from 80.5 per cent in 2010/11 to 78.1 per cent in 2013/14 largely due to the reduction in *Transfers* and *Capital*, which is explained in greater detail below.

The category *Transfers* shows a negative average annual real growth of 6.0 per cent from 2010/11 to 2013/14 mainly due to the following:

- *Transfers and subsidies to: Non-profit institutions* against Economic Development and Tourism decreases from 2010/11 onward, due to the completion of the airport portion of DTP.

- Human Settlements showed slow spending on its Human Settlements Development grant (which is mainly allocated against *Transfers and subsidies to: Households*, and *Transfers and subsidies to: Provinces and municipalities*) in both 2009/10 and 2010/11. As a result, a portion of this grant has been deducted by National Treasury over the 2011/12 MTEF, and allocated as an USDG to the eThekwini Metro. National Treasury has reduced the department's Human Settlements Development grant allocation by R379.629 million in 2011/12, R435.816 million in 2012/13 and by R277.453 million in 2013/14. These funds have been added to the MIG Cities to form a new USDG i.e. the eThekwini Metro will receive this funding directly in future.
- CoGTA does not transfer funds to municipalities for the delivery of projects until it has established that the municipality in question has the required capacity to roll-out the project. To this end, there is a substantial decrease in its *Transfers and subsidies to: Provinces and municipalities* allocation, as the department budgets for projects against *Goods and services* and shifts funds for transfer directly to the municipality if the municipality can prove that they can deliver on the projects themselves.
- Public Works received a once-off amount of R450 million in the 2010/11 Adjusted Appropriation to address under-funding in respect of the Devolution of Property Rate Funds Grant to Provinces for the payment of arrear property rates on provincially owned buildings.

Capital payments show a negative annual average real growth of 5.5 per cent between 2010/11 and 2013/14, with the share of total expenditure decreasing from 14.7 per cent in 2010/11 to 12.6 per cent in 2013/14. The bulk of the decrease is due to a once-off allocation in 2010/11 against Transport in respect of the Disaster Relief grant, which was allocated to cater for repairs to roads damaged by floods.

7.4 Payments and estimates by district municipal area

Table 7.9 below provides summary of payments and estimates per district municipal area from 2009/10 to 2013/14. The detail of departmental spending within each district municipal area is provided in the departmental chapters in the *Estimates of Provincial Revenue and Expenditure*.

Table 7.9: Summary of payments and estimates by district municipal area

District Municipal Area	Audited Outcome	Revised Estimate	Medium-term Estimates			Percentage share					Ave. annual growth
R thousand	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2010/11 - 2013/14**
eThekwini	17 160 372	18 444 644	20 361 515	21 657 827	23 274 479	28.9	28.2	28.5	28.5	28.8	8.1
Ugu	3 584 014	4 006 956	4 339 537	4 672 504	4 954 936	6.0	6.1	6.1	6.2	6.1	7.3
uMgungundlovu	14 233 795	14 622 104	15 828 472	16 709 472	17 687 006	24.0	22.3	22.2	22.0	21.9	6.5
Uthukela	2 753 220	3 267 119	3 575 019	3 801 985	4 048 840	4.6	5.0	5.0	5.0	5.0	7.4
Umzinyathi	2 267 584	2 713 839	2 943 134	3 181 680	3 370 751	3.8	4.1	4.1	4.2	4.2	7.5
Amajuba	2 111 786	2 440 377	2 721 406	2 867 886	3 058 077	3.6	3.7	3.8	3.8	3.8	7.8
Zululand	4 171 946	4 875 244	5 181 548	5 510 707	5 877 903	7.0	7.5	7.3	7.3	7.3	6.4
Umkhanyakude	3 405 021	3 817 866	4 198 077	4 482 049	4 762 170	5.7	5.8	5.9	5.9	5.9	7.6
uThungulu	4 556 720	5 474 220	5 882 447	6 304 913	6 677 467	7.7	8.4	8.2	8.3	8.3	6.8
Ilembe	2 787 482	3 045 661	3 377 846	3 592 063	3 791 841	4.7	4.7	4.7	4.7	4.7	7.6
Sisonke	2 293 435	2 719 120	2 922 076	3 131 253	3 318 509	3.9	4.2	4.1	4.1	4.1	6.9
Unallocated	-	-	22 472	23 557	24 852	-	-	0.0	0.0	0.0	-
Total	**59 325 373**	**65 427 150**	**71 353 549**	**75 935 897**	**80 846 831**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**7.3**

While most departments exclude administration costs from this table, the spending per district municipal area by the Departments of Education and Sport and Recreation includes administration costs such as compensation and travel and subsistence, as the functions of their personnel impact directly on service delivery in the respective municipal area. The Provincial Treasury amounts also include administration costs. The department's spending mainly occurs within the uMgungundlovu District Municipality, where the department is based. Although the department provides support services to all provincial departments and municipalities, it is impractical to allocate its budget at this level.

Despite the inclusion of a regional identifier in the new BAS structure, departments still found it difficult to quantify their operations by district municipality in 2010/11. However, this approach is still considered to be of importance and, therefore, continues to receive attention in the 2011/12 MTEF. The 2011/12 budget process placed emphasis on accuracy in breaking down budgets in terms of spending in district municipalities, ensuring alignment with the PSEDS and Integrated Development Plans (IDPs), and reviewing departmental budgets and service delivery in spatial terms. Emphasis was also placed on strengthening and evaluating the alignment between the PSEDS and medium and long-term plans, as well as departments' contributions to the objectives of the PSEDS and national priorities.

There is a significant increase in provincial spending from 2009/10 to 2013/14. Spending per district municipal area fluctuates, due to varying projects undertaken by departments at different intervals.

Spending in the eThekwini Metro increased significantly from R17.160 billion in 2009/10 to R23.274 billion in 2013/14. This can be ascribed to the allocation of province-wide projects such as:

- The Provincial Public Service Training Academy (Office of the Premier).
- DTP, including the road linking to it (Economic Development and Tourism and Transport).
- The high number of schools and training institutions, as well as the general need in this area (Education).
- Contribution towards the construction of the Moses Mabhida Soccer Stadium (Provincial Treasury) and other infrastructure developments towards the 2010 World Cup.
- High level health services, including central hospital services, to the rest of the province. Currently, eThekwini has a third of the population of KZN, many of whom are indigent and are living in informal settlements (Health).
- High demand for housing in this region, as it has the highest population in the province. Some of the major projects which take place within this district include Cornubia, Ethafuleni, Ntuzuma, and Tambo Plaza Phase 1. Most hostels that are being upgraded are also in this area. There is also a substantial amount relating to the rehabilitation of former R293 townships (Human Settlements).
- Construction of roads providing access to the DTP and the KSIA, the construction of the P577 (Duffs Road to KwaDabeka) and the upgrading of access roads and pedestrian bridges (Transport).
- Spending relating to other organisations, such as major art centres and public entities (KZN Tourism Authority and the KZN Sharks Board, among others) concentrated mainly in the area.
- The provincialisation of public libraries and museums also impacts on the eThekwini Metro, with substantial funding provided, especially in the two outer years, for this. The allocation to this district also provides for a new state of the art library building project, as well as the construction of two school museums in the last two years of the 2011/12 MTEF (Arts and Culture).

The slight percentage decrease from 2010/11 onward is due to lower allocations to some of these projects (DTP, KSIA, Moses Mabhida Soccer Stadium), as they are completed or are nearing completion.

The increase in spending in uMgungundlovu from R14.234 billion in 2009/10 to R17.687 billion in 2013/14 relates to the fact that the head offices of most departments are based in this area. Also, a number of their activities, events or projects are managed and co-ordinated centrally, and hence the expenditure and budgets are recorded within this region. As a proportion of total expenditure, spending in this area decreases from 22.3 per cent in 2010/11 to 21.9 per cent in 2013/14. This is mainly due to the reduction in spending by Human Settlements, as the allocation per district is based on set housing criteria, including the need and the size of population in a particular area during certain years, as well as poverty rates in the various areas.

The eThekwini Metro shows the fastest growth in the province, with an average annual growth rate of 8.1 per cent between 2010/11 and 2013/14 due to major projects undertaken in that area, as explained previously. The lowest growth in spending is in the Zululand district, with an average annual growth of 6.4 per cent between 2010/11 and 2013/14, due to the high allocations in prior years in respect of the construction of houses and district offices by Human Settlements and Public Works, respectively. These allocations have decreased over the MTEF, as the departments have shifted their focus to other areas.

The *Unallocated* amounts over the 2011/12 MTEF relate to the Provincial Legislature. These amounts are reflected as unallocated, at this stage, because the public participation programme has not yet been finalised. Although the number and nature of events has been planned, a decision has not yet been made regarding the venues, and this is dependent on political office-bearers and other stake-holders, as well as financial constraints and the need for implementing cost-cutting measures.

The overall spending within district municipal areas is set to increase at an average annual nominal growth of 7.3 per cent from 2010/11 to 2013/14, which is an increase from previous years, due to major once-off projects such as the Moses Mabhida Soccer Stadium, DTP, KSIA, etc.

7.5 Payments and estimates by policy area

Table 7.10 shows the summary of payments and estimates by policy area, details of which are shown in Table 1.E(b) of the *Annexure to Overview of Provincial Revenue and Expenditure.*

There is noticeable growth in the payments and estimates relating to the policy areas in the province over the seven-year period. The level of the provincial spending and budget almost doubled between 2007/08 and 2013/14.

Table 7.10: Summary of payments and estimates by policy area

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
General Public Services	2 375 068	3 222 729	3 467 704	3 833 417	4 337 279	4 080 984	4 100 602	4 313 297	4 564 827
Public Order and Safety	434 932	553 510	604 972	687 669	700 669	696 669	769 348	823 844	885 177
Economic Affairs	4 928 261	7 490 117	8 158 468	7 745 277	8 251 183	8 207 132	8 836 410	9 491 945	10 208 544
Environmental Protection	451 091	510 184	586 370	625 518	635 362	635 362	704 501	722 866	766 788
Housing and Community Amenities	1 522 181	1 876 146	2 492 647	3 111 613	3 192 556	3 112 556	3 053 315	3 189 503	3 363 874
Health	14 621 719	16 690 644	19 912 324	21 197 899	21 622 697	21 162 945	23 961 172	25 767 613	27 591 931
Recreation, Culture and Religion	387 348	527 198	535 250	692 015	703 749	703 249	755 029	878 120	1 044 050
Education	18 755 530	23 436 459	26 702 112	29 529 294	30 107 494	30 278 200	33 181 138	35 065 579	37 134 126
Social Protection	1 006 950	1 221 705	1 349 437	1 654 661	1 654 673	1 654 116	1 938 496	2 030 124	2 123 775
Total	**44 483 080**	**55 528 692**	**63 809 284**	**69 077 363**	**71 205 662**	**70 531 213**	**77 300 011**	**82 282 891**	**87 683 092**

The bulk of the provincial budget is spent on *Education*, and is anticipated to grow by R3.953 billion from 2011/12 to 2013/14. The growth is an indication of the province's commitment to the development of human capability. *Health* has the second largest spending, and is expected to increase by R3.631 billion from 2011/12 to 2013/14. This reflects the province's commitment to provide effective and efficient health care services to the people of the province.

Economic Affairs (comprising the Transport, DAEARD, Economic Development and Tourism (DEDT) and a portion of Provincial Treasury) also shows significant growth from 2008/09 onward due to major projects such as the DTP and KSIA, agrarian revolution, unlocking of the Makhathini Flats and the invasive alien species programme. Other projects/initiatives contributing to the increase in this area are the SMME, Growth and Co-operatives Funds, the Richards Bay Industrial Development Zone (RBIDZ), and other projects relating to the 2010 World Cup. The growth over the MTEF is due to allocations in respect of maintenance of the provincial road network (Transport), OSD for artisans, engineers, environmental officers, agricultural scientists, researchers and technicians (DAEARD), among others.

The category *General Public Services* includes administrative departments such as Provincial Treasury, Office of the Premier and Provincial Legislature, as well as CoGTA, Public Works, and portion of Transport and DAEARD. This category shows strong growth over the period under review, partly due to the payment of interest by the province (under Provincial Treasury) as a result of the over-expenditure of some provincial departments in prior years which has caused the provincial bank account to be in overdraft, and major projects such as the construction of Moses Mabhida Soccer Stadium and roads linking to the DTP and KSIA, etc. The increase over the MTEF is due to additional funding allocated for various projects, such as the implementation of the Financial Management of the KZN Legislature Bill, the Provincial Nerve Centre, the Provincial Planning Commission and provision made in respect of overdraft interest charges, etc.

The growth against *Housing and Community Amenities* (Human Settlements) can mainly be attributed to the increase in the Human Settlements Development grant.

The growth against *Social Protection* (Social Development) can be attributed to policy changes that impact on the provisioning of social welfare services, various national priorities (such as expansion of early childhood development, expansion of services to children in conflict with the law and expansion of home/community based care), the OSD for social workers, an increase in the number of personnel, as well as additional funding allocated over the 2011/12 MTEF for the rehabilitation and repair of various facilities, including secure care centres and old age homes.

7.6 Infrastructure

7.6.1 Infrastructure management

The ongoing commitment by the provincial government to infrastructure development is set to continue through the fiscal trajectory of increasing allocations for infrastructure over the 2011/12 MTEF. Most of the objectives of the Medium-Term Strategic Framework are reliant on infrastructure development across the country, in line with the Accelerated and Shared Growth Initiative of South Africa (ASGISA). KZN, as one of the most important provinces in terms of population, geographical location, the two ports and the new KSIA, will play a meaningful role in the development of infrastructure, as it is along one of the major corridors within the province.

Infrastructure Delivery Improvement Programme (IDIP)

This Provincial Treasury-led programme has been running in Public Works, Health and Education since the roll-out of IDIP to provinces, which commenced in 2007/08. The programme was initially set to run for three years, starting in 2007/08 and ending in 2009/10. The initial three-year period has been successful to a satisfactory extent, and resulted in IDIP phase III being given the go-ahead, within the above-mentioned departments. IDIP phase III commenced in December 2010 and is set to run for two and a half years within the said departments. Each of these departments hosts a built environment Technical Assistant (TA), who helps the department in utilising best practices for construction planning, procurement and implementation, in the successful delivery of departmental infrastructure.

The client departments have streamlined their infrastructure planning capability considerably. The programme management of their respective projects has also improved, as implemented by their various Implementing Agents (IAs). Though IDIP has been successful, the initial period was too ambitious in estimating the time required to turn around the delivery system for infrastructure across the varying stakeholders within the province. IDIP assists departments in improving their capacity to deliver infrastructure, and thus spend their allocations in accordance with their plans and on time, and this translates to effective project management. IDIP's success is based on the premise of proper planning by both the department as a client and the chosen IA. Education and Health are recipients of the Education and Health Infrastructure grants (previously known as IGP), and their infrastructure budgets are highest after those of the Departments of Transport and Human Settlements. The success of the programme, in its current form, is still dependent on the participant departments fully utilising the TAs in preparing the processes that enhance infrastructure delivery, and in pairing the TAs with the relevant personnel, to ensure skills transfer and knowledge management plus sharing.

The focus of IDIP is on the whole infrastructure delivery value chain, and not only on the implementation part, including planning and SCM processes. It is only when all participants focus their input into the final results, that infrastructure delivery will take place correctly and on time. In other words, integrated planning is the only way to successfully implement projects and to realise "value for money".

Planning, influenced by existing information like the PSEDS, should be undertaken by both the client and the IA. It is important that, based on the MTEF allocations, clients know how many facilities they want to erect within a time period, and also the IA needs to align its resources to be able respond adequately to the client needs, hence the need for a detailed Infrastructure Programme Implementation Plan (IPIP).

IDIP therefore not only focuses on responding to infrastructure challenges, but also on helping to shape an improved infrastructure delivery management system with the formulation of a provincial infrastructure delivery model.

Training

The skills shortage in the built environment has been highlighted by the construction boom of the past few years leading up to the 2010 World Cup. The provincial infrastructure fraternity was not spared the consequences of the shortage of reliable stakeholders, from professionals to construction skilled labour. As part of government's response to skills shortages, both in terms of current and future demand, the training of relevant technical personnel should be expedited. The construction industry is relied upon as one of the means of saving and creating jobs that are being lost by other sectors of the economy, e.g. manufacturing. It has become evident in numerous countries, through various studies, that the success of countries and their economies is heavily reliant on the skills level operational within that economy, and the state of infrastructure within that country. The higher the skills level in a country, the higher the ease at which the country can attract foreign direct investments and the accompanying higher skilled labour. At this stage, departments and KZN as a whole must intensify training to be prepared for future sustainability of the construction sector, or at least to sustain the current labour market.

The slow-down of the economy worldwide lead to reduced demand for relevant construction personnel, by the private sector and domestic demand in general. This was coupled with the conclusion of 2010 World Cup related projects. Government is now looked upon to provide jobs and contracts in order to absorb the laid-off workforce. The general cost of such labour will be lower than in the previous two years, but the province will be faced with a situation of excess capacity.

Delivery by Public Works

Public Works is the implementing agent and custodian of public infrastructure. In most provincial departments, and at least in the two major social departments i.e. Education and Health, the infrastructure budget managed by Public Works constitutes more than half of the departmental infrastructure budget. The infrastructure budget for Health and Education has grown consistently in the last five years, and this growth is expected to continue over the 2011/12 MTEF. Public Works' construction skills must grow proportionately, if they are to ensure that they are prepared for future infrastructure developments, and are to reclaim their position as government's implementing agent of choice.

Due to various reasons, client departments, including the smaller departments (in terms of infrastructure budgets), often bypass Public Works when implementing infrastructure. Although this is within the clients' prerogative, this creates competition, expands the span of control without expanding the chain of command for the already "limited in capacity" construction industry. For Public Works to recapture the market it has lost to other agents, it has to be sufficiently capacitated and be able to convincingly render services to itself and its clients. This then will enable the province to implement a coherent response to the construction industry challenges and streamline a solid provincial service delivery model. To achieve this, Public Works:

- Needs personnel capacity to enable it to plan for its work and that of its clients, within agreed-to timeframes.
- Must implement projects from the beginning of each financial year in order to complete them on time.
- Must closely and strictly monitor performance of consultants and contractors regarding progress, especially at implementation stage, thus curbing any problems on time.

Failure to achieve any of these, including poor, inconsistent and unreliable reporting to clients and poor statutory reporting (including the Infrastructure Reporting Model), signals skill levels that are deficient in the department, thus perpetuating the reluctance of departments to utilise Public Works as an implementing agent.

Expanded Public Works Programme (EPWP)

The country has a large unemployment problem, coupled with a low skills base of the potential workforce. Infrastructure delivery can contribute towards remedying the situation, by employing some of the unemployed in construction projects in an effort to realising the millennium targets set for 2014. Under the EPWP, the said workforce will be given formal training, thus reducing poverty and increasing the skills base of the country. Part of the agenda of job creation is to ensure that public infrastructure is predominantly implemented through the use of labour-intensive methods, where possible. To this end, the EPWP Phase 2 (EPWP2), which is an incentive grant, was developed. More can be done by departments in terms of reporting adequately on the work done through EPWP2, as failure to do so will lead to KZN passing up the opportunity of creating more work opportunities and receiving additional funding through this incentive grant.

The bulk of the EPWP work done by KZN is reported under the *Zibambele* road maintenance programme which falls under Transport.

Maintenance

Since 1994, the province has embarked on the eradication of infrastructure backlogs. This reduction of backlogs was done to promote equity for the citizens and to improve access throughout the province. This has been characterised by the construction of social infrastructure such as schools, clinics and roads. Most of the structures first built since 1994, have now reached the time where major maintenance and rehabilitation needs to be undertaken. For the desired life of facilities to be reached, structures must continually be maintained from when they are commissioned, thus realising maximum value for money. The general consensus among experts in the construction industry is that an amount that is equal to four per cent of the replacement value of an asset is adequate to keep the structure in a "new" condition, with a scheduled maintenance programme. The current state of provincial infrastructure results in polarity between continuing with the backlogs eradication and maintaining the existing infrastructure base.

Maintenance is included in the cost benefit analysis and is part of planning. Sufficient resources should be allowed for, in terms of timing and budget allocation, from the conceptual phase of the infrastructure facility. This planning should be accompanied by choice of material, allowable down-time of the facility and the consequences of that down-time to the customers. It is only when maintenance is adequately catered for, that the real cost of the facility (life-cycle-cost) will be known and improved decisions on affordability can be taken. With the shortage of skilled personnel, it is highly improbable that these levels can be reached, but the province must remain focused on training the relevant personnel, to ensure that adequate maintenance planning is achieved. GIAMA seeks to address precisely the issue of effective asset management when it comes to maintenance, rehabilitation, upgrading and additions to infrastructure, in order to prolong the life of any given infrastructure.

7.6.2 Trends in infrastructure payments and estimates

Table 7.11 below shows the summary of infrastructure payments and estimates from 2007/08 to 2013/14.

Table 7.11: Summary of infrastructure payments and estimates

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	**2007/08**	**2008/09**	**2009/10**	**2010/11**			**2011/12**	**2012/13**	**2013/14**
New and replacement assets	**1 508 070**	**1 318 680**	**1 579 153**	**2 141 455**	**2 043 532**	**1 591 649**	**2 394 177**	**2 342 451**	**2 686 482**
Existing infrastructure assets	**3 084 111**	**5 252 348**	**4 925 072**	**5 651 209**	**5 946 124**	**6 257 544**	**6 563 512**	**7 274 321**	**7 546 060**
Upgrades and additions	1 033 293	3 028 420	2 592 036	2 546 415	2 620 801	2 721 131	2 487 662	2 811 130	2 735 883
Rehabilitation, renovations and refurbishments	539 797	444 026	541 732	978 837	938 135	1 226 025	1 059 441	1 086 220	1 056 997
Maintenance and repairs	1 511 021	1 779 902	1 791 304	2 125 957	2 387 188	2 310 388	3 016 409	3 376 971	3 753 180
Infrastructure transfers	**1 811 791**	**3 046 113**	**4 024 929**	**3 299 954**	**3 180 805**	**3 175 805**	**2 796 452**	**2 956 321**	**3 118 424**
Current	89 000	139 500	174 876	31 953	33 053	33 053	39 091	41 046	43 303
Capital	1 722 791	2 906 613	3 850 053	3 268 001	3 147 752	3 142 752	2 757 361	2 915 275	3 075 121
Capital infrastructure	*4 803 951*	*7 697 739*	*8 562 974*	*8 934 708*	*8 750 220*	*8 681 557*	*8 698 641*	*9 155 076*	*9 554 483*
Current infrastructure	*1 600 021*	*1 919 402*	*1 966 180*	*2 157 910*	*2 420 241*	*2 343 441*	*3 055 500*	*3 418 017*	*3 796 483*
Total	**6 403 972**	**9 617 141**	**10 529 154**	**11 092 618**	**11 170 461**	**11 024 998**	**11 754 141**	**12 573 093**	**13 350 966**

The payments and estimates are categorised into *New and replacement assets, Existing infrastructure assets* and *Infrastructure transfers.* The category *Existing infrastructure assets* is divided into three sub-categories, namely *Upgrades and additions, Rehabilitation, renovations and refurbishments* and *Maintenance and repairs.*

The *Infrastructure transfers* category refers to the transfer of funding to municipalities and other entities for infrastructure projects, and is largely made up of the Human Settlements Development grant under Human Settlements. The provincial contribution to the construction of the Moses Mabhida Stadium in preparation for the 2010 World Cup was also catered for under this category, under Provincial Treasury. Economic Development and Tourism includes the provision for DTP and the rejuvenation of township trading centres (such as in the Edendale area where new trading centres were built).

As the figures in the table indicate, there has been a consistent increase in the infrastructure allocations for the period under review, with the budget in 2013/14 increasing to R13.351 billion. This increase indicates a consistent commitment to infrastructure development by the province. The development of infrastructure has been informed by the reduction of infrastructure backlogs across the province thus positively contributing to economic growth.

The bulk of the infrastructure funding is included against *Existing infrastructure assets,* aimed at conserving the inherent value of the facilities through *Upgrades and additions, Rehabilitations, renovations and refurbishments* and *Maintenance and repairs.* The focus on existing infrastructure will result in greater efficiency, effective economic development and, as a result, improve the quality of life within the province.

Table 7.12 below shows the split of infrastructure payments and estimates by sector and by vote. The growth in the infrastructure allocations mentioned above is reflected against most departments, and especially within the major infrastructure departments such as Transport and Education.

Table 7.12: Summary of infrastructure payments and estimates by vote

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2007/08	2008/09	2009/10		2010/11		2011/12	2012/13	2013/14
Social Sector Infrastructure									
5. Education	977 979	1 237 408	1 392 251	2 030 515	1 941 116	1 941 116	2 197 741	2 426 555	2 484 472
7. Health	1 092 807	1 097 722	1 374 801	1 566 914	1 587 404	1 450 566	1 681 207	1 705 775	1 843 122
13. Social Development	32 642	70 597	85 035	111 476	111 476	109 358	166 479	171 137	162 570
Economic Infrastructure									
3. Agriculture, Environmental Affairs and Rural Develop	37 895	92 429	99 559	175 152	96 197	96 197	119 390	125 572	132 719
4. Economic Development and Tourism	488 500	1 299 313	1 705 265	583 880	683 880	683 880	423 739	444 926	469 397
8. Human Settlements	1 288 380	1 520 730	2 104 315	2 818 606	2 564 929	2 559 929	2 390 520	2 496 939	2 635 602
12. Transport	2 198 836	3 931 911	3 310 471	3 585 243	3 914 233	3 914 233	4 536 965	4 951 094	5 373 198
Other Infrastructure									
1. Office of the Premier	11 623	4 876	6 698	700	2 663	2 663	1 905	2 185	2 305
2. Provincial Legislature	3 740	1 504	3 735	2 171	7 584	7 584	4 454	4 605	5 289
6. Provincial Treasury	-	150 000	150 000	-	40 000	40 000	-	-	-
9. Community Safety and Liaison	-	-	-	-	-	-	-	-	-
10. The Royal Household	2 359	3 000	1 339	3 328	3 328	2 963	11 528	14 349	16 588
11. Co-operative Governance and Traditional Affairs	96 450	162 642	158 256	5 000	5 992	5 992	45 000	49 500	42 500
14. Public Works	65 373	65 693	80 616	88 335	87 341	86 199	86 423	90 744	95 735
15. Arts and Culture	18 267	22 598	29 624	80 999	86 569	86 569	49 773	48 812	44 319
16. Sport and Recreation	29 121	36 718	27 189	40 299	37 749	37 749	39 017	40 900	43 150
Total	**6 343 972**	**9 697 141**	**10 529 154**	**11 092 618**	**11 170 461**	**11 024 998**	**11 754 141**	**12 573 093**	**13 350 966**

Social Sector infrastructure sees growth, and this is predominantly in Education due to the substantial Education Infrastructure grant allocation received by this department. The growth in Education is related to additional funding received for the eradication of unsafe structures, early childhood development spaces and for additions and upgrades of libraries and laboratories incorporated in the Education Infrastructure conditional grant.

The Human Settlements infrastructure allocation takes into account the new SCOA definitions where expenditure on transfers relating to housing projects must be classified as *Transfers and subsidies to: Households,* as these assets are transferred to the beneficiaries upon completion. These projects are however, still capital by their nature and therefore continue to be classified as *Infrastructure transfer: Capital.* The bulk of the allocation is funded by the Human Settlements Development grant.

Health's infrastructure shows low growth mainly due to the reduction in the Health Infrastructure. The previously known IGP is being divided into three separate grants namely the Education Infrastructure, the Health Infrastructure and Provincial Roads Maintenance grants. This has meant a reduction in the Education and Health portions of the erstwhile IGP, with Transport receiving an increase over the MTEF. The decrease in this grant results from a decision taken at a national level to change the way the grant is allocated between Education, Health and Transport with Transport now receiving an increased share. The grant is now allocated on a 45 (Transport) : 42 (Education) : 13 (Health) basis, whereas provinces were previously requested to try and follow a guideline of 40 : 40 : 20 in the past. As this was merely a guideline and not a strict requirement, KZN's allocation was closer to a 38 (Transport) : 46 (Education) : 16 (Health) split, and this explains the large reductions against Education and Health to bring the grant in line with the new 45: 42: 13 split. The low growth is also influenced by the fact that the Forensic Pathology Services grant is being phased into the equitable share from 2012/13 onward, with this phasing in resulting in a reduction of this grant by R34.033 million in 2012/13 and R26.146 million in 2013/14.

Despite the economic climate, the infrastructure budget has remained fairly steady with an approximate growth of 20 per cent between 2009/10 and 2013/14.

7.6.3 Public Private Partnerships (PPP)

There are currently ten registered PPP projects in the province, namely:

Provincial Government Precinct

Provincial Treasury and Public Works were tasked to explore the viability of procuring office accommodation for all provincial departments. A Transaction Advisor was appointed to undertake the necessary feasibility studies and recommend suitable locations for the projects. The feasibility study identified a feasible solution option to address the needs, which included the refurbishment of government-owned buildings (Brownfield) and new facilities proposed to be built on the Townhill site (Greenfield), proposed to be procured as a PPP.

The value for money and affordability assessments found that there is no value-for-money case for the Brownfield project. The Greenfield project demonstrated positive value for money and was affordable, considering the opportunity cost of providing government accommodation. The financial situation of the province, however, resulted in a moratorium on certain capital projects in 2010/11 which affected the precinct project. The future of this development is dependent on final direction from Cabinet.

King Edward VIII hospital

The Department of Health has identified the need for the replacement/refurbishment of King Edward VIII hospital. This need was identified decades ago and has been confirmed in the PPP business case.

The department is finalising its Joint Implementation Agreement with the relevant parties to this project. The process of appointing a Transaction Advisor to undertake the feasibility study for this project has been initiated. Once all of the necessary agreements with the relevant parties, and the appointment of the Transaction Advisor has been finalised, feasibility investigations will be initiated.

Hibiscus Coast Development

The Hibiscus Coast Municipality appointed a Transaction Advisor to undertake a feasibility study to determine the possibility for the development of a prime section of beachfront land situated in the town of Umtentweni. The feasibility study has been finalised and Treasury View and Recommendations (Treasury provides view and recommendations to the municipality based on the Transactions Advisor's feasibility study) have been obtained from Provincial Treasury. The municipality has started negotiations to enter into a concession contract with the preferred bidder, but this process has not yet been concluded due to delays in resolving funding and legislation issues relating to the disposal of land.

Eco-tourism in Nature Conservation Service areas

The Board of *Ezemvelo* KZN Wildlife appointed a Transaction Advisor to undertake a feasibility study for the outsourcing of all eco-tourism and commercial functions at the Royal Natal National Park and certain surrounding parks in the uKhahlamba area under its control. This project includes the possible redevelopment of the old hotel in the park. The feasibility study was finalised and the entity has commenced with the process of communicating the outcome of the feasibility study to the relevant stakeholders. Once this process has been finalised and all relevant treasury approvals have been obtained, a procurement process will be initiated.

Greater Kokstad Municipality - New civic centre

The Greater Kokstad Municipality appointed a Transaction Advisor to undertake a feasibility study for the provision of a new civic centre for the municipality through a PPP procurement process. The feasibility study was concluded and presented to the council, and public view and comments were solicited. The municipality is awaiting council approval to apply for Treasury Views and Recommendations. Once this process has been finalised and all relevant treasury approvals and views have been obtained, a procurement process will be initiated.

KwaDukuza Municipality - Solid Waste

The KwaDukuza Municipality has identified the need to procure the most cost effective service delivery mechanism in respect of the removal of refuse within the KwaDukuza area. The municipality appointed a Transaction Advisor to undertake a feasibility study, and the assessment report was finalised and approved by the council. Council resolved that the Transactions Advisors should go ahead with the assessment. It is anticipated that this process will be finalised early in 2011.

KwaDukuza Municipality - New civic centre

The project entails the redevelopment of the KwaDukuza Golf Course as an extension of the business precinct and the provision of a civic centre. The project forms part of the strategic Urban Renewal Programme for the business precinct in the town of KwaDukuza, and the re-development of the historic King Shaka Precinct within the business precinct area. The purpose of the project is to develop a suitable and sustainable social and environmentally acceptable municipal civic centre that can cohesively support and sustain the growth needs of the KwaDukuza Municipality. The municipality is finalising the appointment of a Transaction Advisor to undertake the feasibility study.

Newcastle Municipality - Alternative technology to waste reduction

The Newcastle Municipality has identified a need to conduct a feasibility study in terms of Section 120 of the MFMA into alternative technology for waste reduction on the existing landfill site. This includes a holistic waste reduction solution and the exploration of waste to energy options through a PPP. Consultants were appointed to conduct the feasibility study on the viability of the project. It is anticipated that the investigation will be finalised early in 2011.

iLembe District Municipality - Water and sanitation

In January 1999, the Borough of Dolphin Coast (now iLembe District Municipality) and Siza Water Company (with a controlling interest by SAUR Services of France) entered into a concession whereby Siza Water Company would oversee, manage and implement the provision of water and sanitation services within the municipal boundary on a concession basis, for a period of 30 years. This is a closed project, being a concession agreement between the iLembe District Municipality and Siza Water Company in a PPP format, with a lifespan of a 30 year contract, entered into in 1999, with a 5-year review plan.

A contract review, as required by the contract, was undertaken which identified challenges in the project. This included alignment of the original contract with National Treasury's standardised PPP provisions. Negotiations to amend the contract and 5-year plan have been finalised. The municipality has initiated a process of establishing a contract management framework which will be finalised during 2010/11.

uMhlathuze Municipality – Water services

In 2008, the City of uMhlathuze entered into a 5-year concession contract for the establishment and maintenance of water services infrastructure for the delivery of basic services. This contract is nearing its end, which triggered a Section 78 investigation. The municipality still has to conduct the Section 78 investigation, which will determine whether the municipality has the capacity to implement the project or whether it will require the necessary expertise from external sources.

Secure care centres

Social Development has decided not to proceed with the project to determine the possibility of establishing secure care centres as PPPs.

7.7 Transfers

7.7.1 Transfers to public entities listed in terms of Schedule 3 of the PFMA

Table 7.13 below shows the summary of provincial transfers to public entities by department.

Table 7.13: Summary of provincial transfers to public entities by department

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2007/08	2008/09	2009/10		2010/11		2011/12	2012/13	2013/14
Vote 1 - Office of the Premier	**32 576**	**75 594**	**46 989**	**36 688**	**36 688**	**36 688**	**41 394**	**44 664**	**47 078**
KwaZulu-Natal Gambling Board	14 429	40 293	14 148	16 356	16 356	16 356	17 337	18 204	19 205
Amafa aKwaZulu-Natali	18 147	35 301	32 841	20 332	20 332	20 332	24 057	26 460	27 873
Vote 3 - Agriculture, Environmental Affairs and Rural	**318 164**	**360 401**	**407 744**	**430 128**	**529 664**	**529 664**	**587 239**	**599 794**	**636 355**
Ezemvelo KZN Wildlife (EKZNW)	309 764	340 829	397 598	419 373	431 382	431 382	486 917	494 389	525 647
Mjindi Farming (Pty) Ltd	8 400	9 572	10 146	10 755	26 470	26 470	24 922	26 235	27 608
Ithala Development Finance Corporation (Ithala)	-	10 000	-	-	-	-	-	-	-
Agri-business Development Agency (ADA)	-	-	-	-	71 812	71 812	75 400	79 170	83 100
Vote 4 - Economic Development and Tourism	**838 324**	**84 853**	**203 939**	**374 995**	**403 795**	**403 795**	**412 495**	**418 530**	**443 293**
Ithala Development Finance Corporation	759 142	-	100 000	280 000	280 000	280 000	284 300	289 500	305 423
of which									
Co-operatives	*100 000*	-	-	*80 000*	-	-	*84 300*	*89 500*	*94 423*
Growth Fund	*500 000*	-	-	*100 000*	*60 000*	*60 000*	*100 000*	*100 000*	*105 500*
Ithala Share Capital	-	-	-	-	*40 000*	*40 000*	-	-	-
Project Specific Funding	*24 000*	-	-	-	-	-	-	-	-
SMMEs	*135 142*	-	*100 000*	*100 000*	*180 000*	*180 000*	*100 000*	*100 000*	*105 500*
KZN Sharks Board (KZNSB)	19 146	23 297	25 337	25 551	25 551	25 551	29 084	30 938	34 502
KZN Tourism Authority (TKZN)	60 036	61 556	78 602	69 444	71 444	71 444	79 111	83 092	87 543
Agri-business Development Agency (ADA)	-	-	-	-	26 800	26 800	20 000	15 000	15 825
Vote 11 - Co-operative Governance and Traditional Af	**2 625**	**2 700**	**2 800**	**1 968**	**-**	**-**	**-**	**-**	**-**
Provincial Planning and Development Commission	2 625	2 700	2 800	1 968	-	-	-	-	-
Vote 15 - Arts and Culture	**5 000**	**5 350**	**5 751**	**6 096**	**6 096**	**6 096**	**6 401**	**6 721**	**7 057**
The Playhouse Company	5 000	5 350	5 751	6 096	6 096	6 096	6 401	6 721	7 057
Total	**1 196 689**	**528 898**	**667 223**	**849 875**	**976 243**	**976 243**	**1 047 529**	**1 069 709**	**1 133 783**

Transfers to public entities reflect a decrease from 2007/08 to 2008/09 mainly against Economic Development and Tourism, before increasing to R1.134 billion in 2013/14. The decrease in 2008/09 is attributable to the fact that funds amounting to some R700.837 million, to be transferred to the Ithala Development Finance Corporation (Ithala), were surrendered to the Provincial Revenue Fund due to changes in the lending requirements and the loan model.

Vote 1: Office of the Premier

- The allocation to *Amafa aKwaZulu-Natali* fluctuates over the seven year period. The entity received additional funding of R33.491 million during 2008/09 in the form of a roll-over for the completion of the *Emakhosini* Multi-Media Centre, and a further amount of R18.885 million in 2009/10. Additional funding was received over the 2011/12 MTEF for various heritage projects, including the operational costs of the *Emakhosini* Multi-Media Centre.

- The KZN Gambling Board received R28.706 million in 2008/09 for an out-of-court settlement, relating to the dispute over the awarding of a route and site inspection surveillance contract. The allocation reflects a steady increase over the 2010/11 MTEF.

Vote 3: Agriculture, Environmental Affairs and Rural Development

- EKZNW is a public entity that undertakes nature conservation on behalf of the province. The transfers to this entity show a steady increase over the seven-year period. The noticeable increase in

2009/10 relates to additional funding of R40 million allocated for infrastructure improvements, particularly the road network in the reserves, with carry-through costs. The slight increase in the 2010/11 Adjusted Appropriation is in respect of the 2010 wage agreement. The 2011/12 MTEF includes additional funding allocated to EKZNW to fund the full implementation of the improved terms and conditions of employment negotiated with labour, as well as a once-off allocation of R17.850 million in 2011/12 to enable the entity to reduce its high leave liability.

- Mjindi Farming, which is listed as a provincial government business enterprise, was to have closed down at the end of 2007/08 in line with a Finance Portfolio Committee resolution. However, following a review of its future existence in 2008/09, Cabinet approved that this entity should continue and would form an integral part of the development of the Makhathini Flats area. The entity was reconstituted in 2010/11 with a new Board and a new mandate, and it is envisaged that this entity will assist and support the department with the planning and implementation of the Makhathini Flats project.
- In 2008/09, the department made use of Ithala, which falls under Economic Development and Tourism, for the facilitation of assistance to farmers affected by the 2007 and 2008 veld fires.
- With effect from the 2010/11 Adjusted Appropriation, the department commenced transferring funds to the Agri-business Development Agency (ADA), a public entity that was established under the control of Economic Development and Tourism, in line with a Cabinet decision to implement land reform projects and provide post settlement support to land reform beneficiaries in the province.

Vote 4: Economic Development and Tourism

- Ithala was established as an entity in 1999 by the KZN Ithala Development Finance Corporation Act (Act No. 2 of 1999), with the aim of providing financing for historically marginalised communities. The department transfers funds to Ithala on a project-specific funding basis and Ithala then oversees the financing and control of the projects, as well as changes in lending requirements.

  In 2009/10, the allocation consisted of allocations for SMMEs only, as the funding for the Co-operatives and Growth Fund was reprioritised to provide for commitments relating to 2008/09. In the 2010/11 Adjusted Appropriation, the allocation for Co-operatives Funds was reprioritised to the SMMEs Fund while the allocation for the Growth Fund was reduced by R40 million, which was transferred to Ithala in order to assist it with its capital adequacy ratios, which had fallen below the level required by the Reserve Bank. The allocations to the Co-operative, Growth and SMMEs Funds are resumed over the 2011/12 MTEF.
- The transfers to the KZN Sharks Board (KNZSB) reflect steady growth over the period. The entity receives additional funding over the 2011/12 MTEF for research into non-lethal shark deterring.
- The high transfer to the KZN Tourism Authority (TKZN) in 2009/10 relates to additional funding provided for the 2010 Tourism Indaba. The province has been awarded the right to hold the Tourism Indaba for the next five years commencing in 2011 and, based on this, the entity has been allocated additional funding across the 2011/12 MTEF.
- As mentioned under Vote 3 above, ADA was formed in 2010/11 to administer the assessment of land appropriated under land reform claims. The allocation in the 2010/11 Adjusted Appropriation is higher than 2011/12 due to it including once-off funding for the establishment costs of the entity. The higher allocation in 2011/12 than in 2012/13 relates to further once-off start-up costs.

Vote 11: Co-operative Governance and Traditional Affairs

The department funded the Provincial Planning and Development Commission from 2007/08 to 2009/10. The allocation to this entity ceased in 2010/11, following the implementation of the KZN Provincial Planning and Development Act, which meant that the entity will cease its operations at the end of 2010/11.

Vote 15: Arts and Culture

The allocation to the Playhouse Company increases steadily over the seven-year period. The Playhouse Company is a cultural institution promulgated under the Cultural Institutions Act of 1998. Its primary mandate is to develop and promote artistic works that are representative of the diverse South African artistic and cultural heritage. The department entered into an agreement with the entity based on projects which the Playhouse Company will embark on and which are linked to the mandate of the department.

7.7.2 Transfers to other entities

Table 7.14 below shows the summary of departmental transfers to other entities, other than public entities, by vote. Ten departments will make transfer payments to these entities over the 2011/12 MTEF period, details of which are provided within each department's chapter in the *Estimates of Provincial Revenue and Expenditure.*

Table 7.14: Summary of departmental transfers to other entities by Vote

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2007/08	2008/09	2009/10		2010/11		2011/12	2012/13	2013/14
1. Office of the Premier	1 965	284	30	-	-	-	2 000	2 000	2 000
2. Provincial Legislature	-	-	-	-	-	-	-	-	-
3. Agriculture, Environmental Affairs and Rural Develop	6 958	34 925	27 925	6 188	15 864	15 864	19 445	20 457	9 407
4. Economic Development and Tourism	539 126	1 355 398	1 767 332	726 536	826 536	826 778	565 155	590 713	623 203
5. Education	1 166 337	1 568 332	1 539 793	1 746 410	1 760 062	1 664 979	2 242 558	2 381 694	2 791 518
6. Provincial Treasury	144	3	-	145	145	-	-	-	-
7. Health	199 011	243 734	278 846	313 614	296 617	296 617	266 787	280 227	295 639
8. Human Settlements	-	-	-	-	-	-	-	-	-
9. Community Safety and Liaison	-	-	-	-	-	-	-	-	-
10. The Royal Household	-	-	-	-	8 000	8 000	22 000	24 000	26 000
11. Co-operative Governance and Traditional Affairs	-	21 000	-	-	-	-	-	-	-
12. Transport	(23)	-	593 250	714 587	714 587	714 587	773 473	815 611	864 281
13. Social Development	393 920	390 393	398 352	608 762	565 520	565 520	706 064	742 523	784 915
14. Public Works	-	-	-	-	-	-	-	-	-
15. Arts and Culture	11 501	17 857	18 420	19 550	19 912	19 912	22 447	23 747	24 832
16. Sport and Recreation	4 879	8 392	5 200	6 000	6 000	6 000	8 600	8 600	8 964
Total	**2 323 818**	**3 640 318**	**4 629 148**	**4 141 792**	**4 213 243**	**4 118 257**	**4 628 529**	**4 889 572**	**5 430 759**

The transfers to other entities increase from R2.324 billion in 2007/08 to R5.431 billion in 2013/14, with fluctuations in between.

Vote 1: Office of the Premier

In addition to payments in respect of Workmen's Compensation, the department made donations and sponsorships to various organisations in 2007/08, which were once-off. The transfers in 2007/08 were made to non-profit organisations (NPOs) in relation to the department's HIV and AIDS responsibility of educating and creating awareness.

The amount in 2008/09 relates to donations made to NPOs. In 2009/10, a donation of R30 000 was made to *Nyonini Emnyama* Catholic Church in Zion towards the purchase of chairs, as pledged by the Premier. The amounts in the 2011/12 MTEF relate to a bursary scheme established to provide assistance to disadvantaged students who excelled in matric.

Vote 3: Agriculture, Environmental Affairs and Rural Development

The transfers under this vote increase substantially in 2008/09, due largely to the partnerships entered into by the department, with various sugar mills, including the Tongaat-Hulett and Illovo sugar mills, to provide essential support and assistance to land reform beneficiaries in respect of sugarcane farming. This initiative continued in 2009/10, as reflected by further high spending, but was discontinued in 2010/11, as the recently established ADA will be used to implement land reform projects. The transfers also cater for partnerships with the SA Sugarcane Research Institute and the Animal Anti-Cruelty League in 2010/11, hence the increase in the 2010/11 Adjusted Appropriation and over the MTEF for the period of the agreements. The partnership with the SA Sugarcane Research Institute, which continues over the three years of the MTEF, ensures the provision of specialist extension services to assist small scale extension farmers. The three-year partnership with the Animal Anti-Cruelty League, in terms of which the entity will assist the department in implementing the rabies control programme in the province, ends in 2012/13.

In addition to the above, the department transferred funds to KWANALU in 2008/09 to assist with the hosting of the KWANALU Black Economically Empowered and Emerging Farmers' Information Day.

The department also reached an agreement with KWANALU to develop a helpdesk, and agreed to provide ongoing funding for this purpose.

In prior years, the department paid an annual inflationary linked grant-in-aid to SAAMBR. Additional funding was allocated to this entity in the 2010/11 Adjusted Appropriation, continued over the MTEF, and this forms part of the transfers in the table above.

Vote 4: Economic Development and Tourism

The major allocation over the seven-year period was to DTP. This funding covers the operational costs of the entity, capital costs for the acquisition of land at the new airport site, as well as the roll-out of DTP capital projects. The allocation to this project decreased from 2010/11 due to the completion of the airport portion of the project, while the remaining amounts relate to the development of the multi-nodal logistics hub at the airport site. The allocation over the 2011/12 MTEF is for the development of an agri-processing facility, various other projects and the operational costs of DTP.

The department also makes transfers to Trade and Investment KZN (TIKZN), Moses Kotane Institute, RBIDZ, KZN Liquor Entity, among others. All these entities receive funding over the 2011/12 MTEF.

Vote 5: Education

The largest portion of transfers is in respect of Section 21 schools, relating to the transfers of norms and standards funding. The increased budget in respect of special schools, especially from 2007/08 onward, reflects the extent to which the department is focussing on learners with special needs, by making sure that schools are allocated funding that will enable them to assist the learners and to ensure that the inclusive education programme is granted the attention it deserves. It is anticipated that some schools will attain S21 functions from 2011/12 onward, thus obviating the need to provide petty cash payments. Additional allocations for the expansion of Grade R and ECD contribute to the increase over the MTEF.

Vote 6: Provincial Treasury

The main transfer under this vote is in respect of the Skills Development Levy. In terms of the guidelines for this levy, provincial departments are exempt from paying the levy, and as such the department has ceased the payment of the levy, hence there are no amounts against the 2010/11 Revised Estimate and over the 2011/12 MTEF. The amount in 2008/09 relates to a donation made to the Imbali Psycho-Social Community Youth Resource Centre towards its launch and open day event.

Vote 7: Health

The transfers under this vote relate mainly to entities that receive funding from the department for the provision of general clinic services, HIV and AIDS services, district hospital services, general hospital services and TB services. The varying trend across the seven-year period relates mainly to the inclusion/exclusion of entities, as well as the OSD for doctors in certain institutions, which qualify. The effect of the 2009 and 2010 wage agreements and the OSD for doctors is transferred to those institutions which qualify for the state salary increases.

The increase in overall transfers in 2009/10 relates to the finalisation of the Global Fund in December 2008. This fund supported activities at the Dream Centre, Genesis Care Centre and Ethembeni via donor funding. With the cessation of donor funding in 2008/09, the department made provision to continue the financial support from the equitable share in 2009/10, to ensure the continuation of services.

The overall decrease over the 2011/12 MTEF is caused by the closure of the HIV and AIDS National Integrated Plan (NIP) sites and the incorporation of these services into the department’s operations.

Vote 10: The Royal Household

The amounts from the 2010/11 Adjusted Appropriation and over the 2011/12 MTEF relate to transfers to the Royal Trust which has been established as an entity in terms of the KZN Royal Trust Act of 2007. The department is awaiting the listing of the Royal Trust as a public entity in terms of the PFMA.

Vote 11: Co-operative Governance and Traditional Affairs

The expenditure in 2008/09 relates to once-off transfer of funds to the Department of Human Settlements for the building of *Amakhosi* houses (*Imizi Yesizwe)*.

Vote 12: Transport

Transfers from 2009/10 relate mainly to the Public Transport Operations grant received from the National Department of Transport in respect of subsidies to bus operators. The low spending in 2009/10 is as a result of the problems experienced with the eThekwini bus service, as well as the withdrawal of the contract with the Remnant Alton bus company. This resulted in National Treasury, by way of a Gazette notice, reducing the grant by R60 million at the end of March 2010, and reallocating it to the North West Province. The transfers increase at a steady rate over the 2011/12 MTEF.

Vote 13: Social Development

The transfers under this vote relate mainly to funding given to various NPOs, non-governmental organisations (NGOs) and faith-based organisations (FBOs). The decrease in the 2010/11 Adjusted Appropriation and Revised Estimate is due to a correction relating to the funding received for various national priorities, where a large portion was originally allocated to *Transfers*, while a portion should have been allocated to *Compensation of employees* and *Goods and services.* The department intends increasing tariffs to NPOs by 6 per cent in 2011/12 and increasing the stipends for home/community based caregivers serving people infected and affected by HIV and AIDS to R1 500 per month from R1 000 per month, accounting for the substantial increase from 2011/12 onward.

Vote 15: Arts and Culture

The transfers under this vote mainly relate to:

- *KZN Philharmonic Orchestra*: Funding is provided to the KZN Philharmonic Orchestra which is a non-profit institution committed to ensuring the development of artists through nurturing local talent and skills and providing cultural entertainment.
- *Art Centres:* The department continues to fund the community art centres which contribute substantially to the development and training of artists and which provide access to cultural infrastructure.
- *Arts and Culture support:* Arts and Culture support funding is provided to various organisations to assist with providing a platform for emerging artists. In 2008/09, a number of new transfers were made to various organisations such as KZN African Film Festival, MTN Jazz and SATMA, contributing to the increase in this year.
- *Arts Councils:* Properly constituted arts, culture and craft organisations that promote, develop and preserve arts and culture in the province receive funding from the department on an annual basis. Theses arts councils will continue to receive funding over the 2011/12 MTEF.
- *Museum subsidies:* Funding is provided to non-profit institutions to cover operational and staffing costs. The museums listed under this category are managed by a Board of Trustees and a large portion of the funding transferred to them is utilised to cover the salaries paid to curators. The increased allocations made to these museums in respect of the provincialisation of museums contribute to the increase in the transfers over the 2011/12 MTEF.

Vote 16: Sport and Recreation

Transfers made by the department are largely in respect of sporting organisations from different sporting codes, for the promotion and development of sport and recreation within the province. Funding is only allocated once the organisation has met all the requirements. The department receives business plans from these organisations and, based on these plans, funds are allocated for transfer.

7.7.3 Transfers to municipalities

Provincial government, as part of its Constitutional obligation, supports and strengthens the capacity of municipalities to manage their own affairs, exercise their powers and perform their functions. As a result, departments transfer funds to municipalities for various purposes.

This section provides details of departmental transfers to municipalities, indicating transfers per department and per grant type to each municipality. A summary of this information is given in Table 7.15

below. Details are given in the *Annexure to Overview of Provincial Revenue and Expenditure* (Tables 1.G (i) (ii) and (iii)), and in the detailed departmental information provided in the *Estimates of Provincial Revenue and Expenditure*.

Table 7.15 provides a summary of provincial transfers to municipalities by category, as defined in the Constitution. It should be noted that the amounts reflected in these tables are in terms of the provincial financial year running from 1 April to 31 March.

Table 7.15: Summary of provincial transfers to municipalities by category

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2007/08	2008/09	2009/10		2010/11		2011/12	2012/13	2013/14
Category A	400 226	711 659	614 414	498 666	944 154	944 133	949 546	928 603	1 057 815
Category B	203 015	153 626	253 836	201 160	694 408	680 997	334 913	365 690	430 352
Category C	179 439	248 712	309 481	5 907	234 726	252 915	11 649	5 409	7 285
Unallocated	148	24	-	21 000	-	-	-	18 609	19 578
Total	**782 828**	**1 114 021**	**1 177 731**	**726 733**	**1 873 288**	**1 878 045**	**1 296 108**	**1 318 311**	**1 515 030**

The total provincial transfers to municipalities increase from R782.828 million in 2007/08 to R1.515 billion in 2013/14. There are three categories of municipalities in terms of the Constitution. Below is a brief description of each of the categories, and a summary of the provincial transfers to municipalities by municipal category is contained in Table 7.15 above:

Category A (metropolitan council) refers to municipalities that have exclusive municipal executive and legislative authority within their areas. KZN has only one metropolitan council, namely the eThekwini Metro. As indicated in the table above, the eThekwini Metro will receive a total of R2.936 billion over the 2011/12 MTEF, transferred by various provincial departments. The reduction from 2009/10 to the 2010/11 Main Appropriation can be attributed to the fact that the Moses Mabhida Soccer Stadium funding ended in 2009/10, in line with the agreement signed with the eThekwini Metro.

Category B (local municipality) refers to a municipality that shares municipal executive and legislative authority with a category C (defined below) municipality within whose area it falls. The allocations to category B municipalities decrease from 2009/10 to the 2010/11 Main Appropriation mainly due to CoGTA budgeting for municipal projects under *Goods and services* from 2011/12 onward, relating to Corridor Development, the Massification Programme and the Small Town Rehabilitation Programme.

In addition, CoGTA originally budgeted for the majority of municipal projects against *Goods and services,* with the exception of some transfers. The department may reclassify the funds in the 2011/12 Adjustments Estimate, if it becomes evident that the municipalities have the required capacity to implement the projects themselves, accounting for the decrease in transfers to municipalities under this category over the MTEF.

Category C (district municipality) refers to municipalities that have municipal executive and legislative authority in an area that includes more than one municipality. Allocations to this category have also substantially decreased from R309.481 million in 2009/10 to R5.907 million in the 2010/11 Main Appropriation. As explained above, this is partly attributed to the COGTA's policy of budgeting for the majority of the municipal projects against *Goods and services,* pending evidence that the municipalities have the required capacity to implement the projects themselves. The increase in the 2010/11 Adjusted Appropriation relates to transfers to municipalities who met the criteria for receiving funding for projects.

A summary of the transfers to individual local and district municipalities is contained in the *Annexure to Overview of Provincial Revenue and Expenditure*.

The amounts against *Unallocated* are usually allocated to specific recipients during the course of the year, and are formalised during the Adjustments Estimate. This category has substantially increased from R148 000 in 2007/08 to R21 million in the 2010/11 Main Appropriation, mainly due to the allocations for Disaster Management, inter-governmental relations and the Provincial Management Assistance Programme under COGTA which have since been allocated to municipalities, accounting for the reduction in the 2010/11 Adjusted Appropriation. The amounts allocated in 2012/13 and 2013/14 relate to the provision for the construction of sport facilities in municipal areas, and falls under the Department of

Sport and Recreation. The exact municipal areas where these sport facilities will be constructed have not yet been identified.

Table 7.16 below presents a summary of provincial transfers to municipalities by vote and grant type over the seven-year period from 2007/08 to 2013/14. It should be noted that detailed analysis of these transfers to municipalities is provided in the individual votes in the *Estimates of Provincial Revenue and Expenditure*. The main ones are summarised below the table:

Table 7.16: Summary of departmental transfers to municipalities by department and grant type

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Vote 1 - Office of the Premier	**4 331**	**4 538**	**4 823**	**-**	**-**	**-**	**-**	**-**	**-**
Transfer to Zululand DM iro airport	4 331	4 538	4 823	-	-	-	-	-	-
Vote 3 - Agric., Environ. Affairs and Rural Dev.	**263**	**2 415**	**5 700**	**990**	**2 190**	**2 190**	**1 030**	**1 000**	**1 000**
Upgrading of Khanya village	-	-	2 000	-	-	-	-	-	-
Dev. of EMFs, SEAs and IWMPs	-	1 310	2 000	-	-	-	-	-	-
Waste Management for 2010	-	-	800	-	1 200	1 200	-	-	-
Greenest Municipality Competition	263	1 105	900	990	990	990	1 030	1 000	1 000
Vote 4 - Economic Development and Tourism	**2 800**	**1 626**	**-**	**-**	**100**	**100**	**-**	**-**	**-**
International Newcastle Alliance Summit	-	-	-	-	100	100	-	-	-
Joint Project Funding	-	1 626	-	-	-	-	-	-	-
Tourism Development (Building of lodges)	2 800	-	-	-	-	-	-	-	-
Vote 6 - Provincial Treasury	**21 563**	**158 963**	**159 646**	**-**	**50 229**	**50 229**	**-**	**-**	**-**
Casino Levies Pay-Over	21 563	8 963	9 646	-	10 229	10 229	-	-	-
Moses Mabhida Soccer Stadium 2010	-	150 000	150 000	-	-	-	-	-	-
Pietermaritzburg airport	-	-	-	-	40 000	40 000	-	-	-
Vote 7 - Health	**62 810**	**50 493**	**81 058**	**90 920**	**135 256**	**135 051**	**94 173**	**98 884**	**104 320**
Regional Service Council Levy	4	-	-	-	-	-	-	-	-
Subsidy: Environmental Health	194	-	-	-	-	-	-	-	-
Subsidy: Municipal Clinics	62 612	50 493	81 058	90 920	135 256	135 051	94 173	98 884	104 320
Vote 8 - Human Settlements	**319 711**	**257 730**	**209 973**	**314 240**	**539 818**	**539 818**	**587 668**	**476 598**	**500 698**
Capacity building	-	-	-	4 240	1 240	1 240	4 505	4 730	4 990
Claims against the state	-	-	-	-	20	20	10	10	10
CRU programme	244 901	125 000	43 000	280 000	145 000	145 000	375 553	243 174	247 014
Municipal rates and taxes	22 660	20 700	44 303	20 000	20 000	20 000	34 000	34 000	34 000
Maintenance of R293 hostels & EEDBS	52 150	112 030	122 670	10 000	373 558	373 558	173 600	194 684	214 684
Vote 11 - Co-op. Governance and Trad. Affairs	**308 010**	**369 946**	**438 803**	**22 227**	**394 813**	**394 813**	**16 961**	**16 000**	**16 000**
Government Experts	-	-	-	-	5 800	5 800	-	-	-
Implementation of Pound Act	-	-	-	-	12 000	12 000	-	-	-
Inter-governmental Relations	-	1 000	1 000	4 170	4 170	4 170	-	-	-
Municipal Governance	-	3 500	3 000	-	-	-	-	-	-
Provincial Interventions	-	700	-	-	1 300	1 300	-	-	-
Umzimkulu support	60 410	43 326	56 008	-	36 873	36 873	-	-	-
Uthukela Water	-	-	2 000	-	-	-	-	-	-
Provincial MAP	15 000	13 200	6 400	4 830	-	-	-	-	-
Disaster Management	4 600	2 500	6 000	9 000	11 500	11 500	-	-	-
Infra provision for soccer stadia	89 000	139 500	149 963	-	-	-	-	-	-
Infrastructure support	-	20 000	-	-	-	-	-	-	-
Massification Programme	-	-	30 500	-	101 000	101 000	-	-	-
Spatial Development	3 150	4 250	-	-	-	-	-	-	-
Dev. Admin Town Formalisation	-	-	-	-	800	800	-	-	-
Development Administration	-	3 250	-	-	-	-	-	-	-
Community participation in IDPs	-	-	-	-	-	-	-	2 000	2 000
Dev. Planning Shared Serv.	-	-	10 800	-	4 227	4 227	5 461	2 000	2 000
Strategic Support	3 570	10 020	-	4 227	-	-	-	-	-
Corridor Development	76 241	121 950	118 132	-	114 068	114 068	-	-	-
Municipal LED	-	-	-	-	6 400	6 400	-	-	-
Small Town Rehabilitation Prog.	7 250	-	55 000	-	92 769	92 769	-	-	-
Construction of TSCs	-	-	-	-	-	-	3 500	9 000	9 000
Operational support for TSCs	-	-	-	-	148	148	4 000	3 000	3 000
Centre Management Support	4 000	-	-	-	-	-	-	-	-
Provincial Security (MPPCs)	-	-	-	-	-	-	4 000	-	-
Municipal Services Delivery	13 783	-	-	-	-	-	-	-	-
Synergistic Partnerships	2 500	-	-	-	-	-	-	-	-
Urban Dev. Framework	-	-	-	-	3 758	3 758	-	-	-
Municipal Dev. Info. Services	4 795	6 750	-	-	-	-	-	-	-
Discontinuation of old grants	23 711	-	-	-	-	-	-	-	-
Vote 12 - Transport	**9 195**	**6 000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Maintenance Main Roads	2 000	-	-	-	-	-	-	-	-
Municipal Transport Planning & Infra.	7 195	6 000	-	-	-	-	-	-	-
Vote 14 - Public Works	**8 947**	**216 688**	**240 566**	**267 103**	**713 046**	**718 008**	**521 699**	**559 849**	**602 601**
Property Rates	8 947	216 688	240 566	267 103	713 046	718 008	521 699	559 849	602 601
Vote 15 - Arts and Culture	**23 223**	**22 627**	**16 805**	**13 643**	**22 776**	**22 776**	**57 807**	**148 371**	**271 833**
Museum subsidies	1 082	1 090	1 078	1 243	1 170	1 170	10 055	10 739	11 471
Library building projects	17 400	15 286	9 336	-	421	421	-	-	-
Provincialisation of libraries	-	-	-	3 000	11 137	11 137	29 393	116 555	240 841
Community Library Services grant	4 741	6 251	6 391	9 400	10 048	10 048	18 359	21 077	19 521
Vote 16 - Sport and Recreation	**21 975**	**22 995**	**20 357**	**17 610**	**15 060**	**15 060**	**16 770**	**17 609**	**18 578**
Infrastructure	21 975	22 995	20 357	17 610	15 060	15 060	16 770	17 609	18 578
Total	**782 828**	**1 114 021**	**1 177 731**	**726 733**	**1 873 288**	**1 878 045**	**1 296 108**	**1 318 311**	**1 515 030**

- The amounts under Vote 1: Office of the Premier relate to the transfer of the Ulundi Airport operations to the Zululand District Municipality which ceased in 2009/10. This subsidy relates to operational costs of the airport, which was transferred to the municipality in 2007. The agreement with the municipality is that government will provide funding for the operational cost up to 2009/10, and hence no allocation from 2010/11 onward.

- The transfers under Vote 6: Provincial Treasury show a decrease to zero from 2009/10 to 2010/11 due to the discontinuation of funding for the construction of the Moses Mabhida Stadium which was completed in 2009/10. The department made available an amount of R40 million in the 2010/11 Adjusted Appropriation for transfer to the Msunduzi Municipality for the upgrade of the Pietermaritzburg airport infrastructure. The transfers under Vote 6: Provincial Treasury are also in respect of Casino Levies Pay-Over which relates to the prescribed local government levy. This prescribed levy, which is inclusive of casino taxes collected by the Gambling Board and paid over to the Provincial Revenue Fund, is paid over to different municipalities annually, in arrears, during the Adjustments Estimate, and hence there are no projections over the MTEF.

- The transfers under Vote 7: Health show a varying trend, due to the anticipated provincialisation of the municipal clinics. Negotiations with the municipal authorities are still in process and the funds remain under *Transfers and subsidies to: Provinces and municipalities* until such time as an agreement has been reached. Due to the cost to the department, eThekwini Metro, Msunduzi Municipality (uMgungundlovu) and uMhlathuze (uThungulu) will continue rendering municipal clinical services until adequate funding is available for their provincialisation.

- The transfers under Vote 8: Human Settlements relate mainly to the maintenance of R293 hostels in eThekwini, Community Residential Unit (CRU) programme and the payment of arrear rates and taxes. The increase from 2010/11 onward is due to the department's emphasis on the construction of low-cost housing and hostel rehabilitation.

- The MTEF allocation for Vote 11: CoGTA budgeted for the majority of the municipal projects against *Goods and services* over the 2011/12 MTEF. The department may reclassify the funds in the 2011/12 Adjustments Estimate, if the annual exercise proves that the municipalities have the required capacity to implement the projects themselves. The majority of the municipal projects against *Goods and services* relate to the provision for Corridor Development, the Massification Programme in respect of water and sanitation, Umzimkulu funding and the Small Town Rehabilitation Programme.

- The transfers under Vote 14: Public Works relate to the Devolution of Property Rates Grant Fund conditional grant in respect of property rates. The transfers increase significantly in the 2010/11 Adjusted Appropriation due to additional funding allocated in respect of arrear rates from previous financial years. These transfers continue to grow steadily over the MTEF.

- The transfers under Vote 15: Arts and Culture increase substantially over the 2011/12 MTEF due to additional funding for the museum subsidies and the provincialisation of libraries, with these increasing significantly from 2012/13 onward.

- The transfers under Vote 16: Sport and Recreation, in respect of the construction of sport facilities, reflect a varying trend over the seven-year period, with an increase in 2008/09 due to a roll-over from 2007/08 and a decrease in 2009/10 due to the reprioritisation of funds to *Goods and services* for the appointment of project managers (as consultants).

7.8 Personnel numbers and costs

Table 7.17 below provides a summary of personnel numbers, by vote, as well as the total personnel costs for the province.

Table 7.17: Personnel numbers and costs[1]

Personnel numbers	As at 31 March 2008	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 March 2012	As at 31 March 2013	As at 31 March 2014
1. Office of the Premier	320	322	328	355	395	395	395
2. Provincial Legislature	148	146	144	157	229	229	229
3. Agriculture, Environ. Affairs and Rural Dev.	3 669	3 648	3 859	3 897	3 910	3 910	3 910
4. Economic Development and Tourism	178	237	301	303	409	409	409
5. Education	100 530	100 082	103 119	101 723	101 723	101 723	101 723
6. Provincial Treasury	360	306	365	404	469	469	469
7. Health	67 069	66 069	64 849	68 889	68 889	68 889	68 889
8. Human Settlements	839	858	857	867	949	959	959
9. Community Safety and Liaison	96	108	108	109	126	126	126
10. The Royal Household	149	150	150	152	152	152	152
11. Co-operative Governance and Trad. Affairs	1 240	1 198	1 169	1 492	1 553	1 581	1 594
12. Transport	4 048	4 175	4 296	4 336	4 423	4 503	4 553
13. Social Development	2 578	2 825	2 678	2 877	3 143	3 241	3 306
14. Public Works	2 272	2 264	2 167	2 154	2 190	2 190	2 190
15. Arts and Culture	411	436	432	508	507	507	507
16. Sport and Recreation	1 071	1 600	1 888	2 351	939	965	991
Total	**184 978**	**184 424**	**186 710**	**190 574**	**190 006**	**190 248**	**190 402**
Total personnel cost ('R000)	25 794 246	31 062 640	35 608 907	38 857 418	40 062 271	40 663 756	44 039 402
Unit cost ('R000)	139	168	191	204	211	214	231

1. Full-time equivalents

As can be seen from the table, the personnel numbers increase steadily over the seven-year period, although the increase over the last three years is at lower levels. Although most departments have budgeted to fill their vacant posts over the MTEF, these will be filled taking into consideration the moratorium on the filling of non-critical posts, in line with the Provincial Recovery Plan.

With regard to Education, the reduction in post numbers as at the end of March 2011 can be ascribed to the transfer of FET staff to the colleges' post establishments, in line with the anticipated transfer of responsibilities to the FET colleges. The personnel numbers reflect no growth over the 2011/12 MTEF due to the moratorium that is currently in place and the fact that the department cannot afford to appoint new employees with the current budget provisions, due to pressures arising from the implementation of various collective wage agreements, starting in 2008/09 and 2009/10, which had a carry-through effect.

It is pleasing to note that Health is keeping its personnel numbers constant from 2010/11, in an attempt to control the spending pressures experienced under *Compensation of employees*, due to the implementation of various OSDs and wage agreements, for which insufficient funds were provided.

The increase in the staffing number of the Department of Sport and Recreation from 2008/09 to 2013/14 reflects the growth of the department's personnel in respect of permanent staff as per the organisational structure, and volunteers employed under the conditional grant. In line with a directive from the national Department of Sport and Recreation, the department reduced the number of volunteers employed under the Mass School and Recreation Participation Programme grant.

Fluctuations in departments' personnel numbers result from natural attrition, and the resultant filling of vacant posts.

7.9 Information on training

Table 7.18 below provides a summary of the amounts spent by departments on training. Payments and estimates on training have increased substantially from R677.003 million in 2007/08 to R1.474 billion in 2013/14, reflecting healthy growth.

The main contributors are the Departments of Health, Education and Transport. The Revised Estimate in 2010/11 is lower than the Adjusted Appropriation for a number of departments, due to cost-cutting, in accordance with the Cabinet-approved Provincial Recovery Plan, which indicates that all essential training should be done in-house (with exceptions to be approved by the HOD). Departments are required by the Skills Development Act to budget at least 1 per cent of their salary payments for staff training. This requirement gives credence to government's policy on human resource development.

The detail of departmental spending within each vote is provided in the departmental chapters in the *Estimates of Provincial Revenue and Expenditure*.

Table 7.18 Summary of payments and estimates on training

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2007/08	2008/09	2009/10		2010/11		2011/12	2012/13	2013/14
1. Office of the Premier	2 279	2 390	1 268	4 477	4 863	4 863	3 764	4 018	4 239
2. Provincial Legislature	1 303	788	1 270	1 202	3 734	3 734	3 239	2 884	3 039
3. Agriculture, Enviro Affairs and Rural Development	5 895	5 618	8 600	14 346	14 346	14 346	16 685	17 875	18 994
4. Economic Development and Tourism	483	1 006	1 458	1 255	1 255	823	1 318	1 384	1 460
5. Education	94 093	75 836	49 063	219 985	219 985	78 080	186 733	198 105	210 936
6. Provincial Treasury	2 047	1 566	1 538	3 778	2 981	1 439	1 693	1 817	1 919
7. Health	524 333	676 601	793 186	808 491	893 227	864 093	933 442	998 695	1 064 081
8. Human Settlements	4 360	1 656	2 963	4 229	3 307	3 307	2 830	3 010	3 184
9. Community Safety and Liaison	315	336	755	495	1 662	1 662	2 006	2 110	2 217
10. The Royal Household	5	5	-	-	-	-	-	-	-
11. Co-operative Governance and Traditional Affairs	1 437	1 887	2 055	2 432	2 176	2 176	2 500	2 600	2 750
12. Transport	22 271	32 808	22 853	102 189	102 189	102 189	112 406	123 644	130 446
13. Social Development	3 788	3 264	631	3 734	3 734	3 731	3 958	4 156	4 384
14. Public Works	11 255	12 290	4 654	9 050	7 503	9 068	6 499	6 683	7 158
15. Arts and Culture	813	640	551	998	998	998	850	891	903
16. Sport and Recreation	2 326	1 614	2 455	13 017	5 688	5 688	14 919	16 336	18 490
Total	**677 003**	**818 305**	**893 300**	**1 189 678**	**1 267 648**	**1 096 197**	**1 292 842**	**1 384 208**	**1 474 201**

Health's payments on training relate to the training provided for medical interns, nurses, emergency medical rescue and ambulance personnel and skills development for all occupational categories in the department. The department has several training programmes aimed at developing and retaining talent. These include training at Nursing Colleges, the Cuban doctors' training programme, as well as registrar training programmes in respect of specialist medical training.

Education's payments on training fluctuate over the period under review. The decrease in 2009/10 and the 2010/11 Revised Estimate is due to the effects of cost-cutting to curtail over-expenditure. The training budget is set to increase over the 2011/12 MTEF, in order to address the educators' skills gaps and improve the quality of education.

Transport's payments on training relate mainly to training for the *Zibambele* contractors for road maintenance, the Traffic Training College in respect of the training of traffic officers, and the learnership and mentorship training for the *Vukuzakhe* and EPWP projects.

Table 7.19 below then provides the number of staff affected by the various training programmes and initiatives, at a provincially aggregated level. It also includes a gender breakdown, an indication of the types of training, as well as details of the number of bursaries and learnerships.

Table 7.19: Information on training

	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2007/08	2008/09	2009/10		2010/11		2011/12	2012/13	2013/14
Number of staff	184 978	184 424	186 710	188 621	188 331	190 574	190 006	190 248	190 402
Number of personnel trained	75 169	69 501	67 460	74 623	74 515	56 532	58 856	60 768	63 533
of which									
Male	25 014	26 692	30 161	28 799	28 703	24 178	19 899	20 636	21 332
Female	50 155	42 809	37 299	45 824	45 812	32 354	38 957	40 132	42 201
Number of training opportunities	46 171	43 382	56 049	4 769	4 781	4 774	4 892	5 034	5 151
of which									
Tertiary	11 324	10 920	13 038	417	417	419	479	522	538
Workshops	30 973	28 671	39 327	2 773	2 785	2 770	2 849	2 899	2 937
Seminars	2 393	2 340	2 419	188	188	190	222	247	273
Other	1 481	1 451	1 265	1 391	1 391	1 395	1 342	1 366	1 403
Number of bursaries offered	3 576	4 146	4 558	4 821	4 821	4 039	5 133	5 203	5 288
External	819	847	1 163	1 064	1 064	244	1 029	1 029	1 032
Internal	2 757	3 299	3 395	3 757	3 757	3 795	4 104	4 174	4 256
Number of interns appointed	1 179	1 493	1 397	1 813	1 813	720	763	831	914
Number of learnerships appointed	698	278	407	749	749	389	822	865	917
Number of days spent on training	1 812	8 214	7 458	7 935	7 935	7 978	8 014	8 048	8 159

8. REVIEW OF MUNICIPAL FINANCIAL MANAGEMENT

8.1 Introduction

The municipal budget is an indispensable tool used to focus the resources and capacity of a municipality on achieving its service delivery and development goals, as put forward in the municipal Integrated Development Plan (IDP). It is against this backdrop that a significant number of financial and fiscal reforms were introduced with the enactment of the Municipal Finance Management Act (MFMA).

Some of the important recent MFMA reforms include the Municipal Budget and Reporting Regulations, the establishment of audit committees and internal controls, improvement to procurement and SCM processes, performance measurement and reporting mechanisms to resolve financial problems, as well as procedures to determine and manage financial misconduct. The budget reforms introduced will help municipalities to achieve financial sustainability through improved municipal expenditure planning, budget execution, reporting on performance and improved service delivery.

While there has been significant progress with regard to the implementation of the MFMA, there are still a number of challenges that remain, in particular, building capacity and skills, improving and integrating planning and budgeting and improving the quality, timeliness and relevance of reporting.

The deteriorating state of local government finances and financial management continues to pose major challenges in the municipal environment and this can largely be ascribed to:

- Political interference in financial management of municipalities, which negatively impacts on the smooth running of municipalities.
- Inability of municipalities to identify new revenue sources and reliance on grants creates dependency problems which impact on the sustainability of municipalities.
- Escalating municipal debt, which has a direct impact on the sustainability of municipalities.
- Consistent under-expenditure on capital budgets and utilisation of grants to cover operations which compromises the development of municipal infrastructure.

Support for the implementation of the MFMA by both National and Provincial Treasuries is provided through:

- The Financial Management Grant (FMG), which was introduced in 2000/01.
- A programme for the employment and development of finance interns.
- Issuance of MFMA Circulars and Guidelines by National and Provincial Treasuries.
- Provision of a help line for questions about the MFMA and implementation issues, as well as a summary of frequently asked questions and responses.
- Publication of MFMA pocket guides, and a guide for councillors.
- Posting of supporting material on the National Treasury website.
- Provision of technical assistance in the form of international experts to support implementation in selected municipalities.
- Additional support through Provincial Treasuries.

The MFMA provides for National Treasury to delegate the responsibility of monitoring the performance of municipalities to Provincial Treasuries, and to intervene and support, if necessary. Of the 61 municipalities in KZN, 58 are delegated to the KZN Provincial Treasury.

In general, the functions of Provincial Treasuries in terms of the MFMA are covered in Section 5 (3), (4) and (7) of the MFMA. Provincial Treasuries are required to:

- Promote co-operative governance among role-players.
- Assist National Treasury in enforcing compliance by municipalities with the MFMA.
- Monitor municipal budgets and outcomes.
- Monitor submissions of reports by municipalities.
- Assist municipalities with budget preparation.
- Training.
- Exercise powers and perform duties as delegated by National Treasury.
- Undertake intervention measures in terms of Section 136.

8.2 Municipal budget process

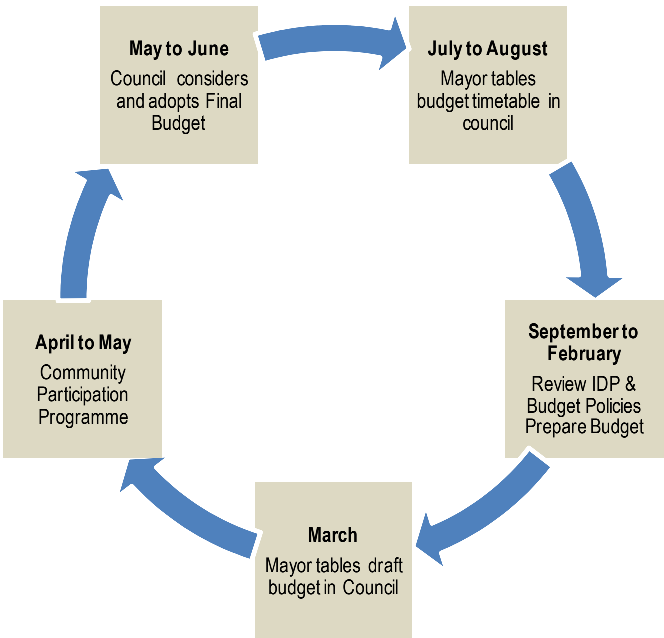
The Provincial Treasury monitors the budget processes of 58 municipalities in the province. In terms of Section 16(2) of the MFMA, municipalities must table their annual budgets at least 90 days before the start of the financial year, which is by 31 March.

In addition, Section 22 of the MFMA states that *"immediately after an annual budget is tabled in a municipal council, the accounting officer of a municipality must submit the annual budget in both printed and electronic formats to the National Treasury and the relevant Provincial Treasury"*.

Furthermore, Section 23(1) of the MFMA states that *"the municipal council must consider any views of the National Treasury, the relevant provincial treasury and any provincial or national organs of state or municipalities which made submissions on the budget"*.

Figure 8.1 illustrates the municipal budget process that commences in July each year and ends in June.

Figure 8.1: Budget Cycle



The Mayor of the municipality must table the draft annual budget at a council meeting at least 90 days before the start of the municipal budget year, to allow for sufficient time for consultation on the budget, prior to adoption. The budget adoption process affords Provincial Treasury the opportunity to assist municipalities in compiling credible budgets that seek to address the needs of their communities.

8.2.1 Municipal budget and reporting regulations

As part of the budget reform process, National Treasury introduced the Municipal Budget and Reporting Regulations in Gazette No. 32141, dated 17 April 2009.

The purpose of the new regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities and municipal entities, by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes.

The new budget reporting format comprises 10 main tables (referred to as ‘A’ tables) and 37 supporting tables (referred to as ‘SA’ tables). In terms of the Municipal Budget and Reporting Regulations, all municipalities were required to prepare their budgets for 2010/11 in accordance with these regulations. To ensure compliance with the new budget format, the National and Provincial Treasuries conducted four provincial workshops for municipal budget and treasury officials on the implementation of the Municipal Budget and Reporting Regulations, the new Budget Format and the Funding Compliance Model.

In addition, the National and Provincial Treasuries also convened a Municipal Finance Forum in Pietermaritzburg on 3 March 2010 to ensure that all municipalities in the province were fully conversant with the new Budget Format and the Municipal Budget Circular 51 for the 2010/11 MTREF Budget.

8.2.2 2010/11 Budget evaluation process

In terms of Section 16 (2) of the MFMA, municipalities must table their budgets at least 90 days before the beginning of the financial year, which is by 31 March 2010, for the 2010/11 budget. Of the 58 delegated municipalities in the province, 57 submitted their 2010/11 draft budgets to Provincial Treasury timeously. Provincial Treasury conducted compliance checks to ensure that the draft budgets received on the main budget tables (A1 to A10) and supporting tables (SA1-SA37) were complete. Based on the outcome of the verification, most of the delegated municipalities did not meet all the requirements in terms of the new budget format and were requested to submit the outstanding or partially completed budget tables.

Provincial Treasury assessed 52 draft budgets, while the draft budgets of six of the delegated municipalities could not be assessed largely due to insufficient information provided by the municipalities. Provincial Treasury also met with 12 municipalities to discuss budget inputs for consideration in the final budget.

To ensure compliance with the Municipal Budget and Reporting Regulation 20(1), the approved annual budget of a municipality must be submitted to the Provincial and National Treasuries within ten working days after the council has approved the annual budget. All 58 delegated municipalities submitted their approved annual budget to Provincial Treasury.

The final approved budgets for the 2010/11 municipal financial year are reflected in Table 8.1

Table 8.1: Consolidated municipal expenditure budgets for MTREF 2010/11 - 2012/13

	R thousand	Code	Medium Term Estimates								
			2010/11			2011/12			2012/13		
			Capital	Operating	Total	Capital	Operating	Total	Capital	Operating	Total
A	eThekwini	KZN000	**5 370 572**	**20 521 588**	**25 892 160**	**5 421 701**	**23 276 724**	**28 698 425**	**4 856 240**	**26 708 721**	**31 564 961**
Total: Ugu Municipalities			**1 004 781**	**1 492 940**	**2 497 721**	**498 688**	**1 562 149**	**2 060 837**	**528 100**	**1 669 448**	**2 197 548**
B	Vulamehlo	KZN211	11 847	39 319	51 166	14 126	16 962	31 088	17 047	16 962	34 009
B	Umdoni	KZN212	264 355	226 614	490 969	-	249 262	249 262	-	274 188	274 188
B	Umzumbe	KZN213	33 660	53 169	86 829	36 353	57 422	93 775	39 262	62 016	101 278
B	uMuziwabantu	KZN214	42 278	66 521	108 799	16 595	71 317	87 912	16 800	75 481	92 281
B	Ezinqolweni	KZN215	9 605	17 245	26 850	12 125	18 039	30 164	14 527	19 659	34 186
B	Hibiscus Coast	KZN216	243 522	457 152	700 674	-	484 581	484 581	-	523 348	523 348
C	Ugu District Municipality	DC21	399 514	632 920	1 032 434	419 489	664 566	1 084 055	440 464	697 794	1 138 258
Total: uMgungundlovu Municipalities			**484 392**	**3 217 916**	**3 702 308**	**448 505**	**3 560 318**	**4 008 823**	**487 993**	**3 905 202**	**4 393 195**
B	uMshwathi	KZN221	24 230	79 299	103 529	-	84 645	84 645	-	91 650	91 650
B	uMngeni	KZN222	26 837	225 753	252 590	18 346	231 922	250 268	22 228	244 050	266 278
B	Mpofana	KZN223	9 579	77 792	87 371	-	81 407	81 407	-	90 190	90 190
B	Impendle	KZN224	7 007	25 156	32 163	7 428	26 877	34 305	7 873	28 490	36 363
B	Msunduzi	KZN225	295 937	2 388 296	2 684 233	305 211	2 679 591	2 984 802	337 744	2 968 495	3 306 239
B	Mkhambathini	KZN226	11	37 851	37 862	10	39 598	-	12	43 778	-
B	Richmond	KZN227	24 736	37 875	62 611	15 500	52 743	68 243	18 414	58 292	76 706
C	uMgungundlovu District Municipality	DC22	96 055	345 894	441 949	102 010	363 535	465 545	101 722	380 257	481 979
Total:Uthukela Municipalities			**419 517**	**1 328 944**	**1 748 461**	**456 955**	**1 221 920**	**1 678 875**	**550 932**	**1 394 006**	**1 944 938**
B	Emnambithi/Ladysmith	KZN232	68 359	473 783	542 142	43 428	368 980	412 408	33 719	397 674	431 393
B	Indaka	KZN233	13 944	60 263	74 207	-	-	-	-	-	-
B	Umtshezi	KZN234	34 659	200 867	235 526	24 923	238 201	263 124	21 851	287 057	308 908
B	Okhahlamba	KZN235	-	52 912	52 912	-	-	-	-	-	-
B	Imbabazane	KZN236	153 579	69 309	222 888	200 369	81 824	282 193	251 423	93 622	345 045
C	Uthukela District Municipality	DC23	148 976	471 810	620 786	188 235	532 915	721 150	243 939	615 653	859 592
Total: Umzinyathi Municipalities			**282 464**	**548 549**	**831 013**	**48 178**	**570 857**	**619 035**	**51 584**	**491 245**	**542 829**
B	Endumeni	KZN241	22 060	155 569	177 629	-	175 485	175 485	-	197 751	197 751
B	Nquthu	KZN242	17 500	60 899	78 399	21 000	76 183	97 183	25 558	86 343	111 901
B	Msinga	KZN244	21 377	52 140	73 517	-	-	-	-	-	-
B	Umvoti	KZN245	34 450	133 075	167 525	27 178	154 208	181 386	26 026	163 485	189 511
C	Umzinyathi District Municipality	DC24	187 077	146 866	333 943	-	164 981	164 981	-	43 666	43 666
Total: Amajuba Municipalities			**319 585**	**1 223 138**	**1 542 723**	**93 333**	**1 266 676**	**1 360 009**	**94 161**	**1 398 197**	**1 492 358**
B	Newcastle	KZN252	229 804	1 005 337	1 235 141	43 075	1 118 067	1 161 142	43 075	1 237 874	1 280 949
B	eMadlangeni	KZN253	7 370	32 034	39 404	7 615	29 865	37 480	-	31 473	31 473
B	Dannhauser	KZN254	20 038	54 626	74 664	-	-	-	-	-	-
C	Amajuba District Municipality	DC25	62 373	131 141	193 514	42 643	118 744	161 387	51 086	128 850	179 936
Total: Zululand Municipalities			**372 170**	**937 525**	**1 309 695**	**390 493**	**856 227**	**1 246 720**	**443 451**	**921 944**	**1 365 395**
B	eDumbe	KZN261	17 528	51 883	69 411	8 016	53 439	61 455	10 172	55 042	65 214
B	uPhongolo	KZN262	23 868	119 223	143 091	-	-	-	-	-	-
B	Abaqulusi	KZN263	39 003	261 211	300 214	40 254	279 969	320 223	44 863	299 373	344 236
B	Nongoma	KZN265	38 710	52 618	91 328	40 471	65 860	106 331	47 723	75 323	123 046
B	Ulundi	KZN266	29 249	146 783	176 032	25 010	155 484	180 494	31 762	164 657	196 419
C	Zululand District Municipality	DC26	223 812	305 807	529 619	276 742	301 475	578 217	308 931	327 549	636 480
Total: Umkhanyakude Municipalities			**278 336**	**272 349**	**550 685**	**230 170**	**293 545**	**523 715**	**279 588**	**308 793**	**588 381**
B	Umhlabuyalingana	KZN271	25 388	31 100	56 488	31 550	31 899	63 449	38 746	29 959	68 705
B	Jozini	KZN272	33 294	52	33 346	-	59	59	-	66	66
B	The Big Five False Bay	KZN273	9 464	19 154	28 618	9 772	16 906	26 678	11 176	16 690	27 866
B	Hlabisa	KZN274	6	56	62	18	62	80	66	66	132
B	Mtubatuba	KZN275	21 336	48 327	69 663	-	56 750	56 750	-	62 512	62 512
C	Umkhanyakude District Municipality	DC27	188 848	173 660	362 508	188 830	187 869	376 699	229 600	199 500	429 100
Total: uThungulu Municipalities			**487 617**	**2 294 943**	**2 782 560**	**504 321**	**2 529 331**	**3 033 652**	**800 628**	**2 890 367**	**3 690 995**
B	Mfolozi	KZN281	15 135	37 460	52 595	17 624	42 377	60 001	20 650	46 350	67 000
B	uMhlathuze	KZN282	234 827	1 614 489	1 849 316	217 910	1 866 026	2 083 936	394 856	2 177 263	2 572 119
B	Ntambanana	KZN283	5 832	16 956	22 788	-	-	-	-	-	-
B	Umlalazi	KZN284	52 642	153 743	206 385	52 138	176 135	228 273	53 980	196 423	250 403
B	Mthonjaneni	KZN285	15 663	57 037	72 700	-	-	-	-	-	-
B	Nkandla	KZN286	14 872	61 835	76 707	17 886	69 329	87 215	21 748	78 252	100 000
C	uThungulu District Municipality	DC28	148 646	353 423	502 069	198 763	375 464	574 227	309 394	392 079	701 473
Total: iLembe Municipalities			**674 077**	**1 185 173**	**1 859 250**	**431 447**	**1 330 539**	**1 761 986**	**453 089**	**1 508 850**	**1 961 939**
B	Mandeni	KZN291	76 402	91 669	168 071	86 068	103 696	189 764	86 564	115 838	202 402
B	KwaDukuza	KZN292	276 072	682 121	958 193	295 608	785 136	1 080 744	366 525	913 040	1 279 565
B	Ndwedwe	KZN293	42 314	90 840	133 154	49 771	96 170	145 941	-	106 960	106 960
B	Maphumulo	KZN294	20 343	-	20 343	-	-	-	-	-	-
C	Ilembe District Municipality	DC29	258 946	320 543	579 489	-	345 537	345 537	-	373 012	373 012
Total: Sisonke Municipalities			**430 456**	**776 908**	**1 207 364**	**383 168**	**696 421**	**1 079 589**	**388 570**	**734 845**	**1 123 415**
B	Ingwe	KZN431	30 894	38 149	69 043	32 226	40 897	73 123	37 501	36 589	74 090
B	Kwa Sani	KZN432	15 197	25 046	40 243	22 886	25 560	48 446	29 589	26 777	56 366
B	Greater Kokstad	KZN433	100 355	296 719	397 074	124 911	285 469	410 380	104 138	288 608	392 746
B	Ubuhlebezwe	KZN434	24 015	71 990	96 005	21 099	73 996	95 095	29 564	78 062	107 626
B	Umzimkulu	KZN435	31 679	85 131	116 810	-	-	-	-	-	-
C	Sisonke District Municipality	DC43	228 316	259 873	488 189	182 046	270 499	452 545	187 778	304 809	492 587
Total			**10 123 967**	**33 799 973**	**43 923 940**	**8 906 959**	**37 164 707**	**46 071 666**	**8 934 336**	**41 931 618**	**50 865 954**

Source: National Treasury Local Government Database

8.3 Municipal debt management

Municipalities are burdened by huge and growing debt. Provincial Treasury is of the view that the exorbitant increases in debts place a burden on the municipalities' financial viability and further negates the sustainability of municipal service delivery and employment creation initiatives.

The inability of consumers to pay for services rendered by the municipalities, due to the slow economic recovery, contributes to the rising municipal debt. This problem is further compounded by, among others:

- Failure on the part of some Mayors and municipal councils to provide political backing to revenue enhancement programmes.
- Failure on the part of some municipal managers to allocate sufficient staff/capacity to revenue collection, thus compromising implementation of policies to enhance revenue.
- Poorly designed revenue management, indigent and debtor policies.
- Resistance from certain communities to paying for certain types of services.
- Rate-payer boycotts, sparked by deteriorating service delivery and perceptions that the municipality is unresponsive to the community concerns.

8.3.1 Status of municipal debt

Table 8.2 shows the outstanding debt per province for 2004/05 to 2009/10.

Table 8.2: Outstanding debt per province - 2004/05 to 2009/10

R thousand	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Eastern Cape	1 327 984	1 937 233	3 329 035	3 207 101	3 236 383	4 159 648
Free State	697 270	2 916 396	3 298 970	3 869 513	3 242 822	4 842 233
Gauteng	18 752 412	12 047 164	22 856 269	21 794 032	22 597 251	23 405 466
KwaZulu-Natal	**2 694 294**	**2 626 810**	**5 364 200**	**5 673 114**	**7 622 029**	**7 962 320**
Limpopo	20 528	621 093	839 975	978 582	2 491 281	2 132 055
Mpumalanga	532 972	956 284	1 558 697	2 008 285	2 005 534	2 216 836
North West	899 438	1 301 688	1 882 880	2 683 334	3 579 485	4 074 889
Northern Cape	6 615	22 130	695 598	799 698	440 206	1 257 080
Western Cape	4 064 810	5 643 483	4 156 186	4 813 258	5 981 918	6 335 168
National Total	**28 996 323**	**28 072 281**	**43 981 810**	**45 826 917**	**51 196 909**	**56 385 695**

Source: National Treasury LG Database - Unaudited figures

The total municipal debt for the nine provinces has grown by R27.389 billion (94 per cent) over the period 2004/05 to 2009/10. The total amount owing to municipalities in KZN has grown by 195 per cent from R2.694 billion in 2004/05 to R7.962 billion in 2009/10 (this includes the eThekwini metro, uMhlatuze and Msunduzi Municipalities).

Gauteng has the largest debt owed to municipalities, followed by KZN with the next highest debt owed to municipalities for 2009/10.

Figures 8.2 and 8.3 show the municipal debt in KZN per debtor age analysis and customer group, respectively, as at 30 June 2010[2].

[2] Debt outstanding data is as per Section 71 reports and are unaudited figures

Figure 8.2: Debtors age analysis

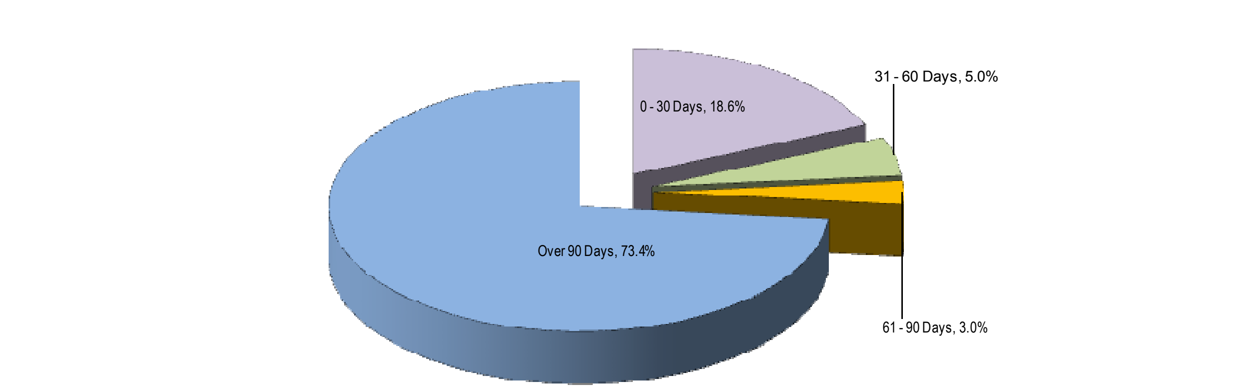
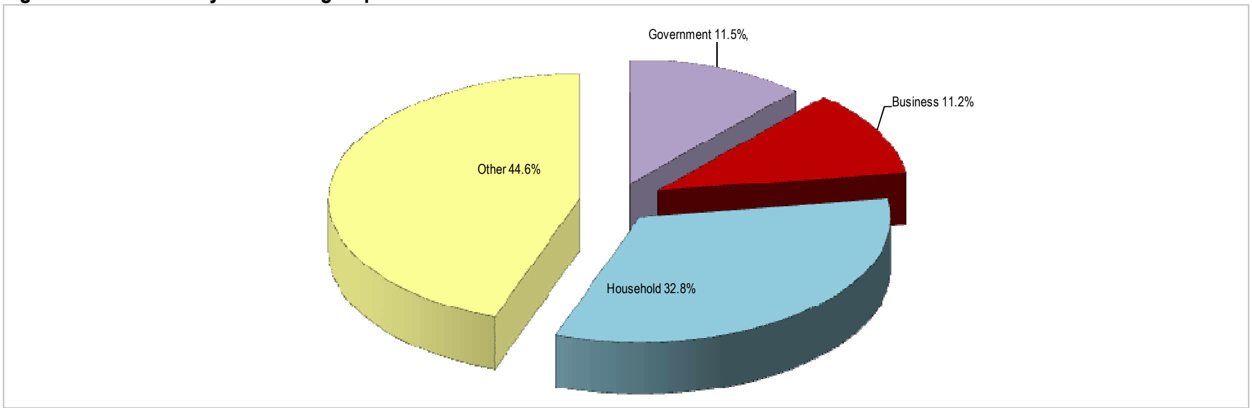


Figure 8.3: Debtors by customer group



A significant portion, 73.4 per cent (R5.846 billion) of the total debt outstanding at the end of 2009/10 was in the *Over 90 Days* age category. This could mainly be attributed to the ineffective implementation of credit control and indigent policies. The rest of the debt was categorised as follows *0-30 Days*, 18.6 per cent (R1.479 billion), *31-60 Days*, 5 per cent (R398.925 million), and *61-90 Days*, 3 per cent (R238.271 million).

On aggregate, the municipalities were owed a total of 11.2 per cent (R887.954 million) by *Businesses*. *Households* owed 32.8 per cent (R2.608 billion), while *Other* customers owed 44.6 per cent (R3.548 billion). The inconsistencies in categorisation of debt could be a contributor for *Other* customers being significantly high.

eThekwini Metro was owed a total amount of R4.636 billion of the total municipal debt of R7.962 billion. *Government* and *Business* owed eThekwini Metro R607.987 million and R416.754 million, respectively.

On aggregate, the municipalities were owed a total of 11.5 per cent or R917.720 million by *Government* at the end of 2009/10.

8.3.2 Provincial Treasury government debt recovery task team

The establishment of a debt recovery task team has resulted in notable progress in the debt recovery process. A total of 46 municipalities submitted their debtor age analysis for government debt, while 14 municipalities were unable to provide the required information. One municipality indicated that it was not owed by government. The total government debt owed to the 46 municipalities was R1.300 billion as at the end of September 2010. Provincial government owed R466.800 million, while national government owed R183.500 million. An amount of R629.900 million is under investigation. An amount of R153.500 million has already been paid over to municipalities since the implementation of the intervention strategy by Provincial Treasury, and R10.900 million is in the process of being paid.

However, the project is not gaining the anticipated momentum due to the following challenges:

- The fixed asset registers of both National and Provincial Public Works are incomplete and do not agree to the various municipal valuation rolls.
- Ownership of land held under the Ingonyama Trust is still in dispute. Currently this amounts to R238 million for the eThekwini Metro alone.
- The vesting process with respect to properties registered in the name of "RSA" is incomplete. These amounts will only be paid once the vesting process is completed and the outstanding amounts are attracting interest.
- As from 1 April 2008, the national Department of Public Works has only been paying rates for properties that were on its register. Furthermore, these payments were only effected late in 2008/09, resulting in the accrual of interest on these accounts.
- Certain municipalities are sending billings to the wrong departments, for example, provincial bills are being sent to national and *vice versa*.
- The charging of rates for provincial roads is being disputed by the Department of Transport.

8.4 Municipal cash management

Cash flow analysis is a primary tool in short-term financial planning as it allows for the identification of short-term cash needs, tests whether the municipality will generate enough income to meet all their cash needs throughout the year, projects the need for short-term borrowings and the municipality's ability to repay borrowed funds, and controls the municipality's finances.

A municipality should have adequate cash on hand to meet its monthly commitments and payments when they fall due. National Treasury considers it prudent that a municipality has cash coverage to cover its fixed operating expenditure for at least three months. This level of cash coverage is especially important when a municipality is faced with challenges that threaten revenue collection.

Provincial Treasury conducted an analysis of the cash resources of the municipalities in KZN, by assessing their Net Available Cash and their Cash Coverage Ratio. The information for 2007/08 and 2008/09 was obtained from the relevant audited Annual Financial Statements (AFS), while the information for 2009/10 was obtained from the unaudited AFS.

Net Cash Available is calculated as 'Cash and Investment' less 'Net Unspent Conditional Grants', where 'Cash and Investments' comprises Cash, Bank and Call Investment Deposits and 'Net Unspent Conditional Grants' are unspent conditional grants, which is offset against the Long-term Investments.

During the financial year, municipalities receive various conditional grants from National Treasury, including the MIG, Financial Management Grant (FMG), Municipal Systems Improvement Grant (MSIG), etc. Often, it may occur, that municipalities may not have fully utilised the conditional grants at the end of the financial year. Unspent conditional grants revert back to the National Revenue Fund as per the Division of Revenue Act (DoRA), unless the relevant municipality can prove, to the satisfaction of National Treasury, that the unspent allocation is committed to identifiable projects.

In order to assess whether the municipalities have sufficient funds available, the cash coverage ratio has been calculated by dividing the 'Net Available Cash' by the 'Fixed Monthly Operating Cash Payment', which include, employee related cost, Councillors' fees, leases payments, bulk purchases, contractor's fees, the short-term portion of long-term borrowing and the current portion of lease liabilities.

A negative ratio indicates that the municipality has insufficient funds available to meet its fixed monthly commitments, i.e. it has a negative net available cash position, while a positive ratio implies that there are sufficient funds available to cover monthly payments. Although a municipality may have a positive ratio, the benchmark is to have a ratio of greater than or equal to three months.

The analysis of the KZN municipalities' Net Available Cash and their Cash Coverage Ratio highlighted two major challenges facing the municipalities:

- Unspent conditional grants are not cash backed:
  - Municipalities have insufficient available cash to ensure that unspent conditional grants are cash backed; and/or
  - Municipalities may be utilising unspent conditional grants to fund both operating and capital expenditure without the prior approval of National Treasury; and/or
  - Municipalities are not complying with the conditions of the grant.
- Cash Coverage Ratio:

The cash coverage ratio calculated for 2009/10 (unaudited figures), indicates how much available cash the municipality has to meet at least its monthly fixed operating commitments without collecting any additional revenue during that month. The following was revealed as per the analysis done:

- 24 of the 61 municipalities have a cash coverage ratio of less than zero;
- 15 of the 61 municipalities have a cash coverage ratio between zero and three months; and
- 22 of the 61 municipalities have a cash coverage ratio exceeding three month.

8.5 Municipal support programme

In terms of Section 5(4) of the MFMA, Provincial Treasury must monitor the following:

- Compliance with the Act;
- Preparation of budgets;
- Actual results against budgets; and
- Compliance with reporting requirements.

In addition, Provincial Treasury must assist National Treasury "*in enforcing compliance with the measures established in terms of section 216(1) of the Constitution*." The National Treasury delegated the oversight and monitoring role of 58 of the 61 municipalities in KZN to the KZN Provincial Treasury.

Section 135 of the MFMA states that "*the primary responsibility to avoid, identify, and resolve financial problems in a municipality rests with the municipality itself. If a municipality encounters financial problems or anticipates problems in meeting its financial commitments, it must immediately seek solutions to the problems.*"

Against this background, several municipalities requested assistance from the MEC for Finance to support and assist in resolving their financial problems. As a result, the MEC for Finance requested the Provincial Treasury to support where necessary and institute financial improvement measures that would assist in resolving the financial management issues currently being encountered by these municipalities. Consequently, on 23 November 2007, the Municipal Support Programme (MSP) was launched.

The MSP was designed to:

- Assist and support municipalities in need of sound financial management; and
- Contribute to their sustainability and continued delivery of services.

The MSP was thus launched to provide support to municipalities in recovering their financial position and thus mitigating any discretionary (Section 137) or mandatory (Section 139) interventions in terms of the MFMA. It is based on the principle that it is better to prevent the illness rather than trying to resuscitate a dying patient.

A large number of the 61 municipalities in KZN are in need of varying degrees of assistance or support. Due to the fact that resources to provide the required assistance are limited, Provincial Treasury has developed a framework to prioritise municipalities to receive this support. To this end, an assessment tool that analyses their financial performance, based on the latest available financial statements, was developed.

In this exercise, Provincial Treasury assesses the status of their cash flows, debtors, actual capital expenditure and the overall viability of the municipality. In addition, the audit opinions of the previous three years are considered to determine any improvements that may have been made by the municipalities. Appropriate scores are attributed to these criteria to assist in prioritising those in most need of assistance. The methodology adopted by Provincial Treasury in implementing MSP encompasses the following:

- Conducting assessments to determine the state of the financial affairs of the municipality;
- Preparing project plans to address the areas requiring improvement, as identified in the assessment;
- Implementing the plans together with the staff at the municipality; and
- Monitoring the improvement processes that have been implemented.

Some of the common problem areas of financial management, identified by MSP, are:

- Significant lack of financial controls;
- Poor record-keeping (partly due to inadequate systems and training);
- Lack of adequate policies, procedures and appropriate delegations of authority;
- Lack of good governance in SCM practices;
- Inappropriate use of conditional grants;
- Inadequate billing systems;
- No process of in-year reporting; and
- Inadequately skilled and qualified financial staff.

Provincial Treasury has supported a total of 25 municipalities through the MSP initiative since November 2007 encompassing various aspects and levels of support. The support has had a significant impact on the 2008/09 and 2009/10 audit opinions of those municipalities supported by the programme.

The implementation of a turnaround strategy with regard to financial sustainability in struggling municipalities will continue through the MSP. While the programme has been successfully implemented in a number of municipalities, even more municipalities will be benefiting from this support in the future.

8.6 Future plan

The Municipal Finance unit will continue to focus on improving the technical support it provides to delegated municipalities in the province on the preparation of multi-year budgets, the monthly outcomes of those budgets, in-year monitoring including statutory returns, the preparation of monthly, quarterly and annual consolidated reports on the state of delegated municipalities' financial performance in terms of the MFMA and the facilitation of financial management capacity building training programmes.

In terms of the submission of statutory MFMA returns by municipalities, a notable improvement was observed for municipalities in 2009/10. While increasing the level of compliance remains a priority, the focus will also be on improving the quality of the MFMA returns made by the municipalities.

With regard to the newly introduced Budget Regulations reform, the Municipal Finance unit will adopt a more proactive approach to ensure that the quality of the budget submissions for the 2011/12 cycle is improved.

The MSP within the Municipal Finance unit has had a positive impact on the financial management of municipalities. A number of initiatives, in addition to the basic MSP are proposed. While it is essential to ensure that the fundamentals of a municipality are in place, it is not sufficient to only address the basic issues confronting municipalities.

With this in mind, the following programmes are proposed to be implemented over the next three to five years:

- Getting the basics right.
- Audit Committees (roles and responsibilities).
- The internal audit function.
- SCM.
- Improving the control environment.
- Value Added Tax (VAT).
- Focus on sustainability.
- After care.
- Debtor cleansing.
- 16 MFMA priorities.

The MSP service providers in the short-term will certainly strengthen the knowledge, capacity and skills levels within the unit. Incumbent staff will be assessed for skills gaps and, where possible, short courses and training will be provided. Analysts will be required to increase the number of contact visits to municipalities as a way to better understand the client's business. Rigorous analysis of municipalities' expenditure reports and attempts to address root causes will aid municipalities to enhance service delivery and instil better financial discipline.

8.7 Conclusion

The deteriorating state of local government finances and financial management is of such a scale that it requires national and provincial government to adopt a far more proactive approach in assisting and intervening in municipalities. However, it should be taken into account that municipalities are autonomous entities and it is therefore important that Mayors and Accounting Officers at municipalities ensure that there is strong synergy and cohesion between the IDP, the budget, the Service Delivery Budget Implementation Plan and the Performance Management System.

Mayors, as the custodians of the budget, need to be appraised monthly by the Accounting Officers on progress made with the budget implementation. There remains an enormous gap in fiscal discipline at many municipalities, which must be addressed.

While Provincial Treasury will continue to support municipalities, the primary responsibility to avoid, identify and resolve financial problems in a municipality rests with the municipality itself. It is therefore incumbent upon the political and administrative leadership at the municipalities to be vigilant with regard to early identification of financial problems that will threaten their service delivery obligations.

9. MEASURING PERFORMANCE IN GOVERNMENT

Both the national and provincial government have placed emphasis on the need to understand what the financial resources allocated in a financial year actually end up buying. As a result, measuring performance in government, as well as the costs associated with service delivery, has become a focal point to ensure that value for money is pursued.

9.1 Provincial budget and programme structures and provincial strategic and performance plan formats

The uniform budget and programme structures are gazetted each year, as National Treasury fulfils its Constitutional obligation and that of the PFMA to propose uniform budget and programme structures across all nine provinces for approval by the Heads of Departments and subsequent political endorsement. The collectively agreed uniform budget and programme structures are a joint project, involving the relevant provincial and national line function departments, and national and provincial treasuries.

The agreed uniform budget and programme structures and the development of customised quarterly and annual performance measures, for a number of sectors, are significant steps towards improving the alignment of planning and budgeting on the one hand, and ensuring uniform reporting and greater comparability of efficiency, effectiveness and value-for-money between provinces.

The availability of information within the annual budget now also enables national and provincial portfolio committees to improve the quality of their oversight role in provincial legislatures, and hold departments more accountable for performance.

The budget and programme structures for the provincial Departments of Education, Health, Social Development, Provincial Treasury, Provincial Legislature, Sport and Recreation, Arts and Culture, Office of the Premier, Human Settlements, Co-operative Governance and Traditional Affairs, Economic Development and Tourism and Public Works remain unchanged from what was agreed to and implemented as part of the 2010/11 Budget.

Minor changes and improvements have been made to the uniform programme and budget structures of the Departments of Agriculture, Environmental Affairs and Rural Development and Transport. The uniform budget and programme structure for the Department of Community Safety and Liaison was newly proposed in 2010/11, with full compliance in 2011/12.

It was agreed not to exclude any future amendments to the budget structure as these are evolutionary and subject to policy developments within a sector. It was emphasised that any future amendments to the budget and programme structure would only be considered on recommendation of a forum of Heads of Departments, representing all line departments and their national counterparts.

The provincial budget reform programme outlines the guidelines for the format of provincial budget documents, and strategic performance and annual performance plans are issued annually and prescribed by National Treasury. The collectively agreed uniform budget and programme structures form the basis for inputs into departmental strategic and performance plans, as they relate to programme performance. The Framework on Strategic Plans (SPs) and Annual Performance Plans (APPs) was issued during 2009/10 and outlined key concepts to be included by departments and public entities with the preparation of SPs and APPs.

The Framework provides a guide on how SPs and APPs should be developed, taking into consideration existing medium to long term policies, plans and the budget. The SP is a tool intended to assist departments to prioritise and plan the progressive implementation of other plans. Departments' SPs and APPs should be developed in line with the Framework and it is important for departments to ensure that their budget plans are linked to different types of medium and long term plans, and this should specifically be reflected in the APPs. The focus has shifted to activity-based costing, as a link is provided between budget and performance targets.

The Departments of Education, Health, Social Development, Human Settlements, Agriculture, Environmental Affairs and Rural Development, Economic Development and Tourism, Transport, Public Works, Arts and Culture, and Sport and Recreation will report on standardised sector-specific performance measures for 2010/11. These measures have to be included, as a minimum, in the departments' APPs. The service delivery measures, as prescribed by the sector, are included in the *Estimates of Provincial Revenue and Expenditure*, under the sections in the departmental chapters dealing with service delivery measures per programme. The intention of including such information in the budget is to improve transparency, and provide a basis for holding the provincial government accountable for its use of public resources. Note that there have been some changes made to the sector-specific performance measures in the departments of Education, Health, Social Development, Agriculture, Environmental Affairs and Rural Development, Transport, Public Works, Arts and Culture, and Sport and Recreation.

The Provincial Legislature, Provincial Treasury, Office of the Premier and the Royal Household will not report on customised performance measures in 2011/12, but the measures contained in the APP must be reported on.

This year is the third year where the Estimates of Provincial Revenue and Expenditure include the Estimated Performance for the current year (i.e. 2010/11), as well as the medium-term targets for the 2011/12 MTEF. The rationale behind such a comprehensive forward estimate, is to provide greater insight into whether public service delivery is increasing relative to the growth in the budget, and/or if there is a progressive realisation in addressing the needs of the citizenry.

9.2 Quarterly performance reporting (QPR)

The Framework for Managing Programme Performance Information outlines the links between the different accountability documents that departments are required to produce at each stage of the planning, budgeting, execution, reporting and evaluation cycle. It aims to help accounting officers and managers of departments to produce quality accountability documents that use performance information appropriately.

National Treasury is the lead institution responsible for managing programme performance information. SPs and APPs provide a basis for evaluating the organisational performance of public institutions. The QPR provides for monitoring on the overall progress made with the implementation of the department's performance plan, both on a quarterly and an annual basis, with particular reference to monitoring delivery against quarterly performance targets. The report provides the Executive Authority, National Treasury and Provincial Treasuries with information on performance against plans, and acts as an enabling mechanism that allows the accounting officer to track progress against what has been planned and what is actually achieved in the form of service delivery outputs. The information contained in the QPR is ultimately consolidated into the performance section of the departments' annual reports. The quarterly performance reports for the second and third quarters provide information on the present year's performance to be taken into consideration in the development of the APP and annual budget for the following year.

In line with the developments that relate to the refinement of the quarterly and annual performance measures, Education, Health, Social Development, Human Settlements, DAEARD, CoGTA, DEDT, Transport, Public Works, Arts and Culture, and Sport and Recreation will report on standardised sector-specific performance measures for 2011/12.

The Provincial Legislature, Provincial Treasury, Office of the Premier and the Royal Household will not report on customised performance measures in 2011/12, but will report on the measures contained in their respective APPs.

All provincial departments may, however, report on the full list of performance measures included in the APP.

ANNEXURE – OVERVIEW OF PROVINCIAL REVENUE AND EXPENDITURE

Table 1.A: Details of provincial own receipts

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Tax receipts	**1 037 169**	**1 207 899**	**1 327 599**	**1 382 528**	**1 382 528**	**1 370 826**	**1 492 700**	**1 593 335**	**1 657 168**
Casino taxes	239 866	267 943	283 970	297 026	297 026	297 026	320 788	336 827	355 352
Horse racing taxes	43 655	65 070	41 571	43 597	43 597	43 597	45 817	48 108	50 754
Liquor licences	4 017	4 282	4 831	41 905	41 905	4 349	46 095	48 400	51 062
Motor vehicle licences	749 631	870 604	997 227	1 000 000	1 000 000	1 025 854	1 080 000	1 160 000	1 200 000
Sale of goods and services other than capital asset	**247 127**	**302 546**	**345 775**	**333 301**	**333 301**	**283 338**	**353 354**	**371 505**	**392 126**
Sale of goods and services produced by dept. (excl. capital assets)	245 873	301 218	345 085	322 842	322 842	282 597	342 250	359 823	379 780
Sales by market establishments	10 916	13 092	13 896	14 463	14 463	13 609	15 232	15 993	16 871
Administrative fees	96 230	126 662	100 797	117 141	117 141	119 341	125 505	132 023	139 102
Other sales	138 727	161 464	230 392	191 238	191 238	149 647	201 513	211 807	223 807
Of which									
Bookmakers licences	*93 434*	*103 534*	*140 226*	*129 939*	*129 939*	*90 350*	*137 482*	*144 472*	*152 469*
Housing rent recoveries	*4 606*	*5 352*	*5 849*	*6 609*	*6 609*	*5 659*	*6 755*	*7 167*	*7 755*
Serv rend: Commission insurance	*649*	*451*	*819*	*640*	*640*	*927*	*741*	*806*	*870*
Sales: Dept publications	*40 038*	*52 127*	*83 498*	*54 050*	*54 050*	*52 711*	*56 535*	*59 362*	*62 713*
Sale of scrap, waste, arms and other used current goods (excluding capital assets)	1 254	1 328	690	10 459	10 459	741	11 104	11 682	12 346
Transfers received from:	**300**	**921**	**-**	**-**	**-**	**101 254**	**-**	**-**	**-**
Other governmental units	-	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments	-	-	-	-	-	-	-	-	-
International organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	300	350	-	-	-	101 254	-	-	-
Households and non-profit institutions	-	571	-	-	-	-	-	-	-
Fines, penalties and forfeits	**36 536**	**40 413**	**43 259**	**36 058**	**36 058**	**41 313**	**38 210**	**40 121**	**42 882**
Interest, dividends and rent on land	**159 599**	**43 448**	**32 384**	**6 168**	**6 168**	**26 499**	**8 398**	**9 186**	**10 032**
Interest	159 328	42 521	32 282	5 993	5 993	26 396	8 279	9 056	9 892
Dividends	3	4	7	4	4	6	8	9	9
Rent on land	268	923	95	171	171	97	111	121	131
Sale of capital assets	**11 564**	**7 857**	**32 462**	**6 820**	**6 820**	**11 385**	**7 211**	**7 609**	**7 780**
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Other capital assets	11 564	7 857	32 462	6 820	6 820	11 385	7 211	7 609	7 780
Transactions in financial assets and liabilities	**64 989**	**95 273**	**75 716**	**38 693**	**38 693**	**54 392**	**43 092**	**45 448**	**48 088**
Total	**1 557 284**	**1 698 357**	**1 857 195**	**1 803 568**	**1 803 568**	**1 889 007**	**1 942 965**	**2 067 204**	**2 158 077**

Table 1.B: Details of payments and estimates by economic classification

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2007/08	2008/09	2009/10		2010/11		2011/12	2012/13	2013/14
Current payments	**35 297 043**	**43 088 796**	**48 436 039**	**53 668 683**	**54 642 239**	**54 306 025**	**60 737 820**	**64 771 924**	**69 198 160**
Compensation of employees	25 794 246	31 062 640	35 608 907	38 857 418	40 062 271	40 663 756	44 039 402	46 720 757	49 675 668
Salaries and wages	21 477 838	25 791 902	29 333 238	31 776 898	32 702 956	33 170 480	36 076 029	38 288 324	40 711 379
Social contributions	4 316 408	5 270 738	6 275 669	7 080 520	7 359 315	7 493 276	7 963 373	8 432 433	8 964 289
Goods and services	9 502 790	11 887 145	12 721 630	14 576 265	14 356 668	13 626 075	16 598 418	17 951 167	19 422 492
of which									
Administrative fees	24 030	24 840	52 158	48 565	36 011	31 694	15 592	16 656	17 528
Advertising	197 981	253 057	168 578	151 887	138 825	119 989	116 178	118 392	124 440
Assets <R5000	246 962	219 970	175 417	266 494	235 795	116 680	332 722	272 240	277 684
Audit cost: External	45 914	51 685	74 680	78 163	99 833	91 644	94 170	94 798	98 085
Bursaries (employees)	14 611	31 936	28 864	43 239	44 201	41 768	43 657	45 514	47 513
Catering: Departmental activities	125 320	205 969	149 474	106 102	101 138	113 032	149 289	159 418	169 884
Communication	217 189	269 102	302 463	312 319	305 723	286 088	263 251	276 725	295 745
Computer services	249 318	334 870	347 720	393 279	400 703	290 215	433 277	467 931	492 937
Cons/prof: Business & advisory services	621 864	753 014	759 044	1 153 331	832 623	939 665	1 353 875	1 403 861	1 462 134
Cons/prof: Infrastructure & planning	208 832	145 476	190 637	200 297	220 757	276 780	336 686	379 441	429 809
Cons/prof: Laboratory services	258 353	495 744	665 195	671 720	603 486	409 826	544 598	623 921	747 337
Cons/prof: Legal cost	11 560	36 404	36 195	30 939	40 994	38 983	25 713	26 540	28 333
Contractors	971 120	1 254 977	1 172 974	1 400 243	1 595 855	1 624 010	2 251 161	2 568 365	2 866 603
Agency & support/outsourced services	762 061	901 792	971 342	949 273	1 005 241	914 807	1 044 002	1 136 039	1 180 676
Entertainment	7 099	11 424	2 396	5 309	5 047	4 009	5 027	5 299	5 583
Fleet services (incl. GMT)	24 801	42 368	40 179	38 854	37 913	38 267	59 552	57 960	55 959
Housing	155	162	185	190	28	28	29	31	33
Inventory: Food and food supplies	486 981	665 032	803 756	1 105 942	1 070 309	997 905	1 248 383	1 348 880	1 435 141
Inventory: Fuel, oil and gas	215 103	253 117	279 680	302 804	317 420	309 683	320 724	357 678	411 199
Inventory: Learner and teacher supp material	408 610	382 238	319 150	575 745	559 130	544 843	704 514	730 617	840 357
Inventory: Raw materials	92 624	122 799	106 952	77 698	103 655	95 103	99 638	103 273	128 037
Inventory: Medical supplies	685 396	828 144	982 446	770 807	988 335	1 006 514	1 123 461	1 310 306	1 397 457
Inventory: Medicine	1 174 739	1 273 491	1 742 051	2 300 992	2 075 949	2 050 562	2 146 971	2 261 680	2 334 438
Medsas inventory interface	-	332	-	-	-	-	-	-	-
Inventory: Military stores	-	988	-	-	-	-	-	-	-
Inventory: Other consumbles	268 847	415 105	445 870	475 502	446 021	484 950	607 186	592 309	644 370
Inventory: Stationery and printing	167 656	207 257	358 183	190 674	176 513	203 781	240 877	259 893	283 008
Lease payments (incl. operating, excl. fin)	249 697	350 819	435 548	456 380	452 807	439 248	482 703	507 368	537 208
Property payments	484 824	734 184	1 009 260	1 029 536	1 070 125	1 062 910	1 104 331	1 291 966	1 454 004
Transport provided: Departmental activity	68 356	148 869	127 116	120 754	125 433	92 718	203 454	220 976	251 856
Travel and subsistence	404 022	686 480	588 862	496 340	476 291	508 568	556 887	587 788	633 618
Training and development	181 051	159 467	115 309	319 668	301 315	155 437	268 608	284 852	304 942
Operating expenditure	226 168	261 401	115 518	181 718	212 065	177 345	215 085	224 489	233 557
Venues and facilities	401 546	364 632	154 428	321 501	277 127	159 023	206 817	215 961	233 016
Interest and rent on land	7	139 011	105 502	235 000	223 300	16 194	100 000	100 000	100 000
Interest	-	138 919	105 502	235 000	223 300	16 194	100 000	100 000	100 000
Rent on land	7	92	-	-	-	-	-	-	-
Transfers and subsidies to	**5 414 523**	**6 875 909**	**8 724 406**	**8 407 250**	**9 630 002**	**9 484 229**	**9 262 713**	**9 851 956**	**10 793 223**
Provinces and municipalities	782 828	1 114 021	1 177 731	726 733	1 873 288	1 878 045	1 296 108	1 318 311	1 515 030
Provinces	-	-	-	-	20	20	10	10	10
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	*20*	*20*	*10*	*10*	*10*
Municipalities	782 828	1 114 021	1 177 731	726 733	1 873 268	1 878 025	1 296 098	1 318 301	1 515 020
Municipalities	*762 545*	*1 114 021*	*1 177 731*	*726 733*	*1 869 362*	*1 874 119*	*1 284 598*	*1 306 301*	*1 503 020*
Municipal agencies and funds	*20 283*	-	-	-	*3 906*	*3 906*	*11 500*	*12 000*	*12 000*
Departmental agencies and accounts	491 883	628 164	666 078	655 222	753 491	744 439	845 039	873 956	927 541
Social security funds	178	65	-	202	202	202	215	225	237
Entities receiving funds	491 705	628 099	666 078	655 020	753 289	744 237	844 824	873 731	927 304
Universities and technikons	1 274	831	-	-	-	-	2 000	2 000	2 000
Foreign governments and international organisations	162	1 081	226	1 124	354	354	591	626	664
Public corporations and private enterprises	774 841	54 582	731 286	1 050 068	1 059 506	1 059 506	1 132 033	1 183 222	1 250 744
Public corporations	773 025	22 137	731 286	1 047 569	1 059 486	1 059 486	1 132 012	1 183 199	1 250 720
Subsidies on production	*24 000*	-	*593 250*	*751 026*	*745 026*	*745 026*	*813 555*	*857 697*	*908 682*
Other transfers	*749 025*	*22 137*	*138 036*	*296 543*	*314 460*	*314 460*	*318 457*	*325 502*	*342 038*
Private enterprises	1 816	32 445	-	2 499	20	20	21	23	24
Subsidies on production	-	-	-	-	-	-	-	-	-
Other transfers	*1 816*	*32 445*	-	*2 499*	*20*	*20*	*21*	*23*	*24*
Non-profit institutions	2 311 345	3 586 799	4 001 645	3 387 026	3 474 039	3 385 628	3 795 814	4 003 362	4 490 917
Households	1 052 190	1 490 431	2 147 440	2 587 077	2 469 324	2 416 257	2 191 128	2 470 479	2 606 327
Social benefits	106 293	126 055	142 277	116 029	120 824	141 382	141 996	136 319	128 195
Other transfers to households	945 897	1 364 376	2 005 163	2 471 048	2 348 500	2 274 875	2 049 132	2 334 160	2 478 132
Payments for capital assets	**3 654 231**	**5 500 427**	**5 417 997**	**6 607 601**	**6 525 591**	**6 330 881**	**7 210 771**	**7 576 843**	**7 608 996**
Buildings and other fixed structures	2 970 286	4 661 497	4 604 839	5 529 515	5 464 478	5 294 487	5 832 022	6 045 646	6 348 903
Buildings	1 627 786	1 938 465	2 495 989	3 307 238	3 248 628	3 079 382	3 709 838	3 871 435	4 065 535
Other fixed structures	1 342 500	2 723 032	2 108 850	2 222 277	2 215 850	2 215 105	2 122 184	2 174 211	2 283 368
Machinery and equipment	646 537	831 911	797 665	1 072 059	1 053 852	1 029 014	1 368 530	1 520 875	1 249 956
Transport equipment	165 818	152 580	101 314	175 918	160 409	181 180	313 132	318 728	218 407
Other machinery and equipment	480 719	679 331	696 351	896 141	893 443	847 834	1 055 398	1 202 147	1 031 549
Heritage assets	-	262	-	-	-	130	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	99	-	360	336	420	420	354	371	389
Land and sub-soil assets	1 714	900	450	-	-	-	-	-	-
Software and other intangible assets	35 595	5 857	14 683	5 691	6 841	6 830	9 865	9 951	9 748
Payments for financial assets	**78 028**	**14 801**	**1 164 407**	**332 338**	**333 428**	**335 676**	**13 070**	**3 767**	**-**
Total	**44 443 825**	**55 479 933**	**63 742 849**	**69 015 872**	**71 131 260**	**70 456 811**	**77 224 374**	**82 204 490**	**87 600 379**
Statutory payments	39 255	48 759	66 435	61 491	74 402	74 402	75 637	78 401	82 713
Total (including statutory payments)	**44 483 080**	**55 528 692**	**63 809 284**	**69 077 363**	**71 205 662**	**70 531 213**	**77 300 011**	**82 282 891**	**87 683 092**

Table 1.C: Detail payments and estimates of infrastructure by category

	Project name	Region	Municipality	Type of infrastructure		Project duration		Budget programme name	EPWP budget for current financial year	Total project cost	Payments to date from previous years	Total available	MTEF forward Estimates	
				Project/admin block; water; electricity; sanitation; etc.	Units (i.e. number of facilities)	Date: Start	Date: Finish					2011/12	2012/13	2013/14
	R thousand													
	New and replacement assets													
	Agriculture, Environmental Affairs and Rural Development								**-**	**50 440**	**-**	**43 553**	**45 740**	**48 096**
1.	Dukuduku mushroom base	Umkhanyakude	Mtubatuba	Mushroom satellite	1 project	01 Apr 2011	31 Mar 2012	Agric Dev Services	-	8 500	-	8 500	-	-
2.	Mehlomnyama mushroom base	Ugu	Hibiscus Coast	Mushroom satellite	1 project	01 Apr 2011	31 Mar 2012	Agric Dev Services	-	7 500	-	7 500	-	-
3.	Mushroom bases	Various	Various	Mushroom satellite	2 per annum	Ongoing	Ongoing	Agric Dev Services	-	34 440	-	-	16 800	17 640
4.	Farm structures	Various	Various	Fencing, irrigation, poultry, piggery	Various	01 Apr 2011	31 Mar 2012	Agric Dev Services	-	-	-	3 923	1 789	1 021
5.	Makhathini	Umkhanyakude	Jozini	Irrigation, fencing , drainage canals	Various	01 Apr 2011	31 Mar 2012	Agric Dev Services	-	-	-	23 080	23 151	25 235
6.	Office accommodation (HO & districts)	Various	Various	Office accommodation	Various	01 Apr 2011	31 Mar 2012	Administration	-	-	-	550	4 000	4 200
	Education								**-**	**1 925 606**	**474 678**	**871 401**	**915 601**	**965 960**
1.	Molweni primary school	Umkhanyakude	Umkhanyakude	Administration block,	1	27 Jul 2009	31 Mar 2014	Programme 2	-	1 476	155	-	-	-
2.	Maphambeni Primary School	eThekwini	eThekwini	School - primary	21	27 Jul 2009	31 Mar 2014	Programme 2	-	27 884	10 628	489	-	-
3.	Nkombose high school	Zululand	Nongoma	School - secondary	7	21 Jul 2009	31 Mar 2014	Programme 2	-	5 123	4 081	-	-	-
4.	Amandlakazulu (Bilanyoni) P	Umkhanyakude	Big Five False Bay	School - primary	15	27 Aug 2009	31 Mar 2014	Programme 2	-	29 528	6 086	372	-	-
5.	Kwazamokuhle School for Handicapped	Zululand	Abaqulusi	School - specialised	21	04 Sep 2009	31 Mar 2014	Programme 4	-	30 482	6 466	395	-	-
6.	Kukhanyeni/Mtshebeni Junior Secondary	Uthukela	Umtshezi	School - secondary	1	16 Apr 2009	31 Mar 2014	Programme 2	-	7 000	1 989	2 400	-	-
7.	Commons Valley Junior Secondary	Sisonke	Sisonke	Toilets, water & fencing	13	06 Mar 2009	31 Mar 2014	Programme 2	-	1 090	756	-	-	-
8.	Emkhayideni Tech	Sisonke	Sisonke	Toilets, water & fencing	13	04 Dec 2009	31 Mar 2014	Programme 2	-	1 915	1 647	-	-	-
9.	Gcwentsa Junior Secondary	uThungulu	uThungulu	Toilets, water & fencing	38	19 Mar 2009	31 Mar 2014	Programme 2	-	2 125	1 314	-	-	-
10.	Bomvini Combined Primary	Sisonke	Sisonke	Toilets & water	12	11 Dec 2008	31 Mar 2014	Programme 2	-	1 575	928	-	-	-
Other	Various	All	All	Various	Several	01 Apr 2010	31 Mar 2014	All	-	1 817 407	440 628	867 745	915 601	965 960
	Health								**-**	**16 668 968**	**487 593**	**725 622**	**633 340**	**873 569**
1.	Design and construct new district hospital	eThekwini	eThekwini	Hospital - District	450	01 Apr 2015	01 Apr 2018	Programme 8	-	1 152 937	410	-	-	-
2.	Design and construct new district hospital	eThekwini	eThekwini	Hospital - Regional	1	01 Jun 2012	01 Nov 2014	Programme 8	-	1 031 639	18 603	20 000	-	320 242
3.	Re-build greater Edendale Complex	uMgungundlovu	Msunduzi	Regional Hospital	930	01 Mar 2013	01 Mar 2017	Programme 8	-	2 755 085	-	30 000	30 000	30 000
4.	Alterations & additions to existing hospital	uThungulu	Umhlathuze	Hospital - Regional	183	01 Sep 2010	01 Apr 2014	Programme 8	-	303 605	22 341	115 306	120 873	30 361
5.	New staff residence & upgrading of existing	uThungulu	Umhlathuze	Hospital - Regional	183	01 Jan 2014	01 Jul 2017	Programme 8	-	225 000	-	-	-	27 000
6.	Outpatients, pharmacy, theatres, etc	Umkhanyakude	Hlabisa	District Hospital	308	01 Sep 2016	01 Sep 2018	Programme 8	-	528 123	43 725	-	-	-
7.	New regional & tertiary hospital	eThekwini	eThekwini	Regional- Hospital	850	01 Oct 2010	01 Mar 2011	Programme 8	-	1 416 000	-	-	-	-
8.	Construction of new Level 1 hospital	eThekwini	eThekwini	District Hospital	900	01 Mar 2006	01 Mar 2008	Programme 8	-	445 565	400 856	22 131	-	-
9.	Psychatiric hospital	Amajuba	Newcastle	Hospital - Specialised	1 615	01 Jan 2015	01 Jan 2017	Programme 8	-	925 000	1 658	8 000	9 487	35 000
10.	New district, regional & TB hospitals	Amajuba	Newcastle	Hospital - Regional	1 615	01 Jan 2017	01 Jun 2020	Programme 8	-	1 251 558	-	-	-	-
Other	Various	Various	Various	Various	Several	01 Apr 2011	31 Mar 2014	Programme 8	-	6 634 456	-	530 185	472 980	430 966
	Human Settlements								**-**	**-**	**-**	**19 774**	**-**	**-**
1.	Social and Economic Facilities	KZN province	KZN province	Parks, creche facilities, taxi ranks, etc.	Several	01 Apr 2011	01 Mar 2012	Programme 3	-	-	-	19 774	-	-
	Co-operative Governance and Traditional Affairs								**-**	**20 000**	**25 879**	**14 000**	**11 000**	**14 000**
1.	Imizi Yesizwe	uMgungundlovu	Various	Houses for Amakhosi	Several	01 Apr 2007	31 Mar 2014	Trad Inst Mgt	-	-	25 879	6 000	5 000	8 000
2.	Empangisweni Traditional Admin Centre	Zululand	Abaqulusi	New Centre	1	01 Sep 2010	01 Jul 2011	Urban & Rural Dev	-	2 500	-	2 500	-	-
3.	Nsinde Traditional Admin Centre	Umkhanyakude	Jozini	New Centre	1	01 Apr 2011	01 Mar 2012	Urban & Rural Dev	-	5 500	-	5 500	-	-
4.	Qwabe Mthandeni Traditional Admin Centre	Ilembe	Maphumulo	New Centre	1	01 Apr 2012	01 Mar 2013	Urban & Rural Dev	-	6 000	-	-	6 000	-
5.	Mbomvu Traditional Admin Centre	Umzinyathi	Msinga	New Centre	1	01 Apr 2013	01 Mar 2014	Urban & Rural Dev	-	6 000	-	-	-	6 000
	Transport								**7 400**	**1 215 088**	**1 062 088**	**564 775**	**591 289**	**621 027**
1.	P577 (ARRUP)	Durban	Ilembe	Surface	14 KM	01 Apr 2003	2010/2011	Transport Infra.	4 500	739 900	660 900	105 600	110 880	116 424
2.	102 (RNI)	Durban	Ilembe	Surface	Several	01 Apr 2011	31 Mar 2014	Transport Infra.	-	-	-	-	-	-
3.	P700 (ARRUP)	Empangeni	Zululand	Surface	95 KM	01 May 2004	2014/2015	Transport Infra.	2 900	475 188	401 188	144 837	152 079	159 683
4.	Access roads	Whole KZN	Whole KZN	Gravel	Several	01 Apr 2011	31 Mar 2014	Transport Infra.	-	-	-	165 419	173 690	182 375
5.	Pedestrian bridges	Whole KZN	Whole KZN	Bridges	Several	01 Apr 2011	31 Mar 2014	Transport Infra.	-	-	-	114 419	120 140	126 147
6.	Integrated Public Transport Facilities	Ulundi	Zululand	Structures	1	01 Apr 2011	31 Mar 2014	Transport Infra.	-	-	-	34 500	34 500	36 398

Table 1.C: Detail payments and estimates of infrastructure by category (cont.)

	Project name	Region	Municipality	Type of infrastructure: Project/admin block; water; electricity; sanitation; etc.	Type of infrastructure: Units (i.e. number of facilities)	Project duration: Date: Start	Project duration: Date: Finish	Budget programme name	EPWP budget for current financial year	Total project cost	Payments to date from previous years	Total available 2011/12	MTEF forward Estimates 2012/13	MTEF forward Estimates 2013/14
R thousand														
	Social Development								**-**	**312 220**	**-**	**83 259**	**76 111**	**91 809**
1.	Ulundi Treatment Centre	uThungulu	Ulundi	New construction of treatment centre	8	01 Apr 2011	31 Mar 2015	Programme 2	-	30 000	-	2 000	14 800	10 000
2.	PMB Treatment Centre	uMgungundlovu	Msunduzi	New construction of treatment centre	8	01 Apr 2011	31 Mar 2015	Programme 2	-	30 000	-	2 000	10 000	15 000
3.	Babanango OSDC	Zululand	Ulundi	One Stop Centre	7	01 Apr 2013	31 Mar 2014	Programme 3	-	7 000	-	-	-	7 000
4.	Mpendle Service Office	uMgungundlovu	Impendle	Service office	4	01 Apr 2012	31 Mar 2013	Programme 2	-	3 800	-	-	3 800	-
5.	Mandeni Service Office	Ilembe	Mandeni	Service office	2	01 Apr 2011	31 Mar 2013	Programme 2	-	3 500	-	1 000	2 500	-
6.	Mbazwana Service Office	Umkhanyakude	Umhlabuyalingana	Service office	2	01 Apr 2011	31 Mar 2013	Programme 2	-	11 000	-	3 259	7 741	-
7.	Emaswazini - PMB OSDC	uMgungundlovu	Msunduzi	New OSDC Construction	7	04 Jan 2011	31 Mar 2013	Programme 2	-	14 500	-	9 401	5 099	-
8.	Hlanganani Service Office	Sisonke	Ingwe	Service office	4	01 Apr 2011	31 Mar 2014	Programme 2	-	15 000	-	3 800	3 800	7 400
9.	Inkosi Simakade Mchunu OSDC	Umzinyathi	Msinga	New Office Construction	7	01 Apr 2011	31 Mar 2013	Programme 3	-	8 000	-	5 500	2 500	-
10.	Osizweni Service Office	Amajuba	Newcastle	New office Construction	2	01 Apr 2011	31 Mar 2013	Programme 2	-	6 000	-	1 400	4 600	-
Other	Various	Various	Various	Various	Various	Various	Various	Various	-	183 420	-	54 899	21 271	52 409
	Public Works								**-**	**100 700**	**17 523**	**13 923**	**13 610**	**16 045**
1.	Mtubatuba District Office	North Coast	Umkhanyakude	Construct New office	1	01 Apr 2009	15 Oct 2010		-	28 700	11 104	1 596	-	-
2.	uMkhanyakude: Con. of Mkuze D/Off	North Coast	Umkhanyakude	Construct New office	1	04 Nov 2009	04 Dec 2010	Programme 2	-	23 040	3 713	2 327	-	-
3.	Ixopo: Works Dist.Office - New Wrks	Southern	Sisonke	Construct New office	1	01 Nov 2010	01 Nov 2012	Programme 2	-	21 310	1 305	10 000	2 005	-
4.	Richmond NIP Site: Con.of Richmnd NIP	Southern	Sisonke	Construct New office	1	01 Apr 2010	30 Jul 2010	Programme 2	-	650	96	-	-	650
5.	ILembe District Office: Con. of new Sub-	North Coast	Ilembe	Construct New office	1	01 Apr 2010	01 Oct 2013	Programme 2	-	27 000	1 305	-	11 605	15 395
	Arts and Culture								**-**	**155 525**	**9 626**	**37 873**	**34 832**	**33 897**
1.	Construction of libraries	Various	Various	Library building	11	23 Mar 2010	30 Sep 2014	Library and Archive	-	106 525	9 626	27 373	21 332	23 897
2.	Constuction of museums	Various	Various	Museum	8	01 Apr 2011	31 Mar 2014	Cultural Affairs	-	19 000	-	5 500	8 500	5 000
3.	Construction of art centres	Various	Various	Art centre	3	04 Jan 2011	31 Mar 2014	Cultural Affairs	-	30 000	-	5 000	5 000	5 000
	Sport and Recreation								**-**	**19 889**	**37 426**	**19 997**	**20 928**	**22 079**
1.	Combination courts	Various regions	Various	Sporting courts	11	01 Apr 2010	31 Mar 2011	Sport and Recreation	-	4 830	23 849	3 612	3 794	4 003
2.	Sports fields	Various regions	Various	Sport fields	4	01 Apr 2010	31 Mar 2011	Sport and Recreation	-	7 980	-	8 980	9 429	9 948
3.	Futsal courts	Various regions	Various	Soccer courts	20	01 Apr 2010	31 Mar 2011	Sport and Recreation	-	7 079	13 577	7 405	7 705	8 128
Total new and replacement assets									**7 400**	**20 468 436**	**2 114 813**	**2 394 177**	**2 342 451**	**2 686 482**
Upgrades and additions														
	Provincial Legislature								**-**	**6 664**	**400**	**1 509**	**1 988**	**2 767**
1.	Install emergency lighting to Leg. building	uMgungundlovu	Msunduzi	Legislature building	1	01 Apr 2011	01 Mar 2014	Administration	-	630	-	330	200	100
2.	Install emergency lighting to admin. building	uMgungundlovu	Msunduzi	Admistrative building	1	01 Apr 2011	01 Mar 2014	Administration	-	410	-	110	212	88
3.	Installation of generator Leg. building	uMgungundlovu	Msunduzi	Legislature building	1	01 Apr 2011	01 Mar 2014	Administration	-	785	-	289	200	296
4.	Installation of generator admin. building	uMgungundlovu	Msunduzi	Admistrative building	1	01 Apr 2011	01 Mar 2013	Administration	-	510	-	310	200	-
Other	Fire alarm, PA system, façade, etc	uMgungundlovu	Msunduzi	Legislature & admin	2	01 Apr 2011	01 Mar 2014	Administration	-	4 329	400	470	1 176	2 283
	Education								**-**	**4 539 067**	**827 440**	**829 859**	**990 279**	**969 193**
1.	Vukile High School	Ilembe	Maphumulo	School - sec. & admin	3	02 Aug 2007	31 Mar 2014	Programme 2	-	2 596	1 670	-	-	-
2.	Tatazela Secondary School	Uthukela	Umtshezi	Water	6	07 Nov 2007	31 Mar 2014	Programme 2	-	48	113	-	-	-
3.	Kwantatshana Public School	Uthukela	Okhahlamba	School, admin & toilets	6	20 Mar 2007	31 Mar 2014	Programme 2	-	4 761	4 710	-	-	-
4.	Vulindlela Primary	Amajuba	Amajuba	Classrooms, fencing and water	18	23 May 2007	31 Mar 2014	Programme 2	-	5 651	4 130	-	-	-
5.	Mayville Primary School	eThekwini	eThekwini	Admin & classrooms	5	23 Jul 2007	31 Mar 2014	Programme 2	-	3 357	4 148	-	-	-
6.	Hlulphizwe Primary School	Ilembe	Maphumulo	Aqua Privy, 4 block	1	01 Apr 2010	31 Mar 2014	Programme 2	-	200	36	-	-	-
7.	Celukuphiwa Primary School	Uthukela	Umtshezi	Upgrades and additions	19	01 Apr 2010	31 Mar 2014	Programme 2	-	256	255	-	-	-
8.	Hlangabeza Primary School	Ilembe	Maphumulo	Admin block	1	22 Oct 2007	31 Mar 2014	Programme 2	-	1 500	1 598	-	-	-
9.	Gijimani Secondary School	Ilembe	Ndwedwe	Admin block	1	21 Sep 2009	31 Mar 2014	Programme 2	-	6 436	1 154	243	-	-
10.	Joel Junior Primary School	Ilembe	Maphumulo	Admin block	1	03 Jul 2009	31 Mar 2014	Programme 2	-	12 317	4 749	308	-	-
Other	Various	All	All	Various	Several	01 Apr 2010	31 Mar 2014	All	-	4 501 944	804 878	829 308	990 279	969 193

Table 1.C: Detail payments and estimates of infrastructure by category (cont.)

No.	Project name	Region	Municipality	Type of infrastructure: Project/admin block; water; electricity; sanitation; etc.	Type of infrastructure: Units (i.e. number of facilities)	Project duration: Date: Start	Project duration: Date: Finish	Budget programme name	EPWP budget for current financial year	Total project cost	Payments to date from previous years	Total available 2011/12	MTEF forward Estimates 2012/13	MTEF forward Estimates 2013/14
R thousand														
Health									**-**	**3 831 487**	**198 844**	**531 782**	**649 881**	**582 569**
1.	Convert clinic to community health centre	Ugu	Hibiscus Coast	Clinic	1	01 Sep 2008	01 Apr 2010	Programme 8	-	51 737	31 879	2 000	-	-
2.	New OPD, casualty/trauma unit, X-ray etc	Uthukela	Okhahlamba	Hospital - District	173	01 Jan 2011	01 Jan 2014	Programme 8	-	96 650	6 970	30 000	30 000	22 980
3.	New OPD/casualty/CSSD/dispensary/X-ray	Zululand	uPhongolo	Hospital - District	150	01 Feb 2009	01 Feb 2011	Programme 8	-	73 263	37 264	3 600	-	-
4.	General & T.B. wards	Ugu	Hibiscus Coast	Hospital - District	300	01 Jul 2012	01 Jul 2015	Programme 8	-	85 000	5 348	-	12 000	36 000
5.	Construction of OPD with X-ray etc	iLembe	Maphumulo	Hospital - District	158	01 Oct 2010	01 Oct 2014	Programme 8	-	40 000	-	1 000	6 000	20 000
6.	New multi-departmental core block	Ugu	Hibiscus Coast	Hospital - Regional	334	01 Apr 2007	01 Apr 2010	Programme 8	-	153 097	97 195	5 000	-	-
7.	Admin, kitchen, audio, ARV, staff accom	Sisonke	Umzimkulu	District Hospital	208	01 Sep 2010	01 Mar 2015	Programme 8	-	110 000	555	45 000	55 945	5 500
8.	Upgrade MV & LV electrical reticulation	uThungulu	Umhlathuze	Hospital - District	506	01 Jan 2011	01 Nov 2012	Programme 8	-	76 854	3 421	41 930	19 605	3 800
9.	New theatre complex, CSSD, etc	uThungulu	Umhlathuze	Hospital - District	506	01 Oct 2012	01 Oct 2015	Programme 8	-	173 752	3 435	17 615	10 000	63 000
10.	New pharmacy, stores, maint., laundry	Sisonke	Umzimkulu	District Hospital	208	01 Dec 2008	01 Sep 2012	Programme 8	-	51 330	12 777	22 000	12 484	1 800
Other	Various	Various	Various	Various	Several	01 Apr 2011	31 Mar 2014	Programme 8	-	2 919 804	-	363 637	503 847	429 489
Transport									**7 840**	**1 162 490**	**649 942**	**1 026 927**	**1 055 392**	**1 106 067**
1.	P496 (RNI)	Empangeni	uThungulu	Surface	13km	01 Oct 2005	2011/2012	Transport Infra.	6 750	900 000	501 400	96 111	100 917	106 631
2.	P318 (RNI)	Pietermaritzburg	Sisonke	Surface	14km	01 Nov 2006	2010/2011	Transport Infra.	1 090	262 490	148 542	70 162	73 670	77 354
3.	DubeTradePort Roads	eThekwini	eThekwini	Construction	Several	01 Apr 2011	31 Mar 2014	Transport Infra.	-	-	-	163 762	171 951	180 548
4.	ARRUP Roads	uThungulu	uThungulu	Construction	Several	01 Apr 2011	31 Mar 2014	Transport Infra.	-	-	-	276 983	280 332	294 351
5.	Access Roads	Whole KZN	Whole KZN	Construction	Several	01 Apr 2011	31 Mar 2014	Transport Infra.	-	-	-	382 309	390 922	410 471
6.	Computerised learner licence testing	Whole KZN	Whole KZN	System	Several	01 Apr 2011	31 Mar 2014	Transport Infra.	-	-	-	34 800	34 800	36 712
7.	Road Safety improvements	Whole KZN	Whole KZN	Maintenance	Several	01 Apr 2011	31 Mar 2014	Transport Infra.	-	-	-	2 800	2 800	-
Social Development									**-**	**148 500**	**43 099**	**38 347**	**50 476**	**36 347**
1.	Richards Bay Service Office	uThungulu	Umhlathuze	Service Office	1	17 Aug 2010	30 Jul 2011	Programme 2	-	9 500	5 700	6 700	-	-
2.	Newcastle School of Industries	Amajuba	Newcastle	School of Industry	1	01 Apr 2010	30 Jun 2014	Programme 2	-	35 000	-	9 000	12 000	10 000
3.	KwaBadala Old Age	uThungulu	Nkandla	Old Age Home	8	10 Oct 2008	31 Mar 2012	Programme 2	-	33 000	32 250	300	-	-
4.	KwaBadala Old Age	uThungulu	Nkandla	Old Age Home	7	01 Apr 2010	31 Mar 2013	Programme 2	-	10 000	500	8 020	11 980	-
5.	Ingwelezane POS	uThungulu	Umhlathuze	Place of Safety	3	01 Apr 2009	30 Jul 2011	Programme 2	-	20 000	4 649	3 580	-	-
6.	Madadeni Rehab	Amajuba	Newcastle	Rehab centre	4	01 Apr 2011	31 Mar 2014	Programme 2	-	8 000	-	1 000	6 000	1 000
7.	Excelsior POS	Durban Metro	Durban Metro	Place of Safety	7	01 Apr 2011	30 Sep 2012	Programme 2	-	7 000	-	3 000	4 000	-
8.	Inkanyezi Service Office	uThungulu	Umlalazi	Service Office	4	01 Apr 2011	31 Mar 2014	Programme 2	-	7 000	-	333	4 000	667
9.	Greenfields POS	uMgungundlovu	Msunduzi	Provincial Office	7	01 Apr 2012	31 Mar 2015	Programme 2	-	12 000	-	-	1 000	6 000
10.	Pata Place of Safety	uMgungundlovu	Msunduzi	Place of Safety	12	01 Apr 2011	31 Oct 2014	Programme 2	-	7 000	-	1 920	4 000	1 080
Other	Various	Various	Various	Various	Various	Various	Various	Programme 2	-	-	-	4 494	7 496	17 600
Public Works									**-**	**207 000**	**38 720**	**55 338**	**61 134**	**38 518**
1.	Nongoma Works District Office - Nongoma	North Coast	Zululand	Additions & Alterations	1	26 Aug 2008	03 Dec 2009	Programme 3	yes	10 100	8 967	-	-	-
2.	Umkhanyakude Works District Office - Jozini	North Coast	Umkhanyakude	Rehabilitation - Contract completion	1	01 Aug 2010	01 Nov 2010	Programme 3	-	500	-	100	-	-
3.	Ethekwini Works District Office	Durban Metro	eThekwini	Upgrades & Additions	1	01 Apr 2012	30 Mar 2013	Programme 3	yes	8 700	57	6 593	350	-
4.	CIBD Satellite Office	Southern	Umgungundlovu	Upgrades & Additions	1	01 Apr 2010	30 Mar 2011	Programme 3	-	13 000	846	-	-	13 000
5.	Southern Regional Office	Southern	Umgungundlovu	Upgrades to existing office	1	01 Jul 2009	30 Aug 2010	Programme 3	-	12 000	4 616	4 800	-	-
6.	191 Prince Alfred Street - Phase 2	Southern	Umgungundlovu	Upgrades to existing office	1	01 Apr 2010	01 Apr 2013	Programme 3	yes	114 000	3 429	28 745	54 784	23 042
7.	Greytown Sub Office - Uthukela	Midlands	Umzinyathi	Extensions to Uthukela Depot	1	15 Jan 2011	15 Jan 2013	Programme 3	-	20 000	524	8 000	6 000	2 476
8.	Dundee District Office	Midlands	Umzinyathi	Upgrades to existing office	1	06 Sep 2010	01 Apr 2012	Programme 3	yes	5 000	1 568	1 100	-	-
9.	Midlands Regional Office	Midlands	Uthukela	Upgrades to existing office	1	02 Feb 2009	15 Jan 2011	Programme 3	yes	19 500	13 883	6 000	-	-
10.	Newcastle district Office	Midlands	Amajuba	Upgrades to existing office	1	28 Apr 2009	05 May 2010	Programme 3	-	4 200	4 830	-	-	-
Arts and Culture									**-**	**8 302**	**2 000**	**3 900**	**1 980**	**422**
1.	Upgrade of museum	Various	Various	Museum	3	01 Apr 2011	31 Mar 2012	Cultural Affairs	-	3 000	-	3 000	-	-
2.	Upgrade of library	various	Various	Library building	2	23 Mar 2010	31 Mar 2014	Library and Archives	-	5 302	2 000	900	1 980	422
Total upgrades and additions									**7 840**	**9 903 510**	**1 760 445**	**2 487 662**	**2 811 130**	**2 735 883**

Table 1.C: Detail payments and estimates of infrastructure by category (cont.)

Project name	Region	Municipality	Type of infrastructure		Project duration		Budget programme name	EPWP budget for current financial year	Total project cost	Payments to date from previous years	Total available	MTEF forward Estimates	
			Project/admin block; water; electricity; sanitation; etc.	Units (i.e. number of facilities)	Date: Start	Date: Finish					2011/12	2012/13	2013/14
R thousand													
Rehabilitation, renovations and refurbishments													
Agriculture, Environmental Affairs and Rural Development								**-**	**-**	**-**	**55 229**	**58 193**	**61 794**
1. Office accommodation (HO & districts)	Various	Various	Office accommodation	Various	01 Apr 2011	31 Mar 2012	Administration	-	-	-	11 654	7 719	2 407
2. Makhathini	Umkhanyakude	Jozini	Irrigation, fencing , drainage canals	Various	01 Apr 2011	31 Mar 2012	Agric Dev Services	-	-	-	37 103	38 164	40 072
3. Irrigation schemes	Various	Various	Irrigation schemes	Various	01 Apr 2011	31 Mar 2012	Agric Dev Services	-	-	-	2 274	2 388	2 520
4. Farm structures	Various	Various	Handling facilities, poultry, piggery	Various	01 Apr 2011	31 Mar 2012	Agric Dev Services	-	-	-	270	5 798	12 465
5. Cedara facilities	uMgungundlovu	uMngeni	Access roads, dairy parlour, etc	Various	01 Apr 2011	31 Mar 2012	Administration	-	-	-	3 928	4 124	4 330
Education								**-**	**2 196 970**	**730 576**	**390 481**	**409 375**	**431 897**
1. Mbubsin High School	Ugu	uMuziwabantu	Repairs & renovations	15	12 Mar 2008	31 Mar 2014	Programme 2	-	4 192	4 151	-	-	-
2. Izingolweni Primary School	Ugu	Hibiscus Coast	Repairs & renovations	16	07 Sep 2007	31 Mar 2014	Programme 2	-	1 911	1 415	-	-	-
3. Ncakubana Primary School	uMgungundlovu	uMgungundlovu	Repairs & renovations	1	01 Apr 2008	31 Mar 2014	Programme 2	-	4 200	40	-	-	-
4. Gobhela Primary School	uMgungundlovu	uMgungundlovu	Repairs & renovations	24	04 Jun 2009	31 Mar 2014	Programme 2	-	10 583	3 274	-	-	-
5. Mdumezulu Primary School	Ugu	Umdoni	Repairs & renovations	21	10 Dec 2007	31 Mar 2014	Programme 2	-	5 499	5 566	-	-	-
6. Nyanda Primary school	uMgungundlovu	Msunduzi	Repairs to storm damage	1	11 Jun 2008	31 Mar 2014	Programme 2	-	164	117	-	-	-
7. Sosinda Primary School	Amajuba	Newcastle	Repairs & renovations	1	02 Nov 2007	31 Mar 2014	Programme 2	-	1 700	1 898	-	-	-
8. Dukuza Primary School	Uthukela	Emnambithi/Ladysm	Repairs & renovations	1	27 Nov 2007	31 Mar 2014	Programme 2	-	3 250	782	-	-	-
9. Tugela Boys Hostel	Amajuba	Newcastle	Repairs & renovations	1	09 Mar 2007	31 Mar 2014	Programme 2	-	5 250	5 155	-	-	-
10. Ebuhlebemfundo Primary School	Umzinyathi	Endumeni	Repairs to classrooms	4	28 Mar 2008	31 Mar 2014	Programme 2	-	1 300	1 236	-	-	-
Other Various	All	All	Various	Several	01 Apr 2010	31 Mar 2014	All	-	2 158 922	706 943	390 481	409 375	431 897
Health								**-**	**823 454**	**55 953**	**178 292**	**176 005**	**91 050**
1. General R & R to clinic, residences, yard	Ugu	Ezinqolweni	Clinic	1	01 Oct 2007	01 Jan 2009	Programme 8	-	15 382	14 763	-	-	-
2. Clinic maintenance & upgrading prog	uThungulu	Ntambanana	Clinic	1	01 Nov 2010	01 May 2012	Programme 8	-	20 000	1 225	12 000	4 675	1 000
3. Clinic maint & upgrade programme	uThungulu	Mbonambi	Clinic	1	01 Jun 2011	01 Nov 2012	Programme 8	-	15 673	861	6 000	8 062	750
4. Alteratons to theatre, X-ray, CSSD etc	uMgungundlovu	uMshwathi	Hospital - District	181	01 Nov 2008	01 Apr 2010	Programme 8	-	19 858	5 553	6 693	800	-
5. Relocate accommodation	Sisonke	Ubuhlebezwe	Hospital - District	238	01 Jan 2008	01 Sep 2009	Programme 8	-	34 807	32 150	-	-	-
6. Repairs to kitchen roof & ceiling	uThungulu	Nkandla	Hospital - District	125	01 Apr 2012	01 Apr 2013	Programme 8	-	20 500	-	1 000	18 280	1 000
7. Casualty, (complet terminated contract)	Ugu	Umdoni	Hospital - District	288	01 Nov 2010	01 Jul 2013	Programme 8	-	115 300	-	37 000	37 000	35 700
8. Re-organise pharmacy	uMgungundlovu	Msunduzi	Hospital - District	385	01 Jun 2012	01 Oct 2013	Programme 8	-	15 000	1 401	-	5 000	7 664
9. Replacement or renovations to roof - admin	uMgungundlovu	Msunduzi	Hospital - Spec	361	01 Jun 2012	01 Jun 2013	Programme 8	-	40 400	-	10 000	28 100	2 000
10. Renovations / additions to existing building	Head Office	Head Office	Nursing College	1	01 Sep 2011	01 Sep 2013	Programme 8	-	40 000	-	3 600	20 000	14 000
Other Various	Various	Various	Various	Several	01 Apr 2011	31 Mar 2014	Programme 8	-	486 534	-	101 999	54 088	28 936
The Royal Household								**-**	**8 857**	**-**	**8 782**	**10 821**	**12 866**
1. Rehabilitation of palaces	Zululand	Zululand	Palaces	7	Ongoing	Ongoing	R/Household Plan. ar	-	8 857	-	8 782	10 821	12 866
Co-operative Governance and Traditional Affairs								**-**	**61 498**	**-**	**23 500**	**23 998**	**14 000**
1. Traditional Administrative Centres	Province wide	Various	Refurbish existing TACs	88	01 Apr 2011	01 Mar 2012	Urban & Rural Dev	-	23 500	-	23 500	-	-
2. Traditional Administrative Centres	Province wide	Various	Refurbish existing TACs	71	01 Apr 2012	01 Mar 2013	Urban & Rural Dev	-	23 998	-	-	23 998	-
3. Traditional Administrative Centres	Province wide	Various	Refurbish existing TACs	30	01 Apr 2013	01 Mar 2014	Urban & Rural Dev	-	14 000	-	-	-	14 000
Transport								**-**	**-**	**-**	**397 995**	**407 828**	**428 218**
1. P47/4	Empangeni	uThungulu	Rehabilitation	8 KM	01 Apr 2010	31 Aug 2010	Transport Infra.	-	-	-	26 875	27 131	28 437
2. P48	Empangeni	Zululand	Rehabilitation	6 KM	01 Apr 2010	31 Aug 2010	Transport Infra.	-	-	-	32 250	32 909	34 533
3. P34/4	Empangeni	Zululand	Rehabilitation	15 KM	01 Apr 2010	31 Aug 2010	Transport Infra.	-	-	-	26 875	27 131	28 437
4. P522/2	Empangeni	Umkhanyakude	Rehabilitation	5 KM	01 Apr 2010	31 Aug 2010	Transport Infra.	-	-	-	26 875	27 131	28 436
5. P1/9	Ladysmith	Umzinyathi	Rehabilitation	9 KM	01 Apr 2010	31 Aug 2010	Transport Infra.	-	-	-	16 125	15 575	16 245
6. P6/2	Ladysmith	Umzinyathi	Rehabilitation	15 KM	01 Apr 2010	31 Aug 2010	Transport Infra.	-	-	-	43 000	44 467	46 725
7. P6/1	Pietermaritzburg	uMgungundlovu	Rehabilitation	11 KM	01 Apr 2010	31 Aug 2010	Transport Infra.	-	-	-	53 750	56 014	58 914
8. P21/1	Pietermaritzburg	uMgungundlovu	Rehabilitation	5 KM	01 Apr 2010	31 Aug 2010	Transport Infra.	-	-	-	50 412	52 433	55 130
9. P22/2	Pietermaritzburg	Sisonke	Rehabilitation	18 KM	01 Apr 2010	31 Aug 2010	Transport Infra.	-	-	-	41 208	42 539	44 692
10. P400	Durban	Ilembe	Rehabilitation	6 KM	01 Apr 2010	31 Aug 2010	Transport Infra.	-	-	-	43 000	44 466	46 732
Other P398/1	Durban	Ilembe	Rehabilitation	3.4 KM	01 Apr 2010	31 Aug 2010	Transport Infra.	-	-	-	37 625	38 032	39 937

Table 1.C: Detail payments and estimates of infrastructure by category (cont.)

Project name	Region	Municipality	Type of infrastructure: Project/admin block; water; electricity; sanitation; etc.	Type of infrastructure: Units (i.e. number of facilities)	Project duration: Date: Start	Project duration: Date: Finish	Budget programme name	EPWP budget for current financial year	Total project cost	Payments to date from previous years	Total available 2011/12	MTEF forward Estimates 2012/13	MTEF forward Estimates 2013/14
R thousand													
Public Works								**-**	**26 128**	**11 366**	**5 162**	**-**	**17 172**
1. LA Building - Ulundi Campus	North Coast	Zululand	External maint. & rehab of landscape	1	11 May 2009	16 Dec 2011	Prog 3	-	11 600	3 706	4 094	-	6 000
2. LA Building - Ulundi Campus	North Coast	Zululand	Maint. contract for air conditioning	1	12 Jul 2008	27 Jun 2011	Prog 3	-	7 300	4 269	731	-	6 000
3. LA Building - Ulundi Campus	North Coast	Zululand	Preventative maint. contract for elect.	1	12 Mar 2009	12 Mar 2011	Prog 3	-	7 228	3 391	337	-	5 172
Total rehabilitation, renovations and refurbishments								**-**	**3 116 907**	**797 895**	**1 059 441**	**1 086 220**	**1 056 997**
Maintenance and repairs													
Office of the Premier								**-**	**-**	**-**	**1 905**	**2 185**	**2 305**
1. Provincial Public Service Training Academy	eThekwini	eThekwini	Project/admin block	1	01 Apr 2011	01 Mar 2014	2. Inst. Dev	-	-	-	1 530	1 735	1 830
2. Telkom Building	uMgungundlovu	Msunduzi	Admin Block	1	01 Apr 2011	01 Mar 2014	1. Administration	-	-	-	375	450	475
Provincial Legislature								**-**	**12 254**	**4 170**	**2 945**	**2 617**	**2 522**
1. Ground maintenance	uMgungundlovu	Msunduzi	Legislature building	1	01 Apr 2011	01 Mar 2014	Administration	-	475	250	65	75	85
2. Fumigation - Legislature building	uMgungundlovu	Msunduzi	Legislature building	1	01 Apr 2011	01 Mar 2014	Administration	-	238	90	40	48	60
3. Fumigation - administrative building	uMgungundlovu	Msunduzi	Administration building	1	01 Apr 2011	01 Mar 2014	Administration	-	323	120	60	68	75
4. Lift maintenance - Legislature building	uMgungundlovu	Msunduzi	Legislature bulding	1	01 Apr 2011	01 Mar 2014	Administration	-	210	150	16	20	24
5. Lift maintenance - administrative building	uMgungundlovu	Msunduzi	Administration building	2	01 Apr 2011	01 Mar 2014	Administration	-	209	50	45	53	61
6. Maintenance contract fire alarms	uMgungundlovu	Msunduzi	Legislature & admin	2	01 Apr 2011	01 Mar 2014	Administration	-	146	60	25	28	33
7. Maintenance contract for generators	uMgungundlovu	Msunduzi	Legislature & admin	2	01 Apr 2011	01 Mar 2014	Administration	-	138	-	74	30	34
8. Maintenance contract of airconditioners	uMgungundlovu	Msunduzi	Legislature & admin	2	01 Apr 2011	01 Mar 2014	Administration	-	2 480	1 200	380	450	450
9. Day-to-day maintenance - unforseen items	uMgungundlovu	Msunduzi	Legislature & admin	2	01 Apr 2011	01 Mar 2014	Administration	-	6 000	1 500	1 300	1 500	1 700
10. Painting - Legislature and admin. building	uMgungundlovu	Msunduzi	Legislature & admin	2	01 Apr 2011	01 Mar 2012	Administration	-	1 390	490	900	-	-
Other Pigeon protection, roof paint, etc	uMgungundlovu	Msunduzi	Legislature & admin	2	01 Apr 2011	01 Mar 2013	Administration	-	645	260	40	345	-
Agriculture, Environmental Affairs and Rural Development								**-**	**-**	**-**	**20 608**	**21 639**	**22 829**
1. Office accommodation	Various	Various	Office accommodation	Various	Ongoing	Ongoing	Administration	-	-	-	5 995	6 105	6 410
2. Farm structures	Various	Various	Fencing, irrigat., poultry, piggery, etc	Various	Ongoing	Ongoing	Agric Dev Services	-	-	-	5 386	7 439	12 316
3. Makhathini	Umkhanyakude	Jozini	Irrigation, fencing , drain. canals etc	Various	Ongoing	Ongoing	Agric Dev Services	-	-	-	9 227	8 095	4 103
Education								**-**	**576 142**	**297 633**	**106 000**	**111 300**	**117 422**
Other Maintenance - Public School	Various	Various	Maintenance of schools	Several	01 Apr 2010	31 Mar 2014	Programme 2	-	576 142	297 633	106 000	111 300	117 422
Health								**-**	**1 446 221**	**48 944**	**245 511**	**246 549**	**295 934**
1. Lift maintenance	uMgungundlovu	Msunduzi	Office Accommodation	1	01 Apr 2010	31 Mar 2014	Programme 8	-	5 720	-	840	880	920
2. Manage 168 lease agreements	uMgungundlovu	Msunduzi	Residential Accommodation	168	01 Apr 2010	31 Mar 2014	Programme 8	-	350 000	48 944	50 000	50 000	50 000
3. Facilitiies routine maintenance	uMgungundlovu	Msunduzi	Maintenance	1	01 Apr 2010	31 Mar 2014	Programme 8	-	1 090 501	-	194 671	195 669	245 014
Human Settlements								**-**	**-**	**398 949**	**26 303**	**24 153**	**24 153**
1. Housing Property Maintenance	KZN province	KZN province	Houses	Several	Ongoing	Ongoing	Programme 4	-	-	398 949	26 303	24 153	24 153
The Royal Household								**-**	**2 348**	**-**	**2 746**	**3 528**	**3 722**
1. Maintenance and repairs to palaces	Zululand	Zululand	Palaces	7	Ongoing	Ongoing	R/Household Plan. ar	-	2 348	-	2 746	3 528	3 722
Co-operative Governance and Traditional Affairs								**-**	**15 002**	**-**	**4 000**	**5 502**	**5 500**
1. Traditional Administrative Centres	Province wide	Various	Minor maintenance	33	01 Apr 2011	01 Mar 2012	Urban & Rural Dev	-	2 500	-	2 500	-	-
2. Traditional Administrative Centres	Province wide	Various	Minor maintenance	33	01 Apr 2012	01 Mar 2013	Urban & Rural Dev	-	2 500	-	-	2 500	-
3. Traditional Administrative Centres	Province wide	Various	Minor maintenance	33	01 Apr 2013	01 Mar 2014	Urban & Rural Dev	-	2 500	-	-	-	2 500
4. Traditional Administrative Centres	Province wide	Various	Electrification	5	01 Apr 2011	01 Mar 2012	Urban & Rural Dev	-	1 500	-	1 500	-	-
5. Traditional Administrative Centres	Province wide	Various	Electrification	5	01 Apr 2012	01 Mar 2013	Urban & Rural Dev	-	1 500	-	-	1 500	-
6. Traditional Administrative Centres	Province wide	Various	Electrification	2	01 Apr 2013	01 Mar 2014	Urban & Rural Dev	-	1 500	-	-	-	1 500
7. Thusong Service Centres	Province wide	Various	Electrification	4	01 Apr 2012	01 Mar 2013	Urban & Rural Dev	-	1 502	-	-	1 502	-
8. Thusong Service Centres	Province wide	Various	Electrification	3	01 Apr 2013	01 Mar 2014	Urban & Rural Dev	-	1 500	-	-	-	1 500

Table 1.C: Detail payments and estimates of infrastructure by category (cont.)

Project name	Region	Municipality	Type of infrastructure		Project duration		Budget programme name	EPWP budget for current financial year	Total project cost	Payments to date from previous years	Total available	MTEF forward Estimates	
			Project/admin block; water; electricity; sanitation; etc.	Units (i.e. number of facilities)	Date: Start	Date: Finish					2011/12	2012/13	2013/14
R thousand													
Transport								**-**	**-**	**-**	**2 547 268**	**2 896 585**	**3 217 886**
1. Durban	Durban	Ugu & eThekwini	Reseals	64.05 KM	01 Sep 2010	30 Nov 2010	Transport Infra.	-	-	-	18 221	19 587	20 664
2. Pietermaritzburg	Pietermaritzburg	Sisonke	Reseals	78 KM	01 Sep 2010	30 Nov 2010	Transport Infra.	-	-	-	24 778	26 637	28 102
3. Ladysmith	Ladysmith	Uthukela	Reseals	47.5 KM	01 Sep 2010	30 Nov 2010	Transport Infra.	-	-	-	21 500	23 112	24 383
4. Empangeni	Empangeni	Zululand	Reseals	60 KM	01 Sep 2010	30 Nov 2010	Transport Infra.	-	-	-	21 500	23 112	2 438
5. Routine	Whole KZN	Whole KZN	Reseals	Several	01 Sep 2010	30 Nov 2010	Transport Infra.	-	-	-	793 951	814 541	891 511
6. Preventative	Whole KZN	Whole KZN	Reseals	Several	01 Sep 2010	30 Nov 2010	Transport Infra.	-	-	-	681 788	745 984	926 618
7. Safety	Whole KZN	Whole KZN	Reseals	Several	01 Sep 2010	30 Nov 2010	Transport Infra.	-	-	-	179 498	218 338	236 771
8. Special	Whole KZN	Whole KZN	Reseals	Several	01 Sep 2010	30 Nov 2010	Transport Infra.	-	-	-	23 169	24 096	2 543
9. Mechanical	Whole KZN	Whole KZN	Reseals	Several	01 Sep 2010	30 Nov 2010	Transport Infra.	-	-	-	401 764	526 417	589 484
10. Maintenance administration	Whole KZN	Whole KZN	Reseals	Several	01 Sep 2010	30 Nov 2010	Transport Infra.	-	-	-	381 099	474 761	495 372
Social Development								**-**	**-**	**-**	**44 873**	**44 550**	**34 414**
Other Various	Various	Various	Various	Various	Various	Various	Programmes 2 & 3	-	-	-	44 873	44 550	34 414
Public Works								**-**	**-**	**-**	**12 000**	**16 000**	**24 000**
1. Maintenance & Repairs	Southern	Various	Various	Various	01 Apr 2011	01 Mar 2014	Prog 3	-	-	-	3 000	4 000	6 000
2. Maintenance & Repairs	North Coast	Various	Various	Various	01 Apr 2011	01 Mar 2014	Prog 3	-	-	-	3 000	4 000	6 000
3. Maintenance & Repairs	eThekwini	Various	Various	Various	01 Apr 2011	01 Mar 2014	Prog 3	-	-	-	3 000	4 000	6 000
3. Maintenance & Repairs	eThekwini	Various	Various	Various	01 Apr 2011	01 Mar 2014	Prog 3	-	-	-	3 000	4 000	6 000
Sport and Recreation								**-**	**2 800**	**11 576**	**2 250**	**2 363**	**2 493**
1. Minor repairs and renovation	Various regions	Various	Maintenance	7	01 Apr 2010	31 Mar 2011	Sport and Recreation	-	2 800	11 576	2 250	2 363	2 493
Total maintenance and repairs								**-**	**2 054 767**	**761 272**	**3 016 409**	**3 376 971**	**3 753 180**
Infrastructure transfers - current													
Economic Development and Tourism								**-**	**-**	**-**	**37 441**	**39 313**	**41 475**
1. Dube TradePort	eThekwini	eThekwini	Dube TradePort	1	01 Apr 2006	31 Mar 2060	Programme 3	-	-	-	37 441	39 313	41 475
Sport and Recreation								**-**	**1 100**	**-**	**1 650**	**1 733**	**1 828**
1. Maintenance grants	Various regions	Various	Maintenance	11	01 Apr 2010	31 Mar 2011	Sport and Recreation	-	1 100	-	1 650	1 733	1 828
Total Infrastructure transfers - current								**-**	**1 100**	**-**	**39 091**	**41 046**	**43 303**
Infrastructure transfers - capital													
Economic Development and Tourism								-	**5 147 217**	**989 338**	**386 298**	**405 613**	**427 922**
1. Dube TradePort	eThekwini	eThekwini	Dube TradePort	1	01 Apr 2006	31 Mar 2060	Programme 3	-	4 913 587	944 956	326 662	342 995	361 860
2. Richards Bay IDZ	Umhlathuze	uThungulu	RBIDZ	1	01 Apr 2010	31 Mar 2011	Programme 3	-	233 630	44 382	59 636	62 618	66 062
Human Settlements								-	**-**	**4 648**	**2 344 443**	**2 472 786**	**2 611 449**
1. Municipalities throughout the province	KZN province	KZN province	Houses	Several	Ongoing	Ongoing	Programme 3	-	-	4 648	2 344 443	2 472 786	2 611 449
Co-operative Governance and Traditional Affairs								-	**21 500**	**-**	**3 500**	**9 000**	**9 000**
1. Emondlo Thusong Service Centre	Zululand	Abaqulusi	New centre	1	01 Apr 2011	01 Mar 2012	Urban & Rural Dev	-	3 500	-	3 500	-	-
2. Muden Thusong Service Centre	Umzinyathi	Umvoti	New centre	1	01 Apr 2012	01 Mar 2013	Urban & Rural Dev	-	9 000	-	-	9 000	-
3. KwaCeza Thusong Service Centre	Zululand	Ulundi	New centre	1	01 Apr 2013	01 Mar 2014	Urban & Rural Dev	-	9 000	-	-	-	9 000
Arts and Culture								-	**-**	**-**	**8 000**	**12 000**	**10 000**
1. Construction of library	eThekwini Metro	eThekwini	Library building	1	01 Apr 2011	31 Mar 2014	Library and Archive	-	-	-	8 000	12 000	10 000
Sport and Recreation								**-**	**13 960**	**94 252**	**15 120**	**15 876**	**16 750**
1. Sports facilities	Various regions	Various	Infrastructure transfer	8	01 Apr 2010	31 Mar 2011	Sport and Recreation	-	13 960	94 252	15 120	15 876	16 750
Total Infrastructure transfers - capital								**-**	**5 182 677**	**1 088 238**	**2 757 361**	**2 915 275**	**3 075 121**
Total Provincial Infrastructure								**15 240**	**40 727 397**	**6 522 664**	**11 754 141**	**12 573 093**	**13 350 966**

Table 1.D: Summary of transfers to municipalities

R thousand			Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
			2007/08	2008/09	2009/10		2010/11		2011/12	2012/13	2013/14
A	**KZN2000**	**eThekwini**	**400 226**	**711 659**	**614 414**	**498 666**	**944 154**	**944 133**	**949 546**	**928 603**	**1 057 815**
Total: Ugu Municipalities			**41 763**	**52 633**	**79 383**	**12 892**	**102 944**	**103 305**	**25 829**	**26 686**	**35 052**
B	KZN211	Vulamehlo	4 050	-	2 952	320	2 055	2 058	1 930	1 831	2 483
B	KZN212	Umdoni	3 130	5 243	8 801	3 984	8 108	7 589	7 333	7 289	9 800
B	KZN213	Umzumbe	2 140	600	-	170	4 000	4 000	2 103	2 480	3 269
B	KZN214	uMuziwabantu	751	814	12 861	1 570	8 983	8 983	1 882	2 174	2 567
B	KZN215	Ezingolweni	2 024	2 634	2 002	259	8 842	8 842	329	546	820
B	KZN216	Hibiscus Coast	2 018	1 216	3 426	6 589	18 092	18 100	11 297	12 366	15 913
C	DC21	Ugu District Municipality	27 650	42 126	49 341	-	52 864	53 733	955	-	200
Total: uMgungundlovu Municipalities			**73 061**	**82 116**	**132 179**	**49 317**	**260 664**	**260 058**	**89 711**	**104 220**	**123 721**
B	KZN221	uMshwathi	600	11	4	719	12 984	14 014	920	1 559	2 132
B	KZN222	uMngeni	7 559	1 125	5 272	3 354	12 830	12 830	4 111	5 806	7 645
B	KZN223	Mpofana	575	25	41	2 721	5 455	5 250	3 678	5 373	6 108
B	KZN224	Impendle	3 198	759	-	265	6 490	6 490	540	945	1 767
B	KZN225	Msunduzi	29 726	36 152	71 576	39 827	150 310	150 315	78 751	89 015	103 249
B	KZN226	Mkhambathini	1 275	385	90	2 372	48 477	47 040	578	729	963
B	KZN227	Richmond	834	501	8 830	59	13 527	13 528	224	793	1 657
C	DC22	uMgungundlovu District Municipality	29 294	43 158	46 366	-	10 591	10 591	909	-	200
Total:Uthukela Municipalities			**24 062**	**12 444**	**37 429**	**35 361**	**69 591**	**71 624**	**61 028**	**61 775**	**69 125**
B	KZN232	Emnambithi/Ladysmith	10 248	4 426	22 682	16 011	27 637	26 637	15 948	17 552	19 788
B	KZN233	Indaka	1 750	-	750	-	925	1 311	233	245	964
B	KZN234	Umtshezi	2 027	2 954	3 034	16 916	23 639	23 632	31 205	32 497	34 318
B	KZN235	Okhahlamba	1 047	236	2 779	2 339	11 289	11 289	5 017	4 192	4 808
B	KZN236	Imbabazane	5 020	592	282	95	2 122	2 121	2 137	2 380	3 762
C	DC23	Uthukela District Municipality	3 970	4 236	7 902	-	3 979	6 634	6 488	4 909	5 485
Total: Umzinyathi Municipalities			**18 917**	**30 467**	**28 675**	**19 345**	**55 898**	**54 515**	**18 216**	**21 249**	**14 666**
B	KZN241	Endumeni	1 833	2 983	4 454	5 158	7 824	8 343	6 175	6 416	8 156
B	KZN242	Nquthu	1 968	2 860	780	360	14 656	13 156	3 534	721	1 260
B	KZN244	Msinga	5 999	2 098	10 880	2 340	10 234	9 734	4 378	2 161	1 523
B	KZN245	Umvoti	1 795	3 816	3 822	11 487	10 329	8 524	3 910	11 951	3 527
C	DC24	Umzinyathi District Municipality	7 322	18 710	8 739	-	12 855	14 758	219	-	200
Total: Amajuba Municipalities			**17 297**	**30 034**	**33 724**	**6 909**	**27 288**	**27 282**	**14 963**	**17 412**	**20 979**
B	KZN252	Newcastle	3 615	11 111	24 288	3 998	12 392	11 549	8 167	9 352	12 327
B	KZN253	eMadlangeni	3 850	750	550	427	5 440	4 392	686	818	1 062
B	KZN254	Dannhauser	332	100	-	804	4 029	3 052	4 010	6 742	7 390
C	DC25	Amajuba District Municipality	9 500	18 073	8 886	1 680	5 427	8 289	2 100	500	200
Total: Zululand Municipalities			**29 973**	**27 776**	**25 364**	**24 790**	**61 488**	**65 805**	**29 971**	**30 784**	**46 320**
B	KZN261	eDumbe	883	933	600	789	4 289	4 289	1 498	2 982	2 986
B	KZN262	uPhongolo	1 400	893	500	733	6 407	5 407	1 244	1 652	2 791
B	KZN263	Abaqulusi	2 556	587	568	13 456	8 131	8 131	17 184	15 065	17 326
B	KZN265	Nongoma	2 380	715	200	532	3 266	3 466	1 822	2 605	4 219
B	KZN266	Ulundi	14 722	9 160	6 113	7 806	18 601	23 718	8 223	8 480	18 798
C	DC26	Zululand District Municipality	8 032	15 488	17 383	1 474	20 794	20 794	-	-	200
Total: Umkhanyakude Municipalities			**24 875**	**26 764**	**20 784**	**3 659**	**77 406**	**77 340**	**16 781**	**17 192**	**19 869**
B	KZN271	Umhlabuyalingana	3 035	1 129	1 003	415	11 995	12 195	2 867	3 312	3 713
B	KZN272	Jozini	4 577	700	600	265	12 014	11 159	4 347	5 781	6 181
B	KZN273	The Big Five False Bay	680	1 675	913	2 287	5 391	4 691	1 846	1 982	2 469
B	KZN274	Hlabisa	2 097	363	210	264	10 753	10 003	1 718	1 907	2 221
B	KZN275	Mtubatuba	435	827	2 679	428	15 641	14 771	5 354	4 210	5 085
C	DC27	Umkhanyakude District Municipality	14 051	22 070	15 379	-	21 612	24 521	649	-	200
Total: uThungulu Municipalities			**35 047**	**43 416**	**71 075**	**27 636**	**66 926**	**67 638**	**43 621**	**43 342**	**51 538**
B	KZN281	Mbonambi	5 590	580	6 707	320	6 025	5 912	272	532	817
B	KZN282	uMhlathuze	7 253	9 865	6 691	20 685	27 904	27 905	31 021	33 306	36 498
B	KZN283	Ntambanana	700	400	731	320	3 095	3 095	2 016	1 036	1 728
B	KZN284	Umlalazi	3 714	6 180	6 287	2 573	10 689	10 689	4 663	4 567	6 406
B	KZN285	Mthonjaneni	840	1 483	2 177	1 176	5 326	5 326	1 793	2 100	2 851
B	KZN286	Nkandla	2 000	325	4 597	2 562	12 525	12 125	3 527	1 801	3 038
C	DC28	uThungulu District Municipality	14 950	24 583	43 885	-	1 362	2 586	329	-	200
Total: Ilembe Municipalities			**36 965**	**26 214**	**63 186**	**20 307**	**92 041**	**94 587**	**31 742**	**32 956**	**38 481**
B	KZN291	Mandeni	5 443	1 586	1 471	1 773	4 683	4 666	5 612	6 649	7 631
B	KZN292	KwaDukuza	7 728	4 615	5 392	16 735	18 699	18 699	16 600	16 353	18 812
B	KZN293	Ndwedwe	4 838	3 813	90	265	4 333	4 333	5 779	5 453	6 495
B	KZN294	Maphumulo	3 811	400	1 689	319	5 402	4 402	3 751	4 501	5 343
C	DC29	Ilembe District Municipality	15 145	15 800	54 544	1 215	58 924	62 487	-	-	200
Total: Sisonke Municipalities			**80 494**	**70 474**	**71 518**	**6 851**	**114 888**	**111 758**	**14 700**	**15 483**	**17 886**
B	KZN431	Ingwe	2 818	823	-	463	2 824	1 824	668	606	1 039
B	KZN432	Kwa Sani	250	100	1 289	504	4 079	2 335	849	941	1 176
B	KZ5a3	Matatiele	5 316	-	-	-	-	-	-	-	-
B	KZN433	Greater Kokstad	2 205	2 774	-	3 809	46 779	45 178	6 110	6 504	7 580
B	KZN434	Ubuhlebezwe	280	659	5 890	178	9 904	8 915	3 302	1 877	2 268
B	KZN435	Umzimkulu	20 100	21 650	7 283	359	4 984	4 984	3 771	5 555	5 623
C	DC43	Sisonke District Municipality	49 525	44 468	57 056	1 538	46 318	48 522	-	-	200
Unallocated/unclassified			**148**	**24**	**-**	**21 000**	**-**	**-**	**-**	**18 609**	**19 578**
Total			**782 828**	**1 114 021**	**1 177 731**	**726 733**	**1 873 288**	**1 878 045**	**1 296 108**	**1 318 311**	**1 515 030**

Table 1.E(a): Payments and estimates by policy area

R thousand	Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	Audited	Audited	Audited						
	2007/08	2008/09	2009/10		2010/11		2011/12	2012/13	2013/14
GENERAL PUBLIC SERVICES	**2 375 068**	**3 222 729**	**3 467 704**	**3 833 417**	**4 337 279**	**4 080 984**	**4 100 602**	**4 313 297**	**4 564 827**
Executive & Legislative	**390 769**	**450 358**	**494 606**	**559 153**	**587 560**	**577 408**	**639 327**	**681 178**	**718 132**
Office of the Premier	27 459	17 259	29 399	33 005	31 181	31 181	33 458	35 426	37 374
Provincial Legislature (including all statutory payments and ministries)	324 196	385 246	424 800	482 303	509 230	499 078	550 841	586 318	616 693
The Royal Household	39 114	47 853	40 407	43 845	47 149	47 149	55 028	59 434	64 065
General Services	**1 707 380**	**2 311 448**	**2 564 806**	**2 676 452**	**3 154 526**	**3 150 981**	**2 964 898**	**3 120 661**	**3 313 143**
Office of the Premier	335 361	370 989	352 715	349 591	383 492	383 492	396 253	410 679	440 375
Transport	170 596	219 682	417 403	423 294	403 294	403 294	235 616	252 391	270 973
Public Works	473 181	724 978	788 826	858 575	1 324 194	1 320 649	1 210 845	1 283 893	1 365 351
Co-operative Governance and Traditional Affairs	726 530	993 968	1 003 893	1 042 906	1 040 460	1 040 460	1 118 194	1 169 098	1 231 217
Agriculture, Environmental Affairs & Rural Dev	1 712	1 831	1 969	2 086	3 086	3 086	3 990	4 600	5 227
Financial and Fiscal Services	**276 919**	**460 923**	**408 292**	**597 812**	**595 193**	**352 595**	**496 377**	**511 458**	**533 552**
Provincial Treasury	276 919	460 923	408 292	597 812	595 193	352 595	496 377	511 458	533 552
PUBLIC ORDER AND SAFETY	**434 932**	**553 510**	**604 972**	**687 669**	**700 669**	**696 669**	**769 348**	**823 844**	**885 177**
Police Services	**78 797**	**109 287**	**125 272**	**140 744**	**140 744**	**136 744**	**150 139**	**157 048**	**165 637**
Community Safety and Liaison	78 797	109 287	125 272	140 744	140 744	136 744	150 139	157 048	165 637
Traffic Control	**356 135**	**444 223**	**479 700**	**546 925**	**559 925**	**559 925**	**619 209**	**666 796**	**719 540**
Transport	356 135	444 223	479 700	546 925	559 925	559 925	619 209	666 796	719 540
EDUCATION	**18 755 530**	**23 436 459**	**26 702 112**	**29 529 294**	**30 107 494**	**30 278 200**	**33 181 138**	**35 065 579**	**37 134 126**
Pre-primary and Primary phases	**9 346 891**	**11 383 113**	**13 126 257**	**14 227 701**	**14 444 704**	**14 779 613**	**15 729 642**	**16 698 987**	**17 684 878**
Education	9 346 891	11 383 113	13 126 257	14 227 701	14 444 704	14 779 613	15 729 642	16 698 987	17 684 878
Secondary Education Phase	**6 084 317**	**7 424 078**	**8 604 297**	**10 064 202**	**10 326 568**	**10 132 984**	**11 113 785**	**11 616 773**	**12 283 662**
Education	6 084 317	7 424 078	8 604 297	10 064 202	10 326 568	10 132 984	11 113 785	11 616 773	12 283 662
Education Services not defined by level	**1 349 837**	**1 835 676**	**1 931 033**	**2 126 211**	**2 148 250**	**2 236 855**	**2 585 804**	**2 761 355**	**2 994 121**
Agriculture, Environmental Affairs & Rural Dev	33 237	56 341	58 217	72 330	76 474	76 474	79 391	83 751	88 357
Education	990 776	1 380 660	1 448 305	1 610 891	1 589 741	1 698 518	1 999 221	2 137 518	2 325 945
Health	325 824	398 675	424 511	442 990	482 035	461 863	507 192	540 086	579 819
Subsidiary Services to Education	**1 974 485**	**2 793 592**	**3 040 525**	**3 111 180**	**3 187 972**	**3 128 748**	**3 751 907**	**3 988 464**	**4 171 465**
Education	1 974 485	2 793 592	3 040 525	3 111 180	3 187 972	3 128 748	3 751 907	3 988 464	4 171 465
HEALTH	**14 621 719**	**16 690 644**	**19 912 324**	**21 197 899**	**21 622 697**	**21 162 945**	**23 961 172**	**25 767 613**	**27 591 931**
Outpatient Services	**3 881 287**	**4 392 664**	**5 381 885**	**6 244 071**	**6 028 880**	**5 752 048**	**7 085 138**	**7 777 787**	**8 558 939**
Health	3 881 287	4 392 664	5 381 885	6 244 071	6 028 880	5 752 048	7 085 138	7 777 787	8 558 939
R and D Health (CS)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Health	-	-	-	-	-	-	-	-	-
Hospital Services	**10 740 432**	**12 297 980**	**14 530 439**	**14 953 828**	**15 593 817**	**15 410 897**	**16 876 034**	**17 989 826**	**19 032 992**
Health	10 740 432	12 297 980	14 530 439	14 953 828	15 593 817	15 410 897	16 876 034	17 989 826	19 032 992
SOCIAL PROTECTION	**1 006 950**	**1 221 705**	**1 349 437**	**1 654 661**	**1 654 673**	**1 654 116**	**1 938 496**	**2 030 124**	**2 123 775**
Social Security Services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Social Development	-	-	-	-	-	-	-	-	-
Social Services and Population Development	**1 006 950**	**1 221 705**	**1 349 437**	**1 654 661**	**1 654 673**	**1 654 116**	**1 938 496**	**2 030 124**	**2 123 775**
Social Development	1 006 950	1 221 705	1 349 437	1 654 661	1 654 673	1 654 116	1 938 496	2 030 124	2 123 775
HOUSING AND COMMUNITY AMENITIES	**1 522 181**	**1 876 146**	**2 492 647**	**3 111 613**	**3 192 556**	**3 112 556**	**3 053 315**	**3 189 503**	**3 363 874**
Housing Development	**1 522 181**	**1 876 146**	**2 492 647**	**3 111 613**	**3 192 556**	**3 112 556**	**3 053 315**	**3 189 503**	**3 363 874**
Human Settlements	1 522 181	1 876 146	2 492 647	3 111 613	3 192 556	3 112 556	3 053 315	3 189 503	3 363 874
ENVIRONMENTAL PROTECTION	**451 091**	**510 184**	**586 370**	**625 518**	**635 362**	**635 362**	**704 501**	**722 866**	**766 788**
Environmental Protection	**451 091**	**510 184**	**586 370**	**625 518**	**635 362**	**635 362**	**704 501**	**722 866**	**766 788**
Agriculture, Environmental Affairs and Rural Dev	451 091	510 184	586 370	625 518	635 362	635 362	704 501	722 866	766 788
RECREATION, CULTURE AND RELIGION	**387 348**	**527 198**	**535 250**	**692 015**	**703 749**	**703 249**	**755 029**	**878 120**	**1 044 050**
Sporting and Recreational Affairs	**387 348**	**527 198**	**535 250**	**692 015**	**703 749**	**703 249**	**755 029**	**878 120**	**1 044 050**
Sport and Recreation	155 630	206 985	237 971	307 107	311 065	310 565	358 333	376 273	396 801
Arts and Culture	199 142	244 619	250 290	348 220	355 996	355 996	355 302	457 183	600 171
Office of the Premier	32 576	75 594	46 989	36 688	36 688	36 688	41 394	44 664	47 078
ECONOMIC AFFAIRS	**4 928 261**	**7 490 117**	**8 158 468**	**7 745 277**	**8 251 183**	**8 207 132**	**8 836 410**	**9 491 945**	**10 208 544**
General Economic Affairs	**1 584 004**	**1 967 832**	**2 588 437**	**1 613 194**	**1 771 376**	**1 727 325**	**1 472 796**	**1 545 851**	**1 647 438**
Economic Development and Tourism	1 511 081	1 766 565	2 409 524	1 599 545	1 703 245	1 659 194	1 460 272	1 533 469	1 621 097
Provincial Treasury	72 923	201 267	178 913	13 649	68 131	68 131	12 524	12 382	26 341
Agriculture	**758 029**	**1 169 839**	**1 312 136**	**1 476 106**	**1 500 235**	**1 500 235**	**1 658 164**	**1 770 567**	**1 888 545**
Agriculture, Environmental Affairs and Rural Dev	758 029	1 169 839	1 312 136	1 476 106	1 500 235	1 500 235	1 658 164	1 770 567	1 888 545
Transport	**2 586 228**	**4 352 446**	**4 257 895**	**4 655 977**	**4 979 572**	**4 979 572**	**5 705 450**	**6 175 527**	**6 672 561**
Transport	2 586 228	4 352 446	4 257 895	4 655 977	4 979 572	4 979 572	5 705 450	6 175 527	6 672 561
GRAND TOTAL FOR ALL FUNCTIONS	**44 483 080**	**55 528 692**	**63 809 284**	**69 077 363**	**71 205 662**	**70 531 213**	**77 300 011**	**82 282 891**	**87 683 092**

Table 1 E (b): Details of function

Function	Category	Department	Programme
General Public Services	Legislative	Office of the Premier	Administration
		Provincial Legislature	Administration
			Parliamentary Services
			Facilities for Members & Political Parties
			Members Remuneration
		All departments	Office of the MEC
		The Royal Household	Support Services - His Majesty the King
			Royal Household Planning and Development
			His Majesty, the King's Farms
	General Services	Office of the Premier	Administration
			Institutional Development
			Policy and Governance
		Transport	Administration
		Public Works	Administration
			Real Estate
			Provision of Buildings, Structures & Equipmt.
	General Policy & Administration	Co-operative Governance and Traditional Affairs	Administration
			Local Governance
			Development and Planning
			Traditional Institutional Management
			Urban and Rural Development
			Systems and Institutional Development
		Agric, Enviro Affairs & Rural Dev	Conservation
	Financial & Fiscal Services	Provincial Treasury	Administration
			Fiscal Resource Management
			Financial Management
			Internal Audit
Public Order & Safety	Police Services	Community Safety & Liaison	Administration
			Civilian Oversight
			Crime Prevention & Community Police Relations
	Traffic control	Transport	Transport Regulation
Education	Pre-primary & Primary Phases	Education	Public Ordinary School Education
			Early Childhood Development
	Secondary Education Phase	Education	Public Ordinary School Education
	Education Services not defined by level	Education	Further Education & Training
			Adult Basic Education & Training
			Public Special School Education
			Independent School Subsidies
		Agric, Enviro Affairs & Rural Dev	Agric Dev Services (Structured Agric Training)
		Health	Health Sciences & Training
	Subsidiary services to education	Education	Administration
			Public Ordinary School Education
			Public Special School Education
			Further Education & Training
			Early Childhood Development
			Auxiliary & Associated Services
Health	Outpatient services n.e.c	Health	District Health Services
			Health Facilities Management
	Hospital Services	Health	Administration
			District Health Services
			Emergency Medical Services
			Provincial Hospital Services
			Central Hospital Services
			Health Sciences & Training
			Health Care Support Services
			Health Facilities Management
Social Protection	Social Security Services	Social Development	
	Social Services and Population Development	Social Development	Administration
			Social Welfare Services
			Development and Research
Housing & Community Amenities	Housing Development	Human Settlements	Administration
			Housing Needs, Research and Planning
			Housing Development
			Housing Asset Management, Property Mgt.
Environmental Protection	Environmental Protection	Agric, Enviro Affairs & Rural Dev	Environmental Management
			Conservation
Recreational, Culture and Religion	Sporting and recreational affairs services	Sport and Recreation	Administration
			Sport and Recreation
		Arts and Culture	Administration
			Cultural Affairs
			Libraries and Archive Services
		Office of the Premier	Institutional Development
Economic Affairs	General Economic Affairs	Economic Development & Tourism	Administration
			Integrated Econ Dev Services
			Trade and Sector Development
			Business Regulation and Governance
			Economic Planning
		Provincial Treasury	Growth and Development
	Agriculture	Agric, Enviro Affairs & Rural Dev	Administration
			Agricultural Development Services
	Transport	Transport	Transport Infrastructure
			Transport Operations
			Community Based Programme

Table 1.F: Donor funding and agency receipts

Name of Donor Organisation R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2007/08	2008/09	2009/10	2010/11			2011/12	2012/13	2013/14
Donor funding	**204 637**	**148 800**	**64 225**	**46 089**	**49 727**	**51 042**	**39 190**	**22 984**	**22 984**
Office of the Premier	-	-	-	19 841	19 841	19 841	19 841	19 766	19 766
National Skills Fund	*-*	*-*	*-*	*19 766*	*19 766*	*19 766*	*19 766*	*19 766*	*19 766*
PSETA	*-*	*-*	*-*	*75*	*75*	*75*	*75*	*-*	*-*
Provincial Legislature	198	1 003	-	-	-	-	-	-	-
European Union: Legislature Support Prog.	*198*	*1 003*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Agriculture, Enviro Affairs and Rural Development	307	11 509	19 474	22 276	22 276	22 276	19 349	3 218	3 218
Danida	*-*	*-*	*-*	*2 950*	*2 950*	*2 950*	*-*	*-*	*-*
Dutch funding (NUFFIC)	*307*	*-*	*812*	*-*	*-*	*-*	*-*	*-*	*-*
Flemish government	*-*	*11 509*	*16 402*	*16 131*	*16 131*	*16 131*	*16 131*	*-*	*-*
World Health Organisation (Rabies project)	*-*	*-*	*2 049*	*3 195*	*3 195*	*3 195*	*3 218*	*3 218*	*3 218*
EU - Gijima project	*-*	*-*	*211*	*-*	*-*	*-*	*-*	*-*	*-*
Economic Development and Tourism	-	-	-	-	-	-	-	-	-
European Union	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Education	52 537	29 999	-	-	5 172	5 172	-	-	-
Royal Netherlands Embassy	*52 537*	*29 999*	*-*	*-*	*5 172*	*5 172*	*-*	*-*	*-*
Health	140 895	91 985	36 072	2 636	1 102	1 102	-	-	-
Atlantic Philanthropies	*-*	*6 000*	*6 000*	*-*	*-*	*-*	*-*	*-*	*-*
Bayer Health Care: Greys	*-*	*10*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Belgium Funding (Communicable Diseases)	*800*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Bhayla - Neurosurgery (IALCH)	*20*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Bhayla - Orthopaedic (IALCH)	*60*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Canadian HIV Trials Network (Edendale)	*547*	*71*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
CoGTA	*5 150*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
European Union PHC	*21 500*	*20 160*	*9 318*	*2 636*	*-*	*-*	*-*	*-*	*-*
Global fund for HIV and AIDS patients	*108 503*	*64 194*	*17 353*	*-*	*-*	*-*	*-*	*-*	*-*
Grey's Canadian Trial	*-*	*674*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
HWSETA Learnership - Head Office	*-*	*280*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
HWSETA Learnership - Mseleni and Mosvold	*-*	*441*	*42*	*-*	*-*	*-*	*-*	*-*	*-*
HWSETA Learnership - PMMH	*-*	*-*	*96*	*-*	*-*	*-*	*-*	*-*	*-*
HWSETA Learnership - St Aiden's	*329*	*115*	*263*	*-*	*-*	*-*	*-*	*-*	*-*
Impumelelo Trust Innovation	*-*	*40*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Rashid Suliman & Associates	*3*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
TB Global Fund	*3 983*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
UNICEF: ilembe District	*-*	*-*	*3 000*	*-*	*-*	*-*	*-*	*-*	*-*
S.A. Breweries	*-*	*-*	*-*	*-*	*100*	*100*	*-*	*-*	*-*
Ben Booysen	*-*	*-*	*-*	*-*	*1*	*1*	*-*	*-*	*-*
CMC DI Ravenna	*-*	*-*	*-*	*-*	*150*	*150*	*-*	*-*	*-*
HWSETA Learnership - HIV/AIDS Support	*-*	*-*	*-*	*-*	*76*	*76*	*-*	*-*	*-*
HWSETA Learnership - Unemployed Graduates	*-*	*-*	*-*	*-*	*700*	*700*	*-*	*-*	*-*
Human Settlements	4 158	604	-	1 336	1 336	-	-	-	-
Flanders: Groutville Project	*-*	*-*	*-*	*239*	*239*	*-*	*-*	*-*	*-*
Flanders: Housing Pilot Project	*572*	*604*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Phase II Roll - out Project	*3 586*	*-*	*-*	*1 097*	*1 097*	*-*	*-*	*-*	*-*
Co-operative Governance and Traditional Affairs	6 542	13 700	8 679	-	-	2 651	-	-	-
Development Bank of SA	*6 542*	*13 700*	*8 679*	*-*	*-*	*2 651*	*-*	*-*	*-*
Agency receipt	**523 135**	**776 514**	**44 835**	**7 420**	**17 454**	**17 454**	**7 420**	**7 420**	**7 420**
Office of the Premier	22 147	34 541	38 639	-	10 034	10 034	-	-	-
Department of Labour - Literacy Programme	*22 147*	*34 541*	*38 639*	*-*	*10 034*	*10 034*	*-*	*-*	*-*
Transport	500 988	741 973	6 196	7 420	7 420	7 420	7 420	7 420	7 420
Bus Subsidies (NDoT)	*491 300*	*731 800*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
South African Road Agency Limited (SANRAL)	*9 688*	*10 173*	*6 196*	*7 420*	*7 420*	*7 420*	*7 420*	*7 420*	*7 420*
Total	**727 772**	**925 314**	**109 060**	**53 509**	**67 181**	**68 496**	**46 610**	**30 404**	**30 404**

Table 1.G(i): Details of transfers to Municipalities: 2011/12

Municipality	Vote 3	Vote 7	Vote 8					Vote 11					Vote 14	Vote 15			Vote 16	Total
R thousand	3.1	7.1	8.1	8.2	8.3	8.4	8.5	11.1	11.2	11.3	11.4	11.5	14.1	15.1	15.3	15.3	16.1	
eThekwini	**-**	**47 212**	**315 553**	**18 000**	**-**	**173 600**	**-**	**-**	**-**	**-**	**-**	**-**	**376 931**	**12 000**	**6 250**	**-**	**-**	**949 546**
Ugu Municipalities	**100**	**6 627**	**-**	**-**	**-**	**-**	**-**	**955**	**-**	**1 000**	**-**	**-**	**10 618**	**667**	**362**	**5 350**	**150**	**25 829**
Vulamehlo	-	-	-	-	-	-	-	-	-	500	-	-	1 280	-	-	-	150	1 930
Umdoni	100	2 172	-	-	-	-	-	-	-	500	-	-	2 519	175	-	1 867	-	7 333
Umzumbe	-	-	-	-	-	-	-	-	-	-	-	-	2 103	-	-	-	-	2 103
uMuziwabantu	-	919	-	-	-	-	-	-	-	-	-	-	629	101	-	233	-	1 882
Ezinqoleni	-	-	-	-	-	-	-	-	-	-	-	-	-	96	-	233	-	329
Hibiscus Coast	-	3 536	-	-	-	-	-	-	-	-	-	-	4 087	295	362	3 017	-	11 297
Ugu District Municipality	-	-	-	-	-	-	-	955	-	-	-	-	-	-	-	-	-	955
uMgungundlovu Municipalities	**-**	**12 461**	**10 000**	**16 000**	**-**	**-**	**10**	**909**	**-**	**-**	**-**	**-**	**45 459**	**1 548**	**1 074**	**-**	**2 250**	**89 711**
uMshwathi	-	470	-	-	-	-	-	-	-	-	-	-	450	-	-	-	-	920
uMngeni	-	1 346	-	-	-	-	-	-	-	-	-	-	2 379	186	200	-	-	4 111
Mpofana	-	978	-	-	-	-	-	-	-	-	-	-	2 519	-	181	-	-	3 678
Impendle	-	-	-	-	-	-	-	-	-	-	-	-	455	85	-	-	-	540
Msunduzi	-	9 667	10 000	16 000	-	-	10	-	-	-	-	-	39 185	1 096	693	-	2 100	78 751
Mkhambathini	-	-	-	-	-	-	-	-	-	-	-	-	327	101	-	-	150	578
Richmond	-	-	-	-	-	-	-	-	-	-	-	-	144	80	-	-	-	224
uMgungundlovu District Municipality	-	-	-	-	-	-	-	909	-	-	-	-	-	-	-	-	-	909
Uthukela Municipalities	**-**	**9 120**	**20 000**	**-**	**-**	**-**	**-**	**2 400**	**-**	**500**	**-**	**667**	**24 224**	**323**	**724**	**3 070**	**-**	**61 028**
Emnambithi/Ladysmith	-	5 465	-	-	-	-	-	-	-	-	-	-	8 746	108	181	1 448	-	15 948
Indaka	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	233	-	233
Umtshezi	-	2 262	20 000	-	-	-	-	-	-	-	-	-	7 628	101	362	852	-	31 205
Okhahlamba	-	1 393	-	-	-	-	-	-	-	500	-	667	1 954	18	181	304	-	5 017
Imbabazane	-	-	-	-	-	-	-	-	-	-	-	-	1 808	96	-	233	-	2 137
Uthukela District Municipality	-	-	-	-	-	-	-	2 400	-	-	-	-	4 088	-	-	-	-	6 488
Umzinyathi Municipalities	**15**	**1 667**	**-**	**-**	**643**	**-**	**-**	**219**	**-**	**1 500**	**-**	**2 001**	**4 896**	**587**	**520**	**2 238**	**3 930**	**18 216**
Endumeni	-	-	-	-	-	-	-	-	-	-	-	-	4 475	186	339	1 175	-	6 175
Nqutu	-	-	-	-	-	-	-	-	-	500	-	667	-	220	-	467	1 680	3 534
Msinga	-	-	-	-	643	-	-	-	-	500	-	667	-	85	-	233	2 250	4 378
Umvoti	15	1 667	-	-	-	-	-	-	-	500	-	667	421	96	181	363	-	3 910
Umzinyathi District Municipality	-	-	-	-	-	-	-	219	-	-	-	-	-	-	-	-	-	219
Amajuba Municipalities	**415**	**1 937**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7 322**	**367**	**362**	**2 460**	**2 100**	**14 963**
Newcastle	415	1 265	-	-	-	-	-	-	-	-	-	-	3 704	282	362	2 139	-	8 167
eMadlangeni	-	-	-	-	-	-	-	-	-	-	-	-	517	-	-	169	-	686
Dannhauser	-	672	-	-	-	-	-	-	-	-	-	-	3 101	85	-	152	-	4 010
Amajuba District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2 100	2 100
Zululand Municipalities	**-**	**1 127**	**10 000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3 500**	**-**	**11 937**	**582**	**181**	**2 494**	**150**	**29 971**
eDumbe	-	479	-	-	-	-	-	-	-	-	-	-	560	96	-	363	-	1 498
uPhongolo	-	-	-	-	-	-	-	-	-	-	-	-	746	96	-	402	-	1 244
Abaqulusi	-	648	10 000	-	-	-	-	-	-	-	3 500	-	1 493	186	181	1 176	-	17 184
Nongoma	-	-	-	-	-	-	-	-	-	-	-	-	1 493	96	-	233	-	1 822
Ulundi	-	-	-	-	-	-	-	-	-	-	-	-	7 645	108	-	320	150	8 223
Zululand District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Umkhanyakude Municipalities	**-**	**-**	**-**	**-**	**3 219**	**-**	**-**	**649**	**-**	**-**	**-**	**-**	**4 796**	**505**	**-**	**5 632**	**1 980**	**16 781**
Umhlabuyalingana	-	-	-	-	644	-	-	-	-	-	-	-	560	101	-	1 412	150	2 867
Jozini	-	-	-	-	644	-	-	-	-	-	-	-	2 707	101	-	895	-	4 347
The Big 5 False Bay	-	-	-	-	644	-	-	-	-	-	-	-	466	-	-	586	150	1 846
Hlabisa	-	-	-	-	644	-	-	-	-	-	-	-	261	101	-	712	-	1 718
Mtubatuba	-	-	-	-	643	-	-	-	-	-	-	-	802	202	-	2 027	1 680	5 354
Umkhanyakude District Municipality	-	-	-	-	-	-	-	649	-	-	-	-	-	-	-	-	-	649

Table 1.G(i): Details of transfers to Municipalities: 2011/12 (cont.)

Municipality	Vote 3	Vote 7	Vote 8					Vote 11					Vote 14	Vote 15			Vote 16	Total
R thousand	3.1	7.1	8.1	8.2	8.3	8.4	8.6	11.1	11.2	11.3	11.4	11.5	14.1	15.1	15.3	15.4	16.1	
uThungulu Municipalities	**400**	**8 305**	**20 000**	**-**	**643**	**-**	**-**	**329**	**-**	**500**	**-**	**667**	**4 394**	**975**	**401**	**4 757**	**2 250**	**43 621**
Umfolozi	-	-	-	-	-	-	-	-	-	-	-	-	103	-	-	169	-	272
uMhlathuze	-	4 886	20 000	-	-	-	-	-	-	-	-	-	2 706	596	181	2 652	-	31 021
Ntambanana	-	-	-	-	-	-	-	-	-	500	-	667	466	-	-	233	150	2 016
uMlalazi	400	2 426	-	-	-	-	-	-	-	-	-	-	187	193	220	1 237	-	4 663
Mthonjaneni	-	993	-	-	-	-	-	-	-	-	-	-	466	101	-	233	-	1 793
Nkandla	-	-	-	-	643	-	-	-	-	-	-	-	466	85	-	233	2 100	3 527
uThungulu District Municipality	-	-	-	-	-	-	-	329	-	-	-	-	-	-	-	-	-	329
Ilembe Municipalities	**-**	**5 717**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**500**	**-**	**665**	**20 622**	**306**	**181**	**1 921**	**1 830**	**31 742**
Mandeni	-	1 128	-	-	-	-	-	-	-	-	-	-	3 771	96	-	467	150	5 612
KwaDukuza	-	4 589	-	-	-	-	-	-	-	500	-	665	9 349	96	181	1 220	-	16 600
Ndwedwe	-	-	-	-	-	-	-	-	-	-	-	-	3 751	114	-	234	1 680	5 779
Maphumulo	-	-	-	-	-	-	-	-	-	-	-	-	3 751	-	-	-	-	3 751
Ilembe District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sisonke Municipalities	**100**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10 500**	**499**	**-**	**1 471**	**2 130**	**14 700**
Ingwe	100	-	-	-	-	-	-	-	-	-	-	-	91	114	-	363	-	668
Kwa Sani	-	-	-	-	-	-	-	-	-	-	-	-	547	-	-	152	150	849
Greater Kokstad	-	-	-	-	-	-	-	-	-	-	-	-	5 225	181	-	554	150	6 110
Ubuhlebezwe	-	-	-	-	-	-	-	-	-	-	-	-	1 288	101	-	233	1 680	3 302
Umzimkulu	-	-	-	-	-	-	-	-	-	-	-	-	3 349	103	-	169	150	3 771
Sisonke District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated/unclassified	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**1 030**	**94 173**	**375 553**	**34 000**	**4 505**	**173 600**	**10**	**5 461**	**-**	**4 000**	**3 500**	**4 000**	**521 699**	**18 359**	**10 055**	**29 393**	**16 770**	**1 296 108**

Key	Grant Name	Key	Grant Name
3.1	Greenest Municipality Competition	11.3	Operational support for *Thusong* Service Centres
7.1	Subsidy: Municipal Clinics	11.4	Construction of *Thusong* Service Centres
8.1	CRU Programme	11.5	Provincial Security (MPCCs)
8.2	Municipal Rates and Taxes	14.1	Property Rates
8.3	Capacity Building	15.1	Community Library Services grant
8.4	Maintenance of R293 Hostels & EEDBS	15.2	Museum subsidies
8.5	Claims against the state	15.3	Provincialisation of libraries
11.1	Development Planning Shared Service	16.1	Infrastructure
11.2	Community Participation in IDPs (LAPs)		

Table 1.G(ii): Details of transfers to Municipalities: 2012/13

Municipality	Vote 3	Vote 7	Vote 8					Vote 11					Vote 14	Vote 15			Vote 16	Total
R thousand	3.1	7.1	8.1	8.2	8.3	8.4	8.6	11.1	11.2	11.3	11.4	11.5	14.1	15.1	15.3	15.4	16.1	
eThekwini	**-**	**49 573**	**183 174**	**18 000**	**-**	**194 684**	**-**	**-**	**-**	**-**	**-**	**-**	**389 171**	**14 000**	**6 685**	**73 316**	**-**	**928 603**
Ugu Municipalities	**-**	**6 959**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**500**	**-**	**-**	**12 143**	**877**	**390**	**5 617**	**-**	**26 686**
Vulamehlo	-	-	-	-	-	-	-	-	-	-	-	-	1 746	85	-	-	-	1 831
Umdoni	-	2 281	-	-	-	-	-	-	-	-	-	-	2 862	186	-	1 960	-	7 289
Umzumbe	-	-	-	-	-	-	-	-	-	-	-	-	2 480	-	-	-	-	2 480
uMuziwabantu	-	965	-	-	-	-	-	-	-	-	-	-	858	106	-	245	-	2 174
Ezinqoleni	-	-	-	-	-	-	-	-	200	-	-	-	-	101	-	245	-	546
Hibiscus Coast	-	3 713	-	-	-	-	-	-	-	500	-	-	4 197	399	390	3 167	-	12 366
Ugu District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
uMgungundlovu Municipalities	**-**	**13 085**	**10 000**	**16 000**	**-**	**-**	**10**	**-**	**200**	**-**	**-**	**-**	**49 774**	**1 578**	**1 130**	**12 443**	**-**	**104 220**
uMshwathi	-	493	-	-	-	-	-	-	-	-	-	-	612	-	-	454	-	1 559
uMngeni	-	1 414	-	-	-	-	-	-	-	-	-	-	2 575	196	210	1 411	-	5 806
Mpofana	-	1 027	-	-	-	-	-	-	-	-	-	-	3 815	-	195	336	-	5 373
Impendle	-	-	-	-	-	-	-	-	-	-	-	-	610	90	-	245	-	945
Msunduzi	-	10 151	10 000	16 000	-	-	10	-	-	-	-	-	41 521	1 101	725	9 507	-	89 015
Mkhambathini	-	-	-	-	-	-	-	-	-	-	-	-	446	106	-	177	-	729
Richmond	-	-	-	-	-	-	-	-	200	-	-	-	195	85	-	313	-	793
uMgungundlovu District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Uthukela Municipalities	**-**	**9 576**	**20 000**	**-**	**-**	**-**	**-**	**-**	**-**	**500**	**-**	**-**	**27 356**	**341**	**780**	**3 222**	**-**	**61 775**
Emnambithi/Ladysmith	-	5 739	-	-	-	-	-	-	-	500	-	-	9 483	115	195	1 520	-	17 552
Indaka	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	245	-	245
Umtshezi	-	2 375	20 000	-	-	-	-	-	-	-	-	-	8 732	106	390	894	-	32 497
Okhahlamba	-	1 462	-	-	-	-	-	-	-	-	-	-	2 198	19	195	318	-	4 192
Imbabazane	-	-	-	-	-	-	-	-	-	-	-	-	2 034	101	-	245	-	2 380
Uthukela District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	4 909	-	-	-	-	4 909
Umzinyathi Municipalities	**-**	**1 751**	**-**	**-**	**676**	**-**	**-**	**950**	**200**	**-**	**9 000**	**-**	**5 159**	**618**	**545**	**2 350**	**-**	**21 249**
Endumeni	-	-	-	-	-	-	-	-	-	-	-	-	4 636	196	350	1 234	-	6 416
Nqutu	-	-	-	-	-	-	-	-	-	-	-	-	-	231	-	490	-	721
Msinga	-	-	-	-	676	-	-	950	200	-	-	-	-	90	-	245	-	2 161
Umvoti	-	1 751	-	-	-	-	-	-	-	-	9 000	-	523	101	195	381	-	11 951
Umzinyathi District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amajuba Municipalities	**-**	**2 034**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**500**	**-**	**-**	**11 317**	**388**	**390**	**2 583**	**-**	**17 412**
Newcastle	-	1 328	-	-	-	-	-	-	-	-	-	-	5 090	298	390	2 246	-	9 352
eMadlangeni	-	-	-	-	-	-	-	-	-	-	-	-	641	-	-	177	-	818
Dannhauser	-	706	-	-	-	-	-	-	200	-	-	-	5 586	90	-	160	-	6 742
Amajuba District Municipality	-	-	-	-	-	-	-	-	-	500	-	-	-	-	-	-	-	500
Zululand Municipalities	**-**	**1 183**	**10 000**	**-**	**-**	**-**	**-**	**950**	**200**	**500**	**-**	**-**	**14 523**	**615**	**195**	**2 618**	**-**	**30 784**
eDumbe	-	503	-	-	-	-	-	950	200	-	-	-	847	101	-	381	-	2 982
uPhongolo	-	-	-	-	-	-	-	-	-	-	-	-	1 129	101	-	422	-	1 652
Abaqulusi	-	680	10 000	-	-	-	-	-	-	500	-	-	2 259	197	195	1 234	-	15 065
Nongoma	-	-	-	-	-	-	-	-	-	-	-	-	2 259	101	-	245	-	2 605
Ulundi	-	-	-	-	-	-	-	-	-	-	-	-	8 029	115	-	336	-	8 480
Zululand District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Umkhanyakude Municipalities	**-**	**-**	**-**	**-**	**3 379**	**-**	**-**	**-**	**200**	**-**	**-**	**-**	**7 230**	**530**	**-**	**5 853**	**-**	**17 192**
Umhlabuyalingana	-	-	-	-	676	-	-	-	200	-	-	-	847	106	-	1 483	-	3 312
Jozini	-	-	-	-	676	-	-	-	-	-	-	-	4 069	106	-	930	-	5 781
The Big 5 False Bay	-	-	-	-	676	-	-	-	-	-	-	-	706	-	-	600	-	1 982
Hlabisa	-	-	-	-	676	-	-	-	-	-	-	-	395	106	-	730	-	1 907
Mtubatuba	-	-	-	-	675	-	-	-	-	-	-	-	1 213	212	-	2 110	-	4 210
Umkhanyakude District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Table 1.G(ii): Details of transfers to Municipalities: 2012/13 (cont.)

Municipality	Vote 3	Vote 7	Vote 8					Vote 11					Vote 14	Vote 15			Vote 16	Total
R thousand	3.1	7.1	8.1	8.2	8.3	8.4	8.6	11.1	11.2	11.3	11.4	11.5	14.1	15.1	15.3	15.4	16.1	
uThungulu Municipalities	**-**	**8 721**	**20 000**	**-**	**675**	**-**	**-**	**-**	**200**	**500**	**-**	**-**	**6 626**	**1 197**	**429**	**4 994**	**-**	**43 342**
Umfolozi	-	-	-	-	-	-	-	-	200	-	-	-	155	-	-	177	-	532
uMhlathuze	-	5 130	20 000	-	-	-	-	-	-	500	-	-	4 071	626	195	2 784	-	33 306
Ntambanana	-	-	-	-	-	-	-	-	-	-	-	-	706	85	-	245	-	1 036
uMlalazi	-	2 548	-	-	-	-	-	-	-	-	-	-	282	205	234	1 298	-	4 567
Mthonjaneni	-	1 043	-	-	-	-	-	-	-	-	-	-	706	106	-	245	-	2 100
Nkandla	-	-	-	-	675	-	-	-	-	-	-	-	706	175	-	245	-	1 801
uThungulu District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ilembe Municipalities	**-**	**6 002**	**-**	**-**	**-**	**-**	**-**	**100**	**400**	**-**	**-**	**-**	**23 836**	**407**	**195**	**2 016**	**-**	**32 956**
Mandeni	-	1 184	-	-	-	-	-	-	-	-	-	-	4 874	101	-	490	-	6 649
KwaDukuza	-	4 818	-	-	-	-	-	-	-	-	-	-	9 958	101	195	1 281	-	16 353
Ndwedwe	-	-	-	-	-	-	-	100	200	-	-	-	4 788	120	-	245	-	5 453
Maphumulo	-	-	-	-	-	-	-	-	200	-	-	-	4 216	85	-	-	-	4 501
Ilembe District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sisonke Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**500**	**-**	**-**	**12 714**	**526**	**-**	**1 543**	**-**	**15 483**
Ingwe	-	-	-	-	-	-	-	-	-	-	-	-	105	120	-	381	-	606
Kwa Sani	-	-	-	-	-	-	-	-	-	-	-	-	782	-	-	159	-	941
Greater Kokstad	-	-	-	-	-	-	-	-	200	-	-	-	5 532	191	-	581	-	6 504
Ubuhlebezwe	-	-	-	-	-	-	-	-	-	-	-	-	1 526	106	-	245	-	1 877
Umzimkulu	-	-	-	-	-	-	-	-	-	500	-	-	4 769	109	-	177	-	5 555
Sisonke District Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated/unclassified	**1 000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**17 609**	**18 609**
Total	**1 000**	**98 884**	**243 174**	**34 000**	**4 730**	**194 684**	**10**	**2 000**	**2 000**	**3 000**	**9 000**	**-**	**559 849**	**21 077**	**10 739**	**116 555**	**17 609**	**1 318 311**

Key	Grant Name	Key	Grant Name
3.1	Greenest Municipality Competition	11.3	Operational support for *Thusong* Service Centres
7.1	Subsidy: Municipal Clinics	11.4	Construction of *Thusong* Service Centres
8.1	CRU Programme	11.5	Provincial Security (MPCCs)
8.2	Municipal Rates and Taxes	14.1	Property Rates
8.3	Capacity Building	15.1	Community Library Services grant
8.4	Maintenance of R293 Hostels & EEDBS	15.2	Museum subsidies
8.5	Claims against the state	15.3	Provincialisation of libraries
11.1	Development Planning Shared Service	16.1	Infrastructure
11.2	Community Participation in IDPs (LAPs)		

Table 1.G(iii): Details of transfers to Municipalities: 2013/14

Municipality	Vote 3	Vote 7	Vote 8					Vote 11					Vote 14	Vote 15			Vote 16	Total
R thousand	**3.1**	**7.1**	**8.1**	**8.2**	**8.3**	**8.4**	**8.6**	**11.1**	**11.2**	**11.3**	**11.4**	**11.5**	**14.1**	**15.1**	**15.3**	**15.4**	**16.1**	
eThekwini	**-**	**52 300**	**187 014**	**18 000**	**-**	**214 684**	**-**	**-**	**-**	**-**	**-**	**-**	**412 701**	**12 000**	**7 152**	**153 964**	**-**	**1 057 815**
Ugu Municipalities	**-**	**7 341**	**-**	**-**	**-**	**-**	**-**	**200**	**200**	**-**	**-**	**-**	**13 073**	**994**	**422**	**12 822**	**-**	**35 052**
Vulamehlo	-	-	-	-	-	-	-	-	-	-	-	-	1 879	90	-	514	-	2 483
Umdoni	-	2 406	-	-	-	-	-	-	-	-	-	-	3 081	197	-	4 116	-	9 800
Umzumbe	-	-	-	-	-	-	-	-	-	-	-	-	2 670	85	-	514	-	3 269
uMuziwabantu	-	1 018	-	-	-	-	-	-	-	-	-	-	924	111	-	514	-	2 567
Ezinqoleni	-	-	-	-	-	-	-	-	200	-	-	-	-	106	-	514	-	820
Hibiscus Coast	-	3 917	-	-	-	-	-	-	-	-	-	-	4 519	405	422	6 650	-	15 913
Ugu District Municipality	-	-	-	-	-	-	-	200	-	-	-	-	-	-	-	-	-	200
uMgungundlovu Municipalities	**-**	**13 804**	**10 000**	**16 000**	**-**	**-**	**10**	**200**	**200**	**1 000**	**-**	**-**	**53 592**	**1 610**	**1 174**	**26 131**	**-**	**123 721**
uMshwathi	-	520	-	-	-	-	-	-	-	-	-	-	659	-	-	953	-	2 132
uMngeni	-	1 491	-	-	-	-	-	-	-	-	-	-	2 773	207	211	2 963	-	7 645
Mpofana	-	1 084	-	-	-	-	-	-	-	-	-	-	4 108	-	211	705	-	6 108
Impendle	-	-	-	-	-	-	-	-	-	500	-	-	657	96	-	514	-	1 767
Msunduzi	-	10 709	10 000	16 000	-	-	10	-	-	-	-	-	44 704	1 106	752	19 968	-	103 249
Mkhambathini	-	-	-	-	-	-	-	-	-	-	-	-	481	111	-	371	-	963
Richmond	-	-	-	-	-	-	-	-	200	500	-	-	210	90	-	657	-	1 657
uMgungundlovu District Municipality	-	-	-	-	-	-	-	200	-	-	-	-	-	-	-	-	-	200
Uthukela Municipalities	**-**	**10 103**	**20 000**	**-**	**-**	**-**	**-**	**200**	**-**	**500**	**-**	**-**	**29 452**	**358**	**844**	**7 668**	**-**	**69 125**
Emnambithi/Ladysmith	-	6 054	-	-	-	-	-	-	-	-	-	-	10 210	121	211	3 192	-	19 788
Indaka	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	964	-	964
Umtshezi	-	2 506	20 000	-	-	-	-	-	-	-	-	-	9 401	111	422	1 878	-	34 318
Okhahlamba	-	1 543	-	-	-	-	-	-	-	-	-	-	2 366	20	211	668	-	4 808
Imbabazane	-	-	-	-	-	-	-	-	-	500	-	-	2 190	106	-	966	-	3 762
Uthukela District Municipality	-	-	-	-	-	-	-	200	-	-	-	-	5 285	-	-	-	-	5 485
Umzinyathi Municipalities	**-**	**1 847**	**-**	**-**	**713**	**-**	**-**	**200**	**200**	**-**	**-**	**-**	**5 554**	**641**	**579**	**4 932**	**-**	**14 666**
Endumeni	-	-	-	-	-	-	-	-	-	-	-	-	4 991	207	368	2 590	-	8 156
Nqutu	-	-	-	-	-	-	-	-	-	-	-	-	-	232	-	1 028	-	1 260
Msinga	-	-	-	-	713	-	-	-	200	-	-	-	-	96	-	514	-	1 523
Umvoti	-	1 847	-	-	-	-	-	-	-	-	-	-	563	106	211	800	-	3 527
Umzinyathi District Municipality	-	-	-	-	-	-	-	200	-	-	-	-	-	-	-	-	-	200
Amajuba Municipalities	**-**	**2 145**	**-**	**-**	**-**	**-**	**-**	**200**	**200**	**-**	**-**	**-**	**12 184**	**404**	**422**	**5 424**	**-**	**20 979**
Newcastle	-	1 401	-	-	-	-	-	-	-	-	-	-	5 480	308	422	4 716	-	12 327
eMadlangeni	-	-	-	-	-	-	-	-	-	-	-	-	690	-	-	372	-	1 062
Dannhauser	-	744	-	-	-	-	-	-	200	-	-	-	6 014	96	-	336	-	7 390
Amajuba District Municipality	-	-	-	-	-	-	-	200	-	-	-	-	-	-	-	-	-	200
Zululand Municipalities	**-**	**1 248**	**10 000**	**-**	**-**	**-**	**-**	**200**	**200**	**500**	**9 000**	**-**	**18 817**	**646**	**211**	**5 498**	**-**	**46 320**
eDumbe	-	531	-	-	-	-	-	-	200	-	-	-	1 349	106	-	800	-	2 986
uPhongolo	-	-	-	-	-	-	-	-	-	-	-	-	1 799	106	-	886	-	2 791
Abaqulusi	-	717	10 000	-	-	-	-	-	-	-	-	-	3 599	207	211	2 592	-	17 326
Nongoma	-	-	-	-	-	-	-	-	-	-	-	-	3 599	106	-	514	-	4 219
Ulundi	-	-	-	-	-	-	-	-	-	500	9 000	-	8 471	121	-	706	-	18 798
Zululand District Municipality	-	-	-	-	-	-	-	200	-	-	-	-	-	-	-	-	-	200
Umkhanyakude Municipalities	**-**	**-**	**-**	**-**	**3 565**	**-**	**-**	**200**	**200**	**-**	**-**	**-**	**9 420**	**555**	**-**	**5 929**	**-**	**19 869**
Umhlabuyalingana	-	-	-	-	713	-	-	-	200	-	-	-	1 347	111	-	1 342	-	3 713
Jozini	-	-	-	-	713	-	-	-	-	-	-	-	4 381	111	-	976	-	6 181
The Big 5 False Bay	-	-	-	-	713	-	-	-	-	-	-	-	1 126	-	-	630	-	2 469
Hlabisa	-	-	-	-	713	-	-	-	-	-	-	-	631	111	-	766	-	2 221
Mtubatuba	-	-	-	-	713	-	-	-	-	-	-	-	1 935	222	-	2 215	-	5 085
Umkhanyakude District Municipality	-	-	-	-	-	-	-	200	-	-	-	-	-	-	-	-	-	200

Table 1.G(iii): Details of transfers to Municipalities: 2013/14 (cont.)

Municipality	Vote 3	Vote 7	Vote 8					Vote 11					Vote 14	Vote 15			Vote 16	Total
R thousand	3.1	7.1	8.1	8.2	8.3	8.4	8.6	11.1	11.2	11.3	11.4	11.5	14.1	15.1	15.3	15.4	16.1	
uThungulu Municipalities	**-**	**9 200**	**20 000**	**-**	**712**	**-**	**-**	**200**	**200**	**500**	**-**	**-**	**8 454**	**1 330**	**456**	**10 486**	**-**	**51 538**
Umfolozi	-	-	-	-	-	-	-	-	200	-	-	-	245	-	-	372	-	817
uMhlathuze	-	5 412	20 000	-	-	-	-	-	-	-	-	-	4 383	646	211	5 846	-	36 498
Ntambanana	-	-	-	-	-	-	-	-	-	-	-	-	1 124	90	-	514	-	1 728
uMlalazi	-	2 688	-	-	-	-	-	-	-	-	-	-	450	297	245	2 726	-	6 406
Mthonjaneni	-	1 100	-	-	-	-	-	-	-	-	-	-	1 126	111	-	514	-	2 851
Nkandla	-	-	-	-	712	-	-	-	-	500	-	-	1 126	186	-	514	-	3 038
uThungulu District Municipality	-	-	-	-	-	-	-	200	-	-	-	-	-	-	-	-	-	200
Ilembe Municipalities	**-**	**6 332**	**-**	**-**	**-**	**-**	**-**	**200**	**400**	**500**	**-**	**-**	**25 664**	**428**	**211**	**4 746**	**-**	**38 481**
Mandeni	-	1 249	-	-	-	-	-	-	-	-	-	-	5 248	106	-	1 028	-	7 631
KwaDukuza	-	5 083	-	-	-	-	-	-	-	-	-	-	10 722	106	211	2 690	-	18 812
Ndwedwe	-	-	-	-	-	-	-	-	200	500	-	-	5 155	126	-	514	-	6 495
Maphumulo	-	-	-	-	-	-	-	-	200	-	-	-	4 539	90	-	514	-	5 343
Ilembe District Municipality	-	-	-	-	-	-	-	200	-	-	-	-	-	-	-	-	-	200
Sisonke Municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**200**	**200**	**-**	**-**	**-**	**13 690**	**555**	**-**	**3 241**	**-**	**17 886**
Ingwe	-	-	-	-	-	-	-	-	-	-	-	-	113	126	-	800	-	1 039
Kwa Sani	-	-	-	-	-	-	-	-	-	-	-	-	842	-	-	334	-	1 176
Greater Kokstad	-	-	-	-	-	-	-	-	200	-	-	-	5 957	202	-	1 221	-	7 580
Ubuhlebezwe	-	-	-	-	-	-	-	-	-	-	-	-	1 643	111	-	514	-	2 268
Umzimkulu	-	-	-	-	-	-	-	-	-	-	-	-	5 135	116	-	372	-	5 623
Sisonke District Municipality	-	-	-	-	-	-	-	200	-	-	-	-	-	-	-	-	-	200
Unallocated/unclassified	**1 000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**18 578**	**19 578**
Total	**1 000**	**104 320**	**247 014**	**34 000**	**4 990**	**214 684**	**10**	**2 000**	**2 000**	**3 000**	**9 000**	**-**	**602 601**	**19 521**	**11 471**	**240 841**	**18 578**	**1 515 030**

Key	Grant Name	Key	Grant Name
3.1	Greenest Municipality Competition	11.3	Operational support for *Thusong* Service Centres
7.1	Subsidy: Municipal Clinics	11.4	Construction of *Thusong* Service Centres
8.1	CRU Programme	11.5	Provincial Security (MPCCs)
8.2	Municipal Rates and Taxes	14.1	Property Rates
8.3	Capacity Building	15.1	Community Library Services grant
8.4	Maintenance of R293 Hostels & EEDBS	15.2	Museum subsidies
8.5	Claims against the state	15.3	Provincialisation of libraries
11.1	Development Planning Shared Service	16.1	Infrastructure
11.2	Community Participation in IDPs (LAPs)		

ESTIMATES
OF
PROVINCIAL REVENUE
AND
EXPENDITURE